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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
([/government/organisations/hm-revenue-customs](#))

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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## CIRD220255 - Patent Box: relevant IP profits: relevant IP income: notional royalties: leasing income

Leasing income does not come within any of the heads of S357BH and so cannot be RIPI. However it is possible that a company may be able to compute a notional royalty in respect of patents used in generating such income.

If a company leases an asset under a finance lease then it is likely that the lease will produce for the company a return that is economically

equivalent to interest. However, such income is not included within relevant income and so no notional royalty can be computed.

By contrast where the lessor retains the risk and rewards of ownership of the leased asset, it is likely that the company will be able to compute a notional royalty, subject to meeting the usual conditions, as the return is unlikely to be economically equivalent to interest.

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