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HMRC internal manual

Corporate Intangibles Research and Development Manual

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

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CIRD273200 - Patent Box : small claims treatment for global streaming CTA10/s357BNC

If a company is eligible for Small Claims Treatment and elects to make a global streaming election, it may include all of its relevant income into one stream and omit step 2 of the computation. There will therefore usually be 2 streams, one for non relevant income and the other for relevant income.

This supersedes the requirement to have a separate sub-stream for process patents.

The purpose of this election is to avoid the need for numerous sub-streams, resulting in splitting the steps of the computation into minimal amounts.

The legislation at CTA10/s357BN(3) requires the qualifying company to make this election in the first year of using the new rules for it to apply in a subsequent period, if the Qualifying Residual profit exceeds £1,000,000. If this is likely to affect a following year a protective election is required.

It is not intended to avoid the need for tracking and tracing individual IP assets, or products or product families, because although all relevant income is included in the same stream, there needs to be a record for any future changes to the R&D fraction should the streams change. For example, companies should have regard to any future changes, either when the income exceeds the Small Claims Treatment threshold, or the R&D fraction changes are more relevant to one IP asset than another and the company may not wish to continue to apply the global stream. In readiness for this, sufficient details will need to have been kept for the tracking and tracing of the R&D to be fed into the different sub streams.

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