

Beta This part of GOV.UK is being rebuilt – [find out what beta means \(/help/beta\)](#)

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](#)

[Back to contents](#) > [CIRD200000](#) > [CIRD270000](#)

CIRD270300 - Patent Box: patent pending calculations: Are my qualifying IP rights in the old or new regime: examples

S357BP CTA10 -This section now only applies to certain calculations relating to patents pending.

All qualifying IP rights will have entered the ‘new regime’ by 1 July 2021. This means that the ‘nexus requirements’ of streaming relevant IP income and applying an R&D Fraction to those streams and sub-streams are now a required part of the Patent Box calculation.

However, it may still be the case that companies which elected into the Patent Box prior to 1 July 2016 have patents granted which were applied for before 1 July 2016. Relevant IP profits from the patent pending years are included in the computation in the year of grant, but the calculation of those profits follow the old rules applicable in those years.

1. Refreshed Licences

An exclusive licence permits the use of a bundle of qualifying IP rights by a UK company. The licence qualifies as old IP as the contract was signed in 2015. However, when it is refreshed it is amended to additionally include the new IP needed to continue with the same R&D work. In this case, the relevant IP asset (the licence) should be 'looked through' to see the underlying assets in order to apply the instructions at CIRD271510. In effect, the bundle of licences can be treated as a 'product containing mixed IP'.

1. Assets acquired after having been exclusively licensed

A UK company develops a product using a patent conferred on it within an exclusive licence. Following a group restructure, the qualifying IP right is transferred to the company and the licence is terminated. The asset would be regarded as new IP even though the income arising from the qualifying IP right and work undertaken by the company may be unchanged. Having the rights to an exclusive licence and owning the IP itself are regarded as separate qualifying IP rights so if the ownership of the IP is acquired after 1 July 2016 then that qualifying IP right is to be regarded as new, even if the exclusive licence was in the old regime. However, expenditure relating to the R&D of the product under both the licence and the product will be included in the tracking and tracing records.

1. Exclusive Licences granted after 30 June 2016 for an old IP asset

A licence which has a date of conferral after 30 June 2016 will be regarded as a new right even if the underlying IP to which it relates could be regarded as old, as until the licence is granted the old IP has not been conferred on the qualifying company. See [CIRD210120](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird210120) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird210120>) for further information regarding licences.

1. Supplementary Protection Certificates and Marketing Authorisations

A Supplementary Protection Certificate is a form of IP that extends the protection of patented active ingredients present in pharmaceutical or plant protection products. The certificate is not to be regarded as distinct IP as it is a requirement to extend the patent's life due to the marketing and regulatory requirements of these products.

1. Patents pending (see also [CIRD220540](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird220540) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird220540>))

If an application is made for a qualifying patent on or before 30 June 2016 then this patent can be regarded as an old asset even though it could first be included in a Patent Box computation several years later, due to the length of time before the date of grant. If the year of grant is after the end of the grandfathered period, then the computation will include both the 'old years' and the new years post grandfathering for that patent.

1. Stage Payments or Instalments after 30 June 2016

If a qualifying IP right is acquired from before 30 June 2016, but with stage or instalment payments relating to the purchase on or after 1 July 2016, then as long as the beneficial ownership has transferred on or before 30 June 2016 this can be regarded as being in the old regime.

The treatment of subsequent stage or instalment payments within the fraction is explained in CIRD274000.

1. Transfer from group company after 1 January 2016, not part of a transfer of trade.

A qualifying patent transferred to a company after 1 January 2016 but on or before 30 June 2016 by a connected person resident in a country which does not appear on the Treasury list in order to secure entry into the UK Patent Box will be regarded as being in the new regime from 1 January 2016 even though it would be accounted for in the notional accounting period prior to the commencement of the regime, unless it can pass the conditions listed in CIRD270500.

1. Acquisition of old IP as part of a transfer of trade.

See Transfer of trade provisions at CIRD240160

→ **Next page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird270200)



OGI

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated



© Crown copyright