

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](#) > [CIRD220000](#) > [CIRD220150](#)

CIRD220160 - Patent Box: relevant IP profits: relevant IP income: overview

CTA10/S357BH

Relevant IP income is the income derived from the exploitation of qualifying IP rights as defined in S357BH. S357BH (12) ensures that a company is regarded as holding a qualifying IP right if it holds an exclusive licence of the right.

In many cases ‘RIPI’ and ‘relevant IP income’ will be synonymous. However RIPI is defined in 357BH(1) and in order for relevant IP income to be

RIPi it must be included in the heads of income of the trade. RIPi could never include finance income which is specifically excluded by s357BG. RIPi cannot include any income not taken into account in computing trading profits.

The legislation splits the exploitation of IP rights into five different heads:

[CIRD220170](#) Head 1 - sales income

[CIRD220200](#) Head 2 - licence fees

[CIRD220220](#) Head 3 - proceeds of sale

[CIRD220230](#) Head 4 - damages for infringement

[CIRD220240](#) Head 5 - other compensation

If a company derives some of its income from the exploitation of the patented invention but the income does not fall into any of the five heads, it may be able to deem some of that income to be RIPi as a 'notional royalty' for the patented item ([CIRD220250](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird220250>)).

→ **Next page**

([/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird220170](#))



OGI

All content is available under the Open Government Licence v3.0, except where otherwise stated



© Crown copyright