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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

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

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CIRD200110 - Patent Box: overview of the patent box regime: aim of the patent box

The Patent Box allows companies to elect to apply a 10 percent rate of corporation tax from 1 April 2013 to profits attributable to qualifying patents, whether received as a royalty or embedded in the sales price of products. The regime will also apply to other qualifying intellectual property rights such as regulatory data protection (also called ‘data exclusivity’), supplementary protection certificates and plant variety rights. Other non-qualifying profits in these companies will continue to be taxed at the main rate.

The Patent Box was originally part of the Government's growth agenda (as detailed in the Plan for Growth document published in March 2011) and had cross Government support. It was approved by OECD as a 'non harmful preferential regime' in 2015.

The aim of the Patent Box is to provide an additional incentive for UK companies to retain and commercialise existing patents and to develop new innovative patented products. The intention is to encourage groups to locate the high-value jobs associated with the development, manufacture and exploitation of patents in the UK and maintain the UK's position as a world leader in patented technologies.

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