GOV·UK

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**

CIRD220210 - Patent Box: relevant IP profits: relevant IP income: head 2: licence fees and royalties: examples

Example 1

The owner of the patent rights over a silicon chip licenses others to manufacture and sell products containing the chip. At the same time it licenses them to use designs, trademarks, know how and technical information to allow them to manufacture and market those products effectively.

These other rights granted are not themselves in respect of qualifying IP rights, but there will be other rights licensed for the same purpose as the licence over the qualifying IP right. Fees and royalties in respect of these other rights will therefore be relevant IP income in the same way as fees and royalties received in respect of the right to exploit the patented invention.

Example 2

The owner of the IP rights over a range of pharmaceutical products licences all of their rights to another entity for manufacture and sale. The licence includes the rights to use qualifying patents, but also includes the rights to use know-how and technical information for products which are no longer covered by any patent.

Income from this licence will not all qualify as relevant IP income. Instead the company must apportion income between qualifying and non-qualifying products on a just and reasonable basis.

← **Previous page
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird220200)**

→ **Next page
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird220220)**

OGL

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

© Crown copyright