European patent box regimes

Japan External Trade Organisation

April 2013

pwc

Contents

1. Introduction

1.1 What is a patent box?

A 'patent box' is a tax incentive which provides relief from corporate tax on income generated from certain types of qualifying intellectual property (IP), particularly patents.

Patent boxes are distinct from other tax incentives such as research and development (R&D) tax credits. R&D tax credits are provided at the front end of the innovation lifecycle, in the years when research and development expenditures are incurred. The benefits are generally given as a proportion of expenditure on qualifying activities, often in the form of a "superdeduction" against other taxable profits. R&D tax credits therefore act to encourage specific R&D activities designed to result in innovation.

In contrast patent box regimes provide tax relief at a later stage of the innovation lifecycle, in the years when income is generated from exploiting IP. Relief can be given either as a reduced tax rate or a deduction for a portion of the patent box income. Under these regimes corporate tax rates can be reduced to a nominal rate of 5 to 15 percent, with effective tax rates typically even lower. Patent boxes therefore generally target the commercial activities that follow development rather than R&D activities themselves.

1.2 General objectives

Intellectual property (IP) is highly mobile and can be easily moved from the jurisdiction where it was developed to low-tax jurisdictions. Over the last few decades, governments have seen that a greater proportion of IP (and the resulting revenue stream) has been moved offshore to minimize tax. The primary aim of governments who have introduced patent box regimes is to reduce or reverse this trend, and to encourage businesses to hold IP in their jurisdiction instead.

1.3 EU member states that have introduced patent boxes

The adoption of patent box regimes by European Union (EU) member states is consistent with the 2000 Lisbon Strategy. The Lisbon Strategy is an economic development plan seeking to make the EU 'the most competitive and dynamic knowledge-based economy in the world'.

Over the last decade, six EU countries have adopted patent box regimes designed to increase innovation activities, create and maintain high-value jobs, and foster global leadership in patented technology. Of the six EU countries, five countries have already introduced patent box regimes; Belgium, France, Hungary, Luxembourg, the Netherlands and Spain. The UK's patent box regime will become effective on 1 April 2013 and is the focus of this paper. A summary of the other major EU patent box regimes (Belgium, France, Luxembourg and the Netherlands) is also provided.

1.4 Opportunities for Japanese companies

The patent box regimes now available in the EU provide new opportunities for Japanese companies to reduce the tax they pay on their European profits and to effectively manage their global effective tax rate. In particular the UK regime can apply to existing IP without the need to move full IP ownership out of Japan or to carry out further R&D activities in Europe. Japanese companies should therefore consider whether any of the patent box regimes could apply to their business.

2. The UK patent box regime

2.1 Introduction and overview

The UK Government has set an overall goal of encouraging innovation in the UK and improving the competitiveness of the UK's tax system. As part of this ambition, the UK has recently introduced a patent box regime. The UK patent box was first proposed in 2009, and the legislation was finalised and enacted in 2012.

The new regime will apply to profits of a UK company or UK permanent establishment (PE) arising on or after 1 April 2013. It will apply a 10% rate of corporation tax to worldwide profits arising from patents and certain other forms of associated IP. The IP does not necessarily have to be owned or developed by the UK company, as rights over IP developed elsewhere in the corporate group and exclusively licensed to the UK company are also included.

2.2 IP rights included

The UK patent box regime includes patented inventions that are protected by patents granted by the UK Intellectual Property Office (IPO) or European Patent Office (EPO). In addition supplementary protection certificates, regulatory data protection for pharmaceutical, veterinary and plant protection products, and plant variety rights are all also included in the regime (357BB(1) of CTA2010. All references hereafter are CTA2010 unless otherwise stated).

Due to the design of the regime, know-how, trade secrets and some software copyrights that are closely associated with a qualifying patent or other qualifying right are also generally included within the regime. However, other IP such as trademarks and registered designs are specifically excluded.

2.3 Ownership conditions

Companies can qualify for the UK patent box in four ways:

1. Through outright legal ownership of the patent or other qualifying IP right (357B(2));
2. By acquiring an exclusive licence to the IP. The licence may cover only a portion of the IP, and can be limited to a particular field of use and geographical area (357BA(2)(b));
3. Through beneficial ownership of all rights relating to the IP (although the rights to protect, licence and assign rights to the IP can be retained by another group company) (357B(2)(b) and 357BA(4), 2.24 of Technical Note);or
4. By acquiring rights over qualifying IP by participating in a qualifying cost contribution arrangement, where the UK company contributes to the development of the IP (357GC).

2.3.1 Development and management conditions

In order to qualify for the patent box either the IP or the product which incorporates it must have been developed by a company in the worldwide corporate group. However, there is no requirement for the R&D to be carried out in the UK or by the UK company. Instead, the development activities can be carried out in any group company, including a joint venture company, and can take place either before or after the UK company acquires the IP.

For acquired IP, the development activities do not have to give rise to any further patents, but the group must have made a significant contribution to developing a product containing the IP, or the method of applying the IP. A company's contribution can be deemed to be significant by virtue of cost, time, effort, or value depending on the particular circumstances of the group (357BC and BD).

Where the development activities have not been carried out by the UK company itself, then the company must actively manage the IP which it owns. In order to meet this test the UK company must have some responsibility for ongoing decision making concerning either the further development or the exploitation of the IP. However, the UK company does not have to perform all management activities in relation to the IP (357BE).

2.4 *Types of income included*

The UK patent box includes a very broad range of income which is defined as being "relevant IP income" derived from qualifying patents. Relevant IP income includes (357CC and CD):

1. Income from the worldwide sales of the patented product, or of any item that physically incorporates a patented item;
2. Income from spare parts and other items designed to be incorporated into a patented item;
3. Worldwide licence fees and royalties from licensing or sublicensing qualifying IP rights, including any licence fees or royalties relating to any other IP rights which are licensed in the same agreement and for the same purpose as a qualifying IP right;
4. Income from the sale or disposal of qualifying IP rights;
5. Payments received as compensation for infringement of the company's qualifying IP; and
6. Where patents are used internally by the company, a notional arm's length royalty equal to the amount that the company would have received if it licensed its qualifying IP to an unrelated third party.

There are some types of income which are specifically excluded from the regime, including financial income and income from ring-fenced oil and gas extraction activities (357CA(2), CB and CE).

2.5 *Quantifying the benefit*

The UK patent box applies to net profits attributable to the relevant IP income received by the company. The amount of net profit attributable to the IP income is calculated using a three stage formula described below (357C). This method of calculating the patent box profit is unique to the UK patent box regime and differentiates the regime from the other IP regimes described in this document.

Step 1: Attribute profits to relevant IP income

The company can normally choose one of two methods to calculate profits attributable to qualifying income.

The standard method used is to allocate a proportion of the company's total UK taxable profits before interest to the IP income according to the ratio of IP income to total gross income. This is the simplest and most straightforward method, and is illustrated in table 2.1 below (357C).

Alternatively, a company can choose to use the income streaming method. In this case it must allocate its expenditure on a consistent and 'just and reasonable' basis between qualifying and non-qualifying income (357D).

Step 2: Remove a routine profit

The patent box does not include profits deemed to be "routine profits" which the company would have been expected to make in the absence of the IP.

The routine profit is calculated as 10% of certain defined items of expenditure. Expenses included are staff costs, costs of buildings and premises occupied by the company, plant and machinery costs, transportation, and professional and consultancy services.

Items of expenditure that qualify for the R&D tax credit or the enhanced R&D deduction are excluded from the calculation of routine profits. The costs of the raw materials and goods purchased for resale are also excluded (357C(1), CI, CJ, CK and DA(1)(4)).

Step 3: Remove a notional marketing royalty

The patent box specifically excludes trademarks and other "brand" IP. In order to exclude brand profits a notional marketing royalty is deducted from the patent profits. The royalty is equal to the amount that the company would have paid an unrelated third party to be able to use the trademarks and other marketing assets. If the company pays an actual royalty to access a trademark, then the notional royalty is reduced by the amount of actual royalty paid (357C(1), CN, CO, CP and DA(1)(6)).

There are two safe harbours which can simplify the calculation of the marketing royalty. For small claims, companies may simply deduct 25% of the patent profit as the marketing royalty (357C(1), CL, CM and DA(1)). For larger claims, where the company reasonably believes that the marketing royalty will represent less than 10% of the patent profits, no marketing deduction is required (357CN(2) and DA(1)).

Applying the 10% tax rate

All remaining profit is considered to be patent profit eligible for the 10% rate. The 10% patent box tax rate is not directly applied to the patent profits. Instead it is used to calculate an additional tax deduction, similar to the current R&D tax deduction, which reduces the taxable profit of the company and therefore reduces the tax payable. This patent box tax deduction gives an effective tax rate of 10% on the patent income (357A(3) and (4)).

Table 2.1: Worked example

Step	Total	Non-qualifying	Qualifying
Turnover (say 70% is relevant IP income)	1,000	300	700
Step 1: Attribute taxable profits to income (pro-rata to amount of income which qualifies)	200	60	140
Step 2: Deduct a routine 10% return on "routine costs" (say 200 of costs are designated routine)			(20)
Step 3: Deduct a notional marketing royalty (say 2% of patent income)			(14)
Patent box profit			106
Patent box tax deduction	(60)		
Reduced taxable profit	140		
Tax payable (@23% main CT rate)	32		
Tax saved (23% of 60 or 13% of 106)	14		

Interest deductions are deductable at the full rate of corporation tax after deduction of the patent box tax deduction. In addition, the patent box can apply alongside the UK's R&D tax credit incentives. These further deductions can potentially reduce the effective tax rate below the 10% headline rate.

2.6 Other aspects

Anti-avoidance

The patent box has an anti-avoidance rule to prevent companies gaining unreasonable tax benefits arising from artificial tax-motivated schemes that intend to engineer favourable mismatches of income and expenditure or to avoid particular provisions of the patent box (357F, FA and FB).

Phased introduction

The benefits of the patent box are being phased in over five years from 1 April 2013, with full benefits being available from 1 April 2017. The portion of the patent box deduction allowed in 2013 will be 60%, increasing by 10 percentage points each year to 100% in 2017 (Part 3, Schedule 2 of Finance Act 2012).

Patent box losses

It is possible for the patent box calculation to give rise to a negative patent box tax deduction, or "patent box loss". If this occurs, then the loss must be set against patent box profits of other group companies or carried forward to reduce patent box benefits in future years (357 E to 357EF).

R&D costs incurred before electing into the regime

In the first four years of electing into the regime, if the company incurs less than 75% of the average R&D costs which it incurred before entering the regime then the patent box profit is reduced by the difference (357CH). This ensures that all relevant IP development costs are taken into account when calculating the net patent profit.

Withholding tax on royalties

Withholding tax on royalties received from abroad can be credited against the UK corporate tax liability, which includes royalties eligible for the patent box, up to the amount of UK tax payable on the royalty income after the patent box deduction.

2.7 Application to Japanese companies

The UK patent box provides opportunities for Japanese parented groups to significantly reduce the tax payable on their European operations. It is possible for a UK subsidiary to benefit from the regime even if the IP is owned by the parent company in Japan, and there is no requirement for the R&D or manufacturing to be carried out in the UK. Due to the formulaic calculation method the regime can be very generous and can include a wide scope of income and profit relating to patented products.

3. Other EU IP regimes

3.1 Belgium

3.1.1 Introduction and overview

The Belgium patent box regime was introduced on 1 January 2007, in the form of a patent income deduction (PID).

This PID allows a Belgium company, or a Belgian permanent establishment (PE) of a foreign company, to deduct from its taxable income an amount equal to 80% of qualifying gross patent income. Therefore, only 20% of qualifying gross patent income is taxable at the standard corporation tax rate.

3.1.2 Types of IP included

The Belgium patent box regime is only applicable to qualifying patents and supplementary protection certificates.

Belgian law explicitly excludes from the patent box other intellectual property rights such as know-how, trademarks, designs, models, secret recipes or processes, and information concerning experience with respect to trade or science. However, the Belgian tax administration has indicated that know-how closely associated with patents or supplementary protection certificates may also qualify for the PID.

Patents must have been granted or first commercially used on or after 1 January 2007, older patents do not qualify.

3.1.3 Ownership conditions

The Belgian patent box applies to patents or supplementary protection certificates which are owned by a Belgian company or a Belgian PE as a direct result of its own patent development activities. The regime also includes patents acquired from related or unrelated parties.

In addition to full ownership, the Belgian regime also includes patents held in joint ownership, and rights obtained by usufruct or through licence agreements.

Belgian companies or PEs acting as “contract R&D” service providers on behalf of another company cannot qualify for the Belgian patent box because they are not the owners, holder of beneficial rights to, or licensee of the resulting patents.

3.1.4 Development and management conditions

In order to qualify the patent must have been developed either wholly or partially by the Belgian company or PE. Where a patent has been acquired the Belgian company must have further improved the patented products or processes before they can qualify. The improvements do not necessarily have to lead to additional patents over the acquired IP.

The patent development work must have been carried out in an R&D centre owned by the Belgian legal entity, although the regime does specifically allow the R&D centre to be located outside of Belgium.

The Belgian company or PE must have sufficient relevant substance to perform and supervise R&D activities. However, the company may use subcontractors, related or unrelated, in its development of the patents. The R&D centre must also qualify as a "branch of activity" or "line of business". This means that it should be a division of an entity that is capable of operating autonomously.

3.1.5 Types of income included

The Belgian patent box regime includes royalties and licence fees received by the Belgian company or PE from licensing out its patents. The amount of royalties which can be included is limited to the amount that is classified as taxable income in Belgium. Where the royalty or licence fee received is from a connected party the royalty that can be included is also limited to the amount that would have been agreed between unrelated parties.

Where patents are used by the Belgian company or PE itself in the manufacture of patented products, the PID is 80% of the hypothetical licence fee that the Belgian company would have received had it licensed the patents to an unrelated party. This is known as embedded royalties. Products can either be manufactured by the Belgian company or PE itself or by a contract manufacturer on its behalf.

Capital gains realized upon the disposal of patents are not included in the regime.

3.1.6 Quantifying the benefit

The patent income deduction (PID) is calculated as 80% of the total qualifying gross income from both actual and embedded royalties, less any licence fees and amortization related to the patents for which the PID is claimed.

The PID is deducted from the company's taxable income, so that only the remaining 20% of qualifying gross patent income is taxable. The remaining amount is then taxed at the standard corporation tax rate which is currently 34% (including a 3% surtax). This results in an effective tax rate of 6.8% on the qualifying income.

Development costs and other expenses remain deductible at the standard corporation tax rate of 34%. Other available tax benefits such as the notional interest deduction and R&D tax credits may be claimed alongside the PID, and these can further reduce the effective tax rate on qualifying patent income below the 6.8% rate to potentially as low as zero.

Brought forward losses can also be used against any remaining taxable income. However, the PID may not be used to create a net operating loss, and therefore may not be carried forward to be used in future accounting periods.

3.1.7 Other aspects

Withholding tax on royalties received from abroad, including those royalties eligible for the patent box, can be credited against the Belgium corporate tax liability.

3.2 France

3.2.1 Introduction and overview

The French patent box regime was first introduced in 2000, and was then amended twice in both 2005 and 2010. Under the current regime qualifying IP income and capital gains from qualifying IP are taxed at a reduced 15% rate of corporate tax, compared with the standard rate of 33.33%.

3.2.2 Types of IP included

The French patent box regime includes patents which have been granted in France, and European patents. Other foreign patents are included only if the invention would have been patentable in France. Improvements made to qualifying patents and industrial manufacturing processes that are a continuation of qualifying patents are also included, as are certificates relating to "vegetal inventions".

Other intellectual property rights such as trademarks, design rights and copyright are not included.

3.2.3 Ownership conditions

IP rights only qualify under the regime if they are classified as an asset in the company's statutory accounts. The regime applies to existing as well as newly developed IP.

However, as well as full ownership the French regime also includes rights received under licence and sub-licence agreements. These licence agreements can be either exclusive or non-exclusive, and can cover all or a portion of the qualifying IP.

3.2.4 Development and management conditions

There are no specific development or management conditions. However, where IP rights are acquired by the company rather than being developed in-house, they must be owned by the company for at least two years before they qualify for the patent box regime.

3.2.5 Types of income included

The French patent box includes only royalty income from licensing or sublicensing qualifying IP rights, and capital gains made on the transfer or sale of the IP. Embedded royalties and any other forms of income are not included in the regime.

3.2.6 Quantifying the benefit

Costs incurred by the company related to the qualifying IP rights, and any expenses related to the sale or transfer of the IP must be deducted from the income received. The net income and gains derived from qualifying IP are then taxed at a reduced 15% corporate tax rate, rather than the standard rate of 33.33%. If the licensee is a French corporation and actually uses the qualified IP licensed, the licensee may deduct the royalty payments from its current income taxable at the standard 33.33% rate even if the licensor is taxed at the reduced 15% rate.

3.2.7 Other aspects

Withholding tax on royalties received from abroad, including those royalties eligible for the patent box, can be credited against the French corporate tax liability.

3.3 Luxembourg

3.3.1 Introduction and overview

The Luxembourg IP regime became effective on 1 January 2008. Subsequently in December 2008 the regime was amended to also exclude qualifying IP assets from Luxembourg's net wealth tax. A circular was also issued by the Luxembourg tax authorities on March 5 2009 which laid down some guidelines for the interpretation of the IP regime.

The Luxembourg regime applies to the net income derived from the use of qualifying intellectual property acquired or developed after 31 December 2007. Taxpayers receive an 80% exemption from net income derived from qualifying IP, giving an effective tax rate of 5.76%.

3.3.2 Types of IP included

The Luxembourg IP regime is broad in scope and applies to patents, trademarks, designs, domain names, models and software copyright. However, know-how, copyright not related to software, formulas, and client lists do not qualify under the regime.

Only IP which was created or acquired by the Luxembourg company after 31 December 2007 qualifies for the regime.

3.3.3 Ownership conditions

In order to qualify for the regime the Luxembourg company must be the economic owner of the IP rights, and those rights must give the company exclusive exploitation rights in the territory for which a protection is granted.

IP that is acquired from a directly associated company (10% direct parent, subsidiary, or sister company), is not included within the regime.

3.3.4 Development and management conditions

There are no specific development or management conditions, the IP can either be developed in-house or acquired or and does not need to be further improved by the Luxembourg company.

3.3.5 Types of income included

The Luxembourg IP regime includes royalties and licence fees received from licensing qualifying IP rights. Where patents have been developed by the company and are used internally, a notional royalty can also be included. This notional royalty is equal to the income which the company would have earned if it had licensed the right to use the patent to a third party.

Net capital gains from the sale or transfer of qualifying IP are also included, as are damages for infringement of the IP.

3.3.6 Quantifying the benefit

In order to calculate the net IP income, all expenditure relating to the qualifying IP (including amortisation, R&D expenditure, interest charges, and other expenses) must be deducted from gross qualifying IP income.

Where IP is self-developed, all expenses in direct relation to the IP development must be capitalized in the first year the benefit of the regime is claimed. The expenses are then amortised over the expected life of the IP and deducted from the gross income received. The purpose of these rules is to ensure that all the related expenses incurred are taken into consideration in calculating the net IP income.

When IP is sold or transferred, expenses directly related to the income are deducted from the gross income from the sale. Any depreciation or write downs that have reduced the tax base of the company in the tax year of the disposal or in any previous tax year are also deducted from the gross income in order to calculate net IP income.

Taxpayers then receive an 80% exemption from the total net IP income received. Following the 80% exemption only 20% of the net IP income is taxable, and this is taxed at the standard corporate tax rate which is currently 28.8%. This results in an effective tax rate of 5.76%.

3.3.7 Other aspects

Withholding tax on royalties received from abroad, including those royalties eligible for the patent box, can be partially credited against the Luxembourg corporate tax liability.

3.4 The Netherlands

3.4.1 Introduction and overview

The Netherlands was the first Benelux country to introduce a patent box tax regime, which became effective on 1 January 2007. This initial regime applied only to patents and applied a 10% rate of corporate tax to qualifying IP income. On 1 January 2010 the regime was expanded to include a much wider range of IP and the headline rate was reduced to 5%.

The new regime is referred to as the 'innovation box', and provides a 5% tax rate on income from any IP which arises from technological R&D activities. The regime can apply to Dutch resident companies as well as Dutch permanent establishments of foreign companies as long as they are taxpaying in the Netherlands.

3.4.2 Types of IP included

The Netherland IP regime includes all worldwide patents, as well as any IP which arises from technical innovation activities conducted by or on behalf of a Dutch taxpayer and for which the taxpayer has obtained an R&D declaration from the Dutch government. Therefore, the innovation box can also be used by companies that do not intend to apply for patents for the products of their R&D activities or those companies that develop products that are not patentable under EU law, such as software-related intangibles and trade secrets.

Trademarks, non-technical design rights and literary copyrights do not qualify for the regime.

3.4.3 Ownership conditions

In order to qualify for the innovation box, the Dutch taxpayer must be the economic owner of the IP and bear the risks associated with the ownership of the IP.

The Netherlands innovation box applies only to IP which became a business asset after 31 December 2006. Acquired IP developed after 31 December 2006 can qualify provided that the Dutch taxpayer carries out further development as described below.

3.4.4 Development and management conditions

In order for IP to qualify under the regime, the patent or IP must be developed through R&D which is paid for and is conducted at the risk of the Dutch taxpayer. For patents, the R&D activities can be carried out either in the Netherlands or abroad. However, for IP which has an R&D declaration from the Dutch government, generally at least 50% of the R&D must be performed in the Netherlands and the Dutch entity must play a key coordinating role in the development.

Acquired IP may qualify in some cases, but only if it is further developed for the risk and account of the Dutch taxpayer.

3.4.5 Types of income included

The Dutch innovation box regime applies to all net profits attributable to qualifying IP, as well as to net capital gains derived from qualifying IP.

The regime is not restricted to the income directly attributable to the patent or R&D IP; it also can apply to profits embedded in the sales price of goods or services. However, in the case of patents in order for income to qualify more than 30% of the derived income must be attributable to the patent right itself.

3.4.6 Quantifying the benefit

The reduced 5% rate of corporate tax available under the innovation box regime applies to the net positive income derived from the qualifying IP. This is calculated as the gross income minus all related expenses and depreciation. The allocation of profits to the patents or R&D IP is resolved through transfer pricing methods. Taxpayers can elect to apply the innovation box separately for each qualifying IP right.

Losses incurred from qualifying IP are deductible at the standard corporate tax rate. However, losses which have been incurred from qualifying IP and deducted from taxable profits in previous years must be relieved at the standard corporate tax rate first before the lower effective tax rate applies. This rule also applies to R&D costs that are deducted before an innovation box election is made for the qualifying IP.

3.4.7 Other aspects

Withholding tax on royalties received from abroad can be credited against the Dutch corporate tax liability, which includes royalties eligible for the innovation box, subject to certain limitations.

The Dutch tax authorities have a dedicated innovation box team that deals with innovation box rulings in liaison with taxpayers. Also, advanced pricing agreements can be agreed with the Dutch tax authorities to mitigate transfer pricing issues.

4. Comparison of European regimes

Tax Factors	Belgium	France	Hungary	Luxembourg	Netherlands	Spain	UK
Headline tax rate	6.8%	15%	9.5%	5.76%	5.0%	15%	10%
Year enacted	2007	2001, 2005, 2010	2003	2008	2007/2010	2008	2013
Qualified IP	Patents and extended patent certificates	Patents, extended patent certificates, patentable inventions and industrial fabrication processes	Patent, know-how, trademarks, business names, business secrets, and copyrights	Patents, trademarks, designs, domain names, models, and software copyrights	Patents and IP derived from technological R&D activities	Patents, secret formulas, processes, plans, models, designs, and know-how	Patents, supplementary protection certificates, regulatory data protection, and plant variety rights
Applicable to existing IP?	IP granted or first used on or after 1/01/2007	Yes	Yes	IP developed or acquired after 31/12/2007	IP after 31/12/2006	Yes	Yes
Applicable to acquired IP?	Yes, if further developed	Yes, subject to specific conditions	Yes	Yes, from non-directly associated companies	Yes, but only if IP is further self-developed	No	Yes, if further developed and actively managed
Includes embedded royalties?	Yes	No	No	Yes	Yes	No	Yes
Can R&D be performed abroad?	Yes, if qualifying R&D centre	Yes	Yes	Yes	Yes, for patented IP; strict conditions for R&D IP	Yes, but must be self-developed by the licensor	Yes
Qualifying income	Patent income less cost of acquired IP	Royalties net of cost of managing IP	Royalties	Royalties and embedded royalties	Net income from qualifying IP	Gross patent income	Net income from qualifying IP
Includes sale on qualified IP?	No	Yes	Yes	Yes	Yes	No	Yes
Is there a cap on the benefit?	Deduction limited to 100% of pre-tax income	No	Deduction limited to 50% of pre-tax income	No	No	Yes, six times the cost incurred to develop the IP	No
Credit for WHT?	Yes	Yes	Yes	Yes	Yes, subject to limitations	Yes	Yes

5. Contacts

For further details or advice on the UK patent box regime or any of the other regimes discussed in this document, please contact one of PwC's patent box experts.

Diarmuid Macdougall
R&D & Patent Box Network leader
PricewaterhouseCoopers LLP

Telephone: 01895 52 2112

Email: diarmuid.j.macdougall@uk.pwc.com

Diarmuid is the partner leading PwC's R&D tax relief & patent box team. He has an MA in Natural Sciences and worked as a computer programmer before joining PwC. His work has involved assistance to a very wide range of businesses from start-ups to the largest multinationals spanning all industry sectors including software & IT, food & beverages, industrial products & engineering, automotive, pharmaceuticals and biotechnology.

Diarmuid is frequently involved in representations on government consultation and is in regular contact with the Treasury & HMRC policy teams on R&D and patent box.

Anna Floyer-Lea
PricewaterhouseCoopers LLP

Telephone: 0118 938 3547

Email: anna.m.floyer-lea@uk.pwc.com

Anna leads our Reading patent box centre and assists Diarmuid in leading the national patent box team. She has recently joined PwC from HM Treasury, where she led the team responsible for designing and implementing the UK's patent box.

During the development of the UK's patent box Anna led the design of the new regime, conducted three public consultations and chaired the patent box working group, working with businesses of all sizes spanning all industry sectors. She therefore has a unique insight into how the new regime can benefit a wide range of companies.

120914-143947-SR-OS