Unlock Significant Tax Savings with the UK Patent Box Scheme

The UK Patent Box scheme, first introduced in April 2013 and updated in May 2016, provides a major tax incentive for innovative UK companies (and often companies that are not 'innovative', but solve technical problems within their business). Under this scheme, businesses can apply a **reduced Corporation Tax rate of 10%** to **profits generated from patented inventions**, compared with the current top rate of **25%**.

This reduction can apply to a wide range of products, processes, and services linked to qualifying patents—offering substantial long-term financial benefits for companies that invest in innovation

Who Qualifies for the Patent Box?

To benefit from the Patent Box regime, a company must meet the following criteria:

1. **Hold a qualifying IP right**, including patents granted by:
    - The **UK Intellectual Property Office (UKIPO)**
    - The **European Patent Office (EPO)**
2. **Actively hold** the IP right, either as the patent owner or as an exclusive licensee.
3. Generate **income linked to the patented invention**, such as:
    - Sales of patented products
    - Products or services created using patented processes
    - Royalties or licence fees derived from the patented technology

Patents: A Cost-Effective Investment

Many businesses assume that obtaining a patent is complex, expensive, or unnecessary. However, when viewed alongside the benefits of the Patent Box scheme, patents often deliver an exceptionally strong return on investment.

- The **Corporation Tax savings** achievable under Patent Box typically **far exceed the cost of obtaining a GB patent**.
- Once granted, a patent can deliver **20 years of annual tax savings**, while renewal fees remain relatively modest (rising from £70 to a maximum of £610 per year).

By holding a granted patent, your company can secure a **10% tax rate on qualifying profits for two decades**, instead of paying up to 25%.

Patent Box in Numbers

Recent data highlights the growing impact of the scheme:

- **2021/22:**
    - £1.4 billion in Patent Box tax savings were claimed.
    - Over 1,500 companies benefited—averaging around **£900,000 saved per company**.
- **2022/23 (UKIPO statistics):**
    - £1.449 billion in 2022/23; largely driven by the rise in UK Corporation Tax to 25%.
- **2023/24 (UKIPO statistics):**
    - Total relief rose to **£1.977 billion**
    - **1,650 UK companies** elected into the scheme.
    - **Large companies** made up 28% of claimants but accounted for **95% of total relief**.

These figures demonstrate the significant value available to innovative businesses of all sizes.

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Additional Key Benefits of the Patent Box

- **Backdated relief:** Once your patent is granted, companies may claim the tax reduction **retroactively** for profits earned from the date the patent application was filed.
- **Global income advantage:** Patent Box relief applies to **UK profits derived from worldwide sales** of patented inventions—not only to profits generated in countries where protection is granted.

How Optimus Helps Businesses Maximise Patent Box Savings

At Optimus, we specialise in helping UK companies unlock Patent Box benefits through strategic patent acquisition. We currently maintain a **100% success rate** in securing granted patents for clients seeking Patent Box qualification.

Our approach includes:

- Identifying potentially patentable innovations; even where clients initially assume their products or processes are not patentable
- Providing clear guidance for businesses unfamiliar with patents
- Drafting high-quality, strategically structured patent applications to maximise the likelihood of grant

Many of our clients had not previously considered patent protection, yet Optimus successfully secured patents for them and they now enjoy substantial annual tax savings.

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