

Innovators urged to make the most of green tax incentives

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Quicker access to granted patents coupled with patent-friendly tax relief programmes, means it's never been a better time to develop environmentally friendly products or processes in the UK.

➤ What's the incentive?

The Intellectual Property Office (that's the British patent and trademark office) has for a few years been accelerating the examination of patent applications that have an environmental benefit. This means that instead of starting examination after 6-7 months, the application will reach examination typically within a few weeks, and the applicant can end up with a granted patent in less than a year.

➤ How do you qualify?

The only requirement on the IPO's part is a covering letter filed with the application explaining why the applicant believes that the invention benefits the environment.

➤ Some examples.

As with many of these measures the term "benefits the environment" has no firm definition placed on it by the IPO and is open to interpretation. A wide variety of "benefits" can reasonably be cited, such as preserving air or water quality, habitat protection or safeguarding human health through reducing harmful chemical or waist emissions.

It is also worth bearing in mind that benefiting the environment may not be the main purpose of the invention being patented, in many instances the environmental benefit will be an indirect secondary benefit:

- Any significant improvement in the efficiency of a mechanical system, such as a micro-processor or a motor, can bring reductions in power consumption and heat output, both of which can be considered to have environmental benefits.
- Similarly, the development of a medical device which can eliminate the injection of radio-isotopes into the patient and subsequent disposal of radioactive material back can be considered to have an environmental benefit.

Can I pay less tax on my green invention?

Patent Box is a government scheme through HMRC that provides companies the opportunity to save corporation tax on relevant profits where they own a qualifying patent right. The aim of the scheme is to promote innovation across UK businesses and encourage them to commercialise their patents.

Thanks to the speedy granting of the patent itself, applicants can pursue the development of the underlying technology or the commercial exploitation.

The faster the grant the sooner a company can elect in to Patent Box and consequently start benefiting from the generous reduction in corporation tax rates on all profits directly stemming from the commercial exploitation of the patent (currently a preferential rate of 10% corporation tax against the prevailing rate of 19%).

A quick patent grant also opens the door to accelerated examination in other jurisdictions based on bilateral conventions. The UK is only one of six European countries supporting IP registration and exploitation through preferential tax regimes.

For more information on patent strategy or Patent Box, contact us on 0203 984 0321 or visit www.abgi-uk.com

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