Patent & IP Box
Quelques recommandations

- Vous êtes nombreux pour ce webinaire, voici quelques recommandations.
- L’onglet « chat » est réservé aux éventuels problèmes techniques que vous pourriez rencontrer.
- L’onglet « questions » vous permet de poser vos questions. Nous y répondrons après les présentations réalisées.

Cliquez ici si vous rencontrez des soucis techniques (sons, audio ou autres)

Onglet exclusivement destiné aux questions de fond. Ces questions seront traitées à la fin dans la mesure du possible.

Onglet exclusivement réservé aux messages instantanés (questions sur l’accès au replay, difficultés avec le webinaire) ou nous saluer

Désactiver le son des notifications
Since the 70s, OECD countries have struggle to support national companies to protect their inventions and industrial secrets to take the full benefit of this exclusive revenue. So was born the Patent Box (that taxes its name from the “box” to tick on the application form), a tax incentive settled to boost patent by leveraging the revenue generated.

After uncountable attempts, questionable in their efficiency, those schemes have found a new breath by extending the scope to other components of industrial property, including software licensing, becoming therefore the IP box, for Intellectual Property Box.

If France has been quite late in operating this switch from Patent to IP Box, it is now done since 2019, with a wide scheme ranging from pure patents to software revenue through Plant Variety Certificates. And if the application process remains complex, it is however highly efficient for leveraging revenues out of digital.
AGENDA

- History and overview of IP Box schemes
- Principles of IP Box (revenue and nexus ratio)
- Main models and Heatmap of Global Schemes
- Focus on France, Belgium, Italy, Poland & Québec
- Q&A

Global IP Box
History and overview
The basics to understand IP, Patent Box and IP Box

- Patents
- Plant Variety Rights / Certificates
- Inventions
- Design
- Trademarks, Brands
- Copyrights
- Software
- Music
- Audiovisual

Acquired through application
Acquired by creation
Déduction relative à la commercialisation d’innovations au Québec

1 Renseignements sur la société
Numéro d’entreprise du Québec (RÉQ) Numéro d’identification Éditeur
123456789 0123456789 IC 0001
Nom de la société

2 Renseignements sur l’actif de propriété intellectuelle admissible
Cochez la case correspondant au type d’actif de propriété intellectuelle admissible pour lequel la société demande la déduction.
- [ ] Inventaire protégé
- [ ] Variété végétale protégée
- [ ] Logiciel protégé

Saisissez les numéros suivants :
- si vous avez coché la case 04, le numéro d’identification du brevet, s’il y a lieu;
- si vous avez coché la case 06a, le numéro d’enregistrement de la variété végétale protégée;
- si vous avez coché la case 06b, le numéro d’enregistrement du droit d’auteur, s’il y a lieu.

Décritez l’actif de propriété intellectuelle admissible.
Principles
Jumping into IP Box

Industrial Property
- Patents
- Plant Variety Rights / Certificates
- Inventions
- Design
- Trademarks, Brands

Arts & Literature
- Copyrights
- Software
- Music
- Audiovisual

Intangible Asset(s)

Income

R&D

Taxes
Jumping into IP Box

Industrial Property

- Patents
- Plant Variety Rights / Certificates
- Inventions
- Design
- Trademarks, Brands

Arts & Literature

- Copyrights
- Software
- Music
- Audiovisual

IP revenue

Direct (selling, licensing)
Indirect (embedded in products)

R&D expenses

- In-house R&D
- Intra-group / Intra Tax-group R&D
- Subcontracted R&D
- Intra-group / Extra Tax-group R&D
- IP Aquisition

Taxable revenue

Tax rate
Tax liability
Jumping into IP Box

IP revenue
- Direct (selling, licensing)
- Indirect (embedded in products)

R&D expenses
- In-house R&D
- Intra-group / Intra Tax-group R&D
- Subcontracted R&D
- Intra-group / Extra Tax-group R&D
- IP Aquisition

Taxable revenue
- Tax rate
- Tax liability
The models of IP Box
The Nexus Ratio

<table>
<thead>
<tr>
<th>R&amp;D expenses</th>
<th>NEXUS</th>
<th>R&amp;D Autonomy</th>
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<td>In-house R&amp;D</td>
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NEXUS fraction

1, x %
Computing IP figures

**Legend**
- Identified
- Computed

**Analytics**
- Gross IP Revenue - R&D expenses = Net IP Revenue

**R&D Tax Incentive**
- Qualifying Expenses

**Net IP Revenue**

**1. Reduced Taxation**
- Gross IP Revenue - R&D expenses = Net IP Revenue

**2. Tax Deduction**
- Gross IP Revenue - R&D expenses = Net IP Revenue

**3. Superdeuction**
- R&D expenses = Net IP Revenue

**Identified**
- Tax Liability

**Computed**
- Identified

**Patent Box**
- IP Box
### Computing IP figures

**LEGEND**
- Identified
- Computed

**Gross IP Revenue**
- 

**R&D Tax Incentive**
- Qualifying Expenses

**Net IP Revenue**
- 

**NEXUS fraction**
- 

**Tax Liability**
- 

1. **REduced Taxation**
   - Gross revenue
     - 100
   - Taxed
     - 25% = 25 CIT

2. **Tax Deduction**
   - Gross revenue
     - 100
   - Taxed
     - 25% = 25 CIT

3. **SuperDeduction**
   - Gross revenue
     - 100
   - Taxed
     - 25% = 25 CIT

### Calculations
1. **Reduced Taxation**
   - Gross revenue: 100
   - Taxed: 25% = 25 CIT
   - Net revenue: (100 - 50 R&D) x 80% = 40
   - Taxed: 15%
   - Deductible expenses: 25% x (100 - 100)
   - Result: 21 vs 25

2. **Tax Deduction**
   - Gross revenue: 100
   - Taxed: 25% = 25 CIT
   - Net revenue: (100 - 50 R&D) x 80% = 40
   - Deductible expenses: 25% x (100 - 40)
   - Result: 15 vs 25

3. **SuperDeduction**
   - Gross revenue: 100
   - Taxed: 25% = 25 CIT
   - Deductible expenses: 50 R&D x 200%
   - Result: 0 vs 25
Heat map

IP Box

Legend

Focus IP Box Performance Heatmap

Performance Scale

HIGH
GOOD
AVERAGE
LIMITED
LOW

NAM

EUROPE
Focus on
A universal process

**Intangible assets**
- Copyrighted or original software ✓
- Industrial Patents ✓
- Orphan Drugs ✓
- Supplement Protection Certificates ✓
- Plant variety Certificate ✓
- Data/market exclusivity (granted by a public body) ✓

**Intelectual property revenue**
- Transfert fees ✓
- Concession fees ✓
- Subconcessions fees ✓
- Licensing ✓
- Capital gains ✓
- Income embedded in services and products ✓

1. Identification of the intangible assets
2. Identification of the related expenses
3. Calculation of the net income
4. Calculation of the NEXUS ratio
5. Calculation of the savings
6. Justificative documentation
Benchmarking 5 countries

1. IP or patent or both?
2. Is there a Nexus (saying its name or hiding)?
3. Cash back or carry forward if no positive Tax liability? Can I back-claim?
4. Does the software need to be certified?
5. Type and generosity

<table>
<thead>
<tr>
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<th>IP</th>
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<td>5</td>
<td>Type and generosity</td>
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- Tax deduction 85% @25% CIT
- Reduced tax 11.5% → 2%
- Reduced tax 25 → 10%
- Superdeduction 210% @27.5% CIT
- Reduced tax 19% → 5%
Q&A