



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART XIII

#### MISCELLANEOUS SPECIAL PROVISIONS

#### CHAPTER I

#### INTELLECTUAL PROPERTY

##### *Patents and know-how*

#### **533 Interpretation of sections 520 to 532.**

(1) <sup>M1</sup>In [<sup>F1</sup>sections 524 to [<sup>F2</sup>528]]—

[<sup>F3</sup>“income from patents” means—

- (a) any royalty or other sum paid in respect of the use of a patent; and
- (b) any amount on which tax is payable for any accounting period by virtue of section 524 or 525 above or section 472(5) of, or paragraph 100 of Schedule 3 to, the Capital Allowances Act,

but does not include any amount chargeable to income tax.]

<sup>F4</sup>

“patent rights” means the right to do or authorise the doing of anything which would, but for that right, be an infringement of a patent;

“United Kingdom patent” means a patent granted under the laws of the United Kingdom.

(2) Subject to subsection (3) below, in [<sup>F1</sup>sections 524 to [<sup>F5</sup>528]] any reference to the sale of part of patent rights includes a reference to the grant of a licence in respect of the patent in question, and any reference to the purchase of patent rights includes a reference to the acquisition of a licence in respect of a patent.

*Status: Point in time view as at 06/04/2007. This version of this provision has been superseded.*

*Changes to legislation: Income and Corporation Taxes Act 1988, Section 533 is up to date with all changes known to be in force on or before 16 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (3) If a licence granted by a person entitled to any patent rights is a licence to exercise those rights to the exclusion of the grantor and all other persons for the whole of the remainder of the term for which the right subsists, the grantor shall be treated for the purposes of [F1sections 524 to [F5528]] as thereby selling the whole of the rights.
- (4) Where, under sections 46 to 49 of the Patents Act 1949 [F6, sections 55 to 59 of the Patents Act 1977] or any corresponding provisions of the law of any country outside the United Kingdom, an invention which is the subject of a patent is made, used, or exercised or vended by or for the service of the Crown or the government of the country concerned, [F1sections 524 to [F5528]] shall have effect as if the making, user, exercise or vending of the invention had taken place in pursuance of a licence, and any sums paid in respect thereof shall be treated accordingly.
- (5) Expenditure incurred in obtaining a right to acquire in the future patent rights as respects any invention in respect of which the patent has not yet been granted shall be deemed for all the purposes of [F1sections 524 to [F5528]] to be expenditure on the purchase of patent rights, and if the patent rights are subsequently acquired the expenditure shall be deemed for those purposes to have been expenditure on the purchase of those rights.
- (6) Any sum received from a person which by virtue of subsection (5) above is deemed to be expenditure incurred by him on the purchase of patent rights shall be deemed to be proceeds of a sale of patent rights.
- (7) M2In [F7section 531]“know-how” means any industrial information and techniques likely to assist in the manufacture or processing of goods or materials, or in the working of a mine, oil-well or other source of mineral deposits (including the searching for, discovery or testing of deposits or the winning of access thereto), or in the carrying out of any agricultural, forestry or fishing operations.

#### Textual Amendments

- F1** Words in ss. 533(1)-(5) substituted (with effect in accordance with s. 579 of the amending Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 50\(1\)](#)
- F2** Words in s. 533(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 209\(2\)\(a\)](#) (with Sch. 2)
- F3** S. 533(1): definition of "income from patents" substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 209\(2\)\(b\)](#) (with Sch. 2)
- F4** Words in s. 533(1) repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 4\), Sch. 2 para. 50\(2\)\(b\), Sch. 4](#)
- F5** Words in s. 533(2)-(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 209\(3\)](#) (with Sch. 2)
- F6** Words in s. 533(4) inserted (with retrospective effect) by [Finance Act 1988, Sch. 13 Pt. 1 paras. 5, 1](#)
- F7** Words in s. 533(7) substituted (with effect in accordance with s. 579 of the amending Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 50\(3\)](#)

#### Marginal Citations

- M1** Source-1970 s.388; 1985 s.64(2)(g)
- M2** Source-1970 s.386(8); 1985 Sch.18 Part II 8

**Status:**

Point in time view as at 06/04/2007. This version of this provision has been superseded.

**Changes to legislation:**

Income and Corporation Taxes Act 1988, Section 533 is up to date with all changes known to be in force on or before 16 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.