



During the October 2018 budget, the Chancellor announced plans to introduce a targeted relief for the cost of eligible goodwill acquired as part of a business purchase from April 2019.

The government has subsequently introduced draft legislation into the Finance (No.3) Bill 2017-19, giving a fixed rate deduction of 6.5% per annum on goodwill acquired after 1 April 2019, as part of a business purchase in which qualifying intellectual property is also purchased. There is an overall cap on tax relief, set at six times the value of the qualifying intellectual property acquired.

Qualifying intellectual property includes patents, registered designs, copyright and design rights and plant breeders' rights.

As expected, tax relief will continue to not be available on internally generated goodwill acquired in a related party incorporation.

This move seeks to partially reverse the restrictions introduced in 2015 on tax relief for the amortisation of goodwill acquired after 8 July 2015 and increase the attractiveness of the UK as a place to do business. The new targeted relief is welcome and more generous than was expected, however it does not restore the level of tax relief which was available pre 8 July 2015.

It is important to note that the relief only applies to goodwill acquired after 1 April 2019. Therefore, companies in the process of purchasing businesses with qualifying intellectual property may wish to consider how this relief could impact the economics of the acquisition.

“Intellectual Property is often the most valuable asset of a business. We specialise in ensuring that appropriate IP tax reliefs are claimed, and that tax exposures on exploitation are managed.”

For further information, please contact:-

James Randall

Partner

Direct Dial: (+44) 20 7842 2131

Email: james.randall@rawlinson-hunter.com

Hiral Kanzaria

Manager

Direct Dial: (+44) 20 7842 2102

Email: hiral.kanzaria@rawlinson-hunter.com

January 2019

Eighth Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ

And at

Q3, The Square
Randalls Way
Leatherhead
Surrey KT22 7TW

T +44 (0)20 7842 2000
F +44 (0)20 7842 2080

firstname.lastname@rawlinson-hunter.com
www.rawlinson-hunter.com

Partners

Chris Bliss FCA
Mark Harris FCA
David Barker CTA
Kulwam Nagra FCA
Paul Baker ACA
Andrew Shilling FCA
Craig Davies FCA
Graeme Privett CTA
Chris Hawley ACA
Phil Collington CTA
Toby Crooks ACA
Michael Foster CTA
Paul Huggins ACA
Trevor Warmington CTA
Alex Temlett CA
James Randall FCA

Directors

Lynnette Bober FCA
Karen Doe
Lynne Hunt FCA
Gillian Lawrence ACA
Nigel Medhurst AIT
Al Nawrocki CTA
Mark Shaw
Catherine Thompson FCA
Tracy Underwood CTA

Consultants

Philip Prettejohn FCA
Ralph Stockwell FCA