

UK Video Games Tax Credit

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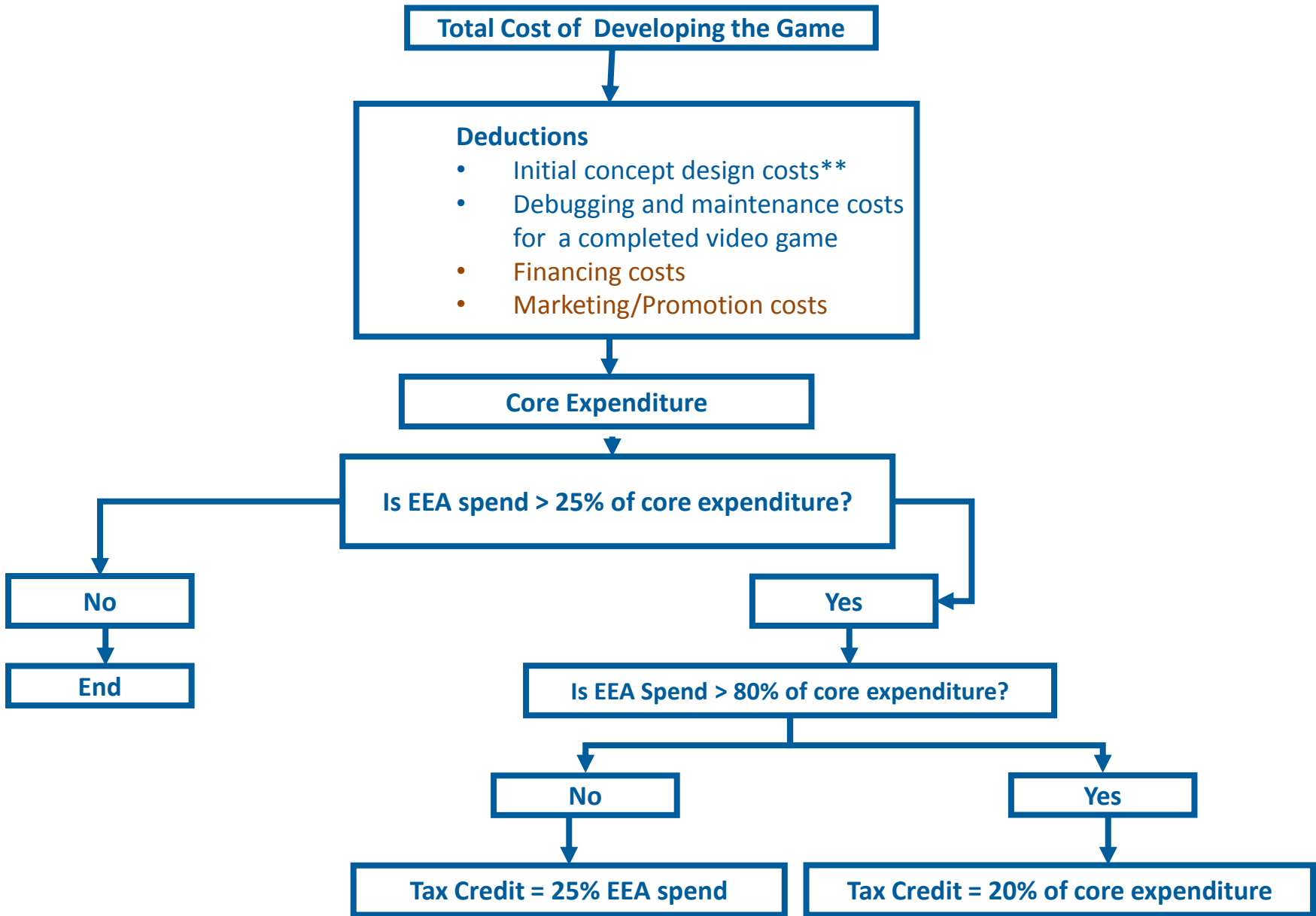
How do you qualify?

- Made by a Video Games Development Company (VGDC)
- Must be intended for supply to the general public
- Pass the cultural points test
- Achieve at least 25% EEA expenditure

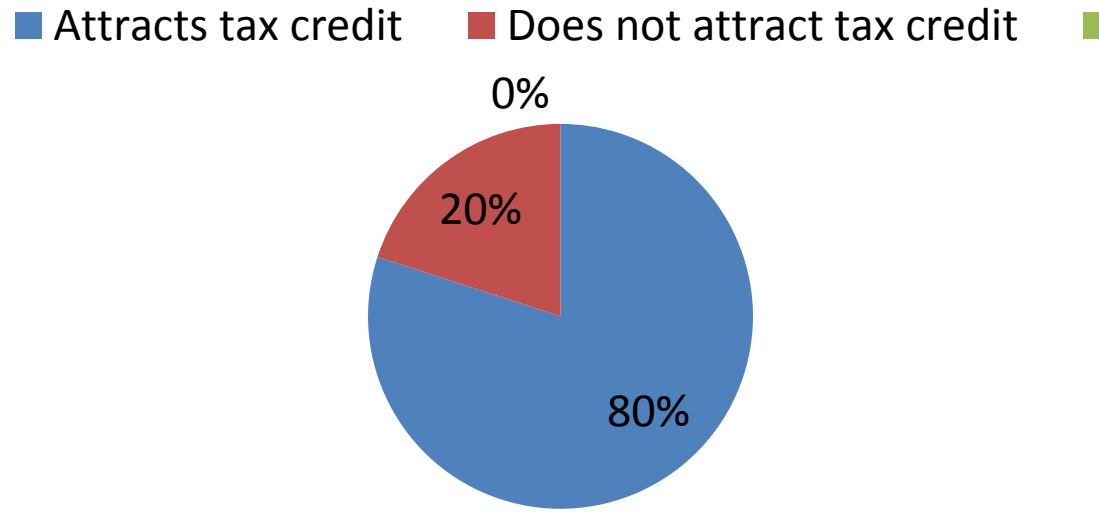
The Video Games Development

Company (VGDC)

- Must fall within UK tax jurisdiction
- Must be responsible for designing, producing and testing the video game
- Must be actively engaged in planning and decision-making during the above process
- Directly negotiates, contracts and pays for rights, goods and services in relation to the video game
- Can subcontract work subject to cap of £1m per game



0% 100% EEA Budget



- 25% tax credit available only on the first 80%

How do you obtain the money?

- Need 3 things
 - BFI certificate (interim/final)
 - Statutory accounts
 - Tax return
- Can make interim claims during development
- BFI turnaround time expected to be approximately 21 days
- HMRC turnaround time expected to be approximately 28 days

Separate SPV's vs. Single Video Games company

When deciding which of the above 2 options works best for you, factors to consider include the following:-

- Cashflow and timing requirements
- Financier ring fencing requirements
- Accounting, reporting and auditing costs
- Dealing with HMRC

Other important points

- Relates to expenditure incurred on or after 1 April 2014
- Video games produced for advertising , promotional or gambling purposes do not qualify for the tax credit
- Interaction with R&D tax relief
- Deferred costs are not eligible for the tax credit until they are paid
- Artificially inflated claims may result in severe penalties imposed by HMRC.

Conclusion

- Compatible with other national incentives
- No cap on funds available
- Nationality of personnel irrelevant provided the production qualifies as British under the Cultural test
- Quick turnaround expected
- Paid direct from UK Government, no middlemen.
- Will be bankable and certain