

**NYman
LIBSON
PAUL**

VIDEO GAMES TAX RELIEF

- Founded in 1933.
- Accountants, Business Advisors and Tax Relief specialists
- Media and Entertainment - over 40% of our client base in creative industries.
- We have a dedicated department dealing with all aspects of Creative industry tax reliefs.
- Pride ourselves on having a personal contact and relationship with all producers/developers.
- The first firm to submit claims for TV Animation, Theatre and Orchestra.
- In 2017 we submitted around 260 claims to HMRC across all the different creative industries.

Up to 20%* of the
Development spend repaid
in cash from



**HM Revenue
& Customs**



*Terms and conditions apply. May contain nuts.

You can claim VGTR if...

- the video game is British;
- the video game is intended for sale to general public;
- at least 25% of core expenditure is incurred on goods or services that are provided from within the European Economic Area (EEA);
- the company claiming is a qualifying Video Game Development Company (VGDC)



You can't claim VGTR...

- if produced for advertising or promotional purposes;
- if produced for the purposes of gambling



Are you a Qualifying VGDC?

- The VGDC is the company that actually **produces** the video game. The company must:
 - be responsible for designing, producing and testing the video game
 - be actively engaged in planning and decision-making during the design, production and testing of the video game, and
 - directly negotiate, contract and pay for rights, goods and services relating to the video game.
 - Basically... CONTROL!
- VGDC can sub-contract to third parties to undertake some of these activities on behalf of the VGDC (capped at £1m per game)
- **There can only be one VGDC for each video game.**

Qualifying Core Expenditure



- **Art work**
- **Programming**
- **Audio**
- **Testing**
- **Scripting**
- **Salaries / Freelancers carrying out 'development' services**
- **Rights/Licenses**
- **IT Software (relevant to game)**
- **Proportionate office overheads**



- **Marketing**
- **Entertainment**
- **Financing**
- **Statutory Accounting**
- **Legal Fees (unless related to development contracts)**
- **Initial concept creation (ie before green light)**
- **De-bugging**
- **Post release maintenance**

In order to get your Video Games Tax Credit you must:

1. Submit BFI application – British Cultural Test
2. Obtain a BFI certificate – to prove it's British!
3. File Company Accounts – including the development costs in the period
4. File a Corporation Tax Return in relation to above accounts

You can file as many VGTR claims as you like, up until the game is released.

Must score at least **16** points out of 31 to pass the test:

No Audit
Required



**Section A – Cultural Content
(up to 16 points)**

- Set in UK/EEA
- Lead Characters UK/EEA
- English dialogue
- British subject matter

**Section B – Cultural
Contribution
(up to 4 points)**

- British culture
- British creativity
- British heritage/diversity

Audit
Required

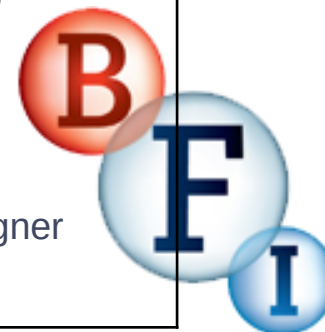


**Section C – Cultural Hubs
(up to 3 points)**

- Development/Storyboarding – UK
- Music/Audio – UK

**Section D – Personnel
(up to 8 points)**

- Project Leaders
- Scriptwriter
- Composer
- Artist/Programmer/Designer



- Write opinion letters to borrow against future tax credit estimates.
- Help with budgets and how best to structure companies for funding.
- Help with BFI application forms.
- Assist with pre-approval for any contentious positions for any particular claim from HMRC.
- Prepare and submit accounts and tax credit claims.
- Turn around within 4-6 weeks of receiving full information, which means financiers can get paid faster, meaning potentially lower interest costs.

DISCLAIMER

- Contents of this presentation are for INFORMATION PURPOSES only and DO NOT constitute professional advice.
- You should ALWAYS TAKE independent professional advice before acting on any of the information presented here.
- Nyman Libson Paul CANNOT be held responsible for any loss or damage resulting from action taken or refrained from as a result of information given during this presentation.
- Tax information is based on current legislation and this MAY CHANGE in future.

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