



## **Video Games Companies to Begin Claiming Tax Relief**

Video games companies across the UK will now be able to begin claiming tax relief of up to 25% on their production costs.

The Government's cultural regulations came into force in August 2014 and will allow claims from 1st April 2014.

With tax relief only available for companies producing games that are certified as culturally British, this milestone marks the completion of the legislation and will see the first companies begin to benefit.

Chris Newton of Newtons Accountants commented that the interaction of the new relief alongside the existing R & D tax relief will provide companies with tremendous help and opportunities to use taxation as a means of financing projects and building the value of their businesses.

Video games must achieve a level of points which they are awarded based on their cultural content, cultural contribution and the location of the game's development and nationalities of key personnel working on the project.

Formal certificates for games that pass the cultural test can be issued by the British Film Institute, which administers the cultural test process for the Government, and the companies making these games can start claiming their tax relief against qualifying expenditure incurred since 1st April.

Video games tax relief builds on the successful model of the film tax relief. Like the High-End TV and animation tax reliefs, development companies are eligible for a payable tax credit worth 25% of qualifying costs.

95% of UK video games developers are SMEs. It is estimated that this generous new corporation tax relief will provide around £35 million of support per year to the sector.

There are currently around 500 games development studios in the UK, employing around 9,000 staff. In 2013, sales of video games in the UK totalled £2.19 billion.