

Video games tax relief working group meeting

The working group met for the first time on Wednesday 25 July 2012 with officials from HM Treasury, HM Revenue and Customs and the Department for Culture, Media and Sport (DCMS) in attendance. Following introductions and the circulating of draft terms of reference for agreement after the meeting, the group raised some initial views on the proposed design of the tax relief. This included a discussion on the proposal to use the film tax relief as the model for the video games tax relief and what alternative models (e.g. R&D tax credits or the French model) might also be workable. The main emphasis of the following discussions was on the need to develop clear definitions that work for the video games industry. This included some initial discussion around how video games with pornographic content or extreme violence might be excluded in a way that is not too burdensome on the industry. The group also raised the issue of qualifying 'core expenditure' and the need to ensure that direct costs of production are not excluded as costs of maintenance.

The group then discussed the evidence gathering needed to support policy design and State aid application (as set out in Annex B of the consultation document) and agreed to provide evidence, particularly on production case studies, before the next meeting of the working group. The group also raised the issue of the cultural test and its proposed design. DCMS confirmed that they plan to share a draft cultural test with the group in advance of the next meeting to begin testing these proposals.

The next meeting of the working group will be before the closing date for responses to the consultation on 10 September 2012.