



Technology Tax Experts

MMP Tax Ltd Press Release
Video Game Tax Relief receives EU State Aid approval
for immediate release

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MMP Tax is delighted to note that the UK proposals for Video Game Tax Relief have been given full state aid approval by the European Commission on completion of its investigation into the UK's proposals.

The relief was originally announced at Budget 2012 and will provide support for the video games sector in the UK.

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.

The new tax relief will come into effect from 1 April 2014, and will provide around £35 million of support a year to the sector. The relief enables companies to be eligible for a payable tax credit worth 25% of qualifying production costs, and builds on the successful model of the film tax relief which can be claimed on production expenditure in the UK, and the new High-End TV and animation tax reliefs.

UK video game developers are highly innovative. Their work ranges from big budget console games reaching a global audience, to online massively multi-player games, to virtual worlds and virtual reality, through to apps for desktop, mobile, tablet and Smart TV.

But this talented and creative UK sector has been hit hard by international tax competition. Creative sector tax reliefs have been successfully introduced by competing nation states such as Canada, France, the USA and Japan with the sole aim of attracting investment into these industries.

State aid approval by the EU for the UK scheme means UK games developers will have a level playing field once more with their international competitors.

MMP has been involved in recent years in lobbying for the relief, in partnership with industry groups such as TIGA. Today's announcement is a tribute to the perseverance of TIGA and its leader Richard Wilson. TIGA has campaigned relentlessly for the last seven years and now sees the fruits of its hard work.

Peter Denison-Pender, Director of MMP Tax Limited, commented:

"This is terrific news for UK video game companies. The sector is highly skilled, high-tech, R&D intensive and export-focused, but its advantages of British skills and ingenuity have been eroded by international tax competition. Other countries have introduced generous tax breaks to entice talent and investment into overseas games markets, and the UK video games sector was slowing down.

The UK government, and video game trade bodies like TIGA, have showed real tenacity in fighting for this initiative. Only last week after the Budget we urged the government to keep pushing the EU for approval of UK video game tax relief. All their effort has now paid off.

The new relief will boost investment, productivity and job creation in the UK video game sector and this will all feed into UK GDP.

MMP Response to EU State Aid approval for Video Game Tax Relief

On a bigger picture, this is another important piece in the government's technology tax framework. International tax competition is now a fact of life. Targeted tax incentives and tax breaks, particularly in highly skilled and high value sectors, attract mobile talent and investment. The UK government has anticipated this competition and has steadily built a coherent and internationally competitive technology tax framework."

Dr Richard Wilson, Chief Executive of TIGA, stated:

"TIGA's focus is on strengthening the games development and digital publishing sector and so our top priority for the last seven years has been to fight for the introduction of Games Tax Relief. During this campaign we have successfully lobbied the UK's four major political parties, three Governments (Labour, Liberal-Conservative Coalition and the SNP) and the EU Commission to support the introduction of Games Tax Relief. Games Tax Relief will lead to a renaissance in the UK's games development sector. It will create jobs, boost investment and enable the production of more British video games.

"TIGA is now intent on ensuring as many games development and digital publishing businesses as possible benefit from Games Tax Relief. Many games businesses will benefit from engaging skilled tax firms to fully profit from the Relief. TIGA has worked closely with MMP over recent years and we value our relationship with them. The MMP team are approachable, knowledgeable and highly successful. TIGA looks forward to working closely with MMP in the years ahead as we both work to drive the games development and digital publishing sector forward."

Oli Christie, Chief Executive of Neon Play Ltd, an award-winning independent games developer for mobile and tablet apps:

"We have been investing in great people in this terrific industry so help from the government in supporting us to do this is really important. We have used MMP for our R&D tax work and they have been active in promoting this new regime and supporting us. It's good news for us and the industry as a whole."

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About MMP Tax:

MMP offer breadth and depth in the provision of specialist technology-based tax consultancy for our corporate clients. Specific areas of expertise include tax reliefs for R&D, patents, video games and animation, specialised capital allowances, and corporate investments.

At MMP we combine specialist knowledge of technology tax reliefs with practical experience in engineering and scientific disciplines. We apply these skills in a client-centric way to ensure our clients submit robust and verifiable claims.

The directors have more than 30 years of direct experience in technology tax relief from a technical and consulting perspective, in addition to wide-ranging experience in industry.

Get in touch:

Tel: 020 7458 4108

Email: info@mmp-tax.co.uk

Web: www.mmp-tax.co.uk

Peter Denison-Pender; and David Marshall, both directors of MMP Tax,
peter.denison-pender@mmp-co.uk ; david.marshall@mmp-tax.co.uk

For further information:

See MMP Tax's Budget Commentary at www.mmp-tax.co.uk