

After many years of campaigning; TIGA and MMP are proud of the positive impact the video Game Tax Relief (VGTR) has had on UK Game industry and the role we've played in its introduction. Since its initiation in 2014, the VGTR scheme has been supporting loss making games studios with a 25% credit and profit making studios with a tax relief net benefit of 18.4%. In a recent TIGA survey, UK studios were hopeful that the generosity of the incentives would increase even further. But alas! Like all crusades, set backs are inevitable and in the recent Summer Budget the Government has now decreased the tax relief generosity from 18.4% to 14.4%. A far way off from Canada's video game tax breaks which average around 30% generosity!

So how has this come about and what can be done to swing things back into the UK Games industry's favour?

This decrease comes as the result of the drop in the corporation tax rate which will fall from the 23% rate (when the VGTR was first introduced), to 18% in 2020. This overall decrease in corporation tax is great news for all UK businesses. But it does have a negative impact to the overall generosity of the VGTR which could have been avoided with a parallel increase in the VGTR enhancement rate.

So what is the game plan (excuse the pun)?

Well, next time you hear an MP talking about the VGTR, congratulate them on introducing this incentive! Then ask them to maintain the tax relief generosity level at 18.4%. Not only will this bring the incentive back into line with its original intended net benefit level, it will help support games studios and maintain the competitiveness of the UK video game industry.

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 decades of direct experience in technology tax relief from a technical and consulting perspective, in addition to wide-ranging experience in industry.

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