



# Digital Games Tax Offset Factsheet

## Overview

The Digital Game Tax Offset (DGTO) is a refundable tax offset of 30 per cent for eligible businesses that spend a minimum of \$500,000 on qualifying Australian development expenditure (QADE), incurred from 1 July 2022. There is a rebate cap of \$20 million per income year for a company or consolidated group of companies.

The DGTO is governed by Division 378 of the Income Tax Assessment Act 1997 (ITAA97) and by the Income Tax Assessment (Digital Games Tax Offset) Rules 2023. Links to the guidelines, glossary and legislation can be found on the [arts.gov.au](https://arts.gov.au) website. In the case of any inconsistency, the provisions of ITAA97 take precedence.

## Certification

There are three types of certificates for the DGTO:

- **Completion Certificate:** a certificate for a new completed digital game, with costs able to be incurred across one or more income years;
- **Porting Certificate:** a certificate for a digital game that has been ported, with costs able to be incurred across one or more income years; and
- **Ongoing Development Certificate:** a certificate in relation to ongoing development of one or more previously released digital game/s, with costs able to be incurred in the same income year only.

## Applicant company

The applicant must be the company that is primarily responsible for undertaking the activities necessary for the development of the game in Australia.

The applicant company must have an active ABN and be:

- ✓ An Australian resident; or
- ✓ A foreign resident with permanent establishment in Australia

## Provisional certification

Provisional certificates can be used as a guide to determine whether a game is likely to meet the legislative requirements for certification under the DGTO. They are administrative in nature, do not assess QADE and are issued by the Digital Games Tax Offset Advisory Board.

Provisional certificates are optional and non-binding. They do not guarantee the Minister will issue a final certificate, nor do they prevent the Minister from refusing to issue a final certificate. An applicant may apply for a provisional certificate before development commences or during development.

## Eligible and ineligible digital games

For the DGTO, a digital game is one in an electronic form that is capable of generating a display on a computer monitor, television screen, LCD, mobile device or similar medium that allows for the playing of an interactive game.

A digital game must:

- ✔ Be available to the general public for entertainment or educational purposes; and
- ✔ Be made available for use over the internet

A digital game will be ineligible if it is:

- ✘ A gambling service and substantially includes gambling or gambling-like practices
- ✘ Likely to be refused classification
- ✘ Primarily developed to advertise or promote a product, entity or service; or primarily for industrial, corporate or institutional purposes

## Qualifying Australian Development Expenditure (QADE)

QADE relates to expenditure incurred for, or reasonably attributable to, goods and services provided or acquired in Australia, on the development of the game.

Eligible QADE items\*

- ✔ Remuneration for employees or independent contractors involved in the development of a digital game (e.g., project managers, creative directors, game designers, software developers, user experience designers and testers, behavior analysts, quality assurance testers, writers, artists, animators and performers, songwriters, composers, and musicians)
- ✔ Research expenditure
- ✔ Developing underlying game infrastructure
- ✔ Prototyping
- ✔ User testing
- ✔ Updating the game
- ✔ Obtaining or maintaining a classification
- ✔ Adapting the game for use on particular platforms

\* Subject to integrity measure exclusions (e.g., associates tests and arm's length expenditure). Activities funded by industry-specific Commonwealth, State or Territory grants may be QADE.

Ineligible QADE Items

- ✘ Business overheads
- ✘ Land or premises expenditure
- ✘ Computer hardware
- ✘ Licensing or software fees
- ✘ Marketing, advertising, publicity or promotion of the game and company
- ✘ Fees that are not directly attributable to the game's development (e.g., conferences, hiring equipment)
- ✘ Copyright or trademark costs
- ✘ Fees for distributing and acquiring users
- ✘ Expenditure claimed for another Commonwealth tax offset, including R&D

# Application process

## 1. Application

Apply for certificate through arts.gov.au



## 2. Eligibility Check and Assessment

Application checked for compliance with ITTA97 and assessed by an Independent Game Development Consultant. Application considered by the Digital Games Tax Offset Advisory Board.



## 3. Issuance

Certificate, including QADE determination, is considered by the Arts Minister or their delegate and issued to the applicant, if the eligibility criteria are satisfied.



## 4. Claim

Applicant claims the offset for the relevant income year as part of its annual tax return.



### Further queries

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