



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

11 April 2022

Director
Industry Tax Policy Unit
Individuals and Indirect Tax Division
Treasury
Langton Cres
PARKES ACT 2600

via email: digitalgames@treasury.gov.au

Dear Sir/Madam

Digital Games Tax Offset (DGTO) Exposure Draft Legislation Consultation

Thank you for the opportunity to provide feedback in relation to the new DGTO. We understand the Australian interactive games industry welcomes the intended support for domestic game production.

To best serve the nature of “indie” game studios, often comprised of family members, close friends, and people who assume multiple positions during digital game development, we make the following recommendations:

1. That the requirement for a new game to be completed before the DGTO is applied be adjusted, allowing for milestone payments of the 30% tax offset at appropriately evidenced intervals of the game development lifecycle. This will boost cashflow and viability for game development projects which often have extended completion schedules, and allow “indie” game studios to move on from non-viable projects without penalty, i.e., where a materially similar game is released prior to their own planned release date.
2. That adjustments be made to Subdivision 378-C, 378-30, (3)(p) to not disadvantage “indie” studios which often have structures where those considered in breach of the **arm’s length* exclusion are co-owners of a studio, as well as software/games developers, designers, or artists etc. needing to take a modest living wage from the project whilst producing a digital game.
3. That the minimum spend of \$500,000 on qualifying Australian development expenditure on eligible games to be reduced to \$300,000 so that more small developers can access the DGTO.

The Australian video games industry association IGEA advises many “indie” games will have a budget of less than \$500,000. For example, creating prominent Australian “indie” game *Armello* was cost for \$305,000. Maintaining a threshold of \$500,000 total spend would prevent smaller businesses, who provide opportunities for entry level employment in the gaming industry, from accessing the DGTO.

Again, thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Ms Atia Sadiqzai on 02 5114 6116 or at atia.sadiqzai@asbfeo.gov.au.

Yours sincerely

The Hon. Bruce Billson
Australian Small Business and Family Enterprise Ombudsman

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