

Irirangi Te Motu
NZ On Air

Games Development Sector Rebate (GDSR)

**Financial Information
Required & Eligible Expenditure**

Financial Information Required & Eligible Expenditure

To assist NZOA in checking the eligibility of costs we ask that applicants provide the following financial information:

1. Financial Statements:

- Provide profit and loss statement, cash flow statement and balance sheet for the current tax year from 1 April 2023.
- Audited accounts from previous year (where possible).
- Management accounts for any period from 1st April 2023 that is not covered by the audited accounts above.
- Most recent tax returns.
- Include profit and loss statements, cash flow statement and balance sheet for the previous two years, if available.
- If the applicant is a head/parent company, then consolidated financial information may be required.

2. Personnel Information:

- List personnel roles involved in game development activities.
- Specify the amount of salary or costs attributed to eligible game development activities.
- List any contractors who have worked in the games development space.
- List non-New Zealand tax resident contractors or staff members and specify the amount of time they spend on eligible game development activities.

3. Company Structure:

- Indicate whether your company is a subsidiary of another entity.
- If it is a subsidiary, describe how related party transactions are treated and the cost attribution methodology being used, between the parent and subsidiary.

4. Non-Eligible Games Development:

- Highlight any costs associated with non-eligible games, such as gambling services or games primarily consisting of gambling elements, and explain how these costs are allocated, whether on a pro-rata basis or using a timesheet system. Further information on ineligible games can be found in the [GDSR Guidelines](#).

5. Other Funding Sources:

- Indicate if any costs have been claimed under other domestic or international funding sources or grants.

6. Additional Financial Statements/Information:

- Include any other financial statements or information that you believe will assist NZ On Air in determining the eligibility of your costs.

Eligible Expenditure

For the purposes of the GDSR, eligible expenditure is expenditure incurred by a business in, or in relation to, developing digital games. Such development may include post-launch content creation (i.e. game updates and downloadable content) and adaptation or porting of a game for use on particular platforms. Please note, in determining eligible expenditure, the expenditure is taken to exclude GST.

Specific inclusions include but are not limited to the following:

- Well-structured market-level remuneration packages, included in employment or contractor agreements, paid via regular payroll systems including PAYE and other taxes – to employees and independent contractors who are domiciled in New Zealand and perform work or services directly for the business which are attributable to the development of digital games, and which include the following types of functions and tasks¹:
 - **project management;**
 - **development**, including for example, game design, software development and programming, engineering (including for audio, graphics, physics, software and backend and servers), prototyping and product management;
 - **writing and story designing**, including for example, narrative design, world building, character design and cultural consulting (including on te ao Māori);
 - **production**, including for example, artistic, creative and design direction and production;
 - **art and design**, including for example, drawing, painting, animation, performance (for music, voice and motion capture), song writing, composing, music and sound design;
 - **marketing and community development**, including for example, go-to-market strategy, community management, influencer engagement, social media management and content creation, user acquisition management and localising games for specific markets / languages;
 - **live operations of an online game**, including for example, data science, business intelligence, metrics and analytics management, playtesting and build management / deployment;
 - **player research and game quality improvements**, including for example, user experience design and testing, behaviour analysis, and quality assurance testing; and other people performing similar tasks or functions to those listed above.

- expenditure on research for development of digital games²
- expenditure on prototyping;
- expenditure on user testing, debugging and collecting user data for digital games;
- expenditure on underlying game infrastructure such as game engines;
- expenditure on game production software as a service, and game production hardware and software depreciation costs;

¹ This task list recognises that individuals may play multiple roles in a business. All expenditures on eligible tasks may be counted. NZ On Air may provide further guidance to firms.

² Firms are encouraged to access the R&D Tax Incentive and other relevant grants provided via Callaghan Innovation, for research activities that fall within the scope of those schemes. Note the GDSR will not apply to expenditures already funded by other grants or subsidies.

- expenditure on online hosting and distribution of the game;
- expenditure on obtaining or maintaining a classification from Te Mana Whakaatu Classification Office;
- expenditure on obtaining trademarks for intellectual property created;
- expenditure on licensing of NZ material (e.g. music) when material is NZ-held copyright or created by a NZ supplier;
- expenditure on participation in game development conferences and event attendance, including reasonable travel costs;
- expenditure on auditing costs specifically related to a GDSR application.

Some specific exclusions include but are not limited to the following:

- expenditure on general business overheads such as:
 - office administration, insurance, human resources, legal services and general auditing;
 - travel, accommodation, catering and hospitality;
 - visas or work permits;
 - expenses incurred in relation to the financing of the business;
- expenditure on, or in connection with, employees and independent contractors whose roles are not directly related to game development, such as administrative employees and sales professionals;
- expenditure on employees or independent contractors who are not domiciled in New Zealand at the time of the expenditure;
- expenditure on the use of land or premises;
- other depreciation expenses;
- expenditures for which another business has already claimed. For clarity, when contractors are engaged, any rebate claim should only be made at the top-most level, i.e. the owner of the project, not at the contractor level. Businesses may only claim expenditures incurred in the year for which an application is submitted.