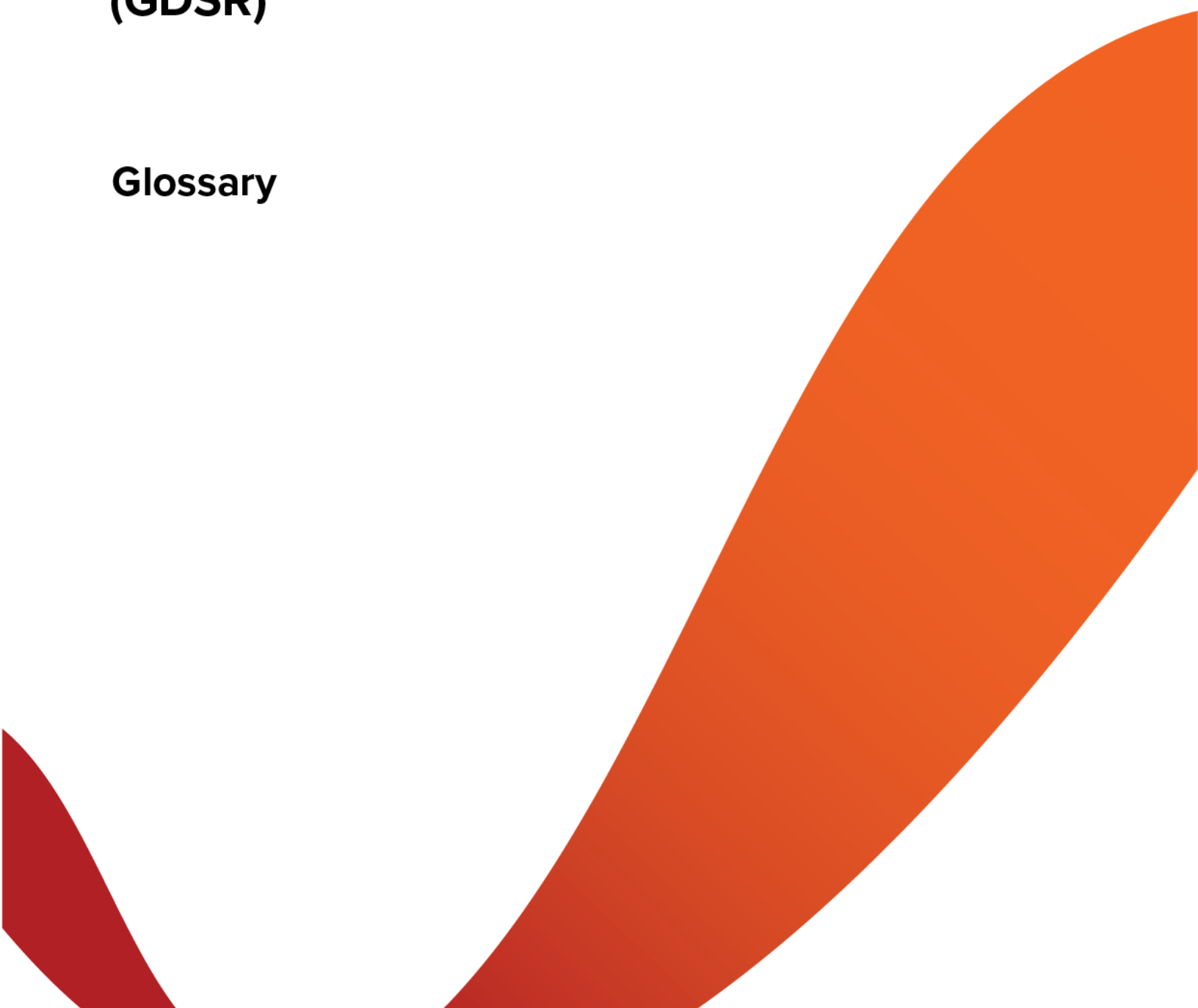




Games Development Sector Rebate (GDSR)

Glossary



Games Development Sector Rebate Glossary

This glossary is designed to help anyone interested in applying for the Game Development Sector Rebate (GDSR) to correctly identify and claim eligible New Zealand game development expenses. Please use this glossary alongside the GDSR Guidelines and the GDSR Terms of Trade, which are both available on the [NZ On Air website](#). We'll update this document from time to time as needed.

Version	Date Published	Details
1.0	27 October 2023	First published
1.2	28 March 2024	Example added under General Public Release (Page 5)
1.3	24 April 2025	General update for 2025 GDSR

Acronyms

GDSR	Game Development Sector Rebate
GST	Goods and Services Tax
NZBN	New Zealand Company Number
MBIE	The Ministry of Business, Innovation and Employment (MBIE)

Useful links

[GDSR Design Features](#)

[GDSR Guidelines](#)

[GDSR Financial Information Required & Eligible Expenditure](#)

[GDSR Terms of Trade](#)

[NZ On Air website](#)

A-Z of terms

A

B

C

Chain of Title Documentation

Chain of Title is the documented history of ownership and rights associated with a particular game or game-related intellectual property. It is a crucial legal concept, as it establishes the legitimacy of the developer's claim to ownership and the right to use or distribute the game. Documentation of Ownership Rights could include: Licensing Agreements, Rights Agreements, Co-production Agreements, Distribution Agreements for Eligible Products.

D

Digital Assets

In the context of game development, digital assets refer to any digital files or elements that are used to create, enhance or populate a video game. Digital assets are a fundamental part of the game development pipeline and they are typically created by roles such as artists, game designers, animators, sound engineers and programmers. These assets are integrated into the game engine to bring the game to life and provide players with a compelling and immersive experience. These assets can encompass a wide range of digital content, including but not limited to:

1. **3D Models:** These are digital representations of characters, objects and environments used within a game's visual design. They can include character models, vehicles, buildings and props.
2. **Textures:** Textures are 2D images applied to 3D models to give them their visual appearance. They can include surface patterns, colours and other details that make objects in the game world look realistic or stylised.
3. **Animations:** Animation files define how characters and objects move and interact within the game. This includes character animations, object animations and creature animations, such as walking cycles, combat actions or cinematic sequences.
4. **Audio Assets:** Sound effects and music are crucial for creating an immersive gaming experience. Digital audio assets include sound clips, music tracks, voiceovers and ambient sounds.
5. **UI Elements:** User interface (UI) assets encompass buttons, icons, menus and other on-screen elements that players interact with to navigate the game's menus and settings.

6. **Scripts and Code:** These are the lines of code that define the game's logic, behaviour and functionality. This includes gameplay mechanics, AI behaviour and more.
7. **Particle Effects:** Particle effects are used to create visual effects such as explosions, fire, smoke and magic spells. They consist of digitally controlled particles that create dynamic and eye-catching visuals.
8. **Level Design Assets:** These include assets used to build game levels or environments, such as terrain heightmaps, foliage models and assets for creating buildings or structures.
9. **Concept Art:** While not directly used in the game's code or assets, concept art plays a crucial role in the early stages of development, helping to define a game's visual style and direction.
10. **Scripts and Tools:** Game development often involves creating custom scripts and tools to streamline the development process, which can also be considered digital assets.

E

Eligibility Period

The Eligibility Period refers to the specific timeframe during which eligible businesses are allowed to consider and include eligible expenditures for the GDSR. The eligibility period for the GDSR covers the period from 1 April to 31 March. The GDSR is a retrospective rebate and only applies to eligible expenditures incurred during the most recent financial year — businesses cannot claim for multiple or earlier years. During this period, eligible businesses can accumulate and track their eligible expenditures and then register and apply for the rebate as the end of the period approaches.

Eligible Expenditure

Eligible Expenditure are those expenditures that will be accepted as relevant costs that can be reimbursed. For the purposes of the GDSR, eligible expenditure is expenditure incurred by a business in, or in relation to, developing digital games. Please refer to the [GDSR Guidelines](#) for a breakdown of what is deemed Eligible Expenditure under the GDSR.

F

FTE – Full-time Equivalent

An FTE is defined as an employee who works 40 hours or more per week. For example:

- If an individual was engaged on the game for approximately 20 hours a week, they would be considered a 0.5 (or half an) FTE.
- If an individual worked 40 hours a week but only worked on relevant game development activity for half of their time, then they would also be a half FTE.

G

GDSR Registration

This is the registration process a business seeking to apply for the GDSR must undergo each year. GDSR Registration takes place in NZ On Air's Portal and requires a business to confirm it meets the minimum eligible expenditure of \$250,000 on eligible costs and is a business that is either a New Zealand resident with a New Zealand Company number, or a foreign resident with a permanent establishment in New Zealand and a New Zealand Company Number, and that is undertaking relevant game development activity.

GDSR Application

This is the application submitted by a GDSR Registered business for the Eligibility Period. It provides evidence of that Registered business' total expenditure, eligible expenditure, organisational details, game development activities, GDSR funding request and any other information required by NZ On Air for their assessment process.

General Public Release

For a game to be considered eligible, it must be accessible to the general public. This means it is commercially released or made publicly available in some form, rather than being restricted to internal or private use.

Public availability can include:

- Commercial releases (digital storefronts, physical distribution, subscription services, etc.)
- Public access spaces such as schools, museums, galleries, libraries, or other cultural institutions
- Experiential formats like arcade installations, public exhibitions, or interactive experiences

This ensures that the game is intended for public engagement rather than private, enterprise, or commissioned use. If your game falls into a unique category, please provide details on how it is made accessible to the public.

H

Head Company

The term Head Company typically refers to a parent company or organisation that owns and controls one or more subsidiary companies or studios involved in various aspects of game development, publishing or related activities. The head company often plays a central role in overseeing the strategic direction, financial management and overall operations of its subsidiaries.

I

Independent Assurance Provider

An individual or organisation that is qualified to undertake a financial review or audit of a business' accounting systems and reporting processes in order to assess, or further review, their eligibility to apply for and receive rebate funding under the GDSR. An Independent Assurance Provider may be, but is not limited to, a Licensed Auditor or Audit Firm (registered under the Auditor Regulation Act 2011) or a Chartered Accountant.

Intercompany Transactions

Intercompany transactions refer to financial and operational exchanges, such as sales, purchases, or licensing agreements, that occur between different entities or subsidiaries within the same corporate group or parent company. These transactions are conducted internally between various parts of the organisation and are subject to accounting and financial reporting requirements, including transfer pricing rules, to ensure they are carried out at fair market value. In the context of the GDSR, intercompany transactions are considered acceptable if they relate to eligible expenditure.

L

Letter of Acknowledgement

The letter sent by NZ On Air to a business confirming they have been deemed eligible to submit an Application for the GDSR after successfully registering for a GDSR round. While this letter does not guarantee that the business will receive the rebate, it can be used as a legal document to demonstrate to investors or financial institutions that the business is eligible and has a potential pathway to receiving GDSR funding.

Logline (also Project Logline)

A concise one or two-sentence description that encapsulates the core concept, theme, and unique selling point of the game. It serves as a quick and engaging summary of the game's premise and is often used to generate interest and communicate the essence of the game to potential players, platforms, investors, or team members.

Loot boxes

Loot boxes, also known as loot crates or gacha in some contexts, are virtual in-game items that players can acquire or purchase in video games. These virtual items typically contain a randomised assortment of in-game assets, which may include various virtual goods. Regulatory approaches to loot boxes vary from country to country, and the games industry continues to evolve its practices in response to these issues.

Regarding the GDSR, presence of loot boxes in a game does not render that game ineligible for the GDSR, **unless involving game mechanics that allow real money winnings**. However, GDSR applications must include information on whether games on which expenditure rebates are sought may contain loot boxes and the general features of those loot boxes. This issue will be monitored, including in the context of the scheme reviews scheduled at the two- and four-year mark.

M

Minimum eligible expenditure

In the context of the GDSR, Minimum Eligible Expenditure refers to the minimum amount of eligible expenses that a game developer or company must incur during the development of a game to be eligible for the GDSR.

Minimum eligible expenditure requirements are typically put in place to ensure that the tax benefits are directed toward substantial projects that contribute to the local economy and creative industry. These incentives are designed to promote economic growth, job creation and the development of the games sector within a specific jurisdiction.

N

New Zealand Company Number

A New Zealand Company Number is a unique numerical identifier assigned to registered companies and other entities in New Zealand by the [New Zealand Companies Office](#), which is part of the Ministry of Business, Innovation and Employment (MBIE). This number is used to distinguish and track individual businesses and organisations in official records and databases. It helps government agencies, businesses, and the public to identify and reference specific companies in various administrative and legal contexts, such as taxation, reporting, and regulatory compliance.

O

P

Pilot Phase

The Pilot Phase was an initial smaller-scale implementation of the GDSR that was put in place to test the administrative processes of the rebate with a selected, small group of studios before the standard application process in 2024.

Only for year one of the scheme, eligible businesses with projected eligible expenditures for the year 1 April 2023 to 31 March 2024 of \$5 million NZD or above, could apply for a rebate on expenditures incurred in the six months 1 April 2023 to 30 September 2023 as part of this Pilot Phase.

Project Logline (also Logline)

A concise one or two-sentence description that encapsulates the core concept, theme, and unique selling point of the game. It serves as a quick and engaging summary of the game's premise and is often used to generate interest and communicate the essence of the game to potential players, investors, or team members.

Pro Rata

Pro Rata is a Latin term that means "in proportion" or "in accordance with a specific ratio or percentage". It is often used to describe the distribution or allocation of something based on a proportional share or division.

Q

R

Rebate

In the context of the GDSR, the rebate is a financial incentive offered by the New Zealand Government to game developers or production companies in the form of a partial refund or reimbursement, with the aim of fostering the growth and competitiveness of the local games industry.

Registered Business

A business that has registered for the GDSR scheme and received a Letter of Acknowledgment from NZ On Air that confirms it is eligible to submit an Application under the GDSR scheme for the Eligibility Period.

Rights Necessary for Game Development

Rights Necessary for Game Development refers to the legal permissions, licenses and intellectual property rights that game developers and their associated parties require to create, distribute and monetise a video game. These rights encompass a range of legal protections and agreements that ensure that developers have the necessary authority to use, modify and distribute the various elements and assets that make up a video game. Some of the key rights necessary for game development include: Copyrights, Trademarks, Intellectual Property (IP) Licensing, Music and Sound Rights, Software Licenses, Publishing Agreements, Contractual Agreements etc.

S

Spot Audit or Assessment Review

The primary purpose of a Spot Audit or Assessment Review is to assess the accuracy, integrity and compliance of certain activities or transactions in an organisation without giving the auditee time to prepare or make adjustments to the records. This helps to ensure that the audit or assessment reflects the true state of affairs and reduces the possibility of deliberate manipulation or fraud in relation to accounting practices and the eligibility and general guideline requirements of the GDSR.

Spot audits or assessment reviews are often used in various contexts, including financial institutions, government agencies, businesses and other organisations, to detect irregularities, ensure compliance with regulations or assess the effectiveness of internal controls. The specific scope and objectives of a spot audit or assessment review can vary depending on the organisation's needs and concerns.

T

U

V

W

Website

Expenditure on website design when it is part of the game (for example, it is a browser-based game) is considered development expenditure and is eligible under the GDSR.

Expenditure such as domain name registration and hosting is considered an expenditure on the rights to access computer hardware or servers and is therefore excluded from eligible expenditure.

Expenditure on website design promoting the game is considered marketing, advertising, publicity or promotion expenditure and is also not considered eligible expenditure.

X

Y

Z