

Games Development Sector Rebate (GDSR)

Frequently Asked Questions

Frequently Asked Questions (FAQs)

Please note, we will aim to update this FAQ document as often as possible. So make sure you check back regularly for updates. Also, if you have a question that is not answered here, just email us at gamesrebate@nzonair.govt.nz.

General

Who is eligible to apply for the Game Development Sector Rebate (GDSR)?

The purpose of the GDSR is to strengthen the game development sector and support studios developing New Zealand-owned intellectual property.

The GDSR is a rebate on eligible expenditures of eligible firms, at a rate of 20%. A firm's rebate payment is capped at \$3 million per annum and the minimum eligible expenditure per annum in order to qualify for the rebate is \$250,000 NZD.

A business may be eligible to apply for the GDSR if the business is a New Zealand resident that has a New Zealand Company Number; is a foreign resident that has a permanent establishment in New Zealand and a New Zealand Company Number; and undertakes relevant game development activity.

While the focus of the rebate is on game development businesses, businesses developing digital assets for the games sector may also qualify.

Is the rebate open to individual game developers?

Yes, it is open to individual game developers – just as long as you meet the requirements as laid out in the [GDSR Guidelines](#).

Are there any restrictions to the type of game genre that would qualify?

Yes, there are certain restrictions. You can find those restrictions, as well as what qualifies as an eligible game here under the [GDSR Guidelines](#).

Is there any issue with a satellite studio or subsidiary of a foreign company applying? If the subsidiary was based in New Zealand?

All expenditure regarding remuneration would have to be performed by employees or contractors that are domiciled in Aotearoa New Zealand. Otherwise, there is no issue if the New Zealand subsidiary applies for the GDSR.

On the financial submission for the GDSR Application – is it necessary to provide audited financial statements?

If your financial statements have been audited then that is great but no, any financial statements you put forward do not need to have been audited.

In terms of a Parent/Subsidiary: is it the parent company that should be the one applying or can the subsidiary apply directly?

The key consideration here is to ensure there is no ‘double dipping’ in expenditure across multiple applications and to direct the rebate to those businesses that are in line with the policy intent of the GDSR – ie. to support the ongoing development and growth of the game development sector in Aotearoa New Zealand. Conceptually, this points to the claimant as a game development studio and not its contractors. It also points to the claimant as a self-standing studio with a Company Number that meets all other factors of eligibility, and not a holding company that has no eligible game development activity of its own. Whichever company best fits this description is the one that should apply – but it can be either the parent or subsidiary.

If our initial application is declined, is there an opportunity to talk about it and appeal?

It is unlikely with the tight timeline that we will be able to run an appeals process, but we will certainly be in communication with any businesses who are declined so there is a clear understanding as to the reasons behind the decision.

Regarding accreditation, is there an expectation to have accreditation both in game credits and on our business’ website, or is it just one or the other? For some games (eg mobile f2p) we don’t always have credits.

Once a final application made by a registered business for the GDSR is deemed successful, there is a requirement for accreditation to acknowledge the support of the GDSR through NZ On Air. We would see this as being accreditation of the support of the scheme within both your business and game website. And accreditation in a suitable location in your game, such as in the credits. However, we do recognise that there may be challenges with updating live games, especially across platforms, so we understand

that this process may be best aligned with scheduled updates. For that reason, we have allowed successful applicants six months to implement this accreditation.

We have provided a static logo and an animated logo for registered businesses to use – these are available [on our website](#), along with Accreditation [Guidelines](#) .

We would recommend using the following copy for accreditation. This copy is also incorporated within the static logo: *Supported by the NZ Game Development Sector Rebate.*

If you would like to discuss the accreditation options that would work best for your business, please get in touch at gamesrebate@nzonair.govt.nz.

Financial

How do we treat depreciation when it comes to development expenditure?

Game development software and hardware depreciation/amortisation costs are considered eligible expenditure. If you have capitalised payroll/contractor costs relating to R&D, that will only be classed as eligible expenditure if it was incurred in the tax year the rebate claim relates to. Amortisation on these costs is not considered eligible expenditure.

For clarity, depreciation on assets other than game development software and hardware is not eligible expenditure.

What counts as Research & Development (R&D) compared to game development - and how do we split this out?

We are not specifying a difference between R&D and game development as both are eligible under the GDSR. However, if the applicant applies for other government funding, the costs claimed in those other grants will need to be removed from your eligible GDSR expenditure.

What documentation could an applicant provide to prove their employees or contractors are tax residents of New Zealand?

Rather than provide proof that employees or contractors are tax residents in New Zealand, we instead request that applicants highlight which of their employees or contractors are **not** domiciled in Aotearoa New Zealand.

More in-depth assessment may occur as part of our spot audit process. This is a randomised audit of 20% of successful GDSR applicants. We undertake these spot

audits every year and would be in touch to explain the process if your business is selected for audit.

If a Registered Business applies for the GDSR and other government grants such as the Research and Development Tax Incentive (RDTI), Centre of Digital Excellence (CODE) or an NZ Film Commission (NZFC) grant at the same time, but the other grants have not yet been approved at the time the GDSR is approved, do they need to advise NZ On Air?

Yes, it is important that we are aware of the details of the grant and the amount that has been applied for – this is so we have a clear understanding that the application may be subject to change and also the amount that may need to be taken into consideration. The key thing to note is that the GDSR will only be given on eligible expenditure that is not subject to any other government grants.

Does a Registered Business need to advise NZ On Air if they receive other government grants, even if the grant is unrelated to the GDSR, such as the Maori Business Growth Support grant for example?

No, we only need to be advised if there is any crossover in relation to the eligible expenditure that is being claimed. If you are at all unsure, please get in touch with us (gamesrebate@nzonair.govt.nz) and we'll be happy to help.

Is a Registered Business required to engage with a specific accounting firm for the audited accounts?

No, after receiving your application, NZ On Air will then liaise with an independent assurance provider/s to undertake that assurance review. We undertake spot audits every year and would be in touch to explain the process if your business is selected for audit.

**What could a registered business expect from a spot audit if they are selected?
Who will perform the spot audit and how are the spot audits selected?**

If a business is selected for a spot audit then there may be some correspondence back and forth between the audit firm and the business to allow the auditors to perform the appropriate checks. NZ On Air will select who will be audited at its own discretion and at NZ On Air's own cost. An auditing firm will then perform the spot audit. The business

selected for audit will then need to provide any information requested by the audit firm so the review can be carried out as efficiently as possible.

How should a company apportion costs if their year-end is not 31 March (e.g. year-end is 1 Jan to 31 Dec)?

When you are registering for the GDSR, projections for expenditure based on rationale are acceptable. However, please note that in your GDSR application, figures provided must be based on actual expenditure for the eligibility period 1 April-31 March.

If the group has multiple entities in New Zealand, which entity should make the claim? i.e. the top holding company in New Zealand? The entity that holds the IP? The entity that incurs the salary costs? And what if the salary costs are recharged to another entity?

The key consideration here is to ensure there is no double dipping in expenses across multiple applications and to direct the rebate to the businesses in line with the policy intent of the GDSR. Conceptually, this points to the claimant as a game development studio and not its contractors. It also points to the claimant as a self-standing studio with a Company Number and all other factors of eligibility, and not a holding company that has no eligible game development activity of its own. With that in mind, the entity which should make the claim would be the entity incurring the salary cost, which may also hold the IP.

It is important to note that there will be GDSR scheme reviews at Year Two (2025) and Year Four (2027) to ensure the scheme is functioning as intended. Additional guidance may be provided at that time.

Eligible Expenses

If a company is already part-way through developing a game and had previously capitalised development costs, as these costs are amortised to the Profit & Loss (P&L), will they be eligible?

Applicants may claim for game production hardware and software depreciation costs incurred within the eligible period. Costs of long-term depreciable assets (such as mentioned above) would fall outside of this.

Do the costs have to be associated with a particular or specific game title, in order to make a claim under the GDSR?

No. Some tasks, such as research, could be ‘pre-title’. The basic premise is that it is eligible game development activity.

In terms of marketing costs, are there any restrictions on marketing costs? For instance, in other funding schemes there is often a cap on marketing spend? Also, does it matter if the marketing cost is incurred overseas (e.g. the cost to market the product in Europe)?

Marketing costs are eligible only under the context of remuneration, **not** software and tools used for Marketing. This means marketing costs are only eligible if they are game development marketing staff costs (e.g. salaries) from staff domiciled in New Zealand.

The GDSR Guidelines specifically exclude “expenditure on employees or independent contractors who are not domiciled in New Zealand at the time of the expenditure”. Is it just expenditure on employees/independent contractors that is subject to the onshore requirement?

Yes, remuneration is claimable only for people domiciled in Aotearoa New Zealand. Other eligible expenditure (such as online hosting) that we recognise may be paid to offshore providers includes:

- Outsourced costs incurred with offshore suppliers, such as voiceovers and Quality Assurance (QA) costs. These are game development tasks listed under remuneration and, therefore, would only be paid on people domiciled in New Zealand.
- Software provided by an overseas company. As per the Design Features document, eligible expenditure includes game production software as a service. This may be provided by an overseas company.
- Costs of registering a trademark overseas. As per the Design Features document, eligible expenditure includes expenditure on obtaining trademarks for IP created.

Pilot Application Phase 2023

Why did you have a Pilot Application Phase?

The GDSR was a scheme set up in 2023, and MBIE and NZ On Air saw value in both stress-testing NZ On Air’s administrative systems for the rebate with a small group of

firms, and also ensuring that support reached the games sector prior to Christmas 2023. This would then result in a smoother experience for all firms in the standard application and assessment process that was to occur in early 2024.

Why was the Pilot Application Phase only open to firms with a threshold of >\$5 million annual anticipated eligible expenditure?

The Pilot Application Phase was designed with a threshold of >\$5 million anticipated eligible expenditure over the period 1 April 2023 to 31 March 2024. This threshold targeted the pilot to larger firms that typically had more resources to complete applications and test NZ On Air's administrative systems in the test phase.

Will you process early payments like you did in the Pilot Phase in subsequent years?

No, the Pilot Application Phase was for Year One only. Establishing in-year payments on a more permanent basis could be considered in the scheme reviews, which are scheduled at the two- and four-year marks.

Contact Us

Remember, if you have a question that is not answered here or would like more clarification, either check out our [GDSR - Applying, guidelines and resources](#) section on our website or email us at gamesrebate@nzonair.govt.nz.