

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Inquiry into the Treasury Laws Amendment (2022 Measures No. 4) Bill 2022
2022 - 2023

Division: Department of the Treasury
Topic: DGTO Cap
Reference: Written
Senator: Jess Walsh

Question:

Why is the expenditure capped at \$500k in eligible expenses to claim? And are there programs available to companies with lesser relevant expenditure?

Answer:

The Digital Games Tax Offset (DGTO) does not have a \$500k eligible expenses cap. However, the DGTO does have a minimum threshold of \$500,000 for qualifying expenditure, and the amount of the offset is capped at \$20 million per company per year (requiring about \$67 million in eligible expenditure).

The purpose of the \$500,000 threshold for qualifying expenditure is to encourage ambition and scaling up of the digital games industry in Australia.

Steps have been taken in the design process to support smaller companies, in particular:

- The \$500,000 threshold for new games does not need to be passed in one financial year; as such, it should be easier for smaller companies to access the DGTO.

In addition to the DGTO, as part of the National Cultural Policy, Government will provide \$12 million over four years to Screen Australia to increase investment to support digital games developers and small and medium independent games studios with project budgets up to \$500,000.

The DGTO and Screen Australia funding initiatives are complementary and represent an integrated plan to support the whole of Australia's digital games sector.