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Dear Sir / Madam

Thank you for providing Halfbrick Studios with the opportunity to respond to the exposure draft and explanatory material pertaining to the Digital Games Tax Offset.

Halfbrick Studios is a games company based in Brisbane, Australia and we have been in this industry for the past 21 years. We work on a variety of games ranging from mobile-based games to console-based games. I represent Halfbrick Studios as their Chief Financial Officer. We welcome this initiative from the Australia Government to support the games industry in Australia.

We have a few comments in relation to Subdivision 378-C-Qualifying Australian development expenditure and more specifically the following expenses which are excluded:

Specific exclusions

1. expenditure on computer hardware or servers, or the rights to access computer hardware or servers;
2. expenditure incurred to acquire copyright or a trademark, or a licence in relation to copyright or a trademark (other than in relation to engaging employees or contractors);
3. expenditure on acquiring or licensing software;

In relation to the above three (3) exclusions our concerns are as follows:

1. We need a computer /PC to develop a digital game – we need programmers and artists working on devices that create new games or update existing games – it is part of the development process. In addition, the cost of servers is required for the game to be available digitally to everyone as we need to store player data somewhere and that is part of the cost of development for the game.
2. We need to register trademarks for a digital game otherwise we have no protection for our game in any market – if we want the game to be available to everyone there are certain protections required for the game otherwise we cannot have the game earning revenue in those markets.
3. We need to have certain software like UNITY or Unreal Game engine software to be able to make games – that is an essential part of game development – programmers and artists alike need this software to create new games.

I hope you can give the above-mentioned points further consideration when finalizing the Digital Games Tax Offset. We would like to have these expenses included as part of the inclusions for expenses as they are an integral part of game development. These expenses represent a substantial part of the development of games and we would not be able to do games development without them.

I am happy to provide additional clarification should it be required. Please feel free to reach out to me.

Kind Regards

Rinal Deo
Chief Financial Officer & PM – Jetpack Joyride

