

[IE] Ireland extends its digital games tax credit to post-release content

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The European Commission has approved amendments to Ireland's digital games tax credit, allowing qualifying expenditure incurred after the initial public release of a game to benefit from the existing 32% corporation tax credit. The approval, adopted on 28 August 2026 in State Aid Case SA.122392, expands the scope of Section 481A of the Taxes Consolidation Act 1997 and brings the Irish incentive closer to the production models used by modern games studios.

The amendment is particularly significant for live-service and games-as-a-service businesses. Unlike traditional games, which may be treated as complete at launch, these products are frequently developed over several years through downloadable content, expansions, updates and other forms of post-release development. The previous Irish framework limited its qualifying expenditure to the development phase prior to the game's initial public release. As a result, the tax credit did not adequately reflect the continuing development cycles of many contemporary games; and the industry regarded the former approach as insufficient. The new amendment therefore offers an extension to that initial model even if it does not create a separate incentive for post-release activity. Instead, it extends the existing Section 481A credit so that qualifying development undertaken after launch may fall within the same framework.

The financial parameters of the relief remain unchanged. The credit continues to be calculated at 32% of the lowest of these three metrics: the eligible expenditure incurred, 80% of the total qualifying expenditure on the project, and EUR 25 million per project. The amendment consequently broadens the categories of expenditure capable of qualifying, but does not increase the credit rate or the maximum amount of expenditure that can be taken into account. The existing statutory safeguards and limitations therefore continue to apply.

The post-release extension is subject to several substantive conditions. The original digital game must first have obtained structural certification from the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media. It must also have been publicly released. Post-release content will not automatically qualify merely because it relates to an eligible game. It must continue to satisfy the statutory cultural test and the applicable quality-employment certification requirements administered by the Irish authorities.

These conditions are intended to ensure that the expanded relief remains directed towards qualifying cultural and economic activity in Ireland. The requirement for structural certification links the post-release expenditure to an original game that has already passed the relevant approval process, while the cultural and employment requirements continue to govern the subsequent content. The three-year limit also prevents the extension from operating as an indefinite relief for all later expenditure associated with a game.

The amendment was included in Ireland's 2026 budget, presented in October 2025. However, because the Section 481A credit constitutes state aid, the proposed changes required approval from the European Commission under the EU state aid rules before they could take effect. The measure formed part of the wider legislative framework governing the digital games credit, which was introduced by Section 33 of the Finance Act 2021 and subsequently amended under the Irish Finance Act framework.

The Commission's approval followed the expiry timetable applicable to the original scheme. Section 481A had been due to expire at the end of 2025. The legislative amendments therefore served two purposes: they extended the categories of expenditure that may qualify for the credit and prolonged the life of the scheme itself. Following the Commission's decision of 28 August 2026, the scheme has been extended until 31 December 2031.

The policy change responds in part to concerns that the previous rules placed Irish studios operating live-service models at a disadvantage. Limiting qualifying expenditure to the period before launch reflected an earlier conception of game development, in which the principal creative and technical work was completed before a product entered the market. By recognising post-release development, Ireland's amended regime may improve the competitiveness of Irish studios and make it more attractive for companies to retain development, production and employment activities in the state after launch. It also provides greater certainty for businesses planning the long-term development of a game.

The decision also shows the Commission's broader direction on support for the video-game sector and a willingness to accommodate the commercial and creative realities of the industry, including the fact that a game's development may continue substantially after its initial release.

Tánaiste and Minister O'Donovan confirm EU approval for expanded Digital Games Tax Credit

<https://www.gov.ie/en/department-of-finance/press-releases/t%C3%A1naiste-and-minister-odonovan-confirm-eu-approval-for-expanded-digital-games-tax-credit/>

Taxes Consolidated Act No. 39 of 1997, Section 481A, Relief for investment in digital games

<https://www.charteredaccountants.ie/taxsourcetotal/1997/en/act/pub/0039/sec0481A.html>

S.I. No. 593 of 2022 digital games regulation, 2022

<https://www.irishstatutebook.ie/eli/2022/si/593/made/en/pdf>

