European Commission: Investigation Open on French Tax Credit Scheme for Video Game Creation

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The French authorities have notified to the Commission a tax arrangement intended to support video game production studios. In order to be eligible for the tax credit, worth up to 20% of the production cost, video games must either be an adaptation of an existing work of European origin or satisfy a test of quality, originality of concept and contribution to the expression of European cultural diversity and creativity as applied to video games. Thus, the French plan aims at selecting video games that constitute cultural products.

The Commission entertains doubts as to the criteria used to select the video games eligible for the tax credit. It is concerned a broad interpretation of the criteria may blur the line between video games with a cultural content and those without such a cultural element. The current plan does not rule out, for example, simulation video games or video games featuring car races. The Competition Commissioner has warned the plan should boost genuine cultural products and not be “an industrial policy instrument in favour of the video games sector”.

The in-depth investigation will enable the Commission to assess whether the measure supports only products with a cultural content and whether or not it leads to undue distortion of competition in the Single Market.

“State aid: Commission opens investigation into French tax credit scheme for video game production”, Press Release of 22 November 2006, IP/06/1602

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