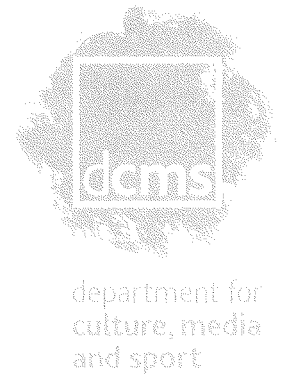


Michael Rawlinson
Director General
ELSPA Ltd

Richard Wilson
CEO
TIGA



30 June 2009

Dear Michael and Richard

Collecting and reviewing evidence for a tax relief to promote culturally British video games

I am writing to you following the publication of the Digital Britain Report, specifically about the Government's commitment to work with the games industry to gather evidence for a culturally based video games tax relief.

As you are aware, the report highlights the value of the games industry to the UK economy, the opportunities we would like the industry to be well-placed to grasp and the challenges it faces, including competition from rival games producing countries offering financial incentives not available in the UK. We have been discussing the challenges and potential solutions with the


industry for some time. Our commitment to work with you, and others in the games industry, to gather evidence that may support a case for the introduction of culturally based tax breaks for computer games, was influenced by these previous discussions.

The evidence that we now need from you should demonstrate how the issues the industry currently face can be resolved by the formulation of an incentive with a specifically cultural focus. A cultural tax relief of this kind would be aimed at supporting games of significant cultural value to the UK ensuring that the cultural relevance of games is fully recognised. It would also ensure that UK games companies are supported for creating an identifiably British product using the skills and creative expertise of UK games industry workers. Therefore, what we now require from industry in the way of evidence are specific examples of how a UK culturally based incentive may work in practice, a rationale for supporting culturally British video games and an analysis of how the introduction of such a measure would affect the UK video games market.

How far we can now take this proposal is dependent on the evidence the industry is able to produce to clearly demonstrate how and if this potential measure may work for the UK games sector. Although Government would like to move quickly to ascertain if a case for support can be made, the speed with which we can make progress is therefore reliant upon the quality and timeliness of evidence the industry can provide.

DCMS and BIS officials have been talking to both Tiga, ELSPA and individuals within the games industry about the kind of information needed to put together a convincing case. I would encourage you to work together to produce the required information as, once you have gathered your evidence, we will be able to assess whether we can move on to the next stage and present the case to HM Treasury.

Yours ever

A handwritten signature in black ink, appearing to read 'Siôn Simon', written in a cursive style.

SIÔN SIMON MP