The impact of tax credits on the Irish games production landscape: too little, too late, too limited?

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INTRODUCTION

The creative industries are a key part of our economy and a significant mode of expression for all demographics. As a significant global industry and a key form of cultural expression, digital games offer a way of linking technology, innovation, culture and economic growth. To capitalise on the potential of the digital games industry, the Irish government has introduced a tax incentive operating as a tax credit, operational from late 2022. Section 481A aims to incentivise the development of the digital games industry in Ireland, creating indigenous intellectual property, incentivising the creation of jobs, and harnessing potential spillover effects including regional development. However, there is little research on the impact of the tax incentive, or on the effectiveness of this measure. This research project aims to research Section 481A through empirical research with key stakeholders, including qualifying and non-qualifying game development companies, policymakers in the Department of Culture, Department of Finance and Department of Enterprise, and other relevant parties. This research project places this research into the wider context of European Union (EU) policy through a lens of state aid regulation. As a tax incentive, Section 481A is subject to EU state aid policy.

This project interrogates our understandings of the impact of taxation policies for digital games in Ireland and the EU, the processes of policy analysis, policy development and evaluation and the operation of EU state aid policy as a instrumentalised area of development for the European Commission. A critical interrogation of each of these disparate areas of policy studies is long overdue for both tax credit regimes and for creative industries policies broadly. Policies encompass struggles for resources and symbolic capital (Ahearne 2009) with cultural tax credit policies like Section 481A offering support (and thus legitimacy) for a select cohort of game development.

The contested nature of games as a technical, social and cultural form challenges preconceived assumptions of the sector held by policymakers. This research takes as a starting point the significance of state policy in granting some variation of legitimacy through funding schemes to certain sectors of the games industry. The use of tax credits operates as a mechanism to intervene in the ostensibly free market. Taxes are used by the state to engage in forms of direct and indirect redistribution and

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incentivise certain (approved) activities. However, policy development is uncertain and unpredictable. A tax measure is an artificial structure that cannot fully encompass the multiple issues within its purview as tax policy operates in a non-ideal context where potentially relevant concepts are unknown or unobserved (Hamlin 2018). Taxation is fundamentally a social and political process (Stewart 2022) shaped by theoretical and practical understandings of democracy, equity and intersections of law and policy. This research offers an opportunity to understand how Ireland's tax policies towards the digital games industries operate within this environment. It uses the concept of strong structuration (Stones 2005) to explore the duality of actions between agency and structures to explore policy development, implementation and assessment.

Section 481A (Taxes Consolidation Act, 1997, as amended) is a tax incentive operating as a corporate tax credit to incentivise the development of digital games in Ireland. Section 481A has potential to expand the Irish industry. The global games industry has significant economic, social, cultural and spillover value. However, data shows that the Irish games industry has not yet realised its potential. Predicted growth has not happened, with approximately 90 small–medium game development studios currently operational in Ireland, including indie developers of 1-2 employees. There is a strong service industry which provides support to the sector but does not qualify for the tax credit.

The theoretical and policy analysis elements of this project have been completed as a precursor to interviews which took place between May-June 2025. Twenty (20) interviews with game devs, studios heads, policy makers and industry advisers were undertaken. This research offers analysis of a number of interviews with key game dev studio personnel (CEO/CFO) and others in Ireland on their experiences with the tax credit process and impact thus far. Ethics approval has been granted by the relevant university.

This paper addresses the following:

1. Theoretical context for the research project;

2. Analysis of the tax incentive policy from a critical legal and political economy perspective;

3. Early analysis of interviews with key actors in Ireland in game dev studios

4. Early analysis of interviews with policy makers and other interested parties

5. Identification of relevant factors leading to identification of the impact of the tax measure (social, cultural, economic, regional);

6. Indicative development of an impact matrix (direct, indirect, induced) in conversation with an evaluation matrix (intrinsic, institutional, etc) identifying modes of analysis of multiple forms of value.

The overall research project will identify the direct, indirect and induced impacts of section 481A from an Irish perspective. It also identifies areas where there is a lack of impact or policy failure. This research is within the wider context of Irish and EU policy on cultural and creative industries, taxation and state aid policy, competition policy and tax credit regimes together with consideration of policy analysis methodologies. It uses a theoretical perspective derived from political economy of taxation/media industries/culture/tax incentives, using both an Irish and EU perspective in a global context. The research forms part of wider research on the impact of games industry policies globally.

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