



# Gaming the tax system

## Developers of Grand Theft Auto claim millions in corporate welfare whilst making multi-billion dollar profits

- Rockstar Games, the creator of Grand Theft Auto, has made an estimated \$5bn in operating profit since the release of Grand Theft Auto V in 2013.

- The game was designed and developed in the UK by Rockstar North Limited based in Edinburgh, but TaxWatch can reveal that the company has paid £0 in UK corporation tax over the last ten years

- In fact, Rockstar North Limited has managed to claim £42m in subsidy from the taxpayer over the last three years, whilst senior managers and developers at Rockstar Games shared in a bonus pool worth billions of dollars.

- TaxWatch calls on HMRC to investigate the tax structure of Rockstar Games and Take-Two in the UK.

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### IN BRIEF

Rockstar Games, the company behind the wildly popular Grand Theft Auto franchise has not paid any corporation tax in the UK in ten years, despite making billions in profit.

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### Link to Report:

<https://www.taxwatchuk.org/gaming-the-tax-system/>

A new report from TaxWatch has revealed that the makers of Grand Theft Auto have not paid any UK corporation tax in 10 years, despite the game being made in the UK and generating billions of dollars in profits for its US based parent company.

Instead of paying taxes on profits made by sales of the game, the company has been able to claim tax credits from the government under the Video Games Tax Relief Scheme. Over the last three years, Rockstar North Limited, the company which led the development of the game, has claimed £42m in tax credits.

Video Games Tax Relief was designed to help smaller producers of "culturally British" games not designed for the international market.

Grand Theft Auto V, based on a fictional depiction of gangland California, was granted certification as a culturally British video game by the British Film Institute in September 2015, after the game had already recorded more than \$3bn in sales. The certification allowed the producers of the game to claim tax relief on production costs.

Research from TaxWatch has found that the amount of tax credits claimed by the makers of Grand Theft Auto in the last three years is the equivalent of 19% of all tax credits granted to the video games industry since the relief was introduced in 2014.

Commenting on the release of the report, George Turner, Director of TaxWatch said:

*“It is outrageous that the UK taxpayer is being asked to shell out tens of millions of pounds in subsidy to the developers of Grand Theft Auto, when at the time that the game's developers put in their tax credit application Grand Theft Auto V had already generated several billion dollars in sales and profits.*

*“This is a drive-by assault on the British taxpayer and corporate welfare scrounging at its very worst.*

*“The Video Games Tax Relief was designed to help developers of games with a cultural content that would struggle to sell in the international market. The fact that such a large amount of that relief is going to the developers of Grand Theft Auto clearly shows that the relief is not working as intended.”*

## Key facts and figures from the report:

- **\$6bn** – estimated total sales of Grand Theft Auto V since 2013
- **\$5bn** - estimated operating profit of Rockstar Games 2013-2019
- **£42m** - total Video Games Tax Credits claimed by Rockstar North between 2015-2018. Equivalent to 19% of all tax credits paid by government to the industry
- **\$3.4bn** - total bonus pool available to top managers at Rockstar Games from 2009-2019
- **£0** - total corporation tax liability of Rockstar companies in the UK between 2009 and 2018

**ENDS**

### NOTES TO EDITORS

TaxWatch UK is an investigative think tank which aims to broaden public participation in the debate on tax. We monitor and report on the tax payments of large companies working in the UK, and research tax strategies used by companies and wealthy individuals.

Our aim is to provide the unbiased and independent information necessary to allow the public to hold the government and major tax payers to account. We also analyse and put forward policy proposals for improving the tax system with the goal of creating a fairer tax system for all.