



Spiele-Autoren-Zunft e.V.

Press Release of the *Game Designers Association*

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Tax Law: Success of SAZ for Italian Game Designers

After multiple interventions by the Game Designers Association (SAZ), on March 21, 2016 the German Federal Central Tax Office in Bonn has made the following announcement: "When granting licenses for works of game rules, exemptions can principally be granted for copyrights."

Background: The double taxation agreement between Germany and Italy distinguishes between licenses for industrial property rights and licenses for copyrights. In Germany, industrial property right licenses are subject to a 5% withholding tax, copyright licenses remain tax-free. Similar rules are applicable for other countries, e.g. for Canada.

Until recently, however, the Federal German Tax Office most of the time classified exemption requests by Italian game designers as industrial property rights and informed publishers to use this classification as a default when settling royalties of game designers in Italy below the exemption threshold under the control notification procedure. Hence, the deduction of 5% withholding tax obviously was wrong and generated an enormous bureaucratic effort for all involved.

What can affected designers do? Italian game designers, who already have exemption notices stating a withholding tax of 5%, can request a correction through their publishers using an amendment request form to the Federal Central Tax Office.

Italian authors who have received payments from their publishers below the exemption thresholds of €5,500.00 for a single payment or of a €40,000.00 total per year without a prior application for exemption and who incurred a deduction of 5% withholding tax, should complain to their respective publishers and request a stop of this practice, at least for the future.

Summary: The Game Designers Association (SAZ) is very pleased with this success and encourages all game authors outside of Germany always to specify "Copyright", or in the English version "Authors Rights", in the "Type of right" field of the exemption request to avoid misunderstandings. Members of the SAZ may request instructions for filling in this form in German, English, Italian and French from the office of the SAZ.

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