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DISPOSAL OF IN-GAME ITEMS FOR CONSIDERATION IN POLISH PERSONAL INCOME TAX

Abstract

The article discusses the taxation of disposal of in-game items for consideration under Polish personal income tax. This is an issue which has received little attention in the tax literature to date and which, given the growing popularity of online games and the blurring of the boundaries between the real and virtual economy, is of significant practical importance. The main aim of this contribution was to analyse and evaluate the positions of the tax authorities on this matter, based on the individual tax interpretation issued. The first part of the study presents the features of in-game items as well as the rules for crafting and trading such items. The second part deals with the taxation of the disposal of such items for consideration by both entrepreneurs and non-business persons. The considerations serve to prove the hypothesis that the interpretation of the current Polish legislation in the context of transactions with game objects poses problems for both taxpayers and tax authorities, which is evidenced by the numerous doubts of taxpayers expressed in requests for individual tax interpretations, as well as the divergent positions of the tax authorities. The analysis carried out has made it possible to identify the issues which give rise to controversy and the main theoretical assumptions which should precede the introduction of legislative changes in this area.

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1. Introduction

Nowadays, the gaming sector is one of the powerhouses of the global entertainment and media industry. It is anticipated that the total gaming revenue will rise from 227 billion U.S. dollars in 2023 to 312 billion U.S. dollars in 2027 [*Perspectives from the Global Entertainment & Media Outlook 2023-2027. Resetting expectations, refocusing inward and recharging growth*, 2023]. Significantly, it is the in-game consumer spending that accounts for the biggest share of video gaming market¹. In 2022, global gaming audiences spent approximate 65 billion U.S. dollars on additional in-game content. In 2025, the market value of in-game purchases is projected to surpass 74.4 billion U.S. dollars [Consumer spending on in-game purchases from 2020 to 2025 (in million U.S. dollars, 2024)]. Massively-Multiplayer Online Games (MMOG) allow players to co-create virtual ecosystems – economies in which they can acquire virtual currency and other virtual goods to enhance their characters and gain an advantage over other players. In the age of Metaverse there is also a growing phenomenon of the interpenetration of virtual and real markets, as demonstrated, *inter alia*, by various online auction sites where players can buy and sell virtual goods with real money. Because of the profits being made and the inherent real-world economic value of virtual benefits, various countries have begun to explore taxing activities the object of which are such goods.

The aim of the article is to analyse the tax implications of the disposal of in-game items by players for consideration in Polish personal income tax². In general, in-game benefits can be grouped into three categories, namely loot boxes³, virtual currencies and other in-game items such as avatars, virtual lands or skins. However, due to the limited framework of the study, as well

¹ Currently one of the most popular ways of monetizing games is so-called 'freemium' model, in which core game content is available for free and the revenue generation takes place entirely through the sale of additional features or advantages during the play (microtransactions) [Petrovskaya, Zendle, 2022: 1065].

² In-game transactions can be categorised into three types: transaction among players, transactions between game developers and players and transaction between dealers and players [Sung, Umar, 2020: 50].

³ These types of goods receive different names in different games and contexts, such as loot boxes, card package, Gashapon machine.

as the lack of consensus on the legal qualification of loot boxes under Polish gambling law, the consideration was limited to the last category of virtual goods [for more see: Duda-Hyz, 2023: 39-49]. The first part of the study presents the features of in-game items as well as the rules for crafting and trading such items. The second part analyses and assesses the positions of the Polish tax authorities on the tax consequences of disposing of in-game items for real money. To the extent that the analysis of regulations was carried out, the methods appropriate to modern legal dogmatics were applied. When an attempt was made to present the basic features of the in-game items, it was based on the achievements of the social sciences, including gambling studies.

2. Features of in-games items

In-game items, virtual objects or virtual goods are part of virtual worlds and virtual reality, while the circulation of these goods is seen as part of global virtual economy. In the broadest philosophical sense a virtual world can be conceptualised as “a place described by words or projected through pictures which create a space in the imagination, real enough that you can feel you are inside of it” [Damer, 2008: 94]. In this view, virtuality itself is treated as a feature of the perception of the objects, rather than a feature of what is perceived and interpreted [Brzeziński, Lubacz, 2019: 12]. The process of virtualisation, on other hand, is defined as a shift from the natural experience of concrete objects of the natural world to the synchronised experience of the abstract of an artificially generated world [Janowski, 2019: 103-104]. In consequence, although virtual reality refers to individual experience, multiple individuals may experience similar virtual realities by sharing the same virtual space, either electronically or through other technological means [Steuer, 1993: 17].

In contemporary studies, most definitions of virtual reality and virtual worlds focus on the technology through which the process of virtualisation is carried out. Although no single definition of virtual worlds exists [Barroso, 2019: 40-41], it can be assumed that they are: “immersive, interactive, multisensory, viewer-centred, three dimensional computer generated environments and the combination of technologies required to build these technologies” [Mandal, 2013: 306]. It is also indicated that it is a technology-based on dropping realistic objects into a virtual environment to make them appear as they

were in the real world. What is important, the interactions between the virtual environment and the user's senses and responses reflect on the fictitious world [Kais, Al-Gnbri, 2022: 30]. This modern concept of virtual worlds originates from MMOG and is therefore linked to the category of a 'game space'. Nevertheless, some of these worlds are primarily social spaces which allow for other uses depending on the theme of particular virtual world [Spence, 2008: 5]. Consequently, distinction is made between structured and unstructured worlds. In the former game-makers devise stories and goals for game participants, while in the latter a predefined plot is missing [Yaman, 2023: 213-214]. Related to the virtual worlds is the concept of virtual economy, which refers to the process of exchanging virtual goods and services with virtual currency within virtual world [Nazir, Siu Man Lui, 2016: 2]. Since the beginning of the 21st century, trading in virtual objects and currencies has also taken place in the real world, which is referred to as Real Money Trade [Dziwok, 2014: 117-118].

The concept of virtual goods is inconsistently understood in the literature. In a broader sense, the term is used both for creations found in online games and for other goods such as Internet domains, email accounts or social network accounts. Virtual goods *sensu stricto*, on the other hand, are virtual objects, characters and the corresponding intangible values attached to them. Goods understood in this way strictly refer to objects in online games, which some researchers refer to as virtual objects (items), as well as to objects that function within online communities [Wyczik, 2022: 39-40; Wyczik, 2021, SIP LEX]. In this article the term virtual goods will be used narrowly. It should also be emphasised that virtual objects are a type of an artefact, i.e. intangible objects which have been intentionally produced for a specific purpose [Brzeziński, Lubacz, 2019: 16-17]. From a computation perspective, they are defined as intentional objects, arising and existing as a result of the operation of certain computational procedures, which have a theoretical basis in various types of algorithms and in various models of computations [Stacewicz, 2019: 37]. One of the key features of virtual objects is interactivity. These objects not only submit to the users' actions but also react to them, giving the impression of interactions similar to those in the real world. In fact, it is the interactivity that is necessary to induce in a person the sensation of immersion that is so characteristic of interacting with virtual reality. The second important feature of virtual objects is that they can be duplicated [Bondecka-Krzykowska, 2019: 29-30, 32-33]. Taking

into account the functionality criterion virtual objects can be divided into two groups, i.e. functional-based goods and ornamental-based goods. While the former enhance players' performance and functionality, the latter are purely aesthetic and enable players to create and communicate social distinctions and bonds [Cebollada, Cortiñas, 2021: online]. Virtual in-game items which provide cosmetic alterations to a player's avatar or equipment used within virtual world but otherwise give no advantage to gameplay are most commonly referred to as skins [Greer, Rocloff, Browne, et al., 2019: 130].

Virtual objects can be created by both game developers and players themselves. In Massively Multiplayer Online Role Playing Games, which are structured virtual worlds, usually the game designers control the range of virtual items that can be obtained. On the other hand, in unstructured worlds almost all goods are created by users Burns, 2010: 165-166]. The activity of creating you own virtual objects from components found in the virtual world is referred to as crafting. In-game items can be also acquired in a variety of ways, both within and outside a given game [Zimmer-Czekaj, 2009: 107]. Firstly, they can be direct rewards for achievements in the game, such as killing a monster or scoring the right amount of points⁴. Secondly, virtual objects can be rewards for in-game achievements obtained indirectly, through loot boxes. Thirdly, they can be acquired within the game either with virtual currency functioning in the game, cryptocurrency or with real money. Again, the player can either purchase a virtual item directly or purchase a loot box containing a randomly selected item. Fourthly, the player can exchange already 'owned' virtual items with other participants in the game. Fifthly, virtual items can be acquired outside the game environment, either on separate, third-party websites dedicated to such purposes or directly from other players. Acquisitions outside the game environment are usually made with legal tender money or cryptocurrencies. Players' motivations for purchasing virtual items may stem from unrealised shopping needs in the real world or be related to the virtual world [Hofman-Kohlmeyer, 2020: 64-77], whereas the sale of such items is usually made for profit and may be carried out incidentally or as a part of a business activity.

⁴ There are companies, mainly in China, whose employees play various online role play games (so-called gold farming). The characters they create and the resources accumulated are then sold to other players from developed countries [Papagiannidis, Bourlakis, Li, 2008: 611].

To conclude this part of the discussion, it is worth mentioning that, in connection with the circulation of virtual goods, the concept of virtual property has emerged in US literature⁵. In Polish civil law virtual objects are perceived as intangible goods that cannot be classified as things. For this reason it is not possible to establish property rights over them, however, some authors express the view that the rules of property right should be *per analogiam* applied to virtual objects [Gołaczyński, 2017, SIP LEX]. There is also a lack of uniformity of views as to the legal nature of a contract transferring rights to virtual goods. Positions are expressed that a contract of this kind can be shaped as a sublicense agreement, an assignment agreement, a contract for the provision of digital content or digital services, an innominate contract or a contract involving performance for the benefit of a third party [for more see: Wyczik, 22: 79-106; Olszewski, 2011: 65-82].

3. Disposal of in-game items in the positions of Polish tax authorities

In practice, the sale of in-game items can occur in a situation where licence agreements allow for such transactions, where they do not contain provisions for virtual items, as well as where they directly stipulate that such items cannot be bought and sold from third parties. Under the provisions of the Personal Income Tax Act, the scope of this tax does not include income arising from activities which cannot be the subject of a legally effective contract [Personal Income Tax Act: Art. 2(1) point 4]. Consequently the question arises as to whether the sale of virtual goods in a situation where the provisions of the licence prohibit this, can be regarded as an act that cannot be the subject of a legally effective contract [judgment of the Voivodship Administrative Court of Lublin of 6th July 2022, I SA/Lu 8/22]. The term 'activities that cannot be subject of a legally effective contract' has raised numerous interpretative questions. However, in recent years, both in the legal literature and jurisprudence, the view has clearly prevailed that this refers only to behaviour that is intrinsically contrary to laws of nature, a statute or the principles of social co-existence and therefore cannot be specified at all in a valid contract [Modzelewski, 2024, SIP Legalis; Pietrasz, 2024, SIP LEX; Brzostowska, Kubiesa, 2024, SIP LEX and the administrative court rulings cited therein]. As the disposal of virtual game objects is an activity that can, in principle, be the subject of civil law relation, it seems reasonable

⁵ Virtual property is commonly defined as a computer code by which objects from the real world are imitated. For more see: Karkut, 2017: 99-113.

to conclude that the revenue from it is taxable, even if the act of disposal to a third party is itself contrary to the license agreement.

The second issue to be considered is the qualification of the disposal of in-game items for consideration as one of the sources of revenue set out in the Personal Income Tax Act. In the light of the legal definition of economic activity, if the sale of in-game objects is carried out for profit, in one's name, irrespective of the result of such activity, in an organised and continuous manner, the revenue from such activity is subject to qualification as non-agricultural business revenue. In the case of a standard licence agreement, when the disposal is made by a non-business person, the tax authorities are unanimous in their view that the proceeds constitute revenue from property rights [Director of the Tax Chamber in Katowice, IBPBII/1/415-226/13/AA and IBPBII/1/415-510/14/MK]. The provision defining what is to be understood by 'revenue from property rights' does not explicitly refer to revenue from virtual goods, nevertheless, the catalogue of revenue categories in this provision is open [NSA, II FSK 1225/19]. This means that all those rights which do not take the form of separately designated rights in rem, but at the same time constitute tangible benefits that can be disposed of, should be included in these categories [Janicki, 2015: 10]. It is also worth noting that the catalogue of sources of revenue contained in the Polish Personal Income Tax Act lacks a category referred to as windfalls, which is found in some countries and usually implies a gain that is of unexpected and unplanned nature and is not from a customary source of income for a taxpayer [Burns, 2010: 180]. This means that if the provisions of the licence agreement did not allow the revenue from the sale of in-game items to be classified as revenue from property rights, the revenue would have to be classified as revenue from other sources.

In Polish personal income tax, deductible costs are, as a rule, cost incurred to earn or to preserve or secure a source of revenue, with the exception of costs listed in a separate provision. However, the deductible costs of certain revenues are determined by amounts or percentages, which means that the taxpayer is not required to document them. Costs of 50 per cent are determined in relation to revenue from the use or disposal by authors of copyright and performers of related rights, as defined by separate provisions. The same costs are determined with regard to revenue from the transfer of ownership of an invention, a topography of an integrated

circuit, a utility model, an industrial design, a trademark or an ornamental design, and to royalties for the transfer of the right to use the aforementioned rights. In a situation where the seller of virtual items has previously acquired them or received them for in-game achievements deductible costs shall be determined according to the general rules [Director of the Tax Chamber in Katowice, IBPBII/1/4511-279/15/MK].

There are far more doubts when the objects of disposal are virtual items crafted by the player him or herself. If the players remain within the framework of the scheme and template provided by the game developer crafting is not creative in nature [Gienas, 2007: 6]. However for programmes where the number of elements from which the players can assemble their character or objects is huge, there can be an element of creativity [Zimmer-Czekaj, 2009: 108]. The multiplicity of rules for the use of virtual worlds and the differing approaches to the copyright issues for game users make it necessary to consider on a case-by-case basis and assess whether the actions taken by users are creative. The determination of deductible costs therefore depends on whether the player-crafted characters or objects can be classified as an artwork or as a trademark⁶.

If the disposal of in-game items is not carried out in the course of a business activity, the income from this should be added to other income received during the tax year and accounted for under general rules. It should also be noted that those who receive income from the disposal of virtual objects are often young people under the age of 18. According to the Personal Income Tax Act, the income of minor own or adopted children, subject to taxation in the territory of the Republic of Poland, shall be added to the income of the parents, unless the parents are not entitled to benefit from the children's sources of income. The accumulation of income is justified on the premise that the children's income is in fact family's income and is used to support the family [NSA, II FSK 2480/11; WSA in Wrocław, I SA/Wr 560/18]. The above rule does not apply to income from the work of minors, pensions and scholarships, as well as income from objects given them for their free use. The provision of the Polish Civil Code concerning the transmission of certain items into free use to a person with limited capacity for legal acts his or her legal representative most often applies to items of small value. However, since the Civil Code does not provide restrictions on the type or value of items

⁶ If certain conditions are met, an avatar can be registered as trademark [Matusiak, 2009: 43].

that may be transferred into free use [Lutkiewicz-Rucińska, 2024, SIP LEX; Regan, 2023, SIP Legalis; Herbet, 2022, SIP Legalis], it cannot be ruled out that this construction will also apply to computers or gaming consoles, which are needed for the acquisition and disposal of in-game objects⁷. In such a situation, the parent should declare this income on the appropriate tax declaration form (PIT-37 or PIT-36), filed in the child's name and signed by the parent. If the computer and other devices have not been transferred into free use but only for temporary use the income from the sale of in-game items should be added to the parents income taking into account the source of revenue [NSA, II FSK 191/21], i.e. to the income from property rights or so-called other sources. It is the responsibility of the parents to disclose and account for such income [NSA, II FSK 724/15].

Income from the disposal of virtual objects can also be earned as part of business activity. In the Polish income tax system, income from business activities may be subject to taxation on a general basis, as a flat tax or a simplified form. In the case of the first two forms of taxation, the taxpayer is entitled to deduct duly documented deductible costs from revenue. However, as there are many difficulties in documenting such costs⁸. Simplified taxation, i.e. a lump sum of registered revenue, is most commonly chosen⁹. An analysis of the content of individual tax interpretations shows that many interpretative doubts also arise against the background of the provisions regulating this form of taxation.

According to the Act on Lump Sum Income Tax on Certain Revenue Earned by Natural Persons, the tax rate depends on the type of business activity. Thus, service activities are taxed at a rate of 8.5 per cent, manufacturing activities at a rate of 5.5 per cent and service activities of trade at a rate of 3 per cent. The Act also provides for a separate rate for revenue from the provision of licensing services related to the acquisition of rights to use computer programmes (15 per cent), as well as programming services (12 per cent). Service activities of trade are defined as the sale, in an unprocessed

⁷ In the tax literature the view is also expressed that only small items, i.e. modest sums of money, toys, sweets, can be transferred into free use [Świąch-Kujawska, 2022: 167].

⁸ Among other things the question arises as to how to show deductible costs in situations where the taxpayer has obtained virtual items as a reward for in-game achievements or acquired them from another, semi-anonymous player for virtual currency [Director of the Tax Chamber in Katowice, 2461-IBPB-1-1.4511.480.2016.2.BK].

⁹ The very essence of this simplified form of taxation is the taxation of income and not of revenue [Director of KIS, 1061-IPTPB1.4511.1045.2016.2.AP].

state, of previously acquired products (goods) and merchandise, including those that have been packed or put into smaller packages or spilled into bottles, cans or smaller containers by the seller. The Act also provides a definition of commercial merchandise indicating that they are merchandise (goods) purchased for resale, in an unprocessed state. Where a taxpayer purchases virtual items from other players or a game manufacturer for the purpose of reselling them in an unprocessed state via its own or third-party operated auctions sites, the tax authorities agree that 3 per cent rate applies [Director of the Tax Chamber in Bydgoszcz, ITPB1/415-168/11/MR, ITPB1/415-1237/12/DP, ITPB1/415-471/14/MR; Director of the Tax Chamber in Warsaw, 1462-IPPB1.4511.973.2016.2.EC; Director KIS, 0115-KDIT3.4011.190.2017.1.WM, 0113-KDIPT2-1.4011.457.2017.1.MM, 0113-KDIPT2-1.4011.648.2020.1.MM, 0113-KDIPT2-1.4011.588.2022.2.ID, 0114-KDIP3-2.4011.983.2023.1.MR, 0112-KDSL1-1.4011.261.2024.4.DT]. Virtual objects are therefore treated as commercial goods. It is irrelevant here whether the virtual items being sold are purchased on auction sites with real money or with virtual currency within a game [Director of the Tax Chamber in Bydgoszcz, ITPB1/415-471/14/MR]. The same qualification applies when a taxpayer disposes of in-game items acquired through exchanges with other players within a game [Director KIS, 0114-KDIP3-2.4011.651.2023.2.MT].

Far more doubtful is the question of the taxation of income from the disposal of virtual objects obtained for in-game achievements or crafted by players themselves. The law provides a legal definition of manufacturing activity, indicating that it is an activity that results in the creation of new goods, including the sale of goods of the taxpayer's own production. However, there is no legal definition of the term 'goods'. In the case of virtual items acquired for in-game achievements and disposed of in an unprocessed state, some tax authorities have taken the position that this is a service activity of trade and therefore the 3 per cent rate applies [Director of the Tax Chamber in Bydgoszcz, ITPB1/4511-661/16/PSZ, 0461-ITPB1.4511.19.2017.1.JS; Director of the Tax Chamber in Łódź, ITPB1/4511-850/15-2/MH; Director KIS, 0112-KDIL3-1.4011.98.2018.2.IM]. An analogous qualification was made when virtual objects were obtained by means of programmes called bots, which automatically operate in online games [Director of the Tax Chamber in Bydgoszcz, ITPB1/415-435/14/AD]. However, the view has also been expressed that the possibility of taxing the disposal of in-game

items and virtual currency at the 3 per cent rate is only available if the acquisition of these goods occurs outside the game itself. If the taxpayer comes into possession of such items while participating in a game (as a player), the revenue from the disposal of in-game items should be taxed at the rate applicable to manufacturing activities (5.5 per cent) [Director of the Tax Chamber in Katowice, 2461-IBPB-1-1.4511.479.2016.2.BK]. A third position is also expressed, according to which if the taxpayer himself earns virtual objects within the framework of a given game or produce them with the help of publicly available programs and programming knowledge, the revenue from this should be classified as revenue from service activities and taxed at the rate of 8.5 per cent. In justifying the above view it is pointed out that the manufacturing activity within the meaning of the Act may only concern material goods, i.e. things and energy [Director of the Tax Chamber in Bydgoszcz, ITPB1/4511-1121/15/MR; Director KIS, 0113-KDIPT2-1.4011.107.2018.2.MM, 0115-KDIT1.4011.511.2020.1.MR]¹⁰. The same position has been taken with regard to the situation where the taxpayer sold virtual gifts (icons) as part of a game he was creating [Director of the Tax Chamber in Łódź, 1061-IPTPB1.4511.1068.2016.1.AP].

It is clear from the content of the above interpretations that the issue of the classification of virtual objects raises numerous doubts among taxpayers and creates problems for tax authorities. Reasons for this are firstly to be found in the fact that the Act does not define the terms 'creations' and 'products'. Consequently, in the process of interpreting the legal text the authorities refer to the meaning of these terms in Polish Classification of Goods and Services and common Polish language. Pursuant to the Regulation on the Polish Classification of Goods and Services *goods* are: raw materials, semi-finished goods, finished *goods*, and assemblies and parts of such *goods* – as far as they are marketed. However, the provision containing the legal definition of manufacturing activity does not refer to this Regulation, and therefore the practice of tax authorities to interpret the term 'goods' in the light of the cited definition is erroneous. The problem with the linguistic interpretation is that in the course of it the authorities refer to Polish language dictionaries from the 1990s, i.e. from a period when virtual in-game objects did not exist in the wider public consciousness and common language.

¹⁰ The position that 'goods' (*wyroby*) should be understood exclusively as the product of manual labour has also been expressed in jurisprudence [WSA in Warsaw, III SA/Wa 423/05].

Nevertheless, while referring to the National Corpus of the Polish Language it can be noted that the word 'creation' is also used to refer to intangible goods such as film works or computer programs [<https://nkjp.pl/poliqarp/nkjp300/query/103/>]. Also, the term 'product' is used to refer to intangible goods, such as fictional characters or computer programs [<https://nkjp.pl/poliqarp/nkjp300/query/19/>].

The second reason for interpretative uncertainty is the lack of clarity as to what is the relationship between the meaning ranges of the terms 'goods' (*wyroby*), 'products' (*produkty*) and 'merchandise' (*towary*). When defining a trade service activity, it was indicated that it is the sale of previously acquired products (goods) and merchandise, whereas trade merchandise is defined as merchandise (goods) purchased for resale, in an unprocessed state. In Polish, brackets are used to enclose those parts of a statement that supplement or explain the main text, or are an alternative formulation of it. This means that the name 'goods' within the meaning of the Act includes both merchandise and products, although the manner in which the legal definitions referred to are formulated can hardly be considered correct. Against this background, the authorities' position that in-game items may be 'goods' that are the subject of a trade service activity but are not 'goods' that result from a manufacturing activity does not appear to be fully understood. In such a view, the same term 'goods' encompasses objects which are virtual or not, depending on which activity it refers to, whereas in normative acts, identical terms are used to designate identical concepts, and different concepts are not designated by the same terms.

4. Conclusions

The circulation of virtual objects, both in the real world and within virtual worlds, is increasing year on year. In the age of the Metaverse, there will also be an increasing interpenetration of the real and virtual worlds. For this reason, it seems necessary to adapt tax systems to the realities of the virtual economy. The analysis carried out leads to the conclusion that the interpretation of the current Polish legislation in the context of transactions with game objects poses problems for both taxpayers and tax authorities. This is evidenced by the numerous doubts of taxpayers expressed in requests for individual tax interpretations, as well as the divergent positions of the tax authorities. The problems identified relate to: (1) the taxation of transactions

where the game licence agreement does not allow the sale of virtual items to third parties; (2) the documentation of deductible costs and the applicability of the costs provided for creators when the seller crafts the virtual objects him or herself; (3) classification of transactions for the disposal of in-game items obtained for in-game achievements or produced by the seller; (4) the assessment of whether the term 'goods' within the meaning of the Act on Flat-rate Income Tax on Certain Income Earned by Natural Persons includes virtual items.

Legislative changes appear to be necessary, which must, however, be preceded by certain theoretical assumptions. Firstly, it should be assumed that all virtual world transactions involving real-world consideration are subject to tax, regardless of whether they arise from worlds with intentionally open or closed economies. Secondly, the rules governing the calculation of deductible costs should take into account that, in the case of the costs of acquiring or crafting in-game items, they are not always directly incurred in legal tender currency. This is because most often players first acquire virtual currency, which they then use to purchase or craft virtual goods. Thirdly, it is necessary to adapt the legal definitions of the various categories of taxable activities to the realities of the virtual worlds and, in particular, to decide whether the concept of 'goods' also includes virtual goods. Finally, it is worth noting that some countries are considering taxing transactions within virtual worlds (games) with intentionally commodified economies. However, making such changes would require the imposition of a number of reporting obligations on game developers, which, given their global reach, seems difficult at this stage.

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