

After the Legal Framework for Games: an exploratory analysis of the economic scenario of digital games and their relevance for the Brazilian economy

Marco Legal dos Games: análise exploratória do cenário econômico dos jogos digitais e sua relevância para a economia brasileira

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ABSTRACT

This article presents an exploratory analysis of the Legal Framework for Electronic Games (Law n. 14,852/2024 – LFG), emphasizing the economic scenario of the digital gaming sector, specifically between 2010-2023. The study's focuses on the period prior to the year of promulgation of the LFG (2024). Following the enactment of the law, there is a need to explore the economic data of the digital gaming sector to identify its potential and challenges. It is based on national legislation, data from the Federal Government's Transparency Portal, and the main media in the digital games industry. The method used was deductive-quantitative, regarding the evaluation of economic data in the period, highlighting its importance for promoting the economy and growing development. As a theoretical reference for the analysis, the article uses the precepts of the economic analysis of Law, in its neo-institutional vision. The first identified problem was the lack of State incentive; the second problem is intrinsically related: the high tax burden. The first stage for the advancement of the sector has been completed; however, the following ones are challenging, and there are still some hypotheses that can be raised: whether the LFG solves the problems or if it will only solve them partially, not being able to remedy the high tax burden. With the LFG, the expectation is to encourage the Brazilian gaming sector and promote national industries in the field. But support is necessary so that, in addition to the Law, the State enforces legal provisions. The economic and legal environment is essential so that, based on the Legal Framework for Games, the market can grow, and the years of legislative absence can be covered.

Keywords: Electronic games. Creative Economy. Games Legal Framework. Law and economics. Regulatory impact analysis.

RESUMO

O presente artigo apresenta uma análise exploratória do Marco Legal dos Games — MLG (Lei n. 14.852/2024) dando ênfase ao cenário econômico do setor de jogos digitais, especificamente entre 2010 e 2023. O recorte é anterior ao ano de promulgação do MLG (2024). A partir da promulgação da lei surge a necessidade de explorar os dados econômicos do setor dos jogos digitais para identificar o seu potencial e desafios. Baseia-se na legislação nacional, nos dados do Portal da Transparência do Governo Federal e nos principais veículos do setor de jogos digitais. O método utilizado foi o dedutivo-quantitativo, no que tange a avaliação dos dados econômicos no período, evidenciando a sua importância para o fomento da economia e o crescente desenvolvimento. Como referencial teórico da análise, o artigo valeu-se dos preceitos da análise econômica do Direito, em seu viés neoinstitucional. O primeiro problema identificado foi a ausência de incentivo

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do Estado, e intrinsecamente relacionado está o segundo problema identificado: a alta carga tributária. A primeira etapa para o avanço do setor foi concluída, entretanto as próximas são desafiadoras, e ainda há algumas hipóteses que podem ser levantadas: se o MLG solucionará os problemas levantados ou apenas resolverá em parte, não podendo remediar a alta carga tributária. Com o MLG, o esperado é o incentivo ao setor de jogos brasileiros e a promoção das indústrias nacionais do ramo, sendo necessário o devido amparo para que, além da Lei, o Estado faça cumprir os dispositivos legais. Os ambientes econômico e legal são fundamentais para que a partir do MLG o mercado cresça e os anos de ausência legislativa sejam supridos.

Palavras-chave: Jogos digitais. Economia Criativa. Marco Legal dos Games. Análise econômica do Direito. Análise de impacto regulatório.

INTRODUCTION

Bill n. 2,796 became Law n. 14,852, published in the Official Gazette of the Union on May 6, 2024. Hereinafter referred to as the “Legal Framework for Games” (LFG), this is an important step for the Brazilian digital games industry. The LFG regulates the commercialization, development, importation, commercial exploitation, and better distribution of resources. The law aims to implement measures for the growth of the digital games sector’s business environment.

The regulation of the sector represents a significant step toward the future of digital games, as the LFG inherently recognizes the importance of a strong relationship between the public sector and the gaming industry to drive the country’s development. Reaffirming the importance of this sector, the Minister of Culture stated:

The gaming sector is one of the fastest growing in the country and worldwide, with around 75% of Brazilians playing games. Having this instrument that regulates the sector is crucial for ensuring that the production chain generates even more jobs, stimulates the business environment, and drives innovation and investment in technology, culture, and audiovisual products. (Ministry of Culture, 2024b, s/p)

An important aspect of the enactment of the law was the veto by President Luiz Inácio Lula da Silva, who signed the LFG into law with a veto on Article 19, which provided for a 70% reduction in Income Tax (IT):

Income taxpayers on remittances abroad of earnings from the exploitation of digital games or licensing derived from digital games in the country may benefit from a 70% reduction in the tax due, provided they invest in the development of projects for the production or co-production of independent Brazilian digital games (Brazil, 2024, s/p).

The text of the vetoed article was about the tax incentive for remittances abroad of earnings, a mechanism that generates interest among major investors in the cultural sector, as it encourages individuals or legal entities to invest in the development of independent Brazilian game projects, fostering the domestic game development market. Through the LFG, in this specific provision, there would have

been a movement in the cultural sector, acting as a public policy tool to attract resources to the highlighted sector.

The justification for the veto is based on a threefold argument, stating that it would create a revenue waiver without the presentation of the budgetary and financial impact required by Article 113 of the Transitional Constitutional Provisions Act¹ (Brazil, 2016). The second argument is based on the lack of compensatory measures, also pointing out the absence of a maximum validity period of five years. The final argument concerns the absence of a statement on the budgetary and financial impact for the years 2024, 2025, and 2026 (National Congress, 2024).

The final argument results in the failure to comply with the provisions of Article 14 of Complementary Law n. 101, of May 4, 2000 — the Fiscal Responsibility Law, which stipulates:

Art 14. The granting or expansion of tax incentives or benefits that result in revenue waivers must be accompanied by an estimate of the budgetary-financial impact for the fiscal year in which the measure is to take effect, as well as for the following two years. It must comply with the provisions of the budget guidelines law and at least one of the following conditions:

I - The proposer must demonstrate that the revenue waiver was accounted for in the revenue estimate of the budget law, in accordance with Article 12, and that it will not affect the fiscal target goals set out in the specific annex of the budget guidelines law;

II - It must be accompanied by compensatory measures, within the period specified in the caput, through an increase in revenue, derived from raising tax rates, expanding the tax base, increasing or creating a tax or contribution (Brazil, 2000, s/p).

It also results in the failure to comply with Articles 132, 133, and 142 of Law n. 14,791, of December 29, 2023 — the Budget Guidelines Law for 2024 (National Congress, 2024, n.p):

Art 132. Legislative proposals, as referred to in Article 59 of the Constitution, its amendments, and the infralegal acts that involve revenue waivers or the creation or increase of mandatory, continuous expenses, in accordance with Articles 14 and 17 of Complementary Law No. 101, of 2000 — the Fiscal Responsibility Law, must be accompanied by a statement of the budgetary-financial impact for the fiscal year in which they are to take effect, as well as for the following two fiscal years, and comply with the provisions of this article.

Art 133. In order to assess the compatibility and adequacy of the budgetary and financial aspects, legislative proposals and decrees related to the provisions of Article 132, within the scope of the federal Executive Branch, must be forwarded in advance to the Ministry of Finance and the Ministry of Planning and Budget.

Art 142. Legislative proposals that grant, renew, or expand tax benefits must:

¹ Art. 113: The legislative proposal that creates or modifies mandatory expenditure or revenue waiver must be accompanied by an estimate of its budgetary and financial impact

I - include a validity clause of no more than five years;

II - be accompanied by goals and objectives, preferably quantitative; and

III - designate a responsible managing agency for monitoring and evaluating the tax benefit in terms of achieving the established goals and objectives.

Beyond the procedural aspects of the enactment of the LFG, it is important to highlight that the law provides for the use of the Rouanet Law as a mechanism for raising funds for the sector, stimulating the production and co-production of Brazilian games (Ministry of Culture, 2024b). State incentives are a driving force for the sector, as 'there is no development of the gaming sector without effective induction and the State acting as a partner' (Filho; Zambon, 2023). This article specifically underscores the significance of achievements for the digital games sector.

For an introductory understanding of what is encompassed within the term "digital games," as defined by the LFG, it is necessary to define the terminology used in this article.

The main terminology that must be abolished is "electronic games," due to the frequent reference to the term "gambling electronic games," which refers to bingo and slot machines, currently prohibited under Brazilian law. As a result, even though the popular media uses the term "electronic games," it is essential to dissociate it from gambling games due to the negative connotation and in order to avoid potential confusion (Schmidt; Gonçalves, 2014).

As a result, the terminology 'digital games' was chosen to refer to the market in general in this article. Digital games are an interactive digital method that promotes an experience of interaction between players and the characters or environments within the games. They follow rules and have some objectives that are pre-defined by the game's regulation, and can be played on various electronic devices, such as smartphones, computers, tablets, and video game consoles (Battaiola; Elias; Domingues, 2002). From this understanding onward, Law n. 14.852/2024 defines what is encompassed by the term "digital games" as:

Art 5. For the purposes of this Law, the following are considered electronic games:

I – the interactive audiovisual work developed as a computer program, as defined by Law n. 9,609 of February 19, 1998, in which images are altered in real-time based on the player's actions and interactions with the interface;

II – the central device and accessories, for private or commercial use, specifically designed to run digital games;

III – the software used as a mobile app and/or website, console video game games, and games in virtual reality, augmented reality, mixed reality, and extended reality, consumed via download or streaming. (Brazil, 2024, s/p)

From the understanding of what is encompassed in the concept of digital games, the analysis of the sector begins. The digital games sector is an economic

activity with the potential to drive the job market, and could contribute to the overall growth of the Brazilian economy (Mello; Zendron, 2015). Beyond the economic impact generated by the development of games (formal employment, partnership contracts, the creation of new companies focused on programming and 3D modeling, etc.), digital games also drive the Brazilian economy through major gaming events. For example, Gamescom, the world's largest gaming event, took place for the first time in Latin America in 2024, in São Paulo, with an expected audience of over 100,000 people (Consolin, 2024).

Another important example is the Stun Game Festival, held in Santa Catarina, which is the largest gaming industry event in the South of the country. Since its first edition in 2018, the Stun Game Festival has aimed to connect those interested in games and geek culture, capturing new ideas and products, and strengthening the creative ecosystem in the region (Economia SC, 2023).

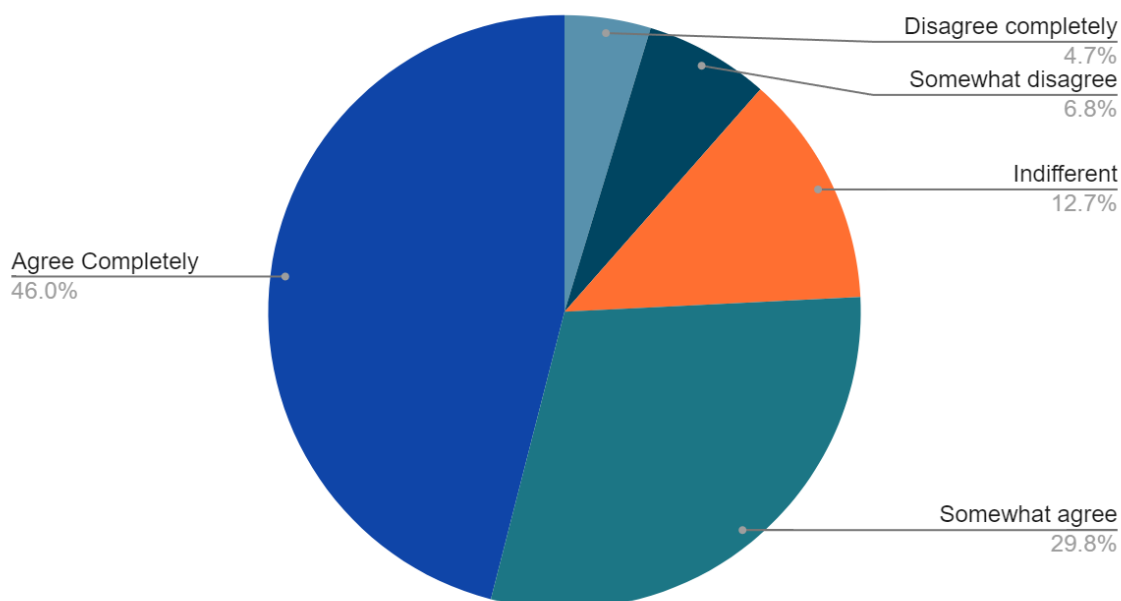
Based on the above, the first observation is the importance of the digital games sector for the Brazilian economy, particularly within the context of Brazil's creative economy. The regulation of the digital games sector has an impact on the future of the industry. The Executive Secretary of the Ministry of Culture, Márcio Tavares, made a statement about the expectations for the legislation:

Games now have a legal framework that will strengthen the production chain and the development of this important industry. Seventy-five percent of Brazilians play games. What we need now is to ensure the protection of children, which the law guarantees, and to create the conditions for fostering and developing this creative sector in our country. (Ministry of Culture, 2024a, s/p)

To demonstrate the economic potential of the sector, the study conducted by the Brazil Games Export Program and Homo Ludens Research and Consulting, in partnership with the Brazilian Association of Game Developers (Aragames) and Apex Brazil, titled 2022: The Brazilian Games Industry, reveals that the digital games sector generated around USD 2.3 billion in Brazil in 2021. It is estimated that there are currently more than 1,000 studios operating in the country, employing approximately 12,441 people directly (Fortim, 2022).

The path leading to the significant increase in market numbers occurred across various spheres, such as the professionalization of developers in the field and the transition of professionals from the illegal digital games market, both of which are key areas of the sector that have undergone significant changes.

A turning point for the advancement of the digital games market was the COVID-19 pandemic, which was responsible for part of the sector's growth due to changes in people's routines, making this type of game more attractive for consumption. Social isolation led society to seek other ways to consume culture and entertainment, and in this context, digital games became the solution. Highlighting this finding, a survey conducted by Pesquisa Game Brasil (2024b) asked respondents if their digital game consumption increased during the pandemic, and the responses are shown in Graph 1.



Source: elaborated by the authors using data from Pesquisa Game Brasil (2021).
Graph 1. Percentage of players interviewed about the Covid-19 period.

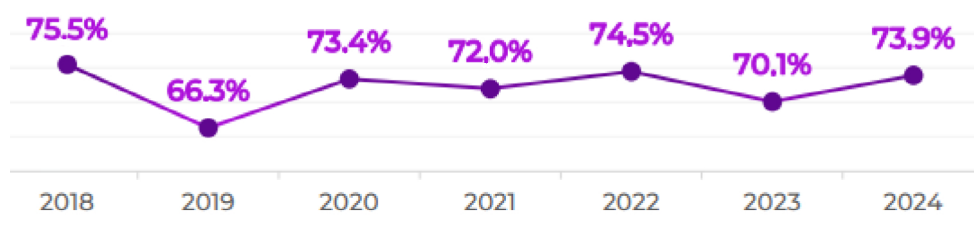
Even in the face of the public health emergency, digital games provided an alternative for entertainment and for maintaining connections with those who were far away. After all, digital games made possible scenarios that the pandemic did not allow — precisely because of the changes brought about by COVID-19, there was a significant increase in consumption. To demonstrate the sector's growth in 2020, according to a study by Wijman (2020), the country generated approximately USD 2.19 billion, noting that in 2024, the exchange rate for the dollar is R\$ 5.44. Table 1 highlights the sector's growth between 2018 and 2021:

Table 1. Revenue generated by the digital gaming sector, in billions of USD, between 2018 and 2021.

2018	2019	2020	2021
US\$ 1.5	US\$ 1.7	US\$ 2.19	US\$ 2.3

Source: elaborated by the authors with data from the research by Wijman (2020).

Corroborating the statement about the increase caused by the pandemic, the CEO of Brasil Game Show, Marcelo Tavares, explains the phenomenon: "The pandemic triggered a natural effect, as people sought entertainment options within their own homes. One of the great advantages of games is that they offer the chance to experience virtually what you cannot experience in the real world." (Ícaro; Tavares, 2021). Furthermore, regarding the significant growth of the digital games market, in 2020 the habit of playing digital games increased by 7.1% compared to 2019 (Graph 2).



Source: Pesquisa Game Brasil (2024a).

Graph 2. Data about the habit of digital games (2018-2024).

Several sectors were affected by the COVID-19 pandemic; however, the gaming sector went against the trend. Specifically in Brazil, between 2018 and 2022, there was a 169% increase in the number of game development companies, indicating the growth of the sector and its potential as a driver of economic development (Main Leaf, 2024). After this initial analysis, there arises the need to understand the theories used in the article, to comprehend the framing of the concept of digital games within the field of creative economy, as well as to conduct an exploratory analysis of the sector's data.

THE CREATIVE ECONOMY AND THE ROLE OF DIGITAL GAMES

In order to understand how digital games fit into the creative economy, it is essential to cover the concept of it. The creative economy is an important concept for research on the role of digital games in economic development. Professor John Howkins defines it as "a process that uses creativity to enable people to explore a certain economic value" (PUCRS online, 2024). Based on this initial concept, it is evident that the creative economy is based on two factors: Factor A, where creation is linked to economic value, and Factor B, where the creation of the new is interconnected with creative and subjective factors (PUCRS online, 2024). By deepening the concept, it can be understood as all services and products developed from human creativity, skill, or genius (Schmidt; Gusso; Carelli, 2020).

Continuing the development of the understanding of the creative economy, according to the United Nations — UN (UNCTAD, 2010), the creative economy aims to organize the cultural sector, along with the producers and consumers involved in it. Historically, the first time the term "creative economy" appeared, as noted by Miguez (2007), was in 2001 in the cover story of the August special edition of Business Week magazine, titled The Creative Economy – The 21st Century Corporation (UNCTAD, 2010). The relevance of the creative economy in the cultural field, as highlighted by the UN, and the late first mention of the term 'creative economy' allow for a preliminary observation of the slow recognition of the sector. After all, between the first mention and the reference year of this article, 2024, there are 23 years in the process of recognition.

To highlight the importance of the creative economy in Brazil, the Federal Senate published a report stating that it is responsible for 3.11% of the Gross

Domestic Product (GDP), surpassing the automotive industry, which accounted for 2.1% during the same period. Furthermore, the sector employs approximately 7.5 million people in formalized companies, and in 2022, it generated 308.7 thousand new jobs compared to 2021. Additionally, in 2020, there were over 130,000 creative industry businesses operating in the country, representing 7% of the total workforce in the Brazilian economy (Menezes, 2023). These collected data highlight the prominent economic position that the creative economy sector in Brazil occupies, as well as emphasize its importance in exploring the topic.

Within the concept of the creative economy, several fields are included, such as fashion, literature, design, and music, with digital games being one of them. Digital games combine creativity, entrepreneurship, and the rise of the economy. Defending digital games as a form of art, Waller (2012) argues that they 'are entertainment, an educational platform, a social media, and a form of expression. This multiplicity of functions opens up a great possibility for understanding them also as art. Thus, it is possible to understand that digital games are both art and a form of culture. Based on this preliminary consideration, they can be analyzed from the perspective of the creative economy, allowing for an economic analysis of this specific field: digital games.

ECONOMIC ANALYSIS OF THE DIGITAL GAMES SECTOR IN BRAZIL

When conducting an economic analysis of the digital games sector, it is essential to consider the broader economic analysis of law and the issues raised by this field of research. The economic analysis of law is important for its predictability; it allows the examination of factual scenarios by including variables, and from this context, new results can be derived, observed, and assessed. It is at this point that its relevance stands out when studying government policies (Schmidt; Gonçalves, 2014). Moreover, these aspects make the economic analysis of law a solid approach, as it explores the efficiency of changes in the legal system based on economic behavior (Gico Jr., 2012).

Given the economic analysis of the digital games sector proposed, and the goal of understanding the context in which the LFG was enacted and its challenges within the Brazilian economy, the economic analysis of law (EAL) is the chosen method for this analysis precisely because its concept aligns with the objectives of this article. EAL can be defined as "the use of economic approaches to try to understand law in the world and the world in law" (Gico Jr., 2011, p. 20). From the study of law in society, and how society behaves toward law from an economic perspective, it is possible to visualize various scenarios. Economic data, for example, materialize the consequences generated by the enactment of a specific law in sector X. This is the main focus of the exploratory analysis of the LFG and the search for economic data on the digital games sector.

Measuring the impact of new legislation on a sector is possible through EAL — with a focus on its neoinstitutional perspective — as it allows for the comparison between the scenario before and after the law is enacted, exploring how society

behaves in this second moment. All these scenarios can be compared to understand how to promote the effectiveness of law in society. Furthermore, to support this, Williamson emphasizes that various human interactions can be analyzed economically within the collective field, organized by the institutional structure (rules), with the goal of promoting social well-being (Williamson, 2012). In this observation of possible scenarios, law and economics scholars seek the answer to two questions: "(i) what are the consequences of a given legal framework, that is, a given rule; and (ii) which legal rule should be adopted?" (Gico Jr., 2011, p. 20).

Posner (1992) emphasizes that the interdisciplinarity between law and economics, which resulted in the EAL, can be considered the most impactful in terms of influencing legislative and judicial decisions free from the biases of those who judge and legislate, making them more objective. This is the reason for studying the digital games sector from an economic perspective; by exploring its data and studying what Law n. 14.852/2024 predicts, it is possible to obtain an objective result regarding the relevance of the LFG for the sector.

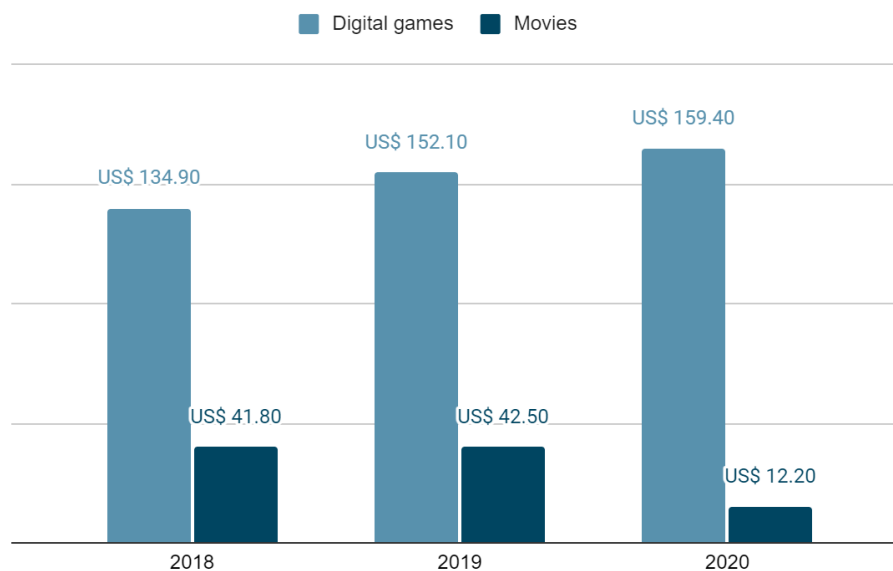
In addition to the need to focus on EAL when analyzing the economic sector of digital games due to the LFG, there is another fundamental area of research: regulatory impact analysis (RIA). ENAP (2020, s/p) explains the concept: "RIA examines and evaluates the likely benefits, costs, and effects of new or amended regulations." This is a tool that works to improve effectiveness and make regulation efficient, through a series of procedures to be used in order to ensure that the regulatory process occurs in the best possible way. (Salgado; Borges, 2010). Clearly, it is essential to understand this concept, as the LFG represents a new legislation to be explored and investigated for its impact on the country. EAL serves as the theoretical foundation for understanding the economic consequences of the law under study; simultaneously, RIA applies this data in practice to determine the best way to implement it. The integration of both approaches makes the regulatory process more efficient.

Based on the understanding of EAL and RIA, and using these two analyses as the theoretical foundation throughout the article, the first problematic point identified due to the delayed legislation is the existing slowness in recognizing that for the digital gaming sector to develop, a partnership with the public sector is necessary. After all, the regions with the greatest development of the gaming industry, which concentrate billions of dollars, were designed and planned based on public policies (Filho; Zambon, 2023).

To solidify the conclusion that the future of the sector lies in a partnership with the public sector, here are some examples from countries that highlight public support in the digital gaming field: In Canada, the sector employs 200,000 people and generates \$3 billion for the country's GDP; in the United Kingdom, 1,640 games were produced with a 20% tax credit on production expenses, resulting in a return of £4.4 billion for the country (Filho; Zambon, 2023). The countries mentioned demonstrate the success that the digital gaming sector achieves with proper public support, and, most importantly, the return to the State. Once the State recognizes the sector's potential and the two-way street of economic growth, both sides have

room to develop. Therefore, this is the first aspect to explore: the lack of government incentives for the digital gaming sector, and with the advent of LFG, there is an expectation that the sector will begin to be recognized by the State.

The collection of economic data emphasizes that, despite the high figures, the State remains negligent in engaging with the digital gaming sector to turn it into a partnership for innovation and progress in the country. The gaming sector has generated more revenue than both the film and music industries, increasingly becoming a key focus in the economy, raising the question of what is needed for the State to take notice of the digital gaming industry (Filho; Zambon, 2023). To support the claim that the digital gaming sector has grown more than the film industry, Graph 3 provides a comparison between the digital gaming sector and film box office revenue from 2018 to 2020.

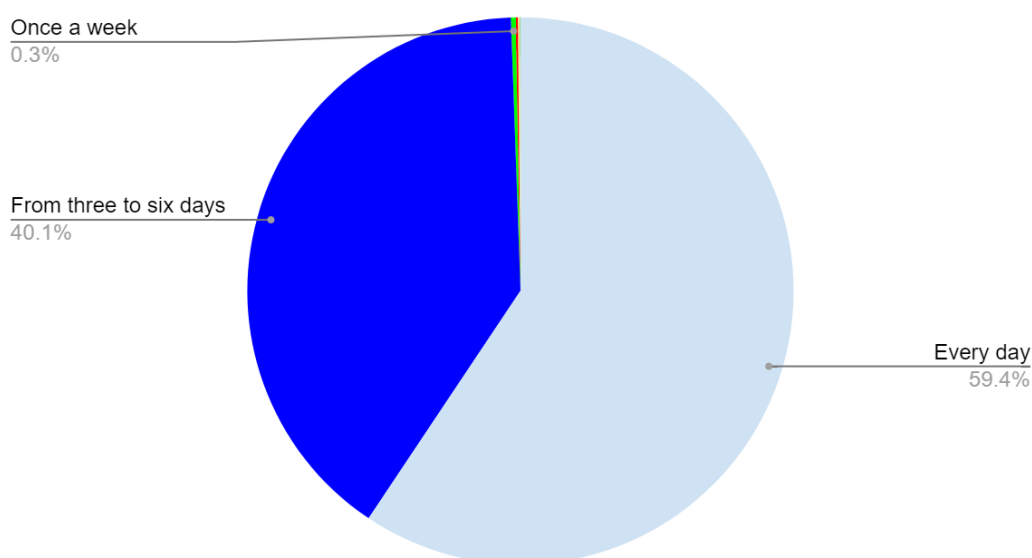


Source: elaborated by the authors using data from Wijman (2020) and Scoutas (2021).
Graph 3. Revenue generated in billions of USD between 2018 and 2020.

According to the analysis by Santos and Stein (2017) and Superdata Research (2014), in 2013, Brazil was the leader in digital game sales in Latin America. In this segment overall, \$4.4 billion was generated, with nearly \$1.5 billion in sales coming from Brazil, representing 34% of the entire Latin American market. These figures raise the question of what is still needed for the sector to be recognized; LFG emerges with the hope that this is the first step toward the State recognizing digital games.

Based on the importance of demonstrating the sector's potential in 2023, PricewaterhouseCoopers published the Global Entertainment and Media Outlook 2022-2026, which points out that the digital gaming sector accelerated globally in 2020, with a 21.2% increase in revenues. A year later, in Brazil, there was a 27.4% increase, demonstrating how the growth of the national digital gaming market mirrors the growth of the international market (Sebrae, 2023).

In Brazil, the total revenue from digital games and e-sports — the latter defined by Minamihara (2020, p. 24) as ‘the professionalization of electronic gaming competitions, drawing a parallel with traditional sports’ — reached \$1.4 billion in 2021 and is expected to exceed \$2.8 billion by 2026, with a compound annual growth rate (CAGR) of 15.2%. By 2026, it will account for 47.4% of the total digital gaming market revenue in Latin America. Continuing the search for data that highlights Brazilian interest in digital games, the survey conducted by Pesquisa Game Brasil (2024a), when asking respondents how often they play online digital games, produced the responses shown in Graph 4.



Source: elaborated by the authors based on Pesquisa Game Graph 4. Frequency of access to online digital games per week.

These data highlight how well the national digital gaming market is positioned to enter the international market, provided it receives the necessary support through public policies in the country.

In summary, government support for the sector, aimed at fostering economic expansion through digital games, drives technological and cultural advancements as well as the development of professionals in the field. The data presented demonstrate the return that the digital gaming sector brings to the State. In Brazil, despite the lack of a national policy, the sector generates R\$ 13 billion annually; the expectation for the future is that, with LFG, Brazil will position itself to compete in the global market (Filho; Zambon, 2023).

Based on the data gathered, it is evident that digital games are significant drivers of economic growth and need to be recognized as such. It is important for the market to be well-established in order to continue generating economic and technological profits. Entertainment is only one aspect, given the numerous opportunities the sector can bring to the country’s creative economy through a partnership with the public sector. Based on the analysis of the data and the recognition

of the sector's economic potential, it is necessary to explore the challenges faced in the digital gaming sector, starting with the first issue identified earlier — the lack of government support — which, even with the enactment of the LFG, continues to have consequences for the sector

THE LEGAL FRAMEWORK FOR GAMES AND THE CHALLENGES OF THE FUTURE OF DIGITAL GAMES

With the sanctioning of the LFG, the culture as a whole benefits, which means progress for a new period of incentives, technological advancement, and economic growth in the sector. Brazil is the largest power in the digital games industry in Latin America and the second largest in the Global South, surpassed only by South Korea (Coelho, 2024).

Despite holding a consolidated position in terms of positive development in the Brazilian market, digital games may face some challenges or continue to experience issues that have persisted over time. One example is piracy, which currently occurs to a lesser extent due to the protection policies employed by brands, but remains a relevant topic of discussion. The research "Infodemia and its impacts on digital life," conducted by Kaspersky, one of the companies recognized as a pioneer in cybersecurity, established in the market since 1997 (Bergmann, 2020), in partnership with Corpa, found that 91% of Brazilians agree that using illegal software and digital games represents a security problem. However, 26% admitted to having used pirated software. Brazil ranks third in the regional piracy ranking. According to data collected by the National Forum Against Piracy and Illegality (ETCO, 2021), since 2014, Brazil has lost billions due to the illegal market, a figure that encompasses all sectors, including the gaming market. Beyond its legal implications, it also impacts the country's economy.

However, as previously illustrated, according to data from Fortim (2022), the main challenge is related to project financing and securing resources, both of which are linked to the lack of financial incentives and support in generating visibility for the national gaming industry, a result of the lack of state support—as explored in the section 'Economic Analysis of the Digital Games Sector in Brazil.' Directly related to the first identified problem is the issue of the high tax burden.

Emphasizing the issue of the high tax burden, which absorbs a considerable portion of company revenues, it is argued that on June 10, 2024, a public hearing of the Economic Development Commission took place in Minas Gerais, where several entrepreneurs from various regions of the state raised the issue that the high tax burden and the complexity of the tax system act as deterrents for entrepreneurs in Brazil. They highlighted the fact that the system causes the poor to pay higher taxes than the wealthy (Legislative Assembly of Minas Gerais, 2024).

Also, in this public hearing, Marcelo Nogueira de Moraes, a counselor for the Federation of Commercial Associations of Minas Gerais, pointed out: 'In 2022, a total taxation rate of 33.56% on GDP was recorded' (Legislative Assembly of Minas Gerais, 2024, n.p.). Finally, to emphasize the impact of high taxation, Roberto Ellery (2021, n.p.) discusses:

That's right: Brazilian companies pay the fourth highest income tax rate among the 108 countries evaluated by the OECD. And it gets worse: no country in the OECD has a higher rate than Brazil. Some come close, like France, but none exceed it. It's worth repeating to emphasize: Brazil taxes companies more than any of the wealthy OECD countries.

Consequently, this high tax burden, according to Silva (2021), does not lead to an increase in tax revenue; instead, it ends up discouraging the taxable events and may result in greater tax evasion. This argument, within the context under study, highlights that the high tax burden acts as a suppressor to the development of digital game companies.

These are two of the main challenges that the digital gaming market has faced and will continue to face. However, with the LFG, what is expected from the sector is the assurance that the state will recognize these issues and be willing to address them, recognizing the sector's potential. The challenges initially identified by this paper require the state's attention and a thorough study to find the best solutions. It is important to emphasize that complex problems like the lack of state incentives and the high tax burden—the latter being directly related to the state's power to (dis)incentivize the digital gaming sector—require equally complex measures, with a proper balance in state intervention to combat them. Digital games go beyond mere entertainment: they represent job creation, economic advancement, and, most importantly, the opportunity to position Brazil competitively in the international digital gaming arena.

FINAL CONSIDERATIONS

The article aimed to explore the digital gaming market as a significant driver of the creative economy in Brazil between 2010 and 2023, specifically demonstrating, through the economic data of the analyzed period, the sector's potential for the country. It was preliminarily found that, despite the lack of regulation, the sector has established its place in the market over the years. Law n. 14.852/2024 was explored through the EAL.

The starting point was the analysis of the LFG, followed by an understanding of the concept of the creative economy and the view of digital games from the perspective of the creative economy. From this initial analysis, it is observed that, even in the absence of regulation, the sector developed over the years with a growth rate of 10%, making the Brazilian digital gaming market one of the ten largest in the world. Based on these initial understandings, economic data was collected, which highlighted the sector's economic potential. As a result, it was possible to identify the main issue: the lack of state incentives for the digital gaming sector. Data from other countries that have planned their digital gaming sectors based on public policies show that they are now the largest players in the digital gaming market, while Brazil, throughout all these years, has acted as an exporter of talent from Brazilian developers, despite its significant numbers in the sector.

The first issue identified was the absence of state incentives, and in the continued identification of the challenges in the context in which the LFG was enacted, the problem of the high tax burden was observed.

The sanctioning of the law was the main step toward overcoming the challenges of the past. The preliminary finding is that the scenario after the sanctioning of

the LFG is positive for the digital gaming sector, as the security provided by the law brings optimism to the industry. However, hypotheses are being formulated about the future: whether the LFG alone will be able to address all the issues; whether it will solve them in part; or if, due to the second identified problem (the high tax burden), it will not be enough to remedy the challenges.

After so many years without proper regulation, there is a gap between the expectations of the legal provisions and how they will be applied in practice. Therefore, in addition to sanctioning the law, it is the state's responsibility to ensure the effectiveness of the provisions of the LFG, fulfilling its constitutional duty to promote access to culture for all (Brazil, 1988).

In this regard, a possible solution for the post-sanction scenario of the LFG to succeed is the support of the state and its relevant ministries for the proper implementation of the legal provisions, so that what was proposed by the legislator becomes effective and real. Thus, through specific legislation, issues such as the lack of public incentives and high taxation will be addressed.

All the research conducted within the time limitations should be used for future studies aimed at continuing the exploratory analysis of the topic. The article sought to analyze the context in which the LFG was born, making it possible to understand the need that led Bill No. 2,796 to become Law n. 14,852/2024. It aimed to contribute to the better utilization of the sector, which, until 2024, operated within the creative economy without having proper regulation. The LFG reflects the recognition of the digital gaming sector in the Brazilian market, and for it to fully benefit from the guarantees provided in the law, it is crucial that it is not neglected. This was just one step toward development after so many years of undervaluation, and it requires full state support to sustain its gradual growth.

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