CRA: Get $500 to Research Stocks

Description

Legislation introduced in last year's budget allowed the Canada Revenue Agency (CRA) to offer a tax credit for digital news subscriptions. The credit effectively supports Canadian news outlets and compensates readers who subscribe to high-quality sources of information.

Effectively, the CRA's newly introduced tax credit could lower your cost of researching and picking the best stocks to buy. Some of the best financial and business journalism in the country can now be accessed for a discount. Here's what you need to know.

CRA's digital news subscription tax credit

In an age where information is abundant, finding quality data that is both actionable and valuable is rare. Many mainstream news outlets overlook the needs of their readers. Meanwhile, solo entrepreneurs and researchers have their own independent newsletters that don't get much attention.

The CRA's digital tax credit is designed to support both new and old media outlets, so long as they meet certain quality standards. Once the news source is designated a qualified Canadian journalism organization (QCJO), taxpayers can claim up to $500 in annual subscription multiplied by the lowest personal income tax rate (15%).

Effectively, the CRA is offering a 15% discount on quality news subscriptions.

How to use this credit

The total savings, $45, don't amount to much. However, the credit could be used to offset the costs of stock research. Some of the best publications, such as *BNN Bloomberg*, *the Financial Post*, *Canadian Business*, and *the Globe and Mail* should qualify for this program (although I haven't checked the list).

Using a combination of these sources could be invaluable to your investment process. A single well-timed scoop or an insightful and analytical take on a stock could help add tremendous value to your portfolio over time. Meanwhile, the opportunity costs of missing out on the best investigative journalism could be immense.

Warren Buffett once said that reading and gathering data was a critical part of his process of picking investments. In fact, he claimed to read nearly 1,000 pages daily and spend 80% of his time reading.

Examples

Well-timed articles can make a massive difference. If you read my article on the damaging impact of the coronavirus in mid-February, you might have avoided a double-digit dip in the stock market a few weeks later.

In 2014, if you were a subscriber to the *Globe and Mail* you would have probably discovered **Shopify** before it was a public company. The publication labeled Shopify's Tobias Lutke "CEO of the Year" that year.

Similarly, news stories such as Prem Watsa's multi-billion-dollar bet on India and Sir Li Ka-shing's bet on telehealth startup **WELL Health Technologies** in 2016 and the **Thomson Reuters** merger in 2007 helped numerous investors make tremendous profits.

Bottom line

The CRA's digital news tax credit could be a pivotal element of your research process. Using the tax credit as a discount on major financial news publications can help you stay ahead of the game. This edge has the potential to translate into lucrative bets and a lifetime of wealth creation.

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