Hooray! You Can Get This New CRA $500 Digital News Tax Credit

Description

Canada has been extending support to various sectors affected by COVID-19. The latest to receive support are media outfits providing online news. Advertising revenues are dissipating due to the coronavirus outbreak. The only survival kit of these entities is the Canada Emergency Wage Subsidy (CEWS).

The federal government of Canada wants to help the country's news sector during the pandemic. Aside from establishing an advisory board to assist in administering journalism tax measures, the government introduced a non-refundable tax credit known as the digital news subscription tax credit (DSTC).

Slower growth

The Canadian communications industry is shaping online media in the country. Big media companies are migrating to online platforms for news and television content. However, Canada's online media is lagging compared with online media in the U.S. Except perhaps for younger consumers, not many Canadians will pay for online news or digital subscriptions.

There are three tax measures in Budget 2019 that aims to support Canadian journalism, which includes the DSTC. The Canada Revenue Agency (CRA) designates the Qualifying Canadian Journalism Organization (QCJO) status and administers the DSTC at the same time.

Claiming the DSTC

A journalism organization must be primarily engaged in producing original news content, not in the production of content, to be eligible as a QCJO. Similarly, the DSTC is not available to broadcasters. Only the CRA will publish the names of organizations whose digital news subscriptions are eligible for the credit.

A taxpayer with a subscription in an eligible QCJO can claim the financial incentive by way of the temporary, non-refundable 15% tax credit. The period of your paid news subscriptions must be after 2019 and before 2025.

In a taxation year, an individual can claim up to $500 in costs for a maximum tax credit of $75 annually. Again, claims are limited to a stand-alone digital subscription.

TSX 60 stock in the news

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is in the financial news lately because of the stock's exemplary performance amid the pandemic. It's not surprising since utility companies are proverbial defensive investments. Algonquin offers more than just a low-risk business model.

This $10.52 billion owner and operator of utility assets have been raising dividends for 10 years' straight. A twin advantage is in store for would-be investors. First, the 4.67% dividend is safe and recurring. Second, the annual growth estimate in the next five years is a respectable 5.65%.

Current investors with $130,000 worth of Algonquin shares are earning $505.92 monthly. In 20 years, the value of the investment will be worth $323,882.76. If you're saving for retirement or building a nest egg, this utility stock is your partner in wealth-building.

Common sense dictates than in times of economic meltdowns, investors must take a defensive position. Smart money should go to a company that has a perfect mix of regulated utility and renewable power. More so, Algonquin belongs to the elite TSX 60.

Lend valuable support

Canadian taxpayers can gain access to timely news updates while taking advantage of the new tax credit. It's also cheaper to pay for digital news subscriptions if you're following financial news. Also, you're showing appreciation for the journalistic content of your favourite QCJO.

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