



CRA \$500 Digital News Tax Credit: Brand-New 2020 Tax Refund!

Description

A year before the coronavirus outbreak, the government of Canada was already preparing to boost Canadian journalism. When COVID-19 hit, the situation in the news media industry [turned for the worse](#). Advertising revenues dropped significantly and became a predicament. Publishers think revenues will return at least one year after the pandemic.

Social media and international news outlets are also threatening the financial sustainability of Canadian media organizations. Effective 2020, Canadian [taxpayers](#) who are also digital news consumers can claim the brand-new digital news subscription tax credit (DNSTC).

An incentive for news consumers

The tax incentive was introduced by the Canadian Federal Budget in March 2019 but went into effect for the calendar year 2020. DNSTC is a temporary, non-refundable 15% tax credit on amounts paid by individuals for eligible digital news subscriptions.

If you want to claim a tax credit and stay informed simultaneously, subscribe to a qualified Canadian journalism organization (QCJO). The Canada Revenue Agency (CRA) will only consider news content in digital format as a qualifying subscription expense.

The amount is 15% (\$75) of subscription amounts, not exceeding \$500 in a year. You can claim the DNSTC on your personal income tax and benefit return from 2020 to 2024. Remember, the CRA will allow only standalone digital content.

If your news subscription has no standalone subscription, only 50% of the expense is eligible for tax credits. Likewise, only individuals who entered the agreement a QCJO can claim the DNSTC. If two (i.e., a spouse and partner) are entitled to claim the DNSTC, they can split the credit provided the total amount doesn't go over the allowable maximum subscription amount.

Resilient business

Thomson Reuters ([TSX:TRI](#))(NYSE:TRI) is becoming an attractive investment option with the digital economy growing. This \$53.7 billion company provides news and business information services to professionals. Its reach is far and wide, spanning North America, Europe, Africa, Asia, and the Middle East.

Thomson Reuters is displaying resiliency in the face of global uncertainty. The business did not suffer significant disruptions from the COVID-19 outbreak. In Q2 2020, revenue fell by only 1% to \$1.4 billion. Its Legal Professionals and Corporates division did better than the Tax & Accounting Professionals and Reuters News segments.

Although Thomson Reuters pays a modest 1.85% dividend, the payouts are rock solid and safe. The payout ratio is a low 47.28%. Its CFO, Mike Eastwood, expects the company to end 2020 with about \$1 billion to \$1.1 billion in free cash flow. Eastwood expects only the total sales of Reuters News to decline for the full year.

Near the edge

Canadian media organizations need all the help it could get from the government and the consuming public. According to Ed Greenspon, president and CEO of the Public Policy Forum, the industry lost two-thirds of revenue since the 2008 financial crisis.

COVID-19 is aggravating the situation and pushing the industry to the edge. The government hopes the DNSTC encourages people to support Canadian journalism. You can do your part in helping QCJOs weather the recession and stay in business.

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