



## Canada Revenue Agency: Claim This \$500 Tax Break Starting in 2021!

### Description

In 2020, the federal government rolled out a new tax credit that can save you money come tax time. Starting next year, you'll be able to claim it. In this article, I'll be exploring this tax credit in detail, including when and how you can get it.

### Digital News Tax Credit

The [Digital News Tax Credit](#) is a new refundable tax credit that was rolled out this year. It's worth \$500 and can save you up to \$75.

Technically, the tax credit applies in 2020, but you won't be able to claim it on a tax return until next year. Typically, the Canada Revenue Agency starts accepting tax returns for the previous year in February. So if you file your taxes at the earliest possible date in 2021, you'll be able to claim the Digital News Tax Credit for this year.

### Are you eligible?

If you're interested in saving a little money on your taxes, the Digital News Tax Credit could go along way. That is, assuming you're eligible for it. To get the digital news tax credit, you need to have paid money for subscription media in 2020. That includes online newspaper subscriptions and other paid media services. The media outlet you subscribed to also has to be approved. The main criteria is that the news outlet be Canadian. If it's any mainstream Canadian newspaper, it's likely approved.

### How much tax you can save

The Digital News Tax Credit can [save you up to \\$75](#) come tax time — that is, 15% of \$500—the maximum for the total amount of subscriptions you can claim. Note that the \$75 in this case is a ceiling. If you spent less than \$500 on approved subscriptions this year, your tax savings will be less than that.

## Implications for investors

The Digital News Tax Credit has several implications for investors.

The first and most obvious is getting tax savings for your research. If you're a responsible investor, you probably research your stocks and ETFs extensively. Some of the best news comes from 'prestige' newspapers like *The Globe Report on Business*, which are usually pay walled. By subscribing to such publications, you increase your investing knowledge. Now, thanks to the Digital News Tax Credit, you can save taxes by educating yourself.

The other big implication of this is a potential boost to stocks that do business in media. The past decade hasn't been kind to media stocks, but maybe tax incentives could change that. If you look at a company like **Thomson Reuters** ([TSX:TRI](#))(NYSE:TRI), you'll see that it earns a lot of its revenue from media activities. That includes several paid research services as well as licensed news content.

If publications that license content from Reuters do well, then that may have a positive effect on Reuters' stock. The Digital News Tax Credit could help that happen. Most likely, the effect would be pretty minimal, since this tax credit only applies in Canada. But similar measures are being considered in other countries, so there's reason to hope.

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1. Dividend Stocks
2. Investing

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