CRA: A Brand New $500 Tax Break You Can Claim in 2020!

Description

It’s not very often that the Canada Revenue Agency (CRA) rolls out a new tax credit for Canadian residents. Even though the current tax system in Canada offers multiple deductions and tax credits that can be leveraged to lower your overall tax liability, the Canada Revenue Agency introduces new tax breaks every now and then.

In 2019, the federal government introduced a new tax credit for Canadian taxpayers. This novel tax break was aimed to provide a financial incentive for residents to consume online Canadian media.

So, if you have a paid news subscription, the tax credit would save you money when you file your taxes.

What’s the digital news tax credit?

According to the Canada Revenue Agency, the digital news subscription tax credit (DSTC) is a non-refundable tax credit for amounts paid by residents to a QCJO (qualified Canadian journalism organization).

A qualifying subscription expense is an amount paid by a subscriber in a year for a digital news subscription with a QCJO. In order to qualify for this credit, a digital news subscription should enable an individual to access content in digital form.

This tax credit was launched in 2019 and can be used from 2020 until 2025. The DSTC can be applied up to $500 worth of subscription fees and the maximum tax savings from this credit is $75 (15% of $500).

However, this tax credit was introduced to help investors gain access to information that can benefit them financially. The DSTC makes it cheaper to access information and help you make better decisions.

For example, when it comes to investing, there is a ton of information you need to digest including economic trends, company earnings as well as industry-specific developments. So, if you are looking to enter the investing world, you can subscribe to a well-known digital financial platform.

Invest in this Canadian ETF for long-term gains

If you don't have the time or expertise to pick individual stocks and are yet to subscribe to a financial newsletter, you can simplify your investing process by looking at exchange-traded funds (ETFs).

ETFs carry a basket of stocks that diversifies your risk significantly as it provides you exposure to multiple sectors. Further, an ETF such as the **iShares Core S&P 500 Index ETF** (TSX:XSP) gives you access to some of the best blue-chip companies in the world. The XSP replicates the S&P 500 Index which is one of the most popular indexes in the world.

The U.S. is home to several tech giants such as **Apple**, **Amazon**, **Facebook**, **Microsoft,** and **Alphabet** and the XSP ETF should account for a significant portion of your investments. For example, if you have $50,000 to invest, you can set aside $40,000 in XSP and benefit from long-term capital gains.

The XSP has returned close to 190% in the last decade, which means a $40,000 investment in the fund would have ballooned to $115,000 today. The ETF is hedged and also protects investors from currency fluctuations.

It has a portfolio of robust growth companies that will easily outpace inflation and help you create significant wealth over time.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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Date
2025/09/28

Date Created
2020/11/25
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