Canada Revenue Agency: 1 Neat New Tax Break You Missed in 2020

Description

The return to lockdowns and the most extensive vaccination campaign in the country's history are the top headline news in Canada. With people staying home for most of the Christmas season, access to online information is a must. If you have subscriptions or need to subscribe, there's a tax break you can claim in the 2021 tax season.

The help of the federal government during the pandemic extends to local digital news media organizations. COVID-19 ravaged the sector and is suffering financially due to the significant drop in advertising revenues. International news providers also pose a threat to survival.

Thus, the government saw the need to support the sector via a new temporary, non-refundable 15% tax credit. Canadian taxpayers can help local new providers sustain or keep their businesses afloat. If you're a qualifying subscriber of eligible digital news, you can claim the $500 Digital News Subscription Tax Credit (DNSTC).

Sounding the call for help

The Canadian Radio-Television and Telecommunication Commission (CRTC) promotes the 'discoverability' of national content, news and entertainment, on digital platforms. Digital news media organizations badly need your support.

Subscription expenses you incurred after 2019 and will incur in the succeeding years before 2025 will qualify. Make sure your online news subscription is with a digital news media outlet carrying a Qualified Canadian Journalism Organization (QCJO) status.

Newest tax break

DNSTC is the newest tax-break offering of the Canada Revenue Agency (CRA). While there are several tax breaks available, DNSTC is rare and for a noble cause. This non-refundable tax credit is more of an incentive for taxpayers to support Canadian news media. Visit the CRA's webpages to get the list of digital news media organizations with QCJO status.

The CRA multiplies the lowest personal income tax rate (15%) by your total qualifying subscription expenses in a taxation year. The amount is up to $500 a year. Thus, your maximum tax credit is $75 annually. Non-digital content is not a qualifying expense as the CRA only allows taxpayers to claim the costs for stand-alone digital subscriptions.

More financial buffer

Canadians can earn more than the DNSTC amount by using the new $6,000 Tax-Free Savings Account (TFSA) in January 2021. **TC Energy** (TSX:TRP)(NYSE:TRP), the operator of a natural gas pipeline network and premier liquids pipeline system in North America, is a dividend king.

The energy stock pays a hefty 6.11% dividend. Your $6,000 can produce $366.60 in tax-free income if invested within the TFSA. The gain could be higher if your available contribution room (a carryover from previous years) is over the 2021 contribution limit.

TC Energy's business is enduring. The $49.48 billion energy infrastructure company owns a portfolio of diversified assets, storage facilities, and power generation plants. Its natural gas pipeline network stretch 57,500 miles, while the crude oil pipelines are 3,000 miles long.

The company has been in operation for more than 65 years. Its assets are worth nearly $100 billion and should be operating for decades to come. If you desire lasting income, make this prodigious dividend payer your core TFSA holding in 2021.

Valuable help

Don't miss claiming the DNSTC if you're a subscriber of digital news with a QCJO. The tax break is temporary and available until 2025 only. Your $500 qualifying subscription for the period is a valuable help to Canadian news providers.

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