CRA: Get Your $75 Digital News Subscription Tax Credit Before December 31

Description

It's time to say goodbye to this historic year that changed the lives of many. Thinking about taxes in the holiday season is quite tiring. But if you don't work on this benefit before December 31, you might miss out on a $75 tax credit. That $75 amount might look small, but it can give you a lot more indirect value.

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What is the digital news subscription tax credit?

The Canadian government introduced digital news subscription tax credit in Budget 2019 to promote digital journalism. Hence, it is only applicable for four years from 2020 to 2024. Under this new rule, both the news agency and the subscriber get tax benefits.

Canada's digital news publishers register with the Canada Revenue Agency (CRA) to qualify for the credit. A qualified Canadian journalism organization (QCJO) is the one that publishes originally written news in digital format and doesn't have a broadcasting licence. Once they get qualified, anyone who buys their qualifying subscriptions can get a 15% tax credit on up to $500 worth of digital subscriptions. As a subscriber, this non-refundable tax credit can reduce your 2020 tax bill by $75 (15% of $500).

To know whether your news agency is a QCJO or not, look at the receipt of your subscription. The CRA requires all QCJO's to provide their subscribers with a receipt that contains the QCJO designation number. You still have two days before the 2020 tax year ends. You can subscribe to some digital publications and get the benefit of this new tax credit. And keep your receipts in case the CRA asks for documentary proof.

How can you monetize the $75 digital news subscription tax credit?

As I said before, a $75 amount looks small, but if you put it to the right use, it can give you handsome returns. Use the CRA's tax credit to subscribe to some personal finance and business subscriptions. Make it your 2021 resolution to read these subscriptions regularly. Some weekend reads can be detailed insight into how to invest in stocks or the fundamentals of a stock. Some daily reads can be news updates, as the stock market is sensitive to news.

For the first few months, read and learn about stock market investing. Then use the $75 digital news tax credit and other tax credits you claimed by reading these subscriptions to invest in the stocks that meet your risk profile and financial goals.

Investing in stock markets

Before investing in the stock market, ensure you have a Tax-Free Savings Account (TFSA). The CRA does not give you any tax benefit on the contributions you make, but it relieves you of any tax burden on the income you earn from investments. The stock market has something for everyone. There are high-growth stocks like **Lightspeed POS** that can convert $1,000 to $7,200 in less than a year. There are also some high-risk stocks like **Air Canada** that can reduce your investments.

The trick is to diversify your TFSA portfolio where losses in one stock are more than offset by gains in another. You can start by investing in **iShares S&P/TSX Capped Information Technology Index ETF** (TSX:XIT). This ETF buys the top 19 Canadian tech stocks and holds them. The weightage of every stock depends on what is the market value of that stock. You can buy the ETF for less than $50 and get exposure to stock price fluctuations.

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For instance, the XIT ETF has 51% of its holdings in **Shopify** and **Constellation Software**. It is because both these stocks have surged 190% and 32%, respectively, this year, while the ETF rose 50%. The ETF will give you the benefit of upside while mitigating the risk of downside.

Start your new year with informed investing.

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