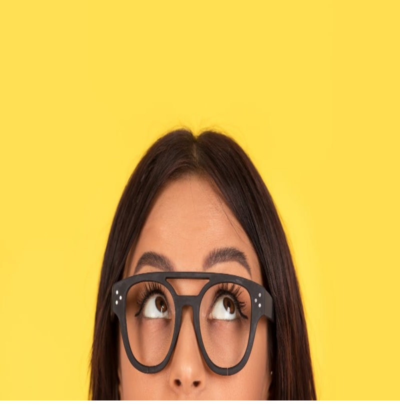

CRA 2021 Update: Don’t Forget to Claim the $500 Digital News Tax Credit!

Description

Before the disorder that is COVID-19 occurred, Canada’s media industry was already in trouble. A large group of media outlets wrote Prime Minister Justin Trudeau in February 2020 to plea for long-demanded tax and regulatory changes. The letter sought to draw attention to grave concerns on the future of the country’s once-vibrant media ecosystem.

Apart from copyright protection and the need to beef up competition regulations, the group wants modifications to tax rules for digital companies. Such moves are necessary due to the changing digital landscape that continue to disrupt its business models.

If you’ve been subscribing to digital news subscription in 2020, don’t forget to claim the new Digital News Subscription Tax Credit (DNSTC) in the coming tax season. You could receive a $75 tax break from a $500 qualifying subscription expense.

Industry problems

As early as March 2019, eMarketer forecast adults in Canada would spend more daily time with digital content than traditional media in the coming years. Also, the coronavirus pandemic exacerbated the industry’s problems, particularly the dwindling advertising revenues in newspapers.

According to the Canadian News Media Association, newspapers and media organizations had a lifeline in the Canada Emergency Wage Subsidy (CEWS) program, at least for 2020. With the Canada Revenue Agency’s (CRA) DNSTC, Canadians can extend support by subscribing to a Qualified Canadian Journalism Organization (QCJO).

Individual taxpayers can now get a 15% tax credit up to $75 per year between 2020 and 2024 for subscribing to Canadian written digital news. The CRA’s new tax break went into effect in 2020. Your advantage as a subscriber is tax savings while keeping informed all year long.

Top pick in 2021

The pandemic was the top story in 2020, not only in Canada but the world over. COVID-19 affected the 11 primary sectors in the stock, that five of them ended the year in negative territory. The energy sector was the worst hit that it lost 37.65%. Industrial stocks collectively overcame the health crisis and capped the year with a 14.99% gain.

While the country's dominant airline, **Air Canada**, lost big time (53%), **Cargojet** (TSX:CJT) rewarded investors with a 109% gain. Had you invested $50,000 on December 31, 2019, your money would be worth $104,682.78 on year-end 2020. The stock also pays a modest 0.43% dividend.

With passenger travel has been virtually non-existent since March 2020, air cargo services have boomed. Cargojet played a vital role in ensuring minimal disruption in North America's supply chain. Besides transporting medicines and other essential goods, the $3.35 billion company is also benefitting from the elevated levels of e-commerce.

Cargojet operated at full capacity during the pandemic and reported back-to-back strong quarters (Q2 and Q3 2020). This industrial stock is a top pick of analysts in 2021. The price target is $325 in the next 12 months, or a 51% jump from its current level.

Financial incentive

The DNSTC is available until 2024. Make sure your subscription is with a QCJO. It means your chosen digital news outlet must be Canadian and produce original reports or news. Note that the CRA will only accept expenses for written digital news content, not physical content. By taking advantage of the financial incentive, you're helping a QCJO stay afloat during these challenging times.

CATEGORY

1. Investing

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1. TSX:CJT (Cargojet Inc.)

PARTNER-FEEDS

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Date
2025/08/24
Date Created
2021/01/04
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