Canada Revenue Agency: 1 Little-Known Tax Break You Can Claim in 2021

Description

In February 2020, news companies in Canada wrote a letter to Canadian Prime Minister Justin Trudeau to plea for long-demanded tax and regulatory changes. The group believes the future of the country's vibrant media ecosystem hangs in the balance. However, COVID-19 overtook events, and priorities drastically changed in March.

Fortunately, the support for Canadian digital news media organizations came. The Canada Revenue Agency (CRA) offered an incentive to taxpayers. The little-known tax-break is known as the Digital News Subscription Tax Credit (DNSTC). If you've been paying for an eligible digital news subscription, you can claim this temporary, non-refundable 15% tax credit.

Dire financial straits

Canadian digital news media organizations need support to sustain their business model and keep it financially viable. The help will come from individual taxpayers through the introduction of the DNSTC. You can now claim up to $500 in costs paid towards digital subscriptions, provided they are from a qualified Canadian journalism organization (QCJO).

DNSC is temporary and available in respect of eligible amounts you paid for the years 2020 to 2024. Assuming you spent $500 as a subscription to a QCJO, the maximum tax credit is $75. The CRA clarifies that if the subscription is with a media outlet without QCJO status, such expenses will not qualify.

Support QCJOs

The QCJO must be primarily engaged in producing originally written news in digital form and does not carry a broadcasting undertaking or license. Only expenses for stand-alone digital news qualify as an eligible subscription. If your subscription is a combination of digital and newsprint (non-digital) formats, the CRA limits the claim to the stand-alone subscription.

More than one individual (spouses, partners, and roommates, etc.) can claim a qualifying subscription expense for a year. The parties claiming the DNSTC will split the total amount as long as it doesn't exceed the maximum allowable digital new subscription expense.

Superior investment returns

Canadians looking for superior investment returns can invest in a fast-growing online grocery and meat delivery kit company. **Goodfood Market** (TSX:FOOD) is among the exciting investment options on the **TSX** in 2021. As of January 11, 2021, the share price is $13.15, which is 310% higher than a year ago.

Had you invested $20,000 then, your money would be worth $81,931.46 or a staggering windfall of over $60,000. The business of this $882.05 million company picked up during the COVID-induced lockdown.

Goodfood's top line in fiscal 2020 (year ended August 31, 2020) grew by 85% on account of the ever-increasing customer base and higher-order rates. The company's losses are decreasing at a quicker pace due to higher sales volume, increasing gross margins, and depleting SG&A expenses.

The shift to online shopping is the catalyst and primary growth driver. In Q1 fiscal 2021, Goodfood reported 26,000 new active subscribers, an exponential addition to its existing client base. Management's near-term goal is to increase production capacity. The company anticipates the growing demand to further accelerate in the near term.

A major shift to digital news

Digital news media has the potential for future growth, given the major shift to online publications to gain access to news. Even advertisers are moving away from newspapers. With the DNSTC, expect consumers to digital news to increase.

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