Canada Revenue Agency: Don't Forget To Claim the New $500 Digital News Tax Credit!

Description

'The Canada Revenue Agency (CRA) encourages taxpayers to get ready and prepare their 2020 taxes as another tax season is around the corner. If you had digital news subscriptions last year, you're in luck. The new Digital News Subscription Tax Credit (DNSTC) is yours to claim.

Digital news subscriptions of up to $500 with a qualified Canadian journalism organization (QCJO) entitles a taxpayer to a $75 (15% of $500) non-refundable tax credit. While the amount may not be substantial, it's a valuable support to struggling local media outlets.

A QCJO is a publisher of original content but in digital format. It also doesn't have a broadcasting license. Only stand-alone digital news subscriptions qualify as an eligible expense. If your subscription is a combination of digital and non-digital formats, the tax agency will only pick up the digital content.

To confirm whether your subscription is with a news agency carrying a QCJO status, check the official receipt. It contains the QCJO's designated number from the CRA. Don't forget to ask for the receipt, as the CRA requires all QCJOs to issue them. Safely keep the receipts for reference or proof of subscription.

Temporary non-refundable tax credit

DNSTC is temporary and available to claim in 2021 and before 2025. Hence, individual taxpayers who will spend on digital news subscriptions for the tax years 2020 to 2024 can potentially claim a total of $375 in non-refundable tax credit for the entire existence of the DNSTC.

One outstanding feature is that you can share the DNSTC with a spouse, partner or colleague. You can split the non-refundable tax credit provided the total amount doesn't exceed the maximum amount ($500 in a year) of eligible subscription expense.

This latest CRA offering is noble in purpose. DNSTC is a financial incentive for taxpayers to lend full support to Canadian media organizations. Your subscription will keep the business of a QCJO afloat in these challenging times.

Recover the subscription expense

Canadian taxpayers can recover or offset the digital news subscription expense with investment income. If you have free cash of $7,025, invest the money in **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), a known dividend king. The energy stock pays a fantastic 7.13% dividend. Total earning should be $500.88, but you would have an income stream of $41.74 per month since the payouts are monthly.

Most energy companies prefer to hold their 2021 guidance due to the prevailing industry headwinds. Pembina Pipeline is an exception. Management's immediate move is to suspend the execution of its joint-venture petrochemical facility project for cost consideration.

Pembina expects an adjusted EBITDA of between $3.2 and $3.4 billion in 2021 and pegs its capital investment program at $785 million. The incremental discretionary cash the company will generate can go towards reducing debt or repurchase of common shares. The share price of $35.33 is a good entry point.

Save the media industry

Canada's media industry is under threat as the landscape changes. By introducing the DNSTC, the CRA is providing a way to save media organizations from sinking fast. Pick a QCJO to support now if you haven't applied for a digital news subscription.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks

2. Investing

Date
2025/08/29
Date Created
2021/01/25
Author
cliew