1 Little-Known CRA Tax Break You Can Try in 2021

Description

News companies have been facing declining revenues over the last several years, and in February 2020, they wrote a letter to Prime Minister Trudeau to make their case for tax and regulatory changes, so they can make the industry more sustainable. The group believes that the future of Canada's media ecosystem is at risk.

The global landscape changed drastically in less than a month as COVID-19 spread worldwide and the government's priorities took a sharp turn.

Fortunately, the support *did* arrive for Canadian digital news media organizations through the Digital News Subscription Tax Credit (DNSTC). The Canada Revenue Agency (CRA) offered an incentive to taxpayers through this little-known tax break. If you are a Canadian taxpayer who pays for an eligible digital new subscription, you can claim this non-refundable and temporary 15% tax credit.

Challenging financial circumstances

Digital news media organizations needed support to sustain their business model and keep the revenues flowing. CRA's temporary DNSTC tax credit can incentivize individual taxpayers to provide the much-needed support to the digital news organizations. The DNSTC can let you claim up to $500 in expenses for subscriptions to digital subscriptions, provided that they are a qualified Canadian journalism organization (QCJO).

The DNSTC is a temporary tax credit and available in respect of eligible amounts you paid for news subscriptions between 2020 and 2024. Assuming that you spent $500 to subscribe to a few QCJOs, the maximum tax credit you can get is $75. If your subscription is not with a QCJO, you might not qualify for the tax credit.

The QCJO must primarily be producing originally written news in digital form and not carrybroadcasting undertaking or license. Additionally, only expenses for stand-alone digital news canqualify as a subscription for the tax credit. If your subscription is a combination of digital and non-digitalformats, the CRA will limit the claim to only stand-alone subscriptions.

Substantial return on investment

Are you looking for a significant return on your investments? While the $75 tax credit might not be much, combining it with other tax savings and using it as investment capital can help you maximize its value. A stock like **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP) could be an excellent investment for this purpose.

The renewable energy industry is constantly growing and Brookfield is already a global leader in the sector. It has an international portfolio of diversified renewable energy assets that can produce 19,400 MW of power. The company has been working to bring renewable energy into mainstream use since 1999, and the company's time to shine might be soon upon us.

Governments are continuing to focus on green energy initiatives and trying to phase out our reliance on fossil fuels. Brookfield has been at the forefront of the industry and has done far better than expected in the last decade. The company has gained 24% on an annual basis since 2011 while having a target of 12-15%.

With renewable energies gaining increasing societal and political attention, you can count on Brookfield to continue performing well in the coming years.

Foolish takeaway

Digital news media has the potential for future growth as the world becomes increasingly digital. The industry's current struggles with finances might be keeping it from reaching its full potential. But initiatives like DNSTC could help digital media news outlets achieve a more financially viable future.

Using the tax savings to invest in a long-term high-growth stock like Brookfield could maximize your incentive for providing QCJOs with the support they need in the short term.

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