Canada Revenue Agency: Don’t Miss This 1 Tax Write-Off This Year

Description

The Canada Revenue Agency (CRA) introduced a new tax credit available up to the 2024 income year only. Taxpayers with subscriptions to Canadian digital news media after 2019 and before 2025 could claim up to $500 in costs.

The Digital News Subscription Tax Credit (DNSTC) is a temporary, non-refundable 15% tax credit on amounts paid by individuals for eligible digital news subscriptions. The maximum tax credit per year is $75, or a total of $375 in five years. If you were a digital news subscriber in 2020, don’t miss this tax write-off when you file your tax return in 2021.

DNSTC mechanics

The CRA explains that eligible digital subscriptions are taxpayers’ arrangements with a qualified Canadian journalism organization (QCJO) to gain access to news content in a digital form. Likewise, the QCJO partner primarily engages in producing original written content. Note that non-digital content or broadcasting organizations are not eligible for this credit.

Furthermore, claimants must make sure the media outfit or organization has an existing QCJO status at the time of payments. Ask for the official receipt, because it contains the QCJO designation number. The CRA requires all QCJOs to issue receipts for verification by subscribers.

If the subscription is a combination of digital and newsprint (non-digital format), you can only claim the digital costs. Taxpayers within a household (spouses, roommates) can split the tax credit between them, provided the long total claim is no more than what the CRA allows for one person.

As mentioned, you can claim up to $500 in costs incurred for a subscription to a QCJO. The non-refundable credit is $500 multiplied by the lowest personal income tax rate (15%) or a maximum of $75 per year. If you’re claiming DNSTC for 2020, apply the claim directly to Line 31350 of your income tax return.

A big boost to an underperforming stock

A struggling energy stock soared 29% on February 11, 2021, on news of a hostile takeover. **Brookfield Infrastructure** launched a $5.7 billion bid for **Inter Pipeline** (TSX:IPL). The former is a budding oil and gas empire, while the latter could be one of the buyer's key assets.

Inter Pipeline, however, said on February 12, 2021, that it has yet to receive a formal offer from Brookfield Infrastructure. In 2020, the energy stock underperformed and lost 44%. The price sunk to as long as $5.53 on March 18, 2020, but it is now trading higher at $17.43. Still, the current price is 14% lower than it was a year ago.

The oil sands pipelines of this $7.48 billion traverses from northeastern Alberta to the Edmonton area. It's also the starting point for the Trans Mountain pipeline and expansion project of the federal government. Brookfield already owns almost 20% of Inter Pipeline. It would help the a great deal in pursuing its near-term goals with a solid partner. This new development could boost this dividend stock that yields 2.75%.

Financial incentive

The rationale behind the financial incentive for taxpayers is to support Canadian digital news media organizations. In the fiscal years from 2020 through 2024, digital news subscriptions will help QCJOs achieve a more financially sustainable business model. DNSTC is not an immense amount but a valuable tax write-off for a noble cause.

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