CRA $375 Digital News Tax Credit: Can You Still Receive It?

Description

The Canada Revenue Agency (CRA) has introduced a new tax credit that is valid up to the 2024 income year. Taxpayers who have subscriptions to Canadian digital news media since 2019 and before 2025 can save up to $375 for the five income years.

The Digital News Subscription Tax Credit (DNSTC) is a temporary and non-refundable 15% tax credit. DNSTC applies to amounts paid by taxpayers for eligible digital news subscriptions. The maximum tax credit you can claim per year is for a $500 amount, saving up to $75. That amounts to a total of $375 in five years.

If you have been a digital news subscriber since 2019, do not miss out on this tax write-off as you prepare to file your tax return in 2021.

How the Digital News Tax Credit works

The CRA considers eligible digital subscriptions as arrangements by taxpayers with a qualified Canadian journalism organization (QCJO) that lets them access news content digitally. Similarly, a QCJO primarily produces original written content. Any non-digital content or broadcasting organizations do not qualify for this tax credit.

Any claimants must ensure that the media outfit has an existing QCJO status at the time they made their payments. Ask for an official receipt from the news outlet because it contains the QCJO designation number. The CRA requires all QCJOs to issue receipts that can verify subscribers when they claim the tax credit.

If the subscription is a combination of newsprint and digital format, you can only claim the costs for the digital news. Taxpayers within a household can split the tax credit between them, provided that the long total claim is not more than what the CRA allows for an individual.

You can claim DNSTC by applying the claim directly to Line 31350 of your income tax return.

The financial incentive

The idea behind the DNSTC is to give taxpayers a little financial incentive to support Canadian digital news media organizations. Between fiscal years 2020 and 2024, digital news subscriptions will help QCJOs achieve a semblance of financial stability in their business models. While the total tax savings might not be immense for you, there is a way for you to maximize the value of your tax savings through DNSTC.

A high-growth stock to consider

Investing even a meager amount in a high-growth stock like **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD) and letting it grow over the years can turn that $375 into a much larger sum in the long run. Lightspeed is an ideal high-growth investment to consider due to its immense success since going public in 2019.

The recent market pullback for the tech sector means that Lightspeed is down to a more affordable level. The company offers omnichannel commerce-enabling platforms to businesses. The company's growth has been remarkable despite the economic fallout from the pandemic. In the coming years, the market for cloud-based products is likely to expand further.

Lightspeed's recent acquisitions have also expanded its geographic reach, increasing its potential for revenue growth in the coming years. Its current weakness could be an opportunity for you to buy the high-growth stock on the dip before it begins climbing again.

Foolish takeaway

Claiming the DNSTC is more about playing your part in helping the Canadian digital news industry than saving substantial amounts on your tax returns. But you can use the small savings through the DNSTC for substantial long-term gains, provided you invest the money in the right high-growth stocks. Lightspeed could be an ideal investment for that purpose.

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