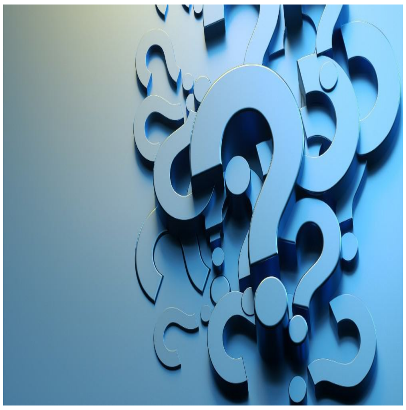

CRA $500 Digital News Tax Credit: Did You Claim it Yet?

Description

In an increasingly digital world, people find themselves spending a lot more time using digital media than they used to a few years ago. It comes as no surprise that traditional media consumption is declining.

With millions of Canadians staying at home due to lockdowns, people are engaging more with digital communication channels. People are more likely to visit news websites and government sites to gather the information they need. Others might need to use the internet to remain connected with others virtually, since they cannot meet in person.

There is also an increasing interest in investment and finance. However, the digital news media industry is in decline. The sector is in dire need of support to keep business models afloat. The government has found a way to encourage Canadian taxpayers to subscribe to Qualified Canadian Journalism Organizations (QCJOs) and provide that support.

New and improved DNSTC

Canadian media organizations required immediate support, and the Canada Revenue Agency (CRA) introduced a financial incentive to taxpayers to offer a solution. The Digital News Subscription Tax Credit (DNSTC) is among the latest tax breaks offered by the CRA.

The DNSTC is a temporary and non-refundable tax credit that Canadians can claim on their personal income tax for the 2020 to 2024 income years. The total cost of the digital news subscriptions should not go over $500. You can get a 15% tax credit, amounting to $75.

Availing all the tax credit within the prescribed period could go as high as $375.

Subscription expense that qualifies

Taxpayers can claim this tax credit if the digital news subscription expense they paid in the year is with a QCJO. Make sure you subscribe to a digital news subscription that produces original written news content to leverage this tax credit and that it does not have a broadcasting licence. You should remember that access to content in non-digital form or from a subscription outside of QCJO does not qualify for the tax credit.

Another way to boost household income

As a Canadian taxpayer, you can use several tax credits introduced by the CRA to save costs and boost your household income. Another method to achieve this and boost your income further is by investing in a portfolio of income-generating assets in your Tax-Free Savings Account (TFSA).

Fortis (TSX:FTS)(NYSE:FTS) is an excellent asset to begin building such a portfolio. The stock has raised its dividends for almost 50 years and expects to increase it at a CAGR of 6% in the next five years. The company's ability to pay solid and reliable dividends stems from its rate-regulated and diversified utility assets that generate robust cash flows.

Fortis is investing in growing its rate base — a move that could allow it to finance increasing dividends for years to come comfortably. The company could also pursue acquisition opportunities, further diversification, and business reinvestments to boost its future growth. Trading for $54.70 per share at writing, it sports a decent 3.69% dividend yield that you can lock in inside your TFSA.

Foolish takeaway

Canadian investors have plenty of opportunities when it comes to saving on their tax bills. The DNSTC might not let you save a lot, but subscribing to QCJOs could help you play a major role in supporting the digital news industry in Canada and keep the flow of useful information on the internet going.

Investing in a portfolio of dividend stocks in your TFSA can help you further boost your household income, and Fortis could be an excellent stock to begin building such a portfolio.

CATEGORY

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