The tax system to the rescue of print media

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Canadian newspapers' loss of advertising revenues to the hands of internet giants over the past several years has jeopardized the very existence of many such newspapers. In 2018, our governments announced several advantageous tax measures in order to ensure the survival of independent print media.

In 2019, two favourable tax statuses were added to the *Income Tax Act*[1] (Canada) (the "**ITA**")—that of qualified Canadian journalism organization ("**QCJO**") and registered journalism organization ("**RJO**").

The statuses of QCJO and RJO offer the following advantages under the ITA:

1. A 25% refundable labour tax credit for salaries or wages payable in respect of an eligible newsroom employee, effective January 1, 2019;
2. A 15% non-refundable personal income tax credit to allow individuals to claim digital news subscription costs paid to a qualifying organization after 2019 and before 2025
3. The addition of RJOs as qualified donees. The qualified donee status allows an entity to issue donation receipts, and thus allows any person donating money or property to an RJO to benefit from a tax credit or deduction in the calculation of their taxable income. In addition, the status of RJO allows an entity to receive donations from other entities with a favourable tax status, such as a registered charity;[2]
4. An exemption from income tax levied under the ITA.

An entity must meet several conditions to obtain the statuses of QCJO and RJO, and the application process can take several months. Obviously, having these statuses involves other federal and provincial tax consequences that must be assessed on a case-by-case basis before making such a request to the tax authorities.

Our taxation team is experienced in this area of law and can help you to obtain the statuses of QCJO and RJO and assess the tax consequences involved.

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1. Subsections 149.1(1) and 248(1) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th suppl.);
2. Subsection 248(1), ITA “registered charity”.