

A woman with braided hair, wearing a white shirt and a purple necklace, is reading a newspaper. She is holding a red and white patterned mug. The background is a kitchen setting with a stove and shelves.

Independent Advisory Board on Eligibility for Journalism Tax Measures

Annual Report 2020-2021

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Abbreviations and acronyms used in the report

For ease of reference, the following abbreviations and acronyms are used in this report:

Act	Income Tax Act
Board	Independent Advisory Board on Eligibility for Journalism Tax Measures
Board members	Members of the Board appointed by way of Order in Council
Chair	Chair of the Board
CRA	Canada Revenue Agency
Guidance	Guidance on income tax measures to support journalism
Minister	Minister of National Revenue
OIC	Order in Council of March 2020, establishing the Board
ONC	Original news content
QCJO	Qualified Canadian journalism organization
RJO	Registered journalism organization
Vice-Chair	Vice-Chair of the Board

Word from the Chair

The Board began its work in the early days of the COVID-19 pandemic. The first year of our mandate was completed remotely, including training sessions with the CRA, weekly meetings, reviewing cases and documentation and drafting recommendations. While it was challenging to learn a new job and build a team virtually during a pandemic, it has been a stimulating and rewarding experience for all of us.



The Board's role is to offer an independent expert assessment on organizations applying for designation as a QCJO, regarding the production of "original news content", the regular employment of at least two journalists, and the production of content that is not significantly related to an organization or group. All of our assessments are framed strictly within the wording of the Act ⁽¹⁾, with clarification from the Guidance ⁽²⁾.

A growing number of experts, including in the United States and other democracies strongly committed to press freedom, are embracing the idea that governments can play a role in sustaining news production while preserving editorial independence and capacity for innovation, as the media industry continues its digital transition ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾. The tax measures to support Canadian journalism are a pioneering initiative in this area.

The Board has observed firsthand that it is very difficult for smaller organizations, with fewer staff, less advertising, smaller papers, to continue providing local news coverage. The Board sometimes reviewed submissions from publications that no longer exist due to declining advertising revenue and the economics of an increasingly fragmented market — a trend that has accelerated during the pandemic. It is clear that Canada's media landscape is shrinking at a shocking rate. Communities throughout Canada are affected by this. A number of local newsrooms closed permanently in the spring of 2020 and many more "temporary" closures and layoffs remain undetermined ⁽⁶⁾.

Still, the Board was impressed by the ability of many news organizations to keep reporting and telling stories, not only about the pandemic and its impact on our lives, but also other topics and issues that matter to Canadians and communities.

Colette Brin

Introduction

In the last several years, statistics have shown, and the news media itself has consistently reported, that the journalism industry is in crisis.

While multiple factors can be identified for this crisis, including the evolution of technology and the decrease in advertising revenue, the “solution” has been debated at length.

One thing that can be generally agreed upon, as highlighted in the 2019 federal budget⁽⁷⁾, is that “Now more than ever, a strong and independent news media is crucial to supporting an informed public and a well-functioning democracy.”⁽⁸⁾ The income tax measures to support journalism were intended to do that.

This inaugural annual report offers an overview of the operations of the Board, whose mandate is to provide independent advice to the Minister on the tax measures to support journalism. This report comprises the period from March 24, 2020, to March 31, 2021. Subsequent reports will cover fiscal year operations.

Tax measures to support journalism

The 2019 federal budget announced three income tax measures to support journalism:

- **Canadian journalism labour tax credit** — a 25% refundable labour tax credit for salary or wages payable in respect of an eligible newsroom employee on or after January 1, 2019
- **Digital news subscription tax credit** — 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
- **Registered journalism organization** — a new type of qualified donee for not-for-profit journalism organizations, beginning on January 1, 2020

To be eligible for these measures, an organization must first be designated as a QCJO. While designation as a QCJO does not automatically entitle organizations to specific tax measures, it is the necessary first step in determining if any of the three income tax measures could apply.

The legislation contemplated that an independent board would offer non-binding expert recommendations in respect of certain aspects of the QCJO designation. The Journalism and Written Media Independent Panel of Experts agreed with the principle set out in the

legislation that the Minister was to rely on the recommendation of an advisory board and formally recommend the establishment of such a Board ⁽⁹⁾ ⁽¹⁰⁾ ⁽¹¹⁾.

Timeline of implementation

March 2019	The 2019 federal budget announces three income tax measures to provide support to Canadian journalism organizations producing original news content.
May 2019	Establishment of the Journalism and Written Media Independent Panel of Experts to provide recommendations and guidance to the Ministers of Canadian Heritage and Finance on the implementation of the measures.
June 2019	Bill C-97 receives Royal Assent and the income tax measures to provide support to Canadian journalism organizations are enacted.
July 2019	Journalism and Written Media Independent Panel of Experts submits its report to the Ministers of Canadian Heritage and Finance.
December 2019	The Minister of National Revenue announces that an independent advisory board will be established to make recommendations on whether an organization meets certain criteria for QCJO designation.
December 2019	The CRA publishes guidance and an application form in connection with the QCJO designation program.
March 2020	Establishment of the Independent Advisory Board on Eligibility for Journalism Tax Measures through Order in Council.
April 2020	Release of draft legislative proposals to make adjustments to the journalism tax measures to ensure they achieve their objectives.

Board Members

Board members were selected with consideration given to the linguistic, regional, and ethnic diversity of the country.

While their experience varies from community weeklies to big-city dailies, broadcasting, academia, and management, they all share a love for journalism, and each brings to their role a wide range of skills and perspectives on Canadian journalism.

Board members' expertise, knowledge of, and passion for journalism makes for a stronger whole when it comes to fulfilling their role.



Colette Brin
Chair

- Professor, Département d'information et de communication, Université Laval, Québec
- Director, Centre d'études sur les médias, Québec
- Former journalist, La Liberté and Radio-Canada, Manitoba

Kim Kierans
Vice-Chair

- Professor, School of Journalism, University of King's College, Halifax
- Visiting professor, Asian Center for Journalism, Ateneo de Manila University, Philippines
- Former Reporter, Canadian Broadcasting Corporation

Margo Goodhand

- Vice-President, Michener Awards Foundation, and Chief Judge, Michener Awards, Ottawa
- Former Governor, National Newspaper Awards
- Former Editor, Winnipeg Free Press
- Former Editor, Edmonton Journal

Pierre-Paul Noreau

- President, Michener Awards Foundation, Ottawa
- Former President and Publisher, Le Droit, Ottawa
- Former Vice-President and Associate Publisher, Le Soleil, Québec
- Former Member of the Boards of Directors of News Media Canada, Conseil de Presse du Québec et Fédération professionnelle des journalistes du Québec

Karim H. Karim

- Professor and former Director, School of Journalism and Communication, Carleton University, Ottawa
- Director, Carleton Centre for the Study of Islam, Ottawa
- Member of the Boards of Canadian Journal of Communication and Global Media Journal – Canadian Edition
- Former Director, Institute of Ismaili Studies, London (UK)

The Board's mandate

The mandate of the Board is to:

- provide an independent assessment and non-binding recommendation to the Minister as to whether an organization that applies for the designation referred to in paragraph (b) of the definition of QCJO in subsection 248(1) of the Act satisfies the conditions set out in subparagraphs (a)(v), (vi) and (vii) of that definition
- provide advice on any other matter relating to any journalism tax measures that the Minister refers to the Board

The CRA is responsible for administering the tax measures to support Canadian journalism organizations.

The “gateway” for eligibility for all of the income tax measures is for an organization to first be designated as a QCJO.

The Board reviews applications for QCJO designation and makes recommendations to the CRA on whether or not the organization meets certain criteria to be designated as a QCJO.

Board secretariat

As set out in the OIC, the CRA provides full secretariat services to support the work of the Board. The Board secretariat is the liaison between the Board and the CRA and assists with the Board's administration, logistics, and coordination. The Board secretariat:

- sends recommendation requests from the CRA to the Board
- follows up when necessary and receives each recommendation once completed
- organizes and attends meetings of the Board
- supports the Chair and Vice-Chair in fulfilling their roles

Confidentiality

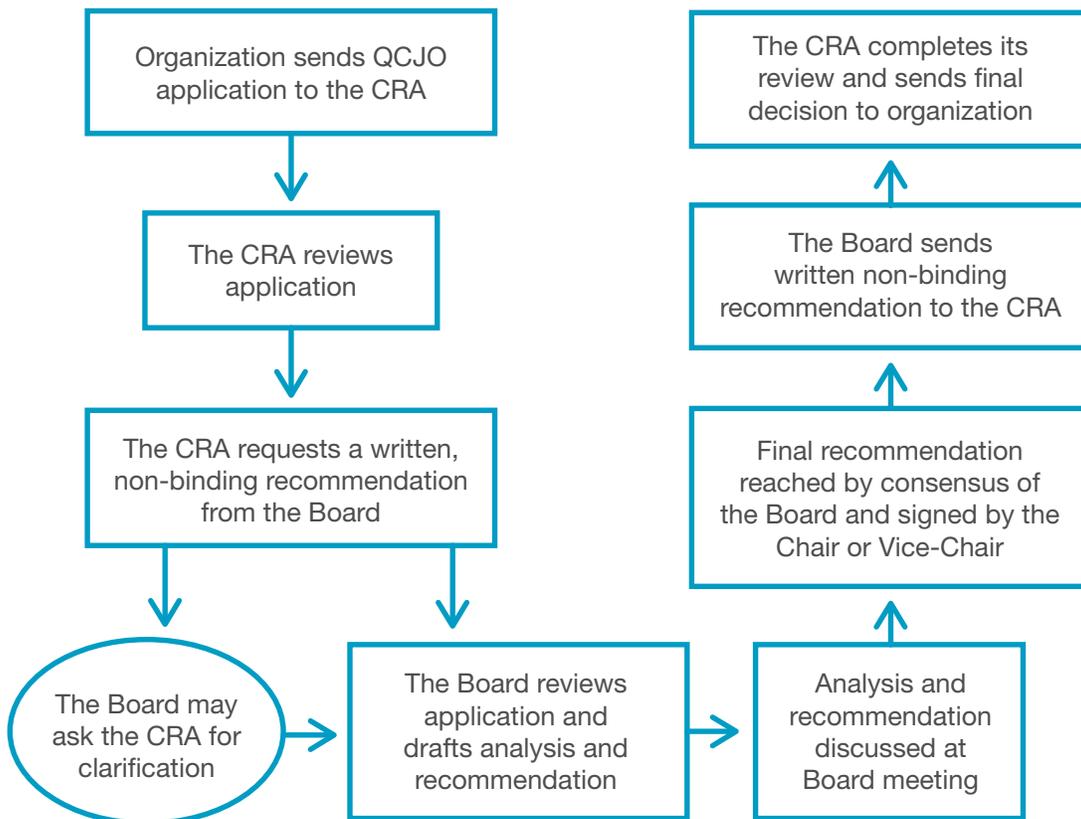
Board members are bound by the confidentiality provisions of the Act, the Access to Information Act, and the Privacy Act. Therefore, the members have a legal obligation to safeguard the confidentiality and integrity of taxpayer information to which they have access.

Review process

To fulfill its mandate, the Board reviews all requests for recommendation referred to it by the CRA.

Requests sent to the Board for recommendation go through the following process:

Request for recommendation process



“ In spite of all of today’s challenges, there are still some truly great newsrooms out there, serving Canadian communities big and small, legacy and online start-ups. ”

- Board members

As part of its analysis the Board reviews a sample of editions of an applicant organization's publications, including the organization's online publications, where applicable. The sample may be identified by the organization in its application, or chosen by the CRA or the Board.

The length of time required for the review and recommendation is dependent on several factors. For instance, the Board may require more time when an organization has a large number of publications, or, if the material reviewed is insufficient to allow the Board to provide a recommendation. In such a case, the Board requests that the CRA obtain more information from the organization.

While there are several criteria that must be met for QCJO designation, as set out in the Act, the Board's review considers the following:

Engaged in the production of original news content, which is:

- primarily (50% or more) focused on matters of general interest and reports of current events, including coverage of democratic institutions and processes
- not primarily (50% or more) focused on a particular topic

Regularly employs two or more journalists who deal at arm's length with the organization

Is not significantly engaged in the production of content:

- to promote the interests, or report on the activities, of an organization, an association or its members
- for a government, Crown corporation or government agency

The Board's assessment of an organization's production of the ONC criterion is based on the widely accepted journalistic processes and principles set out in the Guidance.

Journalistic processes and principles

- a commitment to researching and verifying information before publication
- a consistent practice of providing rebuttal opportunity for those being criticized and presenting alternate perspectives, interpretations and analyses
- an honest representation of sources
- a practice of correcting errors

Statistics

Between March 24, 2020, and March 31, 2021, the Board has received and has returned to the CRA a total of 159 requests for recommendation. Of those, 157 recommendations were QCJO designation applications; and 2 were RJO applications.

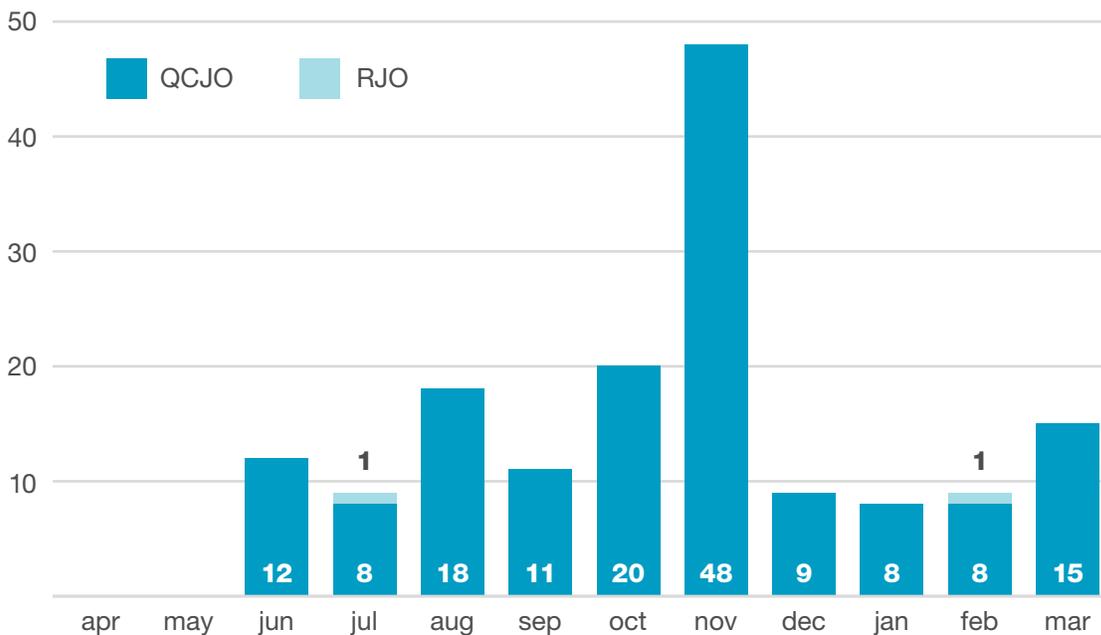
Requests for recommendation received by the Board in 2020-2021



In April and May 2020, following the appointment of the Board members, the CRA provided onboarding, during which they obtained their work equipment, attended training and developed their case review process. The Board began issuing recommendations in June 2020.

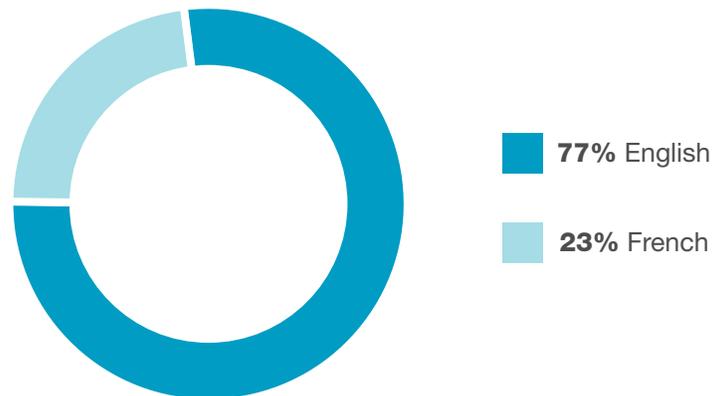
During its first year, the Board met on a weekly basis, sometimes twice in a week depending on the workload. Since its creation, the Board has met 55 times.

Monthly number of cases sent to the Board in 2020-2021

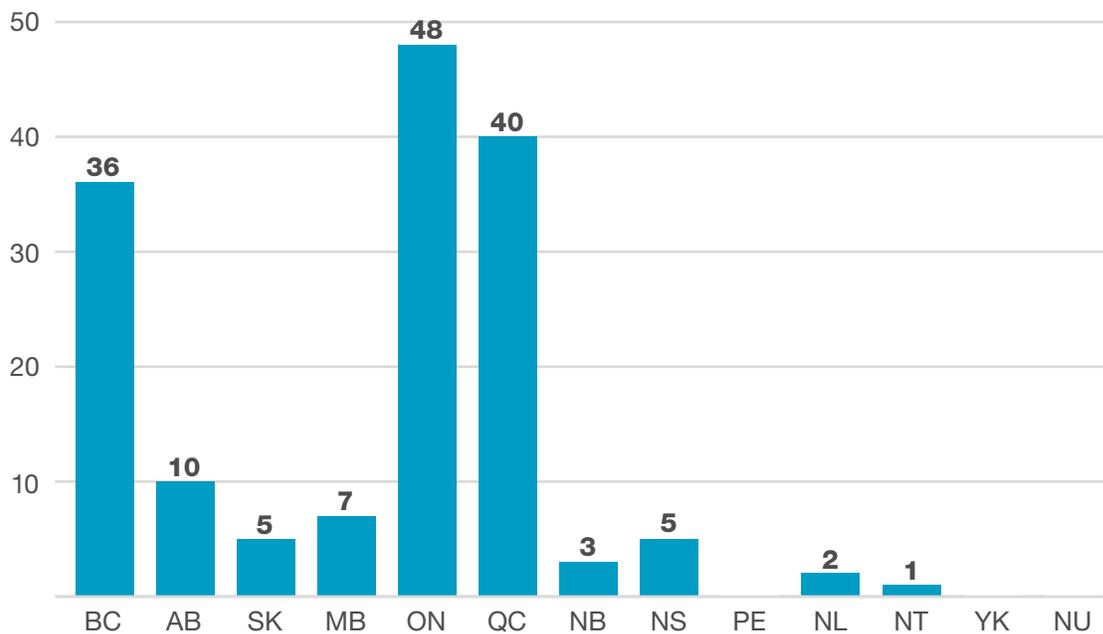


The requests for recommendation to the Board, whether for QCJO or RJO, comprised of applications from organizations situated across Canada. Of the requests for recommendation received, 122 requests were submitted in English and 37 in French. The recommendations of the Board are prepared in the language of the application.

Language in which requests for recommendation were received – 2020-2021

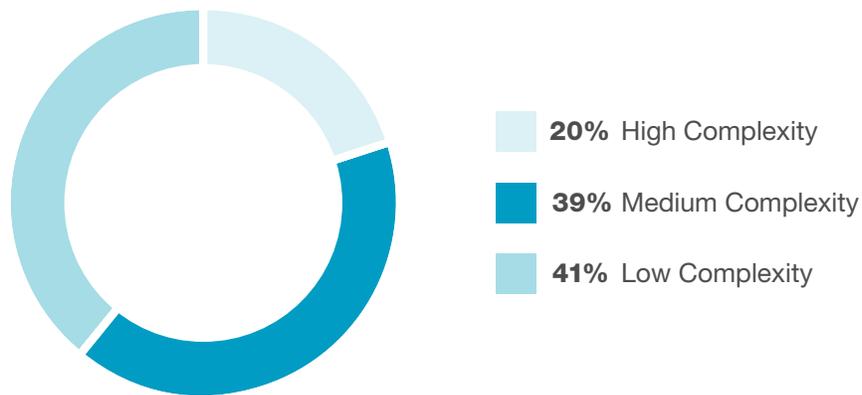


Number of QCJO requests for recommendation received by the Board per province of organization in 2020-2021



Of the 157 QCJO applications reviewed by the Board, 65 were considered by the CRA to be of low complexity, 61 were medium complexity and 31 were high complexity. Complexity ratings are assigned by the CRA based on an application as a whole. This includes different criteria, such as the number of publications, and whether a translation is required to review the material (for publications in languages other than English or French).

Complexity of cases received for recommendation in 2020-2021

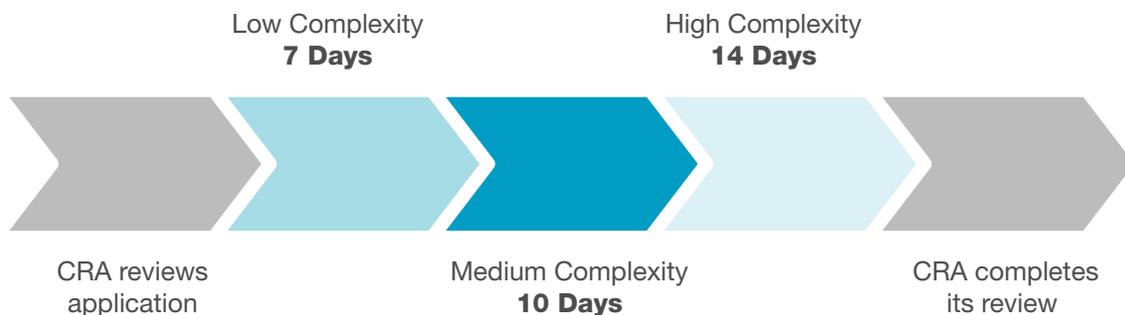


Looking ahead

Going forward, the Board remains committed to supporting Canadian journalism organizations in these unprecedented times. To build on the highest standards of service in this coming year, the Board aims to issue a recommendation to the CRA within general timelines. The Board’s timelines will depend on the complexity of each case. As mentioned above, the Board’s involvement in a case is only one part of the entire QCJO designation review process. Therefore, these timelines below represent only the Board’s work.

Board’s timelines for issuing a recommendation in 2021-2022

Based on the complexity of applications



Conclusion

It is a privilege and a great responsibility for the Board to play an advisory role in the tax measures to support journalism. Journalism remains a pillar of democracy in communities across Canada.

Having read thousands of articles from hundreds of publications, in print and digital formats, from coast to coast to coast, we now not only have a better sense of the journalistic landscape in Canada, but of the country itself. For that, we are grateful, as well as for the constant support and professionalism of the Secretariat at the CRA.

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