

Independent Advisory Board on Eligibility for Journalism Tax Measures

Annual Report 2021-2022



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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	<ul style="list-style-type: none"> Income Tax Act
Board	<ul style="list-style-type: none"> Independent Advisory Board on Eligibility for Journalism Tax Measures
Board members	<ul style="list-style-type: none"> Members of the Board appointed by way of Order in Council
Chair	<ul style="list-style-type: none"> Chair of the Board
CRA	<ul style="list-style-type: none"> Canada Revenue Agency
Guidance	<ul style="list-style-type: none"> Guidance on income tax measures to support journalism
Minister	<ul style="list-style-type: none"> Minister of National Revenue
ONC	<ul style="list-style-type: none"> Original news content
QCJO	<ul style="list-style-type: none"> Qualified Canadian journalism organization
RJO	<ul style="list-style-type: none"> Registered journalism organization
Vice-Chair	<ul style="list-style-type: none"> Vice-Chair of the Board



“ We believe there has never been a greater need for news organizations to provide fact-based information and a forum for healthy community engagement. ”

Word from the Chair

The Board is proud to be part of this initiative supporting Canadian news organizations during these challenging times. Indeed, government support is important for the survival of many of these vital democratic organizations in the context of continued economic challenges, as well as growing concerns about disinformation and misinformation. Distrust in mainstream media has morphed into abuse, as journalists increasingly face insults, threats and attacks, online and on the street. We believe there has never been a greater need for news organizations to provide fact-based information and a forum for healthy community engagement.

The Board continued to hold its meetings virtually and met with the Minister in the summer of 2021 to discuss the Board's first annual report and its activities. In its second year, the Board also provided input to the CRA for the refinement of the interpretation of the legislative criteria and responded to requests for decision reviews. We appreciate the opportunity to have worked in collaboration with CRA officers and discuss case analyses directly with them.

I wish to thank personally Vice-Chair, Kim Kierans, as well as Board members Margo Goodhand and Pierre-Paul Noreau for their diligence, rigour, and thoughtful observations on the numerous organizations and publications applying for QCJO designation, as well as the several organizations applying to become a qualified donee as a RJO. It is also a pleasure to work with the highly efficient CRA journalism team. The Board members join me in thanking them for their support.

Colette Brin



Introduction

The Board continues to provide independent assessments and written, non-binding recommendations to the Minister on whether journalism organizations meet certain criteria for designation as a QCJO as set out in the Act. The QCJO designation is a prerequisite to be eligible for the tax measures aimed at supporting Canadian journalism. The Board relies not only on the Act, but on the Guidance¹ in order to make its recommendations.

This annual report covers the Board's second year, namely, the period from April 1, 2021, to March 31, 2022. To view the previous annual report, visit [Independent Advisory Board on Eligibility for Journalism Tax Measures - Annual Report 2020-2021 - Canada.ca](https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit/independent-advisory-board-on-eligibility-for-journalism-tax-measures-annual-report-2020-2021).²

¹ Government of Canada website, [canada.ca/qualified-journalism-criteria](https://www.canada.ca/qualified-journalism-criteria)

² [canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit/independent-advisory-board-on-eligibility-for-journalism-tax-measures-annual-report-2020-2021](https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit/independent-advisory-board-on-eligibility-for-journalism-tax-measures-annual-report-2020-2021)

Board members

Board Members have journalism expertise drawn from their work in the journalism industry and as current and retired faculty members from post-secondary journalism schools across Canada.



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
 - Co-editor, Journalism in Crisis: Bridging Theory and Practice for Democratic Media Strategies in Canada, University of Toronto Press, 2016
-



Kim Kierans
Vice-Chair

- Inglis Professor, School of Journalism, University of King's College, Halifax
 - Senior Fellow, Massey College, University of Toronto
 - Board member, Asian Center for Journalism and Michener Awards Foundation
 - Former reporter and editor, CBC Radio
-



**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
-

Prof. Karim H. Karim resigned from his position as a Board member effective May 1, 2021. The Board members continued to meet notwithstanding the vacancy.

The terms of Prof. Kierans and Ms. Goodhand were renewed on March 25, 2022, by the Governor in Council for a period of two years. Their continued participation in the Board's business will ensure the diversity of expertise on the Board and the continuity of acquired knowledge.

Legislation

Obtaining QCJO designation continues to be the gateway for news organizations to be eligible for the tax measures to support Canadian journalism.

Tax measures

The three tax measures to support Canadian journalism introduced by the Government in Budget 2019 are:

- **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 individual subscribers to claim digital news subscription costs paid to a qualifying organization after 2019 and before 2025; and
- **Registered journalism organization** – a new type of qualified donee for not-for-profit journalism organizations, beginning on January 1, 2020.

Amendments

Bill C-30, an Act to implement certain provisions of the budget tabled in Parliament on April 19, 2021, and other measures, received Royal Assent on June 29, 2021. This bill included changes with respect to the tax measures to support Canadian journalism, previously announced in April 2020.³ Even though the changes only received Royal Assent in June 2021, the Board began conducting its reviews in accordance with the changes as of April 2020. The amendments removed from the definition of QCJO the requirements that an organization be “primarily” engaged in the production of original news content and that an organization not be significantly engaged in content to promote goods or services.

The amended provisions of the definition of QCJO under subsection 248(1) of the Act require that an organization:

(v) be engaged in the production of original news content, which

(A) must be primarily focused on matters of general interest and reports of current events, including coverage of democratic institutions and processes, and

(B) must not be primarily focused on a particular topic such as industry-specific news, sports, recreation, arts, lifestyle or entertainment,

(vii) not be significantly engaged in the production of content

(A) to promote the interests, or report on the activities, of an organization, an association or its members, or

(B) for a government, Crown corporation or government agency,

Following the legislative amendments, the CRA updated the Guidance in July 2021. The Board was asked to provide its expertise in support of this update. Board members made recommendations to enhance the interpretation of original news content for the purposes of the definition of QCJO, by adding in explanations of concepts as they are understood by the industry.

Assessment criteria and considerations

The Board members continue to ensure the confidentiality of the information they have access to as they are bound by the confidentially provisions of the Income Tax Act, the Access to Information Act, and the Privacy Act.

In order to provide its recommendations, the Board reviews a sample of the applicant organization's publications (in print and/or online).

The content may be submitted by the organization, or where not provided, is chosen by the CRA and/or Board members. As per the Board's mandate, it provides an independent assessment on the following criteria as per the definition of QCJO under subsection 248(1) of the Act:

Is the organization engaged in the production of original news content on an ongoing basis?

Does the organization regularly employ two or more journalists who deal at arm's length with the organization in the production of its content?

Is the organization engaged in the production of certain types of content contrary to the Act?

In choosing content, consideration is given to content that is published at different times of the year to determine if the organization is engaged in producing original news content on an ongoing basis. Typically, slower periods of news production are avoided, such as the summer months and the end of the calendar year.

The Board's review of the content is done with the lens of not only the Act, but also the administrative considerations set out in the Guidance, in particular, sections 2.23 – 2.38.

The length of time needed to review a case depends on its complexity. Upon receiving an application, the CRA assigns the case a complexity rating (low, medium, high). These are based on factors such as the type of organization (corporation, society, cooperative, partnership, or trust), the number of publications the organization produces, publications in minority languages requiring translation, and whether the organization has an audio-visual and/or podcast element in its news content.

The Board's timeline for issuing a recommendation based on complexity:



New for 2021-22

Decision review requests

Under the definition of QCJO in subsection 248(1) of the Act, the Minister may designate an organization that meets the criteria set out therein. While there are no formal rights under the Act to appeal a QCJO designation decision, an organization denied designation may request that the decision be reviewed by the CRA.

An organization that seeks a decision review should submit documents and content that it thinks satisfies the concerns set out in the refusal letter. Where the decision is based on one of the criteria for which the Board provides recommendations, the CRA will, following its own review, ask the Board to consider the new material provided.

An organization which is denied designation after a decision review has recourse by way of application for judicial review to the Federal Court of Canada.

In 2021-2022, the Board was asked for the first time to provide recommendations on decision review requests. That is to say, while the Board had reviewed the initial application, following a request for decision review, the Board was asked to reconsider its recommendation based on additional information submitted by the organization.



The year in review

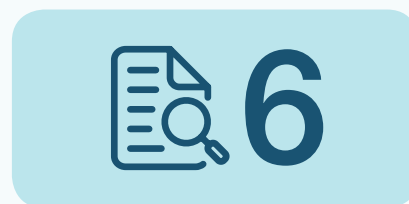
Statistics

Requests for recommendation received by the Board in 2021-2022

Between April 1, 2021, and March 31, 2022, the Board reviewed 53 QCJO cases, and 6 decision review cases, for a total of 59 cases.



QCJO



Decision Review

Breakdown of requests by language of application

Of the requests for QCJO designation applications sent to the Board, 32 requests were submitted in English and 21 in French. These figures do not include the decision review requests. The recommendations of the Board are prepared in the language of the application.



Number of publications represented by the cases reviewed by the Board

The total number of publications reviewed by the Board in assessing requests for a recommendation exceeds the number of applications reviewed as many organizations produce more than one publication. This figure does not include publications associated with the decision review requests.



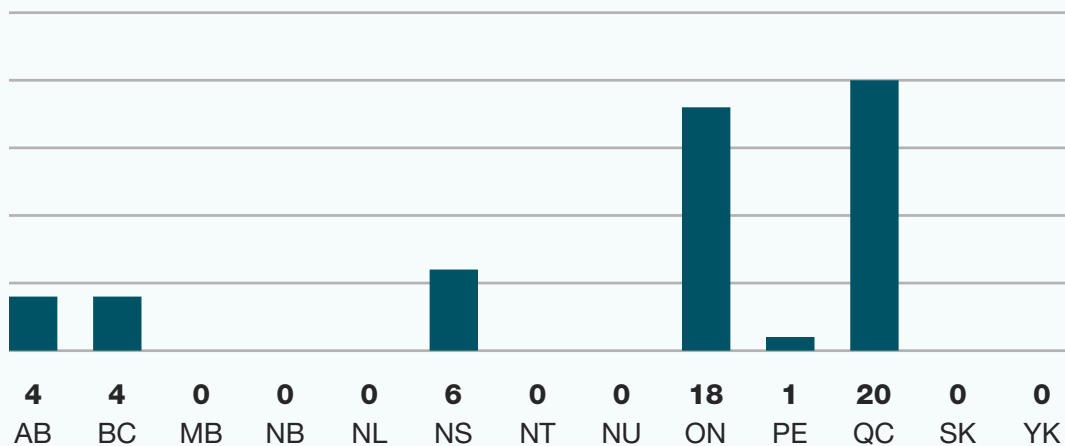
Language of content published by organizations

While organizations submit applications in English or French, applicant organizations publish content in either or both official languages, or in another language.



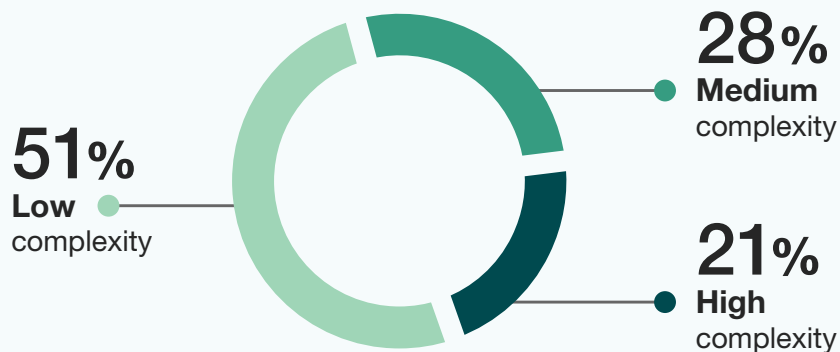
Breakdown of requests by province and territory of incorporation or formation

Organizations from across Canada submit applications for QCJO designation. As noted below, the majority of requests were received from organizations located in Quebec and Ontario. These figures do not include the decision review requests.



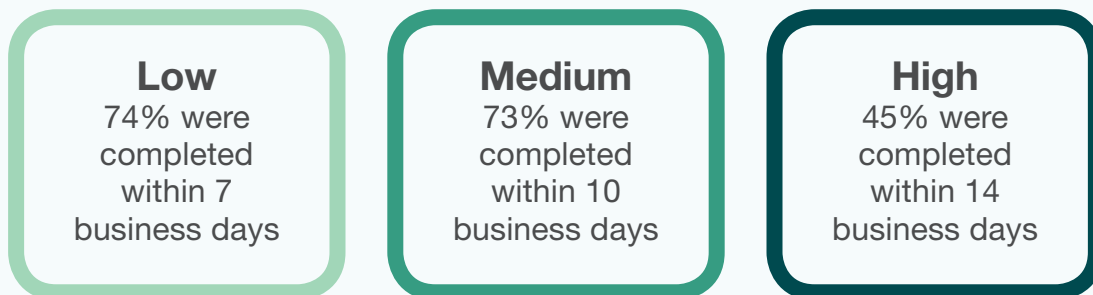
Complexity of cases received for recommendation

As explained above, the complexity rating is determined by the CRA based on factors such as the type of organization and the number of publications it produces. These figures do not include the decision review requests.



Processing timelines

In last year's annual report, the Board established processing timelines for issuing a recommendation it would strive to meet in its second year of operation. These figures do not include the decision review requests. These results indicate that high complexity cases as a whole require significantly more time for the Board than low and medium complexity cases.



Advisory input

In the last year, the CRA asked the Board to provide advice on a number of matters relating to the journalism tax measures.

Policy



Meaning of ‘significantly’: The Board provided input on the administrative guidelines when determining if an organization is “significantly engaged” in the production of certain content.



Reviewing audio and podcasts: The Board provided comments on the CRA’s policy regarding audio and audio-visual news content as original news content for the purposes of the definition of QCJO.



News aggregation: The Board commented on whether original news content can include curation and the publication of news and information from external sources (whether by reporters or through automation), without first-hand reporting and verification.

Operational

While not a requirement of the Act, the Board was also asked to provide recommendations to the Charities Directorate of the CRA, in respect of RJO applications. In particular, the Board was asked to review content provided by the Charities Directorate to assess whether the organization “primarily” produces original news content. The Board receives the requests once the Charities Directorate has undertaken its review of the different legislative requirements, including that the organization primarily produces original news content. It is important to distinguish that the difference between the review for QCJO designation and RJO purposes, is the quantification element. The term “primarily” has been interpreted by the CRA as meaning more than 50%.

In the current fiscal year, the Board was asked to provide recommendations in respect of four (4) RJO applications.

Communications

The Board occasionally receives requests for information, to give media interviews, or to speak to stakeholder groups about its work. Because some requests relate to confidential taxpayer information, those requests are redirected to CRA experts. Board members are not able to answer specific questions on the administration of the journalism tax measures that are not within the Board's purview.

For example, in January 2022:

Colette Brin and CRA were contacted for background information for an article in The Charity Report: [Charity boosting journalism start-ups while incumbents pocket millions and still flail](#).⁴

Colette Brin and Kim Kierans participated in consultations of the Public Policy Forum in preparation of its report, [The Shattered Mirror: 5 Years On](#).⁵ Colette Brin also participated in [Episode 62: The Shattered Mirror Revisited](#)⁶ hosted by Ed Greenspon, President and CEO of the Public Policy Forum, on the Public Policy Forum's podcast, Policy Speaking.

The Public Policy Forum recently wrote:

“ Despite suffering birthing pains, the Qualified Canadian Journalism Organization (QCJO) designation flows from generally accepted principles of good journalistic practice. ”

- The Shattered Mirror: 5 Years On, 2022

⁴thecharityreport.com/features/charity-funded-journalism-start-ups-boosted-while-incumbents-pocket-millions-and-still-flail

⁵ppforum.ca/publications/shattered-mirror-5-years-on

⁶ppforum.ca/policy-speaking/ep-62-the-shattered-mirror-revisited

Conclusion

In 2021-2022, the Board received fewer requests for recommendations compared to the previous year. The Board also began assessing decision review requests, newly introduced this fiscal period, and undertook its own evaluation on how such cases should be assessed by the Board in conjunction with the CRA. Notwithstanding, the Board's commitment to the journalism program was continuous in many ways. The Board balanced timely decision-making while providing vital input into multiple policy related documents and RJO applications.

As the year progressed, the Board recognized the newly established timelines for issuing a recommendation were not being met on every case. The Board worked with the CRA's Journalism Secretariat to refine its review process and has already implemented efficiencies to ensure its recommendations are returned to the CRA in a timely matter, to avoid delays in its own process. Though the Board realizes the established processing timelines are at times unattainable given the nature and complexity of certain applications, the Board is committed to continuous improvements to meet the processing timeframes as often as possible in its third year of operation.

The Board holds in high regard the importance of locally sourced, produced, and verified journalism in these unprecedented times, and the help these tax measures bring to Canadian news organizations.