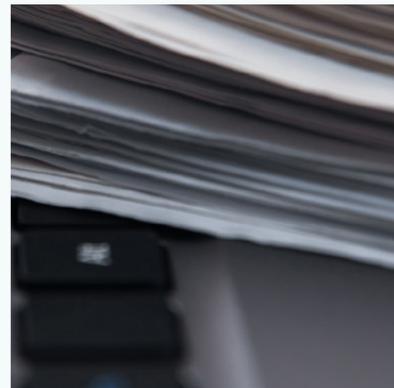


# Independent Advisory Board on Eligibility for Journalism Tax Measures



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**Annual Report 2022-2023**



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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:

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

## Word from the Chair

As the Board concludes its third year, the process for designating qualified Canadian journalism organizations evolves and matures.

The Board is attentive to ongoing and emerging challenges facing the media industry. In addition to declining advertising revenues, news organizations face rising costs and the post-pandemic transition to hybrid work, amid a surge in new digital voices, especially podcasts and video formats. Many local news sources across the country—print, TV, radio, and digital—have reduced staff this year. Exposure to violence and on-the-job harassment has also increased for journalists.



**“ The Board recognizes the importance of supporting the country's news organizations to ensure Canadians continue to have access to new, factual and important information about issues, events, governments and other matters of public interest. ”**

Social media platforms and search engines continue to grow as points of access for news, making it increasingly challenging for news organizations to reach Canadians, and in particular, younger Canadians. Online safety and privacy concerns are also important in the online environment where Canadians increasingly turn for news. In an effort to combat mis- and dis-information online and through social media, news organizations are helping their readers, viewers and listeners recognize quality journalism.

Recent developments in artificial intelligence, in particular systems that can generate text, images, or other media, can serve as tools for journalists, but they also present important risks and ethical issues, as they can fabricate content and insert factual errors. Until media organizations adopt the necessary safeguards and codes of ethics, artificial intelligence chatbots cannot replace humans in conducting interviews, reporting from the scene, fact-checking, and more generally providing reliable information on recent events. It is important as a Board to continue to build knowledge and remain experts in our field, by staying informed about emerging topics and new technologies and their impacts on the journalism industry.

The Board recognizes the importance of supporting the country's news organizations to ensure Canadians continue to have access to new, factual and important information about issues, events, governments and other matters of public interest. The labour tax credit available to qualified Canadian journalism organizations aims to provide assistance to news organizations in hiring and retaining journalists in their newsrooms.

The Board bids farewell to Pierre-Paul Noreau, who took on new responsibilities as President of the Quebec Press Council. We thank him for his dedicated service and invaluable contribution to the growth and development of the work of the Board over the last three years.

Margo Goodhand and Vice-Chair Kim Kierans continue to serve, and I am honoured to stay on as Chair for a second three-year term. All Board members remain grateful for the continued support from the CRA's efficient and diligent team, whose expertise and knowledge of journalistic processes and principles has grown considerably in the past few years, helping the Board to produce more nuanced assessments and recommendations.

Colette Brin



# Introduction

The Board's mandate is 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 three tax measures 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, since January 1, 2020.

Throughout the 2022-2023 year, the Board continued to hold its meetings virtually. The Board met with the previous Minister to present the second annual report and discuss priorities for the upcoming year. In collaboration with the CRA's journalism team, the assessments of applications for QCJO designation continued, along with decision review cases, with the Board issuing its independent recommendations.

This annual report covers the Board's third year, namely, the period from April 1, 2022, to March 31, 2023. To view the previous annual reports, visit [canada.ca/journalism-advisory-board](https://canada.ca/journalism-advisory-board).

## 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 Emerita, School of Journalism, University of King's College, Halifax
- Senior Fellow, Massey College, University of Toronto
- Board member, Asian Center for Journalism
- 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, Quebec Press Council and 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 and Fédération professionnelle des journalistes du Québec
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The term of Professor Brin was renewed on March 24, 2023, by the Governor in Council for a period of three years. Her continued participation in the Board's activities will ensure a diverse set of expertise is present while maintaining institutional knowledge of the Board. Mr. Pierre-Paul Noreau's term as Board member concluded on March 23, 2023.

The Board is collaborating with the Minister's office to implement an open, transparent, and merit based selection process for future members, to ensure representation of the Canadian landscape and diverse range of perspectives.

# Assessment criteria and considerations

In all aspects of their work, the Board members ensure the confidentiality of the information they have access to as they are bound by the confidentiality 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 significantly engaged in the production of content for certain government entities or of content promoting the interests of, or reporting on the activities of, certain persons or organizations?

In selecting the content to review, the Board and the CRA take into consideration different times of the year to determine if the organization is 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 recommendations are framed within the wording of the Act, and with 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 it 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 languages (other than English and French) requiring translation, and whether the organization has an audio-visual and/or podcast element in its news content.

The Board also assesses decision review requests. Decision review occurs when an organization that was denied QCJO designation requests that the CRA reconsider its decision. An organization that makes such a request submits information, documents and/or content to address the reasons for denying the designation as set out in the decision letter. The Board then reassesses the application, with a focus on the clarifications provided by the organization to determine if the requirements are now met.

## The year in review

### Statistics

#### Requests for recommendation received by the Board in 2022-2023

Between April 1, 2022, and March 31, 2023, the Board reviewed 36 requests for recommendation, which included both initial applications for QCJO designation and decision review requests.



36 QCJO cases

#### Number of publications represented by the cases reviewed by the Board

The total number of publications reviewed by the Board typically exceeds the number of cases reviewed, as many organizations produce more than one publication.



68 Publications reviewed

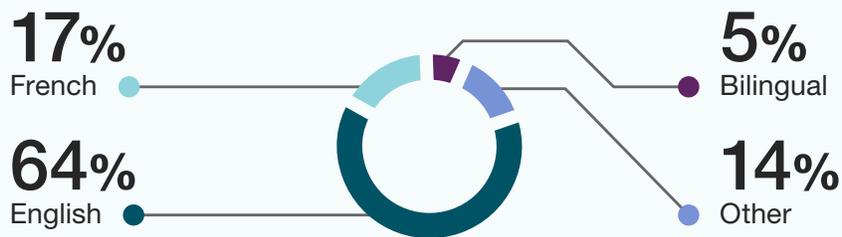
### Breakdown of requests by language of application

Of the 36 requests for recommendation received by the Board, 30 applications for QCJO designation were submitted in English and 6 were submitted in French. The recommendations of the Board are prepared in the language of the application.



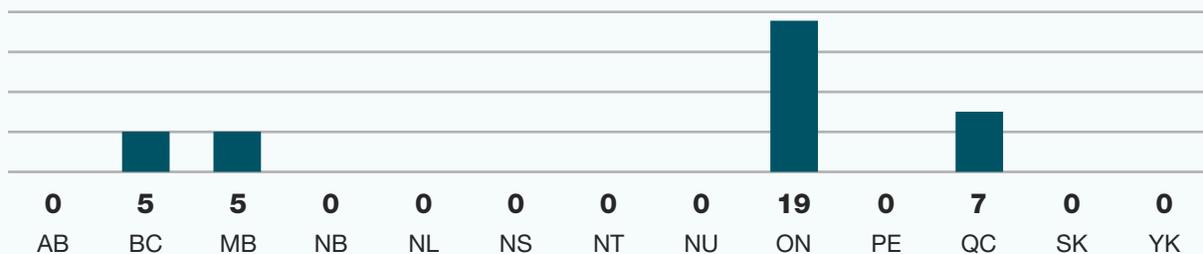
### Language of content published by organizations

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



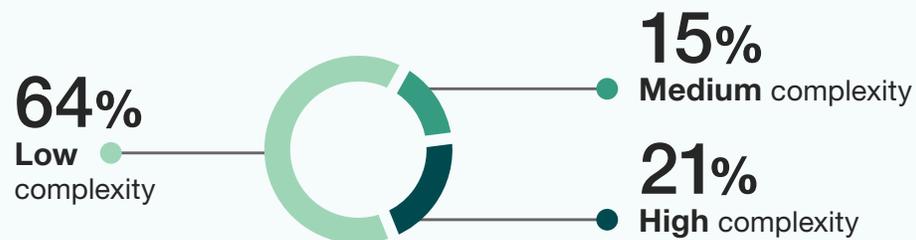
### Breakdown of requests by province and territory of incorporation or formation

Organizations from across Canada submit applications for QCJO designation. As noted below, the majority of requests received this year were from Ontario.



### Complexity of cases received for recommendation

The complexity rating is determined by the CRA based on factors such as the type of organization, the number of publications it produces, publications in languages requiring translation, and whether there is an audio-visual and/or podcast element in the news content. These figures do not include the decision review requests.



### Processing timelines

In 2020-2021, the Board established targeted processing timelines for issuing a recommendation based on the complexity level of a case. The timelines are 7 business days for low complexity cases, 10 business days for medium complexity cases, and 14 business days for high complexity cases. The image below details the percentage of recommendations issued within the targeted timelines, but do not include the decision review requests.



Despite receiving fewer applications than previous years, the Board reviewed several highly complex cases, including a significant number of publications in a language requiring translation and cases with a high volume of content. The time and effort required to ensure the fair and comprehensive review of these cases was more than anticipated, making it challenging to consistently meet processing timelines. In collaboration with the CRA, the Board will develop recommendations for a review of these processing timelines to establish realistic and achievable expectations.

## **Advisory input**

In addition to reviewing cases and providing recommendations, the Board's mandate, as indicated in its Order in Council, also includes providing advice on other matters relating to journalism tax measures that the Minister refers to it.

## **Policy**

This year, the Board supported the Minister by working with the CRA in its:

- revision of the Guidance on the income tax measures to support journalism,
- review of its case analysis framework including the assessment of original news content,
- approach to processing applications with publications in a language other than English or French, and
- evaluation of audio and audiovisual content.

## **Communications**

The Board engaged with the previous Minister's office and various stakeholders throughout the year. As stated above, the Board presented its second annual report to the previous Minister and discussed priorities for the upcoming year. Exchanges were also held with academics and research institutes in Norway, France and the United States. In addition, during the study of Bill C-18, Online News Act, the Chair had the opportunity to discuss the Board's work in relation to QCJO designation.



## Conclusion

This fiscal year brought a new set of challenges for the Board, with highly complex cases, a member who retired, and many changes and evolutions in the journalistic landscape. The reality faced by media organizations— with new business models aimed at reaching a wider audience— also challenged the Board to further reflect on the concepts of original news content produced by and for the applicant organization. These new media organizations have an important role to play in reaching a wider and younger audience. However, the distinction between publishing news and producing original news content is a fundamental criteria for the Board in assessing an organization’s application for QCJO designation. The Board recognizes the importance of locally sourced, produced, and verified journalism, and believes that there has never been a greater need to support news organizations providing information based on facts and forums for healthy community engagement.

As the Board enters its fourth year, members look forward to continuing their assessments of applications for QCJO designation, and using their expertise to consult and provide input as needed. The Board eagerly anticipates welcoming and onboarding new members, and continuing its work with the CRA to deliver tax measures that support Canadian journalism. The Board will also continue to engage with the CRA in reviewing procedures and processing timelines to ensure adequate time for a thorough assessment is reflected, while setting clear expectations.