

# Supporting Journalists and News Organizations

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As announced in the Fall Economic Statement 2023, the federal government is proposing to enhance the Canadian journalism labour tax credit that was initially established in 2019. Two changes to the measure will take effect retroactively to January 1, 2023:

- Permanent increase in the yearly limit on labour costs that can be claimed per eligible employee from \$55,000 to \$85,000; and
- Temporary increase in the tax credit rate from 25% to 35% over a four-year period.

PBO estimates that the new provisions of the measure will result in an additional cost of \$104 million to the public purse.

## 5-Year Cost

\$ millions

Fiscal year	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	Total
Cost with enhancement	65	67	69	66	53	320
Cost without enhancement	40	42	43	45	46	216
Additional cost	25	25	26	22	7	104

## Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

## Estimation and Projection Method

The PBO estimate is based on the information in Schedule 58 of corporate returns (T2) and partnerships information returns (T5013) that received a Canadian journalism labour tax credit from 2019 to 2022.

The information relating to employees eligible for the credit was aggregated into three groups based on their salary bracket: less than \$55,000, between \$55,001 and \$85,000\$, and over \$85,000. For each group, the average qualifying labour expenditure per employee was calculated from 2019 to 2022, then projected using the average wage growth of the National Occupational Classification code that includes the journalism occupation (51 – Professional occupations in art and culture). From these projections, the average tax credit amounts per employee were estimated based on the changes announced.

The total number of employees receiving the journalism labour tax credit was projected based on the trend observed in the data from 2019 to 2022. The number of employees per group was determined by using the ratios observed over the same period.<sup>1</sup>

The cost of the proposed changes was calculated by multiplying, for each of the three groups, the difference between the average tax credit amount per employee with and without the enhancement, by the projected number of employees.

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## Sources of Uncertainty

Linear extrapolation, which is based on historical data, inevitably involves uncertainty since it assumes that past conditions adequately reflect future trends. Exogenous factors, such as unexpected events or changes in the journalistic context, could influence the actual cost of the measure. No behavioural response has been considered, although it is possible that Canadian news organizations will increase the proportion of employees who are paid above the former cap of \$55,000.

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## Note prepared by

Ulysse Robert-Lacroix, Analyst

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## Prepared under the direction of

Govindadeva Bernier, Director, Budgetary Analysis

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## Data Sources

**Salary, amount of assistance received, qualifying labour expenditure, Canadian journalism labour tax credit amount and number of employees reported**

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<sup>1</sup> Note that the proportion of employees who are paid an annual salary of less than \$55,000 has increased considerably, rising to 63% from 47% from 2019 to 2022. The respective ratios used for each group corresponds to the average ratios over this period (55%, 26%, 21%).

Canada Revenue Agency, Schedule 58 of the T2 and T5013, 2019 to 2022

**Average hourly wage of employees in NOC code 51**

Statistics Canada, Table 14-10-0417-01. Employee wages by occupation, annual, 2014 to 2023

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