

Cost estimate

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Short title: Personal Income Tax Credit for Digital Subscribers

Description: Introducing a personal income tax credit for digital news subscribers of 15 percent of the cost, up to \$75 annually. The tax credit will be available for eligible amounts paid between 2020 and 2024.

Operating line(s): Personal Income Tax

Data sources:	<u>Variable</u>	<u>Source</u>
	Population	Statistics Canada
	Average annual spending on digital news	Statistics Canada's Survey on Giving, Volunteering and Participating
	Propensity to claim tax credit	Department of Finance Canada
	Percentage of individuals that have online subscriptions	Research Co.
	Population growth, CPI	The PBO

Estimation and projection method: The qualified beneficiaries were determined by applying the percentage of individuals with a continuous subscription and the take-up rate of a similar tax credit to the Canadian population (18 years and over). This was projected forward using PBO population growth.

The 15 percent tax credit rate was applied to the individuals' average spending for online newspapers, up to a maximum of \$500, to calculate the average tax credit. The individuals' average spending for online newspapers was projected forward using the PBO CPI.

The total tax credit was equal to the average tax credit multiplied by the number of digital newspaper subscribers and the propensity to claim the tax credit (63 percent).

Uncertainty assessment: The estimate has moderate uncertainty. The universe of administration data and survey-based sample data is available to determine digital news statistics and the model is a top-down approach. There is no volatility in the model, but the program cost is sensitive to prices of digital news subscriptions, as well as the number of individuals who claim the tax credit. There is no behavioural response included in the costing for this measure, which could result in an underestimation of the financial costs of the proposed measure.

Cost of proposed measure

\$ millions	2019-20	2020-21	2021-22	2022-23	2023-24
Total cost	9	38	39	40	41

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost