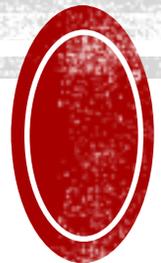


TAX INCENTIVES: ADVERTISING WITH CANADIAN MAGAZINES

A toolkit for Canadian advertisers in claiming tax deductions for business expenses, as related to print advertising

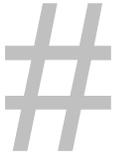


**Magazines
Canada**

HISTORY AND CONTEXT

As advertising expenses have different tax conditions than many other business expenses, this law is not always well known or understood. The information below serves as a guide, and we encourage advertisers to work closely with their accountants to fully understand how these tax laws are applicable to you.

Under Section 19 of Canada's *Income Tax Act*, certain advantages and conditions are placed on tax deductions for business advertising expenses. Since 1976, in order to support Canadian media, Canadian-owned magazines have benefitted from tax deduction limitations when Canadian advertisers placed advertisements in foreign magazines directed at a Canadian audience. In 2000, Section 19 was amended in order to provide Canadian advertisers with a further incentive to advertise in Canadian-owned, Canadian-content magazines. In 2001, to support trade, the tax rules around Canadian advertising in foreign magazines were amended to allow for tax deductions under certain conditions. These rules are further clarified below.



TAX DEDUCTION

- " Place a print advertisement in a Canadian magazine
- " Confirm with the magazine, which percentage of their total content is considered unique Canadian editorial content
- " Hold on to expense receipt/invoice
- " File your taxes through your respective T2125 Statement of Business or Professional Activities or T2002 -17 Self-employed Business, Professional, Commission, Farming and Fishing Income.
- " Claim advertising expenses and the appropriate deductions (50% or 100%) on Line 8521 on your T2125 or T4002-17. Exclude any print advertising expense that was placed in a foreign magazine.

References

Income Tax Act. Justice Laws website. Government of Canada. <http://laws-lois.justice.gc.ca/eng/acts/l-3.3/section-19-20040831.html>

Foreign Publishers Advertising Services Act. Justice Laws website. Government of Canada. <http://laws-lois.justice.gc.ca/eng/acts/F-29.6/>

Completing Form T2125: Line 8521 – Advertising. Government of Canada. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/completing-form-t2125/line-8521-advertising.html>

"Self-employed Business, Professional, Commission, Farming and Fishing Income." (Completing Form T4002-17). 2017.

<https://www.canada.ca/content/dam/cra-arc/formspubs/pub/t4002/t4002-17e.pdf>

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