2 Great TFSA Growth Stocks

Description

Do you have a Tax-Free Savings Account (TFSA) yet? If not, you may want to sign up for one soon, as the Canada Revenue Agency gives these accounts special tax advantages. You can invest in the stock market from a TFSA and earn tax-free returns.

If you are new to a TFSA, then you have a limit of $69,500, which you can begin depositing in the account tax-free.

One way to take full advantage of tax-free capital gains is by investing in top growth stocks. Publicly traded companies with high growth tend to experience more price appreciation than those in industries like utilities.

As long as you don't engage in day trading, the CRA will not tax the investment returns in your TFSA. Otherwise, the CRA may turn around and classify your account activity as business transactions. In that event, you will be subject to taxes.

The world may be suffering from a lot of uncertainty after the COVID-19 pandemic sent markets in turmoil. Nevertheless, this just means that there are some great long-term investment opportunities available for your TFSA. Here are two great growth stocks that you might consider.

Financial growth stocks

goeasy (TSX:GSY) stock lost around 60% of its value during the COVID-19 market crash. But that's not where the story ended for this stock. goeasy stock went from a 52-week low of $21.08 in March to $53.61 by the end of last week.

That's some great progress given the uneasy attitude toward financial stocks amidst this health crisis. There's talk of bankruptcy risk, as incomes fall and businesses struggle to maintain revenue at normal levels.

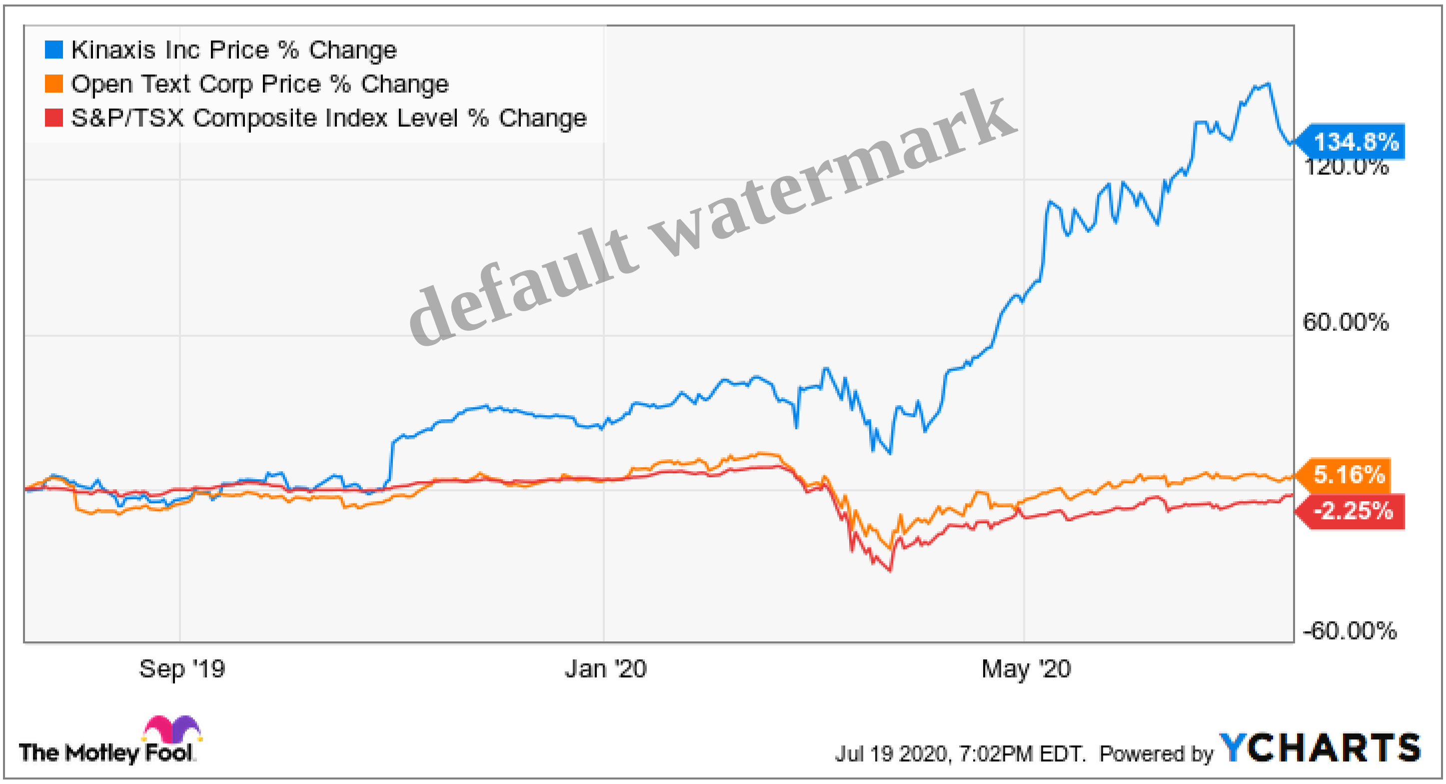
goeasy was trading at around $80 per share before the coronavirus market crash in March. The dividend yield is now 3.36%. If you are willing to accept some moderate risk from smaller financial stocks in your TFSA, goeasy is a solid option.

Tax-free TFSA returns from tech stocks

There might be some rumours of a weakening tech sector, so think carefully before you buy tech stocks for your TFSA. That being said, there are some good tech stocks out there that you might want to consider.

Open Text (TSX:OTEX)(NASDAQ:OTEX) is a Canadian Dividend Aristocrat. Open Text offers a 1.64% dividend yield to shareholders at its current share price of $58.51.

Kinaxis attracted more attention than Open Text last year, but being underrated has its advantages when you are looking for value in growth stocks. Open Text is more affordable than Kinaxis, which trades at $190.76.



If the tech sector is weakening as analysts suggest, your best bet is to look at lower-cost options that largely avoided the bubble after the COVID-19 market volatility. Kinaxis doesn't fit this description.

It's hard to tell how much of the gains Kinaxis experienced this year is due to fear and speculation. We can't really say what the downward correction will look like if there is one.

But Open Text still has some room to meet the prior resistance before the health crisis. This stock might give you some nice capital gains for your TFSA.

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3. TSX:OTEX (Open Text Corporation)

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