



Canada Revenue Agency: The Best Way to Get \$1 Million

Description

The Canada Revenue Agency has a lot of responsibilities, but most people know it as the tax collector. These taxes go to support government services and all they provide.

As a token of appreciation, the agency provides several ways to lower your tax bill. One of the more famous programs is the Tax-Free Savings Account, commonly known as the TFSA.

You may think you understand these accounts, but millions of Canadians fail to maximize the benefits. The CRA is giving you a tax-free gift. Don't let it go to waste.

This is a gift from the CRA

If you have a TFSA, congrats. If you don't, open one today. There's simply no better way to get rich.

With a TFSA, the CRA lets you permanently avoid all taxes. No matter how much your capital grows, you won't pay a cent to the government. It's the closest thing you'll ever get to free money.

Let's do some math.

This year, the CRA [limits](#) TFSA contributions to \$6,000. That breaks down to \$500 every month. If you invest this annual limit for 30 years, earning 10% per year, you'll end up with a cool \$1.2 million.

With a TFSA, you keep the entire sum. But if you invested in a normal account, you could see your portfolio value reduced by *half*.

If you're investing regularly, there's no excuse to avoid TFSAs. Down the road, you could have hundreds of thousands of dollars in additional earnings.

But what if you don't want to wait 30 years to reach \$1 million? Thankfully, the CRA gives you the ability to go *much* faster.

How to get \$1 million

Millions of people have TFSAs yet fail to maximize the benefits. The biggest mistake is to avoid [high-upside](#) stocks.

Remember in the last example where we assumed an annual return of 10%? What happens when we up that rate to 20%?

If you invest the TFSA maximum of \$6,000 per year and earn 20% annual returns, you'll reach \$1 million in just 18 years! That's still a long time, but it cuts a decade off our previous estimates. This is the power of investing in high-upside stocks.

The faster your stocks grow, the more value your TFSA provides. That's because the CRA allows your money to grow *infinitely* in a TFSA, all while staying tax free.

How do you find high-upside stocks? Look for platform businesses like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

A platform business is exactly what it sounds like. The company builds a platform, and then other people build things on top. With Shopify, the company built a basic e-commerce platform. Today, thousands of third-party developers are building new apps on top of that, monetizing their creations.

You can see here how platform businesses can grow faster than traditional companies. Shopify can leverage the skills and creativity of developers around the world, most of which aren't even employed by the company. A non-platform business couldn't match this rate of growth.

The CRA handed Canadians a gift by allowing TFSAs to grow to unlimited sums. Maximize this benefit with high-upside stocks like Shopify.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:SHOP (Shopify Inc.)

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