



CRA: Thousands in Tax-free Passive Income Unclaimed

Description

The Canada Revenue Agency (CRA) wants you to know that you're probably leaving money on the table. There's a simple way to generate thousands of dollars in extra passive income every year. Best of all – it's completely tax-free. However, more than half of all Canadian savers are missing out on it

Here's what the CRA wants you to know and what you can do to claim your tax-free passive income right away

CRA statistics

The CRA regularly dives into the numbers and publishes reports about the country's most popular savings schemes. Perhaps the most noteworthy is the Tax-Free Savings Account (TFSA).

According to the CRA, the average Canadian taxpayer had an average of \$30,947 in unused TFSA contribution room in 2017. According to my calculations, the unused contribution room is likely closer to \$40,000 by now. Put simply, most people haven't maximized their TFSA contribution room.

That's a tragic blunder. Any capital gains or dividends earned in the TFSA are, of course, tax-free. So if the average unused TFSA contribution of \$40,000 was invested in a high-yield dividend stock that pays 8%, the average Canadian is missing out on \$3,200 in passive income every year! That's the equivalent of a month's salary for most.

Best TFSA stocks

Simply maximizing your TFSA contribution room is the first step to financial freedom. However, I understand the apprehensions most people have when picking stocks to invest in. The stock market seems complicated, volatile and unwieldy. I get that.

Which is why I recommend you focus your TFSA on a stock that you know intimately. A brand that you have regular interactions with or probably work for. **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) is an excellent example.

With 9.9 million subscribers, nearly a third of Canada's population is already a Bell customer. You may have been an unsatisfied customer with plenty of complaints about their service, but you can't deny the fact that they're probably making a ton of money off you. That's what allows them to offer their shareholders a lucrative 5.9% dividend yield.

By purchasing [BCE stock](#) in your TFSA, you can partake in BCE's resilient and profitable business. Make the country's largest wireless service provider work for you!

A maxed-out TFSA (\$69,500) invested in BCE stock should generate roughly \$4,100 in annual or \$341 in monthly passive income. The CRA cannot touch this! All that money is tax-free and can be used to meet your living expenses right away. That's what makes it better than earned income or a government stimulus check.

Bottom line

The fact that Canadians have left tens of thousands of dollars in unused TFSA contribution room is a pity. In a country with high taxes and high costs of living, every little bit helps. By maximizing your TFSA and investing the amount in high-yield, super-safe and well-recognized dividend stocks like BCE, you could generate tremendous passive income.

Take the easy path to financial freedom.

CATEGORY

1. Investing

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Date

2025/08/25

Date Created

2020/11/17

Author

vraisinghani

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