
# CRA: How to Earn $3,500 Completely Tax-Free!

**Description**

The Canada Revenue Agency (CRA) has generously helped Canadians through the pandemic. Programs such as the CERB, unemployment insurance, and the CRB have helped support Canadians with monthly financial aid through the COVID-19 lockdowns. The problem is any financial aide supplied by the CRA will likely not last beyond 2021. Consequently, it may have you considering how you could start building up your own sustainable emergency income stream.



## Protect your investment from the CRA

While the CERB and CRB *are* taxable, the CRA has created an account that is completely tax-free. That account is the Tax-Free Savings Account (TFSA). The TFSA was created in 2009 as a way for Canadians to invest and build up their savings and retirement accounts in a way that is completely protected from tax.

You put your after-tax savings into the account, invest it, and earn *all* the interest, dividends, and capital gains! If you were 18 or older in 2009, CRA allows you to contribute and invest a maximum of $69,500 into your TFSA.

Are you looking to start investing in your TFSA? Put $30,000 into each of these solid **TSX** stocks and you could collectively earn $3,530 in annual income (plus some potential nice capital gains).

## Tuck this stock away and collect the cheques

While you don't get a more boring stock than **Fortis** (TSX:FTS)(NYSE:FTS), you don't get a safer stock either. It is a TSX Dividend Aristocrat with over 46 years of consecutive dividend increases. You want this in your TFSA, safe from the CRA, because it offers stable capital gains and a stream of consistent, bond-like income. Right now it yields a decent 3.8%.

Fortis operates 10 major utility businesses in Canada, the U.S. and the Caribbean. These utilities are essential for society to operate on a daily basis. Accordingly, 99% of these utilities are regulated or contracted. As a result, Fortis has a highly predictable stream of cash flows out of these assets.

Fortis is investing heavily in value-add and development projects. Fortunately, it can mostly self-fund these projects and avoid shareholder dilution through financing in the market. Management believes it can accrete rate base and concurrent dividend growth of 6% into 2025. Put this stock in your TFSA, and all that income and income growth is yours safe from the CRA.

## You don’t want to owe CRA when this stock recovers

The TFSA can also protect you from paying CRA tax on **Enbridge’s** (TSX:ENB)(NYSE:ENB) whopping 8% dividend. Like Fortis, Enbridge operates as utility for the North American energy sector. In fact, it transports 25% of North America’s crude and around 20% of the natural gas consumed in the U.S. 98% of its assets are contracted or regulated, so its income stream is quite reliable.

If you are looking for an income-boost, this is a great stock to hold. Not only does it pay an attractive dividend, but management hopes to raise that dividend by 5-7% for the next two to three years! Despite concerns that the dividend is at risk, it is actually very well covered by a 72% distributable cash flow payout ratio.

As cyclical stocks grow in favour again, Enbridge could see an attractive rebound. Energy stocks have been the most hated stocks on the **TSX.** Yet, with the potential for a COVID-19 vaccine, investors are starting to recognize the potential for a strong rebound in energy.



If oil returned to its early 2020 highs, Enbridge could easily have over 30% from here. Combine that with the dividends and you definitely want this stock held tax free and safe from the CRA.

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