CRA: A Simple Way to Earn $1,000 Per Month Without Paying Taxes

Description

Whenever you earn or generate income, you need to pay taxes to the Canada Revenue Agency (CRA) on those sums. The CRA collects taxes for the Canadian government. The good news is that there exists one type of account that is immune to taxes from the Canada Revenue Agency. The Tax-Free Savings Account (TFSA) allows you to earn thousands of dollars each year that can't be taxed.

How to earn a generous passive-income stream without owing taxes to the CRA

The TFSA is a savings and investment account that is growing in popularity. It was introduced in 2009. You can use it to hold stocks, ETFs, mutual funds, bonds, cash, and GICs.

As any withdrawals in the form of interest, dividends, or capital gains are exempt from CRA taxes, the TFSA is an ideal account to hold quality dividend stocks. You can create a portfolio of high-yield stocks that will generate long-term wealth and experience tax-free savings growth forever.

Here's a stock that will pay you $1,000 month tax-free

You can earn $1,000 every month by buying a high-yield stock like **Keyera** (TSX:KEY) in your TFSA. This stock currently pays a monthly dividend of $0.16 per share, or $1.92 per share annually, for a dividend yield of about 8%. To earn $1,000 per month, you would need to invest about $150,000 in Keyera.

Keyera is one of the largest Canadian independent oil and gas company. It provides natural gas liquid (NGL) gathering, processing, fractionation, storage, transportation, logistics, and marketing services. The company is more sensitive to volumes than oil prices.

Keyera has interests in 18 active gas plants, and the construction of two gas plants in Alberta is ongoing. In addition to its extensive 4,000-kilometre pipeline network in its gathering system, the economic life of all facilities is long term.

Keyera offers a full range of essential midstream services. Likewise, its large client base composed mainly of investment-grade counterparties is an advantage. More cash flow will flow once the expansion projects (Simonette, Wapiti, and Pipestone gas plants) are completed. Current gas-processing capacity in the region would double, while condensate handling capacity will increase.

Keyera is resilient to the pandemic

Since the start of the year, Keyera has delivered strong results, demonstrating the resilience of its integrated business, which provides essential services and is supported by secure long-term contracts. Adjusted EBITDA for the first nine months of the year was $705 million compared to $683 million in 2019. Distributable cash flow was $586 million, or $2.66 per share, compared to $435 million, or $2.04 per share, last year. Net earnings were $137 million, or $0.62 per share.

Keyera's third-quarter results include adjusted EBITDA of $196 million, distributable cash flow of $174 million, or $0.79 per share, and net earnings of $33 million, or $0.15 per share.

With a strong balance sheet and a 54% payout ratio since the start of the year, Keyera plans to continue funding its growth capital projects without issuing common shares. The company also plans to maintain its current monthly dividend of $0.16 per share.

Keyera's capital projects are progressing well. In October, the Pipestone gas plant began operations, five months ahead of its original schedule and at budgeted costs.

Keyera is trading at attractive levels for long-term investors who rightly don't expect demand for hydrocarbons to stop or decline anytime soon. The stock forward P/E ratio is 14.3.

CATEGORY

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