



## Passive Income: Earn \$800/Month That the CRA Can't Tax!

### Description

The mandate of the Canada Revenue Agency (CRA) is to collect taxes, administer tax law and policy, and deliver benefit programs and [tax credits](#). The agency's responsibilities are for and on behalf of the federal government and most provincial and territorial governments.

Canadian taxpayers must comply with their tax obligations, because the CRA also has the authority to enforce or exact penalties due to non-compliance. In Canada, the tax system is progressive, and tax brackets reflect a marginal tax rate system. Generally, the tax percentage for low-income earners is lower, and high-income earners pay more taxes.

However, the CRA can't encroach or collect tax on a particular income by an individual taxpayer. If you want to earn tax-free passive income, invest your money in a Tax-Free Savings Account (TFSA). Manage the investment account correctly (no over-contribution and frequent trading), and you won't have issues with the CRA.

### Golden opportunity

Ever since the TFSA came to being in 2009, Canadians can save, invest, and build wealth the tax-free way. When you open a TFSA, [don't hoard cash](#), because you'll miss out on the power of compounding. Your money should be in an income-producing asset or financial instrument like dividend stocks.

Usually, high yield connotes high risk. Thus, a typical investor would avoid this type of investment. However, it would help if you were a bit aggressive to boost your returns, especially in a unique investment vehicle like a TFSA.

### Right investment

In a volatile market like today, you want a safe dividend stock to create a passive income. The energy sector, for example, is the worst-performing sector in the TSX thus far. Its year-to-date loss is 36.39%. However, the technology sector is the top performer with a 50.54% gain.

Unfortunately, you'll rely more on price appreciation rather than recurring dividend income. Besides, only a handful of tech stocks pay a decent dividend yield. Whether you believe it or not, there's one energy stock that's ideal for a TFSA user. Also, earning \$800 tax-free income per month is possible, and the CRA won't be at your back.

## Exceptional energy stock

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), the largest energy infrastructure company in North America, is a maverick in the energy stock. It operates in a highly volatile environment yet stands out as a dependable dividend payer. The \$86.35 billion company engages in collecting, transporting, processing and storing oil and gas. It's also the largest natural gas distributor in Canada.

In terms of stock performance, the energy stock is down 11% year to date. At \$42.64 per share, the dividend yield is a fantastic 7.6%. A TFSA investor who currently owns \$126,350 worth of Enbridge shares earns \$800.22 in tax-free income monthly.

Enbridge owns high-quality liquids and natural gas infrastructure assets, including a vast natural gas and NGL pipeline network. Investors are confident the company will endure any crisis, as the strength lies in regulated assets and long-term contracts for services. The nature of the business insulates Enbridge from volume and price risks.

## A TFSA breed millionaires

Young adults who start a TFSA as early as possible can be millionaires in the future. Money growth is exponential if your investment horizon is long term — 25 years or more. The tax-free returns are also substantial if the income stock pays a higher-than-average dividend yield.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

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6. Sharewise
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