



## Canada Revenue Agency: Earn \$100 a Week of Tax-Free Income

### Description

Everyone wants to boost their income in one way or another. Some are willing to work longer hours to earn more, which is ambitious and respectable. There's only one drawback to that. You work extra hard to earn more money but end up paying more in taxes. This is even more noticeable if you happen to push yourself into a higher tax bracket. So you work harder only for the Canada Revenue Agency (CRA) to take a greater portion of your money.

There is, however, a way to earn extra income that the Canada Revenue Agency can't touch by using the Tax-Free Saving Account (TFSA) to invest your savings.

The TFSA is exactly that — an account set up to help Canadians save and grow their money without having to worry about taxes.

That means interest, dividend, and capital gains can all be earned in your TFSA without you having to pay tax on it. That's an incredible opportunity and one that many Canadians take for granted.

If you've been eligible for the TFSA since the year it was introduced, starting on January 1, 2021, you'll have over \$75,000 of contribution room available. So to earn \$100 a week, or \$5,200 a year, investors would need to earn a 6.9% yield on that \$75,000 to do so.

There are plenty of high-quality stocks that pay dividends well above 6.9%. Here are two of the best to buy in your TFSA, so the Canada Revenue Agency can't touch any of the income.

### A top restaurant stock for passive income

**Pizza Pizza Royalty Corp** ([TSX:PZA](#)) is a great stock for [any dividend investor](#). The company receives a top-line royalty from each location across Canada. This structure keeps the dividend extremely stable even with major changes in the economy.

During the initial lockdowns of the pandemic in the spring, for example, Pizza Pizza saw its revenue decline by just 25% at its worst point. In fact, the company decided to be extra cautious when trimming

the dividend and even still only cut it by 30%.

Some of Pizza Pizza's peers, for comparison, had to suspend the dividend altogether and have just recently reinstated it. Pizza Pizza, on the other hand, is already well on its way to recovery and has already started to increase the dividend back toward pre-pandemic levels.

As of Tuesday's close, the dividend had a yield of roughly 7.25%, which makes it one of the top Canadian dividend stocks. If you own it in your TFSA, the CRA can't touch any of that dividend income.

## Avoid the Canada Revenue Agency with this pipeline stock in your TFSA

Another high-quality stock that can earn you significant [passive income](#) is **Pembina Pipeline Ltd** ([TSX:PPL](#))([NYSE:PBA](#)). Pipeline companies have been sold-off throughout the pandemic as investors worry about the impact of falling crude oil production.

And while the impact on the energy industry has been significant, pipeline companies are some of the most resilient businesses in the industry.

These assets have a tonne of advantages and are crucial to the energy industry both in Canada and the United States. So you can have total confidence in Pembina, especially if you're taking a long-term position.

The energy industry, as well as the economy, is now on the road to recovery. So I would expect its impressive 7.5% dividend will start to fall soon as investors bid up the stock.

That's why Canadians should consider adding it to your TFSA today. This way, you can take advantage of the significant bargain, and you don't have to pay any of your dividend or capital gains you make to the Canada Revenue Agency.

## Bottom line

There are several high-quality dividend stocks on the market, giving investors the opportunity to build a strong portfolio and earn more passive income. However, the most important thing is you maximize your TFSA and other registered accounts first.

This will allow you to save all the tax you would regularly owe to the CRA, which, compounded over time, could end up being tens of thousands of dollars.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

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danieldacosta

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