



## CRA: How to Use the TFSA to Turn \$40K Into Over \$2.5 Million!

### Description

The Canadian stock market was still recovering from a brutal start to the spring in early May. At the time, I'd discussed how investors could [avoid paying huge taxes](#) to the Canada Revenue Agency (CRA) this year and beyond. One of my favourite ways to avoid taxes, specifically any capital gains tax, is by investing in a Tax-Free Savings Account (TFSA).

### CRA: Why the TFSA is the ultimate growth vehicle

As its name suggests, the TFSA allows investors to gobble up capital growth and income and pay no capital gains tax to the CRA. If played correctly, this makes the TFSA one of the most explosive growth vehicles available to investors. Only timely real estate investments on a principle residence offer the kind of tax-free gains that a TFSA boasts.

Naturally, investors are interested in the biggest success stories in a TFSA. Today, I want to look at how an investment to start out the decade can make you a TFSA millionaire by the end of it. Moreover, I will look at some TSX stocks available today that hold huge potential for investors in the 2020s. Best of all, none of those gains need to go to the CRA.

### How fortunes were made in the 2010s

Investors all over the world were rattled by the 2007-2008 financial crisis. Little did many know, we were about to enter one of the most prolonged bull markets in history during the 2010s. It took a global pandemic in 2020 to finally bring it to a halt.

The spot price of gold erupted in the beginning of the previous decade, largely on the back of economic uncertainty. However, gold stocks failed to compete with more explosive options in the technology, financial, and healthcare sectors. **Kirkland Lake Gold** was the exception on the TSX. TFSA investors who scooped up Kirkland Lake stock at the beginning of the 2010s would have been very happy at the end of the decade.

At the time, the TFSA had just launched. The [cumulative contribution room in a TFSA](#) will expand to \$75,500 in 2021. A \$40,000 investment in Kirkland Lake Gold on January 1, 2010, would have been worth just under \$2.7 million as at December 31, 2019. That would work out to over \$2.65 million in capital gains, none of which would need to be paid to the CRA. That's not too shabby.

## What stocks should you target for your TFSA ahead of 2021?

This is a unique example, but even over the last five years some TSX stocks have offered explosive gains. **Shopify**, the Ottawa-based e-commerce giant, has seen its stock rise from an IPO price of \$28 in 2015 to over \$1,600/share as of close on December 22. The stock has undoubtedly made fortunes for some happy TFSA investors over the years.

**Nuvei** is another new technology stock that I'm excited about at the end of 2020. Its shares have climbed 69% over the past three months at the time of this writing. Mobile payment processors are a growing market across the world. Nuvei is a top tech stock that Canadians should not ignore ahead of the new year. This could make fortunes for TFSA investors in the years to come. Best of all, those gains all go in your pocket rather than to the CRA's.

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