



TFSA Investors: 2 of the Best Canadian Growth Stocks to Buy This Year

Description

The Tax-Free Savings Account (TFSA) contribution limit might only be \$6,000 in 2021, but the long-term benefits of maxing out this account are undeniable.

Canadians that are new to investing should not worry about having missed the boat on previous years' TFSA contributions. Unused contributions are carried over from year to year, assuming that the Canadian citizen is 18 years or older, deeming them eligible to contribute to the account.

As the name suggests, the TFSA provides Canadians with tax benefits that cannot be matched by any other type of savings account in the country.

Contributions are made with post-taxed income, which allows Canadians to make tax-free withdrawals from their TFSA. Perhaps even better, all income that is generated in the account, either through dividends or capital gains, is once again not taxed.

Investing in a TFSA in 2021

With limited contribution room, Canadians will want to choose their TFSA investments wisely. The beauty of a TFSA is that its benefits do not cater to one particular investing style.

If you're looking for a steady stream of passive income, buy one of the high-yielding Canadian banks. That will provide you with a dependable quarterly dividend that is completely free of tax.

However, if you're like me and have the time horizon to buy and hold top stocks for potentially decades, not having to pay any tax on capital gains is a benefit you'll absolutely want to take advantage of.

Heading in 2021, my TFSA investment approach has not changed much. I'm still looking for [top growth stocks](#) to add to my portfolio.

The valuations of some of the growth stocks on the **TSX** today understandably have some investors concerned. That being said, I'm bullish as ever on the Canadian market. I'm betting on a strong rebound performance after a rough 2020.

Here are two top growth stocks that [TFSA investors](#) will want to have on their radar in 2021.

TFSA stock #1: Lightspeed POS

Lightspeed ([TSX:LSPD](#))([NYSE:LSPD](#)) is valued today at a market cap of \$10 billion. That's not stopping the growth stock from taking on some of the giants in the e-commerce industry, though.

What was once known mainly as a point-of-sale hardware provider is now considered to be an e-commerce juggernaut. Maybe it's not at the **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) level yet, but Lightspeed is well on its way to becoming a \$100 billion company.

Today, Lightspeed is basically a one-stop shop for small- to medium-sized businesses. The growth stock helps its customers with payment solutions, digital marketing, and inventory management, just to name a few areas.

Lightspeed only became a public company in March 2019. Since then, it's up an incredible 350%. The scary part is that I truly believe that this Canadian growth stock is just getting started.

TFSA stock #2: Shopify

Shopify is certainly no stranger to Canadian TFSA investors. The \$185 billion growth stock is valued as the largest publicly traded company in Canada.

It's already a behemoth, but this is a global company. And when comparing its size to its U.S. peers, a \$180 billion market cap only tells me that there is still plenty of growth left in the tank.

Shopify has been one of the top growth stocks over the past five years. It's up 4,500% since early 2016 and still managed to grow 200% in what was a very difficult year last year.

The company trades today at a steep valuation, which investors certainly need to keep in mind. With a price-to-sales ratio of 75, TFSA investors may want to start with a small position and add to that gradually over time.

Foolish bottom line

It's no secret to Canadian TFSA investors that these are two of the top growth stocks in the market right now. But just because the growth potential of the two stocks isn't a secret, doesn't mean they won't crush the market's returns over the next decade.

CATEGORY

1. Investing

2. Tech Stocks

POST TAG

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TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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