1 Fantastic Way to Earn Income the CRA Can't Tax

Description

While taxes aren't the only price we pay for the civilization, they are part of the package. In part, taxes are what keep an economy running smoothly. And when the government needs to take emergency measures, these taxes are reverted back to the people in the form of crucial benefit payments. This was one of the most important lessons we learned during the pandemic.

Still, taxes can also seem like a massive financial burden. All your income is taxed; no matter if the money comes from your day job, side hustle, or a small business, the CRA will take its cut. But there *is* a way. One tool that allows you to earn income without the CRA touching one dollar: the Tax-Free Savings Account (TFSA).

You fund the TFSA with your taxed dollars, but then all the growth and income from that account is entirely tax-free. You can keep both growth and high-yield dividend stocks in your TFSA to earn an investment income.

A high-yield dividend stock

One high-yield stock that can help you start a dividend-based passive income from your TFSA is **Slate Grocery REIT** (TSX:SGR.U). The company has been growing its dividends (quite slowly, but any growth is better than no growth) since 2016. Right now, the company is offering a mouthwatering yield of 8.9%. So if you can divert $42,000 from your TFSA to this stock, you can create a monthly income stream of $300.

That income would be beyond the reach of the CRA, and you won't have to pay any tax on it. The payout ratio of 107% is not ideal, but it's relatively safe if you consider the company's dividend history. The REIT hasn't fully recovered its pre-pandemic valuation yet, but it has made good progress, though even before the pandemic, it wouldn't have made a good growth stock.

Unlike other businesses and relevant REITs that suffered during the pandemic, the grocery businesses stayed relatively safer.

A new growth stock

Nuvei (TSX:NVEI) recently started trading on the **TSX.** Its Initial Public Offering (IPO) in September 2020 was one of the largest technologies IPO that the TSX ever saw. The company managed to issue almost 24 million shares (at $26 per share), and the current market capitalization is over $8 billion. The stock has grown 60% in about four months.

The company offers payment solutions and partners with businesses to offer the right payment technology to suit their needs. In the world of e-commerce, if the company manages to capture the payment market, it might become as explosively powerful as **Shopify** did. Currently, the company works in 200 global markets and has over 50,000 customers.

Foolish takeaway

The right mix of growth and dividends in your TFSA portfolio can help you create a powerful passive income beyond the reach of the TFSA. It won't just help you cover your expenses but will also allow you to field a lighter tax bill if you leverage it to reduce your taxable income.

If you don't want the cash right away, you can reinvest dividends, so when you start taking your dividends, you'd have more equity — and hopefully get a higher income.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:NVEI (Nuvei Corporation)
2. TSX:SGR.U (Slate Retail REIT)

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