



Canada Revenue Agency: How to Boost Your Income and Reduce Your Taxes

Description

When it comes to your finances, it's important to take advantage of all the available benefits. For example, there are numerous ways the Canada Revenue Agency allows Canadians to save on taxes or boost their income.

Whether it's unique tax breaks you may not have heard of or advantageous investing accounts that allow you to save thousands on taxes, there are endless ways to grow your wealth.

That's why, although spending the time to research your taxes and personal finances can be tedious, it can also help to save you a huge chunk of change.

One of the most useful tools Canadians have at their disposal is the Registered Retirement Savings Plan (RRSP).

Canada Revenue Agency: Take advantage of the RRSP

The RRSP is a useful tool for Canadians to begin to save and investment for retirement. Each year, your contribution limit is determined by the Canada Revenue Agency based on your income from the year before.

The RRSP is similar in a lot of ways to the Tax-Free Savings Account (TFSA). However, there are some significant differences. The TFSA, on the one hand, allows Canadians to essentially make deposits and withdrawals as often as possible, with only minor restrictions.

On the other hand, the RRSP taxes you if you withdraw from the account. However, that's only because you get a tax credit when you contribute to the account.

So, while the TFSA is an account providing more flexibility for Canadians, [the RRSP](#) is beneficial if you know you're going to be saving the cash until retirement.

Both accounts allow Canadians to invest their money tax-free. So, you won't have to pay any taxes to

the Canada Revenue Agency on any of the capital gains, dividends, or interest you receive on investments in these accounts.

A top stock to buy in your RRSP

Since the Canada Revenue Agency allows you to invest tax-free in the RRSP, you'll want to buy high-quality long-term stocks with resilient operations and major long-term growth potential. One of the top stocks is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

[Enbridge](#) is a Canadian energy giant and a top blue-chip stock. It's the exact type of long-term investment that the Canada Revenue Agency wants investors to buy in their RRSPs. The registered investing accounts are supposed to be for long-term investing as opposed to short-term trading. So, finding businesses like Enbridge are key.

The massive company is known mostly for its pipeline assets, and rightly so. Enbridge transports up to 25% of oil in North America and roughly 20% of the natural gas consumed in the United States.

However, the company has a lot more businesses, including a massive gas utility as well as renewable energy assets. This considerable diversification makes Enbridge a total energy powerhouse.

It also helps to keep operations resilient making Enbridge an extremely safe stock. During the pandemic, when the energy industry was impacted severely, Enbridge felt some of the effects.

These have been only a small, short-term headwind for Enbridge, though. And because it's such a cash cow, the company was easily able to increase the dividend again for the 26th consecutive year.

Enbridge's reliability and long-term growth potential make it the perfect stock for your RRSP. Plus, it pays a 7.5% dividend too, which will only increase your returns even more substantially. So, investors can earn some impressive returns over the years and won't have to pay any of the income to the Canada Revenue Agency.

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