

## Is Ma'aser Given From Gross or Net Income?

### Rav Baruch Fried

**Question:** *Ma'aser* is defined as 10% of income. Is it given from one's gross income or his net income?

**Answer:** There is a fundamental machlokes discussed by the earlier Poskim starting with the Sha'ar Efraim that is important for us to understand. The discussion centers around whether we view all of a person's business ventures as one or as separate entities when it comes to *ma'aser*.

- The Chavas Yair says that one can deduct losses from one venture from the income of another venture. For example, if one loses \$100 from an investment he made in wheat, and he gained \$1,000 for an investment he made in wine, he can deduct the \$100 loss from the \$1,000 gain, so that his total gain is \$900 and therefore he owes \$90 to *ma'aser*.
- The Yosef Ometz disagrees and says that each venture must be viewed separately and a loss from one venture cannot be deducted from another. This disagreement pertains **only** to business losses, but when it comes to expenses, everyone agrees that they can be deducted and one only must give *ma'aser* on his net profit.

When one gives *ma'aser tevuah*, expenses are not taken into consideration. One simply takes off 10% of his total crops and gives that to *ma'aser*. Since *ma'aser kesafim* is learned from *ma'aser tevuah*, we may ask why it is based on one's net profits, rather than on the gross product like it is by *ma'aser tevuah*?

In truth, we actually find a number of other halachos where *ma'aser kesafim* differs from *ma'aser tevuah*.

1. One difference is that the Chazon Ish rules that if one receives a present in a non-monetary form-for example he receives a non-cash wedding present, the *minhag* is not to give *ma'aser* on that. Of course, this differs from *ma'aser tevuah* for it is always given on food.
2. Furthermore, Rav Moshe says that one can deduct inflation from his accounting of *ma'aser*. For example, if one buys an investment house for \$200,000 and sells it five years later for \$250,000, if inflation went up during that time to the point where he is not actually making a profit in inflationary terms, he does not have to give *ma'aser* on the \$50,000 he earned. When it comes to *ma'aser tevuah*, however, one has to give 10% of whatever crops he grows, and inflation is not taken into account.

The Shailos Yabetz explains simply that the reason we find these halachic differences between *ma'aser kesafim* and *ma'aser tevuah* is because *ma'aser kesafim* is merely a *minhag* and one can, therefore, be more lenient.

Another answer that is offered is that *ma'aser tevuah* is a standard tithe of 10% of the crops one grows, while *ma'aser kesafim* is a tithe of 10% of one's profit. Crops are defined simply as produce, so it makes no difference if there were any expenses. Profit, however, is defined as one's net earnings. Losses and expenses are not defined as profit and, therefore, can be deducted towards *ma'aser*. This can also explain why *ma'aser* is not

taken on non-monetary items and on inflation, as these are not considered profits.

Taxes are clearly an expense that one can deduct from his earnings before taking *ma'aser*. Rav Moshe Feinstein points out that there is a difference between income tax or real estate tax on investment properties, which are work and business-related, as opposed to the property tax one pays on his own home or the sales tax he pays for personal items. The latter type of taxes are not business or work-related at all, and, therefore, cannot be deducted from *ma'aser*.

The Aruch Hashulchan says that one can deduct business travel expenses before separating *ma'aser*. One can also deduct business insurance expenses from his earnings, as well as the cost of child care or housekeeping that he wouldn't need if he wasn't working.