Ma’aser on Stocks

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Question: Does an individual who has a stock portfolio need to give *ma’aser* on the appreciation of a stock, even if he doesn’t plan to sell the stock right now? What if the dividends are taken out of that stock and reinvested into another stock in his portfolio?

Answer: The Yosef Ometz discusses interest payments one receives on a loan he gave to a non-Jew. One does not have to take *ma’aser* on those payments before he receives a repayment of the principle because, until that time, he is still uncertain that he will get his money back, so that cannot be considered a profit.

One may argue that stocks are similar to a loan in that sense, as the investor doesn’t know if he will ultimately make money on the investment. Just because they go up at one point does not mean they will not eventually come down in value; therefore, one can argue that the appreciation of the stock cannot be considered a profit. On the other hand, I believe that there is a difference between stocks and a loan because even though securities can go up and down in value, the sale value does rise when the stock goes up, meaning that it is now worth more and the dividends aren’t merely paying off the security. Accordingly, the Yosef Ometz cannot be used as justification not to pay *ma’aser* on appreciation of a stock.

The halacha would be that one does not have to cash out his stocks if they appreciate in order to take off *ma’aser*. As long as one keeps the appreciation in the same stock, his business venture is still ongoing, and one doesn’t have to take off *ma’aser* from a business transaction while it is still going on. Even if the money is automatically reinvested in the same stock, it is still considered to be the middle of the venture, and *ma’aser* does not have to be taken off yet.

If one has to pay capital gains tax, he can deduct that as a business expense from his gross profits. He has to remember, however, that he already deducted that amount and he can’t deduct that expense again later when he takes his money out of the stock.

The Shevet Halevi warns that when people have long-term investments, they tend to forget to take *ma’aser*. Therefore, he suggests that people who have such investments make an accounting of their profits once every ear and take off *ma’aser* accordingly.

Once someone takes his profits out of a stock and wants to reinvest it in a separate venture, he would have to make a *cheshbon* of how much *ma’aser* he owes.