**Jewish Business Ethics**

**Paying in Cash**

*Service providers sometimes ask to be paid in cash: what are the Jewish ethical issues involved in deciding whether or not to comply with their request?*

There are various entirely legitimate and lawful reasons why a service-provider may wish to receive some or all of the payment for services in cash. At the same time, it is well-known that one of the most common reasons for traders to ask to be paid in cash is in order to conceal part of their takings from the tax authorities, which engages a simple Jewish prohibition of *gezel min ho’rabim* (stealing from the public).

The practice of tax evasion through suppressing cash receipts is too widespread for a customer to be able simply to pay in cash and argue that it is entirely up to the trader whether or not he or she takes advantage of that form of payment to break the law. In essence, a person who agrees to pay in cash risks being a *machzik yedei aveiro* (helping someone to break the law). (They will also quite possibly incur secular civil or criminal liability of some kind if they are thought to have been knowingly or recklessly conniving at tax evasion.)

This does not mean that a customer should necessarily refuse a request to pay in cash, but he or she has an obligation to establish that there is a lawful reason for the request.

For example, a caterer dealing with a function may need to pay the waiting and other catering staff on the day of the event in cash (either because they don’t all have bank accounts, or because they do not qualify for free banking and wish to avoid cheque charges, or simply because they wish to be able to spend the money straight away). In such a case there is no reason why the customer should not pay some of the costs in cash on the day of the event.

Another common and legitimate reason for a request to pay in cash is a small business’ wish to avoid banking charges. Particularly in the case of relatively small payments, cheque or other credit charges for business accounts can be considerable, and there is no reason why the customer should not assist the trader in reducing overall finance costs.

The most obvious warning sign of an improper request to pay in cash is the offer of a direct or indirect discount. The legitimate business reasons discussed above for seeking cash payments might justify the offer of a small discount to reflect the increased convenience for the trader; but nothing very significant. A quote of two prices, with the cash price being significantly lower than the other is likely to indicate an intention to evade tax: in such a case the customer should insist on a satisfactory and credible explanation of the proposed discount for cash. If an explanation is not provided, the customer must either insist on paying through a tracked-payment form at the higher price, or (depending on whether there is any uncertainty in the case) decline to deal with the supplier altogether.

Obviously, a customer who offers to pay cash in return for a substantial discount is not only being *machzik yedei aveiro* as stated above, but is also transgressing the Torah prohibition of *lifnei iver lo titen michshol* (putting an obstacle in the way of the blind – extended to tempting people to break the law generally).

**Daniel Greenberg, Parliamentary Counsel, Berwin Leighton Paisner LLP.  (Copyright the author; all rights reserved; note that this column aims to explore general issues of secular and Jewish law and ethics and does not purport to provide legal advice.)**