



141431 - Zakah on shares in a company that has not yet been launched for four years

the question

I am a shareholder in a company that has not yet been launched. After nearly 4 years, the company was dissolved and they returned the capital to the shareholders with a shortfall, meaning: my share was 240,000 and they gave me back 220,000. Is zakah due on it?.

Detailed answer

Praise be to Allah.

The basic principle with regard to zakah on shares is that if the company did not pay zakah on its wealth for any reason, then the shareholders are obliged to pay zakah on their wealth. If the shareholder can find out from the company's accounts about his shares and whether the company paid zakah on its shares in the manner referred to, he should pay zakah on his shares on that basis, because it is the basic principle with regard to the way in which zakah on shares is to be paid.

If the shareholder cannot find that out:

If he bought shares in the company with the aim of benefitting from the annual dividend on the shares and not with the aim of trading in them, then the owner of these shares does not have to pay zakah on the share itself; rather he has to pay zakah on the dividend, at a rate of one quarter of one tenth after one year has passed from the day on which he took possession of the dividend.

If the shareholder bought the shares with the aim of trading in them, then he must pay the zakah of trade goods on them. When one year has passed since they came into his possession, he must pay zakah on their market value; if there is no market for them, he must pay zakah on their value as estimated by experts, paying 2.5% of this value and of any profit, if the shares made any profit.



End quote from Majallat Majma' al-Fiqh al-Islami, 1/879

If there is a problem with these shares and their owner cannot dispose of them, then he should pay zakah once, at the time of selling them or recouping their value.

Dr. Muhammad al-'Usaymi (may Allah preserve him) was asked: O Shaykh, may Allah bless you and reward you with good, you know that there was a problem between the al-Duraybi real estate company and the government, and the shares were frozen for five years, to the point that we almost despaired, but now Allah has made things easy, and the money of the shareholders has been paid back. Does zakah have to be paid on it? For how many years should zakah be paid on it?

He replied: Yes, you have to pay zakah for one year. And Allah knows best. End quote from the [Shaykh's website](#).

And Allah knows best.