ZAKAH ON UNQUOTED SHARES

Q: 4- "How is zakah calculated and paid on the unquoted shares which cannot be sold through Stock Exchange?" (Nafesa Raja Hong Chik, Malaysia).

A: Zakah is obligatory on the market value of the shares of every joint stock company. Although the market value of the unquoted shares cannot be determined through the Stock Exchange, yet there are two ways to determine their value.

1. Some unquoted shares are sold and bought through "over the counter" transactions i.e. by mutual agreement of the buyer and seller and without the mediation of a Stock Exchange. These "over the counter" transactions may determine the market value of the unquoted shares.

2. If the market value cannot be ascertained in this way for some reason, then the value of the unquoted shares should be calculated on the basis of the balance sheet of the company.

It has already been explained in Albalagh (June 1990 p.20) that a share holder can deduct from the Zakatable value a proportion equivalent to that of the fixed assets of the company.' The same principle is applicable to the unquoted shares also.

Contemporary fatawaa