



## **108105 - Working in an audit firm reviewing accounts which involve riba, insurance and taxes**

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### **the question**

I am working as a trainee in an audit firm. The purpose of an audit is to check the financial statements prepared by companies and report whether they present a true and fair view. In order to achieve this purpose we have to check the financial records from which the financial statements have been prepared and also the accounting process and calculations carried out by companies. These companies are involved in activities such as obtaining interest-based loans, having insurance and paying tax. Such activities exist in all kinds of companies even if their business itself is halal e.g. manufacturing companies. This means that we are obliged to check the accounting for interest, insurance and tax, without which we cannot give our report. My question is, is it lawful to perform audit?.

### **Detailed answer**

Praise be to Allah.

It is not permissible to audit riba-based accounts, because that involves approving of riba, writing it down and keeping silent about it. Muslim narrated in his Saheeh (1598) that Jaabir (may Allaah be pleased with him) said: The Messenger of Allaah (peace and blessings of Allaah be upon him) cursed the one who consumes riba and the one who pays it, the one who writes it down and the two who witness it, and he said: they are all the same.

The scholars of the Standing Committee for Issuing Fatwas were asked:

In the office of a legal accountant, we check the financial statements of institutions and companies, based on the company's books, with the aim of submitting the results at the end of the financial year in the form of budgets and reports about the company's financial situation, to be presented through the institution to a government department or bank, or to the zakaah and



income departments. During the year we also keep watch on the finances of the institution to guard against tampering and embezzlement. I have a number of questions which I hope that you can answer:

(a)

In some cases, I may see details of their accounts and dealings with the banks. These accounts show debt i.e., the companies are required to produce them in order to get a loan from this bank or as the result of withdrawing more than they have in their account, which results in the bank charging interest for that, i.e. riba. The nature of our work involves showing this account with the others in the budget. That is based on the company's books and bank accounts, and we cannot exclude it from the rest of the accounts. It has to be shown in order for the budget to be regarded as showing the real situation of the company. Is there any sin on us in that, and are we regarded as those who witness riba?

They replied:

It is not permissible for you to be an accountant because of what you have mentioned in your question, because that involves cooperating in sin and transgression. End quote.

Fataawa al-Lajnah al-Daa'imah (15/20)

Shaykh 'Abd al-'Azeez ibn Baaz, Shaykh 'Abd al-Razzaaq 'Afeefi, Shaykh 'Abd-Allaah ibn Ghadyaan.

So you should look for work where you will not have to deal with accounts of riba.

With regard to insurance and taxes, if they are compulsory, then there is nothing wrong with calculating and auditing them, because the one who pays them is excused for doing so.

We ask Allaah to make easy for you the means of earning halaal provision and to bless it for you.

And Allaah knows best.