362022 - Buying Shares in Companies Receiving Low Interest

the question

I work for a Swedish company, and I have a fixed salary. This company wants to sell to its top employees a certain number of shares at a reduced price. This means that I will pay 20% of the price, and I have to keep the shares for three years, then I can sell them after that, and any gain or loss will be mine. They are doing this as an incentive program to keep employees working for the company, and they will not force me to keep working if I want to leave. But the program lasts for three years, and I will not get any gain or loss before three years have passed. The company's work is selling a permissible product, and they hardly get any income from interest; it is less than 1%, and they do not borrow from the bank. Selling the shares to employees at the reduced price will not cost them any fees. Can I buy these shares that they are offering to me, or not?

Summary of answer

If the company sells permissible products, and does not take riba-based loans, and does not deposit its money in riba-based accounts, then there is nothing wrong with buying their shares and benefiting from this incentive.

Detailed answer

Praise be to Allah.

If the company sells permissible products, and does not take riba-based loans , and does not deposit its money in riba-based accounts, then there is nothing wrong with buying their shares and benefiting from this incentive.

It says in a statement of the Islamic Fiqh Council belonging to the Muslim World League that was issued during its fourteenth session in 1415 AH/1995 CE:

1. Given that the basic principle regarding transactions is that they are permissible, establishing a joint-stock company whose purposes and activities are permissible is something that is allowed according to Islamic teachings.
2. There is no difference of scholarly opinion concerning the prohibition on shares in companies whose basic purpose is prohibited, such as dealing in riba, or manufacturing or trading in things that are prohibited.
3. It is not permissible for the Muslim to buy shares in companies and banks , if some of their transactions involve riba or manufacturing or trading in things that are prohibited."

It is not clear what the reason is for what you have mentioned about there being interest of less than 1%. Perhaps it comes from putting their money in a current account – as is the case in some banks. Whatever the case, it seems that this company cannot be described as depositing its money in a riba-based account. But you should get rid of this percentage, because gifts in return for a current account are haram.

And Allah knows best.