TAXES

Impermissibility Of Cheating On One's Taxes

Is it permissible to practice tax-evasion (i.e. by lying), especially, if the recipient is a non-Muslim government?

It is impermissible to lie on one’s taxes, even if the recipient is a non-Muslim government. It is permissible to take any legal measure to reduce one’s taxes; all unpaid taxes must be paid.

Tax Payments On Reserves

What is the Shariah ruling with regard to the bank’s payment of income tax from the amount deducted annually for the investment risk reserve?

Where applicable, the bank must pay tax from the amount deducted annually for the investment risk reserve.