

THE MAJLIS

"VOICE of ISLAM"

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Q. A person owns a franchise business selling only halaal products. The franchisor demands 12% of turnover every month regardless of how high the other overheads are. When a franchise business is purchased, the franchise agreement is signed. This agreement stipulates the 12% franchise fee; that one will disclose all takings; certain items have to be purchased exclusively from them. Is it permissible to falsify the turnover to show a lower figure so that a lower amount be paid as the fee? Will it be permissible to buy stock from elsewhere despite the agreement?

A. The whole agreement from beginning to end is *baatil* and haraam. The 12% franchise fee is haraam *riba*. The stock stipulation is haraam and invalid. The franchisor is not entitled to a cent. It is permissible to 'falsify' the figures. In terms of the Shariah it will not be falsification. On the contrary it will be concealing one's assets from a robber. It is permissible to purchase stock elsewhere.