

FATAWA SALE AND SARF

I- Loan in the Disguise of Sale

SUBJECT: Getting a usufruct as a benefit from a loan

From: dialogue@islam-online.net

Date: 3/23/2001

Name of Questioner	Kamaludeen	Gender	Male	Age	21-30
Education	Diploma	Date Submitted	3/23/2001	Email	
country of Origin	India	User Ref. No.	TK57CU	country of Res.	India

Question

Assalaamu Alaikum. Here is a common practice of giving one's house to the use of second party on lease for a specific period (say one or three years), by collecting a good sum of money from the second party. The second party uses the house and he does not have to pay the monthly rent to the building owner but he has to do routine maintenance works of the house. While vacating the house, the second party gets back the initial lease amount he paid, from the building owner. Is this practice allowed in Islam?

My Answer:

Dear Br. Kamaldeen

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

This practice is known in Fiqh as Bay' al wafa'. The OIC Fiqh Academy issued a resolution declaring it Haram because the benefit of the house the lender gets for the period of the loan is Riba. Riba may be an amount of money or any other material benefit or usufruct. The general rule in Fiqh is that any conditioned material benefit brought about to the lender by a loan is Riba.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

II- Sale of Prohibited Items

SUBJECT: Sale of tobacco

From: dialogue@islam-online.net

Date: 3/23/2001

Name of Questioner	Hossam	Gender	Male	Age	31-45
Education	Graduate	Date Submitted	3/21/2001	Email	
country of Origin	Egypt	User Ref. No.	BNMCIY9	country of Res.	Egypt

Question:

This question for (Sheikh AlQaradawy) I have a business opportunity in gas station field and at this kind of business we have to sell cigarettes because it's 75% of the sales + the gas and without it no one can open this kind of business.(P.S.this is the only experience I have in USA.) Is it Haram or Makruh or what selling cigarettes at this situation.

Notes: This business at USA

My Answer:

Dear Br. Hossam,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

I am not Shaikh al Qaradawi, and I can barely claim to be at the level of his students...My answer is that once it is determined that tobacco smoking is Haram because of its well established harmful effects to human body its sale is also Haram. If it is 75% of your sale, as you say, then 75% of your sale is Haram and it makes no difference being in the United States. It Haram to sell harmful thing to any person anywhere, it is Haram to even give it to animals if you know it hurts them.

I know many gas stations owned by Muslims and they do not sell tobacco. PL. let me also tell you this story: In 1986, I was in a conference in Islamabad and we were received by the late President Ziaul Haq. He said he wanted to forbid selling alcohol on the Pakistani Airlines, PIA, but he was warned this may drive customers away and make a government-owned losing company even in more red, he said since he knew it is Haram he went ahead and eliminated selling any alcohol on the Airlines, that year it came profitable for the first time in many year.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Dealing with pirated software and using it

From: dialogue@islam-online.net

Dated: 4/12/2001

Name of Questioner zubair

Gender Male

Age 15-20

Education Graduate

Date Submitted 4/10/2001

Email

country of Origin India

User Ref. No. 2AC541

country of Res. India

Question:

IN THE NAME OF ALLAH THE MOST GRACIOUS THE MOST MERCIFUL. What is the ruling regarding the use of pirated software? Is it allowed in Shari'ah? I belong to Kashmir where most of the software being used is pirated as there is no check. Also the original software costs a lot in Indian rupees. Like a software for \$100 would cost approx. RS. 5000 Wassalam

My Answer:

Dear Br. Zubair

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Pirating software and any other intellectual products is forbidden. It is equally forbidden, and may be more, to practice monopolistic measures by the producers and importers of such products.

While we must care about the protecting of the rights of the owners of such products we must also remember that the rights of the users need also to be protected. If both objectives could not be achieved together, I don't agree with the position that takes the side of the rich and leave the poor hanging in the air. I don't call for a Robin Hood attitude, but I am really concerned about the poor guys who have no defense of their rights not to be exploited and expropriated out of their little earnings because the intellectual producers are powerful and could defend their rights. If you are sold the intellectual products at such exorbitant prices you have the right to defend yourself against it BUT CERTAINLY DUPLICATING SUCH PRODUCTS FOR SALE AND MAKING PROFIT OUT OF SUCH THEFT REMAIN PROHIBITED.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Sale of Wine to non-Muslims

From: dialogue@islam-online.net

Date: 5/4/2001

Name of Questioner haroun

Gender Male

Age 21-30

Education Graduate

Date Submitted 4/25/2001

Email

country of Origin Jordan

User Ref. No. 8NYSZ1

country of Res. Jordan

Question:

I want a 'fatwa' in dealing buying and selling wine and similar stuff from and to non Moslems. But not drinking. Jazaka Allah Khairan

My Answer:

Dear Br. Haroun

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The Prophet, pbuh, mentions in an authentic saying that the wrath (La'nah) of Allah is on the seller, buyer, brewer, transporter, etc. And he counted ten functions related to alcoholic beverages.

It is unanimously agreed upon that selling, buying and transporting any alcoholic beverages is forbidden in addition to its production and consumption. It makes no difference to whom you sell or from whom you buy; Muslim and non-Muslim alike.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Sale of cards that earn prizes

From: dialogue@islam-online.net
Date: 5/9/2001
Name of Questioner Osama Gender Male Age 15-20
Education High School Date Submitted 4/27/2001 Email
country of Origin Palestine User Ref. No. 7SD9HM country of Res. N. Zealand

Question:

Assalamu Alaikum: Well, I think I have a very hard question, which could be classified, in the gray area: My school wants to do some fundraising to buy a mini van, So by the help of another company, this company has donated many prizes, which are hidden under (scratch and win) cards. And (AS SCHOOL STUDENTS) we've been asked to sell those cards for \$2 each, however the prize that every single ticket (Card) has, is \$2 or more!! And the profit goes to the school at the end of the day. The prizes vary very much, but one of the friends told me that he got (Beer) which is definitely HARAM, But am I allowed to sell such tickets?? Plus the more I sell the (more) credits I get!!

My Answer:

Dear Br. Osama

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

I agree with you that the question is in the gray area. Let us put the parts together: selling the cards will be permissible in Shari'ah under the following conditions: 1- the list of prizes must be known to the buyer and each card gets a prize for sure. In other words, you do not sell only a chance to get a prize but you sell one of the items on the list. It doesn't matter even if the value of some of them is below \$2; 2- there must be no Haram items among the prizes, if there is beer you cannot sell the cards; 3- credits you earn of selling do not affect the Hukm.

You know the principle in sale is that price and item must be known to the two parties and if this knowledge is general it may be tolerated as you are selling one of these items on the list, also a Muslim may not sell any harmful thing to any body even if this harmful thing is permitted in the religion of the buyer. This is the best example of it, beer. More specific the Prophet pbuh, specifically mentioned selling alcoholics among actions that bring the curse of Allah, Ta'ala.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Renting a place for an ATM of conventional bank

From: Islam on line

Sent: February 28, 2002

Name Syed

Gender Male

Age 31-45

Education Post Graduate

Date Submitted 1/31/2002

Email

country of Origin India

User Ref. No. NCWC2B

country of Res. India

Question

Assalam-U-Alaikum Wah Rahmat Allah Wa Baraka I am a businessman situated in India. I have recently constructed a small building for commercial purposes which I intend to rent/lease out to some good company/firms. I have been approached by Citibank and American Express to lease out a small portion of my building on the ground floor for putting up an ATM Machine which, as you know, dispenses cash and attends to other banking related activities. My question to your good self is whether it is permissible to do so and whether the rent that I receive from such banks will be Halal. While I do partake in normal banking activity for my business I try very hard not to involve myself in any interest related activity, which I am sure you will agree is next to impossible in a country like India. I will also be grateful if you could forward me any links from where I can obtain more related information. May Allah Guide all of us on the right path. Was Salaam S.S.

My Answer

In the Name of Allah the Most compassion the Most Merciful

May All Praise and Thanks be to God, the Almighty, The Lord of the Worlds and Peace and Prayers be on His Messenger the Prophet Muhammad and all his Companions and Followers

Dear Br. Syed

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

This question relates to the issue of what transactions are permitted with people whose income comes from Haram or mixed sources, and/or their use of commodity we sell them is for conducting Haram or mixed actions.

Although there are sayings about the prohibition of the incomes of those who claim being future and unseen readers (Hulwan al Kahin) and prostitutes (Mahr al baghiyy), there is no call or even a trace of evidence that they must not be sold food, cloth and other permissible commodities. Would it be imaginable that the Shari'ah may call for prohibiting selling them and leave them to starve? Any claim of prohibition of making sale contracts with them is not consistent with the texts and objectives of Shari'ah and cannot be supported by any evidence from the Qur'an and Sunnah.

Further, in contracts when we talk about components of a sale contract and the conditions of these components, there no mention to make research about the source of the price paid by the purchaser or rent paid by lessee. It is true that if one happens to know that the price is itself (as they say its 'Ain) known to have been stolen, you must not accept it as a price. The reason is that a stolen thing remains a property of its owner not of the person who has a hand on it.

Let us come now to the use of sold commodity by its purchaser. There are talk about

resentment or dislike (Karahah), not prohibition, of selling grape to a person who is known for sure to use it for brewery. but al Nawawi [al Majmu', vol. 9] argues that it is permissible to sell a slave singer for a price that includes a premium for her singing (with the assumption that singing is Haram). Putting these together, one may conclude that even if we accept the view of Karahah, it is conditioned by certain knowledge that it is going to be used for Haram.

Applying these rules to the question on hand makes the following: the use of an ATM machine is to dispense cash, make deposits and provide information. It is not to make interest based contract. For instance, there is no argument for prohibiting a job of cashier or teller in a conventional bank even though cash dispensed may be a result of a Riba-based contract. But dispensing the cash by a teller is not Haram. It seems it is permissible to rent a space for an ATM from the point of view of the use of the rented space. As for the income of conventional banks, no one can claim that all of it comes from interest, in some conventional banks, especially in the third world, like India, non interest sources of income make high percentage of net profit. The most that can be said is that its income is mixed. Further no one can tell for sure that the specific dollar given as rent is the dollar that came from Riba transaction so one cannot fall back on the argument of a stolen price. Lastly, the price (rent in our case) is taken in exchange of a permissible thing (the usufruct of the space) in a permissible contract.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

III- Internet Marketing and Pyramid Commission

SUBJECT: Net Marketing of SkyBiz 2000 and its commission system

From: dialogue@islam-online.net

Date: 3/26/2001

Name of Questioner Mele

Gender Male

Age 31-45

Education Post Graduate

Date Submitted 3/20/2001

Email

country of Origin India

User Ref. No. 82AEXF

country of Res. India

Question:

Sub: Net marketing and income Referral. Previous question was without details. RCJQS4 More details are given below. Please visit WEB skybiz2000.com. Once you are an Associate, whether or not you bought an e-Commerce Web Package, to qualify to receive compensation at all levels of the business you only need to refer the sale of two e-Commerce Web packages. The e-Commerce Web packages may be sold to those who choose to also participate in the Home Based Business Program and to those who choose not to participate in it. THE COMPENSATION PLAN: SkyBiz 2000 pays compensation in U.S. Dollars. ORBITS PAY OVER \$300.00 Every time your organization grows by

the retail of 50 e-commerce web sites in one week with at least 1/3 on the weak side you will earn over \$300. The diagram below illustrates what would happen if your team grew with only 9 web sites per week, with at least 1/3 on the weak side. Every 9 web paks would earn you the following commissions: Step one equals \$70.00 Step two equals \$35.00 Step three equals \$35.00 Step four equals \$70.00 Step five equals \$70.00 Step six equals \$140.00 Realize, you only receive the exact amount per step (70 35 35 70 70 140) if your organization grows with only 9 web paks per week. If your organization grows by at least 18 web paks per week, your commission check will reflect the payout of the current orbit rate for that particular week and will pay over \$300 per orbit. Each Downline leg must contain at least 1/3 of the total sales on which compensation is paid, e.g. 6 & 3 or 4 & 5 at the 9 Team Sales level. The maximum compensation that the Company will pay in compensation each week is limited to seventy percent (70%) of the total sales revenue received in that week. Currently, due to the 70% limitation on payout, the single step amounts being paid at each of the steps, in order, are \$70, \$35, \$35, \$70, \$70 and \$140. When you have achieved 50 Team Sales, you have completed an "Orbit." Upon completion of an Orbit, you start over again and all Team Sales that were not used to complete an Orbit are used in the calculation of compensation for the next Orbit. For example, assume that you have 29 Team Sales in your right Downline leg and 26 Team Sales in your left Downline leg. After 25 Team Sales are deducted from each Downline leg for the first Orbit, for which you would be paid, 4 Team Sales in your right Downline leg and 1 Team Sale in your left Downline leg would remain to be counted as Team Sales for your next Orbit, or other pay step. There is no limit to the number of times in a day that you may Orbit but there is a limit of \$25,000 per week (\$1,300,000 per year!) that can be earned by any one Business Center in each weekly pay period. There is no requirement to pay any amount of money to start another Orbit and there is no "higher level" Orbit that requires any payment of money to enter. One simply starts a new Orbit automatically upon completion of each Orbit. SkyBiz 2000 makes payments of the compensation earned every week. Payment is issued on Friday each week for the previous Monday through Sunday period. There is a \$2.00 handling fee deducted from each check. Could I see an Example? THIS IS ONLY AN EXAMPLE. It is a Representation of the Current Payout. YOU *Approximately 9 Sales = *\$70 (US) 18 Sales = *\$ 35 (US) 27 Sales = *\$ 35 (US) 36 Sales = *\$ 70 (US) 45 Sales = *\$ 70 (US) 50 Sales = *\$ 140 (US) 50 sales completes an orbit * No Sales Flush! Unlimited Daily Orbits! * The average orbit currently pays between \$300 - \$400 (US).

Notes:

Some Mujahid and Jamate Islami active workers involved in introducing this business in Saudi, please reply asap.

My Answer:

Dear Br. Mele,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

I am sorry Br. I didn't understand your question. You have to tell from the beginning to the end of how it is done, what does it sells, who does what and how the sale is processed. There seems to be more than what is written in your explanation. Your note of who promotes it does not affect the Hukm (Shari'ah Ruling).

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Sale of gold and silver on the internet by GoldQuest Int.

From: dialogue@islam-online.net

Date: 9/4/2001

Name Mohammad Email

Country of Origin Saudi Arabia

Question:

Assalamu Alaykum wa Rahmatullahi wa Barakatuh (Peace be upon you, and the mercy of Allah and His blessings). You are kindly requested to answer the following questions received from one of my brothers in Islam: 1. How should be the payment of any Gold and Silver product? There is a Company (GoldQuest Int.) selling pure Gold products (99.99%) and offers the following payment plans: a. Full payment plan – product will be shipped within two weeks b. Partial payment plan – initial payment is 52%, balance 48% later without any interest, and then product will be shipped after receiving full cost. (Example: total cost of a Golden Coin is \$830. Initial payment (52%) is \$430 and the balance is \$400). 2. Is it Halal to receive a commissioning fee? There is a Company selling pure Gold product (99.99%) that offer the following commissioning fee program: a. Every customer who brings ten (10) new customers after buying gold product will receive \$400. b. Every time one of the ten (10) new customers brings another ten (10) new customers after buying gold product, \$800 commissioning will be given to him and who introduced him to the company (each will receive \$400). Refer to the example below for question 2 above: A. Ali buys a Gold product. He becomes a customer. B. Ali brings ten (10) new customers (Saeed, Saad, Sami, Hadi, Fahad, Nasser, Hani, Taheer, Shaker and Ahmed) who buy gold product and become new customers. Ali will receive \$400 as commission. C. If Fahad (who is one of the ten (10) new customers that Ali brought) brings another ten (10) new customers by buying gold product. Each of Fahad and Ali will receive \$400. 3. Are Muslims allowed to purchase and promote selling gold coins with figures?

My Answer:

Dear Br. Mohammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1) - Sale of gold, silver and currencies for each other requires in Shari'ah immediate delivery of the price and the sold metal or currency because the Prophet, pbuh, said that such sale must be “Yadan bi Yad”, or “Ha' bi Ha'.” This means immediate delivery/possession at the time of contract. However, recognizing that cases of international sales and banking transfers normally take some time for reaching the other party, the OIC Fiqh Academy resolves that any normal period a transfer or delivery takes is disregarded and the transaction is still considered Yadan bi Yad.

In your description of the delivery, you mentioned two weeks period for starting it (shipping) THIS DOES NOT SEEM TO ME NORMAL PERIOD FOR THE ORDER TO BE HANDED TO DELIVERY SECTION OF A COMPANY. It rather looks like a period needed for manufacturing the coin or metal piece. IT IS LONGER THAN NORMAL PERIOD FOR DELIVERING AN ORDER. On this basis I don't consider this as an immediate delivery governed by the opinion of the IOC Fiqh Academy No. 53(4/6) of 1410 H (= 1990 CE).

2) - Commissions, the way you described them are permissible if it is known to the ten persons you invite to become customers that you take this as business you make money from. In other words, they are not lured by a personal advice from a caring brother/sister.

3) - Muslims are permitted to deal with foreign metallic coins and paper currencies with whatever is pictured on them. When Muslim governments issue such currencies they are not permitted to put any thing prohibited on them, but you cannot apply that ruling to foreign governments. The Prophet and His companions, pbut, used foreign currencies with whatever was on them without questioning it.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Net marketing sales and commissions

From: Islam on line

Sent: Thursday, March 07, 2002

Name of Questioner

Gender

Age

Education

Date Submitted 2/4/2002

Email

country of Origin

User Ref. No. 5WU3KL

country of Residence

Question

Salam alikom I would like to ask u about network marketing there is anew company which sell gold through the internet and the person who buys from them can involved in the business as an agent for the company (to become an agent u have to buy a gold coin) & after u became agent 4 each sale u make u will receive 40 \$ as commission either the sale was direct or indirect but through u (let say that there is Ali, khalid &ahmad . Ali introduced khalid to the business and he became agent as he bought coin from the company, Ali will receive his commission from khalid, later khalid introduced Ahmad to the business and he became agent also this time Ali & Khalid will receive commission as Ahmad was direct customer to khalid and Ali also will receive his commission as Ahmad was indirect to him but the sale was through khalid and khalid works like an agent to ali . and u will receive your commission after u make 10 sales and any time u would like to stop working for this company u can my question is it Halal to do business like that thanx & jazakom allah khair

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. . . .

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If the object of sale is not gold, silver or currencies, doing business in this chain pyramid style is permissible provided full disclosure is given to customers. In most cases there is not complete disclosure. The amount of commission you get from sales to the level following you (your customers) and the amount you get from what you called indirect sale (the customers of your customers) **MUST BE KNOWN TO THEM**. This kind of sale is clearly based on the Amana Sale. It requires full disclosure in accordance with Shari'ah.

However, gold, silver and currencies are something different. Their exchange is called in Shari'ah a Sarf contract. In Sarf contract there must be **IMMEDIATE DELIVERY AND PAYMENT AT THE VERY TIME OF SALE CONTRACT**. Therefore, sale of gold, silver and currency cannot be done by proxy. Internet sale of these items requires shipment on the same day of charging the credit card or the purchaser account. If shipment is done same day it is permissible.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

IV- Sale with Conditions in the Contract

SUBJECT: Interest clause in a sale contract

From: dialogue@islam-online.net

Date: 4/20/2001

Name of Questioner Imran

Gender Male

Age 21-30

Education

Date Submitted 4/15/2001

Email

country of Origin

User Ref. No. SPFH39

country of Residence

Question:

Assalamu Alaikum: Jazaka Allah Khairan for this svc. I am selling a property (in UK) & due to incentive problem my solicitor has put interest clauses in lease and contract. I'm afraid to sign documents coz those who do are cursed (Sahih Muslim) Clause in the Lease (1): Penalizes the lessee by charging him interest if he is late in paying the lessor the annual ground rent. Clause in the Sale Contract (2): If the buyer doesn't pay for the house on time-they are charged interest. In (1)- What other clauses can I use to combat the incentive problem-bearing in mind that I intend to sell the lease (to a

Non Muslim). In (2)- Can I use that to threaten but not really charge if they pay me late- hence its not witnessing an actual transaction-My Niyyah is clean. Please advise as soon as you can. Jazaka Allah Khairan

Notes: NB. (A) I intend to sell the freehold (lease) after selling the house and my lawyer tells me that nobody will probably want to buy the lease if it doesn't have interest payment clause in it.

My Answer:

Dear Br. Imran,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

I really have no solution to this problem. Signing a contract that contains a Riba clause is forbidden. I also know the difficulty involved in these contract. I have a suggestion: send me more details about the freehold and the lease hold and the text of the interest clause in both contracts, and we'll think together about a solution. I understand that a free hold is pure ownership and a lease hold is for 99 year from the Crown. If so a free hold sale can be on installment or cash if it is cash there is no interest clause and the buyer will get a loan from his bank; that is his problem. In lease hold you also sell cash, is the rent paid to you or to the Crown once you sell? Otherwise do not lease, opt for sale.. When you lease something there is always the risk of delay in rent payment and there is no solution I know to go around this risk, in regular leases one may increase the periodical rental and give discount if paid on time, can this work in your contract? I really don't know did I make sense.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Buying real estate under foreclosure

From: dialogue@islam-online.net

Date: 5/10/2001

Name of Questioner YUSUF Gender Male Age 21-30

Education Post Graduate Date Submitted 5/3/2001 Email

country of Origin User Ref. No. 71Q8QT country of Res. U S

Question:

Can you please tell me if it is permissible to be involved with real estate foreclosure. If it is permissible, can you tell me the proper Islamic rules involved with these transactions and with all real estate transactions in general. Jazakallahu.

My Answer:

Dear Br. YUSUF

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Selling and buying real estate is permissible, so is mediation in such transaction and the commission obtained therefrom.

Riba-based mortgage is Haram. It may become permissible under conditions of necessity and according to the Fatwa of the First International Fiqh Conference in North America, held in Detroit, Oct. 1999, it is also permissible for families that have conditions of substantial inconvenience. Working in real estates mediation and in finding suitable finance for people under such conditions is by consequence, also permissible.

Foreclosures are sale by the lender/mortgage holder after a default on the part of debtor/owner (PL. Correct me if I am wrong). It is permissible as long as there is no injustice involved, such as grossly sacrificing the debtor's interests. Under this condition it is permissible to sell and to buy from foreclosures.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: An alternative to interest-based installment sale of cars

From: Islam on line

Date: 12/11/2001

Name of Questioner khaled

Gender

Age

Education

Date Submitted 11/27/2001

country of Origin

User Ref. No. BX8PSC

country of Residence

Question

Alslamo Alikom, I have a lease on a car from Toyota Corp. that will expire in the next 3 weeks. I want to buy the car from a dealer who will buy the car from Toyota and sell it to me. The dealer is willing to sell me the car on what may be an Islamic financing terms. The way the deal works is that, the dealer will calculate the price of the car including interest for 3 or 4 years. Then I will pay all of the interest up front and then make monthly payments on the original price of the car for the rest of the period. Please let me know if this is Halal or not? If not, what would be the correct way to finance the car through the dealer? JAK

My Answer:

Dear Br. khaled

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Payment of interest upfront does not make the transaction any better, it is still interest and in it still Haram.

You may make the transaction compatible with Shari'ah if the dealer sells you the car on installment, with or without any down payment. This works as follows:

He buys the car for say 10,000 and calculate whatever he wants to add, for him it is interest but for you it is his profit. And in second contract (separate from the contract through which he purchased the car) he sells you the car on installment for say 14,000

with definite contracted amount and due date of each payment. There cannot be any clause to add interest if there happens to be any delay in any payment.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Television business and credit and cash sales

From: dialogue@islam-online.net

Date: 5/16/2001

Name of Questioner noufal

Gender Male

Age 21-30

Education Post Graduate

Date Submitted 5/6/2001

Email

country of Origin India

User Ref. No. BSPHB3

country of Res. India

Question:

1. WHAT RULE CAN BE DRAWN OUT FROM THE QUR'AN AND THE SUNNAH REGARDING THE BUSINESS OF TELEVISION? CAN A MUSLIM DO THE BUSINESS OF COLOR TELEVISIONS? 2. WHAT IS THE FATWA ON INCREASING THE AMOUNT FOR CREDIT SALES THAN FOR CASH SALES? DOES IT FALL UNDER THE CONTEXT OF RIBA OR NOT?

My Answer:

Dear Br. noufal

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1 - As for television and color TV, from the point of view of making pictures and images, you better re-address your question again because that is not within my specialty.

However, from the point of view of being involved in a business of TV, as an owner, producer, worker, advertiser etc., all these are permissible because making pictures, images and animations is permissible as long as one avoids all prohibitions that include imaging sacred persons such as any Prophet, pbut, angels, obscenity and pornography, etc. This is based on the principle of original permissibility unless there is a text or acceptable analogy to the opposite. Text in this regards are not strong to the degree of reversing the original permissibility.

2 - In sale contracts the parties are COMPLETELY FREE to determine the price as long as it is freely agreed on with no vagueness, ambiguity, cheating, fraud and other deceptive behavior on the part of either party.

Further, Shari'ah prohibits any increment in loan (This is Riba), an increment in the price is not an increment in a loan. Hence, Shari'ah does not eliminate the consideration of time value of money, in the meaning that you value your cash on hand more that cash promised to be received at a future date. This obviously is the equivalent of either requiring higher price in a sale with deferred payment or Riba-based transaction. What is prohibited is when the time value of money is made an ingredient if a lending relationship. In lending, you give cash (or in fact any other quantity of a commodity that

is perfectly substitutable such as one ton of wheat of given quality for one ton of wheat of the same quality) and get cash back, there is a sacrifice no doubt it, but it is not a measurable sacrifice that matches the benefit the borrower gets. Both the sacrifice and the benefit cannot be known with certainty and both are speculative. The Shari'ah does not accept to put a price tag on something speculative and unknown. That is why this recognized sacrifice is left to Allah to reward, as mentioned in authentic Sayings. Accordingly, while it is permissible to make a credit sale contract at a higher price than the price one would have accepted for a cash sale, You may not make the sale at a cash price and then add the would be price differential to the amount of debt that resulted from the sale, because this is an increment in a debt, not the price of an item. By the same token, a sale contract must be definite. It cannot be such that the price is either 100 if you the purchaser pay within 3 days and 110 if she pays in 60 day. This is called "two sales in one" that is clearly prohibited by the Prophet, pbuh.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Is it permissible for sale of merchandise to use a Website or market place of a company that deal with interest?

From: Islam on line

Date: 12/24/2001

Name of Questioner alisha

Gender Female

Age 15-20

Education Post Graduate

Date Submitted 12/9/2001

Email

country of Origin United States

User Ref. No. N4SZVE

country of Res. USA

Question

Bismialah Arahman Araheim, Asalamu Alaikum wa Rahmatulahi wa Barakatuh, I recently began selling things on ebay, an internet auction site (<http://www.ebay.com>). None of the transactions I make involve interest. I do not accept any nor pay with any. I do not accept credit cards, I only accept cash, cashier's check or money order and I have asked all the customers not to pay with any money that is interest or comes from it. However, my question is, if the company I am using deals in interest, through paying loans or etc, and I use their website or market place to sell my merchandise, is that permissible? Jazak Allahu Khairan.

My Answer:

Dear Sr. alisha abdelilah

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

As long as the merchandise you deal with is permissible and the contracts you are engaged through with your suppliers, providers of infrastructure including site, place and other facilities, and with your customers, are also permissible you don't have to go after knowing or questioning the sources of their income and assets, nor the way and contract they may have with other people. You ask that question only when you know with absolute certainty that the person you are dealing with has only one source of fund and that source is itself immoral such as theft, prostitution or selling drugs or alcoholic beverages.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Barter exchange

From: Islam on line

Date:2/17/2002

Name of Questioner majid

Gender Male

Age 21-30

Education Graduate

Date Submitted 1/23/2002

Email

country of Origin Saudi Arabia

User Ref. No. IEX6B4

country of Res. S A

Question

Assalau Alaikum, I have a question regarding the view of Islam about barter (exchanging a product for another) i.e., I am thinking of trading my car for another, key-for-key, with no money being exchanged. Jazakum Allah Khair majid

My Answer:

Dear Br. majid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Barter is permissible; it is one of the forms of sale. It requires the same conditions as any normal sale contract. In sale as defined in Shari'ah, the object of the sale and the price can be either cash, a commodity, a service or a combination of the three. Only cash for cash is given a special name, though it is still sale, that is Sarf and a Sarf contract has special

conditions. Barter is permissible and you can trade a car for car, key for key.

Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

V- Sale of Gold, Silver and currencies, The Conditions of Sarf

SUBJECT: Sale of jewelry with exchange and Sale without ringing the register

From a live Fatwa Session on Islam on line, June 20, 2001
Name of questioner Omar - United States

Question

Assalaamu Alaikum Dr.Kahf

I am running a business, in a non Muslim country.

We sell jewelry and watches and also do repair.

I have 2 questions... and they are about doing business.

1- we get a lot of customers who want to do a trade in when they want to buy something from us. Example they like something for \$150.00 and they have a silver chain which weighs 70 grams. They trade in the chain we give them credit toward the purchase of the \$150 charm. So we give them for instance \$50.00 for their chain and then they owe us \$100.00. Is this permissible or not?

2- Is it allowed to sell something and not ring it up on the cash register and put it in the safe. That way it does not show up on the sales record. Now this is the owner of the business who does this and he has paid for the merchandise himself in cash?

Wa JazaaK Allah Kher

My Answer:

AsSalam 'Alakum wa Rahmatu Allah

Al hamduliAllah wa alSalat 'ala Rasul Allah

The first question is about a jewelry transaction that involves exchange of gold, silver, and cash. The way this transaction should be made is: there ought to be immediate delivery at the time of the transaction on the spot of all the ingredients; that is the silver given by the customer, the gold given by the store, and the cash difference give in between. Otherwise Riba al fadl will be involved which makes the transaction forbidden. The Prophet SAAS said that if you make a transaction gold for silver, or money for either of them, it must be: "Yadan bi Yad". That means delivery of all the involved components on the spot. In another narration "Haa bi Haa" which means give and take immediately. It doesn't matter whether the transaction is made with Muslims or non Muslims. In the example you mentioned, you may divide the transaction into two segments if the quantity of gold sold to the customer is divisible in a way that you buy silver valued at \$50 for gold valued the same with immediate delivery of both and then you keep the rest of the

silver, if any, as a deposit (amanah) until the customer comes back with the rest of the money to make transaction for the rest of her silver for the rest of the gold she wants to buy.

The second question is a tax question. The Shari'ah does not prohibit using all the loopholes in the tax system as long as you are working within the law. President Reagan is known to have escaped payments of taxes for a long time by means of using the loopholes in the taxation system.

Wa Allahu A'lam
Monzer Kahf

SUBJECT: Sale of gold and silver on the internet by GoldQuest Int.

From: dialogue@islam-online.net

Date: 9/4/2001

Name Mohammad Email

Country of Origin Saudi Arabia

Question:

Assalamu Alaykum wa Rahmatullahi wa Barakatuh (Peace be upon you, and the mercy of Allah and His blessings). You are kindly requested to answer the following questions received from one of my brothers in Islam: 1. How should be the payment of any Gold and Silver product? There is a Company (GoldQuest Int.) selling pure Gold products (99.99%) and offers the following payment plans: a. Full payment plan – product will be shipped within two weeks b. Partial payment plan – initial payment is 52%, balance 48% later without any interest, and then product will be shipped after receiving full cost. (Example: total cost of a Golden Coin is \$830. Initial payment (52%) is \$430 and the balance is \$400). 2. Is it Halal to receive a commissioning fee? There is a Company selling pure Gold product (99.99%) that offer the following commissioning fee program: a. Every customer who brings ten (10) new customers after buying gold product will receive \$400. b. Every time one of the ten (10) new customers brings another ten (10) new customers after buying gold product, \$800 commissioning will be given to him and who introduced him to the company (each will receive \$400). Refer to the example below for question 2 above: A. Ali buys a Gold product. He becomes a customer. B. Ali brings ten (10) new customers (Saeed, Saad, Sami, Hadi, Fahad, Nasser, Hani, Taheer, Shaker and Ahmed) who buy gold product and become new customers. Ali will receive \$400 as commission. C. If Fahad (who is one of the ten (10) new customers that Ali brought) brings another ten (10) new customers by buying gold product. Each of Fahad and Ali will receive \$400. 3. Are Muslims allowed to purchase and promote selling gold coins with figures?

My Answer:

Dear Br. Mohammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1) - Sale of gold, silver and currencies for each other requires in Shari'ah immediate delivery of the price and the sold metal or currency because the Prophet, pbuh, said that

such sale must be “Yadan bi Yad”, or “Ha' bi Ha'.” This means immediate delivery/possession at the time of contract. However, recognizing that cases of international sales and banking transfers normally take some time for reaching the other party, the OIC Fiqh Academy resolves that any normal period a transfer or delivery takes is disregarded and the transaction is still considered Yadan bi Yad.

In your description of the delivery, you mentioned two weeks period for starting it (shipping) THIS DOES NOT SEEM TO ME NORMAL PERIOD FOR THE ORDER TO BE HANDED TO DELIVERY SECTION OF A COMPANY. It rather looks like a period needed for manufacturing the coin or metal piece. IT IS LONGER THAN NORMAL PERIOD FOR DELIVERING AN ORDER. On this basis I don't consider this as an immediate delivery governed by the opinion of the IOC Fiqh Academy No. 53(4/6) of 1410 H (= 1990 CE).

2) - Commissions, the way you described them are permissible if it is known to the ten persons you invite to become customers that you take this as business you make money from. In other words, they are not lured by a personal advice from a caring brother/sister.

3) - Muslims are permitted to deal with foreign metallic coins and paper currencies with whatever is pictured on them. When Muslim governments issue such currencies they are not permitted to put any thing prohibited on them, but you cannot apply that ruling to foreign governments. The Prophet and His companions, pbut, used foreign currencies with whatever was on them without questioning it.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: GoldQuest multi- layer sale and commissions

From: Islam on line

Date: 1/20/2002 10:36:42 AM Pacific Standard Time

Name of Questioner Ahmad

Gender Male

Age 21-30

Education Graduate

country of Origin U A E

User Ref. No. WV1TC3

country of Residence U A E

Question

I've been involved in a company called QoldQuest. What it does is selling a golden coin to their customers with about \$400 which is half the price of the coin, then I work as a seller for that company and attract or invite other people to buy from that company. The operation is like the binary tree. When I have about two people beneath me two guys, and they do the same process that i did, those two guys are from my left and from my right as a binary tree. when I have about 5 guys on my right and other 5 on my left the company pays the other \$400 and send me the Golden Coin. and if my tree expanded and more 10 people get in it the company sends to me \$400, each time another 10 people buy their product I get \$400 as a prize of my role as a seller or advertisement for the product and

the company.. Is that allowed in Islam or not? And if it is not allowed what should i do for Allah forgiveness, and if it is allowed how the Zakah would be?

Notes: you can visit the company site which is www.goldquest.com and the details about the process is on <http://go.to/smartpapers> please answer soon

My Answer:

Dear Br. Ahmad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1 - The Idea of earning commission on new people you get into the clientele population of the company is permissible provided those customers know about it. In other word, this commission process must be disclosed to any of your customers whom you get to attach to the company. The serious problem is in the trade itself as explained below. Trading gold and silver and currencies must always be cash with spot or immediate delivery. This means that if the price of a given quantity of gold, it doesn't matter coins or bullion, is US\$ 800, this whole amount must be paid cash and the gold delivered, or shipped, at the time of the contract.

2 - What is past is past and ask Allah forgiveness and make more Sadaqat, Dhikr (remembrance of Allah) and prayers. Allah says in the Qur'an: Good deed wipe away the bad deed [Inna al hasanat yudhhibna al sayyi'at]. If the commission you make on your customers was not known to them inform them about it now and apologize for keeping them in the dark in the past.

3 - Zakah is on the balance you have at the end of a Zakah-fiscal lunar year. Such a year begins on the day you had a balance of value of 85 grams of gold (# US\$ 1000) and it is 354 days. At the end of such year you pay Zakah at 2.5% of what you have as long as it is at least US\$ 1000.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Price difference between cash sale and credit sale and sale of gold

From: Islam on line

Sent: January 22, 2003

Name of Questioner Fatima

Gender Female

Age 46-60

Education Illiterate

Date Submitted 1/2/2003

Email

country of Origin Somalia

User Ref. No. JIZ22Q

country of Res. U K

Question

I sell goods to people from my own home and that includes gold, most of the people buy by credit and pay me whenever they get the money. I was told by my local Imam that selling (gold) by credit is Haram. I can not get the point where I do not increase the value

of the product if it sold by credit. Also is it Haram to make a difference between the cash price and the credit price of a good (by fixed amount)

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Fatima

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

It is permissible to sell at any price you want, certainly provided that you do not charge prices that are way above the market, otherwise the contract becomes subject to cancellation from Shari'ah point of view. You can sell at a higher price if payment is deferred (on credit). However the contract must be definite either cash or credit. The price cannot be either or.

Selling gold, silver and all currencies must always be cash, payment by credit card or checks is considered cash because you can go and deposit it in your bank immediately. Any time difference is forbidden in gold, silver and currencies. The prophet, pbuh, called this a Riba and prohibited it in a correct Saying.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: trade in currencies

From: Islam on line

Sent: Tuesday, August 20, 2002

Name of Questioner Saleh

Gender Male

Age 31-45

Education Post Graduate

Date Submitted 7/28/2002

Email

country of Origin Palestine

User Ref. No. PI36AU

country of Res. Jordan

Question

Can one make use of this fluctuation in currency exchange, so that I exchange my USD to Euro and vice versa and make some profit, is this Halal.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Saleh

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes, you can if you follow the conditions of the Sarf contract. Essentially you have to make the exchange of currency cash with delivery of both currencies at the time of the

contract.

Wa Allahu A'lam
Wa Alhamdu li Allahi Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

VI- Sale of Debts

SUBJECT: Sale of Loans

From a live Fatwa Session on Islam on line, June 20, 2001

Name of questioner Mohammad - United States Profession: Student

Question

Assalamu Alaykum,

I recently read about selling loans (bay' al-dayn), I was not able to understand the form of this trade, and the rationale for its prohibition. Also does this form of trading exist in modern day trades?

My Answer

Bismillah, AlHamdlillah wa salaatu wa salaam ala Muhammad Rusuluallah

Dear Brother Muhammad,

Bay' Al-Dayn (Sell of debt) may take prohibited forms, in which the debt is of future maturity. Whatever the reason that causes the debt, a loan contract or any other contractual relationship, a future debt can only be sold according to Shari'ah at its face value. Any discounting of the face value brings it into the prohibition area, which is a form of Riba.

In an authentic saying the Prophet, peace and blessings be upon him, said that Riba is 36 kinds, the least among them is like one committing adultery with his own mother. The provision of cash at a smaller amount than the face value of the debt is one of these forms and the difference between the two amounts is the amount of Riba in the transaction. The OIC has a clear resolution on discounting and on the sale of future debts as being one form of Riba.

Debt can be sold at lower than face value when the debt is due, but not paid yet and its collection may cost some money and/or effort. That is when there is no time frame for the maturity of the debt like cases of bad debt or unsecured debts which have matured, but the creditor could not collect them because of some reason or another. Such debts can be sold to collection agencies or persons for lesser than their face value. There is no Riba involved in this case because there is no time frame.

Unfortunately, the differentiation between permissibility of selling a mature debt and the prohibition of selling a future debt is not really clear in the mind of some Islamic banks. A few Islamic banks in south East Asia practice this kind of discounting and they

invented a condition from their own (with no basis in Shari'ah) that the debt must have originated from a Shari'ah permitted contract, such as deferred sales. In fact, this condition applies to every debt in an Islamic society because the Shari'ah does not recognize any debt that arises from "non-permitted" transactions such as the amount of Riba in a Riba-based loan, or the price of liquor or drugs.

Wa Allahu A'lam

Monzer Kahf

VII – SHIPPING AND HANDLING CHARGES

SUBJECT: Charging extra for shipping

From live fatwa, aug.15, 2001

Name brother

Profession

Question

Is it permissible for a merchant to charge customers more for shipping than what it actually costs (thus making a profit from the shipping)?

My Answer

Bismillah Al-Hamdulillah wa salatu was salaam ala Rasuulullahi wa ala Alihi wa Asbihi ajmaeen

The principal is a Muslim, and for that reason anyone, must be honest to her or his word. So when I charge for shipping I should only charge the exact amount of the cost of shipping that I pay to an outside shipper.

If I provide the shipping service with my own shipping facility, I can then charge any amount that is within the market limit, i.e. without any excessive over charge that may fall in the area of al Ghabn (excessive price).

On the other hand if I make the charge for handling and shipping and the shipping is done by an outside company while I do the handling, then I can always charge an amount that is above what I pay to the shipping company, because I informed the other party that this charge is for both shipping and handling, not for shipping alone.

Wa Allahu A'lam,

wa al Hamdu li Allahi Rabbi al 'Alamin.

Wassalam

Sincerely,

Dr. Monzer Kahf

VIII. PRICE DIFFERENTIATION AND DISCREMINATION

SUBJECT: Price differentiation between residents and foreigners

From: Islam on line

Sent: September 30, 2002

Name of Questioner	amina	Gender		Age	
Education		Date Submitted	9/10/2002	Email	
country of Origin		User Ref. No.	UPFMUU	country of Residence	

Question

As-Salamu Alaykum wa Rahmatullahi wa Barakaatuh. In the Name of Allah, Most Gracious, Most Merciful. Thank you for your wonderful service. I have recently visited an Arab country that is mainly Muslim. I noticed that there are posted prices for citizens of that country and for foreigners in hotels and tourist attractions. Of course, there are unspoken differences in other areas of commerce but the ones I am asking about are posted and legal within that country. Is this Halal? I thought the Prophet Mohammed (PBUH) said there was no division of Muslims by nation. I have looked at this from many different angles trying to rationalize the different rates but can't justify it in my mind. For example, the residents of this country make less money than residents of other countries. However, do they adjust the rates for citizens of countries that have even less money? No they don't. So, what do you, dear scholars, say? Thanks again for this wonderful service.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. amina

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Pricing commodities and services is left to the seller and buyers to agree on. There are market conditions that make one of them more or less powerful. And there are certain services and sometimes goods that may be monopolized by individuals and by government. Monopolies always call for government intervention to either break the monopoly or determine prices at non-exploitative levels. This is the Shari'ah position on monopolies.

Government's monopolies may very often be exploitative. They are often considered a source of public revenues. They are in fact bad sources of revenues because they are often unjust and discriminatory. Both private and government monopolies usually hold on obsolete technologies and contribute little to development and research.

Price discrimination between classes of customers is very common. You may notice that in Disney land and in Sea World, even popcorn price are triple their prices outside. Also tuition fees in universities discriminate between residents and foreigners. Price discrimination of essential goods is very bad unless it is done to give concessions to the poor. In fact the Shari'ah prohibits any price discrimination that charges the poor anything above what other customers are charged. Price discrimination in non-essential goods and services is left to be determined by the public interest of the country and whenever it serves the public interest it is permissible. In California, for instance, there are different prices in several entertainment parks between Californians and non-

Californians, and there are such price discrimination in Morocco, France, Egypt, France, Briton to mention only a few that I know. What is unfortunate is that Muslims are divided in many countries and this ends up in considering Muslims from other countries as foreigners where they are treated like other foreigners!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Price difference between cash sale and credit sale and sale of gold

From: Islam on line

Sent: January 22, 2003

Name of Questioner Fatima

Gender Female

Age 46-60

Education Illiterate

Date Submitted 1/2/2003

Email

country of Origin Somalia

User Ref. No. JIZ22Q

country of Res. U K

Question

I sell goods to people from my own home and that includes gold, most of the people buy by credit and pay me whenever they get the money. I was told by my local Imam that selling (gold) by credit is Haram. I can not get the point where I do not increase the value of the product if it sold by credit. Also is it Haram to make a difference between the cash price and the credit price of a good (by fixed amount)

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Fatima

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

It is permissible to sell at any price you want, certainly provided that you do not charge prices that are way above the market, otherwise the contract becomes subject to cancellation from Shari'ah point of view. You can sell at a higher price if payment is deferred (on credit). However the contract must be definite either cash or credit. The price cannot be either or.

Selling gold, silver and all currencies must always be cash, payment by credit card or checks is considered cash because you can go and deposit it in your bank immediately. Any time difference is forbidden in gold, silver and currencies. The prophet, pbuh, called this a Riba and prohibited it in a correct Saying.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

