
Live Fatwa Session May 19, 2003 Islam on line

Name	Muhammad - Mauritius
Profession	
Question	What is the Islamic ruling on working in a hotel as receptionist?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Muhammad,</p> <p>It is permissible to work in a hotel as a receptionist or in any other position as long as your job does not require that you serve alcohol or any other prohibited item or purpose, because such a job does not fall under the prohibition mentioned in the authentic hadith of the Prophet with regard to serving alcoholic beverage which, by analogy, extends to any other similarly prohibited items or services.</p> <p>Allah Almighty knows best.</p>

Name	Aida -
Profession	
Question	<p>Dear scholars, As-Salamu `alaykum. I have read the fatwa of 29th September 2001 on mortgages in a non-Muslim society. I need further explanation on the point 4. ii (the buyer must not have another house). I live in a non-Muslim country and my family is in need of buying a house. We cannot get a loan in the Islamic way and our only option is to get an interest-based loan from a non-Islamic bank. I need to mention that I own a flat back home. My parents rent it and use all the rent money to help them financially. If they do not have the rent money they would struggle and need other ways for support. I don't have any brothers. Are we still allowed to get an interest-based loan? The flat back home is fully paid and it is on my name, whilst my husband would be the borrower of the interest loan (and owner of the new property). The flat would not be able to cover the cost of the new house. Jazakum Allah khayran.</p>
Answer	<p>Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.</p>

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Dear sister Aida,

The fatwa about resorting to conventional mortgage as a final solution for Muslim families who live in the Western countries implies that you are not taking the house for luxury or business. Whatever you may own in your home country is irrelevant because while living in the West you have no accessibility to that house or flat in your country of origin regardless of whether the property in the country of origin is rented or not. The idea is as long as you do not have accessibility for financing through your own resources or through Islamically acceptable contract and you need the residence, you may resort to conventional mortgage.

Allah Almighty knows best.

Name	Sami -
Profession	
Question	Is mortgage for buying property permissible?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>For Muslim families who live in the West and need residence, they may take conventional mortgage if they could not manage to have a financing contract that is compatible with the Shari'ah.</p> <p>For further elaboration on this issue, you can read:</p> <p>Purchasing Houses with Usurious Loan for Muslims Living in Non-Muslim Countries</p> <p>Allah Almighty knows best.</p>

Name	Brother in Islam -
Profession	
Question	Considering the atrocities committed by the US armed forces to Muslims worldwide, what's the Islamic ruling on a Muslim brother serving the US Army in the Computer Section? He is not directly involved in any direct combat.
Answer	In the Name of Allah, Most Gracious, Most Merciful.

	<p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother in Islam,</p> <p>I think it is permissible for American Muslims to serve in the American army even with the present aggressive and unjustified attitude of the Bush administration in its attack on Afghanistan and Iraq.</p> <p>However, I believe it is wrong for any Muslim to participate in those unjust attacks on the people of both countries. The same applies to any unjust war that any government wages against any other country, Muslim or non-Muslim.</p> <p>If a Muslim soldier is asked to take active part in such unjust wars created by any American administration, he must decline and use his constitutional right of abstention on moral and religious grounds.</p> <p>Allah Almighty knows best.</p>
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Name	Khalid -
Profession	
Question	Is it allowed to work in a pizza store that sells pork, not as a cook but as a cashier?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>The rule is that: any item that a Muslim is prohibited to consume, he/she is also prohibited to sell even if this was on behalf of the owner. Consequently, selling the pork ingredient in Pizza is not permitted. Other jobs in a pizza shop that sell pork may be permitted provided that you do not handle the sale or the serving of a prohibited item.</p> <p>Allah Almighty knows best.</p>

Name	Sana' -
Profession	
Question	If not selling pork and alcohol is affecting your business, can you sell them only to non-Muslims?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and</p>

	<p> blessings be upon His Messenger.</p> <p>Dear sister Sana',</p> <p>No, it is still not permitted to sell prohibited items. In fact, such items are not recognized as a property for a Muslim (e.g. if someone destroys them for you, the Shari` ah does not charge the aggressor for their value because their value is zero from the Shari` ah point of view). If selling such items affect your business, you can simply change your business and do not sell any prohibited or immoral items.</p> <p>Allah Almighty knows best.</p>
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Name	Hani -
Profession	
Question	Why does Islam consider the interest from banks as "haram" although the money goes to investments. Are there real Islamic banks?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Briefly, interest is a charge on loans and loans do not mean investments. Investment causes you to the result of a venture which may be plus or minus. In interest, the whole burden is thrown on one party alone. Consequently interest is unjust.</p> <p>For the second part of the question, there are real Islamic banks, around 200 of them in the world today, and they are growing on an average double digit annual rate. Please consult the literature in this area.</p> <p>Allah Almighty knows best.</p>

Name	Fiona -
Profession	
Question	Does a woman in Islam have a right to have some money for herself from the husband (e.g. every month to use it as she desires) and how important is it em relation to Islam. I know that the husband has already the duty to maintain his wife but every one knows the women have another expectations which the husband might not agree with.
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p>

	<p>What do you mean by the em relation? please make it clear.</p> <p>As you mentioned, women expenses are the responsibility of their husbands. In case of an unmarried woman, only if she needs her parents, children, and siblings are responsible for her expenses.</p> <p>I believe that the spending responsibility of the husband covers all normal expenses including what can be called petit cash for more miscellaneous things that she may need.</p> <p>Allah Almighty knows best.</p>
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Name	Khalid - Lebanon
Profession	
Question	Do I have to spend on my wife's parents if this contradicts with my parents who are in a dire need. I am not saying my parents need the help more than her family, but I can't afford both, so who is given priority?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Khalid,</p> <p>To answer your question, we need to take it one step back; you are required from your own resources to spend on your wife, parents if they are in need, children, and any sibling if they need your financial support.</p> <p>Your wife, if she is capable from her own resources, is required to spend on her parents who are in need. This obligation may be specific on her if she has no brothers or sisters who are financially more capable than she is.</p> <p>This means that from your own resources you are not required to spend on your in-laws, but if you and your wife have resources (wealth or/and income) and you join account together, then her obligation towards her parents should be fulfilled as much as yours towards your own parents.</p> <p>Allah Almighty knows best.</p>

Name	Ali - United States
Profession	University Student
Question	I am a university student in America and my school tuition and fees are covered by Financial Aid and sometimes Student Loans, and I have been trying to find an Islamic Answer regarding taking interest-based loans in a study situation. We

	all know well that interest is forbidden in Islam, but what can one do to go to school and in the same time avoid interest?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Ali,</p> <p>In the United States you have many chances to have a part-time job beside your study. It is very unconceivable to accept a claim that any Muslim college student really needs a student loan; interest loans are forbidden. This is the position of Shari'ah, final and clear. Students have many other resources that they can tap on if they do not take the lenient rout.</p> <p>Allah Almighty knows best.</p>

Name	Saeed-US -
Profession	
Question	As-Salamu `alaykum. I am a medical doctor living in USA. I have been here for two years and I still work in a gas station although I am a green card holder. I couldn't take the test to work as a doctor for financial problems. The only option now is to take a loan and stay home to study for the test. I don't know if this will be <i>halal</i> or not as of course there will be interest but can this be considered a case of necessity?
Answer	<p>Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.</p> <p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Saeed,</p> <p>In spite of your thinking that your study for the exam is necessary and that you do not have other means of financing it, I still do not see the matter as you see it. You may have reduced working hours, and really you do not need an interest-based loan to stay home, nor can you guarantee that if you take the loan you will pass the exam.</p> <p>Just work harder like 18 hours a day, two third of them to study and you will pass the exam in six months, <i>insha'Allah</i>.</p> <p>Allah Almighty knows best.</p>

Name	Muslim -
Profession	
Question	<p>Dear Dr. Monzer,</p> <p>Assalamu`alykum, in fact, I love you for the sake of Allah.</p> <p>Here, I just want to ask you about something. During the American invasion to Iraq, you gave a fatwa that <i>zakah</i> cannot be given to the Iraqi army, because it's led by unjust regime. Frankly, I think that the Iraqi army was defending a Muslim land, Iraq, and its people against the unjust invasion. Also, I read some views that allow <i>zakah</i> to be given to the Iraqi people and army to defend their land and people against invasion. What I want to say is that though the Iraqi army was led by unjust ruler, they were defending an Islamic land and a just cause, so <i>zakah</i> can be given to them under the title: <i>fi sabil Allah</i> (in the Cause of Allah). Thanks</p>
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother "Muslim",</p> <p>I take exception. I still believe that <i>zakah</i> should not have been given to the Iraqi army at all. In fact, I am more convinced now than when that fatwa was issued, because the Iraqi army was not lacking financial resources, but it was in fact short on determination to defend their land and consistency of the army leadership with the interest of the people of Iraq.</p> <p>I still believe now and then that <i>zakah</i> can be given to Islamic humanitarian organizations for distribution to the relief of the Iraqi people.</p> <p>Allah Almighty knows best.</p>

Name	Ron - United States
Profession	Financial Planner
Question	<p>As-Salamu `Alaykum, I would like to know the ruling of the following:</p> <ol style="list-style-type: none"> 1. Is it OK to borrow money to buy a house in US? 2. Is it OK that one gets into mortgage business, and gets paid by offering mortgages to borrowers? This person is not a lender, only facilitator?

	Thank You. Wassalam
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother/sister Ron,</p> <p>It may not be prohibited to advise people on what is the least evil in mortgage or where they can get a lower rate for better condition. But writing an interest-based mortgage agreement is forbidden, unless you know you are serving a Muslim family for which it is necessary to resort to such a conventional mortgage.</p> <p>Your main question about buying a house on conventional mortgage is available in the fatwa bank.</p> <p>You could refer to the following fatwas:</p> <p>Purchasing Houses with Usurious Loan for Muslims Living in Non-Muslim Countries</p> <p>Allah Almighty knows best.</p>

Name	Roland - Germany
Profession	
Question	Dear sir, some Muslims say that an Islamic State must not take taxes except what is taken in the first Islamic era like Zakah, <i>Jizyah</i> and the like? Must the Islamic State be bankrupted? Is there any progress or development in Islam?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Zakah is not really a tax to finance the function of the government; it is a special form of financial obligation (like taxes) that is designated for a special objective which is to be spent on the eight categories as mentioned in the Qur'an (9: 60). <i>Jizyah</i> is a tax that is caused by military conflict which does not make a permanent or an important source of revenue for the budget. It did not make any important source all over the Islamic history and more specifically during the early time of the Islamic State after the death of the Prophet</p>

(peace and blessings be upon him).

However, the Islamic system calls for some kind of a constitutional restriction on the power of the government to impose taxes. This is based on an important hadith of the Prophet (peace and blessings be upon him) that prevents taking properties from people unnecessarily or without their consent to an exchange contract. The Islamic system assigns the minerals in the land as a source of revenue for the government and provides for imposing taxes only on the basis of necessity to finance vital functions for the society such as defense and fulfil the basic needs of the poor if Zakah proceeds and the other normal revenues are not sufficient.

In other words, taxes in the Islamic system are not the right of the government to impose and collect, but they are a necessity measure that is resorted to only when needed, keeping in mind that Zakah cannot be used to finance the functions of the government. This means that oil producing countries such as Libya or Saudi Arabia are not permitted to impose taxes on their own people unless it is proven that their oil revenues are all exhausted in vital and necessary functions and services the government provides to its people.

Allah Almighty knows best.

Name	Faruk -
Profession	
Question	Is it lawful in Islam for a Muslim to own a hotel since there are some Muslims who own hotels and others also contribute in their building?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Faruk,</p> <p>Yes, it is permitted to own hotels, rent, and manage them both in the west and in the Muslim countries, as long as you do not provide prohibited items or services (obviously selling alcoholic beverages and renting halls for women and men dancing together are prohibited.)</p> <p>Allah Almighty knows best.</p>

Name	HOURIA - Morocco
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Profession	Rereated
Question	<p>As-Salamu `alaykum. I have some questions about my work. I was working in an interest-based bank and I was especially in the departments wish gives interest loans. Now I'm retreated. My questions are :</p> <p>1- When I began work I didn't know that my job was haram; so is the money I earned from this period halal?</p> <p>2- When I knew about this problem I thought a lot about it and I couldn't leave because my husband had problems in his work and told that if I leave my work he will go out of home and let me alone with three daughters in charge. So; was I obliged. Is my money halal in this case?</p> <p>3- When I had the possibility I took my retreat earlier and the bank paid me an indemnity for going earlier. So what can you say about this indemnity. Is it halal or haram?</p> <p>4- A part of my work was halal so can I eat from this part?</p> <p>5- I helped my husband in the education of my daughters. Now they're graduated. If my money is haram what can you say about their diplomas? Are they partially haram? What can we do for that?</p>
Answer	<p>Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.</p> <p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>For all the past earning the only thing you can do now is to make <i>istighfar</i> (seeking Allah's forgiveness), give sadaqah (charity), and other acts of <i>`Ibadah</i> like prayers and fasting. What you earned, whether as salary or end of service compensation, was in exchange for the hours you put into that work. Allah promises to forgive all sins provided that you make sincere repentance. Your earning is similar to taking <i>riba</i> (interest) itself where you are required to return the <i>riba</i> that is taken because you have already given your time in exchange.</p> <p>Although what you did as a work, if you wrote or signed interest-based contracts, is itself forbidden, the earning you got as a price of your time is not as haram as the action itself.</p> <p>Allah Almighty knows best.</p>

Live Session, Sunday, Jun 8, 2003 On Islam on line

Name	Sadia-UK -
Profession	
Question	As-Salamu `alaykum. Is the income of employees who work in food stores/shops that sell alcohol considered <i>halal</i> (lawful)? Also, is it permissible in Islam to eat from " <i>halal</i> " restaurants which also sell alcohol? Jazakum Allah khayran.
Answer	<p>Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.</p> <p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear sister Sadia,</p> <p>Income in compensation for working in stores that sell alcohol is permissible provided that the work itself does not include handling of alcoholic beverages, because handling these liquors is not permissible and consequently payment received for such a prohibited action is not earned lawfully from the Shari`ah point of view.</p> <p>It becomes worse if the purchasers of alcohol are Muslims because alcoholic drinks are not considered a property for a Muslim and the only action that should be taken with them is to destroy them and drain them in the swage, whereas for non-Muslims (even in a Muslim land and under the Islamic laws) alcoholic beverages are considered properties protected by the Islamic law.</p> <p>Eating in <i>halal</i> restaurants that sell alcohol is permissible as long as you don't share the same table with a person who drinks. It is, however, shameful for such restaurants to offer <i>halal</i> meat side by side with alcoholic beverages.</p> <p>Allah Almighty knows best.</p>

Name	Mohammed - Canada
Profession	--
Question	Respected Scholar. I own a house that I rent out to people to live in. I have a mortgage on the house, and it is just for renting. I guess it is revenue property. Is this permissible? As I was hoping to buy another house when I get married to live in and keep this one for my children to have in the future. Please let me know.
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p>

Dear brother Mohammed,

Purchasing rental property on conventional mortgage is not covered by the fatwa about relaxing the prohibition of interest as a last resort for Muslims living in the West to obtain residences for themselves and their families. You are having two long future plans, being unmarried yet and thinking of an independent resident for your children when they grow up!!

You can also read:

[Purchasing Houses with Usurious Loan for Muslims Living in Non-Muslim Countries](#) .

Allah Almighty knows best.

Name	KR - United Kingdom
Profession	
Question	Can you please give a list of websites where I can get more information on Islamic finance. Many thanks.
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother,</p> <p>There are several websites, please check under Islamic finance and under Islamic banking and you will have a long list. Besides, every Islamic bank has its own website that also contains useful information.</p> <p>Also, you can visit my website at: www.kahf.net</p> <p>Also, www.islamicity.com has some useful information.</p> <p>Allah Almighty knows best.</p>

Name	K.S -
Profession	
Question	<p>I own a business that I want to sell. I got into agreement with a non-Muslim broker to promote it for sale for six month exclusive deal. After that if I don't sell it, I can do that in my own (this period of time extended to one full year in case that broker get me a client, so that client can't buy the business unless the broker gets his commission of 10% of the sale price). The broker sent me a client and he talk to me about doing a side deal away from the broker so as not to pay him</p>

	<p>the 10%. Please tell me if I do it am I sinning; is it <i>haram</i> (unlawful) to do so? Or I'm free since it's my business and I can sell it in any way that I want, considering that this client is a Muslim also and he asks me to wait for the 6 month or one year period but in the present time we can proceed with a side deal or put the purchase agreement under some other name (wife or so)? I'm very afraid from Allah. Please advise me to be always in the path of Allah.</p>
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother/sister,</p> <p>I think making a sale deal with that client before the passage of one year is a breach of your contract with the broker. Contract must be honored as Allah Most High ordained in the Qur'an: "O ye who believe! Fulfill your undertakings." (5:1).</p> <p>When it comes to contract fulfillment, the religion of the other party carries no influence on the contractual obligation. If you want to make a deal with this client or his wife, you will have to wait until after the year ends.</p> <p>Allah Almighty knows best.</p>

Name	Muslim -
Profession	
Question	What do you say about giving Zakah to the Prophet's family?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>The descendants of the Prophet (peace and blessings be upon him) should be excluded from receiving Zakah, as the Prophet (peace and blessings be upon him) said.</p> <p>However, this prevention is out of respect not out of deprivation as the Prophet (peace and blessings be upon him) said that they should not take the "dirt" of other people. Consequently, a poor person from the descendant of the Prophet (peace and blessings be upon him) must, on his/her part, make all effort to earn sufficient income. At the same time, the Muslim community and the government are also required to provide for a poor descendant of the prophet (peace and blessings be upon him) from sources other than Zakah. The result is that if there is a need that is not provided for by other sources, Zakah money becomes permissible for poor descendants of the Prophet (peace and blessings be upon him).</p>

Allah Almighty knows best.

Name	Sudan - ابراهيم عبدالرحمن
Profession	محلل نظم
Question	<p>القماش من الموردين و يقوم بتفصيله و لي أخ توفاه الله و كان يعمل في الملابس و كان يقوم بشراء المقابل عن طريق كمبيالات من العملاء ثم يقوم بوضع بيعه لمحلات الملابس ، و كان يقوم بتحصيل كسداد لثمن القماش الذي يأخذه منهم ، ثم يقوم بعد ذلك المورد بمحاولة هذه الكمبيالات عند الموردين التجار الكمبيالة من الشخص عند تاريخ الاستحقاق ، وهكذا و لكن في بعض الأحيان لا يقوم بتحصيل التي أخذوا بها البضاعة ، بسداد الكمبيالات حتى تراكمت الديون عليه بسبب عدم دفع التجار الكمبيالات عمله و عليه ديون لتجار القماش فهو له مال في السوق على هواء التجار و الذين صفى معظمهم</p> <p>تشريع للتاجر المفلس و كيف يمكننا السداد و هناك بعض فكيف الطريق لحل هذه الأزمة و هل يوجد المبالغ المطلوبة ؟ الموردين الذين يبالغون في</p>
Answer	<p>بسم الله والحمد لله والصلاة والسلام على رسول الله</p> <p>الخاص، ما تركه من أخوك الذي توفاه الله ذهب إلى رحمته تعالى ولا يجب عليك سداد ديونه من مالك الغرماء أي أن كل دين يسدد بنسبة تركه تسدد منها الديون فإذا لم تكف تسدد الديون على طريقة قسمة مجموع الديون</p> <p>وهي الإفلاس في الشريعة معروفة وهي مطبقة في السودان ومعظم البلاد العربية بحكم القانون أحكام قسمة الغرماء مع ترك باختصار : انه إذا ثبت إفلاس تاجر فان الديون التي عليه تسدد على نفس طريقة الذي صفوا أعمالهم تلاحقهم الديون من ما يكفي لمعيشة ذلك الشخص المفلس ، فالتجار المدينون لأخيك يمكن تحصيل بعض هذه الديون بدهي أنها ستعتبر ديونا خلال المحاكم في أموال الشخصية ، فإذا لم يحصل منها يضم للتركة ليوزع على الدائنين كما ذكرنا هالكة غير قابلة للتحصيل وما والله أعلم</p>

Name	Sa`d -
Profession	
Question	<p>للعاملين يقوم بخصم 8% من أنا عامل بإحدى شركات العاشر من رمضان وأنشأت الشركة صندوقا يستمر في هذا المشروع ، وبناء على الراتب الأساسي ، هذا ويجوز لأي عامل أن يسحب نقوده ولا للمشاركين في حالة وفاة المشترك أو عجزه الكلي أو الاشتراك في هذا المشروع تصرف مبالغ مالية المبلغ حسب مدة الخدمة ، ويصرف بشيك من الشركة من أحد البنوك بلوغه سن المعاش ويختلف هذا الأموال التي تخصم من العاملين تودع في أحد البنوك) ، وبهذا الشكل قد يصرف أحد (وهذا يدل أن هذه أم حرام ؟ العاملين مبلغا أكثر مما دفع ، والسؤال هل الاشتراك والاستمرار في هذا المشروع حلال الكثير عن المعاملات الشرعية أرجو الإجابة بشكل من التحديد لأنني من عوام الناس الذين لا يعرفون الاقتصادية .</p>
Answer	<p>بسم الله والحمد لله والصلاة والسلام على رسول الله</p> <p>أسرته جائز ولا حرمة فيه الاشتراك في الصندوق الذي ذكرت لدفع مبالغ عند الوفاة أو العجز للعامل أو المحسومة من رواتب الموظفين، العادة في إن شاء الله ، لا يطعن في ذلك ما تفعله الشركة في الأموال مساهمات من الشركة وأن يستمر المجموع من خلال تجارة ذلك أن يضاف إلى ما يحسم من العاملين الشركة نفسها</p> <p>لأن العلاقة قامت إدارة الشركة بأي استثمار محرم فان وبال ذلك يقع على الإدارة لا على العاملين فإذا المستقبلية والتوازن بين بين العاملين والإدارة مؤسسة ومحسوبة على أساس دراسات الاحتمالات الربا جزءا منه واردات الصندوق والمدفوعات التي تترتب عليه وهذا أمر ليس</p> <p>والحمد لله رب العالمين</p>

Name	Layal, urgent -
Profession	
Question	As-Salamu `alaykum. I am married (al-Hamdullah) and my husband has recently taken out a mortgage. I would like to perform my Hajj with my parents insha' Allah, and I know my husband would not be allowed to travel. Would I be allowed to travel?
Answer	<p>Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.</p> <p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear sister Layal,</p> <p>If your husband is not allowed to travel for reasons that are related to the mortgage that is a different issue, but he has taken the mortgage to buy a family residence within the limit of the fatwa on taking conventional mortgage for Muslim families that need residence at the time when Islamically permitted financing contract not available, taking such a mortgage does not prevent him from going for Hajj because this debt is a long-term one by definition and it does not hinder treating the cash one has as fulfilling the financial requirement for Hajj (the same also applies on Zakah on any cash one may have while under the burden of mortgage debt). In other words, if a person has cash that is sufficient to make the Hajj trip and still under a mortgage long-term debt, one is required to make Hajj.</p> <p>Hence, it seems that you and your husband both may go for Hajj if other conditions are fulfilled.</p> <p>Allah Almighty knows best.</p>

Name	Daud -
Profession	
Question	Is it permissible for Muslims to work in places like McDonalds, etc., where the majority of food is <i>haram</i> , and you have to touch pork? Also should Muslims try not to work in such places as they are owned by Americans?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p>

Dear brother Daud,

Working in places like McDonalds is permissible provided that you do not handle the sale of pork.

Besides, dear brother, the majority of the food is not *haram*. According to the majority of Islamic schools of *fiqh* (Jurisprudence), meat from animals slaughtered by Christians and Jews is permissible. This means that chicken, beef, and mutton offered by McDonalds and other food sellers are permissible. And it is also permissible to work in places owned by Americans regardless of their religion, the same way it is permissible to work in places owned by people of other nationalities regardless of their religion.

The minority opinion about meat requires the name of Allah be mentioned while slaughtering the animal (does not require the person who slaughter should be Muslim); this opinion is respected though it is the minority opinion, although those people who take this opinion working in a place that provides meat without mentioning the name of Allah on slaughtering is also permissible, because the Hanafi school does not prevent a Muslim from working in a place that applies the other opinions.

Allah Almighty knows best.

Name	Hind - Canada
Profession	
Question	We are interested to find out whether <i>Sadaqah</i> (charity) is considered as Zakah or general donation. When people donate to our Islamic center, some mark on their checks as <i>Sadaqah</i> and some as Zakah, and others as donation. We want to know how our center should treat charity named <i>Sadaqah</i> .
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear sister Hind,</p> <p><i>Sadaqah</i> and donation should be treated the same when an Islamic centre receive them; they can be used for the general activities of the centre. Only what is marked as Zakah must be exclusively distributed to any of the 8 categories mentioned in the Qur'an: "The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah. Allah is knower, Wise." (At-Tawbah: 60)</p> <p>Allah Almighty knows best.</p>

Name	John -
Profession	
Question	As-Salamu `alaykum. Is breeding racing horses for prize money permitted in Islam?
Answer	In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Yes, breeding racing horses for prizes is permitted in Shari`ah. What is prohibited is betting on horses racing. Allah Almighty knows best.

Name	Hasan - United States
Profession	
Question	As-Salamu `alaykum. I work in real estates. So far, I have stayed away from assisting the consumer with finding or obtaining financing (both Islamic and traditional). I understand there are fatwas allowing purchasers to use financing for purchasing a property. My questions are: 1. Is it acceptable for me to refer the consumer, who is interested in financing, to financial institutions? In other words, do I have to check to see whether the person qualifies for using financing? 2. If there is a service fee that the financial institution pays the seller for referral and processing, is it allowed for me to accept the fee/commission from the financial institution? In all cases, I would be working for the buyer, even though the financial institutions may offer a certain commission. Wassalam.
Answer	Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh. In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Dear brother Hasan,

For your first question, it is permissible to refer customers, Muslims and non-Muslims alike, to financial institutions that offer Islamic home financing or conventional home financing because the evaluation of their situation and the decision to take either kind of financing belong only to the customer/buyer not to you. Your referral means you are helping them in evaluating their own situation and deals.

The commission you take for such referral should be known to the customer, otherwise there may be a kind of lack of disclosure that brings ambiguity to the honest advice a customer thinks that he/she is receiving from you.

Allah Almighty knows best.

Name	Faruq -
Profession	
Question	Can Zakah be given to non-Muslims, who are poor or needy?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Yes, Zakah can be given to non-Muslim poor and needy. Yet, we must remember that in today's world there is a tremendous need and poverty among Muslims more than what Zakah can provide for. Therefore, unless there is another objective such as heart reconciliation, the priority should be given in Zakah distribution to Muslims especially that the Prophet (peace and blessings be upon him) advised that "you should not let your food be eaten except by a righteous person.</p> <p>Editor:</p> <p>For more details you can read:</p> <p>Juristic Views on Giving Zakah to Non-Muslims</p> <p>Allah Almighty knows best.</p>

Name	Sami - United States
Profession	

Question	If you adopted a child, is it permissible to give a part of your wealth to him/her in your will?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>First of all, adoption is not permitted in Shari'ah; it is clearly prohibited in the Qur'an. It creates a mess with regard to marriage, inheritance, and other family inter-relations.</p> <p>However, fostering children is very much encouraged because it provides for care while it preserves the identity and family relation of the child. A fostered child may be assigned a share in the estate of fostering parents through a last will. Remember that the total of such assignment to non-heirs and to charities in a last will must not exceed one-third of the net estate.</p> <p>Allah Almighty knows best.</p>

Name	Shaukat -
Profession	
Question	<p>Many people who are needy today, were once well off. Such people, though in dire need, hesitate and refuse to take Zakah, as they consider taking Zakah as disgraceful. Is it necessary to tell the recipient of financial help that he is being helped from Zakah money? If they ask us, can we say "No, it is not Zakah, which is not true?"</p>
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Shaukat,</p> <p>These kind of people who are in real need and refuse to take Zakah are probably the most worthy to be given Zakah. Those are described in the Qur'an as you may think of them as rich. Certainly when Zakah is paid, the recipient needs not be told that it is Zakah.</p> <p>On the other hand, there are many ways of avoiding a question without lying; you should not give incorrect information about what is paid, but at the same time you do not need to tell the whole truth to the recipient.</p>

Additionally, we must realize that Shari'ah makes it obligatory on the poor to accept Zakah especially it is called in the Qur'an as a poor's right given by Almighty Allah and not a "charity" given by the grace of the rich.

Allah Almighty knows best.

Name	Abro - United States
Profession	
Question	What is the Islamic ruling on Hedge Funds?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Most Hedge funds are not permitted in Shari'ah; however, some Islamic banks formulated hedging transaction within Shari'ah limits. You need to check with al Rajhi company for investment in Saudi Arabia and finance house in Kuwait.</p> <p>Allah Almighty knows best.</p>

Name	Ahsen - United States
Profession	
Question	How can we decide whether a business venture is <i>halal</i> or speculative (provided it is a <i>halal</i> business and the only un-Islamic element is that of <i>gharar</i> ?)
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Ahsen,</p> <p>Speculation exists in all businesses. In the simplest form, you buy today to sell tomorrow at a price that you don't know. This is speculation.</p> <p>What is prohibited is <i>gharar</i>, or ambiguity in a contract. Such ambiguity may relate to the amount or the due date of the obligation of either party in a contract.</p> <p>There are certainly other transactions that are not permitted in Shair'ah, one of them is creating an artificial entity for trading such as buying and selling the Dow Jones index or any</p>

other index for trading option which are created by the law only for the purpose of trading.

Allah Almighty knows best.

Name	Amin - Canada
Profession	Student
Question	I am a student studying in Canada. I'm supported financially by my father. I don't work. Do I need to pay Zakah on the money I hold for all my expenses?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>The answer is no. Money you keep for your future expenses is pre-occupied by this assignment. It is not money that is in excess of your needs. Zakah is obligatory only on what is above your needs provided it reaches the amount of <i>nisab</i> (payable amount) and stays for a lunar year.</p> <p>Allah Almighty knows best.</p>

Live Fatwa July 8, 2003, Islam on line

What is the Islamic ruling on working in a hotel as receptionist?

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Dear brother Muhammad,

It is permissible to work in a hotel as a receptionist or in any other position as long as your job does not require that you serve alcohol or any other prohibited item or purpose, because such a job does not fall under the prohibition mentioned in the authentic hadith of the Prophet with regard to serving alcoholic beverage which, by analogy, extends to any other similarly prohibited items or services.

Allah Almighty knows best.

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I was told that Islamic banks do not pay interest. But what I see is that they give the same amount that other banks give, so what do you think?

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Islamic banks accept investment deposits on the basis of *mudarabah* and distribute profit, which is *halal* and permissible.

The confusion comes from two realities:

1- Islamic banks live in a competitive environment with conventional banks. This means that they invest their money with businesses that have always interest-based alternatives for financing.

Consequently, the financing of Islamic banks cannot end up being more costly than conventional financing in order to keep their customers and expand their business. This means that the net profit they can distribute will always be very close interest distributed by conventional bank.

2- Islamic banks very often distribute quarterly profit on either of two bases. They make their accounting period every three months and calculate final results accordingly. Or they distribute free payment on the profit every quarter and they will adjust their distribution in the fourth quarter when they make their closing accounts and know the actual profit they realize."

Allah Almighty knows best.

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Dear scholar, I am trying to buy a gas station in the US and most of gas stations sell beer and cigarettes. I will not sell either of beer or cigarettes because they are haram but the station has a manager and he may be interested in selling only cigarettes and he keeps all the profits as part of his pay. I would not sell or profit from cigarettes. But it is my store. The manager said that we will lose many customers that usually fuel there if we don't sell cigarettes. Please let me know the Islamic ruling on this.

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

No, it is not permissible to allow the manager to sell cigarettes or beer on the premises that you own. It is not permissible in shari'ah, even if you do not take any profit from such sale. It is, in fact, worth than selling it for your profit because you are disobeying the orders of the Prophet (peace and blessings be upon him) for the benefit of your manager, not even your own benefit.

Allah Almighty knows best.

.....

What is the stance of Islam concerning getting some insurance plans such as educational plan, pension plan, and burial plan? To apply for these plans, applicants are required to pay some amount, e.g. 2,500.00 monthly for period of 5 years. Then after full payment in 5 years, the applicant is assured that the total amount he/she has paid will be tripled in due time. In addition to this, the member will be earning some amount as percentage from other members without sweating for it. I am apprehensive to apply for this insurance plan because I am quite afraid that this would fall into the category of Riba (interest).

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Insurance is permissible according to many contemporary Muslim scholars. I think insurance is consistent with the objectives of Shari`ah and it does not violate any of the Shari`ah principles or rulings. There are two conditions in insurance:

1. There must be no interest ingredients in the contract.
2. The insured thing must be permissible in Shari`ah (for instance, insuring a shipment is not permissible)

There are scholars who consider insurance prohibited on the ground that the contract is based on ambiguity (*gharar*). It is argued that the amount of ambiguity is tolerable, especially that insurance is based on the theory of probability and large numbers.

Allah Almighty knows best.

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We (my family) are living in apartment and the place is too little for us. We would like to buy a house but it seems that we have to pay interest on it. What's the Islamic ruling on that? The place is too little for us that we even can't invite anybody (friends, relatives, etc.) to visit us at home.

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Buying homes for Muslim families in North America should follow the principles established by Muslim scholars on the matter of interest-based mortgage. These can be summarized in the following:

1. There must be a need for purchasing the house. This need is below the level of necessity; it is only convenient whereby the lack of it make living conditions difficult and hard.

There are several considerations of need in this regard that includes adequate

space as you mentioned, building equity, saving on rent and taxes, closeness to suitable schools, safety and decency of the neighborhood.

2. Muslims must first establish their own Islamic financing companies that offer house financing compatible with Shari`ah. If there are such company that provides such financing, then it becomes not permissible to resort to interest-based mortgage.

3. If Islamic financing companies are not available or they exploit the market by offering higher rates and/or let advantageous conditions, one must try to have Islamically compatible contracts with conventional banks and finance providers.

4. If the above is not feasible, conventional mortgage with conventional finance providers becomes permissible, insha'Allah, in accordance with the rule that "a need that affects any people is treated the same way as a necessity in relaxing a prohibition."

Allah Almighty knows best.

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In some Arab countries, there are no Islamic banks, and only conventional banks accord loans for building houses or starting businesses, etc. In what conditions would be the use of such loans permissible. For instance, for a couple who has the choice to pay a monthly rate for all life, and to borrow money with interest; is it okay to do the latter?

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

In those Arab countries, Muslims are required to establish Islamic banks or other companies and institutions that provide house financing on basis other than interest.

You cannot treat the majority the same as the minority. When you have a majority in a country, you certainly have the ability to create suitable institutions even if the government does not allow Islamic banks. You don't have to have a bank in order to provide Islamic house financing; you just have to be creative, proactive, and working collectively together.

Allah Almighty knows best.

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As-Salamu `alaykum

My question is regarding Zakah. Suppose that we have more than 84 grams of gold, then we have to give Zakah. The question is: if we give Zakah as money, then shouldn't we give it next year, because the same amount (84 grams) will remain in us?

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Zakah is a yearly (lunar year) religious obligation. You should give it every year as long as at the end of the year you have the amount of *nisab* that is required for the obligation. This applies to gold and silver, money and bank accounts, business inventory, debts on others and accounts receivable and other Zakatable assets.

Allah Almighty knows best.

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As-Salamu `Alaykum. I live in Canada. ISNA in Canada has a housing loan program. Is that program lawful? Do you have a chance to look at the details of this program?

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Yes, my dear brother, I have looked into the details of that program of the Islamic Housing of Canada, and it is within the limits permissible in Shari`ah. It may not be competitive in the Canadian market or it may not provide adequate financing for home buyers, because of its difficult conditions that are caused by its limited resources.

Allah Almighty knows best.

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As-Salamu `alykum. I am student doing higher education. I get a loan form local education authority, which I have to pay back with little interest. Is it haram to take that loan? If so, what advice will you give me? Jazaka Allah khayran

Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Interest-based student loans are *haram* because they are *riba*-based and normally there is no necessity to take such loans. There are other means to finance education even if it takes longer periods of part-time study instead of full-time.

A Muslim should get rid of any outstanding interest-based loans that he/she may have gotten into as soon as he /she can. That is to minimize the period and the amount of interest he/she would be involved in while at the same time making repentance and seeking God's forgiveness through *du`a'* and *istighfar*.

Allah Almighty knows best.

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I would like to purchase a car, but I was worried about the fact that financing is not directly from the dealer. Is it halal even if the financing is from a third party (A bank for example)? Jazakum Allah khayran

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Buying a car in North America on interest, in principle, is forbidden whether it is from a dealer or from a third party.

There are other alternatives that include buying a used car for affordable price without interest, and car leasing.

There are, however, rare cases whereby a person needs a very dependable car for running to work such as sales representatives, house repairs, etc.

For those people whose basic work depends on driving between places, buying a dependable care may be a necessity to earn their living. And if they could not arrange for suitable leases, buying a car on interest may become a necessity for them.

Allah Almighty knows best.

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Some people cast doubts over the performance of the Islamic banks. They say that Islamic banks give low interest, while conventional banks give higher interest. What do you say?

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

The fact is that Islamic banks do not give interest, because interest is an increment in a loan. Deposits in conventional banks are defined as loans and they generate interest which is prohibited according to Shari`ah.

Deposits in Islamic banks are investment on the basis of *mudarabah*, which is a partnership between a sleeping partner (the owner of money/depositor) and an active partner, which is the bank.

Additionally, while conventional banks provides financing on the basis of loans to businesses and they get interest that is also prohibited, Islamic banks provide financing on the basis sale contract; these contracts or *mudarabah* are permissible in Shari`ah.

In fact, Islamic banks very often distributes profits to the owner of investment deposits that is higher than the interest distributed by conventional banks. It may happen that a given Islamic bank in a given year may have distributed profits at a rate lower than interest given by some conventional banks, but generally speaking, Islamic and conventional banks work in the same market and they are competitors; none of them can behave in a way that is very far from the rest of the market without risking going out of business.

Allah Almighty knows best.

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I took a loan last year to buy a house because my mother and sister were with out home and now I realize that it is a big mistake. Now, I want to make repentance; please guide me.

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Repentance (*tawbah*) requires quitting the sin from which we make repentance. This means you have to either substitutes the loan you made with Islamic financing from the Islamic bank in Sri Lanka or pay it back the soonest possible so that you minimize your involvement with interest and just make *du'a'* and *istighfar*.

Allah Almighty knows best.

Live Session Aug 5, 2003 Islam on line

Q. Dear Prof., As-Salamu `ll usines. I would like to know whether it is true or not that we cannot use a credit card issued in a country to purchase goods in other countries due to the delay in payment to the bank that has issued the card. If it is true, then online purchasing using credit cards to purchase goods from other countries will be forbidden (*haram*). Thank you, Jazakum Allah khayran.

A. Wa `ll usines As-Salamu wa Rahmatullahi wa Barakatuh.

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

No, it is not true that transactions on credit card in countries other than the issuing country are prohibited. If we look carefully at how these transactions are handled, we notice that payments at each stage does not violate the rules of *sarf* (currency exchange) as known in Shari`ah. The seller is paid upon presentation

of the credit card slip by the sellers' local bank while the credit card holder is charged the amount of purchase in the currency of the credit card issuing agencies when the transaction reaches this agency. In other words, the currency exchange from the point of view of the purchaser is done exactly at the time the agency credits its correspondent bank for the amount in a different currency. The period of time between the purchase and the recording of debit/credit by the agency does not affect the transaction; it is only inter-bank time.

Allah Almighty knows best.

Q. I've bought a refrigerator on installments basis. This means that one has to pay some extra money with each installment which is interest. The cost of the refrigerator is 34000 and the amount paid as interest is 4000. Now, I want to remedy my act of having some thing to do with interest, what should I do? Should I sell the refrigerator and give the whole money in charity. The selling price will definitely be less than what it was when purchased. I've also paid the cost along with interest. So can I keep some amount and give rest in charity. Please advise.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

If the purchase contract of refrigerator mentions a cash price, and interest additive and then installment price, the contract has a grave error from the Shari`ah point of view, because it amounts to selling at two prices, one cash, and one as installment. About this kind of purchase/sale contract, the Prophet (peace and blessings be upon him) said that the lowest price applies or the transaction is *riba*-based. *Riba* is prohibited being one of the worst sins a Muslim may ever commit.

If the contract only mentions one price or the installment sale (even if this price is calculated on the basis of cash-price + interest) the contract is then valid because Shar`iah recognizes and allows that the price of the deferred payment sale may be higher than cash sale.

Now if the contract is made according to the first paragraph, the remedy is to pay all remaining installment as soon as possible and negotiate with the seller to eliminate or at least to reduce as much as possible of the contractual interest and make repentance and *usiness* (seeking Allah's forgiveness) with a pledge inside your own conscience to avoid entering into any prohibited transaction in the future. Remember that one must check on the permissibility of a transaction before starting it.

Allah Almighty knows best.

Q. I want to ask a question regarding latest technology. Millions of users share file on peer-to-peer programs like Kazaa and Napster which is a protocol for sharing files between users. With Napster, the files stay on the client machine, never passing through the server. The server provides the ability to search for

particular files and initiate a direct transfer between the clients. In addition, chat forums similar to IRC are available. Napster is software that allows users to share the MP3 libraries with each other no matter where they are located. Napster provides a search capability for songs, chat capability for users to communicate in forums of like interest and an audio player. I want to ask for the Islamic ruling on such programs, as one is not paying for what is using.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

As long as the producer of these new programs offers this possibility of using them by several people without requiring every user to pay, free users are permitted because the program itself allows it. Don't worry much about the producers of these programs, they must have charged the first client sufficiently to make the profit they want.

Allah Almighty knows best.

Q. I would be grateful if you clarify to us the Islamic ruling on whether Muslims are allowed to accept lottery funding to carry Islamic projects. The lottery in the UK gives grants for various projects. We would not be involved at all in the lottery process itself. Thanks.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

The income of a lottery conducting organization is no doubt forbidden as far as the issuing organization is concerned, because lottery is a form of gambling that is prohibited in the Qur'an and the Sunnah. This means that it is forbidden for any Muslim individual/organization to initiate lotteries even if the objective is charitable or generally benevolent.

What do you do with such income after it happens? The only way, and the best way is to give it to charity and similar uses that provides help to the poor and needy at large. Usually Muslim scholars do not like using such "unlawful" money for building a place of prayer (*masjid* or *musalla*) or for buying copies of the Qur'an. The reason is obvious, but feeding the poor and financing other public welfare projects is certainly the only way in which such "prohibited" money can be used. The same applies to Islamic organizations and projects in the UK.

Allah Almighty knows best.

Q. Until recently, my savings account gained a small amount of interest (1%-2%) but I changed it to a non-interest bearing account, because I felt this may be haram. Since I pay considerably more interest on my mortgage and the bank

loans my funds to gain interest for themselves, is it acceptable to have an interest-bearing account? In addition, can I give any money gained in interest to charity? Regards, Javed.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

If you can avoid placing funds on interest in any bank (or any other place too), this would be the proper and best way of dealing with your savings. This means you should invest in useful projects instead of leaving your savings to a *riba*-based bank that will use them to generate more prohibited transaction.

You certainly will be much better off making extra payments on your mortgage because then you would be reducing the amount of *riba* in the mortgage.

But if for any reason you find yourself with a large sum of money that you do not want to commit to any immediate investment (as in the case when you have future plans), it is not better to put such large sum in no interest accounts in a conventional banks. You know that the bank will use them for interest-based lending, and it is better to reduce the evil of the interest-based capability of the bank by taking the interest on such temporary large sums and giving it to a Muslim charity. Reducing the evil is always better even by one single drop.

Remember that you will be rewarded *insha'Allah* for reducing the evil and for not allowing interest to stay with your own money by giving it to a Muslim charity, but this cannot be considered as *sadaqa* or Zakah as these terms are known in Shari'ah, because both must come from your own money and you do not own any earned interest.

Allah Almighty knows best.

Q. I'd like to ask about taking loan money from the bank for any purpose especially housing loan, which is repayable with interest. Is it permissible in the view of Islamic Shari`ah?

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Taking interest-based loan is prohibited because interest is *riba* that is prohibited in the Qur'an and the Sunnah with a threat of most severe punishment that includes a war declared by Allah and His Messenger (the Qur'an, 2:79) and the wrath of Allah as mentioned in authentic sayings of Prophet Muhammad (peace and blessings be upon him).

Of course, cases of necessity are excluded and necessities mean a serious threat to life, mind, religion, or property. Please also notice that India has an Islamic bank with several branches in several of the Indian states. It also has many local Islamic cooperatives that provides financing in accordance with Shari`ah.

Allah Almighty knows best.

Q. I have questions on Zakah. I worked from 1997 to 2002, but I never paid Zakah for that period, because I didn't know how to do it. I didn't know from what the Zakah is taken (savings only or savings and business) and right now I still don't know how to calculate it? Please tell me how.

To correct my mistake, I plan to pay 2.5 percent of my total gross worth (what I have now savings + cash in a brokerage account) in August 2003 and ask forgiveness from Allah for my mistake. But, I read in an article that I must pay all the Zakah that I owe in each one of those years, is this true? If the above is true, how can I calculate it? How much money I had each year back then? I don't have the data. Do you have a solution or should I just do as I plan in August?

Q. **In the Name of Allah, Most Gracious, Most Merciful.**

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Unpaid Zakah remains as a debt on you until you pay it. Zakah is due on accumulated savings at the end of each lunar year, the first year begins on the day your accumulated savings + debts on others + cash on hand + any business inventory = the amount of $\frac{1}{100}$ usin which is \$ US 1000.

Now that you do not have record of past years, the solution is to make an educated guess on the first time you had a total of one thousand US dollars and from that date count the number of lunar year (354 days) until today, and pay $2.5\% \times \text{number of past lunar years} \times \text{the total of present balances you have today of all } \frac{1}{100} \text{ usin}$ items including your brokerage account both cash and investments and pay this amount of due Zakah as soon as you can. Additionally, remember that when your current Zakah lunar year comes to an end, you should calculate the due Zakah for the present period following the same rules and pay it either directly to deserving poor Muslims or through trustworthy Muslim charitable organizations.

Allah Almighty knows best.

Q. **What is the rule for life insurance that is linked with investment?**

A. **In the Name of Allah, Most Gracious, Most Merciful.**

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Life insurance that has no interest component in the contract is permissible according to a very respected view in contemporary Islamic scholarship. If this linkage to investment is interest-based, then that part of the insurance contract is not permissible.

Allah Almighty knows best.

Q. As-Salamu `alaykum, I am a supporter of Islamic financial systems. I use my house and car with Islamic finance. One of my friends once forwarded an issue that there isn't much difference between Islamic financing and interest-based financing since both means the consumer still has to pay more when they finance something. In fact, in some cases, Islamic finance costs more than conventional finance, i.e. the profit rate of Islamic finance is sometimes more than the interest rates.

How could, my friend argue, that Islamic finance burden the consumer worse than does the conventional finance. Thus, no difference between the two. What would be our logical response to this kind of comments? Thanks.

A. Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.

In the name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

The point that some Islamic financing institutions charge their customer more than what conventional banks charge for similar transactions indicates that such Islamic financial institutions exercise monopolistic powers on their customers, such monopolies are forbidden in Shari`ah and these companies are making grave mistakes.

On the other hand, it is true there is certain similarity between *riba* and Islamic financing. The Qur'an itself does not deny it (2: 279). There is also similarity between the man/woman relation in marriage and in adultery, but in both cases the differences are also substantial to an extent that make one permissible and the other prohibited. Interest-based transactions are prohibited as clearly mentioned in the Qur'an and the Sunnah.

Allah Almighty knows best.

Q. As-Salamu `alaykum wa rahmatu Allah. Cher Professeur, Est-il interdit d'assurances pour une compagnie d'assurance ?

A. Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.

In the name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

It is permissible to work in an insurance company that is specialized in medical, car, hazards, transportation and shipping, and other forms of insurance that do not involve interest. Keeping in mind that certain forms of life insurance normally have interest clauses, conducting transaction on behalf of the company that contains interest is prohibited. This means that it is permissible to work in a life insurance company provided you avoid offering or signing interest-based contracts on behalf of the employer.

Allah Almighty knows best.

Q. Respected scholars, As-Salamu `alaykum. Regarding Investment in the US stock market: M] usinesy has invested a modest sum of shares in American companies. Is our investment considered haram in the light of the war on Iraq? I'm worried since is difficult to know whether these par'icular American companies are profiting by this cruel war on the Iraqi people.

A. **Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.**

In the] usinesf Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

The fatwa of boycotting American products also applies to American stock market and other financial investments in the United States. This fatwa was issued prior to the aggression on the Iraqi people the American government started early this year. This aggression also confirms the fatwa since the present American government conducts continuous campaigns to support aggression and occupation of Muslim land by foreign and alien countries and people. The fatwa certainly applies to all Muslims outside the United States and they must all avoid, without harming their own interest, dealing with American markets, stocks and the like as much as they can.

Allah Almighty knows best.

Live Session Aug. 27, 2003 MAS.net

Question/Response #261	
Posted On:	Wednesday, August 27, 2003
Posted By:	Zahara
Question Text: AS Salaamu Alaikum, is there such a thing as halal investments, i.e. mutual funds, stocks, etc? Also, is there a way for Muslims to purchase homes without participating in riba?	
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Responded On:	Wednesday, August 27, 2003
Responded By:	omer
Response Text: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Zahra: You have asked long and multiple questions. Investments in mutual funds are subject to the same principle as investment in stock because mutual fund companies are very similar to common stock companies from the point of view of being companies that deal with certain business. The business of a mutual fund is to trade stocks and bonds for the purpose of making profit for its members who are the purchasers/owners of units in the fund. Common stock companies can be classified into three categories from the point of view of the nature of their business and their transactions: 1- Companies who's main line of business/products is permissible and they do not make any transactions that are not permissible in Shariah. The example of this category is Islamic banks and any other company that produces no prohibited products and does not make any prohibited transaction such as borrowing from banks and etc. 2- Companies who's main line of business itself is prohibited such as Casinos and liquor	

breweries or the main approach of their transactions is not permitted in Shariah such as companies that specialize in bond trading (bonds are interest based). 3- Companies whose main line of business is permissible such as car companies, computer producers and etc , but their management normally deals in prohibited transactions such as interest based borrowing or any sale contract that are invalid from the Shariah point of view (such as selling some merchandise before taking actual possession). Obviously the ruling over the first two categories is clear: The first is permissible and the second is not. The third category actually represents the overwhelming majority of stocks in the market and the principle is that when a person buys stocks of a company s/he becomes a partial owner of that company and whatever decisions and actions taken by the management are in fact taken in the name of stockowners on their behave by virtue of the authority given to the management from the general assembly which consists of all stockowners. In other words, a stock owner is responsible for all normal decisions (we are excluding fraudulent behavior) of the management. This is the position of the law of the land and the Shariah at the same time. Consequently, prohibited transactions including Riba are treated as if they were undertaken by all the owners of the company. The immediate conclusion should be in principle it is prohibited to buy stocks in this third category. However, this results in great inconvenience and hardships to all small Muslim investors, those who cannot create their own companies and invest directly on their own. Hardship always calls for relaxation of the prohibition. This is a rule in our Shariah repeatedly mentioned in the Quran and the Sunnah. Accordingly a group of Muslim scholars went on to study means of reducing this hard ship and they came up with a few criteria to identify permissible stocks in this category, that is stock of companies whose management does not have much of prohibited transactions especially interest. These criteria are essentially the following: 1- The main line of the companies business should not be prohibited such as banks, casinos and producers of military and weapons industries that are used against the Muslim world. 2-The company cannot be dependent on borrowing for more then one third of its assets. 3-Earned interest must not exceed 8-10% of the gross earning of the company. 4- Whenever you invest in the stocks of these companies you need to estimate the percentage of your net profit that may have arise from prohibited transactions such as interest and give away that part of the profit to Muslim charity because it is not Halal to earn what you believe is coming as result of prohibited transactions. This means that any Muslim who wants to invest in stocks/mutual funds has to do some homework in selecting the stocks and the mutual fund and in estimating the ratio of profits that comes from prohibited deals. The Dow Jones company with the help of a group of respected Shariah scholars came up with a list of stocks that satisfy the above mentioned criteria and it came up with a list of stocks of which it made the Dow Jones Islamic Market Index that you can find on the Dow Jones website. There are in the market several, though new, mutual funds that are based on the Dow Jones Index or behave within its criteria. One of these is the Dow Jones Islamic Index Fund (IMANX) that was established by the North American Islamic Trust (NAIT). As for your second question about Home buying please submit it in a separate question field. Allah knows best. All praise is due to Allah

Question/Response #262	
Posted On:	Wednesday, August 27, 2003
Posted By:	Ali
Question Text: Please give me an overview of how we can determine a job to be halal or haram. I would like to know if we're allowed to work for a bank or a subsidiary of a bank although our functions are irrelevant to Riba. Thanks.	
Responded On:	
Responded By:	omer
Response Text: No Response Entered	
Question/Response #263	

Posted On:	Wednesday, August 27, 2003
Posted By:	Malik
Question Text: Asalaam aleikum. As a muslim, am I allowed to invest my money in a stock market? If not why? And am I allowed to bank with non islamic banks and if not why?	
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Responded On:	Wednesday, August 27, 2003
Responded By:	omer
Response Text: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Malik: For the answer to your first question please look at the answer given to sister Zahra above. As for your second question, the principle is that where ever there exists an Islamic bank that can satisfy all of the needs of Muslim depositors and provide them with similar services at competitive rates it is then not permissible to deposit or use the permissible services (for instance borrowing on interest is not permissible) of conventional banks. This ruling is based on the concept of need that applies to a large number of people in order to avoid difficulties and inconveniences. Certainly, if any interest accrues to you as a result of your transaction with a conventional bank, it must be given to Muslim charities. You should not let such prohibited money be mingled with your own Halal money. This is not considered Sadaqa from a Shariah point of view, but in sha Allah you will be rewarded for keeping your money pure from any Haram money Allah knows best. All praise is due to Allah	
Question/Response #264	
Posted On:	Wednesday, August 27, 2003
Posted By:	Yusri
Question Text: Please tell us, if someone borrows money and there is a mutual consent on both parties that the money returned is going to be more than what was originally borrowed. Is that considered acceptable within Islamic Law.	
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Responded On:	Wednesday, August 27, 2003
Responded By:	omer
Response Text: Due to the limitation of time, we were not able to answer your question. Please submit your question in next week's session with Dr. Kahf on Wednesday, September 3 at 10:00am EST.	
Question/Response #265	
Posted On:	Wednesday, August 27, 2003
Posted By:	Ayman
Question Text: As-salaam alaikum. What practical steps can muslims take to begin to create Islamic financial institutions in the West? How can these institutions be integrated with the interest based system that currently exists?	
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Responded On:	
Responded By:	omer
Response Text: No Response Entered	

Live Session Sept. 3, 2003 on MAS.net

Question/Response #283	
Posted On:	Wednesday, September 03, 2003
Posted By:	OMAR
Question Text:	
<p>asslamu alikum Dr. Kahf In your question you answered last week, you mentioned that the justification for small muslim bussinessman to invest in stocks which are not 100% halal bussiness is on the principle of relieviing hardship. But it is my understanding that the bussiness of relieving hardship in Islamic Law can only be applied in situations where the hardship affects the majority of muslim society and not a small group like bussiness men. I know of of no stipulations in the sharh bussiness people have to become wealthy if they already have money to live. In other words, what hardships(keeping in mind the definition given above) to small bussiness people have so that this hardship can be eased.</p>	
Responded On:	Wednesday, September 03, 2003
Responded By:	omer
Response Text:	
<p>In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Omar: A small correction before responding to your comment: In my previous answer I said small savers not small business men. This correction does not affect the subject. Hardship and/or inconvenience that calls for relaxation of a prohibition does not need to be comprehensive to the "majority of Muslim society" as you said. In fact it only applies to a majority of a class or a group of them. For instance, workers in garbage collection who may be a very small minority compared to the whole Muslim society may have difficulties in avoiding impurity (Najasah) on their cloths during their work, so it is permissible for them to pray while wearing their work apparel. Similarly, physicians or nurses may touch bodies of the other sex because it is difficult in their work to avoid that (this applies not only to the case a diagnostic necessity, but to other activities like changing cloths of a patient or helping them min other functions and in expression of kindness to them). Additionally, protecting and promoting property (wealth) is one of the basic and general objectives of the Shariah. Therefore you should know that the Shariah calls on Muslims to become wealthier even if they have money to live. The hardship is in investing their small saving so that they may not be exhausted (consumed) by the repeated payments of Zakah as the Prophet (Pbuh) suggested. Allah knows best. All praise is due to Allah</p>	
Question/Response #284	
Posted On:	Wednesday, September 03, 2003
Posted By:	Ali
Question Text:	
Is it allowed to borrow money from a bank in the U.S. to do business.	
Responded On:	Wednesday, September 03, 2003
Responded By:	omer
Response Text:	
<p>In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Ali: The Fatwa of the second International Fiqh Conference held in Detroit in 1999 relates only to resident purchase. It calls for conditional relaxation of the prohibition of Riba on house purchases for Muslims in America if there are no other means of abstaining from Shariah compatible finances. If we want to extend this Fatwa to business using the same argument on which the</p>	

Fatwa is based, one may say similar relaxation applies in the case when a business is under hardship for payment of certain liabilities. That does not apply to borrowing to start or expand a business. Allah knows best. All praise is due to Allah

Question/Response #285

Posted On: Wednesday, September 03, 2003

Posted By: Muhammad

Question Text:
What is your opinion on leasing new cars in the US? I am getting different opinions on it that there is some interest in it.

Responded On: Wednesday, September 03, 2003

Responded By: omer

Response Text:
In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Muhammed: It is possible that you got several answers because car leasing contract are not completely uniform. I will give you my opinion on a car leasing contract that I know. It is used in southern California. This car lease contract gives the option at the end of the lease period to buy the car for a given amount, renew the lease on newly negotiated conditions or return the car and walk out; it also contains a fine for delayed payment. This lease contract is permissible. It does not have any interest clause. The fact that the lease company gets its money from interest based loans and it deals on interest bases in its other contracts does not affect the permissibility of this lease contract. If the lease contract you have is different from the one I described, please send it mas@masnet.org with special attention to Monzer Kahf and I will be glad to give you my opinion on it. Allah knows best. All praise is due to Allah

Question/Response #286

Posted On: Wednesday, September 03, 2003

Posted By: A

Question Text:
I would like to add that after 7 years of marriage, he proposed to give me 5,000\$, take my clothes and leave the house. How does it work financially?

Responded On: Wednesday, September 03, 2003

Responded By: omer

Response Text:
In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Sister A: In case of divorce, a woman is entitled to the following: 1-The unpaid part of the Maher. 2-Living expenses including residence for 3 months to accommodate Iddah period. 3-If there are minor children, living expenses including residence until maturity or marriage. If you remarry, these expenses go to the care provider of the minors who is supposed to be your mother if she is Muslim. 4-One half of the properties that are in husband and wife's name together. This applies to real estate, bank balances and stock regardless of who paid for or nourished these properties. Since the rule is: Joint properties are equally owned by the joint owners unless there is an agreement which specifies otherwise and who ever paid more then the other had voluntarily given the difference as a gift. 5- And all personal properties such as cloths, jewelry and properties in your name alone. Allah knows best. All praise is due to Allah

Question/Response #287

Posted On: Wednesday, September 03, 2003

Posted By: Assad

Question Text:
I want to buy a town home, but I am not in need. It is not a necessity for me. I am just looking for privacy. Do you know of any Islamic Financing in the US? I have heard that Freddie Mac or Citibank has something going on? Do you know of any?

Responded On:	Wednesday, September 03, 2003
Responded By:	omer
Response Text: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Assad: I know that guidance financial offers a lease/purchase that is compatible with Shariah as reviewed by a group of respected scholars I do not know any house finance scheme by Citibank. Privacy and equity building are important considerations should not be sacrificed by Muslims in America. Allah knows best. All praise is due to Allah	
Question/Response #288	
Posted On:	Wednesday, September 03, 2003
Posted By:	Muslim
Question Text: 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?	
Responded On:	Wednesday, September 03, 2003
Responded By:	omer
Response Text: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Muslim: Sale of debt that has future maturity is permissible only if the price equals exactly the face value of the debt. This means that a debt of \$10,000 that matures after 2 years can only be sold for \$10,000. No more, no less. Any deviation from the \$10,000 price is pure Riba. It is forbidden. This is well known in classical Fiqh and is reiterated by the OIC Fiqh Academy in a special resolution in the meeting of year 2000. This resolution came in response to some practices of discounting future debt by some Islamic banks in south East Asia under the claim that if the debt's origin is a Murabah sale it can be discounted. There is no Shariah foundation of this differentiation. Any already due, but not paid, debts can be sold at any price. This is a form of swap. There is not Riba included here and the only factor is the risk of the debtor. In other words, the difference is similar to collection fees. This kind of transaction is permissible in Shariah. Allah knows best. All praise is due to Allah	

Live Session Sept. 7, 2003 Islam on line

Q. My question is regarding the Islamic financing. I have read that HSBC bank has recently launched some financing schemes for Muslims in the UK. Are Muslims allowed to accept financing from a riba-based establishment even though the nature of the transaction doesn't infringe upon Islamic teachings? Thank you.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Yes brother, Muslims are allowed to enter into contractual financing relation with any entity including conventional bank and financial institution regardless of their religions, ethnicity, or national or geographical affiliation as long as the contractual financing is compatible with the Shari'ah.

Here, you ought to notice that we Muslims who live in the Western countries deal always with conventional bank without any regard to the bank activities with other person as long as the relations we have with them does not violate the Islamic law.

Allah Almighty knows best.

Q. I would like to know the Islamic rulings on taking Life Insurance Policies. Is it allowed in Islam to insure one's life against natural death, accidental death, diseases or any unknown future situations. Is it allowed to insure the businesses and other assets we own from fire, theft, natural calamities etc. Please advise in detail.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Insurance is a new contract relative to our classical *fiqh* that was developed between the second and the fourth century of Hijrah.

An insurance contract does not protect or ensure against death, accidents, fire, theft, etc. An insurance contract provides for financial compensation/payment to relieve the affected person as a result of such incidents. Therefore, it is not accurate to think that life insurance is "against natural or accidental death".

Contemporary Muslim scholars have divided opinions on insurance. There is a group that thought that insurance is a gambling on the Will of Allah. I disregard this opinion because it is based on lack of understanding of what insurance is.

There is a group of respected scholars that argues that insurance contains an element of interest and ambiguity or *gharar*. Certainly, if interest is essential to an insurance contract, it must be then in violation of the Islamic principles. The same applies to ambiguity in relation to the basic obligation of the two parties of the contract.

There is another group of scholars led by the late Sheikh Moustafa Al Zarka who argues that insurance, life and others, is a very beneficial and useful contract that should be considered on the basis of the objectives of the Shari'ah that call for the permissibility of anything that is useful and the prohibition of anything that is bad. Insurance has certain similarities with contract and legal institutions known in the Islamic law, namely the institution of *aaqilah* that requires the sharing of all extended family male members in the payment of blood money of killing by mistake; and the contract of guaranteeing road safety.

Furthermore, insurance contract is essentially based on the concept of redistribution of risk that is: pooling resources from a large number of people to compensate those who are hurt as a result of insured incidents. This concept is essentially a cooperative concept where whether it is administered by a cooperative organization such as mutual insurance company or buy a profit-making organization such as a commercial insurance company.

Most insurance contracts do not have any interest clause. Some forms of life insurance policies are interest based, mainly what is called whole life insurance that provides for a lump sum payment after certain number of years (this lump

sum is a result of part of the premium that is called investment premium placed on compound interest for a given number of year).

The amount of ambiguity in the contract is small and gives room to be removed through the process of the contract. Ambiguity results from the fact that the time of fulfilling the obligation of the insurance company (the date of death or accidents) is not known in advance.

Also, the amount required for payment depends, in other than life insurance, on the size of the damage which is not known in advance. This ambiguity is in fact tolerable because the detailed and sophisticated insurance rules regulations make both ambiguities removable by the time a payment by the company becomes due.

According to this view insurance, in all its kinds including life, is permissible provided that we avoid the contract that includes interest and obviously the subject of the insurance is also permissible (for instance, insuring a shipment of liquor) because it is prohibited to transport liquor as the prophet stated.

Allah Almighty knows best.

Q. My question is: A person requests a bank credit in a Western bank to do a business with the following agreement: a credit with 6 per cent to paying in 5 or 7 years with a lack of 1 or 2 years. This means that for 1 or 2 years the person who requests the credit does not pay any bank letter. But if before finishing the lack he decides to return the quantity given by the bank will have to return the quantity given more 3 per cent as penalty. Is this type of credit considered riba?

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

This 3 % penalty is in fact interest; it is not a fine that is caused by any reason other than paying an increment on the borrowed funds.

Signing an interest-based loan contract especially what is called line of credit that provides for a grace period for period without any interest maybe permissible under 2 conditions:

1. If the person is keen on avoiding interest and paying within the grace period.
2. If the person is actually able to make such payment, especially when we use nowadays the automatic withdrawal by the lender from the account of the borrower. If a borrower is not certain about these two conditions taking an interest based loan with a grace period becomes not permissible.

Allah Almighty knows best.

Q. My question concerns an aspect of share buying. Normally, when shares are sold on the stock market the seller has to wait for up to 3 weeks for his money (settlement period). Some people require the money more urgently. In some cases, a third party is willing to pay the money immediately at a small discount (1 or 2 %). On the original settlement date the third party then receives the full amount of the transaction. In some countries this is known as spot buying. Is this practice halal according to Islam?

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

I don't know those countries that call discounted payment a stock sale; to my knowledge stock sale is compared to future sale and it applies to commodities, currencies, and stocks.

The discount of 1 or 2% by a third party who extends a loan for the period of three weeks settlement as you mentioned is interest. It is a prohibited notice as it equals an interest rate of 12 to 20 % annually.

By the way, stock transactions, buying and selling both, are settled within 3 days in the USA, and once you have an account with a broker/bank you can use proceeds of unsettled sale as base to make purchases that will also take 3 days for settlement. This is the first time I hear of 3 weeks time for settlement in the stock market. Are you sure about it?

Allah Almighty knows best.

Q. I got some stocks' option from my ex-wife's job that we agreed about while we were filing the divorce papers. I haven't cash them yet and I didn't know it's haram or not. I was speaking to a brother from the Mosque about haram things and he mentioned to me that people's possession of stocks is considered *riba*. He does not know about my situation. Would you please tell me what am I supposed to do? Jazakum Allah khayran.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

If these options are given by the employer as part of the employment package, then the option may be exercised by buying the company's stocks which is permissible. I would not suggest selling the option for cash because such a transaction carries similarity to options traded in the market that is resolved to be prohibited the OIC Fiqh Academy in its famous 1412 H resolution on options. It is not anyway *riba*.

Allah Almighty knows best.

Q. Recently, I have convinced my mother that putting her money in saving accounts with interest is haram. However, she has asked me for an alternative. I want to recommend for her to move it to an Islamic bank. My question is "Is the return from Islamic banks really "Islamic" meaning you get a percentage of the profit or is it just a randomly varying interest rate as some have claimed?"

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

The return on investment deposits in Islamic banks is really Islamic. Normally, Islamic banks have respected the Shari'ah scholars who review their contract and transactions and certify at the end of the year these transactions are within the limits of the Shari'ah.

The fact that the profit distributed by Islamic banks is close to the rate of interest in the country is caused by the reality that these Islamic banks actually compete with their conventional counterpart in their country.

Allah Almighty knows best.

Q. What the Islamic rule on Zakah?

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Zakah is the third pillar of Islam. It is obligatory on every Muslim. Its details are known in the Fiqh references.

Allah Almighty knows best.

Q. Do you know any financial institutions in the EU that have non riba mortgages? Do you know any websites?

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

No, sorry I do not know any financial institution in Europe that provides Islamcially permissible contract for housing or business.

Allah Almighty knows best.

Q. Have you ever heard of a fatwa saying that a Muslim who does not purchase a house because of the riba and instead rents, that every dollar(pound riyal) he spends on that cause is counted as a good deed for him. I heard this fatwa before but I cannot remember its origin.

A. In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

No, I did not hear about this fatwa, and I doubt it ever exit. It does not seem rational.

Allah Almighty knows best.

Q. Can you tell me how a dead persons property is to be divided amongst his heirs. Please answer with special reference to land, residential property, non-residential property, and Cash. It would be helpful to me if you could use an arbitrary number for the cash, say 100,000. How should I split this between my mother, my brother, my sister and I?

A. **In the Name of Allah, Most Gracious, Most Merciful.**

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Your question requires more details. The kind of property does not affect the distribution of the estate of the deceased. The main heirs are children, parents, and spouse. If all these exist, other relatives do not inherit anything.

For details, please look at the schedule of *mawareeth* that is attached to the Last Will on www.isna.net or www.kahf.net.

Allah Almighty knows best.

Live Fatwa Session, Sept. 10, 2003, MAS.net

Question/Response #325	
Posted On:	Wednesday, September 10, 2003 11:09 AM
Posted By:	Omar
asslamu alikum Dr. Kahf Just a follow to my question last week about investing in bussinesses that are not 100% halal, I agree with you point about the Shariah protection of wealth, but in my understanding it does not stipulate to get rich in non-Halal ways if you have enough money for your subsistance and that the clause to get rich is only under circumstances of halal bussiness adventures. Can you comment on that. thank you	
Responded On:	Wednesday, September 10, 2003 12:09 PM
Responded By:	omer
In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Omar: When it comes to one individual alone, the argument that it is ok to leave savings idol and continue to pay Zakah may be acceptable. But that does not apply to communities and societies. The famous scholar Izz Eddin Abdul Salam (14th century C.E.) anticipated a hypothetical situation that is similar to what we are talking about that when most businesses become ridden by prohibitions. His answer was that Muslims would continue doing business and making investments and profit while avoiding as much as possible of what is prohibited. Allah knows best. All praise is due to Allah.	
Question/Response #326	
Posted On:	Wednesday, September 10, 2003 12:09 PM
Posted By:	Ali
I want to borrow from a U.S. bank to do business, is it ok?	
Responded On:	Wednesday, September 10, 2003 12:09 PM
Responded By:	omer
In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Ali: The fatwa about the exceptional resorting to interest based loans for Muslims in North America came with	

respect to home purchasing, it does not cover cases of taking loans to start or expand businesses. The argument on which the fatwa is based does not apply to starting or expanding a business especially that there are other approaches to finance business beginners. However in case of protecting a business from insolvency, resorting to interest based loans would be consistent with the exceptions of necessities that are known in Shariah. Allah knows best. All praise is due to Allah.

Question/Response #327

Posted On: Wednesday, September 10, 2003 12:09 PM

Posted By: Lamya

Can you explain to me if the actual interest that is used is Riba? How can you explain the international trade on its financial side, knowing that big Western banks are behind that?

Responded On: Wednesday, September 10, 2003 12:09 PM

Responded By: omer

In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Lamya: Interest as known in the banking system today is certainly Riba, since it is an increment in a loan. Any increment in a loan is Riba as defined in Shariah. Financing international trades and financing inventory can easily be done on the basis of Islamically permitted financing contract especially Murabah, Salam, and Istisna'. The Islamic banks have been doing that for three decades. Islamic banks are growing and expanding at high rate that is in the two digit area and most of their financing is international trade Allah knows best. All praise is due to Allah

Question/Response #328

Posted On: Wednesday, September 10, 2003 12:09 PM

Posted By: Anass

In this difficult time and luck of employment, I found a job with Citibank as a loan office. Is it Halal for me to accept that job?

Responded On: Wednesday, September 10, 2003 12:09 PM

Responded By: omer

In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Anas: Working as a loan officer in an interest based institution is not permitted. This is covered by the correct saying of the Prophet (pbuh) "the wrath of God is on the taker of Riba, its giver, and its writer" (Reported by Bukhari and Muslim). Working in areas that do not involve you in writing interest based loans may not be prohibited such as an IT officer or teller. Allah knows best. All praise is due to Allah

Question/Response #329

Posted On: Wednesday, September 10, 2003 12:09 PM

Posted By: Heba

Is it true that we have to pay Zakat on salary, even if we are paying taxes, have two kids and a family -Also I am paying my loans to banks?

Responded On: Wednesday, September 10, 2003 12:09 PM

Responded By: omer

In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Hiba: The answer is yes with explanation. The amount you save from your salary after payment of old expenses including loans is subject to Zakah if it accumulates to the amount of Nisab(\$1000) over a period of one lunar year (354 days). If all your salary is spent on the family, loans and other items, then you are not subject to Zakah unless you have savings and other Zakatable items that are equal Nisab or more and one lunar year has passed. Allah knows best. All praise is due to Allah.

Question/Response #330

Posted On:	Wednesday, September 10, 2003 12:09 PM
Posted By:	Rajah
Is allowed to refinance my home with a mortgage corporation here in the U.S?	
Responded On:	Wednesday, September 10, 2003 12:09 PM
Responded By:	omer
In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Rajah: It is certainly permissible to refinance a home for the purpose of reducing the rate of interest or buying another home for the family (eg. for a child/sibling who is getting married). Allah knows best. All praise is due to Allah.	

Live Session Sept. 17, 2003 MAS.net

Islamic Finance Fatwa Session.

Subject: Islamic Finance Fatwa Session.
 Category: Ask The Imam
 Guest Name: Monzer Kahf
 Profession: Economic Specialist - Retired
 Start Date/Time: Wednesday, September 17, 2003 11:30 AM ET
 End Date/Time: Wednesday, September 17, 2003 12:30 PM ET

Dialog Description

Islamic Finance Fatwa Session.

Posted Questions and Responses

Name: Shahid

Question: when Islamic banks deal with non-Islamic banks how do they refrain from interest related transactions?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Shahid: Islamic banks normally enter into agreements with the conventional banks they deal with on the basis that they in principle deal cash only and if any delay happens from either party there will be no charge of interest. With banks with whom they have no agreement they only deal in cash and normally very rarely. Allah knows best. All praise is due to Allah.

Live Session Sept. 24, 2003 MAS.net

Islamic Finance Fatwa Session.

Subject: Islamic Finance Fatwa Session.
 Category: Ask The Imam

Guest Name: Monzer Kahf
Profession: Economic Specialist - Retired
Start Date/Time: Wednesday, September 24, 2003 11:30 AM ET
End Date/Time: Wednesday, September 24, 2003 12:30 PM ET

Dialog Description

Islamic Finance Fatwa Session.

Posted Questions and Responses

Name: omer

Question: What are some ways we (on a community level) can practically practice islamic economic system under the current capitalist system that exists in America? sorry, this is not a fatwa question, just asking for advise.

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Omer. Answering this question requires a research study, please look at my paper, on this subject that was presented (by a reader because I could not attend the conference) in the first International conference of the Shari'ah Scholar Association of North America held in Texas in 1998. It is on my website, but sorry I don't remember it title now. Try to make some feedback too. Allah knows best. All praise is due to Allah.

Name: Hassan

Question: I know in Islamic Law of inheritance, a muslim may not inherit from a non-muslim, but in the case of living in the west, where sometimes muslim converts find themselves in situation of inheriting from their non-muslim relatives. what is a person to do in this scenerio? Is it considered inheritance if the parents put it for you in a will or is this case considered a 'wasiyyah' where then it becomes permissble to take from them.

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Hassan: It is true under the Islamic law that Muslims do not inherit from non-Muslims and vice versa. There are several Saying of the Prophet in this regards and this is the view of the overwhelming majority of Muslim scholars including the affirmed opinions of the four schools of Fiqh. Muslims who live in countries that do not have Islamic inheritance laws, like us in the West, are required, as a Faridah, to make sure that their estate shall be distributed according to the Islamic law. Fortunately this is permissible through certain legal instruments that MUST BE EXECUTED BY ANY MUSLIM WHO OWNS PROPERTY IN NORTH AMERICA. Certainly the laws of intergenerational passage of properties of all the states within the USA are not derived from the Shari'ah. Therefore, while a Muslim's last will (or any other document that fulfills the same objective) must have a clause that prevents any non-Muslim from inheriting any part of the estate outside what is permitted through Wassiyyah and within its limit of one third, a

Muslim may, rightfully according to Shari'ah, take any property assigned to her/him by law, or by willful decision of any other person whether this happens as a result of death or as a result of any other reason. This is the general rule. Consequently regardless of what name is given by laws or common jargon any property given willfully or by law to a Muslim is permissible for the Muslim to accept and take as completely Halal. This is not a rule of inheritance because the Islamic inheritance law is not in application but a rule of freedom of choice and action as long as it is not in violation of any moral principle or legal rule. The virtue of the non inheritance between Muslims and non-Muslims appear in countries that implement the Islamic law, such as the Arab countries, Iran, Pakistan, India on Muslims, etc. In those countries, they do not allow it except through a Wasiyyah and within its limits. Notice that there is a big difference between the meaning of the Wasiyyah in the Islamic tradition and the legal meaning of Last Will in the Anglo-Saxon legal tradition. In the latter it is a decision on distribution of property after death that extends the personal power of a person after the person passes away. In Shari'ah, since a person is only a vicegerent the property goes back to its true Owner upon death and He distributes it as He mentioned in the Qur'an. A Wasiyyah becomes a charity from God, because otherwise a person has no power after her/his passage away, to gain more reward by making some good actions that one missed doing while alive, and this extension applies only to one third, it is the exception not the rule. Allah knows best. All praise is due to Allah.

Name: Ali

Question: I have a small business and would like to borrow from a bank, is it allowed?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Ali: No, unless in a case where your business is threatened of insolvency and such borrowing may save it. Interest is Riba and Riba is one of the most grave sins in Shari'ah. One that warrants a war from God and His Messenger. No other sin is described this way in the Qur'an. In the correct Sunnah Riba is weighed as worse than adultery with one's own mother! Allah knows best. All praise is due to Allah.

Name: Anass

Question: Is it obligatory to pay Zakat on my salary?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Anass: Yes, if the saved part of it accumulates in a lunar year (354 days) to a Nisab at least (# US\$ 1000) and you pay the Zakah only on the saved part at the rate of 2.5% every year. Once you have a Nisab the next year you just see your balance of cash and other Zakatable asset, because that includes by definition your savings during the year. Allah knows best. All praise is due to Allah.

Name: Muhammad

Question: Can I have a non-Muslim business partner who believes in dealing with non-Islamic banks?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Muhammed: Yes, provided that he is either not authorized to act on behalf of the partnership or he actually does not deal with interest unless out of necessity as defined in Shari'ah. Dealing with conventional banks for us who live in America is indispensable. But we essentially do not deal on interest basis and if it happens that some interest is accrued to us we give it for Muslim charity. Allah knows best. All praise is due to Allah.

Name: Amina

Question: I am still confused about the interest rate that "Muslim financial institutions" charge. Is there any difference with what non-Muslim ones do?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Amina: Islamic financial institutions do not charge interest and if one does it, then it is not an Islamic financial institution even if it claims otherwise! This does not mean that financing is free. Think of it, why should I give you my money? Islamic Financing follows contracts that are permissible in Shari'ah. These contracts provide for a profit to the financier and a charge on the user of finance. This is not interest. The example of house financing when it is based on the Islamic way it is either done by virtue of a purchase/lease contract or by buy cash and sell on installments to the customer. Both are permissible in Shari'ah although the charged rate looks similar to the rate of interest. The legal relationship is certainly different! Allah knows best. All praise is due to Allah.

Name: Malik

Question: What is the modern definition of Riba, based on the international monetary system?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum. Dear Malik: It is the same old one because it came in the Qur'an and was practiced before Islam and has been set out in the Islamic Shari'ah for centuries. ANY INCREMENT PROVIDED FOR IN A LENDING CONTRACT. A basic characteristic of lending is when the borrower guarantee repayment, with or without material collateral, this means that whenever the principal is guaranteed by the user of the money any increment conditioned in the contract (as opposed to a voluntary non-previously-known) is Riba. It doesn't matter whether it is variable or fixed. Notice that there is another kind of Riba that came in the Sayings of the Prophet that is irrelevant to the issue of financing and lending Allah knows best. All praise is due to Allah.

Live Session Oct. 15, 2003

Islamic Finance Fatwa Session.

Subject: Islamic Finance Fatwa Session.

Category: Ask The Imam
Guest Name: Monzer Kahf
Profession: Economic Specialist - Retired
Start Date/Time: Wednesday, October 15, 2003 12:30 PM ET
End Date/Time: Wednesday, October 15, 2003 1:30 PM ET

Dialog Description

Islamic Finance Fatwa Session.

Posted Questions and Responses

Name: Brother

Question : Asalamu Alikum, I work for a company whose payroll checks are withdrawn from a bank. They receive interest from the money they have in the bank. This is standard for nearly every company in America. My job is halal, I am a computer programmer. Is the money I am making halal? Should I try to find work from an employer whose money from payroll is not withdrawn from an interest-bearing account. This would be a difficult task. Jazak Allah Khair May Allah Reward You

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asalamu alikum Dear Brother/Sister: Your salary is completely Halal in sha Allah. The fact that companies earn interest on its account with the bank does not affect your job or the compensation you take for it as long as what you do is permissible in accordance to Shariah. Allah knows best. All praise is due to Allah.

Name: Muhammad

Question : I am still confused about getting SBA loans in the U.S. Are they allowed or not? I want to start a small business and that's the only way for me to do it.

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asalamu alikum Dear Muhammed: Any interest-based loan is not permitted in Shariah whether for small businesses or other objectives. The rules of exception apply to necessities and needs that affect a large number of people. It is not correct to claim that there is no other ways of financing small businesses. Such a claim indicates that you did not spend sufficient efforts in searching for better financing means/sources Allah knows best. All praise is due to Allah.

Name: Nabeal

Question : Asalamu Alikum, A friend of mine and I were walking into The Home Depot. At the door a gentleman was there and asked us if we wanted to purchase a Home Depot gift card. We did not feel comfortable with his demeanor so we simply walked by him. He followed and insisted that he needed the money. When asked why he was selling the card he told us that he received it as a gift but has no use for it at Home Depot but he really needs the money. I was still uncertain so I went into the store with the gentleman and verified the card. There was 180.00 on the card. The employee verified the amount for me and that I could use it if were sold to me. I purchased the card for 80.00. When we were leaving the store a security guard approached us and informed us of a crook who was selling stolen home depot credit cards. It was the same gentleman we purchased the gift card from. I asked if I would lose my 80.00. The security guard asked to see my card. He RETURNED it to me

and said this was a GIFT card not a CREDIT card and can not prove the true source via the computer so it's my lucky day. He did inform me that the gentleman stole a faucet, returned it without a receipt and acquired the gift card. My questions is: Is the 180.00 dollars halal for me to use? If not, is at least the 80.00, and return to home depot the 100.00? Jazak Allah Khair May Allah reward you

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Aslamu alikum Dear Nabeel: Stolen property remains in the ownership of its true owner. Any hand on them must return them to the true owner. In your case, the gift card was not stolen; rather it was given legitimately (though through deception in exchange for the stolen faucet) by the proper issuing party (Home Depot's return counter). The \$80 you paid is certainly yours and you deserve it, but it should be paid back to you by the person who sold you the card. However, since the only thing you can resort to is the card itself, you deserve the \$80 out of it and you must return the rest or at least destroy the card after using \$80 of it especially that you purchase of the card was after consulting the appropriate desk in Home Depot. Allah knows best. All praise is due to Allah.

Name: Ali

Question I am in the export business, what is the Islamic stance on Letter of Credit?
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Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Aslamu alikum Dear Ali: Letters of credit for export is permissible because to you it is only a guarantee by your domestic bank for the price of the merchandise you are delivering in export. It normally does not charge you any interest because you are the beneficiary of the LC and if there is any interest accruing to you; it must be given away to Muslim charities. Commission charge on LC's are permitted in Shariah. When an importer opens a LC, s/he must be careful that the transaction does not involve any interests. This may require full coverage of the LC unless the bank grants interest free facility to the importer Islamic banks deal in LCs without interest. Allah knows best. All praise is due to Allah.

Name: Brother

Question Salamu Alikum, Are you familiar with the Flex Spending program that some employer offer? It's a program in conjunction with the IRS. Every paycheck, pre-tax dollars are taken out of your compensation. This money is then put into a reserve for you to use a later date time for medical purposes not covered under normal insurance. The company will also match the amount you've withdrawn from your check 50% up to 300.00. So, if I took out 200, the company would give me 100. I'd have a total of 300. Is this a halal for me to participate in? I don't know how the additional 100.00 is acquired but it may be through haram ways (namely interest). Jazak Allah Khair.

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Aslamu alikum Dear Brother/Sister: The assumption that you doubtfully made that companies contribution may be interest is baseless. The company pays the matching fund from its revenue regardless of wherever it comes from. This matching amount is a fringe benefit that is added to the nominal salary of the employee as part of the package of compensation for the work an employee does. It is like any other component of this package that is permissible (Halal) provided that the work you do is itself permissible. Allah knows best. All praise is due to Allah.

Name: Brother

Question: Salamu Alikum, My family has a business of providing statelitte dish service and wedding cards? Is the money we make from such services halal. There are many evils that come out of the TV and the bid'ah and haram that occur at weddings. Shukran

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Brother/Sister: Producing and Selling TVs, Satellite dishes, wedding cards and similar items like kitchen knives are all permissible. All these can be used for good and beneficial objectives and they can be put to immoral or criminal uses. The abusers of these means are responsible for their actions not the sellers of cards, knives, TVs and dishes. Allah knows best. All praise is due to Allah.

Name: Nuha

Question: What is the Islamic approach on stock options?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Nuha: The OIC's Fiqh academy studied the issue of options in its 1412 AH (1992) annual meeting. It resolved that stock and commodity options are not permissible in Shariah because: although they represent a financial right, but this right is not eligible for trading in Shariah. In other words this means that it is a fabricated right, not a real one, that is created only for the purpose of trading. Allah knows best. All praise is due to Allah.

Name: Lobna

Question: My employer offers 401k program to full time employees. I was planning to apply for that benefit but one sister working with me told me that it is not allowed Islamically to have a 401k account. Can you advise me on this matter?

Answer: In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. Asslamu alikum Dear Lubna: Participating in 401 k plans is permissible. It is in fact a very useful plan and a good fringe benefit for employees. There is however a little problem with it because you are only given a limited choice of stocks and mutual funds to invest your 401 k money in. You need to do two things: Firstly, you need to choose stocks and mutual funds that have the least of prohibited transactions in them i.e. avoiding stocks of banks and companies whose main business is not permitted in Shariah such as producers of weapons of mass destructions that is used by the US government's army to kill hundreds of thousands of people around the world especially in Afghanistan and Iraq. Secondly, when you liquidate your 401 K you should estimate the percentage of the return on the combined contributions on the account, both dividends and capital gains, that comes from stocks of companies whose main line of business is not permitted in Shariah and give that much to Muslim charities. Allah knows best. All praise is due to Allah.

Live Session Oct 22, 2003 MAS.net

Subject: Islamic Finance Fatwa Session.
Category: Ask The Imam
Guest Name: Monzer Kahf
Profession: Economic Specialist - Retired
Start Date/Time: Wednesday, October 22, 2003 12:00 PM ET
End Date/Time: Wednesday, October 22, 2003 1:00 PM ET

Dialog Description

Islamic Finance Fatwa Session.

Posted Questions and Responses

Name: jamal

Question : Assalam Aleikum, I have a 401k and retirement fund that is provided by my employer. My 401 is all in stocks and lately discovered that the fund include stocks of banks. An investment firm is management my 401K. Is there anything that I could do to avoid this interest bearing stock? I also understand that the retirement fund includes interest rate calculation. How do I avoid that as well. Wa jazakum Allah kayer

Answer: Bismalhi Al-Rahmani Al- Raheem Wa salat wa salam ala Muhammad. Asslamu alikum Dear Jamal: Your first question is answered in Question 541. For the retirement question, please give more details. What you mentioned does not give the full picture of the retirement calculation. Please give more details and I can answer it in sha Allah. You may submit it to monzer@kahf.com or in the next session. Wa Allahu Alem. Wa Al-Hamdolilahi Rabbil Al-Alameen

Name: Ali

Question : Can you explain to me the difference between the mortgage rate and interest. I am planing to buy a house and would like your advise on that point?

Answer: Bismalhi Al-Rahmani Al- Raheem Wa salat wa salam ala Muhammad. Asslamu alikum Dear Ali: Mortgage real estate financing in North America is interest based. The word mortgage itself is innocent. It means lien (in Arabic: Rahn) or placing a lien on a property. The problem comes from the word financing. Financing is normally done on interest basis. This is the way all finance institutions, banks and other wise, make their contract. The only exception is the few new born Islamic financing companies. Interest based financing is undoubtedly forbidden in the Shariah. This mentioned in the Quran with most serious threat from God (2:275-279). The prophet (pbuh) also reiterated the prohibition in a saying considering it one of the gravest sins (in one authentic saying he considered it much worse then adultery). Home purchase and other transactions by Muslims in North America must be conducted in accordance with our faith. This calls for the establishment of as many as the market needs of Islamic financing companies and organizations. The second best would be to negotiate with conventional finance providers to accept the Shariah compatible of financing. Of course the prohibition of interest does not mean that financing shell be obtained free because no body is going to offer his/her money free. The Islamic alternatives are either lease based or sale based (of course there will always be financing through venture capital for revenue generating projects). Sale based financing is, in a sense, referred to in the Quran in verses 2: 275 and 2:282. It is essentially sale with differed payment or installment at a price that is higher then the cash price. In contemporary Islamic banking this is called Murrabah sale. Lease based financing is basically buying a property and leasing it to the customer with an offer to sell it at costs on installment. What would Muslim families in North America do when they need to buy residences

while the two options mentioned above are not available or if an Islamic financing company is either exploitative in the rates it imposes or has difficult conditions to meet? This issue was studied by a group of specialists in Shariah and Islamic financing in the second international conference held in the fall of 1999 in Detroit and chaired by Sheikh Yusuf Al-Qaradawi. The resolution came as follows: 1- It is a Fardh Kiffayah (collective obligation) on Muslims in North America to establish Islamic financial institutions to satisfy their financial needs according to Shariah. 2- Until that becomes available, Muslims should try to convince conventional finance providers to accept Islamically compatible contracts. 3- Families who need to buy residences for any of a multiplicity of reasons (these include tax reduction, net worth building, quality of neighborhood, schooling, security, safety, and etc) may resort to conventional financing. This Fatwa is based on the ground that, there are important considerations for buying a residence; these considerations are well recognized in the Shariah as they come under its general objectives. Additionally, although these needs are not of the degree of being necessities in the strict sense of the word, they are needs that encompass a large number of people and accordingly they are treated the same way as if they were necessities. Wa Allahu Alem. Wa Al-Hamdolilahi Rabbil Al-Alameen

Name: mustafa

Question Can you talk about the concept of price control(tas'ir) as understood in Islam.

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Answer: Bismalhi Al-Rahmani Al- Raheem Wa salat wa salam ala Muhammad. Asslamu alikum Dear Mustafa: The principle in the Islamic economic system is that pricing is not permitted. People must be left alone to determine what prices they like to sell or buy for. There are exceptions like when the bargaining powers in the market are tilted toward one party to the extent that one party exercises monopolistic powers (i.e. becomes able to impose his/her desired price on the other party). Such situations call for government intervention which may take different forms; one of them is fixing the price for a commodity/service. To know more about this subject, please consult several books on the market on pricing (almost all in Arabic) and some PhD dissertations in several Arab universities. Wa Allahu Alem. Wa Al-Hamdolilahi Rabbil Al-Alameen

Name: jamal

Question Assalam Aleikum, 401k and Retirement Fund. Could you please explain, from islamic perspective, the thing to watch out for with a 401k and or retirement funds provided by employers and how to avoid the interest components of such plans and jezak Allah Kyaer

Answer: Bismalhi Al-Rahmani Al- Raheem Wa salat wa salam ala Muhammad. Asslamu alikum Dear Jamal: : 401 K and similar employer offered retirement/saving plan are fringe benefits that are essentially permissible and the fact that there are violations of Shariah in the area of fund investment must not deter Muslim employees from availing of this fringe benefit. Normally such plans offer a tax reduction plus matching employer's contribution. The problem comes from the investment committee of the plan funds since it works according to conventional norms of investment in North America i.e. does not observe the Islamic rules of investment. What a Muslim employee must do is the following: 1-Select the funds with least involvement in prohibited stocks (stocks of banks and other financial institutions, stocks of liquor breweries, military industry, casinos and etc). 2- Estimate the percentage of the fund's investment in prohibited stocks and give away the same percentage of the net earning of the fund to Muslim charities when you liquidate it. Remember that 401 K is subject to Zakah on a yearly basis, but its Zakah is not due until the liquidation of the funds. For more details please refer to my website: www.kahf.net, Fatwa, Zakah, Zakah on 401 K Wa Allahu Alem. Wa Al-Hamdolilahi Rabbil Al-Alameen

Name: Akram

Question I own some real state and a land, I would like to know the ruling of Zakah on them.

Answer: Bismalhi Al-Rahmani Al- Raheem Wa salat wa salam ala Muhammad. Asslamu alikum Dear Akram: Real estate and land acquired for the objectives of selling them at a higher price makes you (from the Shariah point of you) a real estate trader. Such properties are subject to Zakah every lunar year at the market price at the rate of 2.5 percent. Real estate used as a personal and family residence, including houses assigned to other family members such as parents and siblings free of rent, are all Zakah exempt. Also exempt is land kept for the purpose of constructing a residence even if it were a second residence such as a summer vacation residence. Real estate and metropolitan land kept as rental properties are subject to Zakah at the rate of 2.5% on the market price every lunar year according to several scholars. However, the classical view as adopted by the OIC Fiqh Academy is that rental real estate is not subject to Zakah at all. If anything of the acquired rent is left as cash it becomes subject to Zakah on money within the known conditions of the Nisab and the passage of one lunar year. A third opinion is that of Shaikh Qaradwi that the rent is subject to Zakah on the net amount after consideration of all expenses and amortization at the rate of 10%. Agricultural land is not subject to Zakah at all. Only its produce is subject to Zakah at the rate of 5% if it is irrigated at high costs comparable to the costs of animal extracting water from a well. Otherwise, its rate is 10%. Wa Allahu Alem. Wa Al-Hamdolilahi Rabbil Al-Alameen

Live Fatwa, Sunday, Dec 7, 2003 Islam on line

Name	Muhammad -
Profession	
Question	Kindly guide me whether purchasing the goods on installments is right or wrong? Normally, we have to pay more than the original price while taking the goods on installment and the seller terms it as "rent". Your reply shall definitely help me. Thanks is advance.
Answer	In the Name of Allah, Most Gracious, Most Merciful. All praise and thanks are due to Allah, and peace and blessings be upon His Messenger. There are two distinct contracts, one is installment sale and the other is rent with option to buy. It seems the seller is confusing you about these two contracts. Installment sale is permissible in the Shari'ah even if the price (the total amount of all installment) is higher than what the seller usually announces as the cash price whether the difference is expressed percentage wise (cash price + certain percentage) or a given amount added above the cash price.

	<p>It is, however, not permitted in the Shari'ah to make the contract optional with two prices: cash and installment, i.e. I sell you this commodity for either a 1000 cash or 1200 on e.g. installment.</p> <p>The second contract is also permissible as long as the sale at the end of rental period is optional or at least the sale contract is concluded at the end of the rental period. The example of this contract is as follows: you rent a TV for 25 a month and you have the option to buy it after 6 months for an amount that is less than today's cash price by \$ 100 (the amount of rent paid) or more or less.</p> <p>Allah Almighty knows best.</p>
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Name	Hatem - United States
Profession	
Question	How can you consider credit card <i>halal</i> while the contract is 100% Riba? Even if you are not going to pay the interest, you have signed that you might pay it. Thus, the contract is Riba-based. What is the evidence that makes this <i>halal</i> ?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Dear brother Hatem,</p> <p>The contract is not Riba-based as you think. It is in fact optional. It gives you the option to either go a <i>ribawi</i> way or a non-<i>ribawi</i> way. Is it wrong to have a contract to drink either water or alcohol? Or to eat either fish or ham?</p> <p>Accepting such a contract on the part of the person who is given the option is permissible provided she/he is sure that a choice that he or she will choose the <i>halal</i> option only; obviously provided he or she has the ability to implement this choice.</p> <p>It is certainly not permitted for a Muslim or a Muslim institution (e.g. Islamic banks) to issue a contract that contains this option, but remember we are only talking about credit cards issued by non-Muslim institution, for them Riba is a normal practice.</p> <p>Allah Almighty knows best.</p>

Name	Idrees Ahmad - Albania
Profession	Student

Question	What is the punishment of not giving Zakah? Is there any other way that you can substitute Zakah. I mean if you give a lot of <i>Sadaqah</i> or feed poor people? Does it compensate you for not giving Zakah?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>1. There are two kinds of punishment for not giving Zakah. If you live under an Islamic Law, the Prophet (peace and blessings be upon him) said that for a person who does not pay Zakah, we shall take it from him (by the force of law) along with one half of his property (as a fine).</p> <p>The second punishment is in the Hereafter. The Prophet (peace and blessings be upon him) said that he who does not pay Zakah will have his zakatable property (sheep, cows, camels, gold and silver etc.) stampeding him or closing in on his neck (for gold and silver) in the fire of Hell. Obviously, if the Islamic Law is not implemented, Allah will make judgment on such a violation of a basic Islamic pillar.</p> <p>2. Zakah must be paid to its recipient with the intention of being a Zakah payment, because Zakah is a worship like prayers. If someone makes all the movement and reading of the prayer without the intention, would that be considered a prayer fulfilling the required obligation?</p> <p>Certainly not; the same applies to Zakah. If Zakah for a given year is not paid, it remains a debt on the property payer and she/he remains under the obligation of paying that overdue amount, it can even be out of his/her estate after death, because it is the right of the poor and needy.</p> <p>Paying <i>sadaqah</i> or charity does not compensate for the lack of payment of Zakah. However, when you pay a <i>sadaqah</i> to a person who deserves Zakah, you may make the intention that this payment is in fulfillment of your obligatory Zakah for the current year or for past year.</p> <p>At the end of the current year, you may add all these payments intended as Zakah and deduct their total from the amount due on you as Zakah.</p> <p>Allah Almighty knows best.</p>

Name	muslim -
Profession	
Question	Is there any Hadith, " <i>La Riba Bayna Al-Harbi Wal Muslim</i> " (there is no interest between Muslims and non-Muslim)?
Answer	In the Name of Allah, Most Gracious, Most Merciful.

	<p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>No, there is no correct Hadith about permissibility of Riba between Muslims and non-Muslims in non-Muslim countries.</p> <p>Allah Almighty knows best.</p>
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Name	Hammad - Canada
Profession	
Question	How should Muslims living in Canada/US buy a house since buying a house means paying interest?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Muslims in the US and Canada are required to establish financial institutions that provide them with financing for housing and other needs in ways that are compatible with the Shari'ah.</p> <p>This is a collective obligation on all Muslims. It is especially addressed to those who are capable among them. Unless this collective is discharged of, all capable Muslims are considered sinful according to our religion.</p> <p>Until that obligation is fulfilled, individual Muslim families who need housing may resort to interest-based financing provided that they are not able to obtain financing from conventional financial companies/banks on the basis of contracts that are compatible with the Shari'ah.</p> <p>Allah Almighty knows best.</p>

Name	muslim -
Profession	
Question	Have you seen the non-interest loan to buy house in Canada by a housing society? It seems that they are exploiting the needy and charging more than the conventional banks. Are there terms and conditions are Islamic?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>No, I have not seen this contract, and I do not know this "housing society" in Canada.</p> <p>I am familiar with the Islamic Housing Cooperative of Canada and I know that their contract is compatible with the Shari'ah.</p>

	<p>Compared with conventional banks, their charges are higher. However, this overcharge does not go to any private bodies because the Islamic Housing Cooperative is a non-Profit organization. It seems that we need several Islamic Housing Cooperatives and Profit-making private Islamic financing companies in order to have more competition among them so that their charges come down to normal.</p> <p>Allah Almighty knows best.</p>
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Name	muslim -
Profession	
Question	If a person has a valid reason to buy a house on interest-based loan but he choose not to take a loan and suffer hardship. Will he/she be awarded for this from Allah?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>To the best of my knowledge, the Shari'ah and the whole religion of Islam has been sent down by Allah to remove suffering and hardship, not to make Muslims suffer and live under hardships.</p> <p>I am not aware of a reward for undertaking unnecessary hardship in this religion. No doubt, Allah knows best our intentions and He may reward whoever He chooses.</p> <p>Allah Almighty knows best.</p>

Name	muslim -
Profession	
Question	What is the difference on interest ruling in <i>Darul-Kufar</i> , <i>Darul-Harb</i> and <i>Darul-Islam</i> ?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>The basic difference is that Islamic Law is presumed to be in application in Muslim countries whereas it is not presumed to be in application in non-Muslim countries.</p> <p>Allah Almighty knows best.</p>

Name	sumaiya - Canada
Profession	
Question	I heard that credit cards are a form of Riba. Is there any harm in using them?
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>Using credit card is not permissible in the Shari'ah if you know you are not going to pay all a balance within a grace period, because any delay in payment provokes the interest clause in the credit card contract.</p> <p>Allah Almighty knows best.</p>

Name	Khalid -
Profession	
Question	<p>I read your fatwa on life insurance, and also that of great Sheikh Zarqa, may Allah bless your soul. However, the point that is not clarified is that even if you have a contract that does not entail Riba, the idea of insurance itself is Riba: you give money and receive a specified amount of money. I read the fatwa of Majma' Al Fiqh Al-Islami on this and it says at the end : "the only person who holds a different opinion on insurance, is Sheikh Zaraq and it is left for him to reconsider it.</p> <p>Is it a good idea to follow the opinion of one or two or 5 scholars while the most scholars in the Muslim world hold a different opinion, with my due respect to all of them.</p>
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>You are correct that those who accept the fatwa of the late sheikh Zarqa are a minority among classical Muslim <i>fuqaha'</i>, but the fatwa is gaining round in the circles of <i>fuqaha'</i> who understand the complexity of modern life. It is so to the extent that certain kinds of insurance, especially car insurance, is becoming a necessity in all Muslim countries and many of them made it compulsory.</p> <p>The argument that insurance is itself Riba is incorrect because premium are paid for security (comfort of mind) like the classical contract of road safety (it is a known contract in the Shari'ah) that you take this road and I guarantee your personal and property safety).</p>

	<p>On the other hand, the amount paid by the insurer is a compensation for damage, loss, or as a result of a future incidents. The exchange is not between a premium now and a large sum later, except for one form life insurance that guarantees you a given amount after a given number of years. This contract is not permissible according to Sheikh Zarka.</p> <p>The final acceptance or non-acceptance of this opinion remains within your heart. As far as I am concerned, I accept it and preach it. I know that insurance is one of the basic relationships in contemporary life, not because of the capitalist or secularist system, but because of basic material and social modes of contemporary life especially in metropolitan areas.</p> <p>Allah Almighty knows best.</p>
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Name	kamal -
Profession	
Question	I understand that you said that option trading on stocks are <i>haram</i> . If this is correct, why? Can I get more information on this matter? I can read Arabic well if you have anything in Arabic about this. Please advise.
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>The basic argument against options in the Shari'ah is that of their artificiality. Here is a contract that is fabricated only for the purpose of creating a market for it. There is nothing real about it. It is a derivative.</p> <p>Kindly refer to the review of Islamic Fiqh Academy of the OIC, number 7, year 1412 (1992). There you will find the discussion on this issue and the resolution of the OIC fiqh academy. You can order this majjala from the OIC Fiqh Academy office in Jeddah, tel: Jeddah 6671664.</p> <p>Allah Almighty knows best.</p>

Name	Sayful - United Kingdom
Profession	Graduate
Question	A while ago, before I knew much about Islam and my duties, I arranged a loan for a car I needed. I did not realize that loans were <i>haram</i> , I am still paying off the monthly payments now for the loan and still have the car. Is it wrong that I still have the car now that I realize. Should I try to sell it (if so, what

	<p>should I do with the money?) Will my prayers be answered considering what I have done in the meantime?</p> <p>Thank you so much for a magnificent service you offer, may Allah be pleased with you all.</p>
Answer	<p>In the Name of Allah, Most Gracious, Most Merciful.</p> <p>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</p> <p>If you need the car, you do not have to sell it, but you still have to honor your interest-based contract that you wrongly entered into. At the same time, you should try to get rid of this prohibited contract as soon as you can by making extra payment out of principle or by substituting your car with a smaller or cheaper one.</p> <p>Allah Almighty knows best.</p>
