

FATAWA CREDIT CARDS 2004

Using Credit Card to pay for Religious Expenses

Subject: Paying Hajj Expenses via a Credit Card

The Question

From: Islam on line

Sent: Sunday, October 24, 2004 3:12 AM

To: monzer kahf

Name of Questioner: abdu

Country of Senders Origin: Ghana

Gender: Male

can i pay for a relative to go on Hajj with a credit card?

Jazakum Allahu Khairan for your constant help

Yours,

Islamonline.net

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Ajma'in

Dear Br. Abdu,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes provided your use of the credit card is itself permissible. It is permissible if the following two conditions are fulfilled: 1) you only use the credit card to the extent that you can pay within the grace period so that no interest is caused by any delay till after this period and the interest clause of the agreement does not trigger, i.e., there is no interest ay ever generate; and, 2) You do not withdraw cash using the credit card because cash withdrawn is subject to interest from the day of withdrawal, i.e., it does not have a no interest race period.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: paying Zakah by credit card

From: Ibrahim

Sent: Monday, March 01, 2004 12:19 PM

Question

Can you please assist me in the following matters:

Q1. Will my Zakah be valid if I give it to a Muslim charitable organization (IDRF); they use about 5-15% of the Zakah for administration cost. From what I have heard is that 100% of the Zakah has to be given to the needy. If not, can I then just add the

extra % of the administration to my total Zakah payable, and then pay them. Can I pay them Zakah by credit card?

Q2. Is it permissible to get overdraft protection on one's bank account? I feel banks charge a hefty fee for NSF.

Q3. If a person from the Hanafi school of thought, on whom Qurbani (slaughter) was wajib failed to carry it out for 7 years, how can he make up for it.

Q4. In Canada we have RESP (Registered Education Saving Plan) is it permissible to invest in such a plan. I have attached more info about it or you can visit http://www.hrdc-drhc.gc.ca/hrib/learnlit/cesg/012/001_e.shtml <http://www.hrdc-drhc.gc.ca/hrib/learnlit/cesg/012/001_e.shtml> if you need more info in order for you to give me an answer.

Jazakullah

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina

Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Ibrahim

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

I think I answered you questions in the past, may be partially, any way:

1- It is permissible for a Muslim charity to take part of the received Zakah for its administrative expenses as long as it does not take a large chunk. The idea is that such organizations need these expenses without which they cannot continue undertaking their job. Their job is in fact necessary for the distribution of Zakah and very useful for all the Muslim community. This is the share of ""al 'Amilina 'alaiha"" , i.e., the workers on its collection and distribution, that is mentioned in the Qur'an as one of the recipients categories of Zakah

If you decide to give a donation for administrative expenses in addition to the due Zakah and inform the charity of so that it does not make any deduction from the amount of Zakah, it is certainly better and more rewarded although it is not necessary from A Shari'ah point of view

2- Overdraft protection is permissible provided it does not involve you in paying interest on any overdraft amount. Otherwise it is then an interest-based transaction that is forbidden. Now with the internet accessibility to accounts you can manage your account without any need to this very often interest-based service.

3- all charities, whether a Fard (obligation) or not can be made later, and better be. If the delay is excusable there is no sin and if it is not the delay may be sinful. With true repentance, sincere Istighfar, and making up for what you missed. Allah, May He be Glorified, is a lot more forgiving than people think. The Prophet, pbuh, said that: even if you don't sin and ask forgiveness, Allah would take you away and bring people in your place who will sin and ask forgiveness then He forgives them. The Qur'an also mentions that good deeds remove the 'stain' of bad deeds. There is no additional penalty for such an oversight even if it has been done intentionally. Just give a Qurbani donation for what you missed. There are several Islamic charities in North America that make actual slaughtering and distribution overseas in the needy Muslim countries such as Palestine, Somalia, Kashmir and others.

4- It is permissible to participate in the RESP. In Canada, the Muslim Housing cooperative is an authorized depository for it and it makes good investment in the Muslim community, housing and otherwise. What is a must is that you have to select permissible investment for this kind of savings.

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

Refund Given by Credit Card Companies

Subject: Using Credit Card Money

The Question

From: Islam on line

Sent: Wednesday, December 29, 2004 9:45 AM

To: monzer kahf

Name of Questioner: rokhsana

Gender: Female

Country of Origin: Bangladesh

Salam. I have a question about the money back offer of the credit card I have a credit card. I always pay it properly so that I do not pay any interest. Credit card's company gave me a money back offer. It is like they will return to me 1% of the money I use. Like if I buy something, which cost \$1000, they will give me back \$10. I like to know can I use that money or is this money Halal for me?

Jazakum Allahu Khairan for your constant help

Islamonline.net

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Ajma'in

Dear Sr. Rokhsana,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

This money that is given back by a credit card company is Halal. it is a promotional gift given by the company as a part of its advertisement and promotion. And using credit cards is permissible as long as you do not invoke the application of the interest clause.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Cash back on credit cards

The Question

From: Souheil

Sent: Monday, August 09, 2004 10:23 AM

To: monzer@kahf.com

Jazaka Allahu Khair for your website brother.

I have a question concerning cash back while using credit cards that offer that. I understand that the use of credit cards is permissible if we stay away from interest bearing activities. What is your opinion on getting percentage cash back on money spent using certain credit cards that offer this option.

Baraka Allahu fik wa zadaka fi mizani hasanatika.

Wassalamu alaikum wa rahmatu'llahi wa barakatuhu,

Your brother in islam,

Souheil

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina

Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Souheil

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

This cash back is Halal, it is a gift from the credit card company to promote its business with you.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

Issuing Credit Cards

Subject: Selling interest-based credit cards

Question

From: Islam on line

Sent: Wednesday, August 04, 2004 12:27 AM

Name of Questioner: abdul Gender: Male Age: 21-30

Education Graduate

country of Origin country of Residence India

Assalam Alaikum. I'm a pharmacist and I would like to know few things. Will my earnings be Halal if I make some malpractice to get a working license? I'm bald and I look like aged and is it permissible to do hair fixing or hair transplanting that makes me more presentable for the purpose of getting a job is it ok if I work in the credit card sales division of a non Islamic bank in a Muslim country with its directors are Muslims hope a quick reply

Jazakum Allahu Khairan for your constant help

Yours,

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina

Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Abdul

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

Your use of the word: malpractice"" may not be accurate. Dying your hair, getting hair transplant or even wearing a wig is not forbidden whether to get a job or only to look better. These are not malpractices! Cheating or forfeiting documents to get a job or for any other purpose is forbidden.

Selling interest-based credit cards is prohibited so is issuing them with the interest conditions. If the issuer is a Muslim or non-Muslim does not affect the Shari'ah ruling.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

Replacing Low-Rate Loan for High Rate Credit Card Debts

Subject: Taking a Loan to pay credit card Debts

From: Islam on line

Sent: Saturday, May 29, 2004 11:36 PM

Question

Name of Questioner HAMID

Gender Male

Age 21-30

Education Graduate

Country of Origin India

country of Residence India

Assalamu'alykum, I have a question on bank interests. I am in a debt trap which i am finding difficult to come out from. I have many credit cards and phone bills unpaid. I cannot borrow the money from any friend or relative (I have tried). Now I am forced to take another loan from a bank (my only option left) to fend off the recovery agents and serious penalties (which may include prison). My whole life I have ignored my religion but at this point of time I am trying very hard to be a proper Muslim. My religion is my first priority as of now. It would have been easier for me to avail that loan but now since i realized that interest is Haram it is becoming difficult for me to avail any further loan. Please guide me. If your answer is No then please advise me on what should i do about the interest I am paying on my current debt and how to repent on my previous Gunah. Also make Dua for me that Allah makes it easier for me to follow the correct path salaam walaykum

Jazakum Allahu Khairan for your constant help

Yours,

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina

Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Hamed

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

If you are really under the circumstances you mentioned, your taking an interest-bearing loan from a bank at a lower interest rate is the lesser of the two evils in addition to avoiding any prison time because of default on required payments. When the choice is between two evils, we ARE REQUIRED TO TAKE THE LESSER ONE IN ORDER TO AVOID THE WORST ONE.

What is necessary is that you must repent to God and pledge within yourself that you will not repeat resorting to interest generating use of credit card and any other interest based transactions. May Allah accept your repentance and help you be always on His strait path.

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

Is Zakah Due while under Credit Cards Debts

Subject accumulating debts of credit cards

From: Islam on line

Sent: Saturday, May 29, 2004 11:35 PM

To: Monzer Kahf

Name of Questioner ASHRAF Gender Male Age 31-45

Education Post Graduate

country of Origin Egypt country of Residence United States

Al-Salam Alikum. Unfortunately during the last 10-15 years I used to spend a lot, I bought everything I need with credit cards. I have a nice house with a pool, nice cars, and everything I need in it. Now, I have too much debt in credit cards.

Alhamdulillah I finally woke up from my stupidity. I was told that I don't have to pay ZAKAT since I have debt, but I had this habit of paying 2.5% ZAKAT out of my pay check every 2 weeks despite the debt I have, I also donate money monthly to mosques. The question I have is that I'm thinking of focusing on paying all my extra money to paying off the credit cards, and stopping the Zakah and the donations for a while until at least some of the credit cards are paid. But I'm afraid that GOD will not bless my life for doing that. I will withdraw my 401K money to help paying some....

Please advice me what to do.... And please PRAY Allah to help me pay off my debt and guide me to the right path. Gazakum Allah Khair

Jazakum Allahu Khairan for your constant help

Yours,

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina

Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Ashraf

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

1 - Let us deal with this question on two grounds: one legalistic and one moral/ethical. On the legal ground, Zakah is due on the amount left over after spending and paying whatever you pay of the debts if it accumulates to the amount of Nisab over a year. Nisab is approximately equal to US\$ 1000. Debts that are not intended to be paid out of the present funds [in home and in banks whether from pay checks or from any other sources] are not deductible when you calculate the due Zakah. Therefore, if you did not intend to pay all the credit cards debts you may not

deduct them from the Zakatable assets. However, if you intend to pay these debts and the payment exhausts the whole amount left over after your expenses you will not be subject to any Zakah payment.

2 - Payment of debts has priority over other uses of funds including charity to mosques and others especially when these debts are interest-bearing. Interest on credit cards is definitely prohibited; it is the most common form of Riba that is prohibited very strongly in the Qur'an and the Sunnah.

3 - The funds you accumulate in the 401K and any other retirement account that is under your ownership are subject to Zakah every year, but the due Zakah on them does not have to be paid out of other resources you may have, it rather can be postponed until you withdraw the funds in this retirement account. Hence if you choose to delay payment until withdrawal, when you make any withdrawal you are required to make payment of the due Zakah for all the previous years on the amount you withdraw.

4 - On the moral ground, it is always better that if you have a habit of goodness that you do not change it even if you fall under some pressure. I do not recommend you to change the habit of donation and Zakah you are doing now and God will InShaAllah help you and give you more. I also suggest that you must at the same time pay any interest-bearing debts and do not at all let any debt, especially credit cards debts that carry very high rate of interest, accumulate on you. The Qur'an threatens of a war on those who keep dealing with interest transactions and the Prophet, pbuh, mentions that the prevalence of interest (Riba) may invoke a curse of poverty thrown from God on people among whom it prevails.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf
