

# FATAWA LEASING 2004

## Leasing in General -- Ijarah-based Islamic Bonds

**Subject: Ijarah-based Islamic Bonds**

From: Jeff

Sent: Tuesday, October 19, 2004 1:54 PM

There was a front-page article on it in the Wall Street Journal a couple of weeks ago - I'll try to look for it. It made the news because investors are using it to avoid taxes, and the feds are planning to look at closing this "loophole." It works like this: a city leases its subway system, telephone system, or just about any hard asset to a group of investors for an up-front cash payment, which includes an "imputed" interest charge. The investors get to deduct this imputed interest charge from their federal and state taxable income, lowering their income taxes. But since city governments don't pay federal income tax, they DON'T have to pay income taxes on the receipt of this imputed interest. The investors then lease the asset back to the city for a monthly lease payment with a similar "imputed" interest portion of each payment, but these can be lower and are stretched over a long period of time, so the net tax effect is that the investors get a big up-front tax writeoff and only pay this back very slowly over a long time period. This tax problem is not an issue, however, when the government leasing the asset is the same as the taxing government or if both parties are nongovernmental commercial entities.

Jeff

From: Muhammad

Sent: Tuesday, October 19, 2004 1:02 PM

Assalamo alaikum wa rahmatullah

Brother Jeff, can you refer me to a source (preferably available on the Internet) in which I can get details of what is currently done in US: Renting XX for a lump sum, then getting it back on periodical payment as rent.

The problem with Qatar Global Sukuk is it clearly says: A piece of land is sold at a price, taken back on lease with periodical payment, after 7 years purchased back at the price on which it was sold.

We have to go deeper into it otherwise we are vulnerable to the charge; It is lending money for 7 years at a rate with principal paid back after 7 years. I await brother Dr. Monzer's comments on this.

Regards

Muhammad

From: Jeff

Dear Brs. Drs. .... and Monzer,

Assalamu Aleikum and Ramadan Mubarak.

As pointed out by Mahmoud at the Dubai conference in March, this trick of making a "nonbinding promise" to return the property to the government is unnecessary anyway. The government can just lease the property to the sukuk holders under a long-term lease (say, 30 years) with upfront payment, and the sukuk holders can

lease it back to the government for the same 30 year term with monthly payments. During the whole time, the government technically retains ownership of the property, and at the end of the 30 years both contracts are fulfilled and the government gets custody of the property back. This kind of thing is done all the time in the US.  
Jeff

From: monzer kahf  
Sent: Thursday, October 14, 2004 10:14 PM  
To: jeff

Assalamu Alaykum wa Rahmatullahi wa Barakatuh and Ramadan Mubarak, I didn't receive a copy of your letter to Br. Jeff in this regard and I am responding to the copy of his answer that included your original. I don't know how Qatar issued its Sukuk but my comment that it may very well seem like money for money with payments in between and the truth may be either to confirm this picture, (I am hearing lately from the lenient Shari'ah scholars ideas that it is sufficient that you may leave loose the condition of returning the property to the government at the end of the lease to fulfill the Shari'ah requirement; although we know the fact that no body want to keep such a property in her/his ownership; it is similar to escaping the bad condition of binding promise in Murabahah by having it binding only on the customer but on the bank so that it is permissible to be binding from one side only inspite of the fact that we know the bank doesn't want the merchandize and binding it to sell to the customer is meaningless any way) or to negate it by making a real long term ownership of the leased property and having a body that represent the ownership sharers. This is my opinion may democratize public utilities and public properties and may have useful and at the same time real long term effects.

Best Regards, Wassalam,  
Sincerely,  
Monzer Kahf

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**Subject: Is Lease financing permissible**

From: Islam on line  
Sent: Saturday, May 22, 2004 11:16 PM  
Name of Questioner omar      Gender Male      Age 31-45  
Education Post Graduate  
country of Origin Morocco  
Question

salam alaikoum is lesaing as way of financing purshases forbidden in islam, IN leasing you use for example a car for five year and you pay a renting amount each year, at the end of the contrcat y can pay the residual price of the car and you become the owner. The car is purshased by a bank from the supplier, the renting contract is between me and the bank, Is that Halal many thanks wa jazakoum allah kola 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. Omer

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

Yes, leasing is permissible if the bank owns the car and rent it to you. at the end of the lease contract you have the option to either hand the car back and walk away or purchase it for an amount that is determined in the contract as you mentioned. This is the principle of the leasing contract that is used in Islamic banks today. But you should be careful about any other conditions that may contradict the nature of lease.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

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**Subject: Car Leasing in Pakistan**

From: Amir through Islam on Line

Sent: Thursday, April 29, 2004 1:51 AM

Question

Salam Alaykum

Car Leasing is very much popular in Pakistan now a days a few days back i have come to know that Leasing is the other name of Interest which is not allowed in Islam. Sir please help me for this problem because i have a car which is leased by a bank and some people told me that car leasing is allowd. I will wait for your positive response. With kind Regards Amir Sulehry

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. Amir

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

From the language and legal points of view, leasing is not interest. Leasing is permissible and interest is prohibited in our Shari'ah.

Some lease contracts may be constructed as loan contracts and what matter is always the substance not the name. In this case it become interest-based and therefore forbidden.

If your lease contract mentions that at the end of the lease you have the option to buy the car or not, most likely the contract is lease, not interest. And if you email me your specific contract I will be able to inform you of whether it is really compatible with the Shari'ah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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**Subject: Islamic lease financing and loans**

From: Ed

Sent: Friday, April 02, 2004 4:24 PM

AL SALAM ALUKUM DR. KAHF.

I would like to buy a home in the U.S.A. in the islamic way.

I spoke with a Muslim agent in Houston to get islamic mortgage loan.

He told that he can get me a lease loan from the bank without showing any interest term in the loan (only leasing terms).

However, my understanding is that the leasing amount is based on an interest rate the bank will figure out. But the contract loan will be written as a lease and not interest.

My question is this considered an Islamic loan or not. Is this acceptable in islam or not.

Your answer is very important to me, and based on your answer I will make a decision to buy home or not.

Thank You

Wa Al Salam Alukum

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.

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

Lease is permissible even if the rate of the rent is set so that it equals the prevalent interest rate. What matters is the contract and the responsibilities/ownership it represents.

A lease cannot be described as a ""lease loan"" because in a lease the lessor is an owner of the property and an owner is entitled for rent if she sells the usufruct of the property. You need to read carefully the contract because in some lease contracts the ownership and the offer to sell the property may not be written carefully enough to reflect the Islamic requirement.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

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## **Lease/Purchase as a Form of Islamic Home Financing**

**Subject: Criteria of Islamic home financing**

From: Adnan

Sent: Monday, September 20, 2004 4:04 PM

Assalam-O-Alaikum Brother Monzer Kahf.

I got your reference thru a family member, and I need some guidance as to the best way and best place to get financing to buy a home. I am currently residing in Florida.

Please advise. JAZAKALLAH

Wasalam

Adnan

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. Adnan,

I can't suggest to you a specific company because I do not make advertisement to companies. There are several companies in America that provide what they call Islamic financing. some of them are not truthful to their claims.

The criteria to select are two: 1) the contract itself (not the propaganda brochure) must say it is either Murabahah, Musharakah or purchase lease rather than LOAN for interest ; and, 2) the contract must have been reviewed by respected Shari'ah specialist. regardless of names and propaganda, a company that does not have its contract reviewed and approved by a specialist is not truthful.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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**Subject: Leasing and the Financing Contract**

From: Jeff

Sent: Wednesday, October 06, 2004 11:12 AM

Assalamu Alaikum:

I hope you and the family are well. I just wanted to touch base with you pertaining the structure of the financing agreement. The 'STANDARD TERMS' agreement that is used for conventional mortgages is the major obstacle in any of my discussions. Is there a way for us to use the standard terms agreement with an attached schedule with the Islamic terms? I know that the Guidance example had a fatwa indicating that even when the word interest is used to cover requirements for tax deductibility, the scholars have found it to be permissible (or at least that is what I remember from two years ago in Washington). Any thoughts on this? I'm just really struggling with this as it truly is difficult .

Thank you.

Wassalaam,

Jeff

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. Jeff,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

We may under extreme circumstances use a standard agreement provided that we clearly redefine the terms in a way that makes them stand in court. I assume: if we do that we go back to square one because it will have the same effect on investors as a brand new contract.

The example of tax reporting is different. It is an external document, not a part of the contract.

One other point: why do we need to use a standard term contract? is it for the ability to resell it to investors? In resale, we have to use only a lease purchase contract because Murabahah cannot be resold without indulging in interest (discounting is interest). do you have a standard lease purchase that is known in Canada? if so, would you email me one so that I can look at it and suggest either changes or an addendum. The main items in both the Islamic and conventional lease purchases are very similar, differences come only in peripheral matters relating to insurance, liability, delinquency fines and the like.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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. Jeff,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

I think this long-term Ijarah for a lump sum payment coupled with another long term Ijarah payable yearly between the same two parties on the same asset is not permissible. This is Ijarah of 'Inah.

On the other hand, we should notice that in the Qatar Sukuk, the issuer of the Sukuk is the trustee. Hence it could issue such document without even mentioning that it represent an asset, because the trustee is the owner of the asset and it is the distributor of all revenues and amortization. The Sukuk documents clearly mentioned that the sale and Ijarah are between the trustee and the government. It seems that the binding clause is permissible, though not really needed because what would the Sukuk holder do with their Sukuk after full amortization of their principal anyway?

Reminder, Br. Prof. Nejatullah, isn't this the same condition that Islamic banks have in their buy and lease back agreements? To the best of my knowledge all Islamic banks practice this form of financing, with the binding condition although some of them restrict it to cases of replacing an already existing interest based loan.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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**Subject: Islamic house finance companies in America**

From: Fakher

Sent: Tuesday, July 20, 2004 8:16 PM

AslaaMuAlikum Dr. Monzer,

my case briefly:

I am currently Alhamdulillah living in a house that I got thru a private murabaha deal" from one of the brother in Asutin few years ago. I am planning to INVEST (not a need or must) in a bigger house if I can find a pure islamic way to finance it. So I have no such Dharoura (must) to buy a new house. But, I would like to buy a bigger one since the realstate market is down and I want to kind of invest my savings in a bigger property.

I have been in contact with an Islamic financing company who uses the lease method and told me they offer a 100% islamic mortgage. Are you familiar with their finanacial method? is there any loop holes or down sides with it?.

Do you know of any other islaamic institutes in the US you can recommend? Please advice. JazakaAllahuKair  
Fakher.

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. Fakher

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I refrain from giving a Fatwa about specific entities but I can give you the clue or test and you make your own judgment. There are two test that will indicate whether a company offers Shari'ah compatible contracts: 1) the text of the contract, not the propaganda materials or the verbalization, must state that this financing is not interest based, is not a loan but some other form of financing such as lease purchase, installment sale and any other contract that is susceptible to being Shari'ah compatible. It the contract says loan and interest, it is loan and interest no matter what the verbalization about it or its propaganda advertisements may be; and 2) even if the contract does not mention loan or interest, it must have been reviewed by a Shari'ah knowledgeable and trustworthy scholar because even other contracts may actually have violations in Shari'ah from the angle of Riba and from other angles too. Please apply these two tests to whatever you are offered by any company and do not go for names only because names very often do not represent the reality.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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**Subject: Alternatives to Buy a House in NA**

From: Islam on line

Sent: Wednesday, June 09, 2004 11:14 PM

Name of Questioner Syed Gender Male Age 31-45

Education Post Graduate

country of Origin Bangladesh country of Residence Bangladesh

Question

Dear scholars, as-salamu `alaykum. I'm a Muslim, living in USA, and need to buy a house. I am aware that Islam forbids usury. I am also aware that Shari'ah allows to relax the prohibition if there are no other alternatives available to the person and there is a real need for the residence because of family, children, safety areas, etc. Buying a house has become a necessity for me. I have tried hard to get a loan Islamic way. I have found two institutions (.....) which claim that there loans are Sharia based. If I get loan from any of them I have to pay at least \$200 more/month compared to if I avail conventional interest based loans. By paying \$200 more/month, I will not be able to save almost any money. All my relatives and friends are of the opinion that these type of so-called ""Islamic loans"" are worse because it is charging a lot more in excess and hence putting me in financial difficulty instead of alleviating it. In this situation, is it OK to buy a house using interest-based loan or should I still go with the Sharia-based loans? Jazakum Allah Khayran.  
Jazakum Allahu Khairan for your constant help  
Yours,

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. Syed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

My reply has two folds: 1) you have to test any claim of being Islamic and be sure whether the claim is truthful. tow points must be looked at:a) whether the documents of the company give you a loan or purchase/lease agreement. They may give a loan contract and yet say it is not a loan this is contradiction; and b) whether the contract offered to you has been subjected to Shari'ah scrutinization by any well known Shari'ah scholars.

2) If a true Islamic contract (that fulfils the above two tests) is above the market level, you must consider it as non-existing and act accordingly. But are you sure that these two companies are both above the market. One of them at least claims, to my knowledge, that it is competitive! Please if you find both above the market let me know the exact numbers each offers and their way of giving financing!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## Accounting Handling of Ijarah

**Subject: accounting handling of Ijarah**

From: Sadaqatk

Sent: Monday, September 27, 2004 6:39 AM

Dear Dr. Monzer Kahf

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I Hope, by the grace of all mighty Allah, you together with family would be in good health. We are also fine here.  
Once again, I would like to have your valuable feedback on the Ijarah lease finance product

My understanding is as follows:

Classification of Ijarah lease:

1. Operating Ijarah ( where legal title is not transferred to lessee at the end of the lease )

Accounting practice in lessor books:

- a) Leased Assets shall be recorded under “ Investments in Ijarah Assets”
- b) Leased Assets shall be depreciated as per bank policy for similar type of assets
- c) Ijarah revenue shall be recorded as lease rent income

2. Ijarah Muntahia Bittamleek ( a lease that concludes with the legal title in the leased assets passing to the lessee)

Accounting practice in lessor books:

Option 1

- a) Leased Assets shall be recorded under “ Investments in Ijarah Assets”
- b) Leased Assets shall be depreciated as per bank policy for similar type of assets
- c) Ijarah revenue shall be recorded as lease rent income (total cost + profit)

d) On receiving the total lease amount, Write off/dispose assets from book and transfer legal title

Option 2

- a) Leased Assets shall be recorded under “ Investments in Ijarah Assets”
- b) Leased Assets shall not be depreciated
- c) Apportion the total lease rent amount into principal & profit and apply as under:

Dr. Cash 110

CR. Leased assets cost 100

CR. Lease rent income 10

Under this option, asset is shown as “Receivable” and also not depreciated. Whereas, against the payment lease assets is directly reduced and finally the receivable become zero after the last payment

In your opinion, what the right practice ??

I shall appreciate if you kindly spare few minutes from your precious time and respond

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. Sadakat,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Your representation is correct.

The second option is not accepted by the Accounting Standard on Ijarah of the AAOIFI because even in Ijarah Muntahiyah bittamlik the asset remains in the ownership of the lessor and the books must reflect this fact.

Suppose a reason happened where it becomes permissible, according to Shari'ah, to break the lease. Although such an incidence is very rare and usually covered by insurance, the Accounting Standard requires that ownership must be clearly in the hand of lessor until it is transferred. This makes option one a better reflection of this understanding of reality.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## Car Leasing

### **Subject: Leasing a car**

From: feisal]

Sent: Thursday, April 22, 2004 10:10 PM

In the name of ALLAH, the Beneficent, the Merciful. Assalamu alaikum Dr. Kahf. JazakALLAH Kheir for responding so quickly and efficently to my questions. May ALLAH reward you for your generosity. I have one more question about leasing. You mentioned that leasing is permissible as long as it does not violate the teachings of the Shariah. Leasing a vehicle also involves some sort of interest rate even though a person technically does not own the vehicle. My question is, what exactly would make leasing haram? Isn't it almost the same as renting a vehicle? I would appreciate any light you can shed on this situation. May ALLAH be with you! Assalamu alaikum.  
Feisal

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. Feisal

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

When you rent a car from a car renal agency you pay rent per day, week or month. If the car breaks you just drop it and the agency gives you another car, why? Because in renting the responsibility of keeping the rented object in good conditions that provided the service for which it is rented belongs to the owner.

The same applies to leasing. Any condition that transfers this responsibility from the owner to the lessee violates the Shari'ah. Such conditions include any thing that makes the lessee responsible for major maintenance, those that are not caused be neglect or misuse by the lessee.

Besides, the OIC Fiqh Academy argued, in a resolution on this issue regarding the leasing practice of the Islamic Development Bank, that failure to give an option to the lessee to walk out at the end of the lease period (i.e., forcing the lessee to purchase

the car at a given price) also violates the Shari'ah because it makes the contract a sale in which both object and price are deferred; this is not permitted in Shari'ah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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**Subject: Financing a Vehicle and Leasing**

From: Islam on line

Sent: Tuesday, April 06, 2004 12:55 AM

Question

Dear Scholar Salam alaikoum I would like to know the difference between financing a vehicle and leasing a vehicle. After reading the fatawis on the website, I went to a dealer for a vehicle. When I read the contract, it says that the dealer sells the vehicle for an amount multiplied by 5.5% on 36 months then he transfers the property of the vehicle to the bank who will in turn gets the monthly payment directly from the seller until the vehicle is fully paid. Is this permissible since this is not leasing? How is that different from leasing? Jazakoum Allah khairan

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

The contract you described is a cash sale with interest-based financing on 36 month. The dealer then sells it (actually it means discounts it) and get the cash amount. The bank with then receive from you the monthly installements.

In leasing, you pay to the dealer a monthly rent for a given period, 36 month. The dealers remain the owner of the car, and at the end of the period you are given the choice to either buy the car for a predetermined amount, give it back and walk away or negotiate a new lease contract. The dealer may still sells the contract to a bank, this action of the dealer in both cases is none of your business.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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**Subject: car lease and installment sale**

From: Dr. Mujeeb

Sent: Monday, October 18, 2004 1:29 PM

AsSalaamu Alaykum: Ramadhan Kareem & Mubarek Brother Monzer. InshaAllah, the new assignment is fruitful and easy! Three items:

A friend who knows you well, Brother Ahmad asks you the following through me as he does not use internet:

A used-car businessman sells cars on the basis of deferred payments/installments (without interest). He has approached financing (mortgage) companies to sell these contracts in a package for about two-third of the balance amount. DOES SHARIAH ALLOW SUCH TRANSACTION WITH MORTGAGE COMPANIES?

Some mortgage companies pay a flat percentage of the balance upfront, while others pay most upfront and some as they receive payments from the car owner.

DOES SHARIAH DIFFERENTIATE BETWEEN THE TWO OPTIONS?

Regards,  
Mujeeb

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. Dr. Mujeeb,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Please give my Salam and Ramadan Mubarak for our Br. Ahmad and inform him that the sale of undue-yet debts whether they are a result of installment sale or any other contracts for any thing less than the face value of the debt is prohibited in Shari'ah and it makes no effect on the ruling whether the whole proceed of this sale is paid at the time of the sale or any part of it. This amounts to pure Riba and there are 2 resolutions of the OIC Fiqh Academy to this effect: one about discounting of future IOU's and one about sale of debts.

On the other hand, sale of Ijarah (lease) contracts at any price is permissible because the holder of lease contracts still own the cars themselves.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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