

## Live Fatwa January 13, 2004 MAS.net

### Question/Response #670

**Posted On:** Wednesday, January 14, 2004 3:01 PM

**Posted By:** Omar Ahmad

Assalamu alaikum, How could a Muslim invests his money in this country, considering that not anyone could invest his money in Islamic investments?  
Thanks, Omar Ahmad

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Brother Omar Ahmad If we want to take the general principle that Muslims must not indulge in any prohibited transaction, whether interest or sale of prohibited products or any other prohibited ways of doing a contract, yes you are right. Muslims cannot invest in the stock market in America and the only way remains to them is direct venture individually or in cooperation with other Muslims. We do have alot of areas that need Islamic involvement, especially in creating financial companies that provide Muslims with Islamically compatible financing or business and personal needs. On the other hand, there will still be Muslim income earners who will not have such direct opportunities for investment and these are not small in number. The Shari'ah well-known rule is that hardship always calls for relaxation because this religion was not sent by God to create hardship for men and women. It is rather to make life better and always easier. Applying this rule requires reconsideration of investment in the stock market. Some well-known and respected Muslim scholars discussed this issue and came up with a few criteria to screen stocks of companies listed in the stock market to exclude the more serious prohibited practices so that Muslims may invest in stocks of companies that have lesser violations of Shari'ah. This set of criteria is the following: 1-The main line of business of the company must not be prohibited; this excludes conventional banks, entertainment business, liquor production and distribution, also military industry in America, etc. 2-The income from interest and other prohibited activities percentage of the total income of the company must be very small not to exceed 5 percent of the company's net revenues. 3-The total of receivables plus cash must not exceed one-half of total assets of the company. 4-Loans on the company should not be more than 33 percent of its market capitalization value. These criteria are applied by Dow Jones company as it created a special index called the Dow Jones Islamic Market Index. Stocks included in this index may be traded as an exception from the general principle on the basis of hardship removal. There are several companies in the

United States and Canada that apply these criteria in their investments. Some of them established mutual funds and others make direct investment in the stock market. One of these companies belongs to the non-profit organization which is The North American Islamic Trust (NAIT, that also holds titles of mosques and Islamic centers and schools on the basis of the Islamic principle of Awqaf.) NAIT has established the Dow Jones Islamic Index Fund. You may ask about it in your local community or through the Internet. Wa Allahu a'lam wa alhamdulillah rub al aalimeen Dr. Monzer Kahf

### Question/Response #671

**Posted On:** Wednesday, January 14, 2004 3:01 PM

**Posted By:** Bothaina Fadel

Is it haram to have a saving account? for an old woman who has no way to invest her money, is it O.K. that I open a saving account to get some extra money to help me surviving? Thanks, Bothaina Fadel

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Bothaina, Yes, interest is riba and riba is prohibited in Islam. Allah even threatens a war against those who keep dealing in riba (The Quran 2:279). I suggest that you should seek another source of income through permissible investments. Any interest that happened to be earned in the past is not yours, from the Shari'ah point of view. It must be given away to Muslim charities for distribution to the poor and needy (This is because we do not want to return it to the bank that paid it because it will then help the bank to make more profit and transactions that are considered illegitimate in Shari'ah). wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

### Question/Response #672

**Posted On:** Wednesday, January 14, 2004 11:01 AM

**Posted By:** Anass

I would like to know if it is halal to lease from a non-Muslim financial institution here in the U.S?

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Brother Anass, Leasing is permissible in Shari'ah and there is no distinction between what is called in America 'financial leasing' or 'operational leasing.' In leasing, direct responsibility for the leased object; e.g. a car, falls on its owner while operational costs is the

responsibility of the lessee. There may be some times conditions in lease contracts that may violate this Shari'ah principle. You should beware of such conditions. For instance, many real-estate lease contracts puts the insurance responsibility on the lessee for the structure itself, whereas it should be on the lessor. On the other hand, I have personally studied the lease contract that is used in California for cars and found it not violating Shari'ah requirements and most likely other states have similar car lease contracts. wa Allahu a'lam wa alhamdulillah rub il alameen  
Dr. Monzer Kahf

### Question/Response #673

**Posted On:** Wednesday, January 14, 2004 11:01 AM

**Posted By:** Nuha

What is the ruling of investing in Israeli companies, or companies that invest in Israel? Should those not be excluded by the Shari`ah screens like companies that deal with Alcohol, pork, banks, etc...?

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Nuha, Yes, certainly Israel is a country that is established on occupied land and it is occupying more land that belongs to the Palestinians. It is forbidden for any Muslim to invest in Israeli companies. On the other hand, boycotting companies that invest in Israel may have some details, especially when the investment is small and in civilian or humanitarian areas. There is no doubt that investment in companies that support the military occupation is not permitted in Shari'ah. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

### Question/Response #674

**Posted On:** Wednesday, January 14, 2004 11:01 AM

**Posted By:** Nur Al-Huda

What Islam says about investing in the stock market? Is it a questionable matter?

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Fellow Muslim Nur Al-Huda, Please read the answer to question #670 to Brother Omar Ahmad. Wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

### Question/Response #675

**Posted On:** Wednesday, January 14, 2004 11:01 AM

**Posted By:** Layla

My question is about the Islamic compliance services at non-Muslim financial institutions like CitiBank, GE, AOL, Riggs Bank etc... Are they truly Islamically compliant?

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Layla, Conventional banks that provide Islamic financial services usually have their own Shar'ah board that supervises their Islamic services. For any conventional bank, we need to know the names of the members of its Shari'ah advisory board and based on the trust and confidence in their knowledge and ability, we can have the answer to your question. I know for instance that the National Commercial Bank in Saudi Arabia has respected Shari'ah advisors that guide its Islamic branches. I also know that Citibank has an Islamic full fledge bank in Bahrain and this bank has its own advisory board that consists of reputed Shari'ah scholars. I am not aware that aol or Ge offer Islamic financial services. Wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

#### Question/Response #676

**Posted On:** Wednesday, January 14, 2004 12:01 PM

**Posted By:** Amal

I am employed in an insurance company in the capacity of an analyst and management professional. Is there any guidance around the acceptability of this employment? Does my salary have to be purified? If so, how?

**Responded On:** Wednesday, January 14, 2004 12:01 PM

**Responded By:** Falasten

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Amal, Insurance is permissible unless the contract is interest-based. Consequently, the main income in insurance is also permissible. As it comes from the premiums of the insured. It is also known that insurance companies invest in government and other bonds and earn interest. An Islamic insurance company must not do that because investment in interest-based securities is prohibited in Shari'ah. Therefore, if your job does not require you to make such interest-based transactions on behalf of the company, what you do in the company and your salary are permissible and halal. You should avoid making any transaction that is interest-based, whether on behalf of the employer or otherwise. There are people who argue that insurance itself is not permitted. I believe they are incorrect, although only a minority (that I call the 'enlightened minority') among Shari'ah scholars stand for the permissibility

of insurance. This minority is led by the late Sheikh Mustafa Al-Zarqaa' (d. 1999) who was known as the most knowledgeable Shari'ah scholar of his time. Wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

-----

## Live Fatwa, Sunday, Jan 18, 2004, Islam on line

|                   |   |
|-------------------|---|
| <b>Name</b>       | Akhtar Bangladesh originally from US -  |
| <b>Profession</b> |   |
| <b>Question</b>   | <p>Respected scholar, I have read all relevant <i>fatwas</i> on lands purchased for homes, etc. I don't need a very lengthy discussion.</p> <p>My question is, "I bought a piece of land in Dhaka, Bangladesh for constructing a house in 1993. I have not been paying any Zakah on it. Since the law and order of the country has been deteriorating day by day, if I change my mind in the future and sell the land and buy another house, do I pay Zakah? If I sell the land, and don't buy anything, do I pay the Zakah for the <i>nisab</i> of that year or the entire period I owned the land? Thanks for help!</p> |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>This land that you purchased to build your residence on it is <b>not</b> subject to Zakah. However, if you change your mind and decide to sell it, you pay Zakah once only (2.5 of the proceeds of the sale) on the ground that this is the Zakah on fund acquired (<i>al-mal al-mustafad</i>).</p> <p><b>Allah Almighty knows best.</b></p>  |

|                   |   |
|-------------------|---|
| <b>Name</b>       | Khamis -  |
| <b>Profession</b> |   |
| <b>Question</b>   | Through my work, I used to purchase an EE United States Saving Bond (pay check deduction). I thought this way of saving is correct, but I stopped buying them later fearing they are Riba-based. But, I own a lot of these certificates, which mature in the next few years. They are double the value after 8 years ( if the I buy the certificate for \$500 after 8 years I can cash it for \$1000) is this Riba? If so what can I do? Should I cash what I have and take only my money and give the reset to the needy?  |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>These US treasury pounds are interest-based. Interest in them is the differential between the purchase value and their face value if they are retained until maturity (the double value you mentioned).</p> <p>Interest cannot be earned by a Muslim. It is not considered your right to have it according to the Shari`ah since an interest-based contract is void and does not generate its effect.</p> <p>This means that you get only the amount you paid for these pounds and any extra amount above that is interest; you have to give it away to Muslim charity (either to poor and needy directly or through charitable organization). The Qur'an says: <b>"and if you repent, you get only your principal with no injustice made by you or against you."</b> (Al-Baqarah: 279).</p> <p>Additionally, you have to liquidate these pounds as soon as you can, because holding them make a continuation for persistent of a prohibited investment.</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |  |
|-------------------|--|
| <b>Name</b>       | Hind - Australia   |
| <b>Profession</b> |  |
| <b>Question</b>   | My question is regarding interest, I'm currently renting a house and would like to purchase a house but in order for me to do so I would have to go to a bank for a loan. Is there any way that Islam permits this?  |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>Interest is certainly prohibited for all kinds of financing, be it housing, business, cars, or any other form of financing.</p> <p>Every prohibition may have exception in cases of needs or necessities. Like any other prohibition, if there is a pressing need for a need of the whole community (general need), the prohibition of interest is exceptionally relaxed.</p> <p>This means that, in principle, there is no way for a Muslim to get house financing on interest basis, but if there are needs, this prohibition is relaxed provided that there are no Islamically permitted financing contracts available at competitive prices and cost. The need that we are talking about include family need for housing, suitable neighborhood, saving on taxes and other costs, building equity, etc.</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |   |
|-------------------|---|
| <b>Name</b>       | Hamid -   |
| <b>Profession</b> |   |
| <b>Question</b>   | Dear Dr. Monzer, I would like to ask the following questions about credit card: 1. On what basis – I mean <i>fiqhi</i> basis - did both the opponents and |

proponents of credit card base their view of prohibition and permission?

2. What are the cases of hardship that could be mentioned for the permission of credit card?

3. Does the *hukm* of credit card differ in Islamic countries where Islamic banks are available, or it is a general *hukm*?

4. Does the OIC have any *fatwa* on credit card? And if yes, what is their resolution?

**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.**

**1.** The opponents of credit card found their view on the basis that it is an interest-based loan contract, consequently it is *haram* on the ground that it is Riba. There is no doubt that issuing such an interest-based credit card is not permitted for any Islamic/Muslim financial institution. On that basis, Islamic banks issued credit card that are not interest-based. Essentially, the bank withhold from your account an amount as a guarantee for the payment at the end of the grace period of the card, and each month if your current account permits it, the credit card charges will be deducted from the current account, otherwise the amount withheld will be reduced by the amount you due on the credit card and you will be asked to replenish the amount withheld. Islamic banks do not really benefit from the card itself and they provide it as a service to their valued customers. However, they benefit from the *mudarabah* deposit withheld as a guarantee.

This is also the essence of the OIC resolution on credit card that came in the year 1999 or 2000.

The proponents of the permissibility of using interest-based credit card found their view on the following:

**a.** While it is true that issuing interest-based credit card by Muslims is not permissible, accepting them by Muslim is permissible because they give a choice to the consumer of either going interest-based or settling within the grace period without any interest. The contract is not a loan contract, it is rather a prior acceptance of *hawalah* or it is *kafalah* by the issuer of amount charged by the user.

**b.** The permissibility of signing a credit card contract and using it is conditional on two points: 1) that the user is keen and able to pay within the grace period; 2) the user will not withdraw cash (because cash withdrawal generate interest from the day of withdrawal and does not have a grace period).

In other words, permissibility is conditional of not invoking the interest clause in the credit card agreement or by using the credit card as a free rider.

**2.** The permissibility is not based on Muslim/non-Muslim country, nor on needs for the interest-based credit cards. Many people can live without them, but they provide considerable convenience for Muslims who live in a twenty/1 century (please notice that all opponents of credit cards do not live in our time, they are still living in the fourteenth and fifteenth closed economy century.)

Note: the annual fee in credit cards is permissible and practiced by many Islamic banks.

**Allah Almighty knows best.**

|                   |   |
|-------------------|---|
| <b>Name</b>       | Michael -   |
| <b>Profession</b> |   |
| <b>Question</b>   | This question is related to Zakah. I'm a stay-at-home father of my two young sons, their wife works, thus I make no income. How can I pay my Zakah? I'm a Muslim, my wife is one of the People of the Book. Can |

|               |   |
|---------------|---|
|               | we take some of that income she makes for Zakah or is that prohibited?  |
| <b>Answer</b> | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>If you do not have income or items of wealth that are subject to Zakah, you simply are not required to make any payment as Zakah. Zakah is a personal form of worship, it applies to each person alone and your wife is not required to pay Zakah, because she is not Muslim.</p> <p>However, please remember that it is your responsibility to work and spend on the family, wives are not required according to the Shari'ah to spend on the family.</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |   |
|-------------------|---|
| <b>Name</b>       | abdul - United States   |
| <b>Profession</b> | student   |
| <b>Question</b>   | I am in Love of a girl, who is getting engaged to someone else, can I propose her ?   |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>No, you cannot do it. It is better to submit your question to a General Fatwa Session.</p> <p>You can also read:</p> <p><a href="#">Can I Wish to Marry an Engaged Person?</a></p> <p><b>Allah Almighty knows best.</b></p> |

|                   |  |
|-------------------|--|
| <b>Name</b>       | - -  |
| <b>Profession</b> |  |
| <b>Question</b>   | 1- Given the fact that interest is prohibited in Islam, what is the best way to grow your savings here in North America. 2- Are there any web links to Islamic Banks in North America?   |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>No, there are not, and unfortunately this is not yet organized by Muslims in North America although it is <i>fard kifaya</i> (an obligation on all who can do it) that we should have Islamic channel for investing our savings in North America.</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |  |
|-------------------|--|
| <b>Name</b>       | Mohamed -  |
| <b>Profession</b> |  |
| <b>Question</b>   | I live in the UK. The law in UK forces people who have cars to put insurance on their cars. I have put a fully comprehensive coverage (i.e. insurance) on my car. One of my friends mentioned that this type of cover is forbidden according to the Shari`ah and I should buy only third part coverage. I would like to get a comprehensive answer for this as my car was damaged in an accident and the insurance company will compensate me the value of my car according to my cover with them. |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>There are people who view that insurance is prohibited on the ground of Riba, gambling and</p>   |

ambiguity or *gharar*. However, there are others who are of the view that insurance does not have any Riba and gambling and the amount of *gharar* in it is tolerable and has precedents in the classical Islamic Fiqh.

I believe that insurance of all kinds is permissible provided that the contract is not interest-based (only sometimes of life insurance include interest) and the subject of insurance is permissible (e.g. insuring a liquor shipment is not permissible).

Since I believe that comprehensive car insurance is permissible rather it may be recommended, otherwise you would not be implementing the rationality that is required by Muslims as the Prophet (peace and blessings be upon him) is reported to have said: **“Tie your camel and put your trust on Allah.”**, which implies that one should do what is required rationally and then leave the rest to Allah.

You can also read:

[Fatwa on Insurance](#)

**Allah Almighty knows best.**

|                   |   |
|-------------------|---|
| <b>Name</b>       | Safy -  |
| <b>Profession</b> |   |
| <b>Question</b>   | Dear sheikh, I'd like to ask you a question about Zakah. If a Muslim does not work in business nor in trade, what are the conditions in which a Muslim must pay Zakah? And is it enough if one's parents pay the annual Zakah on one's behalf or must the Zakah be paid individually? Also, I own some collector's coins and notes of which some still have legal value and can be used as regular cash. Will I have to add these to the %2.5 of zakah? |
| <b>Answer</b>     | <b>In the Name of Allah, Most Gracious, Most Merciful.</b>  |

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

Zakah is a personal worship that must be done by each Muslim who fulfils certain conditions. Basically, having income that provides for some surplus (savings) above your expenses and wealth items that have stayed with you for a full lunar year. If these conditions do not apply to you, there is no Zakah on you. Your parents, each one of them, would pay their own Zakah.

The collector's coins that you have are subject to Zakah provided they reach the amount of *nisab* (# US 1000) and a full lunar year (354 days) have passed from the day the value reached *nisab*. Zakah is due at the rate of 2.5 % and is repeatable every lunar year, then after.

**Allah Almighty knows best.**

|                   |   |
|-------------------|---|
| <b>Name</b>       | A. El Haji - Netherlands  |
| <b>Profession</b> |   |
| <b>Question</b>   | Could you please explain a little about the Islamic viewpoint of stock trading?   |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>Buying a stock makes you a partner owner of the company and therefore responsible for what the company does. Exceptions on the basis removal of hardship are discussed in detail in several fatwas that are available on <a href="http://www.kahf.net">www.kahf.net</a>.</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |   |
|-------------------|---|
| <b>Name</b>       | salah -   |
| <b>Profession</b> |   |
| <b>Question</b>   | My question is about interest. Before my husband became a Muslim he had gotten a student loan that has interest placed on it. How should he go about paying it back? Also, he has to child support which also has interest on it. How should he pay this without getting into trouble with the courts?  |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>Whatever interest contract before your husband became Muslim or even after but before he repents from indulging in interest-based transactions or imposed by a court order must be paid. He must try his best to pay the principal due on him as soon as he can in order to reduce his indulging, as much as possible, in the sin of interest even if he has to make loans without interest from friends and family or put some tolerable pressure on the family expenses.</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |  |
|-------------------|--|
| <b>Name</b>       | sal -  |
| <b>Profession</b> |  |
| <b>Question</b>   | My question is regarding mortgage or any other debt in relation to paying Zakah. If one has long term debt such as mortgage or short debt such line of credit, how is it dealt when paying Zakah?  |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>In calculating the due Zakah, debts that are deductible from the Zakatable amount are only those</p> |

that will be paid using parts of the Zakatable amount itself. This means that mortgage debt is not deductible because it is not going to be paid out of the balance you have today in your bank account. Also, a line of credit may or may not be deductible depending on whether you are going to actually use the balance you have today to pay for the line of credit.

Take an example, if today is my Zakah calculation day and I normally expect my next cash in slow in to be thirty days from now, all debts due within these thirty days can be deducted from the amount of Zakatable items I have now even if some of these debts are an installments of mortgage or any due parts of a long term debt.

**Allah Almighty knows best.**

|                   |  |
|-------------------|--|
| <b>Name</b>       | Waqas - Pakistan   |
| <b>Profession</b> | Student  |
| <b>Question</b>   | I would like to know if Islam allows one to operate as a middleman. What is the Shari'ah concept of a middleman? It was also made known to me that one can not sell a thing unless he has bought it and brought it in his custody. Is that true?   |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p><b>1.</b> Working as a middleman may have two meanings: 1) to facilitate a transaction between two parties, this is permissible, it does not require you to be a seller or a buyer, you work only on commission basis to help bring the two parties together; 2) it may also mean buying from producers and selling to retail traders, like what wholesalers do. Here, we have two separate contracts that the middleman is part to each one of them. This is also permissible provided each contract is permissible on its own.</p> |

**2.** Yes, it is true that you cannot sell what you do not own, and you cannot tell what you purchase but did not yet take possession or custody of (delivery).

Kindly notice that this applies on items defined and determined on their own, such as this building, this car with body number ... or this computer that I have on my desk itself.

If you sell/buy on description, it is permissible to sell what you do not own nor have possession of. The example is I sell you 10 computers of such and such specifications, it is permissible to make such a contract without having these computers in your possessions or in your ownership, provided that they can be made available by you before they are due for delivery to their purchaser.

**Allah Almighty knows best.**

|                   |  |
|-------------------|--|
| <b>Name</b>       | Youness - Norway   |
| <b>Profession</b> |  |
| <b>Question</b>   | My question is about Riba. Can I use Riba earned from my bank account on <i>da`wah</i> materials or do I have to throw them away? If not, what should I do with this money?  |
| <b>Answer</b>     | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>Acquired Riba should be given to Muslim charities. If the Islamic center to which you give decides to use it for <i>da`wah</i> material, it is permissible but it is preferable not to use such money for buying copies of the Qur'an for free distribution. You certainly do not throw away this money as there are many poor and needy all over the world, mostly Muslims and many</p> |

|  |                                   |
|--|-----------------------------------|
|  | non-Muslims too.                  |
|  | <b>Allah Almighty knows best.</b> |

|                   |  |
|-------------------|--|
| <b>Name</b>       | Waqas - Pakistan   |
| <b>Profession</b> | Student  |
| <b>Question</b>   | As-Salamu `Alaykum, kindly answer to the complete question. What is the divine system of financing? Is it pre-determined? How much <i>rizq</i> one is to get? If so can it change? Thank you.  |
| <b>Answer</b>     | <p><b>Wa`alykum As-Salamu warahmatullahi Wabarakaatuh.</b></p> <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>The divine system of financing is not interest-based. It can be founded on credit sale, leasing, or venture capital.</p> <p><i>Rizq</i> and life are predetermined by Allah, but He did not tell anyone of us what He set for us. He rather told us work hard as much as we can to acquire our <i>rizq</i>. Don't you see the bird starting their day early in the morning and they go back in the evening with full stomach and sufficient food for their babies?</p> <p><b>Allah Almighty knows best.</b></p> |

|                   |   |
|-------------------|---|
| <b>Name</b>       | Waqas - Pakistan                                |
| <b>Profession</b> | student   |
| <b>Question</b>   | If someone asks me for a loan and I give him an |

|               |   |
|---------------|---|
|               | equivalent amount of gold so that when he returns it he returns to me the same amount of gold and not the money, would that be Ok?  |
| <b>Answer</b> | <p><b>In the Name of Allah, Most Gracious, Most Merciful.</b></p> <p><b>All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.</b></p> <p>You cannot give the equivalent of gold. If you give rupees, you get back rupees, and if you get gold, you back gold. You cannot make assumption.</p> <p><b>Allah Almighty knows best.</b></p> |

## Live Fatwa Session Jan 28, 2004, MAS.net

**Guest Name: Monzer Kahf**

**Question:**

My wife just got a 403(b) pension plan from work, and although she doesn't have to contribute, she must elect where her funds will be invested, either with TIAA-CREF, Fidelity, American Century, VALIC, or Vanguard. When I looked at these companies, I found that even after you pick one, you have to choice among their programs where you want your money to go. My direct question is: which products should I invest in to avoid haram. Can you provide specific titles, like small cap, foreign bonds, Money Market, etc.

**Answer:**

Bismillahi Arrahman Arraheem alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Raid Asalaamu alaikum wa rahmat Allahi wa Barakaatu: Before I answer your question, please allow me to mention that if this pension fund belongs to your wife, you should have no say or disposition about it. Certainly, you may advise or suggest your opinions but you do not have any authority on it. According to Shari'ah, properties of husband and wife are not mixed and the husband has no say over the wife's property. Now the answer. This pension fund being fully contributed by the employer only and being invested by the employer too is permissible and any new benefits from it to your wife are also permissible

regardless of what the employer does or in what it invests the funds of this plan. However, since the employer is the participant in this pension plan, an opportunity to choose among different investment vehicles, it is the responsibility of your wife to refuse the evil of unlawful (from the Shari'ah point of view) transactions, including interest and unethical investments. Therefore, she should select mutual funds that are the farthest from interest, investment in stocks of conventional banks and casino companies, etc. This means that she should not select any mutual funds that invest in bonds only and if she has accessibility to the shares content of other mutual funds, she is required to select those funds that have the least investment in bonds and shares of companies whose main activities are prohibited in Shari'ah, as mentioned above (the report of the funds are usually made available to participants and they normally have listing of shares in the mutual funds). Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf.

**Question:**

Can you provide an exact definition of "riba"?

**Answer:**

Bismillahi Arrahman Arraheem alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Shaukat Asalaamu alaikum wa rahmat Allahi wa Barakaatu: Riba is two kinds. The relevant kind to financing is defined as any contractual increment in a loan. The second kind of riba is called Riba Al-Fadl. It is defined as excess in amount or in time in currency exchange. This means that there will be riba al-fadl if you exchange gold (or dollars) for a different quantity of gold (or dollars) or if you exchange Canadian dollars paid now for U.S. dollars paid tomorrow. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

**Question:**

Are IRA's haram?

**Answer:**

Bismillahi Arrahman Arraheem alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Ahmed Asalaamu alaikum wa rahmat Allahi wa barakaatu IRAs are permissible in Shari'ah. You are required to invest your IRA account in permissible investments, i.e. no bonds and no prohibited stocks. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

**Question:**

If I finance my home through an Islamic scheme, but in the end, I end up paying more in monthly installments, is that really conforming to the purpose of the reasoning behind not engaging in interest, that I supposedly am being abused when loaners charge me interest? If I pay more monthly to an "Islamic" scheme, am I not being abused there instead of when being charged interest?

**Answer:**

Bismillahi Arrahman Arraheem alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Jaffar Asalaamu alaikum wa rahmat Allahi wa Barakaatu: Interest-paid house financing is prohibited, no doubt about it. We must always seek house financing by means of contracts that are compatible with Shari'ah. The resolution of the second international Islamic Fiqh Conference held in Detroit in the fall of 1999 issued a fatwa that is in brief: if Islamically acceptable house financing contracts are not available, it is permissible for Muslim families living in the West to take interest-based house financing provided they have reasonable need to own their own residence. Monopoly and exploitation are also prohibited in Shari'ah similar to interest. Therefore, if an Islamic house finance provider charges more than competitive rates that are available in the market, conventional finance providers, we consider the Islamic provider as non-existing and apply the collective fatwa of the Fiqh Conference. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

**Question:**

When giving zakat on possessions like jewelry, gold, is it obligatory to give every year, or just the year I acquired the item(s)?

**Answer:**

Bismillahi Arrahman Arraheem alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Sister Sara Asalaamu alaikum wa rahmat Allahi wa Barakaatu: Zakat is a yearly obligation on wealth items such as jewelry, money and goods for trade. It has to be paid every lunar year (354 days) as long as the value of assets is still above Nisab. The first lunar year begins on the day you acquire Nisab, or the first time. Nisab is 85 grams of gold which is approximately equal to U.S. \$1000. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

---

**Question:**

Assalamu Alikm, I have two questions, i have been asked by non-muslims and wanted to consult a scholar, so please answer me with details, wa jazakoum allah kheir... 1) What would you answer someone who says islam was spread by sword and Mohamed (PBUH) killed many people, some people give the incident of the jews during the battle of ahzab. ( PS: i am a muslim, and dont agree with that, however i am asking for a wise way to answer non-muslims). 2) my second question is concerning the ("jawary" in islam: <women slave>) .. some people think that is degrading for the women and that the man can sleep with her without an actual marriage ... also what the legality of that issue in our days. wa jazakoum allahu kheir.

**Answer:**

The Quran in many ayat, in many occurences, says that no one can be forced into belief or conviction. The Quran says in Sura 2: No one could be forced into religion. In another verse (Sura Yunes #10): Would you force people to become believers?" Which means the Quran rejects such a policy. In Sura al-Kahf (Sura

of the Cave): the one who wants to believe, let him believe, the one who doesn't want to believe, let him disbelieve. I do not like to refer to history, because it could be controversial for someone who is a non-Muslim, but I refer to the Quran which is the most powerful source of knowledge for Muslims. If Islam were spread by the sword, then we know that the Prophet (saw) died 1400 years ago, but people are still adopting Islam freely. If it were by the means of the sword, then Islam would face the same occurrences that took place at the fall of Nazism, Communism, and other ideologies. The only faith and belief that is growing is Islam and Christianity. These religions are spread by the means of debate and dawah. Especially when it comes to Islam, it is the fastest and most adopted religion in the world. 2) Before discussing any details of the law of Islam you should decide if you are under guidance the Quran and Sunna, or you a rival for either of them. If anything of jawary is decided by the Quran, then you should take it. If you don't believe in the Quran as the book of Allah, then that is our major problem, so we should start solving that problem as a major priority. Nowadays, we do not have anything like jawary, so I need not get into this discussion because it is not needed.

**Question:**

Alsalamo Alikom Dear brother in islam i am a physician,MD, work as Anesthesiologist at one of the major hospital in NJ and they r very busy my quetion rgarding Friday Prayer what should i do some times i do nt have time to go to friday prayer and my employer prevent me as the work has to be done i mean take care of the anesthesia as the surgeon work i cantnt leave the OR unless i get some one to cover me and sometimes it s impossible so what should i do for my friday prayer should i queit that jop and try to find another one ? i tried to find another one but it s hard to find a good one the others r just either away from the muslim commuinity or take advantage of ur request and give u much less benefit for that reason even it s not welcomed to them please let me know . Alsalmo Alikom.

**Answer:**

You should find a solution for your attendance of the Jumaa prayer. Yes, you can miss it sometimes, but not to miss it on a regular basis. If the job does not allow you to make Jumaa, then you should look for an alternative.

**Question:**

Is borowing money with interest for purchasing a house, a car or furniture haram

**Answer:**

Any transaction that gives or takes interest is haram. The only time you could borrow money with interest is when you are in need of borrowing money for emergency or a necessity. If neither of those factors exist, then you cannot borrow money with interest.

---

**Question:**

Assalamu alaikum, How could a Muslim invest his money in this country, considering that not everyone could invest his money in Islamic investments?  
Thanks, Omar Ahmad

**Answer:**

Bismillah ar-Rahman ar-Rahim alhamdulillah rub ilaahmeen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahabihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Brother Omar Ahmad If we want to take the general principle that Muslims must not indulge in any prohibited transaction, whether interest or sale of prohibited products or any other prohibited ways of doing a contract, yes you are right. Muslims cannot invest in the stock market in America and the only way remains to them is direct venture individually or in cooperation with other Muslims. We do have a lot of areas that need Islamic involvement, especially in creating financial companies that provide Muslims with Islamically compatible financing or business and personal needs. On the other hand, there will still be Muslim income earners who will not have such direct opportunities for investment and these are not small in number. The Shari'ah well-known rule is that hardship always calls for relaxation because this religion was not sent by God to create hardship for men and women. It is rather to make life better and always easier. Applying this rule requires reconsideration of investment in the stock market. Some well-known and respected Muslim scholars discussed this issue and came up with a few criteria to screen stocks of companies listed in the stock market to exclude the more serious prohibited practices so that Muslims may invest in stocks of companies that have lesser violations of Shari'ah. This set of criteria is the following: 1-The main line of business of the company must not be prohibited; this excludes conventional banks, entertainment business, liquor production and distribution, also military industry in America, etc. 2-The income from interest and other prohibited activities percentage of the total income of the company must be very small not to exceed 5 percent of the company's net revenues. 3-The total of receivables plus cash must not exceed one-half of total assets of the company. 4-Loans on the company should not be more than 33 percent of its market capitalization value. These criteria are applied by Dow Jones company as it created a special index called the Dow Jones Islamic Market Index. Stocks included in this index may be traded as an exception from the general principle on the basis of hardship removal. There are several companies in the United States and Canada that apply these criteria in their investments. Some of them established mutual funds and others make direct investment in the stock market. One of these companies belongs to the non-profit organization which is The North American Islamic Trust (NAIT, that also holds titles of mosques and Islamic centers and schools on the basis of the Islamic principle of Awqaf.) NAIT has established the Dow Jones Islamic Index Fund. You may ask about it in your local community or through the Internet. Wa Allahu a'lam wa alhamdulillah rub alaalimeen Dr. Monzer Kahf

**Question:**

Is it haram to have a saving account? for an old woman who has no way to invest her money, is it O.K. that I open a saving account to get some extra money to help me surviving? Thanks, Bothaina Fadel

**Answer:**

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Bothaina, Yes, interest is riba and riba is prohibited in Islam. Allah even threatens a war against those who keep dealing in riba (The Quran 2:279). I suggest that you should seek another source of income through permissible investments. Any interest that happened to be earned in the past is not yours, from the Shari'ah point of view. It must be given away to Muslim charities for distribution to the poor and needy (This is because we do not want to return it to the bank that paid it because it will then help the bank to make more profit and transactions that are considered illegitimate in Shari'ah). wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

**Question:**

I would like to know if it is halal to lease from a non-Muslim financial institution here in the U.S?

**Answer:**

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Brother Anass, Leasing is permissible in Shari'ah and there is no distinction between what is called in America 'financial leasing' or 'operational leasing.' In leasing, direct responsibility for the leased object; e.g. a car, falls on its owner while operational costs is the responsibility of the lessee. There may be some times conditions in lease contracts that may violate this Shari'ah principle. You should beware of such conditions. For instance, many real-estate lease contracts puts the insurance responsibility on the lessee for the structure itself, whereas it should be on the lessor. On the other hand, I have personally studied the lease contract that is used in California for cars and found it not violating Shari'ah requirements and most likely other states have similar car lease contracts. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

**Question:**

What is the ruling of investing in Israeli companies, or companies that invest in Israel? Should those not be excluded by the Shari`ah screens like companies that deal with Alcohol, pork, banks, etc...?

**Answer:**

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Nuha, Yes, certainly Israel is a country that is established on occupied land and it is occupying more land that belongs to the Palestinians. It is forbidden for any Muslim to invest in Israeli

companies. On the other hand, boycotting companies that invest in Israel may have some details, especially when the investment is small and in civilian or humanitarian areas. There is no doubt that investment in companies that support the military occupation is not permitted in Shari'ah. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

**Question:**

What Islam says about investing in the stock market? Is it a questionable matter?

**Answer:**

Bismillah arahman ilraheem alhamdulillah rub ilaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Fellow Muslim Nur Al-Huda, Please read the answer to question #670 to Brother Omar Ahmad. Wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

**Question:**

I am employed in an insurance company in the capacity of an analyst and management professional. Is there any guidance around the acceptability of this employment? Does my salary have to be purified? If so, how?

**Answer:**

Bismillah arahman ilraheem alhamdulillah rub ilaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Amal, Insurance is permissible unless the contract is interest-based. Consequently, the main income in insurance is also permissible. As it comes from the premiums of the insured. It is also known that insurance companies invest in government and other bonds and earn interest. An Islamic insurance company must not do that because investment in interest-based securities is prohibited in Shari'ah. Therefore, if your job does not require you to make such interest-based transactions on behalf of the company, what you do in the company and your salary are permissible and halal. You should avoid making any transaction that is interest-based, whether on behalf of the employer or otherwise. There are people who argue that insurance itself is not permitted. I believe they are incorrect, although only a minority (that I call the 'enlightened minority') among Shari'ah scholars stand for the permissibility of insurance. This minority is led by the late Sheikh Mustafa Al-Zarqaa' (d. 1999) who was known as the most knowledgeable Shari'ah scholar of his time. Wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

**Question:**

My question is about the Islamic compliance services at non-Muslim financial institutions like CitiBank, GE, AOL, Riggs Bank etc... Are they truly Islamically compliant?

**Answer:**

Bismillah arahman ilraheem alhamdulillah rub ilaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Layla, Conventional banks

that provide Islamic financial services usually have their own Shar'ah board that supervises their Islamic services. For any conventional bank, we need to know the names of the members of its Shari'ah advisory board and based on the trust and confidence in their knowledge and ability, we can have the answer to your question. I know for instance that the National Commercial Bank in Saudi Arabia has respected Shari'ah advisors that guide its Islamic branches. I also know that Citibank has an Islamic full fledged bank in Bahrain and this bank has its own advisory board that consists of reputed Shari'ah scholars. I am not aware that aol or Ge offer Islamic financial services. Wa Allahu a'lam wa alhamdullillah rub il alameen Dr. Monzer Kahf

---

## Live Fatwa Session, Feb. 11, 2004, MAS.net

| Question/Response #757  |                                       |
|---|---------------------------------------|
| <b>Posted On:</b>   | Wednesday, February 11, 2004 9:02 AM  |
| <b>Posted By:</b>   | Anass                                 |
| What is the ruling on leasing a car and office equipment?   |                                       |
| <b>Responded On:</b>  | Wednesday, February 11, 2004 12:02 PM |
| <b>Responded By:</b>  | monzer Kahf                           |
| Bismillahi Arrahman Arraheem alhamdulillahi rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Anass Asalaamu alaikum wa rahmat Allahi wa Barakaatu: In principle, leasing cars and wquipment is permissible because leasing in all its kinds and definitions is permissible. However, it happens very often in the lease agreements in the US that certain conditions are included that violate the Shari'ah. This means one should read these fine conditions carefully and remove any condition that violate the Shari'ah. One example of such conditions is in equipment leasing, the insurance should be on the lessor and may be charged to the lessee as part of the rental installments but cannot be on the lesse because she is not the owner. This is not the same in cars because insurance in cars is more related to the driver than to anything else. Wa Allahu a'lam wa alhamdulillahi rubb ilaalimeen Dr. Monzer Kahf |                                       |
| Question/Response #758  |                                       |
| <b>Posted On:</b>   | Wednesday, February 11, 2004 9:02 AM  |
| <b>Posted By:</b>   | Layla                                 |
| What is the best way to invest in a 401(k) plan according to the Islamic rules?   |                                       |
| <b>Responded On:</b>  | Wednesday, February 11, 2004 12:02 PM |

**Responded By:** monzer kahf

I have made an answer here and saved it. the person responsible for this site must correct the system. alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Sr. Layla Asalaamu alaikum wa rahmat Allahi wa Barakaatu: you should choose the funds and stocks with the least amount of Haram activities in them. This means you should avoid bonds, stocks of financial sector, tobacco, military industries, entertainment, etc. Then when you liquidate your account you have to donate a percentage of each amount you liquidate to Muslim charity that is equal to the percentage that remains of not permitted stocks (since your choice is limited to the funds and stocks of your company's 401k system). This donation is for the purpose of keeping your own money clean from interest. In fact, you must put such instruction in your last will too. Information about the stocks in each mutual fund is normally available in the semi annual reports of the funds. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

#### Question/Response #759

**Posted On:** Wednesday, February 11, 2004 9:02 AM

**Posted By:** Muhammad

How can I calculate interest involved in my money that I receive from my bank accounts and how to purify it?

**Responded On:** Wednesday, February 11, 2004 12:02 PM

**Responded By:** monzer Kahf

alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Muhammad Asalaamu alaikum wa rahmat Allahi wa Barakaatu: it is the interest that the bank credit to your account. as simple as that. This means that if the deposits you put in your account are from Halal sources, your own money is the total of deposits minus expenses and withdrawals you make. This interest must be given to a Muslim charity, it is Halal for the poor and needy and Haram for you because it is not yours according to Shari'ah. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

#### Question/Response #760

**Posted On:** Wednesday, February 11, 2004 9:02 AM

**Posted By:** Abdussalam

if I bought 500 stocks for for 35 dollars each, when the stock price went up to 65 dollars I decided to sell my stocks. Is this allowed?

**Responded On:** Wednesday, February 11, 2004 12:02 PM

**Responded By:** monzer kahf

alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Abdussalam

Asalaamu alaikum wa rahmat Allahi wa Barakaatu: Yes, it is permissible. a stock represents a share ownership in a company. the new price reflect the market evaluation of this company. Wa Allahu a'lam wa alhamdullillahi rubb ilaalimeen  
Dr. Monzer Kahf

### Question/Response #761

**Posted On:** Wednesday, February 11, 2004 9:02 AM

**Posted By:** Rukaya

Some scholars have allowed Muslims to hold bank accounts even if they incur interest on the pretext that they cleanse their money from the interest accumulated. In the case of bank accounts it could be accounted as a need since it would almost be impracticable for one to keep his money at home in paper form. Thus the need for a bank account to hold the money. However, is it a need to invest in common stock ?

**Responded On:** Wednesday, February 11, 2004 12:02 PM

**Responded By:** monzer kahf

alhamdulillahi rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Sr. Rukaya Asalaamu alaikum wa rahmat Allahi wa Barakaatu: Yes, there is a need to invest in stocks for a large number of Muslims who have some saving and have no other means available to them for investment. this is a fact of life in our world today. and this applies to Muslims in North America as well as to Muslims in the Muslim countries. This fact was even recognized in old times. most classical Fiqh books mentions this as the reason why Mudarabah is made permissible.(Mudarabah is for those persons who have savings and know some good and honest business person so they give her/him their money to invest it for them) Wa Allahu a'lam wa alhamdullillahi rubb ilaalimeen Dr. Monzer Kahf

### Question/Response #762

**Posted On:** Wednesday, February 11, 2004 9:02 AM

**Posted By:** Abdullahi

Can riba money be used to pay off a riba loan? If so, would this be considered purification of wealth?

**Responded On:** Wednesday, February 11, 2004 12:02 PM

**Responded By:** monzer kahf

alhamdulillahi rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Abdullahi Asalaamu alaikum wa rahmat Allahi wa Barakaatu: It forbidden in Shari'ah to make any Riba-basied contract whether you take the Riba or give it.This means that you must not earn Riba and you must not be a party to a contract to pay Riba. If it happens that for some reason your earned Riba, it does not become yours according to Shari'ah because it is illegitimate earning. Illegitimate earning

must be given back to its payer. But when you deal with banks, giving it back to the bank become irrational because you will be helping it make more Riba and giving it the pleasure of making mockery out of you. In such a case, since it is not yours you MUST GIVE IT TO A MUSLIM CHARITY so they give it to the poor and needy. On the other hand, if you enter into a Riba-based contract, you commit that violation of Shari'ah and should carry the result of your contract, you cannot pay for it from money that is not yours. Hence, you cannot use Riba you got to pay your own obligations to others. Wa Allahu a'lam wa alhamdullillahi rubb ilaalimeen  
Dr. Monzer Kahf

### Question/Response #763

**Posted On:** Wednesday, February 11, 2004 9:02 AM

**Posted By:** Saeed

was particularly interested to know what kinds of sectors islamic investors should avoid, like the financial sector. I assume that some smaller banks generate more revenue from profits arising investment returns on deposits received. Does it make sense to say that in a scenario where 80% of the bank's revenue is generated from investment returns (from financing development projects), then from whatever returns I might make as a Muslim investor in this bank, I would have to cleanse 20%? I know that I am oversimplifying the scenario for most banks am not taking into account the fact that halaal investment projects in the bank might constitute only a small part of the bank's overall profit. But assuming a direct relationship (each % of halaal investment by the bank contributes 1% of profit to the banks bottom line), is my reasoning correct. I am also wondering to what extent my assumptions about the ratio of halaal to haram (investment vs loan financing) business dealings in a typical bank are sound.

**Responded On:** Wednesday, February 11, 2004 1:02 PM

**Responded By:** monzer kahf

alhamdulillahi rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Saeed Asalaamu alaikum wa rahmat Allahi wa Barakaatu: conventional banks use their money in many projects but they provide money on the basis of LOANS. according to Shari'ah a loan must not earn any increment and any such increment is Riba that is prohibited in the Qur'an with the most strong words. They call it investment but in fact it is lending. investment in the economic sense is giving money on equity basis where you share the profit and losses. giving loans on interest guarantees the lender safety of principal plus guaranteed interest.. This is not permissible in Shari'ah. Hence regardless of the percentage the lending activities of conventional banks are not permissible in Islam. these activities make up a high percentage of their total activities. Wa Allahu a'lam wa alhamdullillahi rubb ilaalimeen Dr. Monzer Kahf

### Question/Response #764

**Posted On:** Wednesday, February 11, 2004 12:02 PM

**Posted By:** Uzair A Haji

Is it permissible in Islam to use a paper money having no intrinsic value except being a promissory note and forced legal tender and not backed by gold? Isn't the use of a paper money a confined monopoly which can be inflated by the authorities at will thereby imposing illegal and secret taxation? What about usurpation of part ownership? The structure of co-ownership of the 'Islamic banks' in which the shareholders are invited to participate is not acceptable in Islam since it consists of an unjustified usurpation of the ownership of the minority shareholders in favor of the executive council or administrator which represents the majority. What about the payment of the usurious interest? Due to the very structures and the arena in which the 'Islamic banks' deals in a contract, fluctuation in value is generated which affect the individual transactions the bank makes. As a result any contracts made by the 'Islamic bank' are usurious. Isn't the so called 'Islamic bank', 'Islamic economics' etc. a Trojan horse which has been infiltrated into Dar al-Islam? Please answer in detail citing the Quran, Sunnah and practices of the Salaf.

**Responded On:** Wednesday, February 11, 2004 12:02 PM

**Responded By:** monzer kahf

alhamdulillah rubb al aalimeen wa alsalaatu wa assalaamu ala sayidina Mohammed wa ala aalihi wa ashaabihi ajma'een Dear Brother Uzair Asalaamu alaikum wa rahmat Allahi wa Barakaatu: My only answer to you is to suggest that you read more about fiqh, the Fiqh axioms, Maqasid al Shari'ah, and Islamic economics and finance. You seem to be confused and mixing too many things together. Please educate your self on these issues and then we can discuss them. Wa Allahu a'lam wa alhamdulillah rubb ilaalimeen Dr. Monzer Kahf

---

## Live Fatwa, Sunday, Feb 22, 2004, Islam on line

Guest Name

**Dr. Monzer Kahf**

Profession

Scholar in Islamic Economics & Financial Expert

Subject

Financial and Economic Issues

Date

Sunday, Feb 22, 2004

Time

Mecca

From... 18:00...To... 19:30

GMT  
From... 15:00...To...16:30

Name  
Rafouk -  
Profession

**Question**

Getting a car via a leasing company: If someone wants to get a bank credit for buying a car or whatever, is he obliged to ask it from a usurious bank as of luck of Islamic Banks. The alternative of this is to get a car from a leasing company by paying regular rents each month with a buying option at the end of the contract.

The leasing company applies also the interest rate (usury rate) when calculating the rents. During the leasing period, the car remains the property of the leasing company. In the Islamic point of view, is this *halal* or *haram*?

**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.

Leasing in general is permitted in the Shari`ah. Many car leasing in North America do not violate the Shari`ah requirements and it is not part of the lease contract where does the lessor get its financing from, on what basis it obtains financing nor what terms of reference (including interest rate) used in calculating rent.

What matter in a lease contract is that the car remains on the ownership of the lessor and it carries its implications. These implications include liability of a disaster that may destroy and major maintenance without which the car becomes dysfunctional.

Unfortunately, major maintenance is normally covered by the manufacturer warranty and disasters can also be covered through insurance.

There is a need to clarify the insurance matter because while it maybe considered as the responsibility of the lessor, car insurance is heavily affected by the driver and her/his driving style. In either case insurance premium can be thrown, according to the Shari`ah, on the lessee as a part of the rental payment so that the rent will be: you pay me a given amount every month + giving me the service of insurance protection that is well-defined and specified.

Allah Almighty knows best.

Name  
Mazin -  
Profession

**Question**

I work in an hotel and I send customers to several agencies for excursion and those agencies every month send a commission money for me. Is it right to take 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.

Dear brother Mazin,

If this kick-back commission is a normal practice in this kind of business (which I assume it is to the best of my knowledge), cashing it in your pocket is permissible, otherwise it should be given back to the customers if they are taking your referral on the basis of trust and friendship only.

Allah Almighty knows best.

Name

Ahmad - Sri Lanka

Profession

**Question**

Respected scholar, I have been offered a job as a sales manager in a motor vehicle company. But when customers buy vehicles, most of the time they will go through under leasing system (through a finance company) so am I allowed to take this offer? (I am jobless at present).

**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, it is permissible to work as a salesman in a car dealership and it is permissible to intermediate and actually write the application for leasing or the lease contract itself as long as it is lease financing.

However, if your customers opt for loan financing, you should not yourself write their loan application, because the Prophet (peace and blessings be upon him) mentioned that the Wrath of Allah is on the Riba-taker, its giver, and its writer, as reported by Al-Bukhari. Another version reported by Muslim adds "its two witnesses."

Leasing is essentially a permitted contract while interest-based loan is a Riba-contract that is prohibited in the Qur'an and the Sunnah.

Allah Almighty knows best.

Name

Samir - United States

Profession

**Question**

I have a convenience store where beer is sold, it is sold at the cost price. I do not make a profit or income from selling beer. If I don't sell it, I will lose my business to competition next to me and just across the street from me. Is that permissible? I know someone that took the beer out of his convenience store completely but he had to bring it back after about 3 months just to make a living, because he lost all of his business to competition.

### **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.

If you cannot maintain a convenient store without beer, then you must choose some other business. The Prophet (peace and blessings be upon him) said that not only the liquor is prohibited, but He (Allah) who prohibits it, also prohibits its price. In other word, selling beer at cost does not relieve you from the prohibition, because of two things:

1. The act of selling is prohibited by the prophet in an authentic saying;
2. Its price, even at cost, is not *halal* for you.

It really does not matter whether the business that the business goes down or up. Regardless of that, a Muslim must only select a business that is permissible in the Shari`ah, and there is no necessity to be a liquor seller at all, in the United States or in any other country. Allah Almighty knows best.

Name

Fuad -

Profession

### **Question**

I am living and studying abroad with my wife and kids. We don't have income to continue our education (both of us are students), and we have two questions regarding earning money:

1. Is it *halal* to do scientific research on how we can produce food (from animals) from the by-products resulted from alcohol manufacturing. We should keep in mind that 95% of this by-product is water and the rest is solid matter. By this way we can get rid of this by-product in economical way and convert it to animal food.
2. The second question regarding working in a company that its major work is to produce alcohol, and the minor work is to produce food (from the by-product of alcohol) and to upgrade the quality and uses of this food in the animal. I have the opportunity to work in this company as researcher on upgrading the quality and the use of such food in the animal.

Is it permissible to work and to do research for this company. If it is

*haram* and I have no other stable job to support me financially until I finish my education at the university, can I take 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.

Dear brother Fouad,

I do not see anything prohibited in using the by-product of an alcohol manufacturing industry or feeding animals or any other purpose. The Prophet prohibited all actions/function as relate to producing alcohol and serving it, and this is not part of serving it nor part of producing it either.

You are only using materials that are not alcoholic in itself and that would otherwise be wasted.

Accordingly, I do not see anything prohibited in working as a researcher, limited to this area only, in an alcohol manufacturing company that uses this by-product as long as you are not part of research on producing alcohol itself. Your income will also be *halal*, *in sha'Allah*.

Allah Almighty knows best.

Name

Yasser -

Profession

**Question**

My question is about getting a car or a house using a credit card or mortgage as I am living in the USA?

**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.

Using credit cards issued with an interest condition is permitted only in one space, that is, if you can pay, and you actually pay, within the grace period without invoking the application of the interest clauses. This means that you may not transfer any balance from one billing period to another.

Although we all use cards in North America, I only see extremely rare situation where a Muslim may be under necessity conditions to buy a given car or a car at a price that she/he does not afford to either pay cash for it or to take it on lease. This means that under normal situation it is not permissible to buy a car in the USA on interest basis (especially at this time where all car dealers offer zero interest and many of them with rebate too).

Allah Almighty knows best.

Name

Muhammed -  
Profession

**Question**

1. Is Auto Insurance brokerage business allowed? 2. Is a business where an item is sold to a customer with the arrangements of financing involving interest is *halal*? Although we just take our profit-based on its price.

**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.

Any business is permissible provided two conditions are satisfied:

1. The object of the business in itself is permissible in the Shari`ah, such as car dealership;
2. And the contracts used in transaction are permissible in our religion.

Insurance is disputed and there are people who see it as prohibited on the basis of gambling, involving interest and ambiguity in the responsibilities of the parties involved. On the other hand, there are scholars who believe that insurance is permissible provided it does not include an interest clause. I go along with this second opinion.

Consequently, auto insurance is not only permissible, but is an indispensable part of the modern way of life. If auto insurance is permissible, then auto insurance business is also permissible.

You may sell any other permissible items even if you know that the buyer will finance her purchase through on the basis of interest.

However, the Prophet said that the Wrath of Allah is on the taker of Riba, its giver and its writer. This means that it is prohibited to write an interest-based loan application for your customer.

Allah Almighty knows best.

Name  
Ibrahim -  
Profession  
Student

**Question**

Assalamu `alaykum. I appreciate your efforts and others for providing an Islamic alternative to the conventional mortgage.

But I feel that more still need to be done: A real Islamic mortgage should be cheaper than conventional mortgage and provide equal opportunity for all Muslims (poor and rich). Could you comment?

**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.

The Islamic alternative of conventional mortgage should not be more expensive than the market. We must realize that any infant or new industry carries certain additional cost that it has to make from its customers.

This means that at the beginning it may be tolerable that an Islamic financing alternative may cost a little more than its conventional counterpart.

Financing the poor and the rich is a different issue than equal opportunity finance provision. Equal opportunity means that you provide financing to all those who qualify for it. A poor person who does not afford to pay for a house may live in a small apartment; he does not have to live in a house.

And a poor person who does not have minimum savings that qualify him to reduce the risk of financing does not have to buy a house. In fact, such a person may need help from Zakah and other charitable vehicles. Financing business is a profit-making business, it is not a charity, so is Islamic financing and we must not look at it as a charity. The same applies to selling clothes or household appliances, etc. Allah Almighty knows best.

Name

Karim - Canada

Profession

### **Question**

I participate in my company retirement plan, in which I make the decisions regarding where the money is invested. Would you please tell what are the permissible funds with regards to an Islamic view.

### **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.

In retirement plans, your choice is normally limited to a few funds offered by the plan management. You need to do 3 things:

1. Try to convince your plan management to offer the few Islamic funds that are available in the market today. There is an Islamic fund offered by the Bank of Montreal and there is the DJ Islamic Market Index Funds of NAIT (North American Islamic Trust), and there are a few other funds.
2. Make your selection of the available funds such as you select those funds that have least involvement of the prohibited stock. Prohibited stocks are stocks of companies in the financing sector, bonds, entertainment industry, military industry, and the like.
3. You need to always estimate periodically the amount of return that comes from funds that invest in some non-permitted stocks and in

bonds and when you liquidate, you give away to Muslim charity a percentage of the estimated return that comes from non-*halal* investment.

All funds provide helpful information about the distribution of their investment among different industries and companies in their annual and semi-annual report.

Allah Almighty knows best.

Name

Md. - Bangladesh

Profession

### **Question**

Doctors in our country take percentage from pathological laboratory. In fact, in some case the laboratories send 10-15% of the bill to doctors so that the doctors send more patients. Is this Islamic?

### **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.

I believe this kick-back is not permitted, it is a bad practice and any Muslim doctor who receives it, must give it back to the patient.

Allah Almighty knows best.

Name

Sayed -

Profession

### **Question**

What is the Islamic ruling regarding shortening stocks or equities? Is it *halal* or *haram*? Why is it allowed or not?

### **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.

Selling stock short is as follows: you sell at the current price and borrow the stock from the broker on interest basis. Stocks are delivered to the buyer at the time of the contract. Later on at the due date you buy stock from the market and deliver to the broker in return to the previous lending.

Obviously, this transaction is interest-based. Actually you are not selling for future delivery; you are rather selling stock today and delivering them (as borrowed from the broker) and then buying the same at the due date to pay back your loan. The reason for its prohibition is obvious: the interest basis.

What do you mean by selling other equities short? For instance, it is permissible to sell cars, corn, Pepsi cola with given specification on delivery at a given future date and place with cash payment at the

time of the contract. This is called in Islamic fiqh "*salam*", and it is permissible.

Allah Almighty knows best.

Name

IFTHI - India

Profession

**Question**

Is life insurance permissible in India, consider the political situation there?

**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, it is permissible and for further details, please see my fatwa on islamonline.

You can also read:

[Life Insurance from an Islamic Perspective](#)

Allah Almighty knows best.

Name

shamsul - Bangladesh

Profession

**Question**

We often hear about the extravagance by the Muslims of the Middle Eastern countries while many Muslims in other countries like Bangladesh cannot afford their bread literally. Do you think it is Islamic?

**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.

Do you think, dear brother, that any Muslim would say it is permissible to waste resources the way many rich individuals in the oil countries do, while there are sufferance and dire need in many other countries like Bangladesh and Congo? This in fact applies not only to Muslims but also to any human beings who have a mind or a heart. It is forbidden in our religion to be extravagant even if there were no needs with regard to other people. It is obviously a lot more prohibited when there are needs like those in the poor countries. *Wala hawala wala quwata illa billah.*

Allah Almighty knows best.

-----

## Live Fatwa, Sunday, March 21, 2004, Islam on line

Guest Name

**Dr. Monzer Kahf**

Profession

Scholar in Islamic Economics & Financial Expert

Subject

Financial and Economic Issues

Date

Sunday, Mar 21 ,2004

Time

Mecca

From... 18:00...To... 19:30

GMT

From... 15:00...To...16:30

Name

Hijaab - Pakistan

Profession

Psychologist

**Question**

Is working in a bank *haram*?

**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.

Working in a conventional bank is not *haram* provided you do not do any writing of interest-based transactions. In other words, the department of providing loans to the bank customers is not permitted.

The Prophet (peace and blessings be upon him) put the wrath of Allah on the taker of Riba, its giver, its writer and its two witnesses, as reported in the authentic collection of Muslim.

You can also read:

[Working for Banks: Islamic View](#)

Allah Almighty knows best.

Name

Bilquise -

Profession

**Question**

Is it *haram* to buy shares from all kinds of companies?

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.

Buying shares of companies that practice non-permissible contracts or produce non-permissible goods and services is not permitted in Shari'ah. This is because when you buy the shares of a company, you become a partner in it, and its board of directors and executive officers represent you as a share holder in all the companies' decisions. This is equivalent to you taking these decisions because of the delegation of authority.

On the other hand, buying stocks/shares in companies whose business and transactions are all within the limits of Shari'ah, such as shares of Islamic banks, is permissible.

However, the majority of companies are in the third category whereby the main line of business is permissible such as all technology companies, but their management does sometimes undertake interest-based decisions and/or other non-permissible transactions. On these companies, the principle of prohibition must apply, because when it comes to doing anything prohibited, it does not matter whether it comprises all the activity of a company or some of it. What is prohibited in Shari` ah is just prohibited, all of it as the Prophet (peace and blessings be upon him) is reported to have said: "...If I ordain you not to do something, you must quit it completely..."

A group of Muslim scholars argue that the prohibition of buying stocks of this third category of companies (that actually make the overwhelming majority of companies listed in the stock market) would create difficulty and hardship or small investors who have no other outlet to use their saving. The Shari` ah rule is: whenever a hardship applies to a large number of people, there must be a relaxation of the prohibition. Consequently, this group of scholars argues that investment in these shares in such companies may be tolerable provided that a prohibited activity of their management does not make a large percentage of total activities of the company. And they went on to define the percentage of such activity that warrants tolerability.

Generally speaking, these criteria include that: interest income from interest and other prohibited activity should not make more than 5 % of the next profit of the company. The interest loans in the company should not make more than 30 % of the company's total resources.

The main line of the business of the company is not prohibited in itself (this include conventional banks, companies that produce weapons as weapons are normally used for aggression in today's world, and the interest generating assets of the company do not make more than one third of the total assets.

You can also read:

## Trading in Shares and Stocks

Allah Almighty knows best.

Name

Saima -

Profession

### Question

Is Zakah levied on rent if it is the only source of income? I am the elder one due to my parent's death. I have to look after my home. We are two sisters only and I receive rent to meet necessities of daily life. We got two flats in inheritance, one is for me in which we are living and another is for my sister which is on rent. I pay Zakah on another things but not on rent. The rent I receive is fully utilized not saved. It covers our expenses hardly. Now, should I pay Zakah on it? I shall be thankful if you solve my problems.

### 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.

Rent received is not subject to Zakah if it is actually utilized for living expenses of the owner. It is only the amount that is left after the spending on the family that is subject to Zakah if it reaches a *nisab* (# US 1000).

If this extra amount accumulates to a *nisab* during the lunar year according to the view of Sheikh Yusuf Al-Qaradawi.

Other scholars add another condition: a lunar year must pass on any such extra amount after it reaches *nisab* unless you already have a *nisab* and this extra amount of rent is added to that *nisab* and then at the end of the year Zakah is calculated on the balance you have then.

You can also read:

[Zakah on Rental Property](#)

Allah Almighty knows best.

Name

Sayyed - Egypt

Profession

### Question

Five people have agreed to hire 20 feddans and to cultivate them with banana. They have agreed that one of them will take the full responsibility of managing the cultivation from A to Z in lieu of one fourth from the net profit, let alone his share which is 1/5. Is this allowed in Islam bearing in mind that there is a Hadith in Al-Bukhari where the Prophet (peace and blessings be upon him) prohibited people of Madinah from cultivating lands in lieu of one fourth or one

half and he permitted them to cultivate in lieu of a stated salary. I will be very appreciative if you provide me with the Shari`ah opinion in this regard.

**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, it is permitted. This is a *muzara`ah*, which is permissible in most schools of fiqh and in all when it comes to planting trees such as the banana you mentioned.

What is prohibited in *muzara`ah* is to assign to the manager the production of a specific part of the land, such as saying that the production of this feddan that is located in such a corner is a compensation for the manager. On the other hand, assigning a percentage is permissible.

Allah Almighty knows best.

Name

Said -

Profession

**Question**

As-Salamu `alaykum. I live in a non-Muslim country and the government is supporting my needs which they call social welfare and I don't have any job. Is this money *halal* or *haram*? Can it be used to contribute in building a mosque?

**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.

The money received as welfare in any country, Muslim or non-Muslim, is permissible in Shari`ah provided you deserve it according to the law. It can be used for personal expenses, giving charity, building a Mosque or any other purpose. The reason is that all governments, Muslims and non-Muslims alike, are permitted to give grant and assistance to people as long as such giving serves the public interest as defined in the society.

In fact, most democratic countries have welfare and taxation systems that are at least approved by the majority of the representatives of their people. This is unfortunately in contrast with many Muslim countries where unjust taxes and favoritism prevail.

You can also read:

[Obtaining Social Benefits Illegally](#)

Allah Almighty knows best.

Name

Ali -

Profession

### **Question**

As-Salamu `alaykum. Is it permissible to use visa card in Islamic Shari`ah? As we know that you get the same loan which is Riba, and like people living in the Western countries buying houses by mortgage, is this permissible? As some scholar says it is permissible if you live in a Western country and you cannot build your own house or rather it is too expensive. I know Islamic Shari`ah applies every where whether in non-Muslim countries or Islamic countries. Please give evidence according to Qur'an and Hadith.

### **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.

Credit cards are permissible to use provided that you do not allow them generate any interest that you have to pay, while issuing credit with a condition of interest is not permitted.

In other words, Islamic banks are not permitted to issue credit cards with interest provisions in them.

The difference in location may sometimes affect the Shariah ruling because of the different conditions you live under. There are many published fatwas on Islamonline which you can read regarding the last point such as:

You can also read:

[Islamic Ruling on Mortgage](#)

["Necessity" that Allows Buying a House on Mortgage](#)

Allah Almighty knows best.

Name

Emad -

Profession

### **Question**

I am a married person living in the UK with limited access to the housing market. I have read many fatwas on the subject of mortgages in the West and I need a clarification.

1. With regard to *halal* mortgages advertised in the UK. Most of them don't share the risk. To give an example, if you have paid off 80% of the principle after 20 years and you fail to make a payments there after the property is sold and 20% are returned first to the lender and the remaining is then given back to your. i.e. If the property fetches only 20% in the auction then after 20 years of payments you get nothing. Are these contracts *halal* or *haram*.

2. If the case is I can't afford *halal* mortgages (due to the fact that their payments are somewhat higher and the initial deposit is fairly steep 17% is the minimum). According to some fatwas it is *halal* to use conventional mortgage. However most of these fatwas list – *darurah* or necessity as pivotal reason for allowing this. The question is: a- What defines *darurah*? I can always rent (but if I do, chances are I would never buy). b- If buying is a *darurah* then what can I buy. Do I buy the bare minimum, or do I plan for the future (kids, appreciation of property value, location) c- Is any conventional mortgage acceptable. In particular, there is an interest only mortgage available in the UK in which you are only obliged to pay the interest on your loan and the principle is due at the end of the contract in say 25 years. Any payments you make on top of the due interest is taken from the principle and the interest is recalculated at set intervals. This works out to reducing your rent payments by up to half allowing you to buy your property perhaps quicker. Is this *halal*?

**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.

1. If you promise to make a payment and you fail to fulfill your promise, the other party has the right to charge you for any damage, because of your failure. It is you who is responsible for such damage. This means that if you buy on installment basis and you fail to pay the payment # 25 and the house then is only worth an amount that covers your liability, you certainly lose the entire amount you paid. This is in Shari'ah, in other laws, and also in common sense. Why should any body else share with you the result of your failure. On the other hand, if you go into partnership in buying a house, it is there where sharing may apply provided that you do not cause damage to your partner as a result of your breaking a promise you made.

2. If the available Islamic Financing program is not affordable for you because of the down payment, or it charges rates that are much higher than the market rate, then this kind of financing is considered not available to you although it may be available for those who can afford it.

3. The principle that is applied in the fatwa of mortgage in North America is the removal of hardship that applies to a large number of Muslims. It is not the principle of necessity. This kind of hardship is treated in Shari'ah the same way as necessity. The hardship in the housing issue for Muslims in the west is in the area of finding suitable residence at affordable expenses without losing on the side of security, social status, equity building, etc.

Finally, the (interest only) loan does not allow you to pay off the

mortgage any faster than other options.

Allah Almighty knows best.

Name

tarik -

Profession

**Question**

I have some money and I want to invest in the stock market, bonds and mutual funds. The income for the mutual fund is from 80% investment in public utility companies. What's your opinion?

**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.

Investment in bonds is not permitted in Shariah because they are interest-based. As for mutual funds; units have the same rules like stocks.

You can also read:

[Trading in Shares and Stocks](#)

Allah Almighty knows best.

Name

Nina - Malaysia

Profession

**Question**

1. Could you suggest a way according to Islam, how can I save money? For example from monthly income, how many percentage must I spend on food, clothes, saving, charity etc.? Would you recommend investing such as in unit trust/stocks in order to get more money?

2. I save my money in Islamic bank and also an organization specially dealing for hajj which we have in Malaysia. These places credit interests to my money. I understand in conventional banks this money is not permissible for Muslims to take but for these Islamic institutions? Is it permissible to take it? They have automatically deducted Zakat from my account and also invest in permissible companies.

3. Is it true that jewelry that I always wear and money in my savings account(in conventional bank) that I always make transaction with(deposit/withdraw) are not Zakatable? (because of frequent usage)

Thank you very much .May Allah bless your effort Dr.

**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.

1. I cannot tell any rules of how much you save and how to save it. It is your pulse and your discretion.
2. Islamic banks and Tabung Hajji do not give interest although they credit your accounts monthly because they calculate their profit on monthly basis. Those are *in sha'Allah halal* and permissible in Shari'ah.
3. Jewelry and checking and saving accounts, regardless in which bank should be added together in the calculation on Zakah each lunar year. However, Jewelry that you use normally are not subject of Zakah provided that their value is not much higher than what your peers have. If you are a salaried person, the amount of expenses you expect for the period from the day your Zakah is due and being calculated until the day your next pay cheque comes. The amount should be deducted from your total balances of the checking and saving accounts.  
Allah Almighty knows best.

Name

Farooq - Canada

Profession

Student

### **Question**

Just yesterday, I was going over the fatawa regarding the permissibility of working for an insurance company. However, as you may know, there are several different aspects to working in the 'insurance field.'

Currently, I have a friend who is a Director in the Corporate Actuarial Department of RBC Insurance. His current job description includes researching and formulating policy for mergers and acquisitions of companies for the bank he works for [Royal Bank of Canada], and the issue of interest (also referred to as 'Rate of Return on Business investment) is always present.

My question is: 1. Would it be *halal* for him to work in such a capacity, or would he have to consider getting a different line of work? 2. Also, in the case that this is *haram*, are there any practical and *halal* suggestions you have for those who are in the actuarial line of work?

### **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.

The use of the a rate of interest business appraisal for the purpose of merger investment, etc. is not forbidden because business appraisal is not a loan between two parties.

What is prohibited is an increment in a loan. Additionally, working in the actuarial field is also permissible unless one indulges in writing or

initiating an interest-based loan transactions. On the other hand, if this question belongs to a friend of yours why it did he ask the question? In other words, unless he requested to make this question to IslamOnline and seek a fatwa, it is not of your business to poke your nose in your friend's life. It is not appropriate for any of us to take the seat of judging others and formulating opinions on whether they are doing their things in accordance of Shariah and not.

Allah Almighty knows best.

Name

Fatema - Canada

Profession

Accountant

**Question**

I get interest on my money in the bank and I usually give it to the poor, is that 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.

Yes, any interest you may happen to receive must be given away to Muslim charity, either directly to a poor person or a trustworthy Muslim organization that distributes to the poor.

Allah Almighty knows best.

Name

Ahmed - Canada

Profession

Student

**Question**

I am an undergraduate student studying in Canada. Mostly, my father supports me but I work part time to help, so I have some savings from before and from my work that amount to about US\$1300, is there any Zakah on me? And if yes, how much is 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.

Yes, you are required to pay Zakah at the rate of 2.5 % each lunar year (354 days) Your first lunar year begins at the day you accumulated US 1000, which approximately equals *nisab*, and the end of each 354 days then after, you are required to pay Zakah at the same rate on the balance you then have as long as it is US 1000 or more.

Allah Almighty knows best.

Name

Youssef - Canada  
Profession  
Teacher

**Question**

I have a student loan and have been paying it back for the last 8 years. Due to limited financial resources, I was paying the minimum monthly payment and recently, I make less than the minimum. Some friends who were in the same situation advised me to file for a bankruptcy, however, I am hesitating to do so.

Instead, I am trying to work out other plans with my financial institution (note that my loan keeps growing due to interests). My question is: Is it permissible to file for bankruptcy in my situation? What is the best option for me?

**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.

I cannot tell you about the best option you may have because we do not give financial advice on this site. I can only tell you the Shari'ah position on your question of bankruptcy.

It is permissible to file for bankruptcy if you are really under financial hardships, i.e. you cannot pay your Zakah on your liability. Whatever the court decides as payment, you should then make and whatever is slashed out of your loan, is permissible to get about it and be relieved of it.

You can also read:

[Claiming Bankruptcy: Is It Allowed?](#)

Allah Almighty knows best.

Name

concerned - Canada

Profession

**Question**

A company that provides performance-based price forecasting and trading strategies to professional traders for a fee wants me to upgrade the software that generates their forecasts. Is this *halal*?

**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, it is permissible to give software advice to a company like the company you mentioned whose main line of business is permissible, although it may undertake certain non-permissible activity.

Allah Almighty knows best.

Name

Abdul Rahman - Canada

Profession

**Question**

I am a new Muslim convert. When I was young, my parents bought me shares in an insurance company. I know the fact this is *haram*, but I still have not informed my family about my conversion as I am trying to do this gradually. I am still a university student and I am not independent enough to sell them without the consent of my parents. Unfortunately, these stocks are rising and my parents don't agree on me selling them, and in the same time I can't tell them why I want to sell them. What do I 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.

If you are above the age of 18, and you are legally permitted to sell these stocks without the consent of your parents, you should do that. You may use any excuse if you do not want to tell them about your real motive. You are correct; stocks of insurance companies are not permitted to buy and own, not because insurance is prohibited - it is not, but because insurance companies are heavily loaded with interest. On the other hand, if your parents placed any restrictions on your disposal of these shares, you need to work out a way to convince them to shift these investments to some other companies such as technology companies, etc.

May Allah be with you in this endeavor!

Allah Almighty knows best.

-----

## Live Fatwa Session, March 24, 2004, MAS.net

**Question/Response #865**

**Posted On:** Sunday, March 21, 2004 7:03 AM

**Posted By:** dr khalid farooq

respected sir. 1.can i give money of sadqa to my parents?let me know where can i give sadqa ctegorically. 2.interest given by my bank is haram or not.? thanks. dr khalid farooq.

**Responded On:** Wednesday, March 24, 2004 12:03 PM

**Responded By:** Dr. Monzer Kahf

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Br. Khalid, 1- Sadaqa as a general charity can be given to anyone, what you give to parents, spouse, children and other kins and neighbors is rewarded as a Sadaqah, even who you eat and wear is also rewarded. There are several authentic correct sayings to this effect. On the other hand, Sadaqah in the specific meaning of giving to charity has to be given to a deserving person or cause. Examples a poor and/or building a mosque. There is an authentic Hadith that indicates that giving a Sadaqah to a rich or astray-gone (a thief or adulterer) person is less favored than giving it to a deserving person or cause. Additionally, Sadaqah in the meaning of the obligatory Zakah cannot be given to one's parents or any other person for whose living expenses the Zakah payer is responsible according to Shari'ah. Finally, you must remember that you are responsible for all the expenses of your parents, if they are in need, to the level and standard that you and your children live, if not better. 2 - Interest gotten from the bank is Haram. First, you must avoid any contract that generate interest as much as you can. Second, if it happens that interest is credited to you for any reason, the amount of interest must be given away to Muslim charity. You should not leave it to the bank nor take it to yourself. It is treated as money that has no owner that must go to the poor and needy and other causes of general benefit to Muslims. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

#### Question/Response #866

**Posted On:** Sunday, March 21, 2004 3:03 PM

**Posted By:** a sister

Asalaamu Alaikum My husband and I live in an area in the U.S. rents are very expensive, it is virtually impossible to rent a apt for less than \$1600 per month (we have 2 daughters and 1 son and we are forced to rent three bedrooms) It would be actually less of a financial hardship to buy a home with a mortgage. We have avoided this idea up until recently and our situation is increasingly difficult because of the high cost of living. I have heard some fatwas on the issue of interest on a loan ruling it allowable if it is less expensive than rent and if it is for your only residence and not for investment etc. What is your opinion?

**Responded On:** Wednesday, March 24, 2004 12:03 PM

**Responded By:** Dr. Monzer Kahf

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister, It seems to me from the info given in your question that the Fatwa of the Second International Fiqh Conference held in Detroit 1999 may apply to your case. In essence, this Fatwa argues that if Islamically acceptable contracts for house financing are not available and a Muslim family in the Western countries needs a house for any and all of the

considerations of: schooling, living stability and facilities, equity building, tax reduction, appropriate neighborhood, etc., then such families may resort to conventional mortgage. There are several companies in the US now that offer Islamically acceptable contracts, but you need to evaluate their conditions, especially in regard to the percentage of down payment and the rate of rent or mark up they charge, whether you can afford these conditions. If you cannot afford the conditions of these Islamic companies, I suppose you may go for conventional mortgage according to the fatwa. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

#### Question/Response #867

**Posted On:** Sunday, March 21, 2004 5:03 PM

**Posted By:** aseel R

Assalam alaikom. (1) Is it ok to wear open toe shoes (flip flops) when you wear the hijab, like during the summer when it's hot? (2) I am the president of the MSA (Muslim Student Association) at my highschool. I need some ideas for things to do to help our community and to help those who are loose in Islam to get in touch with Islam. I need something that will be fun and interesting that is within the guidelines of Islam. Thank you, and may Allah bless us all-Ameen.

**Responded On:** Wednesday, March 24, 2004 12:03 PM

**Responded By:** Dr. Monzer kahf

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Aseel, This is not a financial question, I suggest that you write to the your programs of MAS in regard to activities in schools, I know in our area, Southern California, there are many such activities and programs. For wearing open toe shoes, the Hanafi school believes that the feet do not need to be covered, similar to hands. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

#### Question/Response #868

**Posted On:** Monday, March 22, 2004 4:03 PM

**Posted By:** Mina

I like to know the rulings about retirement plan and life insurance, halal or haram. In the retirement plan there is increase (interest! or profit!), I like to know what I will do with this increase or interest. Thanks.

**Responded On:** Wednesday, March 24, 2004 12:03 PM

**Responded By:** Dr. Monzer kahf

Bismillah arahman ilraheem alhamdulillah rub ilalaameen wa alsalaat wa alsalaam ala sayidna Mohammed wa ala aalihi wa sahbihi ajma'een Asalaamu alaikum wa rahmat Allahi wa barakaatu Dear Sister Mina, 1- Retirement plans are permissible, but you must choose funds and investment that are all permissible in

Shari'ah (for instance, avoid bonds, stocks of banks and entertainment industry, etc.) if you manage your own retirement plan, or select funds and investment that has the least of the Haram it is a company plan. Also when you make any withdrawal you need to calculate the percentage of the return (income) that is generated by non permitted portions of the funds and the companies you invest in their stocks, and give away to Muslim charity the same percentage of the amount you withdraw. Remember not all the profit/return of such investment is interest or forbidden for other reasons. 2 - Life insurance is controversial. I go along with the opinion that believes it is permissible with one condition: the contract must not have an interest clause. Obviously, this applies to term life insurance and to variable equity life insurance with proper selection of its investment and the giving to Muslim charity as explained above. wa Allahu a'lam wa alhamdulillah rub il alameen Dr. Monzer Kahf

### Live Fatwa Session, April 21, 2004, MAS.net

#### Question/Response #914

**Posted On:** Saturday, April 17, 2004 1:04 PM

**Posted By:** Manisha K

What is the reasoning behind two women's testimony being equal to one man's? How is this equality??

**Responded On:** Wednesday, April 21, 2004 12:04 PM

**Responded By:** Dr. Monzer Kahf

Bismi Allah al Rahman al Rahim, al Hamu li Allah Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahabatihi Ajma'in  
Dear Sr.Manisha Assalamu alaikum wa Rahmatullahi wa Barakatuh, although the general question is not financial, the fererence in the qur'an to this matter came with respect to financial transactions, namely writng a debt document and getting it witnessed. The Qur'an itself gave the reason for having two women in this case: "So that if one of them errs, the other would remind her." Many scholars expanded the applications of this matter. I don't go along with it for the following reasons: 1) There unanimous agreement that one woman alone is accepted in the narration of Hadith and there are many Ahadith that we received through one woman only. such as manay of the Ahadith that are reported by 'A'isha and other wives of the prophet and by many other women companions. Here is a witness given by one woman thatthe Prophet said or did something. This kind of witness is much more important than witnessing on a future debt between two persons because based on such Ahadith we establish the religion itself and its Shari'ah rulings (Ahkam), yet we accept only one woman, be she a companion or from any other generation (or chain) of narrators. Besides the criteria for acceptability of such a witness are the same for men and women, namely, the person must be

rigorous and having a trustworthy memory. 2) the Qur'an itself, in the case of a husband accusing his wife of adultery and not having any witness, mentions that the husband swears five times that she did it and then to deny that accusation the Qur'an says that she may swear also five times. This obviously means that they are equal in the weight of their testimony. 3) for all cases that there is only one woman or women only as witnesses, would the judge refuse her/their witnesses because there are no men with them, certainly one witness, male or female, has certain weight that influence the judgment when there are no others. This is applied by the Scholars for the issues that takes place between women only whether the nature of these cases are feminine such as giving birth or virginity or they are common in nature such as sale contracts and other transactions. 4) Islam gave women, for the first time in history the right to inherit and to take full unlimited power over what she owns. This includes making all kind of transactions, like selling, buying, giving gifts and grants, lending and borrowing, creating a future debt, etc. would it be sound that she alone can be the contractor of the debts and other transactions but she cannot be a witness? certainly not. 5) Verse 284 that mentions this issue deals with a matter that is only recommended, not required. the whole idea of writing a future debts and having it witnessed by two men or one man and two women is only a suggestion, not an obligation. It is unanimously known that we may create debts without putting them in writing and without getting them witnessed and the last part of the verse refers to this as al Imam al Shafi'i mentioned, We can't take a matter that the base of it is a mere recommendation and generalize it to make it a characteristic of this religion. let us take the characteristic of this religion the fact that one woman witness can tell us what the Prophet, pbuh, said or the fact that she can along enter in any kind of business contract without approval or even informing her father, husband or any other male. My conclusion is that this Verse came for a special case and the atmosphere that can be said about it is that it cannot be carried over to other cases, it may have been limited to while travelling in caravans, or when women were not involved in business or any other thing like that. Wa Allah u A'lam, Wa Alhamdu li Allahi Rabbi al 'Alamin Monzer Kahf

### Question/Response #915

**Posted On:** Monday, April 19, 2004 10:04 AM

**Posted By:** Ahmed

hi, I am planning to buy a house would u tell me please, some Muslim internet web site address to contact( mortgage, realtor, insurance, Bank). tkx

**Responded On:** Wednesday, April 21, 2004 12:04 PM

**Responded By:** Dr. Monzer Kahf

Bismi Allah al Rahman al Rahim, al Hamu li Allah Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahabatih Aijma'in Dear Br. Ahmed Assalamu alaikum wa Rahmatullahi wa Barakatuh, I think it is better that this site refrain from giving specific names, so we will not be biased to any company. you should search under house financing in the USA. Wa Allah u

A'lam, Wa Alhamdu li Allahi Rabbi al 'Alamin Monzer Kahf

### Question/Response #916

**Posted On:** Monday, April 19, 2004 2:04 PM

**Posted By:** Abdullah

Is it true the mujahideen who are in the current state of making physical jihad do not have to pay zakat? I read a hadeeth in which the Prophet (pbuh) exempted Khalid ibn Al-waleed (ra) from paying the zakat because he was a mujahid in the cause of Allah.

**Responded On:** Wednesday, April 21, 2004 12:04 PM

**Responded By:** Dr. Monzer Kahf

Bismi Allah al Rahman al Rahim, al Hamu li Allah Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahabatihi Ajma'in  
Dear Br. Abdullah Assalamu alaikum wa Rahmatullahi wa Barakatuh, There is a Hadith that mentioned that Khalid and Al Abbas, the uncle of the Prophet, pbuh, refused to pay the Zakah to the Zakah officer, but when the officer came to the Prophet, pbuh, he told him why they refused and it was not because he was a Mujahid. The Prophet told the officer that Khalid, who was asked to pay Zakah on his amours and sows, had already made them a Waqf (a trust devoted for a good objective) for Jihad; in other words he does not own them anymore because a Waqf goes out of personal property and becomes as if it is owned by Allah, therefore they are not subject to Zakah. As for al Abbas, the Prophet, pbuh, had already taken his Zakah in advance for two years when he needed some money for some expenses of Zakah and there was no funds available. In other words, a Mujahid is not exempt from Zakah but items that are made Waqf for Jihad are exempt. Wa Allah u A'lam, Wa Alhamdu li Allahi Rabbi al 'Alamin Monzer Kahf

### Question/Response #921

**Posted On:** Tuesday, April 20, 2004 12:04 PM

**Posted By:** Ali

I would like to own a food franchise restaurant, but the menu contains few sandwiches with ham. The restaurant does not sell alcohol. Is it allowed to invest in such business? Thank you.

**Responded On:** Wednesday, April 21, 2004 12:04 PM

**Responded By:** Dr. Monzer Kahf

Bismi Allah al Rahman al Rahim, al Hamu li Allah Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahabatihi Ajma'in  
Dear Br. Ali Assalamu alaikum wa Rahmatullahi wa Barakatuh, The answer is NO. A Muslim is not permitted to sell any part of the pig for food. In fact the ham that is in a store owned by a Muslim must be destroyed and its price is Haram, cannot even be sold. The Prophet, pbuh, mentioned that one of the causes of the curse God made on some other people before us was that when they were

prohibited to consume certain things they sold them and bought food with their price. Wa Allah u A'lam, Wa Alhamdu li Allahi Rabbi al 'Alamin Monzer Kahf

#### Question/Response #929

**Posted On:** Wednesday, April 21, 2004 12:04 PM

**Posted By:** Nuha

I have a retirement plan [Keogh] and I am confused since I heard recently from an Imam that it is haram to have such account. Is this true? If yes can you advise me on how to get a retirement plan. thank you

**Responded On:** Wednesday, April 21, 2004 1:04 PM

**Responded By:** Dr. Monzer Kahf

Bismi Allah al Rahman al Rahim, al Hamu li Allah Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahabatihij Ajma'in  
Dear Sr. Nuha Assalamu alaikum wa Rahmatullahi wa Barakatuh, First, it is permissible to have any form of retirement plan. What is certainly prohibited is to invest the funds of such a plan (and any other funds) in prohibited investment such as interest-based bonds, stocks of companies whose main line of business is forbidden in Shari'ah such as breweries, conventional banks (not the Islamic banks), the entertainment industry, etc. In the Keogh plan, you can manage it yourself, you have to be careful to invest in stocks of companies that are permitted, or deposit the money in a mutual fund that restricts its investment to Islamically permitted stocks such as the Dow Jones Islamic index fund (IMANX), there are several other funds in the USA that limit their investment to permitted stocks. Wa Allah u A'lam, Wa Alhamdu li Allahi Rabbi al 'Alamin Monzer Kahf

#### Question/Response #931

**Posted On:** Wednesday, April 21, 2004 12:04 PM

**Posted By:** Bechir

What is the ruling on having a home equity loan here in the U.S?

**Responded On:** Wednesday, April 21, 2004 1:04 PM

**Responded By:** Dr. Monzer Kahf

Bismi Allah al Rahman al Rahim, al Hamu li Allah Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahabatihij Ajma'in  
Dear Br. Bechir Assalamu alaikum wa Rahmatullahi wa Barakatuh, It is permissible to take home equity financing from Islamic companies that offer refinancing that is compatible with the Shari'ah. Otherwise, a home equity loan is an interest loan and taking interest loans is Haram in Shari'ah. Of course, in case of necessity certain prohibitions can be relaxed. But you should realize that a necessity has to be true because you deal with God who knows the reality of things. Wa Allah u A'lam, Wa Alhamdu li Allahi Rabbi al 'Alamin Monzer Kahf

---

## Live Fatwa, Sunday, May 9, 2004, Islam on line

Name

Sami -

Profession

### **Question**

Can I work in a catering factory in which I may have to pack ham pieces for airlines while living in London?

### **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.

Packing ham for food is part of serving prohibited food, and a Muslim should not serve anything that is considered bad or harmful according to Shari'ah. This means that it is impermissible in Shari'ah to package any kind of food/drink that is prohibited for consumption. There is no doubt that serving harmful food items, whether it makes a full time job or it is part and incidental, is prohibited.

Having said this, I should add here that working in catering is permissible in itself if one can avoid packaging bacon or any prohibited food or drink items.

Allah Almighty knows best.

Name

Nazeer -

Profession

### **Question**

I wish to start a business partnership with two brothers in our community. All capital will be provided by me 100%. I invest the capital, and all of us are working partners. I would like to share profits with my two partners. How can I do this justly? Also, do I carry full liability for losses? Does this affect my partners? Your assistance is appreciated.

### **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.

A loss is defined as a decrease in capital. This is both in Shari'ah as well as in accounting standards. Therefore, whoever owns the capital carries the losses. That is why in the kind of contract that you are subjecting, which is *mudarabah* with owner of capital, working with the *mudareb* – this is permissible according to the Hanbali school of *fiqh*-,

is permissible but you carry all losses in case that happened. The distribution of the profit must take into consideration the labor provided by the other *mudareb*, in this case the other two brothers who are going to work with you. Each one of them should be assigned a share of the profit that must be determined in the contract. For example, partner A would get 15% of the net profit, partner B would get 20 % of the net profit, and you will get 65 % of the net profit, in consideration of both capital and labor you provide.

Allah Almighty knows best.

Name

Abdullah -

Profession

### **Question**

Is it permissible to buy stocks and shares based upon research doing computer charts and following patterns? If I buy and sell stocks using this method and sell on the same day, is it permissible? Some people say this method is 'speculating' on prices, is it speculating? Is it still permissible?

### **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.

It is permissible to buy stocks and sell them on daily basis, as usually done by traders as long as you buy and sell stocks that are permissible to be purchased /owned. Day trading is permissible; it was practiced at the time of the Prophet (peace and blessings be upon him) by more than one companions including Abdur-Rahman ibn `Awf and Hakim ibn Hizam.

Obviously, they traded items that existed at their time including live stocks, clothes, and imperishable food stuff.

Allah Almighty knows best.

Name

Sarah, urgent -

Profession

### **Question**

A few weeks ago, I had submitted a question about copying CDs and other such items for the sake of knowledge and in the answer I received it is okay to do so. Yet, my question is, what if one borrows a CD from a friend and then makes a copy? Is that allowed Islamically? Would it be allowed if one is in a tight financial situation or is it allowed in any case? Previously, you said that copy right laws are there to prevent illegal sales, yet if one is borrowing from a friend, are you not indirectly taking away the sales from the producer and would the case

be different if you do not have the financial means and so will be missing out on the knowledge?

**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.

All over the world, copy right laws do not forbid personal copying that is not used for making profits or sale. Sale of illegally copied intellectual product is prohibited both in laws and in the Shari'ah.

Producers of intellectual products are not concerned with a personal copy you make to use at home. They are concerned about products that are sold in the Market and one should be more legal than the law itself.

Allah Almighty knows best.

Name

Fatima -

Profession

**Question**

What does Islam say with regard to selling and recommending medications that contain alcohol, e.g., a pharmacist providing medication which contain alcohol ? Is this 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.

The Prophet (peace and blessing be upon him) is reported to have stated that Allah did not make the cure of this *ummah* in what He prohibited for them. If Muslims today were scientifically advanced they would have not used alcohol in medicine. Actually, Muslims in the past invented the alcohol even the word itself is derived from an Arabic root but they did not use it in medicine.

Unfortunately, most medicines today are produced by non-Muslims and many of them contain alcohol. That is why when you take a prescription from a physician you should ask whether there is an alternative that does not contain the alcohol, and in case there is no alternative it is permissible to take medicines containing alcohol.

Allah Almighty knows best.

Name

Huda -

Profession

**Question**

What shall the newly converted Muslims do with their families, if they have problems with alcohol? Must they leave the family and do not

help them by money, because it's *haram* to help those who can spend it at wine, or must they stay and try to help avoid it as much as they can? And if parents need help by money, but Muslim is not sure that they will not buy wine with it, must Muslim give money? And how in general to be in such situations for new Muslims because we have to remember also that Muslims must be respectful with their parents anyway? Is there any *du`a'* to read about such parents?

**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.

Dear sister,

A Muslim who is financially able is required to help her/his parents and minor siblings if they are in need regardless of their religion. If you are sure that they will buy prohibited items with your money – this happens only if they have no other income and they only live on these prohibited items – you may not give them money to buy the prohibited item. But if you give them cash for their support, and you know that they will buy food or other thing with it, it is then not of your business to interfere in how they are going to use their money.

If you are supporting them only partially you can support them in kind instead of cash. For example, you may pay their bills of gas, electricity, water, etc. or buy them clothes and main food items.

Allah Almighty knows best.

Name

Sister in Islam - Australia

Profession

student

**Question**

Is spending money on books and Qur'an to be given to Muslims for free (as a form of *da`wah*, gifts etc...) deemed charity/Zakah? Is Zakah obligatory upon the teenager who works? If this teenager is in a household which is involved in *riba* interest and so on is the sin on that teenager (who is 18 years old) even though it is the parents who made the decision to invest in property and loans? The teenager is obviously living under the affects of the loan (i.e. is in the house and using it and being in a lifestyle that is supported by the family). This teenager is also a sister.

**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.

1. A person, teenager or adult, is required to pay Zakah only if she has assets/savings of her own that reaches the amount of *nisab* (# US

dollar 1000) and at the end of a lunar year (i.e. after 354 days) she has at least *nisab*, otherwise if this condition does not apply, Zakah is not obligatory.

2. It is permissible to spend voluntary charity on buying Islamic books and copies of the Qur'an for free distribution to Muslims and non-Muslims.

3. Zakah must be spent only on any of the 8 categories that are mentioned in the Qur'an (9:60). Spending on *da'wah* in a country like Australia through Islamic organization, may be considered part of the category # 7 mentioned on this verse I have just quoted. Spending on *da'wah* may also include distribution of free books. Such a suggestion must be done by an Islamic organization.

4. A son or daughter living in the household of their parent are not responsible of what their parents do. If you think that they are doing a wrong thing such as investing in interest-earning assets you may advise them kindly but they are still responsible for your livelihood as long as you are part of the household. The normal customs of Muslims is that a male or a female choice would leave their parents household until marriage; of course there are exceptions such as traveling to study or work in other towns /areas.

5. Not all interest-based decisions are prohibited. You know that taking interest-based loan to buy the primary residence may be permissible if the purchase is needed and there is no Islamic financing available.

You can also read:

[Virtues of Spending in the Way of Allah](#)

Allah Almighty knows best.

Name

Hani -

Profession

**Question**

My questions are as follows: 1. Are there any resources on the internet where I can find information concerning what type of investment products we can invest our money in, i.e. options, derivatives?

2. I have been offered a job as an insurance representative, and I would like to know the Islamic view on Insurance? Can I accept this job offer? Thank 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.

1. Options are not permitted according to the resolutions of the OIC Fiqh Academy, for more information I suggest that you look at the [Fatwa Bank](#) in IslamOnline. There are many fatwas on investment, stocks, ect. You may like also to look at [www.kahf.net](http://www.kahf.net) especially the

fatwa section.

2. Insurance is permissible in my opinion, following the views of the late Sheikh Az-Zarqa, provided it does not include interest. Consequently working as insurance representative is permissible provided that you don't sell the kind of life insurance that is interest based.

You can also read:

[Trading in Shares and Stocks](#)

Allah Almighty knows best.

Name

Tuba -

Profession

### **Question**

Thanks for your concern in advance. May Allah forgive us all.

I wonder if there is anything wrong with using credit cards that are available by non-Muslim banks if you can't get one from an Islamic one.

You know some banks give bonus for using these credit cards that you can spend as money to buy things. In our country if you pay for something in cash that offer a good discount and if you pay by credit card they don' offer any discount. Can it be seen as that the bank gives you the discount?

### **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.

Using credit cards issued by conventional banks is permissible provided that you always pay within the grace period and do not use the card in any way that invokes the application of the interest clause. Also, getting the discount or rebate given by the card issuer is also permissible because it is a gift for promoting their business.

You can also read:

[Is It Allowed to Use Credit Card?](#)

Allah Almighty knows best.

Name

Ibn Nasir - Canada

Profession

### **Question**

I made *Riba* and only learnt after that it was *haram* to earn it. What should I do with the money I made?

### **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.

Earned interest must be given to a Muslim charity because it is not your money and you must not return it to the bank that paid it because that gives the bank an opportunity to make more evil transactions. Such money must not be kept with your own proper money.

Allah Almighty knows best.

Name

Profession

**Question**

Is a son who is working, eligible to pay in money, for his father's needs, who is also working but with a lower income?

**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.

A son is required to support his parents if they need his support regardless of the income of either of them. In fact, you will be doing better if you make them live at the same standard of yourself.

Allah Almighty knows best.

Name

jafar - Kuwait

Profession

web designer

**Question**

Is working as a web designer *halal*? The job of the designer includes playing around with living things such as photos of human being, animals etc...

**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.

Photos are permissible because they are imaging, and working as web designer even with animation is also permissible.

You can also read:

[Fatwa on Photography](#)

Allah Almighty knows best.

Name

Ahmad - India

Profession

**Question**

Being an orphan grandson, my father died before my grandfather. I have 6 uncles (father's brothers) and 3 aunts (father's sisters). My grandfather left a commercial land on his death. Three uncles and two

aunts are in favor of applying Shari`ah rules regarding the distribution of the property while the rest uncles and aunts are in the opinion of equal division among ourselves so that I'm not deprived of the share. Kindly guide as to how this issue be resolved. Kindly tell me who is right and who is wrong. Can I get a share at all. If yes, then how much?

**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.

The Islamic inheritance system decreed mainly in the Qur'an is obligatory and any Muslim who does not apply it is sinful and needs to repent to Allah along with applying the Islamic inheritance.

Also, any property taken by any heir above the share of the legal heirs that is decreed by the Shari`ah is *haram* and completely prohibited.

You must advise your uncles and aunts to implement the Shari`ah.

According to the Shari`ah, the estate of your grandfather should be distributed into 17 shares. One share for each of the three aunts, two shares for each of the six uncles and two shares to the children of your deceased father, if you are his only child you take these two shares.

This distribution is done under the assumption that your grandfather is not survived by a wife, his children are only ten as you mentioned and in application of the concept of obligatory last will or *wasiyyah wajibah* to the children of deceased child that is adopted by many contemporary Muslim scholars and included in the Islamic inheritance laws of many countries such as Egypt, Syria, Algeria, Iraq, Jordan. It is not in the *hanafi* school of Fiqh.

Allah Almighty knows best.

-----

## Live Fatwa, Sunday, June 20, 2004, Islam on line

Name

sayed -

Profession

**Question**

Is it permissible to participate in money making pyramids? This involves receiving a £3 payment into one's payable account from thousands of people, after distributing an email list via the internet. It is 100% legal according to UK law, but is it halal, to make money in such a way?

**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.

Dear brother Sayed,

No, it is not permissible. This transaction does not provide any goods or services. What are you giving that will legitimize other people's money be given to you? The Prophet (peace and blessings be upon him) asked a similar question which indicates that you cannot take other people's money without providing a good or a service in exchange. This is a fraudulent exercise although it may be legal under certain man-made laws.

Allah Almighty knows best.

Name

Abdullah - Pakistan

Profession

lawyer

### **Question**

There are some development schemes in Pakistan working on co-operative bases: for example, if the people of the village give 30% of the development funds for the construction of sewerages system or roads then government will give you and participate in it with 70% of the remaining. Could you please tell me if we can give our interest of insurance policy for such schemes?

### **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.

Interest money can be given to charity as well as to any service/project that benefit the general public. It is not considered *sadaqah* from the Shari`ah point of view. Consequently, if providing 30 percent of the cost of a public service project is not done on loan/interest basis, interest money may be given to this kind of project regardless of whether they relate to sewage, road, or water supply.

The only reservation is that Mosques and free distribution of copies of the Qur'an should be purified from this kind of unclean money.

I happened to be a believer in the permissibility of insurance, be it commercial or cooperative in following the opinion of the late Sheikh Mustafa Al Zarqa (died 1999). I therefore argued that payment from insurance company to beneficiary, whether in hazard or incidents or in non-interest based life insurance, are *halal* or permissible. Certainly, one can donate to the projects of public services from one's own money whether it came from an insurance policy or otherwise.

Allah Almighty knows best.

Name

tshadi - United States

Profession

student

**Question**

Is it forbidden to work in a place where pork is served?

Thank 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.

The answer is yes and no. Yes, it is forbidden to work in serving pork and its component to any person, Muslims or non-Muslims, because pork is defined as unclean in our religion and a Muslim may not serve, as food, unclean things for any person.

But if a Muslim works in a place, like supermarket or a restaurant, where pork and pork product are served/sold whereby the job of a Muslim does not include handling such items, this is permissible and that the compensation /salary, the Muslim gets for this work is *halal*, *in sha' Allah*.

Allah Almighty knows best.

Name

Muslim -

Profession

**Question**

Dear scholar, As-salamu `alaykum.

I know that Zakah on money is based on the lunar year. However, can I calculate my Zakah on money according to another calendar? For example, can I pay my Zakah on the 1st of Jan. each year?

**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.

The calculation and payment of Zakah is supposed to be convenient to the payer, that is why the Prophet (peace and blessings be upon him) ordered the Zakah on livestock be collected at a convenient time for their owner, e.g. when the livestock is taken for pasture and drinking fountains.

Accordingly, the International Organization of the Contemporary Fiqh of Zakah studied the issue of the lunar calendar and resolved that since many Muslim companies and individuals prepare their balance sheets on a solar calendar, it is permissible to calculate the Zakah on a solar calendar provided that the adjustment of the difference in the

number of days is taken up to the Zakah rates.

Consequently, when you calculate the Zakah according to the solar calendar, you need to add 11/354 to the Zakah rates that will then become 2.577 %. This is in order to avoid the cost and difficulty of putting another balance sheet and closing accounts.

Allah Almighty knows best.

Name

Moslem -

Profession

Student

### **Question**

Dear scholar. I would like to know if it is allowed to take a loan with interests to pay for one's education if one is living in a non-moslem country. Since Riba is considered *haram*, are there different rulings regarding this condition? And if there are some modifications in general, would you please tell me which? Thank you very much.

### **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.

We all know that Riba is prohibited and interest is the most common form of Riba.

Under conditions of necessity, a prohibition may be relaxed. Taking interest-based loans to finance university and higher education does not represent, under normal circumstances, a necessity because of the availability of other sources of financing including partime work. There is no necessity that a Muslim who does not have sufficient means should be a fulltime student in higher education. In addition, the observed fact that a university degree is not a prerequisite for success in earning one's livelihood.

I also recognize that there are cases where a loan may become necessary for completing certain educational commitments that have already started; such circumstances may on a case-by-case basis be included under a necessity that may relax a prohibition.

Allah Almighty knows best.

Name

Muhanad -

Profession

### **Question**

Dear Dr. Monzer, As-Salamu `alykum.

As far as I know, the *nisab* for Zakah on money is 85 grams of gold or 595 grams of silver; but the question is whether you should follow the *nisab* of gold or silver to give your Zakah on money, and which is better for the poor/the owner of the money?

**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.

The *nisab* of Zakah on money and trade inventories is determined in our time in accordance to the price of the golden twenty dinar (= 85 grams). This is the almost agreed upon *fatwa* because the price of silver deteriorated to a level that makes it trivial and unrepresentative of richness. You know Zakah is due on the rich!!

Allah Almighty knows best.

Name

Reef - United Kingdom

Profession

Statistician

**Question**

Recently, my father died and left a wife and 5 brothers one being half from our father. I have sorted the inheritance in terms of money and land and allocated to our half brother the same share according to Islamic law. However, I decided that our half brother does not have a share in the house. This house is shared between my brothers and our mother. I based my view on the following: the house was bought 30 years ago at a cost of 3 units. Over time my mother and I spent over 20 units on refurbishing it. During this time, our half brother moved out having been married and never contributed to the maintenance or repair of the house. I'm left to pay for my younger brother's marriage. There is no instance where our half brother made any contributions whatever to my younger brothers or even our father's funeral.

Am I right to assume that according to the basis of Islamic law he has no share in the house? Many thanks.

**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.

The answer is no; you are not right.

Any money you spent on the family house is considered a donation from you and contribution from your mother in the family expenses as long as you did not have an agreement with your father that by these spending you are either giving him a loan or buying a share of his property. In the Qur'an, a consensual giving from a wife to her husband is recognized as a gift or donation and it is good and pure for the husband to accept it.

Upon the death of your father, his estate should be distributed as one-

eighth to your mother, and the rest equally divided between his five sons. Whatever you are going to pay for the wedding of your younger brother is your prerogative, you are not obligated to do that and if your half brother decides to contribute, it is well and good, and it is equally well and good if he decides not to contribute.

Payment for your father's funeral can be deducted from his estate before distribution, which means the share of your half brother in the cost of funeral can be charged to his share in the estate including the house you live in.

Allah Almighty knows best.

Name

Nasir - New Zealand (Aotearoa)

Profession

**Question**

As-Salamu `Alaykum. I would like to study, but I couldn't afford the fees and the only option I got is to seek student loan - implies that I will not be charged any interest till I am offered a fulltime position, and payment is above the minimum threshold. Brother, what is *shari'ah's* position on this matter?

**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.

Please refer to the other question we just answered about student loan.

Allah Almighty knows best.

Name

Talat -

Profession

**Question**

As-Salamu `alaykum. Is coloring hair black or anyother color *haram* or not?

**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.

This session is dedicated to questions about Islamic finance and economy; please re-submit your question in the General Fatwa Session on Wednesday.

You can also read:

Dyeing the Hair: What Is Permitted & What Is Not  
Allah Almighty knows best.

---

## Live Fatwa Session, June 22, 2004, MAS.net

**Posted On:**

Friday, June 18, 2004 3:06 PM

**Posted By:**

Shehrish Rajpoot

Asalam-o-Alaikum, My question pertains to Salah or the obligatory prayers. How must a muslim deal with a relative who does not pray or only prays occasionally? Is it permissible to marry such a person, inherit from her/him, or engage in other business transactions? Does he/she enjoy the rights which are of a muslim brother or sister? Please quote from the Qur'an and Hadith and if there are multiple opinions please state which school of thought states what and which opinion is the strongest. Jizakum Allahu Khairan

---

**Responded On:**

Tuesday, June 22, 2004 12:06 PM

**Responded By:**

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./Sr. Assalamu Alaykum wa Rahmatullahi wa Barakatuh. I can only answer from the financial point of view, which is my area. If a person does not perform the obligatory prayers with an attitude of denial of their obligation, then this person is not Muslim and a Muslim man may not marry her, nor a Muslim woman may marry such a man. Additionally such a person must not be allowed to inherit a Muslim whether inheritance is regulated by laws derived from Shari'ah as it is the case of most Muslim countries or is determined by a Muslim through a last will or a living trust arrangement as we should do when we live under non-Muslim laws. The reason is that denial of the obligation of payers is denial of a basic tenet of Islam as it is well established in the Qur'an and the Sunnah that regular 5 times prayers a day are obligatory on each adult sane Muslim. The Prophet, pbuh, emphasized that prayer is the pillar of this religion without which it falls apart. On the other hand, if a Muslim does not pray regularly or continuously without denying the obligation, but only out of laziness/weaknesses and lack of care and interest, such a person can't be considered a non-Muslim according to the three schools although he/she is committing a grave sin of disobedience to God and such a person can't be

deprived from her/his share of inheritance. In marriage, the advice of the Prophet, pbuh, and the companions has always been to marry a person who has Taqwa (Fear of displeasing God based on Loving Him so much that you become very keen to please Him). Of course, from a Da'wa point of view, you must kindly and politely do your best to advise/convince such a person to perform her/his prayers. Wa Allahu A'lam Wa Alhamdu li Allah Rabbi al 'Alamin Wassalam  
Sincerely, Dr. Monzer Kahf

#### Question/Response #1080

**Posted On:** Friday, June 18, 2004 7:06 PM

**Posted By:** Abderahman

I opened a banquet hall last month in Chicago, It's almost the 1st for Muslim, but we have too many non Muslim who want to use it for their parties, Alhamdulillah I don't have a bar or sell alcohol, but the people want to bring their own in, I will provide them only with food and the place .is it permissible to let them bring their own alcoholic drinks into my banquet hall I wish I don't let them do that but the business with Muslims doesn't cover my expenses. Can I do it for certain time until I will have more business with Muslims? There is another issue which is we are the only Muslim banquet hall, if we are closed, the Muslim community will have their parties in non Muslim banquet hall!! Thank you

**Responded On:** Tuesday, June 22, 2004 12:06 PM

**Responded By:** 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. Abderahman Assalamu Alaykum wa Rahmatullahi wa Barakatuh. If you manage the party for non-Muslims you can't permit them to bring alcohol, it is your responsibility then that you do not serve alcohol in a party you manage. The issue of whether the Muslim community may or may not have a banquet hall owned by a Muslim is immaterial and does not influence the Shari'ah ruling. If the contract with non-Muslims who make the party is to rent the hall and its equipments from you and they manage their party on their own and the contract is silent on the issue of alcohol, and they decide to bring and serve it, it becomes their own business, it is permissible to rent them the facility, although it is certainly not the best thing to do because you know that they will do things, including serving alcohol, that are not permissible on your rented premises but it is not forbidden as long as the renting is essentially for permissible activity like a wedding between a man and a woman. On the other hand, it is Haram to rent it to homosexual wedding or for a bachelor's party. Wa Allahu A'lam Wa Alhamdu li Allah Rabbi al 'Alamin Wassalam Sincerely, Dr. Monzer Kahf

#### Question/Response #1081

**Posted On:** Tuesday, June 22, 2004 10:06 AM

**Posted By:** Ali

My employer don't offer retirement plans. I would like to have a keogg account

thru my bank. What is the islamic stance on that?

**Responded On:** Tuesday, June 22, 2004 12:06 PM

**Responded By:** 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. Ali Assalamu Alaykum wa Rahmatullahi wa Barakatuh. It is permissible provided you do not invest the funds in the account on interest basis. There are several Islamically compatible funds where you can invest your personal retirement plan. Interest is prohibited under all banners and names. Wa Allahu A'lam Wa Alhamdu li Allah Rabbi al 'Alamin Wassalam Sincerely, Dr. Monzer Kahf

### Question/Response #1082

**Posted On:** Tuesday, June 22, 2004 10:06 AM

**Posted By:** Mouna

Is it allowed to buy a house with a mortgage?

**Responded On:** Tuesday, June 22, 2004 12:06 PM

**Responded By:** 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 Sr. Mouna Assalamu Alaykum wa Rahmatullahi wa Barakatuh. The answer is NO. You know that interest in the most common form of Riba; and Riba is prohibited with the strongest terms ever in both the Qur'an and the Sunnah. Of course there are cases of necessities in which such a prohibition may be relaxed. Circumstances where a Muslim family in North America needs a suitable house for may reasons that include schooling, neighborhood decency, saving on rent and taxes, etc. such circumstances are checked on a case by case basis and the person involved is the only one who knows best her/his necessities and can assess them knowing that God is the Most knower Who can't be given wrong assessments! Wa Allahu A'lam Wa Alhamdu li Allah Rabbi al 'Alamin Wassalam Sincerely, Dr. Monzer Kahf

### Question/Response #1083

**Posted On:** Tuesday, June 22, 2004 10:06 AM

**Posted By:** Nuha

Can you explain what is the difference between the Islamic banking system and the non-Islamic one?

**Responded On:** Tuesday, June 22, 2004 12:06 PM

**Responded By:** Dr. Monzer Khaf

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. Nuha Assalamu Alaykum wa Rahmatullahi wa Barakatuh. Essentially, while both provide financing on the basis of getting return, conventional banks provide it on the basis of interest-based lending,; they get the largest chunk of their resources on the same basis as interest earning loans to the bank (called deposits). On the other hand Islamic banks provide financing on the basis of either deferred payment sale, leasing or capital sharing; they get the bulk of their resources from profit/loss sharing deposits. The difference is not in the fact that they both earn from financing. In fact, this is the similarity that the Qur'an did not deny when the Unbelievers of Makkah mentioned it (2: 279). Many people wrongly think that Islamic financing must be either free or only on the basis of sharing capital. Wa Allahu A'lam Wa Alhamdu li Allah Rabbi al 'Alamin Wassalam Sincerely, Dr. Monzer Kahf

#### Question/Response #1084

**Posted On:** Tuesday, June 22, 2004 12:06 PM

**Posted By:** Nizar

I have a question regarding Zakat. Is there any Zakat to be paid on salary and how should I calculate it? I am an employee in an IT corporation. Thank you

**Responded On:** Tuesday, June 22, 2004 1:06 PM

**Responded By:** 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. Nizar Assalamu Alaykum wa Rahmatullahi wa Barakatuh. Zakah is on the rich and to be given to the poor and the Prophet, pbuh, said it repeatedly when he just put it in a nutshell. He and we know that there are details. If your salary makes you rich then there is Zakah on it! This means if you save from it an amount that over a lunar year equals the amount of Nisab (the criterion for Zakatability in Sharia'h that approximately equals US\$ 1000) then you have to pay Zakah on these savings. To calculate it, suppose we start the lunar year one with zero savings and you save from your salary \$100 every two weeks, at the end of year your Zakah becomes  $100 \times 26 \times 2.5\% = 65$ . Your second year begins with 2535 and you add your savings for the new period  $100 \times 25$  (because once we had 26 two weeks in the first lunar year the second lunar [year = 354 days] will have only 25 two weeks; the total becomes 5035 and the Zakah due for the second year is  $2.5\% \times 5035$ , and so on. Of course if you decide in the third year to go for Hajj using some of your savings you deduct what you actually spent for Hajj from the total savings. Obviously, you will reach the same conclusion if you look at your balance in the bank at the end of each lunar year and multiply that balance by the 2.5% rate of Zakah. Wa Allahu A'lam Wa Alhamdu li Allah Rabbi al 'Alamin Wassalam Sincerely, Dr. Monzer Kahf