

FATAWA INTEREST, RIBA 2016

From: Amr

Sent: Tuesday, February 09, 2016

Question: Difference between interest and fees/premiums

Assalamu alaykum,

Can you please explain the difference between interest (Riba) and calculating a premium on something?

I was asked this question by a non-Muslim friend who works in the banking sector and was not able to explain.

Jazzakum Allahu khair.

Salaam,

Amr

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Amr

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Riba is an increment of a debt and the debt does not increase because unlike goods it does not produce utility, as simple as that. A premium on something is too general and too vague. A profit on a purchase price of a purchased good is permissible and this profit is determined (theoretically under ideal conditions) by the real utility of the goods. This is real and permissible. But a premium in a debt brings us back to the Riba. It is untrue and there is no utility that may justify it. This brings us close to the time value of money, think of it, it really does not exist whereas there is time value of goods but the fact that you buy goods using money does not make the latter have same characters of goods.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Amr

Assalamu Alaykum,

Thank you very much for your informative answer. How does money lending work in the Shariah? If I have a sum of money, and someone would like to borrow it, can I and the borrower agree that they will pay back the amount they borrowed plus a fixed and agreed amount? For example, they borrow? 5,000, but pay back @6,000? Or is that the same as Riba?

Jazzak Allahu khair for your time and effort. Salam,

Amr

My Answer:

Borrowing/lending should only be benevolent with no increment. In Islam it is not a business contract. it is only a benevolence contract must be with no increment at all. in business the

Islamic banks give goods and payment will be on credit.

Prof. Dr. Monzer Kahf

From: Esam

Sent: Tuesday, March 15, 2016

Location: Canada

Question: RRSP's/Savings

Salam Ustazna,

Hope you are well. Could you kindly reply to the following question?

Shouldn't we deal with it? However, is there anything you can contribute to that is not related to interest in Canada that someone can work with to save for their future? If not are rrsp's completely haram or what exactly?

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Esam

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please inform the questioner that while interest is Haram, RRSP gives him the choice of funds to invest in. you may invest in funds that have least of Haram shares and avoid funds of bonds. Then each year you should calculate or approximate the amounts if the earning and give an equal amount to charity so that you keep your savings within the Halal limits InShaAllah.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

hereFrom: Mansoor

Sent: Sunday, March 27, 2016

Subject: Loan with a conditional interest

Wa Alaykum al Salaam Dr. Kahf, Thank you very much for your detailed response. I apologize for taking up your time but i have an important question regarding taking an interest bearing loan. Can you confirm that it is permissible to take a loan which stipulates interest upon the borrower *only* if he fulfils some condition - and the borrower is confident he will not fulfil that condition. This is similar to using a credit card if one is confident he will repay the money before the interest period begins.

For example, if I am offered a loan of \$20 000 to be paid back incrementally to the lender with additional interest. The condition on the loan is that I will only begin paying back the loan if I have an annual income of over \$50 000. If my income falls below this amount, then the lender specifies that no repayment is needed until my income meets this threshold.

As I understand, if I am confident that I will not earn an annual income of \$50,000, then it **here**would be permissible for me to take this loan. If this is accurate, my question is: while I am earning less than \$50 000 can I voluntarily pay the lender the \$20 000 and voluntarily pay extra to match the amount the lender would consider to be the accrued interest. Once I have paid

this money voluntarily, because the condition for repayment was not brought into effect, I would then be free to earn above \$50 000.

I hope my question is clear.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Mansoor

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

As the example is set, the condition is not for the accrual of interest but for payment. I suppose the payment itself (with accrued interest) is going to be due on you sooner or later.

This is not similar to the condition of credit card, which is for accrual. In the example you mentioned you will accrue interest by the contract itself. This is not acceptable. I do not accept this kind of contract especially when you add the situation you added "I voluntarily pay the lender the \$20,000 and voluntarily pay extra to match the amount the lender would consider to be the accrued interest."

In my opinion this is not permissible as it is in fact interest commitment and interest payment.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Mansoor

Sent: Tuesday, March 29, 2016

Dear Dr. Kahf,

Thank you again for your response. Based on your response I can see the difference between accrual and repayment. Yes, this loan would accrue interest right from the beginning. You mentioned that the debt is going to be due sooner or later. What if this is not the case. So if repayment was conditioned upon earning a high salary like \$100,000 a year. If a person is fully confident that he will never earn this much and if the option to earn more ever arose they would decline it. Would it still be impermissible because the debt accrues interest? Also I should mention that the loan is legally cancelled if the person dies. Thank you.

Mansoor

My Answer:

Why should a private lender give you such an option? I know there is a government student lending system in UK that has some feature like that but that is a government.

With a private sector I think there must be a repayment at all times, otherwise you are not talking about loans. A conditional gift like this form is very dubious and suspicious.

If you are talking about a government program please explain it in full and I may be able to give Fatwa on all of its aspects together. Otherwise cutting it into small pieces, then putting them together creates a different situation. You know that moving each leg alone is different from dancing!

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

From: Salah

Sent: Friday, April 08, 2016

Subject: Guaranteed rate of return

Salaam Br. Monzer:

Is it permissible to guarantee ICCF participants a set % (let us say 2%) using the PPR principle? It is not easy asking centers to invest in ICCF while telling them that they may have a return or may not.

Jazaka Allahu Khaira

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Salah

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I think this guarantee is not permissible in Shari'ah and the former practice of guaranteeing anyone in this ICCF his/its principal when the fund made losses was a very wrong practice which I then objected to.

On the other hand you may create a reserve fund from the distributable profit, before distributing it, usually under the name of Profit Equalization Reserve (PER) and use it at low profit or loss times. Notice this fund is part of the profit of the depositors and it is returned to them. HOWEVER, creating it requires prior approval (like sending a letter that you are going to create it and giving time to withdraw and for those who do not withdraw they are considered ageing to it; also include it in new deposit agreement and announced policy.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Salah

Sent: Monday, April 11, 2016

Subject: Guaranteed rate of return

Salaam Br. Monzer:

Thank you for your response and may Allah help us all to do what is right. The question I raised was still within the PER, meaning that if I am allowed to use the PER to dampen the negative effects of a bad earning year, why can't I use the PER, if the reserve has the money to give a positive yield. I guess it is the guarantee that would intrude on the halal domain.

Again. Thanks wa jazaka Allahu khaira

My Answer:

It is the guarantee and the fact that PER is their money (as deducted from their profits) with prior agreement to use for this purpose.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

From: Shabeel

Sent: Tuesday, April 19, 2016

Subject: Interest-based loan in the form of lease

Hi Monzer,

May allah forgive our sins.

Question:

Is it permissible for a lessee to earn from a leased property, as per Islamic Sharia law?

Example: Lessee has taken a leased apartment, and lessee earns from it by renting it out to other tenants. And there is a contract made with lessor that lessee will pay a fixed percentage (say 15%) of rent to lessor till the agreement ends. Since there is less market risk for the lessee, does it considered as interest or is it permissible as per sharia law if it's all defined clearly in a written contract between lessee and lessor? Does this comes under Ijarah?

Regards

Shabeel

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Shabeel

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Ijarah is permissible and its fixed income is OK rather for each Ijarah period the rent must be fixed at the most at the beginning of the period. this is not interest and BTW fixation is not the reason of prohibition in interest, rather the reason is being an increment in a debt.

If you rent a car for \$500 a month and the contract permit, it is OK to rent it to somebody else for 600.

The point of 15% is confusing, I did not understand it, please rewrite it clearer and I will answer it.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Shabeel

Sent: Tuesday, April 19, 2016

Wa alaikum assalam wa rahmatullah wabarakatuh.

Thanks for your prompt reply. Highly appreciated. May Allah reward you for your help. Aameen.

I will try to explain further.

The lessee is my uncle. We are basically from India.

My uncle took the leased apartment for 5,00,000 INR. The agreement between the lessor and lessee says that:

- 1) Agreement to lease the property for a period of three years and can extend/withdraw the agreement based on mutual consent later.
- 2) Lessee is allowed to sublet the apartment to other tenants and get/earn rent from it.
- 3) Lessee needs to pay fixed amount of INR 1500 to lessor every month as part of rent, water bills and maintenance cost.
- 4) The minor maintenance like plumbing, electrical , carpentering works be borne by the lessee during the agreement period.

Lessee have presently given the leased apartment to a tenant, where tenant pays 11000 INR to lessee every month, with a hike in rent 5% every year as per government norms and as per written rent agreement. INR - Indian Rupees.

Regards
Shabeel

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Shabeel

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This is permissible, but your uncle is a loser if he is renting all the property to a tenant as you mentioned. This is because the rent he collects is 396,000 while he pays 500,000 + 54,000 (1500X36).

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Shabeel

Sent: Wednesday, April 20, 2016

Subject: Lease contracts with some conditions.

Oh no , one thing forgot to mention.

If the contract/agreement ends between lessee and lessor, lessor will give back 5,00,000 INR back to lessee.

My Answer:

Please give more details. This is important and affects the Fatwa what are the conditions of returning this amount and any other details.

Prof. Dr. Monzer Kahf

From: Shabeel

Sent: Thursday, April 21, 2016

Asslamu alikkum,

I will try to list down the major points completely:

- 1) Lessor is the sole and absolute owner of the schedule premises (apartment.)
- 2) Lessee has paid an amount of Rs 5,00,000 as cash to Lessor.

- 3) This agreement amount shall not carry any interest, and shall be refunded to lessee at the time of vacating the premises.
- 4) Agreement is executed for the period of 3 years , and may renew further based on both parties mutual consent.
- 5) During this period lessor should not pay any interest to the lessee.
- 6) Lessee agreed to pay an amount of Rs. 1500 to lessor every month as part of rent, maintenance and water bills.
- 7) Lessee should pay the electricity bills during this period without fail.
- 8) The scheduled premises should be used only for residential purpose and should not be used for any other purposes.
- 9) Whereas lessee can sub-let or under-let the said premises to any other person and Lessor agrees the same.
- 10) In case any delay to refund the amount by the lessor to the lessee , the period will be continued till the refund of the amount .
- 11) At the time of vacating lessee should do painting work on the premises.

Regards

Shabeel

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Shabeel

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This is a clear RIBA contract. The Riba in it is the usufruct (time use) of the apartment for 3 years. this is Riba in kind although there is no Riba in money as you said (no interest). The in-kind Riba is as Haram as the money Riba there is no single difference. You did not mention earlier that there is a condition to return the 500,000 which was paid simply as a loan not as rent for the apartment. The fact that it must be returned makes it fully Riba transaction. Any benefit from the apartment is as Haram as the Riba itself. This include residing in it as well as renting it and getting rent.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: saifuddin

Sent: Monday, April 25, 2016

Subject: Education loans, other Loans

Dear Dr. Monzer,

Assalamu Alaikum,

I had a few question related to Usury I would highly appreciate if your good selves could throw some light on it

I am an Indian, and the Concept of Islamic banking is in its nascent stage. And currently conventional banks are the only recourse in facilitating the financial needs. Thus: 1.) Will it be

considered Haram to avail an educational loan form a bank to which interest will be due. Or does it come under the category of a necessity that the facilitation of the study is allowed. Similarly what is the ruling when it comes to buying a home or car loan using similar kinds of loans. jazzalallahu Kahir

Regards,
Saifuddin

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Saifuddin

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I am of the opinion that university education is not necessity and that a big Muslim community has the duty to create institution that help its members. The fact that there are no Islamic banks in India does not justify dealing with conventional banks because Riba is Haram and it is one of the most grave sins. There were no Islamic banks in all Muslim majority countries just forty years ago and not body then dared to claim that it was then necessary to deal with conventional banks. Besides had such Fatwas were issued No Islamic banks would be in existence today. Indian Muslims make a large and concentrated community and it is a must on them to create financial institutions to finance education, housing and cars and businesses. I do not accept the necessity argument in this regards.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Dear Dr. Monzer,

Thank you very much for your clarifications.

But just out of curiosity, while we take the larger picture especially in an India Context where Muslims come under the backward community category, and where the govt. report says more number of Muslims are languishing in jails than being in the mainstream in comparison to other communities,

Education(college) being expensive, especially if one qualifies for an engineering or a medical seat (In merit)or other professional courses he or she would be left out just because of the inability to finance studies which will only weaken the Muslim community further, in a country where they have plenty of issues surrounding

As a learned Scholar and a person having extensive experience and expertise what would be your suggestion/advice on this especially for the students aspiring to make a career in professional and niche fields requiring substantial financial resources.

Is there any method of circumventing?

Thanks once again for taking time out of your busy schedule and providing clarifications.

Jazzakallah khair

Saifuddin

P.S. there are institutions and scholarships run by the Muslim community and the governments but as usual it is in disproportionate measure many times not able to cater to the needs in isolation

saif

My Answer:

I do not see that bringing the issue of the community helps individual cases. we've seen the Indian Muslim doctors and engineers not helping, let alone shouldering, their communities. The community remains poor and among the poorest even with a large number of well-to-do educated doctors and engineers! I see the only way to have funding for higher education is by gaining merit scholarships and having a community action for funding, same applies to Islamic banking. you guys, Indian Muslims, did not do your homework, unfortunately!

Wassalam

Prof. Dr. Monzer Kahf

From: Majd

Sent: Wednesday, April 27, 2016

Subject: استفتاء حول الربا بين الوالد وأولاده

هل هناك ربا بين الوالد واولاده ان تراضوا؟
من جهاز الـ iPhone الخاص بي

My Answer:

الأخ المكرم الشيخ مجد
السلام عليكم ورحمة الله وبركاته
نعم إذا تعاملنا على أنه ربا، ولا إذا تداينا وأعطى أي منهما الآخر زيادة، ولو كان الولد قاصرا وزاد له وليه عند الوفاء في ما استدان منه فليست الزيادة هذه من الربا لأنها من عطاء الولي لمن هو تحت ولايته.
مع أسامي التقدير وأعز التحية
أ. د. منذر قحف

From: Anas

Sent: Tuesday, April 26, 2016

Subject: can we accept funding from a conventional bank?

Dear Amo Monzer,

Assalamu Alaykum Wa Rahmatu Allahi Wa Barakatuh,

I pray that inshallah all is well with you and your family. It has been a long time since we have last spoken, in which a lot has happened :). Amongst others, I got a kid, I had the chance to visit Baraa in California, I finished my PhD, and I recently resigned from to start a company that is focused on the identification and support of top talent in the Middle East.

I wanted to seek your guidance on an aspect of this program and I would be very grateful if you could share with me your thoughts. I will outline very briefly first what the program does (a more detailed overview is attached for your reference), and then get to my question. I hope that works.

The idea is simple: we create a set of very attractive incentives for the most talented university students in the Arab world to apply, and then we select the very best of these applicants based

on the evaluation standards of the leading corporations globally. The business model is to provide business access to the database of applicants and awardees, and to give the businesses marketing and exposure benefits, since this program will be very highly publicized. In return we ask for a fee. I will start in, and then subsequently expand to other Arab countries InShaAllah.

More than 50 C-Level executives from public and private sector have already promised to support, incl. some very prominent media figures.

My questions are:

Banks are some of the most prominent funders of CSR activities in, and hence could be an important source of funding for me in this program.

Generally, in principle what would be your thoughts on having a non-Islamic bank being a sponsor in the above described context? We would get a fee from them, and they would get marketing benefits due to being a sponsor, as well as access to our database of applicants and awardees.

More specifically, the Bank in has announced two years ago that they are converting to a fully Islamic Bank over the course of several years, but the process is not complete as it seems. Would your verdict on a sponsorship by be any different than other banks.

I would be most grateful for brief guidance on this question.

Many thanks in advance for your efforts and kind regards from

Wassalamu Alaykum,

Anas

My Answer

Dear Br. Anas

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Glad to know more about your progress and congratulation for the child and Ph.D. MaShaAllah,

I hope family is all excellent, how are your mother and grandfather?

I see in this move a very smart progressive idea for development and I do not see any problem in using funds from conventional banks for it.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

From: مجد

Sent: May 10, 2016

Subject: علة تحريم الربا

علة تحريم الربا

العلامة: إبراهيم الجبالي

أكتبُ إليكم لا بمجرد خاطر دار بخُلدي، ولا بمجرد هاجس قذفت به النفس، أكتبُ عن أمر أكثر الناس فيه مُنغمسون، وهم ما بين مُستقبح له ومُستحسن.

إنَّ ما أخذتموه على عاتقكم من نشر المعارف الدينية والأحكام الإسلامية، وتنازلكم لإجابة أمثالي، شجَّعني أن أكتب إليكم مُستفتياً، راجياً التفضل بالإجابة في أول عدد يصدر بمجلَّتكم الغراء.

سؤال:

ما الحكمة في تحريم الربا؟ هل حُرِّمت الشريعة عقود الربا لمعنى في اسم الربا فقط، فلا يجوز لمسلم الإقدام على عقد يتناول اسم الربا لغة وشرعاً واستنباطاً؟ أم حُرِّمت الشريعة تلك العقود لما فيها من الضرر اللاحق بالمدين وأخذ ماله بالباطل بتخيُّل منفعة وهمية ظنَّها الذين يتخبَّطهم الشيطان من المسِّ منفعة حقيقية فقالوا: إنّما البيع مثل الربا، فكأنَّ المدين يزيد في المال والدائن يزيد في الأجل مُعتقداً أنّ زيادة المال المتحقِّقة المنفعة توازي الزيادة في الزمن التي لا قيمة لها ثابتة يستحق بها سلب مال أخيه ظلماً وعدواناً؟

فإن كانت هذه هي علّة تحريم الربا فلمْ أباح الفقهاء جميعاً بيع الشيء بأكثر من ثمنه وقت البيع من أجل الدَّين؟ أليست تلك الزيادة على ثمن المبيع كانت في مُقابل الزمن المحض، وإنظار المشتري في الثمن؟ أليست علّة الربا في مثل هذا ظاهرة؟ أليس بإمكان المشتري لو كان معه مال أن يشتريه بقيمته الحقيقية حين العقد؟ أيقنُّ لنا أن نستقبح صنع من يتخذ من ظاهر بعض الأحكام مَعولاً يهدم به الدين باسم الدين، يحرِّم عليهم حقاً واجباً ويحل حراماً، غير ناظر لأسرار الشريعة وما ترمي إليه؟

أليس هذا باباً عظيماً يوصل إلى تهمة الربا، ويوصد من ورائه باب الرأفة والشفقة وبرة الافتراض؟ أليس حديث: "من باع بيعتين في بيعة فله أوكسهما أو الربا" [رواه أبو داود والحاكم وصحَّحه، وقال: على شرط مسلم، ووافقه الذهبي]، وحديث نهيه صلى الله عليه وسلم عن بيعتين في بيعة [أخرجه أحمد والترمذي وغيرهما]، وحديث: "لا يحل سلف وبيع وشرطان في بيع" [أخرجه أحمد، وأبو داود، والترمذي، وابن ماجه]، ونحوها بمجموع رواياتها صالحة لحظر مثل هذا العقد؟ وإن لم تكن صالحة للحظر، فهل مثل هذا الكسب يُعدُّ كسباً طيباً يُقدّم عليه من طلب البراءة لدينه؟

الجواب:

إنَّ أحكام المعاملات في الدين الحنيف جاءت مُتضمِّنة لمصلحة المجموع الإنساني على وجه العدالة والإنصاف، بحيث تكفل دوام التساند والتعاون بين الأفراد والطوائف بعضهم مع بعض. ومعلوم أنَّ الفرد الواحد لا يستطيع أن يقوم بتحصيل جميع ما يحتاجه بنفسه بلا معونة من أخيه الإنسان، بينما يستطيع أن ينتج من بعض الشؤون ما يربو على حاجته وحاجات كثير من أبناء نوعه، فالزراعُ ينتج من محاصيل النبات ما يفي بطعامه وطعام الكثير، بينما هو عاجزٌ عن حياكة ملابس وخياطتها، وبناء داره وأمثال ذلك، بل هو يقوم بإنتاج بعض المزروعات كالطعوم أو نباتات النسيج، بينما يعجز عن نبات الفاكهة مثلاً، والصانع مثله: يَحِيك النَّسَّاج أكثر مما يلزم لملابسه، بينما هو عاجز عن إنتاج ما يطعمه، وهلمَّ جرا، فكان لابد للإنسان من التعاون بأخيه الإنسان..

وكثيراً ما يقضي النظام أن تكون كل طائفة مُنحازة إلى ناحية، مُتفرِّغة لإنتاج ما نيظ بها من مرَافق الحياة، تنتج لغيرها شيئاً، وينتج لها غيرها أشياء، فمن يوصل تلك المنتجات للمحتاجين إليها؟

تلك هي فئة التجَّار يجلبون من هنا إلى هناك، ويوصلون لكل قوم ما يسدُّ حاجاتهم، فالتجارة عمل ضروري من أعمال التساند الإنساني، وإنها مُعرَّضة أكثر من غيرها للفشل، كما أنها قد تؤدي بأسرع ما يمكن إلى الثروة الطائلة، ولعله كلما اتسعت ثروة التاجر اتسع نطاق تجارته، وتمكَّن من تعميم نفعها لبني نوعه..

وإنَّ فشل التجارة ونجاحها منوطٌ بالإقبال على معاملته والإعراض عنها، والإقبال عليه وليد الحاجة إلى ما لديه، فأول واجبات التاجر: أن يتعرَّف مواقع حاجات الناس فيجلب لهم ما يروج عندهم، ويتحاشى ما لا حاجة لهم به، ومن للتاجر بأن يُوفِّق دائماً إلى اختيار ما يُصادف إقبال المشتريين؟

إنَّ التجربة دَلَّتْ على أنَّه مهما أُوتِي من الحِذْق لآبِد أن يَخُونَهُ الحِظُّ ويخطئه التوفيق في بعض الحالات، فتبور عليه تجارة ربما صرف في سبيل تحصيلها أعز ما لديه، فهو محتاجٌ دائماً إلى أن يستعيض ما خَسِرَهُ في هذه بربح في تلك، ربح ينقذه من كبوته، ويعوّض عليه بعض خسارته.

هذا قانون محتوم لا يكادُ يسلمُ التاجر من سَرَيان حُكمه، فما من تاجر إلا وهو عُرضة للخسارة والربح، وللإفلاس والنجح، وللارتفاع والانحطاط، وللرواج والكساد، ولولا أن يفتح أمامه تعويض صفقة بأخرى، وإنهاض من كبوة بحظ يوّاتي، لقضي عليه لسنة أو لسنوات، فلهذا أباح الشارع في الاتجار الربح المبني على اتجاه الرغبات متى خلا من العَرَرِ والغشِّ والتدليس.

أباح أن يشتري التاجر شيئاً بعشرة فيبيعه للراغب فيه بمائة أو بألف، ذلك لأنَّه عُرضة لأن يشتري بألف فينزل سعر ما اشتراه، أو لا يجد له راغباً حتى يفسد عليه ويذهب هباء، أو تجتاحه آفة سماوية في نقله أو ادِّخاره، وهلمَّ جرا، فلا بد في قانون الإنصاف العام من أن تُراعى هذه الاعتبارات التي تتعرّض لها التجارة في كل الأوقات.

كل هذا في الشيء تتَّجه إليه حاجة قوم وتنصرف عنه رغبة آخرين، وتتعلّق به النفوس في وقت وتنصرف عنه في وقت آخر، ويُنْفرد بأداء منفعة في حين ويطرأ ما يسدُّ مسدّه في حين غيره، وذلك في العروض التي ينتفع بها عينها.

أما الأثمان التي خُصِّصت لجلب أنواع الحاجات، الأثمان التي قصدت لتحصل غيرها من المنافع لا لينتفع بها هي، الأثمان التي لا تتعرّض لانصراف الرغبات أو اتجاهها أو ارتفاع قيمتها أو انحطاطها، الأثمان التي يتساوى جميع الناس في جميع الأوقات في الاحتياج إليها، الأثمان التي تشابه في عمومها عموم الحاجة المطلقة، وما من امرئ إلا وله حاجة، وإن تنوّعت الحاجات بتنوّع المحتاجين..

نقول: أمّا الأثمان التي هي بالصفة التي شرحناها فليست عرضة لهذه التقلّبات، وليس جلبها من مكان إلى مكان بمسهل للمنافع والأغراض، فهي في كل وقت وفي كل مكان ولدى كل فئة قيمتها هي: لا ارتفاع ولا انخفاض، ولا اتجاه ولا انصراف، بل هي الميزان الذي يبيّن قيمة الشيء ارتفاعاً وانخفاضاً.

دعنا مما نسمعه الآن من مثل كلمات ارتفاع قيمة الجنيه أو المارك وانحطاطها، فليس هذا من ارتفاع قيمة الأثمان أي: النقدين، وإنّما هو من باب التعامل، أصبح بأوراق مآلية إذا تأمّلتها وجدتها وثائق بدين على جهة مُعيّنة، فكلما كانت الثقة بالمدين كاملة كانت قيمة الوثيقة محفوظة؛ فإنّ المدين المليء المستعد للدفع متى طلبت منه يتساوى في نظرك ما هو عليه لك وما هو معك في يدك، وبخاصة إذا كان الوثوق به مُشترِكاً بينك وبين كل من تعامله.

وإذا كانت الأثمان ليست عُرضة لاتجاه الرغبات حيناً وانصرافها أحياناً، وليست حاجة فريق إليها بأشدّ من حاجة فريق آخر، وليست مما يقصد للانتفاع به عينه، بل ليتوسّل به إلى تحصيل المنافع بالذات، لم يجعلها الشارع متجرّاً قابلاً للمرابحة، بل أوجب أن تكون المبادلة فيها مبنية على التساوي، فلا يبذل شيء منها بجنسه إلا مُتماثلاً، وإذا احتاج بعض الناس إليها لتحصيل منفعه، وكان لدى بعض آخر ما يفضل عن حاجته منها فقد رَغِبَ الشارع في المعونة بين الناس بالقرض البريء من الربا، فمن استخدم فيه الزيادة فقد طَعَا على القانون الذي رَضِيَهِ الحق جَلَّ وعلا لتسهيل منافع الناس، فاستحقّ أن يُؤدّن بحربٍ من الله ورسوله.

إذا تدبّرت هذا تجلّت لك الحكمة الإلهية في حَظَر الشارع المفاضلة في مُبادلة النقدين قرصاً، وإباحته الربح في مُبادلة العروض التجارية غير مُقيّد بحد.

بقي الكلام في إباحة أن يختلف سعرُ الأشياء باختلاف حلول الثمن وتأجيله، والأمر فيها ظاهرٌ جليٌّ؛ فإنَّ التاجر يبيع بثمن مقبوض يتمكّن من تقلاب تجارته بجلب بعض أصناف قد تدرُّ عليه ربحاً ينفعه أو يعوّضه بعض خسارته، أما الذي يبيع بثمنٍ مُوجّل فقد فات عليه هذا الغرض كما خرج من يده الصنف الذي كان ينتظر منه الربح، وربما لو بقي لوجد من يشتريه بأكثر مما يبيع به، فلذا أباح الشارع أن يكون لتأجيل الثمن حصّة من الزيادة فيه، وهذا بخلاف القرض؛ فإنه جعل باباً للتراحم والتعاطف بين الناس، وإدخال الربا فيه مقطعة لصلاتهم، وموهنة لروابطهم، وإنك لتجد من غضاضة من يدفع الربا وتقرز نفسه ما لا تجد شيئاً منه لدى مشتري صفقة بثمن غالٍ ما لم يكن البائع قد عرّز به وخذعه وعشّته، فهذا باب فساد آخر حرّمه الشارع. أما من اشترى بثمنٍ غالٍ وهو عارف بعلوه فلا يعنّيه ذلك الذي شرحنا حاله في الربا.

هذا هو القانون العامُّ، والتشريع في المعاملات: يُناط بما عليه الناس غالباً، ولا يعتمد ما يتحايل به بعضهم في شذوذ، فيصرفون الأحكام العامة على وفق حالة خاصّة كالصورة المسؤول عنها، فلو كان هذا مما يمنع أصل الحكم لكانت المفساد التي تطرأ على كل المعاملات شذوذاً مانعة من إباحتها، فكان البيع يبطل؛ لأنّه قد يقصد به صرف الثمن في بعض الأغراض السافلة أو الشهوات الدنيئة. والإجارة تبطل لأنّها قد يُراد منها وجود جارٍ مُضارٍ لمن يجاور الدار أو الحقل، وهلمّ جرا. فما من مُعاملة إلا وهي عُرضة قصد غير مشروعة، وذلك لا يُؤثر في مشروعيّتها في نفسها.

نعم تلك المقاصد في ذاتها ممقوتة في نظر الشارع يجازي عليها الشارع الحكيم كما يجازي على كل سيئة وعلى كل حسنة، ولكن هذا لا يقدح في مشروعيّتها، فحكمة حل البيع بإطلاق صون باب عظيم من مرّاق الحياة من أن يتدهور بالطوارئ والمفاجآت، وذلك الباب هو التجارة الضرورية للعمران، وقد قال الله تعالى: [لَيْسَ عَلَيْكُمْ جُنَاحٌ أَنْ تَبْتَغُوا فَضْلاً مِنْ رَبِّكُمْ] {البقرة: 198}. قال ابن عباس رضي الله عنهما: هو البيع.

وحكمة تحريم الربا ما شرحناه هنا، وأما الأحاديث المشار إليها في السؤال كحديث: ببيعتين في بيعة أو بيع وسلف، فليست مما نحن فيه، فهذا بيع فحسب، إلا أنّه مع تأجيل الثمن، أما إذا حلّ الأجل فاتفق المتبايعان على مدّة لأجل آخر في نظير ربح، فهو قرض جرّ نفعاً، وكل قرض جرّ نفعاً فهو ربا.

وخلاصة الجواب: أنّ هذه المعاملة المسؤول عنها صحيحة في نظر الشارع، وإن كان استغلال حاجة المحتاجين، وابتزاز أموالهم، مع العلم بحاجتهم وأمانتهم، وأنهم أهلّ وفاء غالباً لما كان في ذمتهم أمراً لا يتفق هو ومحاسن الشريعة، ولا يرضاه الرحمن الرحيم، وقد قال صلى الله عليه وسلم: "الراحمون يرحمهم الرحمن، ارحموا من في الأرض يرحمكم من في السماء" [أخرجه أحمد وأبو داود والترمذي، من حديث عبد الله بن عمرو مرفوعاً]، والله أعلم.

وصلى الله على سيدنا محمد وآله وصحبه وسلم.

المصدر: (مجلة نور الإسلام، العدد: 26 جمادى الآخرة 1351هـ).

الفتوى للعلامة الشيخ إبراهيم الجبالي

للاطلاع وإبداء الرأي

My Answer:

هذا كلام يصلح للعوام ويغتر بصحته غير المتخصصين ولا يقوى أمام حوار علماء الاقتصاد والمال. والكلام عن النقود كله خطأ تقريباً. الظلم في الربا عدم وجود مقابل حقيقي وأن الدين بطبعه لا يولد زيادات على خلاف السلع التي تولد منافع أو زيادات خلال الزمن.

From: Ammar

Sent: Sunday, May 08, 2016

Subject: Questions about forex, investing, referral, notarization

Assalamu Alaikum

Dear Dr. Kahf:

My sister is a friend of your daughter and I tried to get your number to ask you a couple of questions but was told that you prefer email so here I am. I would love to invite you out to dinner with my friend as we have some questions regarding Online FOREX trading. Are you still in Southern California?

1. Is online FOREX trading and using leverage like 100:1 and so on permissible in Islam?

Forex trading on the internet is not permissible. On the micro it does not fulfill the requirement of possession that is necessary for buying and selling currencies according to the highly authentic Hadith on the subject. On the macro-level it does not create any added value as it is purely speculative in the sense that what one gains in what another loses.

2. If I have a cash and go in on a joint deal with an investor to purchase a home, he is the only name that goes on the contract and he will use a traditional loan. This is to purchase homes with equity. I give him a portion of the down payment and in return he gives me a percentage of the profit. Again, I'm not on the contract and what I give is cash. Is this a permissible transaction? Can I accept the profit? Does his source of the money affect me?

His source of funds does not matter, if you give him the cash with clear agreement that you are partner, bearing risk of loss in proportion to you capital contribution and having entitlement to profit in agreed on ratio, and assigning him to have his name alone on the title, being your partner, it is permissible and the profit is Halal. If there is any guarantee of principal the cash given is then a loan and any increment in it is a prohibited Riba. one name is permissible between partners and cash contribution to principal of partnership is also permissible.

3. If I refer buyers or sellers to real estate agents knowing that they will most likely use a traditional loan. I accept a percentage of the agents commission as a finder's fee. Is that permissible?

A finder fee from the real estate agent is permissible provided it does not inflate the Agent's fee charged to the customer, i.e., as you said from the agent commission but not added to the customer charged commission. However when you refer a friend who is under the impression of trusting you on personal level you should not make a commission from behind his back. If the customer takes it from you on friendship relationship you should disclose to him/her that you make money out of referral. Otherwise it would involve a kind of misleading.

4. Finally, I am a notary public. Can I sign and witness loan documents? Is it permissible or Would I be considered the شاهد in this transaction and therefore should not do it? I am just certifying that the people are signing are really who they are.

What witness is stronger than that of a notary public? I think it is not permissible for a Muslim Notary public to notarize a signature on any interest-based contract unless he knows that the person is taking it out of necessity in accordance to the Fatwa of the Second International Fiqh

Conference of North America held in the Fall of 1999 in Detroit. If you know that the real estate loan you are certifying the signature on it is permissible according to that Fatwa, it is permissible only then to notarize it.

I am sorry for the many questions but I really fear Allah swt and don't want to bring any source of haram income. I ask Allah swt to strengthen you and grant you paradise for the work you are doing for Islam and Muslims all over the world. My name is Ammar Zaniel and my sister is Marwa if you like to confirm the friendship between my sister and your daughter.

Again, it would be an absolute pleasure to meet you for dinner. Let me know if that works for you. My cell is 6613788577

Sincerely yours

السلام عليكم ورحمة الله وبركاته

عمار

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ammar

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Thank you for your kind email and the invitation. I will be in Westminster InShaAllah on the 15th for a week then go to Florida and come back in the middle of Ramadan. Please avoid the food issue but it is very useful to meet and discuss anything you want, within my area of specialty.

For the questions please see my answers below the questions:

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: rila

Sent: Wednesday, May 25, 2016

Subject: Re: loan in the form of lease, cooperative insurance, etc.

Dear Dr. Monzer, Assalamu Alaikum

Thank you very much for the service you are doing for the Ummah.

There is another simple question.

There is at the moment a massive flooding in Sri Lanka and many, especially Muslims, who were living in low lying areas of Colombo are very badly affected with submerged homes, belongings, and vehicles. I have Bank Interest money with me and can I give it to Muslim flood victims to repair their homes or repair vehicles or for any other use? Asking them not to use the interest money for eating purposes or to give it to Non- Muslim victims?

Regarding the idda of abandoned 2 ladies, she/they happened to be the bread winner of the family- one working in a Garment factory/the other working overseas as Nutritionist how can they observe Idda after seeking divorce from Kazi Court Judge?

Thanking you, Yours sincerely,

Rila

My Answer

Dear Sr. Rila

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Of course you may give interest money to poor people affected by the flood even if they use it for food as long as they are poor.

For the Idda and bread winning.

It is the right of a married woman to have all her expenses covered by her husband, regardless of whether she earns any income or not and regardless of her wealth. Failure of the husband to provide for her is sufficient reason to seek divorce and be granted it by court. This is under Shari'ah very clear and non-disputed at all. Of course if she did not use this right she cannot ask for long past periods' expense. At the same time she can still ask for this right any time. Once she gets divorce she should observe the Idda and can marry after that.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

From: Rila

Assalamu Alaikum Dr. Monzer Kahf

Thank you for your instant reply. You may take your own time for the following case and reply me leisurely.

In Sri Lanka there has been a recent trend in leasing the houses for dwelling purposes by taking for example a sum of Rupees 500,000 or one million for a period of 5 years and taking a small rent (for example Rs.4000 per month- much less than the usual rent-) too. After 5 years the lessee has to return the house and get his money back. I am of opinion that it is against Islamic Teaching and not Sharia compliant.

This transaction is pure Riba. I was asked about it before. You should notice that any benefit of value such as money, usufruct or any other benefit obtained by the creditor from the debtor as a part of the loan contract is pure Riba and it is of course prohibited as in the Qur'an and the Sunnah. There is a clear rule in Shari'ah that says: any benefit procured by the loan giver for the loan is Riba. the Riba in this case is the discount given in the rent for the period of the loan.

2. Are there any form of Islamic Insurance to help one in time of sickness/ Hospitalisation , Accidents, natural calamities, Total and Partial disabilities, etc. by contributing a particular amount for a particular period?

Of course. Islamic insurance often called Takaful exists in many countries, it is new like Islamic banking so it does not exist in most countries of Muslim minorities. The fundamentals of it are two folds: cooperation and giving the premium as a donation to the cooperative.

2.a. Is it ok if the parties to a Cooperative Society or a Similar organisation collect monthly contribution and help under MUTUAL CONSENT its members in the event of Sick, Hospitalisation, Accidents, Natural Calamities, Total and Partial disabilities etc.?

This fulfills exactly these two basic elements of Islamic insurance. And it is practiced in more than one community. To mention two: the Islamic finance cooperative in Mauritius and an Islamic finance cooperative in Trinidad.

What is very important if you decide to do that in any Cooperative is the following: 1) write down a clear and agreed on system of benefits in all situations, and 2) you may discriminate premiums and benefits at different levels provided you follow the scientific rules of actuarial

studies as they are used in insurance business. (btw, all Islamic insurance cooperative funds follow these two points).

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Rila

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below the questions:

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Imam Mosque

Sent: Sunday, June 12, 2016

Subject: Question about ratioale of prohibition of interest

Dear respectable Prof. Monzer,

As-Salamu alaikum.

Happy Ramadan to you and family.

If you could answer this financial question for us, it will be much appreciated.

As salam u alaikum wa rahmatullahi wa barakatuhu

From: نعمت الله

Respected imam, I live in and renting an apartment which is quite expensive for an ordinary earning person. I tried to buy (mortgage) a house but when I researched about whether it is permitted in Shari'ah to mortgage a house while you are clearly told that the interest rate would be such and so; and interest is one of the biggest sins in the eye of Allah. In fact, Allah has mentioned it in the Qur'an that if anyone is involved in any type of dealings based on interest surely he has announced war against Allah and his Messenger.

Respected imam (I don't know your name), please provide me some kind of satisfactory answer to this dilemma in the light of Qur'an and Sunna.

"جزاءكم الله خيرا"

نعمت الله

Dear Dr., please forward my answer to the questioner.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. نعمت الله

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This is a serious issue, no doubt. Interest is definitely prohibited and one of the most grave sins to commit, taking it or giving it. This is why Muslims are called on to create interest-free institutions to provide financing for housing, businesses and other personal needs. This can be done and is actually done in many countries all over the world. Luckily, what is prohibited is

lending for increment but sale on credit and leasing are permissible and there are many important differences between lending and sale on credit. Islamic banks and Islamic finance companies are mushrooming and increasing at a speed higher than interest-based banks. Simply we need ones in Canada and in the USA.

There are companies that provide Shari'ah-compliant finance in Canada including the Islamic housing cooperative in Ontario, which does business all over Canada and several other companies. There is also a credit union in Alberta itself that applies Shari'ah compliant template contract for house financing which I studied and approved, which you may like to contact.

Please check around and you will find a suitable Islamic finance contract and if you have any question please write me again.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: mijindadi

Sent: Tuesday, June 14, 2016

Subject: Inter-bank Murabahah

Salamu Alaikum warahmatullahi wabarakatuhu

I pray this finds you in the best state of health and faith in Allah. I am a student of some of your work and have the privilege to be working in an Islamic finance company. May Allah increase you in knowledge and make you a benefit to the ummah.

Please I am trying to understand if it is permissible for an Islamic bank to have interbank relations with a conventional bank on the basis of murabaha.

My question is based on a structure in our company where we execute a murabaha contract with a conventional bank for the purchase of petroleum products at an agreed mark up.

- We disburse funds to the conventional bank on a regular basis and in various amounts.
- The amount of each disbursement is random (typically based on how much excess liquidity we have at any given time).
- Due to administrative challenges, we receive a signed guarantee from the bank weeks after each disbursement. We sometimes receive invoices for the petroleum products (but no official receipts) weeks after the disbursement. The conventional bank may sometimes provide a "global" invoice with the explanation that our funds were used to buy a portion of the petroleum products under that invoice. We have no way of ascertaining the authenticity.
- The invoice is issued by a third party and no verification is done to ensure the products were actually sold to the conventional bank.
- Our mark up on the Murabahah is computed from the date of disbursement and we recognize profit in our books of account on a weekly basis, irrespective of when the documents are received. This is based on the assumption that the documents are merely delayed due to administrative processes.
- Some transactions are completed and fully repaid before documentation is eventually received.

- At maturity date in 30, 60 or 90 days, we rollover the principal and profit with the conventional bank. In the event that we have urgent cash needs, we pre-liquidate the Murabahah investment but suffer a penalty(which the conventional bank calculates as a percentage reduction in our margin)
- The documents are eventually received in batches, covering a series of prior transactions. We notice that the dates on the documents (guarantees and the invoices) coincide with the dates of the respective disbursements. Sometimes, not all the records are complete.
- Based on the strength of the conventional bank guarantee, we offer our retail clients an agreed return on their investment, under a murabaha contract.
- Our clients invest with us for 30, 60 and 90 days as well. The clients also enjoy the option of rollover and pre-liquidation.
- Our clients investment are held in a pool of funds, which we disburse to the conventional bank from time to time as explained above

I have explained in detail because I believe a description of the actual daily practice will be clearer than a theoretical description.

Please, I would like to know your opinion and I wouldn't mind if it is extensive and also refers me to further sources, just so that my heart can find rest.

May Allah continue to guide you. Salamu Alaikum

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Mijindada

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The structure you described is devilish..

Murabahah is permissible so is Murabahah line of credit. The name of permissibility of Murabahah and Murabahah line is: presence of real commodity, intended by a final purchaser (for own business or for own consumption) that changes hand/ownership from a vendor to a final user. If a conventional bank abides by this structure, it is OK to deal with it. But without real goods/assets changing hand with real taking delivery before any second sale the transaction becomes pure exchange of cash for debt and it is then exactly what Riba is.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ashraf

Sent: Tuesday, June 21, 2016

Subject: sell, lease and buy back

AA dr Monzer

Ramadan Mubarak.

I own a house and I need cash to help my 2 sons pay for their marriage as well as medical school.

I want to sell half the house to a Muslim brother and in addition I will pay him half estimated rent because we want to stay in the house my intention is to start paying part of the house half price in addition to the rent when I can, so may be I will be able to re-buy it again.

Would that be considered RIBA?

Jak

Sent from my iPhone

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Asharaf

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I think this this arrangement is pure 'Inah بيع العينة. Selling a property and buying it back at a higher price, or selling a property and renting it for any amount and also buying it back at same sale price, both cases are 'Inah and the price difference in the first case and the rent paid for the whole period in the second case are both Riba. And this kind of arrangement is specifically prohibited by the Prophet, pbuh as reported from Abu Hurairah. Additionally, the OIC (Organization of Islamic Conference) Fiqh Academy determined that both cases are pure Riba (there is a decision taken in its 21 annual meeting held in Riyadh in October 2013).

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Abdulazeez

Sent: Monday, June 27, 2016

Subject: Student loan (is it haram?)

Aslaamu alaikum wa rahmatullahi warakatu

I have got your personal in information from the internet where you answered a lot of Islamic questions. I hope you don't mind me asking you few questions linking one another. First question:

I am resident in UK, however when I was student at university I borrowed money from the student loan company and also obtained grant (non-taxable) to pay the fee of my course as well as the living expenses. At the time I didn't know the load was based in interest because of my lack of knowledge/understanding. This used to be called "STUDENT GRANT ONLY" which never had interest but later changed to STUDENT LOAN which accumulates small interests, and now is both Loan and Grant. Grant is not payable but Loan is. After studying three years, the totals tops up to around £21000. When I eventually found a job the student loan company deducted 3% from my wages but nothing seems to decrease because of the interests. After 25 years however, the student loan company will write off everything even if I didn't pay a penny. Obviously I won't be able to pay £21000 once off because I don't have the money. I know it is haram money but if I still alive after 25 years (10 years already gone). And what would happen if they write off, will I still be accountable for sins? What would I do? Can I pay bit more than I

am paying now? Some of the money i received was also paid towards my wife's dowry?... would that be a problem? May Allah almighty bless you and all the Ummah
Salaamu alaikum wa rahmatullah wa warakatu

Abdulazeez

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Abdulazeez

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I am not sure that your description of the UK system of Student loans is accurate. I remember that once I looked at the official latest version of it and found it based on the concept of helping a student by the government then if the graduate makes certain minimum amount of income, charging him/her some tax until it is paid up with some wavers here and there including the 25 year waver.

This system does not seem to me fulfilling the characteristics of interest-based loan as defined in Shari'ah. Accordingly, my suggestion to you is: fulfill the conditions of the system as they are, i.e., let them make the legal deduction, do not do any other thing, Just go on with your life, make always Itsighfar, charity and good deed.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Walei-El-Din

Sent: Thursday, June 30, 2016

Subject: car financing at zero interest

Salam alaikom brother Monzer,

I got your email from brother, who was in and lives now in

I do have an urgent question about the car financing:

I'm trying to purchase a new car, the car financing has a 0.9% interest on 6 years with a monthly pay of 739\$.

I told the car dealer sales manager that I don't want any interest in the deal, I want a 0% interest if that can be done for me.

He said yes, I will do some changes in the contract, I will minus the 0.9% interest (~ 1400\$) and your contract will show Zero % but I will keep the monthly pay the same, i.e., 739\$/month x 6 x 12 = total 53,200 \$.

I do understand that the monthly pay for any car is negotiable and it can go up or down until both client and dealer sales rep agree on a price, but always the contract on the computer screen at the dealer has the interest bracket that can show 0%, 0.9% , 0.4% or any number.

So if the sales manager did that for me and makes it 0% is that considered halal.

Jazakum Allah Kharan,

You can email me back or I will be happy if you can call me at my cell -----

Sincerely,

Walei-El-Din

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Walei-El-Din

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The answer is YES. You may be surprised..

The matter is that Allah prohibits interest (defined in the Qur'an 2:279 as any increment above a debt) but does not prohibit financing for Profit. In other word, Shari'ah changes the channels of finance but does not prohibit it (as it did in sex for instance; change channel!).

The change of channels has important effects on the macro level while it may seem trivial sometimes on the micro level. Here are some effects: 1) when finance is done through sale and lease, there will always be a cap on its size in the economy which is size of goods transacted; this cannot be when finance is done through debt, 2) finance through sale always create value while it does not when it is through debt, 3) finance through debt can be used for economically futile transactions such as paying previous debts which in fact means only changing name of creditors/debtors but this cannot be done when you tie finance to sale of goods, etc.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ashfaq

Sent: Wednesday, July 13, 2016

Subject: Regarding Borrowing Loan from Bank to Build House

Respected Brother,

Assalam Alaikum.

I have a question regarding the Bank Loan to be borrowed for the purpose of Constructing House.

My financial position does not permit me to construct a house for me. Under the Islamic Context, does Islam Permit to borrow a Bank loan for the purpose of building a house in a Country like India, where all the Financial Institutions and Banks are run by interest based transaction. .

Kindly answer this question in the Light of Quran and Sunnah.

Jazaqallah Qhair

Ashfaq

India

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ashfaq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The Qur'an is very strong on the prohibition of Interest. It is called in the Qur'an Riba and defined in the Qur'an too [2:279] as any increment above the principal in a loan transaction. The Hadith is equally very strong on this prohibition too. The Prophet, pbuh, not only prohibited taking Riba but he also prohibited giving it and be witness to its contract in addition to writing the contract even if the writer does not take or give interest. I believe that Muslims in India must create Islamic finance companies to solve this matter like what Muslims in the UK did.

Of course the Qur'an talks also about necessities that provide for relaxation of a prohibition. If you are in a necessity situation to the extent that you can Allah on the Day of Judgment and tell Him that you violate this prohibition out of necessity, then go ahead and be ready for His questioning. Nobody can determine the necessity of any others.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ashfaq

Sent: August-03-16

Subject: Shariah Investment Related Questions

Assalam O' Alaikum Brother Dr. Monzer Kahf

I attended your lecture yesterday at Masjid that was quite informative/enlightening – Jazak Allah Khair.

I did ask few questions but some of them couldn't be properly addressed/ discussed and few ones couldn't be raised due to shortage of time / provide other brothers the opportunity to ask their questions. As advised by you, I am summarizing below few points where I need your guidance / support:

Sukuks – Shariah Compliance

I did raise question on the Shari'ah compliance of various Sukuk being offered in the Middle East. You also echoed my concern that all of the Sukuk don't meet the Shari'ah criteria and to form an opinion one needs to go into the details. Additionally if an individual has not the required skills he should consult the experts to advise on the Shari'ah compliance aspect and you indicated to suggest the names of few experts. **Would you please provide me few names of such experts who could advise on this subject.**

I do not know of any person who studied all the issued Sukuk and has that assessment available in his mind or computer. This is a job of asset management persons not academicians. You really need to check with asset managers who are investing in the Middle East. The criteria are simple to ask about: what assets do Sukuk represent and are they purchased from the obligor (who is lease-buying it). This applies to most Sukuk. For other characteristics you may check with me or Dr. Mabid aljarhi (both are academicians)

Lump Sum Pension Payments

I also raised another question on the discounting element of the Lump Sum Pension payments to which you sought some more details that couldn't be shared yesterday due to want of time. I now provide some details here:

I was employed with a that has an unfunded & non-contributory Pension Plan (PP). At retirement, the employee has 3 choices (a) to opt for monthly payments, (b) get Lump Sum cash that is discounted at prevalent treasury bills discount rate to compute the Present Value and (c) combination of both. If someone opts for Lump Sum upfront encashment and the present value is calculated using a certain discount rate **so my question was by agreeing to discounting mechanism, is one indirectly committing to an interest (Riba) that is prohibited in Islam?** I did opt for the lump sum option and one of the principal reasons for this decision was to eliminate the uncertainty risk of future monthly payments since the PP is unfunded and could be terminated at the discretion of the employer or as result of its bankruptcy in the future.

The three options are permissible. The use of interest in the second and third is merely for calculating the amount of gift (it is in fact a grant because it is not contributory and not funded). No problem in using interest for such calculation. I can tell I will give you a gift calculated on interest or on the amount say a gambler wins.

Investment in Stocks

You advised that investment in stocks of those companies is OK whose primary business involves Halal/ permissible activities and if some small portion of their earnings belong to non-permissible activities that portion should be estimated and paid out to charity. That aspect is clear but my question is on the finance sourcing of such companies as most of the companies resort to leverage and use interest based external debt to fund their activities. Since they engage in Interest (Riba) in some form, **what is your perspective on this angle i.e. where primary activities/source of earnings is Halal but they partially engage in interest based borrowing?**

The whole matter here rests on the principle of tolerance. We tolerate such companies out or removing the hard inconvenience from Muslims. The criteria include: leverage of no more than 30% of assets, income no more than 5% and assets used in Haram including interest is no more than 30% , three of them after the test of main line of business. This is what is adopted by AAOIFI.

List of Dow Jones Islamic Companies

Yesterday, you also did mention that there are around 600 companies listed at Dow Jones that have been classified as Shariah Compliant and such list is available on the net. I did an intensive search today on google but I couldn't get the list of such companies – at best I could get was the Index or few funds and some sites claimed to have such list in a link but once you open the link you get an error message (Not Found). I believe you may know any particular site that does have such list so **would appreciate if you could send me such link i.e. list of Shariah Compliant Companies** (assuming the site is active as well).

Companies may change position from time to time according to the three tests above. DJ sells this info and usually financial and investment advisers buy this info and use them in profit making. This is their business...

Franchises that serve some Non Permissible Items

This question was raised by some other brother. Take the example of Tim Hortons – its primary business is coffee (which I believe is OK from Permissibility standpoint) but it also deals with some items that has pork or non zabiha meat products which represent a small portion of their

business. As far as I understand from yesterday's discussion, **such kind of franchise business is not permissible. Is my understanding correct?**

Non Zabiha is not part of this because it is controversial. For some schools of Fiqh, it is permissible. If you own the franchise you should exclude any prohibited item and many Muslims who contract such business do that and franchise companies know that. If you are the manager of a franchise shop, not owner also you should not accept to sell any such items, if you are simply an employee in such a place, you still do not sell it (even as a cashier) and you should always leave this action to another non-Muslim employee but your salary for the work you provide is permissible (this does not apply to a general manager because a M. is responsible for all operations in a shop).

Use of Interest Income

In the past I did place some funds in interest bearing deposits that I have been advised to pay out being non-permissible. I have been advised it can't be given to Masjids but to the needy people. I need some clarity here as to **what are the permissible uses of this interest income?**

The fact is: such interest money is not yours, yet it is much better to maximise the benefit from it for recipients (poor and needy, preferably Muslims) there are several trust worthy charities in Canada including Islamic Relief International, even the local Masjid with info that this is not to spend on the Masjid construction, but in fact it is OK to use for cleaning material and bathroom tissue.

Where to Place Surplus Funds that are Shariah Compliant

Here is my last question for the time being. I am retired person and has some savings that I want to invest in Shari'ah Compliant avenues that could generate a reasonable income to (a) cover the Zakat and (b) some kitchen expenses. **I need your advice on the viable options here.**

This is the job of investment advisors like Br. Khaled Sultan in London, ON, not mine. one thing I know is the Islamic Housing Cooperative (headed by Bervez Nasim), it's been there for about 35 years and proved making some reasonable return and providing good service.

In the end, I would like to apologise on the number of questions; however, you being a subject matter expert, I seek your guidance brother,. In case you want some details or you are too busy to respond in writing, you may call me at these #; landline: +1 905 821 8135, cell #; +1 416 708 0856. Alternatively, please advise me your best available so that I can call you at the # that you gave yesterday (714 406 6971)

Jazak Allah Khair.

Ashfaq

From: Ashfaq

Brother Dr. Monzer

Just forgot to add one point under **"Sukuks"** – please also prescribe the broad criteria for screening of Sukuks in terms of determining their compliance with Shariah tenants.

Jazak Allah Khair

Ashfaq

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ashfaq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below your questions

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Sharafe

Sent: Wednesday, August 03, 2016

Subject: building a house for a Mortgage Lender

As-salamu Alaikum wa Rahmatullah wa Barakatahu

Dr. Kahf! I pray you and yours are excellent.

We were recently approached by a contractor for a mortgage lender, (.....) who asked us to rebuild a home of theirs in

Basically the lender lost a home due to a fire, instead of going to insurance they are experimenting with doing this rebuild in-house, thereby cutting out the middle-man and keeping the profits for themselves - theoretically, big picture, this may start or advance a trend for banks (credit unions) to cut out insurance in these types of things and

a) reduce banking fees

b) reduce insurance fees or weaken the insurance industry in general

c) have banks take more 'ownership' of homes - which is a step towards in-house financing like co-ownership Islamic models or financing by owner

Of course some of these may seem far-fetched but they are not impossible.

Obviously this mortgage lender had an interest-base loan on this home, and it appears as though they re-possessed the home due to the default of the client, and they intend to sell the home after the rebuild to recuperate their funds. Theoretically they can sell these homes as finance by the owner but will likely cash-out and sell now.

Please advise as to what are the limits of sacred law and what would constitute ihsaan.

We would not want to support a corrupt industry or be their agent or facilitate oppression. Allah guides us to what is best.

Keep us in your prayers.

Sharafe

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Sharafe

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I did not get a clear idea of what do you expect from me.

When we talk about the limits of Halal and Haram, it is permissible to contract the owner of a land or ruined house to construct a new house for him/her regardless of what he/she does with other people and his/her earnings.

The idea of self-insurance exists in the world of today and many companies practice it. It is becoming a trend in many big companies and they do it for health insurance of their

employees, for end of service benefits, and other fringe benefits, for their own buildings and fixed assets and very often also for exports/imports. It is a good idea for large corporations and for large associations.

Dealing with foreclosures and repossessions: a purist approach should be fair because a lender has a right to his principal. We may argue about the acquired or delinquent interest especially when it accumulate and piles up. It is fair in this case to express our dissatisfaction with repossession because of interest but certainly not for recovering principal. And we may call for better debtor-friendly behavior by creditors in case of delinquency, I think there is room for serious improvement in this regard.

Anything further?!

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Chafik

Sent: Sunday, July 31, 2016

Subject: interest-based loan for business

Salam Alikum Brother Monzer

I'm started up a business here in western Canada, I invested from my own savings, these days I got short in cash due to the delay for getting permits from the city, my question is it Halal to ask for a loan from the bank that is covered by the Canadian government?

Salam Alikum

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Chafik

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This loan is interest-based and I do not see a way it can be Halal under such circumstances.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Chafik

Jazaka Allah khayren, last question for my general knowledge, Muslim countries' governments borrow money from big banks to operate and pay their expenses, aren't they paying Riba like any other individuals?

Thank you

My Answer:

Yes they are. Who said they are committed to Islam, including S. A.

Wassalam

Prof. Dr. Monzer Kahf

From: Chafik

Very Good point, I hope this my last question, what can we do as Muslims in the West where there is not Islamic banking especially here in Canada?

Thank you

Sent from my iPhone

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Chafik

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

We have to manage our business without interest, may be through family and friends and make efforts to create Islamic finance institutions that respond to our needs.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Esam

Sent: Wednesday, August 10, 2016

Subject: investing in fixed income annuities

I know a retired widow whose financial advisor is strongly recommending that she invest in them because it will give her a guaranteed income.

60% of the annuity is invested in equity and 40% in fixed income, which we know is not *halal*. So she is thinking that she can give 40% of the income that she receives from this annuity as *sadaqah*.

Given this plan, is it *halal* for her to invest in the variable annuity?

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Esam

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

It is meaningless and rather sinful to intentionally earn Haram and give it to charity. This Widow shall be as good keeping 40% cash (not earning and not giving Sadaqah) and investing only the 60% in equity of course provided the shares she selects are themselves Shari'ah compliant.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: مجد

Sent: Wednesday, August 24, 2016

Subject: قرض بفائدة لتخفيض الضريبة

عندي اخ طبيب يعمل في فرنسا منذ ٧ سنوات، والحمد لله يدفع ماعليه من زكاة وفوقها ومن الصدقات، ولكن هنالك امر اريد ان استشيرك فيه..
هنا الضرائب على الأطباء مرتفعة بشكل كبير جدا يعني يمكن تصل لنسبة 60% او 65% من الاجر الذي يحصل عليه الطبيب واخي لا يأكل الحرام او لحمد لله، لكن في طريقة نصحه بها الاطباء القدماء في المهنة انه يستطيع أن يأخذ قرضا من البنك ويعطيه للدولة يعني لا يضع شيئا بجيبه لان النظام هنا كله قائم على القروض وبالقانون اذا اخذ قرض ينزل من ضاربيه بشكل كبير وبنفس الوقت قالوا له: الآن فوائد القروض 0.5% يعني شيء يسير ..أسأل : هل يجوز أن يأخذ القرض ويدفعه للدولة وال 0.5% التي يحصل عليها يتصدق بمثل قيمتها.

My Answer:

الأخ المكرم مجد
السلام عليكم ورحمة الله و بركاته
السائل لم يعرف كامل القصة ويبدو أن صديقه الطبيب في فرنسا لم يعرفها أيضا.
ما يخفض من الدخل الخاضع للضريبة هو الفائدة المدفوعة وليس مقدار القرض، أي أن مبلغ التخفيض في الضريبة هو المبلغ البسيط الذي يدفعه على القرض أي الـ 05% فقط
ثم هو عنده دخل أي سيولة فلماذا يزيد السيولة بأخذ القرض؟
أضف إلى ذلك أن هذا ليس ضرورة يقترف بها ذنب الربا! فما يُقترح فعله محرم دون أدنى شك وهو أيضا غير اقتصادي.
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف

From: Douglas

Sent: Tuesday, August 30, 2016

Subject: getting increase on depositing money

Sallam aleikum dr Kahf

Someone introduced me to an online networking business. So he said I am to receive 30% of the money i paid into another person's account after 2 weeks.

My question is: is this a form of RIBA or a Mudarabah transaction can you also please explain more about Mudarabah transactions in an easier form so I can understand it.

Your assistance in the matter will be highly apriciated.

jazakallahu khyran

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Douglas

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

According to the brief description this is not Mudharabah but rather interest.

Mudharabah is: a partnership between a manger who puts his/her expertise and a fund provider to make business (buying goods and services or producing them and selling them) provided that any profit is distributed according to a ratio agreed on in the contract and any loss (unless caused by negligence or misconduct by the manager) is to be born solely by the fund owner. This means that any guaranteed profit or guaranteeing the principal is not permissible and the presence of such a clause in the contract (e.g., guaranteed 30% of the

principal, which by definition includes guaranteeing the principal) turns it into a loan-based interest.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Douglas

Sent: Monday, September 12, 2016

Subject: Borrowed airtime from mobile companies

Asalamu alaykum walahmahtullahi wabarakatuhu,,, what is the ruling on using borrowed Airtime ? For example I do not have credit in my phone but my Network provider company has a service whereby customers can borrow Airtime , for instant if I borrow two 1 dollar my phone will be recharged with 90 cents instead of 1 dollar and when I buy airtime the company will also charge me a full one dollar .. Is this money charged on top of the airtime "Interest" ? As a Muslim should I refrain from such a service?

Your assistance in the matter will highly be appreciated jazakallahu khyran

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Douglas

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Although the amount is usually trivial it is pure Riba that is prohibited in the Qur'an and the Sunnah.

The company gives you a loan of one Dollar but deducts its interest at the beginning so they credit your account for 90 cents. They do not sell you airtime. The test becomes apparent if their tariff changes, do you have a balance of cents or minutes. It is cents. I advise avoiding it all the time.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Irfan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

You are completely right and that Fatwa is incorrect. In fact there is a Decision by the OIC Fiqh Academy that one cannot use Zakah to discharge one's liability to taxes or other duties to government although one may believe that such duties are not just or fair.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Irfan

Sent: Saturday, September 24, 2016

Subject: Paying Income Tax with Interest Money

Dear Sheikh,

Assalam-u-Alaikum!

Some time back I came across through a Fatwa, which looked to me as if totally wrong and against the spirit of Shari'ah. One of the Muftis in Kashmir (Indian Occupied) gave a Fatwa that the Income Tax can be paid by the money accumulated via interest, i.e. Riba money can spent/wiped out by paying Income Tax. I did not understand this: Riba is totally Haram in Shari'ah, deemed to be returned back to its true owners, i.e., poor & needy, while Income Tax is a liability. How can we fulfill our liability with what we actually do not own? This thing struck my mind for being a student of Islam. Kindly guide me whether my thinking is correct or the Fatwa was correct?

Wassalam

Irfan

From: maroof

Sent: Saturday, September 24, 2016

Subject: Property development finance on fixed interest

As salaam o alaikum Shaikh Hope you are in good health. May Allah protect you and keep in good health. My question is related to my profession. I am a property developer in the U.K. Sometimes I need funds to develop a property. There are a number of specialized private firms who provide funds (development finance or bridging loans). The mechanism is that their officer will visit the site we will provide our project plan give them approximate future forecast etc. and they will provide the finance. There is fixed interest rate which they will charge BUT it's different from bank. They are short term loans like 18 months. They don't give all monies in one go we will need to provide them with the development reports and they release money in stages according to the development. They also don't charge anything monthly and they are flexible about it. we can pay them if we want to monthly but we don't have to. If the development isn't finished in 18 months for example they also provide grace periods to finish the project. After finishing project They give us time to sell the properties (on an average 8 months) after finishing the sales we can pay whatever the amount we have incurred through out that time period. Please shed some light on this issue regarding its permissibility in the light of Islamic law. Banks or Islamic banks don't provide this facility. Islamic bank such as al rayan provide a home purchase plan/Islamic mortgage and they charge 'rent' but it seems like it's going round it circle to achieve same objective. the 'rent' is more expensive then the normal interest a conventional bank is charging. However my question is particularly related to the type of finance related to property development finance. I am in a huge dilemma related to this please provide some assistance. May Allah give you ajr. Jazakallah.

Maroof My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Maroof

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This is exactly the Riba, nothing else. The solution is through partnerships and partnership finance from Islamic banks. Unfortunately many Islamic banks do not offer that.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Aamir

Sent: Friday, November 25, 2016

Subject: Question about Microfinance Murabahah loans

السلام عليكم ورحمة الله وبركاته

I hope you are doing well and in the best of health.

Dr. Kahf, I have a question regarding the permissibility of issuing micro-loans on websites such as Kiva.org to help people in poor countries.

On these websites, there are often "Shari'ah Compliant" loan opportunities available. They say these loans are Shari'ah Compliant because the loans provided to the borrowers is in form of Murabahah loans. My intention is only to help poor people and not to profit off these loans.

1) Is it permissible for me to loan the money out to these Murabahah loans?

2) If it is, is there something specific that I should double-check to ensure the Islamic validity of these loans? جزاك الله خيرا?

Aamir

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Aamir

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

It seems that this organization is a non-profit one and it gives loans to empower people who are otherwise very vulnerable. It is good and I think giving it donations or offering it loans that are used to lend people to grow. I did not find on its web anything about Murabaha, and there is nothing called Murabaha loan in Murabahah we give goods for deferred payment,

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

From: Sharafe

Sent: Friday, December 02, 2016

Subject: Shari'ah Input: Contract Revisions

As-salamu Alaikum wa Rahmatullah wa Barakatahu!

We'd like to add more clauses to our contracts with Iana borrowers to increase transparency and reduce ambiguity.

1. Any and all fees for transfer of funds from Iana to the borrower are to be borne by Iana; any and all fees for transfer of funds during repayment of loan (e.g. bank transfer fees, checks, letters, postage, etc.) are to be borne by the borrower.
2. Iana shall not be held liable for any and all damages or harms due to delays in receiving funds from Iana, delays include but are not limited to: mailing delays, wire transfer delays, etc.
3. Our cousins in Calgary have this:
http://media.wix.com/ugd/dc5c09_7bd7283ebbad4e3f82d4749f875b7864.pdf

Should legal proceedings be instituted to enforce payment of this loan, or any portion thereof, the undersigned further agrees to pay Iana all costs (including, without limitation, solicitor-client fees) incurred by it in enforcing payment in the event of default hereunder. The undersigned hereby waives presentment for payment, demand, notice of dishonor and protest and notice of protest thereof respecting within the contract.

Barak Allah feekum,

Sharafe

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Sharafe

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

All these clauses are permissible to add. In fact it is also permissible to charge the fees of transfer from Lana To the Borrower to the borrower too because this is a loan (without any interest) and all charges related to it can be on the shoulder of the borrower in application of the Verse 9:90 of the Qur'an

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

From: Douglas

Sent: Saturday, December 17, 2016

Subject: Profits made from interest only mortgages properties

Asalamualaykum wa rahmathulahi wa barakathu. Dear brother khaf I hope all is well in'sha'Allah.

I have another question for you from a young brother, regarding mortgages.

In'sha'Allah you can help....

"I am 17 yrs old now and my father passed away 6 years ago, leaving me, my little brother, my older sister and my mum. My mother is non-English speaking.

Our issue: What is the case if my father purchased several rental properties (interest only mortgages) but then passed away. At the time there was no profit in them, in fact some were at a loss, e.g., purchased for 100k with a 10k cash deposit and worth around same 100k (or less) at time of his death.

We couldn't pay off the mortgages because dad didn't leave any cash behind and they were showing losses. This was one big stress too for my father the fact that the properties were below the purchase value.

Anyway, we were a young family so my uncle stepped in to help. There was some profit in the rent every month but my uncle told us we can't use this profit as it is haram. Instead my uncle and other family have been supporting us financially and they handed the properties to an agent to keep on rent to keep the mortgage payments ticking over.

Now that I am old enough I would like to know what to do because only in the last year the value of properties has jumped up. From the day my father passed away our family all agreed we would not keep these mortgages or any profit they were generating and don't want to really benefit from them in case it is haram.

6 years later these properties are worth more than 30% of original purchase price.

Our question: Is the 30% haram for us if we sell the properties. And what about the 5k deposit he originally put in, is that haram? If they are haram then what do we do with the money?"

Jazakallah khairun in advance and thank you for your time and assistance in this matter

Your brother in Islam

Douglas

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Douglas

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I carefully studied this question twice. I came to these conclusions: 1) This young man and his family should be very grateful to their uncle and other relatives who helped them during all these years. They should also pray for forgiveness of the soul of the late father who made the purchase using interest-based loans. 2) There is no doubt that the family deserves the original capital invested by the late father in the properties he financed on interest and now that the market prices is more than the purchase price. 3) These properties purchased on interest should be sold as soon as possible in order to remove the continuous repetitive sin of paying interest each month. I understand from the question that the family does not live in any of these properties. 4) Amounts above the original capital paid collected upon the sale definitely have a touch of Haram in them. my personal view is that the increase came from real estate properties not from interest although the properties were purchased on interest. Hence this money is clean and Halal. I know the other view is also strong because it is based on the fact that these properties could not be purchased without the interest loan. There is no doubt that the stand that is more pure is to give away to charity any increment resulting from the interest loans. If this family is poor (I understand from the question that for all the 6 years it lived on help from uncle and relatives, i.e., it does not have other sources of income) it may take it for own expenses. We have an example from the Sunnah of the Prophet, pbuh, when a poor man

had to give a Kaffarah (it was for breaking the fast in a day of Ramadan) and when he told the Prophet, pbuh, that he and his family were really poor the Prophet, pbuh, told him to give the amount of Kaffarah (which was a quantity of date) to his family for food. If the family decides to give it away the amount due to be given away to poor and needy (could be through trusted Muslim charity) should be calculated as follows: amount above cost X amount of original loan/purchase cost. 5) any funds (net amount after all expenses and taxes) collected from the sale is to be used for either spending on the family or distributed in accordance with the Islamic inheritance law as in the schedule of Mawarith (1/8 to mother, 7/40 to the girl, 14/40 to each of the two boys). 6) Finally the guardian of the minors (any one below 18 years old) may be the mother or the uncle.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf