



Credit sale and specifying the rate of profit

Fatwa no. 1249

Q: A person is involved in credit sale and purchase and earns a high rate of profit that sometimes reaches one fourth or one third of the commodity's actual price. He sometimes sells the commodities to someone for a given price, then sells the same commodities to another person at a lower or higher price. Is this permissible?

A: Allah (may He be Exalted) says: ﴿whereas Allāh has permitted trading and forbidden Ribâ (usury)﴾ and says: ﴿O you who believe! When you contract a debt for a fixed period, write it down...﴾ Consequently, if the person sells the commodities when he owns them and is in possession of them, there is no harm in selling them

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as long as he agrees with the purchaser on the rate of profit; whether it is one third or one fourth of the actual price. Moreover, there is no harm if the person sells a given commodity at different prices provided that he does not lie to the purchaser by telling him that he is selling the commodity at the same price as he sold it to so and so, while in fact he is selling it at different prices. Also, this transaction is lawful as long as the sale does not involve Gharar sale (uncertain sale) or breach the common market price. A Muslim trader should be kind and should be content with his profit and should like for his brother what he likes for himself, for this is goodness and it brings about blessings for his profits. A Muslim trader should not be motivated by greed or avarice because these bad morals are the result of hard hearts.

May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family, and Companions!

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