THE DISPOSAL OF INTEREST MONEY

Q: 28- Observing Muslims all over the world which, unfortunately includes those living in Muslim countries, face the problems brought before them by unwanted interest money generated in their name through channels they do not control. This happens inspite of their being careful against whatever is likely to get them involved in interest bearing activity.

In case, interest does come into their accounts, no matter how unwanted, is there a valid way under the Shari'ah through which the identified interest amount can be disposed off?

1. Can it be taken out of the account and used to pay personal or company income tax.?

2. Can it be used to pay for Insurance dues on cars, houses, materials, businesses, stores, etc.?

3. Can interest money be given as part of his or her salary for work to a non-Muslim? Would that apply to Jews and Christians as well?

4. Can this be given to non-Muslim charities unusually solicited through mail, door-calls and ads, such as, Blood Banks, Heart Associations, Community Service groups, Welfare Committees for the aged, sick, disabled, prisoners and similar others under disadvantage?

5. There are individuals on the streets and subways asking for help. Are they entitled to be given this money?

6. There are non-Muslims one knows live under very low income, levels. Would they be preferable as recipients of this interest money?

7. Is it permissible to give this money to Muslims falling in some of the above categories?

8. Is it all right to give this money to:

a) make toilets in masajid?

b) help counter anti-Muslim propaganda as claimed and accepted by a known Muslim institution in South Africa???? (S. Ahmed New York)

A: As a general rule, no Muslim by his free choice should invest or deposit his money in an interest-bearing scheme or account.

If a Muslim has deposited his money in an interest-bearing account for any reason, or the interest has come to his account without his choice or intention, he should not receive the amount of interest, but should surrender it to the payer of interest.

However, in non-Muslim countries he can receive the amount of interest with a clear intention that he will not use this amount for his personal benefit. In this case it is incumbent upon him to give this amount as Sadaqah to the poor who do not have the nisab of Zakah. This is not the normal Sadaqah which a Muslim gives out of his lawful income with an intention to get reward in the Hereafter. Instead, this Sadaqah is meant only for disposing off an unclean and unlawful money and to relieve oneself from the burden of an ill-gotten gain.

But it should be remembered that this amount is unclean only for the person who has received it as interest. The poor persons who get it from him as Sadaqah can use this amount for their personal benefits. This amount can also be given to one's close relatives who are entitled to receive Zakah. Even one's adult children can receive this amount from him, if they are so poor that they can receive Zakah.

Keeping these rules in view, the certain answers to your questions are as follows:

(1) No, if the amount of interest is used in paying income tax or other government taxes, it amounts to using it for personal benefit, hence it is not permissible. Some contemporary scholars of Shariah, however, have allowed it only where the banks or financial institutions are nationalized. But I am not satisfied with this proposition. It is a very grave sin to use interest-money and one should not seek such devices to use the same for his own benefit.

(2&3) No, all these uses are beneficial to the holder of interest-money, hence impermissible.

(4) As mentioned above, the interest-money can only be given as Sadaqah to those entitled to receive Zakah and the Sadaqah can only be performed through tamlik, i.e. by making the payee owner of the amount. So, this amount cannot be given to any welfare Scheme where it is spent in office expenditure, salaries of the staff, construction of building or purchasing things of public use without giving it in the ownership of a particular person. The interest-money therefore should be given to some poor person entitled to receive Zakah. But unlike the Zakah money, the amount of interest can also be given to a poor non-Muslim who does not own the value of nisab (threshold).1

(5) If they are so poor that they do not have the nisab of Zakah, the interest-money can be given to them.

(6) As mentioned earlier, the interest-money can be given to a non-Muslim also subject to the condition just mentioned in answer to question 5.

(7) Yes, if they are entitled to receive Zakah, they can be given the interest-money also.

(8) As mentioned in answer to question no.4 this Sadaqah must be performed through tamlik. So, the amount cannot be used for making toilets of a musjid or in the general expenditure of a Muslim association.'

Contemporary fatawaa