105339 - ‘Eenah transactions

the question

What is meant by ‘eenah transactions?.

Detailed answer

Praise be to Allah.

‘Eenah transaction means to sell something for a price to be paid at a later date, then to buy it back for a lower price to be paid immediately.

What this ultimately means is that the buyer acquires cash and will pay back a higher amount after a while, so it is as if it is a loan in the form of a sale.

It says in al-Mawsoo’ah al-Fiqhiyyah (9/96):

There are several definitions of the ‘eenah that is forbidden, the most well known of which is the sale of an item for a certain price to be paid at a later date, then the same item is bought back for cash for a lower price; at the end of the specified period the buyer pays the first price. The difference between the two prices is riba for the first seller and the whole transaction boils down to lending ten and getting back fifteen, so the sale is a means to engage in riba. End quote.

Because of the prevalence of riba tricks in this kind of transaction, the majority of scholars among the earlier and later generations were of the view that this is haraam and they did not allow it. Muhammad ibn Hasan al-Shaybaani said concerning one of the forms of ‘eenah – as it says in Fath al-Qadeer (7/213): I feel very distressed about this type of transaction; this transaction was invented by consumers of riba.

The prohibition on ‘eenah transactions is indicated by the report narrated from Ibn ‘Umar (may Allah be pleased with him) who said: I heard the Messenger of Allah (peace and blessings of Allah

be upon him) say: “When you enter into ‘eenah transactions [Eenah transaction means to sell something for a price to be paid at a later date, then to buy it back for a lower price (to be paid immediately); this is a trick used to circumvent the prohibition on lending with interest], take hold of the tails of cattle and are content with farming, and you forsake jihad, Allah will cause humiliation to prevail over you and will not withdraw it until you return to your religion.”

Narrated by Abu Dawood (3462) and classed as saheeh by al-Tabari in Musnad Ibn ‘Umar (1/108); Ibn Taymiyah in Majmoo’ al-Fataawa (29/30) and al-Albaani in al-Silsilah al-Saheehah (no. 11).

Imam ‘Abd al-Razzaaq al-San’aani included a chapter in his al-Musannaf (8/184) entitled:

Chapter on a man who sells a product then wants to buy it back for cash:

Ma’mar and al-Thawri told us, from Abu Ishaaq, from his wife, that she entered upon ‘Aa’ishah among some other women and a woman asked her: O Mother of the Believers, I had a slave girl. I sold her to Zayd ibn Arqam for eight hundred to be paid at a later date, then I bought her from him for six hundred, and I gave him six hundred in cash, but it was recorded as eight hundred. ‘Aa’ishah said: What a bad transaction you have done, by Allah! What a bad transaction he has made, by Allah! Tell Zayd ibn Arqam that he has cancelled out his jihad with the Messenger of Allah (peace and blessings of Allah be upon him) unless he repents. The woman said to ‘Aa’ishah: Do you mean that I should take my capital and return the extra amount to him? She said: “So whosoever receives an admonition from his Lord and stops eating Ribaa, shall not be punished for the past; his case is for Allah (to judge); but whoever returns (to Ribaa), such are the dwellers of the Fire — they will abide therein” [al-Baqarah 2:275]. Or she said: “but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums)” [al-Baqarah 2:279]. End quote.

Ibn ‘Abd al-Haadi said in Tanqeeh al-Ta’leeq (2/558): its isnaad is jayyid. It was classed as saheeh by al-Zayla’i in Nasb al-Raayah (4/16).

Shaykh Ibn ‘Uthaymeen (may Allah have mercy on him) said in al-Sharh al-Mumti’ (8/223):

An example of an ‘eenah transaction is if I sell Zayd a car for twenty thousand to be paid in a year’s time, then I buy it back from this man for eighteen thousand; this is haraam and is not permissible, because it is using a trick to sell the car in an illusionary transaction for twenty thousand, then I go back and buy it for eighteen thousand in cash, so he will have taken it from me for eighteen thousand but he will pay me for twenty thousand and this is riba, so it is not permissible, because it is an obvious trick. Hence Ibn ‘Abbaas (may Allah be pleased with him) said: “Dirhams for dirhams with a sweet dish in between.” This is called the issue of ‘eenah because the man gives cash for cash; al-‘een means cash, gold or silver.

It should be noted that every time a person uses trickery to do haraam things, it only leads to bad consequences, because what is haraam is evil, and if a trick is used it is more evil, because you have combined the haraam action with an attempt to deceive the Lord, may He be glorified and exalted, but nothing is hidden from Allah, may He be glorified and exalted, and actions are but by intentions. End quote.

In the books of the fuqaha’ there are detailed discussions of various forms of ‘eenah, and the guidelines on the prohibition of this transaction may be found in the following sources: Badaa’i’ al-Sanaa’i’ (5/198), Mawaahib al-Jaleel (4/391), al-Umm (3/78) and I’laam al-Muwaqqi’een (3/166).

For more information see the answer to question no. 98124.

And Allah knows best.