38697 - Is there a set rate of profit in business?

the question

Is there a set rate of profit in business, or is profit unlimited? We would like an answer to this question with evidence. Please do not forget the many taxes that a businessman pays every year.

Detailed answer

Praise be to Allah.

It is permissible for the one who buys a product for trading or to keep, to sell it for more than he bought it for, for cash or on credit. We do not know of any limit on profit, but one should be easygoing, because there are reports which encourage that. But if the product is known locally to be of a certain price, a Muslim should not sell it for more to one who is unaware of that, without telling him of this fact, because selling it for more is a kind of deceit. The Muslim is the brother of his fellow-Muslim and he should not wrong him, abandon him, cheat him or betray him, rather he should advise him sincerely wherever he is. The Prophet (peace and blessings of Allah be upon him) said: “Religion is sincerity.” Narrated by Muslim in his Saheeh. And in al-Saheehayn it is narrated that Jareer ibn ‘Abd-Allah al-Yamaani said: “I swore allegiance to the Prophet (peace and blessings of Allah be upon him), pledging to establish prayer, pay zakaah and be sincere towards every Muslim.” End quote.

Fatawa al-Lajnah al-Daa’imah li’l-Buhooth il-‘Ilmiyyah wa’l-Ifta’ (13/89).

It also says in Fatawa al-Lajnah al-Daa’imah:

Profits in business are not limited, rather they depend on supply and demand, plenty and scarcity. But it is good for the Muslim, whether he is a trader or otherwise, to be easygoing in buying and selling, and not to take advantage of his companion’s negligence in order to deceive him when buying or selling. Rather he should pay attention to the rights of Islamic brotherhood. End quote.

Fatawa al-Lajnah al-Daa’imah li’l-Buhooth al-‘Ilmiyyah wa’l-Ifta’ (13/91).