47889 - How Much Profit Is Allowed in Islam?

the question

Is there a set limit to a trader’s profits?

Summary of answer

There is no set limit to which a trader must adhere in the profits he makes on his business, but if the goods have a known market value, it is not permissible for him to cheat the buyer by selling goods to him for more than the usual market value and taking advantage of his ignorance.

Detailed answer

Praise be to Allah.

There is no set limit to which a trader must adhere in the profits he makes on his business, but if the goods have a known market value, it is not permissible for him to cheat the buyer by selling goods to him for more than the usual market value and taking advantage of his ignorance.

This is indicated by the words of the Prophet (peace and blessings of Allah be upon him): “Do not meet incoming traders and whoever meets them and buys from them, when the trader reaches the marketplace he has the choice (of annulling the transaction).” (Narrated by Muslim, 1519)

Islam gives the trader the choice, when he reaches the marketplace, because the one who met him probably cheated him and bought from him at a price other than the market value. If he finds that this is the case, then he may either go ahead with the deal, or cancel it.

The point in this Hadith is that it is forbidden to meet those traders on the way because of the deceit involved and because they are not being given the proper market price.

The Standing Committee for Issuing Fatwas was asked: Are profits limited in Islam, and if that is

the case, what is the highest limit? If there is no limit, how do you explain that?

They replied:

“There is no limit to profits in trading , rather the matter is subject to supply and demand. But it is good for the Muslim, whether he is a trader or not, to be easy going in buying and selling, and not to exploit the opportunity of his counterpart’s carelessness to cheat him in buying and selling. Rather he should pay attention to the rights of his Muslims brothers.” (Fatawa Al-Lajnah Ad-Da’imah, 13/91)

They were also asked: Is it permissible for a trader to earn more than 10% on his goods?

They replied:

“The trader’s earnings are not restricted to a specific amount according to Shari`ah, but it is not permissible for a Muslim to cheat those who buy from him or to sell for anything other than the known market value. It is prescribed for the Muslim not to go to extremes in seeking profits but rather to be easy going when he buys and when he sells, because the Prophet (peace and blessings of Allah be upon him) urged forbearance in all dealings.” (Fatawa Al-Lajnah Ad-Da’imah, 13/92)

For more details, please refer t o the following answers: 13973 and 97599 .

And Allah knows best.