74994 - Selling worked gold for ingots with a payment for the work

the question

Is it permissible to sell ingots for worked gold with a payment for the work done?.

Detailed answer

Praise be to Allah.

Selling worked gold for ingots with a payment for the work done, such as selling one kilo of worked gold and taking in return more than one kilo of ingots, in return for the work done, or taking one kilo along with some money in return for the work, is haraam and is a form of riba. If gold is sold for gold, it must be like for like, whether the gold has been worked or is in the form of ingots. Hence the fuqaha' said: ingots, gold that has been worked into jewellery and the like and gold that has been made into coins are all the same, and the fact that it has been worked does not count. If the transaction is not completed hand to hand, this is riba al-nasee'ah, and the transaction then includes two types of riba – riba al-nasee'ah and riba al-fadl.

Ibn Qudaamah (may Allaah have mercy on him) said in al-Mughni (4/29): Good quality and poor quality, ingots and coins, good condition and broken may all be sold like for like, and it is haraam for the quantities to differ. This is the view of most of the scholars, including Abu Haneefah and al-Shaafa'i. It was narrated from Maalik that it is permissible to sell coins for a similar value of the same type, but his companions disagreed with that and denied that he said that. End quote.

In al-Mawsoo'ah al-Fiqhiyyah (22/74) it says: The majority of fuqaha' are of the view that pure gold or gold nuggets, in good condition or broken, must be sold like for like, and it is haraam for the quantities to differ. Al-Khattaabi said: The Messenger of Allaah (peace and blessings of Allaah be upon him) forbade selling a mithqaal of pure gold for a mithqaal and more of nuggets that have not been made into coins. He also forbade exchanging different quantities of silver that has been made into coins and that which has not been made into coins. This is the meaning of the words of

the Prophet (peace and blessings of Allaah be upon him): “Gold for gold, nuggets and coins.” End quote.

This hadeeth was narrated by Abu Dawood (3349) and classed as saheeh by al-Albaani in Saheeh Abi Dawood.

Nuggets refers to pieces of gold and silver that have not been given shape or stamped; if they have been stamped then they are coins, which are superior to nuggets.

See al-Majmoo’, 10/97; Kashf al-Asraar, 3/320

The scholars of the Standing Committee were asked: A goldsmith takes a fee for working with gold, and that is done either by selling gold and taking its price along with his fee, or by exchanging gold for gold and taking the fee for working it along with the profit he makes.

They replied:

There is nothing wrong with taking the payment for working the gold along with the price of the item sold, so long as it is sold for something of a different nature, such as paper money. But if it is sold for something of the same type, such as gold for gold in addition to the fee, then it is not permissible, because it is narrated in al-Saheehayn from Abu Sa’eed al-Khudri (may Allaah be pleased with him) that the Prophet (peace and blessings of Allaah be upon him) said: “Do not sell gold for gold except like for like, and do not let the quantities differ. Do not sell silver for silver except like for like, and do not let the quantities differ. Do not sell gold or silver that is not present at the moment of exchange for gold or silver that is present.” End quote.

Fataawa al-Lajnah al-Daa’imah, 13/487

Shaykh Ibn ‘Uthaymeen (may Allaah have mercy on him) was asked about some gold shop owners who go to the gold dealer and give him a kilo of pure gold, and take from him a kilo of gold that contains precious stones such as diamonds, zircons and so on, and they also pay him a fee for working it.

He replied: This transaction is haraam, because it involves riba, and the riba in this case involves two things, as the questioner mentioned: the first is giving additional gold, as he gives more gold in return for the gem stones etc.

The second is adding the fee for working it, because the correct view is that it is not permissible to add the fee for working it, even though this work is the effort of a human being, thus it is something added, which is similar to the added quality which may be the way Allaah created things. The Prophet (peace and blessings of Allaah be upon him) forbade selling a saa' of dates for two saa's of inferior dates. The Muslim must beware of riba and keep away from it, for it is one of the worst of sins. End quote from Fiqh wa Fataawa al-Buyoo', p. 393. compiled by Ashraf 'Abd al-Maqsood.

The Islamically prescribed way of carrying out this transaction is as follows: he should take a kilo of gold for a kilo of gold, hand to hand, like for like, no matter what work has been done, and even if one of them is an ingot on which no work has been done.

Or he should sell the ingot for paper money, then buy whatever he wants of worked gold.

Or he should buy the unworked gold, and give it to someone who will work it in return for a cash payment.

Concerning the last situation, Shaykh Ibn 'Uthaymeen (may Allaah have mercy on him) said:

If the dealer is also a goldsmith, he may say: "Take this gold and work it for me" – however he wants it worked – "and I will pay you for it when you have finished." There is nothing wrong with this. End quote from Fiqh wa Fataawa al-Buyoo', p. 401.