



Fatwa no. 20788

Q: Some employees assign a proxy to receive their salaries after deducting a percentage of the salary for this service. For instance, when the salary of an employee is 2,500 Riyals, the proxy deducts 20 Riyals for doing this service. If the payment of salary is delayed, the proxy gives the employee the salary amount from his own money after deducting his percentage. What is the ruling on this act?

A: The money that the proxy takes after receiving and delivering the salary to the employee is permissible if they agree on that as well as on the percentage taken by the proxy. This percentage counts as fees for the service he does for the employee. With regard to the situation where the employee's salary is delayed and the proxy gives the same value from his own money

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after deducting the fees of his service and receiving the entire salary later, it is Riba (usury/interest) which is forbidden in Islam. This act involves lending and repaying money in excess which is the basic principle of Riba. Any loan yielding interest counts as Riba. May Allah grant us success! May peace and blessings of Allah be upon our Prophet Muhammad, his family and Companions!

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