

Q : (2): "Can Motor cars and Machinery be leased to the clients on the following basis:

a) Leasing only;

b) Leasing with an option to purchase at the price at which the vehicle was initially purchased.

b.1) Cars leased will be provided only if a stated percentage of either 20% or 30% (as mutually agreed) of the vehicle, or equipment or machinery value is left as a guarantee and would be returned at the end of the lease period. (Ibid)

A: Leasing is permissible in Shariah subject to the condition that the leased assets are owned by the Lessor and he will have to bear the risk relating to the Corpus of the leased assets. Therefore, if the leased asset is destroyed due to some unavoidable natural calamity, the owner will have to suffer the loss. Any condition to the contrary, as in vogue in the contemporary financial leases, will render the contract lease void in Shariah. It is not permissible in Shariah to link the Contract of lease with a contract of sale at the end of the leased period. The contract of lease should be independent, and it will be open to both the parties at the end of the lease period to enter into the contract of sale or not to enter into it. If the contract of lease is subject to the condition that the owner shall sell the leased asset at the end of the lease period to the Lessee, the contract shall not be valid according to some jurists, while some other jurists take it as permissible. Therefore, this condition should be avoided as far as possible.

The Lessee can be asked to deposit with the Lessor a certain amount as security for the prompt payment of the periodical rent. This amount shall remain as a deposit with the Lessor and shall be refundable to the Lessee at the end of the lease period.

Contemporary fatawaa