Selling on installments: payment, mark-up and balance

If I sell on installments, what is the monthly payment, and how much will the customer pay in the end?

Before you use it

Notice: this sheet is a calculator only and not a fatwa. Scholars differ on selling gold in installments, so if you have a religious question, ask Dar al-Ifta or a fatwa authority you trust. The mark-up rate is yours to set and to agree with the customer.

1 Use it in 4 steps

1. Type today's price of the piece (gold, making charge and VAT), the down payment, the number of months and the mark-up per month.
2. Type the month numbers in the table: 1, 2, 3 and so on up to the number of months.
3. The sheet works out the installment, what is paid so far each month, and what is left.
4. The figures marked "Example" are illustrations: delete them before you start.

2 The calculation

1. Balance after the down payment = price − down payment.
2. Mark-up = balance × monthly mark-up rate × number of months (a flat mark-up on the balance).
3. Installment = (balance + mark-up) ÷ number of months.
4. Left after each month = total − paid so far.

3 Worked example Example

Price of the piece today (example): 62,000.00 · Down payment (example): 20,000.00 · Number of months (example): 6 · Mark-up per month (example): 2.0%

Month	Installment	Paid so far (with down payment)	Left for the customer to pay
1	7,840.00	27,840.00	39,200.00
2	7,840.00	35,680.00	31,360.00
3	7,840.00	43,520.00	23,520.00
4	7,840.00	51,360.00	15,680.00
5	7,840.00	59,200.00	7,840.00
6	7,840.00	67,040.00	0.00

Result	Value
Monthly installment	7,840.00
Mark-up on the balance	5,040.00
Total the customer pays	67,040.00
Mark-up as a share of the price	**8.1%**

4 The table: fill it in by hand

Month	Installment	Paid so far (with down payment)	Left for the customer to pay

Prices and calculations are for information only. They are not financial advice, an offer to buy or sell, or a religious ruling. Check tax matters with your accountant.