

General Law on Heter Iska

A Jew is not permitted to charge interest (ribit) for a loan made to another Jew. A heter iska should be used in any case where a loan has been made between Jews if more money will be paid back than what was received.

NOTE In some cases, if you prepay for a purchase and thereby get a discount, it might be considered as interest paid on a loan, and you would need a heter iska.