108994 - Is it permissible to rent a shop with the goods in it?

the question

I have a grocery store, and I rent it out to someone with what it contains of equipment and trade goods, and I receive monthly rent from him. I pay rent for the shop to the property owner. Do I have to give zakah?

Detailed answer

Praise be to Allah.

Firstly:

It is permissible to rent out the shop with what it contains of equipment in return for a monthly or annual sum. As for the trade goods that are sellable, it is not valid to rent them, because it is only possible to rent things that can be made use of whilst still remaining and not being consumed, such as devices, tools, shelves and so on. As for the goods, they are sold and do not remain.

Ibn Qudamah (may Allah have mercy on him) said in al-Mughni (5/317): It is permissible to rent any item that can be used in a permissible manner whilst remaining as it is, such as land, houses, slaves, animals, clothes, ropes, tents, baskets, saddles, reins, swords, spears and so on.

Then he said (5/319): What it is not permissible to rent is of different types, one of which is that which cannot be used without being consumed, such as food, drink and candles to be lit, because rental is a contract for use and benefit, and these things cannot be used except by consuming them. End quote.

Therefore it is not permissible to rent the trade goods that are in the shop, and the tenant must return them to the owner or buy them from him. Therefore it should be said to the owner of the shop, Work out the price of these goods and sell them to the tenant – if he wants to buy them – for

cash or by instalments, or take your goods and sell them to whomever you wish.

Shaykh Ibn ‘Uthaymin (may Allah have mercy on him) said: There is a kind of business deal that is widespread among many people, which is called equipping shops. What it involves is as follows: a man comes to the owner of a shop, such as a car parts dealer, for example, and the like, and he says to him: I will rent your shop for three years, and I will give you ten thousand riyals every month, then after three years, I will give your shop back to you with the same goods that I received from you, in full. What is the ruling on this transaction?

Shaykh: The goods in the store belong to whom?

Questioner: To the first owner, based on the fact that he will return them to him after three years, in full.

He replied: This contract, in reality, is not valid, unless he says: Tell me the value of the goods that are there now, and they will become the property of the second owner, who will pay ten thousand riyals every month as rent for the shop, and the items in the shop will belong to the tenant, not to the owner; they will be his property, so any profit on them will be his and any loss on them will be borne by him. There is nothing wrong with that. As for what you mentioned, it is not permissible, because it is clearly ambiguous; it does not come under the heading of a partnership or of renting or of selling. So we think that it is not permissible. What ordinary people should do, if they want to get involved in these new types of business dealings, is to refer the matter to the scholars before getting involved in it."(*Liqa’ al-Bab al-Maftuh* 44/10).

Secondly:

There is no zakah on the shop or the equipment in it. As for zakah on the rent that you receive, if it reaches the minimum threshold (nisab) by itself or when added to your other wealth, and one full Hijri year has passed since it reached the minimum threshold, then at that time you should give one quarter of one tenth (2.5%).

But if you are not saving anything until one full Hijri year has passed, then you do not have to give

zakah on it.

If this rent is mixed with your wealth, and you do not know that for which one full Hijri year has passed, then look at the wealth that you have at the end of the zakah year and give zakah on it, whatever the amount may be.

As for the goods, if you have sold them to the tenant, then you should give zakah on this cash when one zakah year has passed for the trade goods. Do not calculate a new zakah year from the time when you sell them; rather you should complete the year on the basis of the zakah year for the trade goods. If you have sold them to be paid for by instalments, then this is a debt that is owed by the purchaser. We have previously discussed the zakah on debts in detail in the answer to question no. 1117 .

And Allah knows best.