12927 - Zakah on dairy business and agricultural companies

the question

I am investing in a dairy business. Do I have to pay zakah on the cows owned by this business, or on the net profits that result from it, as is the case with investments in real estate or cars? How can we pay the zakah for agricultural corporations which produce agricultural and dairy products – knowing that their shares are traded on the market. May Allah reward you and guide you.

Detailed answer

Praise be to Allah.

Zakah is obligatory on the money that is made from the profits of the business, if it reaches the nisaab (minimum amount) and one full (hijri) year passes from the time when the money was obtained. The rate of Zakah is one-quarter of one-tenth, i.e. 2.5%. Zakah is also due on the profits of the shares in agricultural and dairy businesses and the like, if they reach the nisaab and one full (hijri) year has passed, if they are purely for investment. However, if they are shares which are for sale, the Zakah is payable on them and on their profits. And Allah is the Source of strength. May Allah bless our Prophet Muhammad and his family and companions, and grant them peace.