149749 - She invested money in a chicken farm project and always spends the returns straight away; how should she pay zakaah?

the question

We are a family of five people. My mother invested $25,000 in a chicken farm project, and we use the returns on this project for our daily household expenses. What is the amount that we have to pay for zakaah on that? Is it on the entire amount or on the profits only?

Detailed answer

Praise be to Allah.

Zakaah is due on what a person prepares for sale, because of the report narrated by Abu Dawood (1562) from Samurah ibn Jundub (may Allah be pleased with him), who said: The Messenger of Allah (blessings and peace of Allah be upon him) would instruct us to give zakaah on that which we prepared for sale. So if the farm project raises and sells the chickens, then the zakaah on trade goods is due on them. So the value of the chickens should be worked out at the end of the Hijri year, and a quarter of one tenth (2.5%) should be paid on that. No attention should be paid to the price for which they were bought, or to the capital which funded the project. So at the end of the Hijri year, you should look at the chickens that have been prepared for sale, and the eggs that have been prepared for sale too, and work out their value based on the price for which they are sold, then pay zakaah on that value.

The Hijri year begins from the time when you took possession of the minimum threshold of cash with which the project was started.

This profit is to be added to the value of the chickens and eggs, if it (the profit) is still with you when one year has passed since the project began. The money earned does not have a separate year for calculating zakaah; rather its year is the same as the year of the project.

With regard to what is spent of this profit before the end of the year, no zakaah is due on it.

It should be noted that zakaah is only due on what is prepared and ready for sale, such as the chickens and eggs. With regard to equipment and tools that are used for this project, no zakaah is due on them.

And Allah knows best.