47761 - He Does Not Have Cash to Pay Zakah on Trade Goods

the question

A person owns a piece of land and one year has passed since he acquired it. Zakah is due because it comes under the heading of trade goods (i.e., he bought it in order to sell it). How should he pay Zakah on it? Please note that he only has a little cash, very little.

Summary of answer

You must pay Zakah on the land which has been in your possession for a year. You have to determine the value of the land at the end of the year and pay one-quarter of ten percent. If you do not have cash to pay the Zakah on trade goods, then it becomes a debt that you owe and must be paid whenever possible.

Detailed answer

Praise be to Allah.

Is there Zakah on business goods?

Zakah is due on trade goods according to the Quran and Sunnah. In the Quran, this is indicated by the general meaning of the verse in which Allah says (interpretation of the meaning):

“O you who believe! Spend of the good things which you have (legally) earned, and of that which We have produced from the earth for you.” [Al-Baqarah 2:267]

Mujahid said: “Spend of the good things which you have (legally) earned” means trade.

With regard to evidence from the Sunnah, Abu Dawud narrated (1562) that Samurah ibn Jundub (may Allah be pleased with him) said: The Messenger of Allah (peace and blessings of Allah be upon him) used to command us to give Zakah from that which we had prepared for sale .

The Isnad of this Hadith is subject to some discussion, but some of the scholars classed it as sound, such as Ibn `Abd Al-Barr (may Allah have mercy on him), and it is the view that the scholars of the Standing Committee for Issuing Fatwas adopted. (See Fatawa Al-Lajnah Al-Da'imah, 9/331)

Conditions of Zakah on trade goods

Zakah is due on things that have been prepared for trade if they reach the Nisab (minimum threshold) and one (lunar) year has passed (since they were acquired).

How to calculate Zakah on trade goods

Based on this, Zakah must be paid on the land which has been in your possession for a year; you have to determine the value of the land at the end of the year, and pay one-quarter of ten percent . So if its value is one hundred thousand (100,000) Dinars, for example, you have to pay Zakah of 2.5% or two and a half thousand (2,500), and so on.

What happens if you don't have cash to pay Zakah on trade goods?

If you have cash, then you must pay it and it is not permissible to delay paying Zakah until the land is sold . But if you do not have cash with which to pay the Zakah, then it becomes a debt that you owe and must be paid when it becomes possible to do so. If you cannot do it until you sell the land, then you have to pay Zakah from the price you receive for the land for each year in which Zakah was due.

Shaykh Ibn Baz (may Allah have mercy on him) said:

"Zakah is due on land that is prepared for trade. The evidence for that is the well-known Hadith of Samurah ibn Jundub (may Allah be pleased with him) who said: The Messenger of Allah (peace and blessings of Allah be upon him) used to command us to give Zakah from that which we had prepared for sale."

He also said:

“If land and other similar things such as houses and cars, etc. are prepared for sale, then you must pay Zakah on them each year according to their value, when one full (lunar) year has passed. It is not permissible to delay that, except in the case of one who is unable to pay the Zakah on them because he does not have any other wealth. Then he may be given a respite until he sells it and pays the Zakah for all the years, each year according to its value at the end of that year, regardless of whether the value is more than the price he gets for it or is less than the price for which he bought the land, car or house." (Majmu` Fatawa Ibn Baz, 14/160-161)

For more details, please see this category: Zakah on Goods of Trade.

And Allah knows best.