489185 - Zakah on goods that one person gave to another to sell

the question

How can we work out the zakah on goods that one person gives to someone else to sell them, and the profit will be shared between them? Should the owner of the goods work out the purchase price, then add to it half of the difference between the purchase price and the selling price when giving zakah, because the one who is selling them will take half of the profit when he sells the goods, or does the owner of the goods have to give zakah based on the entire selling price of the goods?

Detailed answer

Praise be to Allah.

Zakah on trade goods is to be given on goods that are offered for sale, including the profit made on selling them, if there is any profit. And he must work out the market value of the goods after one Hijri year has passed.

Your question has to do with zakah on goods that you give to someone else to sell for you before they are sold and the profit is shared out.

In this situation, according to the correct scholarly view, the owner of the goods must give zakah on the capital, adding to it his share of the profit that he agreed on with the one who is selling them for him. He should not include the share of the worker in that.

The time for giving zakah on the worker’s share of the profit is worked out after he takes possession of his share, if his share reaches the minimum threshold by itself or when added to other wealth, and one full Hijri year has passed since he acquired it.

Ibn Qudamah (may Allah have mercy on him) said: If someone gives a man one thousand to do

businessbased it on the grounds that the profit will be shared equally between them, and after one year has passed, the money has increased to three thousand, then the owner of the capital must give zakah on two thousand, because zakah on profit becomes due when one year has passed since he acquired the original amount (capital)... and because the share of the worker belongs to him, and not to the owner of the original capital, Based on the fact that the worker has the right to ask for it.

As for the worker, he does not have to give zakah on his share until the profit is divided and his share is given to him, and one year has passed since he received it, then he must give zakah on it at that time. This was stated by Ahmad.

End quote from *Al-Mughni*, 4/260.

Shaykh Ibn `Uthaymin (may Allah have mercy on him) said: No zakah is due on the worker's share of the profit, because the profit is a means to protect the capital.

For example, you give someone one hundred thousand to do business with it, and it makes ten thousand in profit, with the owner and worker getting five thousand each. No zakah is due on the worker's share, because his share is subject to loss, as it is a protection for the capital, because if the capital is lost, he will not get anything. The owner's share of the profit is subject to zakah, because it is connected to the capital. So the wealth of the owner is subject to zakah, as is his share of the profit, because his share of the profit is connected to the capital.

End quote from *Ash-Sharh al-Mumti`*, 6/17.

See also the answer to question no. 333351.

And Allah knows best.