65763 - There is no zakaah on machinery; zakaah of one who is in debt

the question

My brother need help to calculate zakat..... he is not sure what will be his zakat as he has loans and his deposits are just three months old...though he has machinery in his factory....will he pay zakat on that... kindly explain the situation so i can make him understand.

Detailed answer

Praise be to Allah.

Firstly:

Whoever possesses wealth on which zakaah is due, and owes a debt, must pay the zakaah; the debt does not make any difference. This is the view of Imam al-Shaafa'i (may Allaah have mercy on him).

That is because of the general meaning of the evidence which indicates that zakaah is due on one who possesses wealth that reaches the minimum threshold (nisaab).

The Prophet (peace and blessings of Allaah be upon him) used to send his agents to collect zakaah, and he did not tell them to ask whether those who had wealth owed debts or not.

Zakaah has to do with the wealth itself, and the debt has to do with the person's obligations, and the one does not rule out the other.

Shaykh Ibn Baaz (may Allaah have mercy on him) said: As for the debt that he owes, that does nor rule out zakaah according to the soundest scholarly opinion. End quote from Majmoo' Fataawa al-Shaykh Ibn Baaz, 14/189.

Shaykh Ibn 'Uthaymeen (may Allaah have mercy on him) said: What I think is most likely to be correct is that zakaah is obligatory regardless of debt; even if a person owes a debt that reduces

the nisaab, except a debt which is due before zakaah before due, in which case he should pay it off and then pay zakaah on whatever is left after that. End quote from al-Sharh al-Mumti', 6/39.

See: al-Majmoo', 5/317; Nihaayat al-Muhtaaj, 3/133; al-Mawsoo'ah al-Fiqhiyyah, 23/247.

Based on this, if one year has passed since the wealth reached the nisaab, then your brother has to pay zakaah, regardless of any debts he may owe. But if the time for paying the debt comes before the time for praying zakaah, then he should pay off the debt, then pay zakaah on what is left.

Secondly:

If a person owns the nisaab in cash and one year has passed, then he should pay zakaah at a rate of one-quarter of one-tenth (2.5%). This nisaab is the equivalent of 85 grams of gold or 595 grams of silver.

The reckoning of the year begins when he takes possession of the nisaab, not when he puts it in the bank.

If he invests this money in a manner that is acceptable in sharee'ah, then he must pay zakaah on both the capital and the profit at the time when he pays zakaah on the capital.

If the money earns a profit in the last three months of the year, then the year for the capital comes, he must pay zakaah on both the capital and the profit, even though one year has not yet passed for the profit, because it is connected to the capital.

It should be noted that putting money in the bank in return for interest is a kind of riba which Allaah and His Messenger have forbidden, and it is a major sin.

It is permissible to put money in the bank in cases of necessarily, to protect it, subject to the condition that there be no interest. See questions no. 49677 and 22392.

Thirdly:

Zakaah is only due on the types of wealth specified in sharee'ah, such as cash money, an'aam animals (camels, cattle, sheep and goats) and trade goods. No zakaah is due on houses, cars or buildings that a person owns, unless one intends to trade in them.

Factories usually contain products and goods that are for trade, so these are subject to the zakaah on trade goods. Their value should be estimated at the end of the year, and one-quarter of one-tenth of their value should be paid.

And they contain fixtures and fittings that are not intended for sale; no zakaah on due on these.

It says in Kashshaaf al-Qinaa' (2/244): No zakaah is due on machinery, the belongings of merchants, the bottles of perfume-sellers, the jars of grocers, and so on, and the same applies to those who deal with oil and honey, except if he intends to sell them (those bottles and jars) with their contents. In that case he must pay zakaah for both bottles and contents, because they are trade goods. End quote.

Shaykh Ibn Baaz (may Allaah have mercy on him) said: Zakaah is due from owners of printing presses or factories only on things that are prepared for sale. As for things that are prepared for use, there is no zakaah on them. The same applies to cars, furniture and vessels that are prepared for use – no zakaah is due on them, because of the report narrated by Abu Dawood (may Allaah have mercy on him) in his Sunan with a hasan isnaad from Samurah ibn Jundub (may Allaah be pleased with him), who said: The Messenger of Allaah (peace and blessings of Allaah be upon him) commanded us to pay zakaah on that which we had prepared for sale. End quote from Majmoo' Fataawa al-Shaykh Ibn Baaz, 14/186

And Allaah knows best.