83903 - He owns shares, but is in debt. How should he pay zakaah?

the question

I have asked for Islamic finance from the Al-rajihee Company, in order to buy shares and pay in monthly installments. The total amount to be paid to the Al-rajihee Company is about 99.000 Riyals. I have paid 20.000 so far, and currently I am dealing in pure (non-mixed) shares, via Al-Rajihi. How should I pay zakat on my wealth? A brother said to me that if a person is in debt and is paying it off in monthly installments then he should not pay zakat. Please provide me with a detailed answer.

Detailed answer

Praise be to Allah.

Firstly:

The fuqaha' differed with regard to debt: does it mean that one does not have to pay zakaah? There are two well-known views, one of which is that it does not mean that one does not have to pay zakaah, so if a person possesses the nisaab (minimum amount of wealth at which zakaah becomes due) and one full year has passed, then he must pay zakaah, no matter what his debt is. This is the view of al-Shaafa'i (may Allaah have mercy on him), and it is what is regarded as most correct by many of the scholars.

That is because of the general meaning of the evidence which indicates that zakaah is obligatory for everyone who owns the nisaab, and because the Prophet (blessings and peace of Allaah be upon him) used to send his workers to collect zakaah, and he did not tell them to enquire as to whether the owners of the wealth had debts or not. And because zakaah has to do with what one actually possesses, and debt is a commitment, so the one does not rule out the other.

Al-Nawawi (may Allaah have mercy on him) said: Does debt cancel out the obligation of zakaah? There are three opinions concerning that, the most sound of which according to our companions,

which is also the view stated by al-Shaafa'i (may Allaah be pleased with him) in most of his new books, is that it is obligatory... To sum up, our view is that zakaah is obligatory, whether the wealth is hidden or apparent, and whether the wealth is of the same type as the debt or not. Our companions said: whether it is a debt owed to a human being or a debt owed to Allaah, such as previous zakaah, expiation, vows and so on. End quote.

Al-Majmoo', 5/317

Shaykh Ibn Baaz (may Allaah have mercy on him) said: With regard to the debt that he owes, it does not rule out zakaah according to the soundest scholarly opinion. End quote.

Majmoo' Fataawa al-Shaykh Ibn Baaz, 14/189

Shaykh Ibn 'Uthaymeen (make Allaah have mercy on him) said: What I think is more likely to be correct is that zakaah is obligatory in all cases, even if a person has a debt which, if taken from a person's wealth, will cause it to fall below the nisaab, except a debt which came due before the zakaah became due, in which case he must pay the debt, then pay zakaah on what is left after that. End quote.

Al-Sharh al-Mumti', 6/39

It says in Fataawa al-Lajnah al-Daa'imah (9/189): The correct scholarly view is that debt does not rule out zakaah. The Prophet (blessings and peace of Allaah be upon him) used to send out his workers to collect zakaah, and he did not tell them: Look and see whether the people are in debt or not. End quote.

Based on that, you should look and see what wealth you have after one year has passed since acquiring it, and pay zakaah on it, even if your debt is greater or smaller than this money. But if you pay off the debt or part of it before zakaah becomes due, then you do not have to pay zakaah on that amount, only on what is left of the money.

Please see also the answer to question number 22426.

Secondly:

For information on zakaah on shares, please see the answer to question number 69912.