98528 - Paying zakaah ahead of time and how to pay zakaah if his money is in the Islamic bank

the question

I have an amount in an Islamic bank. Is it permissible for me to pay Zakat in advance during the year? Like when I receive interest; as I fear when the time of paying it comes, I will not have money to pay it.
Do we give Zakat out of the capital only or of capital and interest together?.

Detailed answer

Praise be to Allah.

Firstly:

It is not permissible for a Muslim to invest his wealth in a riba-based bank, or that which is called Islamic but is not, rather it should be Islamic in nature as well as in name. If the bank is Islamic and does not deal in riba by taking or giving interest, and it invests its wealth and distributes the profits to the investors in accordance with the rulings of Islamic sharee'ah, then there is nothing wrong with investing money in it.

See also the answer to question no. 47651

Secondly:

With regard to paying zakaah in advance, the correct view is that it is permissible, and this is the view of the majority of scholars, but it is better not to pay zakaah in advance, unless there is a reason for doing so.

Shaykh al-Islam Ibn Taymiyah (may Allaah have mercy on him) said: As for paying zakaah before it is due, that is permissible according to the majority of scholars, such as Abu Haneefah, al-Shaafa'i and Ahmad, and it is permissible to pay zakaah in advance on livestock and gold and

silver, and trade goods, if he owns the nisaab (minimum threshold). End quote.

Majmoo' al-Fataawa (25/85, 86)

The scholars of the Standing Committee for Issuing Fatwas said:

There is nothing wrong with paying zakaah one or two years in advance, if that will serve an interest, and giving it to the poor and needy on an annual basis. End quote.

Shaykh 'Abd al-'Azeez ibn Baaz, Shaykh 'Abd al-Razzaaq 'Afeefi, Shaykh 'Abd-Allaah ibn Ghadyaan.

Fataawa al-Lajnah al-Daa'imah (9/422).

Shaykh Muhammad ibn Saalih al-'Uthaymeen (may Allaah have mercy on him) was asked:

What is the ruling on paying zakaah for several years in advance to disaster victims?

He replied:

Paying zakaah more than a year in advance is valid, but it is only permissible for a few years, and it is not permissible for more than that. But one should not pay zakaah in advance unless it is in response to a need such as a severe famine or jihad and the like. In that case we say that it should be paid in advance, because there may be reason to make what is ordinarily less appropriate more appropriate, otherwise it is better not to pay zakaah until it becomes due, because something could happen to his wealth of destruction and the like. Whatever the case, it should be noted that if he subsequently has more than he had when he paid in advance, zakaah must be paid on the additional amount.

Fataawa al-Shaykh al-'Uthaymeen (18/328).

Thirdly:

Zakaah must be paid on all the money – both the capital and the profits – when one year has

passed from the time when the capital was acquired and reached the nisaab. The year in question is a hijri year.

The scholars of the Standing Committee for Issuing Fatwas were asked:

I have some wealth worth fifteen thousand riyals (15,000) which I gave to a man to do business with, on the basis that he would have half of the profits. Is any zakaah due on this money? Which should I pay zakaah on, the capital, the profit or both? If zakaah is due on the capital and we bought goods with the capital such as carpets, furniture and the like, what is the ruling in that case?

They replied:

Zakaah is due on the wealth mentioned which has been prepared for trade, when one year has passed. Zakaah should be paid on the capital as well as the profits when one year has passed, even if the money was used to buy trade goods. Their value should be worked out based on the market price at that time, when one year has passed, and zakaah should be paid at a rate of two and half percent (2.5%) on the total wealth, including the profits. End quote.

Shaykh ‘Abd al-‘Azeez ibn Baaz, Shaykh ‘Abd al-Razzaaq ‘Afeefi, Shaykh ‘Abd-Allaah ibn Ghadyaan.

Fataawa al-Lajnah al-Daa’imah (9/356, 357)

They also said:

Zakaah must be paid on the capital and profits when one year has passed since the wealth was first acquired (the capital). The year for the profits is the same as the year for the original capital. End quote.

Shaykh ‘Abd al-‘Azeez ibn Baaz, Shaykh ‘Abd al-Razzaaq ‘Afeefi, Shaykh ‘Abd-Allaah ibn Ghadyaan.

Fataawa al-Lajnah al-Daa’imah (9/356, 357)

We should also point out that if the Islamic bank pays zakaah on behalf of its customers, that is sufficient and he does not have to pay zakaah, if the bank can be trusted to do that in the proper Islamic manner, but he still has to pay zakaah on that which is in his possession and that which he owns, which is not in the bank.