204754 - The zakah year for rental income begins from the day the contract is drawn up, not from when rent is first received

the question

I have some properties that I rent out. Sometimes I receive the rent in full, or I receive part of it, when drawing up the contract, and sometimes there is a delay, so I receive part of it during the year and I receive the rest of the rent at the end of the year. When should I start counting the zakah year (hawl)?

Detailed answer

Praise be to Allah.

The zakah year for rental income begins when the contract is drawn up, because the property owner becomes entitled to the rent when the contract is drawn up. See *al-Mughni* by Ibn Qudamah (4/271).

The Permanent Committee for Ifta' was asked: When does the zakah year begin for rental income from property; does it begin when the contract is drawn up or when the rent is received?

They replied:

The zakah year for rental income from property begins when the contract is drawn up. End quote.

Shaykh 'Abd al-'Aziz ibn 'Abdillah ibn Baz, Shaykh 'Abd ar-Razzaaq 'Afifi, Shaykh 'Abdullah ibn Ghadyan.

Shaykh Muhammad ibn 'Uthaymin (may Allah have mercy on him) was asked: If a person has a house or a shop that he rents out, does the zakah year for rental income from property begin when the contract is drawn up or when the rent is received?

He replied:

The zakah year begins when the contract is drawn up, because the rent becomes due when the contract is drawn up, even though it is not confirmed until after the tenant moves in and makes use of the property. So if the tenant moves in and the owner receives the rent when one year has passed since the contract was drawn up, the owner must pay zakah on it. But if he receives the rent in the middle of the zakah year and spends it before the year is complete, then no zakah is due on it.

If we assume that he rents out this shop for ten thousand, and when six months have passed he receives five thousand then he spends it, the five thousand that he receives is not subject to zakah, because no full year had passed since the contract was drawn up. As for the remaining five thousand that he receives at the end of the year, it is subject to zakah, because one full year has passed since the contract was drawn up."(*Fatawa ash-Shaykh Ibn 'Uthaymin* 18/20).

And Allah knows best.