364332 - How should each partner pay his share of zakah on trade goods when one full (Hijri) year has passed on his wealth?

the question

We are partners in some trade goods that we sell. The time to give zakah has come for one of us, and each of us put in one quarter of the money with which we bought the trade goods. How should the one who wants to pay zakah work out the value of his share of these trade goods? Please note that each partner takes his share of the profit, so if the product is worth 30 pounds, and we sell it for 34, do we evaluate it as being worth 31 or 34? How do we work out the other hidden costs of the product, such as transportation, storage and so on? If it cost me 30 and I sell it for 34, the four pounds is not regarded as net profit for us, because there are transportation costs, and there are payments to employees and others. So after evaluating it on the basis of the selling price, can I deduct these expenses from that figure?

Detailed answer

Praise be to Allah.

What is required regarding zakah on trade goods is to work out their value after one full year has passed based on the current selling price. If the trade goods belong to partners, and one full year has passed for one of them, he should work out the value of all the goods, then look at how much his share is of them, such as one quarter or one half. Then if that amount reaches the nisaab [minimum threshold at which zakah becomes due] either by itself or when added to other goods, or cash, or gold or silver, then he should pay zakah on it.

When it comes to the zakah on trade goods, no attention is to be paid to the costs of transporting them at the time of sale, or the wages of workers, or rent for the shop, or costs for electricity and the like. Rather even debts owed by the one who is giving zakah are not deducted from the amount, even if the trade goods themselves are purchased on credit, according to the more

correct scholarly view. Please see the answers to questions no. 22426 and 124095 .

Rather we only look at its market value, which is usually equal to the price for which it is being sold.

It is no secret that zakah is only paid on the goods that are present when one full year has passed, even though they may be sold and other goods bought with their price, and this may be repeated several times during the year. So zakah is paid only once, and it is paid only on what is present at the time when one full year has passed. So the costs are covered by the profits and repeated buying and selling.

Based on that, if the value of the goods when one full year has passed is 34, and the one who is paying zakah owns one quarter of the goods, then his share is 8.5. So he should give zakah if that reaches the nisaab by itself or when added to other cash that he owns, then he should give zakah at a rate of one quarter of one tenth (2.5%).

And Allah knows best.