47760 - Is zakaah due on rent that has just been received or rent paid when one year has passed?

the question

We have a store which we rented out for 72,000 lira per year. Do we have to pay zakaah? Please note that we receive the rent in one payment, and we spend it before the year has passed.

Detailed answer

Praise be to Allah.

No zakaah is due on properties that are prepared for rental; rather zakaah is due on the rent that is paid on them, subject to two conditions:

1-That it reaches the minimum threshold at which zakaah becomes due (nisaab)

2-That one full hijri year has passed (since acquiring it).

The year starts from when you sign the contract, whether the rent is paid in advance at the beginning of the year or at the end of the year. If it was received at the beginning of the year and the year has passed, then zakaah must be paid on it, or on what is left of it if some has been spent and some is left.

If it is received at the end of the year then zakaah must be paid on it, because one year has passed since the contract was signed.

Ibn Qudaamah (may Allaah have mercy on him) said in al-Mughni (4/271):

If a person rents out his house for two years for forty dinars, the rent is considered to have come into his possession at the time of the contract, and he has to pay zakaah on the whole amount when one year has passed. End quote.

Shaykh Ibn Baaz was asked about a man who rented out some property and received payment for one year in advance, and he used it to pay off some debts – does he have to pay zakaah on this rent?

He replied: No zakaah is due on rent in such a case, where it was received from the renter in advance and he used it to pay off a debt, because a full year did not pass since it came into his possession. What counts here is the date of the rental contact until the end of the year. If he received the rent before the end of the year and used it to pay off a debt or he spent it on things needed for the house, then no zakaah is due on it.

Majmoo' Fataawa al-Shaykh Ibn Baaz, 14/177

Shaykh Ibn 'Uthaymeen was asked about properties that are prepared for rent – is zakaah due on them?

He replied:

No zakaah is due on these properties, because the Prophet (peace and blessings of Allaah be upon him) said: "The Muslim does not have to pay zakaah on his slave or his horse." Rather zakaah is due on the rent, if one full year has passed since the contract was drawn up.

For example: a man rents out his house for ten thousand, and he receives ten thousand after one year has passed; he has to pay zakaah on this ten thousand, because one year has passed since the contract was drawn up. Another man rented out his house for ten thousand – five thousand of which he received at the time of signing the contract, and which spent within two months, and five thousand to be paid halfway through the year, which he took and spent within two months. When the year is over, he has nothing left of the rent, so no zakaah is due on it, because it did not spend one full year in his possession, and zakaah is only due if it has spent one year in his possession. End quote.

Fataawa al-Shaykh Ibn 'Uthaymeen, 18/208

And Allaah knows best.