93706 - How should one pay zakaah on land, cars and gold?

the question

1 – I have a piece of land that I bought nearly a year ago for two purposes, and I have not yet decided which of the two purposes I will use it for. The first is to trade it, i.e., when the price goes up I will sell it. The second is to build a house on it in the distant future, where I can live with my family. The first question is: how should I work out how much zakaah to pay on this land (the price for which I bought it or the price for which I will sell it)? Is zakaah due on it or not?
2 – Every year in Ramadaan I pay zakaah on my wealth as follows: I calculate all the wealth I have, whether it is in my hands or in the bank. I have one car that I rent out for a monthly payment all year long, by Allaah's grace. I work out its value based on the price for which I bought it approximately four or five years ago. If I find another car for the purpose of trading, I work out its value based on the price that I paid for it, as with the first car. I also have some money in the bank for which I receive interest; please note that the interest is a large amount.
I work out the value of my wife's jewellery on the basis of the price I paid for it.
If there is anything else I work out its value based on the price paid for it.
My second question is: I pay zakaah as follows: on the things mentioned I pay 2% on the cash value, and all of the interest.
I pay the cash sum as follows:
1 – to the poor people in my village or any other place where there are orphans;
2 – a small amount to relatives who I think are in need, whether they are on my father's side or my mother's side;
3 – a small amount to my sisters and brothers, knowing that my sisters are married and well off, and my father and mother are also well off, but this is an upholding of the ties of kinship (because I am the oldest son);
4 – I send some to charities that help orphans, the sick and our brothers in Palestine;
5 – a small amount to any charities such as mosques and schools. Is the way I am paying zakaah right or wrong? What is the correct way if there is any mistake?.

Detailed answer

Praise be to Allah.

Firstly:

If the matter is as you have described, and you may sell the land if prices go up or you may build a house on it for yourself and your family, then you do not have to pay zakaah on it, because you do not have a firm intention to sell it. But if you do decide to sell it, then zakaah will be due on it, so you should work out when you decided to sell it and when one year has passed, you should work out how much the land is worth at that time, and pay zakaah on it.

Secondly:

No zakaah is due on the car that you rent out, rather zakaah is due on the money you receive for that, if it reaches the nisaab and one full year has passed.

If you acquire a car with the intention of dealing in it, then zakaah must be worked out on the basis of its value when one year has passed, not the price at the time when you bought it. Please see question no. 65515.

Thirdly:

No zakaah is due on the interest received from a riba-based bank, because it is haraam wealth which is not really owned by the one who deals in interest. You should get rid of it by spending it on charitable causes, and zakaah should be paid only on the original wealth.

What you should do is move your account to a current account with no interest, because this interest is riba (usury) which is haraam and is a major sin, for Allaah is Good and does not accept anything but that which is good.

Fourthly:

If your wife’s (gold) jewellery reaches the nisaab, which is 85 grams, then zakaah is due on it. The way in which zakaah is paid on it is to work out its value on the day of zakaah, regardless of the price for which it was bought, then pay zakaah on it.

What is meant by the price on the day of zakaah is the price of this used gold for which you could sell it, not the price of new gold.

Fifthly:

The rate at which zakaah is paid on gold, silver, trade goods and cash is one-quarter of one-tenth, i.e., 2.5%, not 2% as mentioned in the question.

Sixthly:

The people and causes on whom zakaah may be spent are well known, as stated by Allaah in the verse (interpretation of the meaning):

“As-Sadaqaat (here it means Zakaah) are only for the Fuqaraa’ (poor), and Al-Masaakeen (the poor) and those employed to collect (the funds); and to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allaah’s Cause (i.e. for Mujaahidoon — those fighting in a holy battle), and for the wayfarer (a traveller who is cut off from everything); a duty imposed by Allaah. And Allaah is All-Knower, All-Wise”

[al-Tawbah 9:60]

1 – You did well by giving to the poor people in the village and the needy among your relatives and the needy in Palestine.

2 – As for giving some of the zakaah to your parents and brothers and sisters who are well off, that is not permissible, and it does not mean that you have discharged your duty, because they are not among the people who are entitled to zakaah. What is prescribed is to give them gifts and charity, not zakaah, unless one of them is in debt and cannot pay it off, in which case it is permissible to give him zakaah.

3 – The same applies to giving zakaah to charities such as mosques and schools – it is not valid, because zakaah must be given to one of the eight categories mentioned in the verse, and mosques are not among them, nor are they included in the phrase “for Allaah’s cause” because what is meant by that is jihad for the sake of Allaah. See the answer to question no.13734 and 21805.

4 – As for charities that help orphans and the sick, it is permissible to give them zakaah if these orphans or sick people are poor and in need, and this zakaah is given to them in cash or you delegate those who are in charge to buy whatever they need of clothing, medicine and the like, and will not spend this money on other projects such as building etc.

We ask Allaah to bless your wealth for you and make it help you to obey Him.

And Allaah knows best.