94473 - How should he pay zakaah on a car if it stayed in the showroom for three years and its price has fallen?

the question

Someone bought a car for 13,000 riyals with the intention of offering it for sale and making a profit. But after he bought it, he found out that it was faulty, which lessened its value, and he left it in a car showroom, where it stayed for three years, and offers were made on it that were much less than the purchase price during that time. After three years, he sold it for 8,000 riyals. Was there any zakaah due on this car that was offered for sale for three years every time one year passed? How should he pay it? What is the rate of zakaah?.

Detailed answer

Praise be to Allah.

If a person buys a car with the intention of selling it and making a profit, he must pay zakaah on it every time a year passes. He should work out its value on that day, i.e., its market value on the day when the year has passed, and pay one-quarter of one-tenth (2.5%), whether the value has increased or decreased.

Shaykh Ibn ‘Uthaymeen (may Allaah have mercy on him) was asked: Someone bought some land with the intention of dealing in it, but it remained in his possession for a long time. Is zakaah due on it?

He replied:

If a person buys land with the intention of dealing in it, then he must pay zakaah on it every year, whether its value increases or decreases, and whether it sells or not. He should work out its value every year, then if he has money he may pay the zakaah from the money he has; if he does not have money he should keep a record of the zakaah that it due every year, year by year, and when he sells it he must pay zakaah on the past period. End quote from Liqa’ al-Baab il-Maftooh

(15/12).

Based on this, the owner of the car should have looked at its price at the end of every year and paid zakaah on it. If he did not have any money, he should have kept a record of it and paid it when he sold the car.

It should be noted that the year with regard to trade goods is the year from when one acquired the wealth with which he bought them, if it reached the nisaab (minimum threshold). The year for the car in this case does not start from the time when he bought it, but from the time when he acquired the money with which he bought it.

What the owner of the car must do now is work out what the value of the car was at the end of each year, with the help of those who have experience in the market, then pay the zakaah.

And Allaah knows best.