95761 - He has put his car up for sale but he is using it for now until he finds the right price. Does he have to pay zakah?

the question

A person has a car on sale until he finds a suitable price. But he still is using it. Shall he pay Zakat on it if it completes a year in this case?.

Detailed answer

Praise be to Allah.

The majority of scholars are of the view that it is obligatory to pay zakah on trade goods, subject to two conditions:

1 – That he should have taken possession of it through his own actions, i.e., by buying it or accepting it as a gift, not by inheritance, because inheritance comes under the heading of things that a person acquires involuntarily.

2 – That he took possession of it with the intention of selling it. If he took possession of it with the intention of keeping it, then decided to sell it, he does not have to pay zakah.

Ibn Qudaamah (may Allah have mercy on him) said: An item is not regarded as trade goods unless two conditions are met:

1 – That he should have taken possession of it through his own actions, either by buying it or accepting it as a gift. It makes no difference whether he took possession of it in return for payment or not.

2 – He should intend at the time of taking possession of it that it is for trade. If he did not intend at the time of taking possession of it that it was for trade, then it is not trade goods even if he formed

that intention afterwards.

End quote from al-Mughni (2/336).

Some scholars are of the view that it becomes trade goods when he forms the intention, even if he did not taken possession of it through his own actions. This was narrated from Ahmad (may Allah have mercy on him).

Ibn Qudaamah said, after the words quoted above:

It was narrated from Ahmad in another report, that goods become trade goods as soon as one forms the intention to sell them, because of the words of Samurah (may Allah be pleased with him): The Messenger of Allah (peace and blessings of Allah be upon him) commanded us to pay zakah on that which we prepared for sale. Based on this, it makes no difference whether he took possession of it through his own actions or whether it was in return for payment or not, rather when he forms the intention to sell them, they become trade goods.

End quote from al-Mughni (2/336).

The first view is the opinion of the Hanbalis, Hanafis, Maalikis and Shaafa'is.

See: Badaa'i' al-Sanaa'i (2/12); Sharh al-Kharashi 'ala Khaleel (2/195); al-Majmoo' (6/5) and al-Mawsoo'ah al-Fiqhiyyah (23/271).

Shaykh Ibn 'Uthaymeen (may Allah have mercy on him) preferred the second view, which was also narrated from Ahmad, but he differentiated between selling a car or land in order to earn money and make a profit, and selling them because one no longer needs them. In the first case zakah is due, but not in the second.

Shaykh Ibn 'Uthaymeen (may Allah have mercy on him) said: The second view concerning this issue is that it becomes trade goods by intention even if he did not take possession of it through his own actions, and even if he took possession of it with no intention of selling it, because of the general meaning of the words of the Prophet (peace and blessings of Allah be upon him): "Actions

are but by intention and each person will have but that which he intended.” This man formed the intention to sell it so it is trade goods.

For example, if he buys a car for his personal use, then he decides to use it as capital for business. In this case he must pay zakah when one year has passed since he made that decision. If he has a car that he is using then he decides to sell it then it is not trade goods, because in this case he is not selling it for trade, but because he no longer wants it.

Another example is if he has land that he bought to build on, then he decided to sell it and buy a different piece of land, so he put it up for sale. This is not regarded as trade goods, because the decision to sell in this case is not to use it to raise capital but because he no longer wants it. There is a difference between the person who uses it to raise capital for business and a person who no longer wants this thing and wants to sell it. In the first case zakah is due according to the most correct opinion, but no zakah is due in the second case.

End quote from al-Sharh al-Mumti’ (6/143).

To sum up:

If you are selling the car because you no longer want it, then there is no zakah on it, but if it is in order to do business, earn money from it and make a profit, then you have to pay zakah when one year has passed since you decided to trade in it. That is not affected by the fact that you are not using it.

And Allah knows best.