

117936 - He has a piece of land that is the subject of a dispute with the municipality and he cannot sell it. Does he have to pay Zakaah on it?

the question

I have a number of pieces of land outside the city, with no lawful documents. All I have is just few papers of purchase I bought several years ago. Do I have to pay zakat on them? What shall I do now if I have to pay zakat? Bear in mind that these pieces of land were an issue of problems with the local municipality and we cannot value them now.

Detailed answer

If you bought this land with the intention of selling it, then you must pay the zakaah on trade goods, so you must work out its value every year and pay one quarter of one tenth (2.5%) of this value.

This is the basic principle concerning zakaah on trade goods.

But if you cannot sell it and dispose of it because of the dispute with the municipality, then no zakaah is due on it for the period during which you are unable to dispose of it, because you are not in full possession of it.

This is akin to a debt that is owed by a person who is delaying repayment or by one who is in difficulty.

Shaykh Ibn 'Uthaymeen (may Allaah have mercy on him) was asked about zakaah on land, i.e., a man bought a piece of land but did not pay zakaah on it for three or four years. After the purchase he submitted an application to the municipality to divide it into a number of lots. This process took three or four years and until now it is not complete. Is zakaah due on it for the previous period, or should zakaah be paid just once at the time of purchase?

Shaykh: Did he buy it to trade in it?

Questioner: He bought it to trade in it, but he thought, based on the fatwa of a scholar, that no zakaah is due on land, then it took too long to complete the application, and he cannot sell it in lots until it is completed.

Shaykh: And he cannot sell as one piece either?

Questioner: He cannot sell it as one piece, but the partners bought the land to divide it into a number of lots.

Shaykh: Meaning that it is no longer in his possession?

Questioner: No, it is still in his possession.

Shaykh: Are they partners?

Questioner: Partners means that they recorded the name of one person, one of the partners.

Shaykh: Firstly, may Allaah bless you, if he asked someone about whether there is no zakaah on it, and that person is reliable in his knowledge and religious commitment, then he does not have to pay zakaah, because Allaah says (interpretation of the meaning): “So ask of those who know the Scripture, if you know not” [al-Nahl 16:43]. But if he believed that zakaah is obligatory then he must pay zakaah, except for the years when he was unable to dispose of it, as there is no zakaah for those years, because this is like a debt owed by one who is in difficulty. But the correct view as far as I know is that trade goods are subject to zakaah.

End quote from Liqa’ al-Baab al-Maftooh (11/148).

And Allaah knows best.