

32678 - He has a share in some commercial land - how should he pay zakaah?

the question

I invested a sum of money in a share of some land, and it is expected that I will be holding this share for some time. How should I pay zakaah when one full hijri year has passed?.

Detailed answer

Zakaah must be paid on things that are prepared for sale or trade (land and other things) when one full year has passed since the time when they were prepared for sale. The way in which the zakaah is calculated is to work out the value (of the land) when the year has passed, and pay one-quarter of one-tenth of the value as zakaah.

The scholars of the Standing Committee said:

Zakaah must be paid on lands that are prepared to be bought and sold, because they come under the heading of trade goods, so they are included in the general meaning of the evidence in the Qur'aan and Sunnah that zakaah is obligatory. Allaah says (interpretation of the meaning):

“Take Sadaqah (alms) from their wealth in order to purify them and sanctify them with it”

[al-Tawbah 9:103]

Abu Dawood narrated with a hasan isnaad that Samurah ibn Jundub (may Allaah be pleased with him) said: The Messenger of Allaah (peace and blessings of Allaah be upon

him) commanded us to pay sadaqah (i.e., zakaah) on that which we had prepared for sale.

This is also the view of the majority of scholars, and it is correct.

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It makes no difference if the land is owned entirely by the one who is paying zakaah or if it is shared out as when many people hold shares in it.

The scholars of the Standing Committee also said:

The Standing Committee was asked about zakaah on lands that are owned through shares – is the ruling on these the same as the ruling on trade goods or the ruling on real estate?

They replied:

If a person acquires real estate with the intention of trading it (selling it later on to make a profit), whether it is shared or he owns it outright, then the ruling is the same as the ruling on trade goods, and zakaah must be paid on its value if it reaches the nisaab (minimum threshold at which zakaah becomes due), when one year has passed. The way in which the value is to be worked out is to estimate its value at the end of the year, and this estimate must be done by one who has experience in that field. And Allaah knows best.

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