

387428 - He owes delayed zakaah and the value of the currency has dropped. Does he have to give more, taking into account the drop in value?

the question

I owe zakaah for a few years in the past. The total amount of that zakaah when it became due was three thousand pounds, but there has been a drop in the value of the Egyptian pound during the last few years, as the price of a gram of gold was eighty pounds at the time when the zakaah came due, but now the price is nine hundred pounds. The prices of most items have also risen, but not to the same extent. For example, the price of a kilo of meat has risen from forty-to one hundred and fifty pounds only. Now I have paid the original amount of three thousand pounds, but I read a fatwa which said I must take into consideration the drop in the value of currency, and pay an amount equivalent to the amount that was due when the zakaah became obligatory. Is it permissible for me to pay in pounds the extra amount, to cover the drop in value of the pound, or must I give it in another currency, such as gold for example, so as to avoid falling into riba? Is it permissible to choose another commodity as a reference point to work out the amount, of which the increase in its price is less than the increase in the price of gold? What are the criteria for choosing another commodity in this case?

Detailed answer

If you owe delayed zakaah of three thousand pounds, and the value of the currency has dropped, we do not think that you have to give anything more than that.

As for taking the drop in currency into consideration and making up the difference, this applies to debts owed to people, because people would not tolerate these differences and would dispute the matter.

This is according to the view of some of the scholars, and it is the basis for the answers given on our website.

But most of them are of the view that the debt should be paid off in the same amount as was borrowed, not on the basis of its value, even if the value of the currency drops, so long as the currency is still valid and is not obsolete.

It says in a statement of the Islamic Fiqh Council issued during its fifth conference in Kuwait, 1-6 Jumaada al-Oola 1409 AH/10-15 December 1988 CE:

After studying the research presented by members and experts on the topic of changes in the value of currency, and listening to the discussions that took place,

And after studying the statement of the Council no. 21 (9/3) issued during its third session, that paper currencies are fiat currencies by means of which prices of items are worked out, and they are subject to the same shar'i rulings as gold and silver, such as the rulings on riba, zakaah, salam transactions and other rulings,

The following was determined:

In principle, with regard to paying debts in a particular currency, it is to be done by giving back the same amount in the same currency, and not on the basis of value, because debts are to be paid in the same amount and currency [as the original loan]. So it is not permissible to connect a debt that is owed, regardless of the type of currency, to the value of the currency. And Allah knows best." (*Majallat al-Majma'* issue no. 5, volume 3, p. 1609).

The scholars of the Permanent Committee for Ifta' said: The borrower must pay the pounds that he borrowed when the lender asks for that, and the purchasing power [of the currency] makes no difference, whether it has increased or decreased." (*Fataawa al-Lajnah ad-Daa'imah* 14/146).

Shaykh Ibn 'Uthaymeen (may Allah have mercy on him) said: If the currency has been abolished and changed to another, then the lender may ask for the debt to be paid with its value at that time or at the time when it was abolished. But if the currency is still valid, the lender is not entitled to anything except the same currency, regardless of whether its value has increased or decreased... Such as if he lent him a saa' of wheat a few years ago, when

a saa' was worth five riyals, then the price went down to two riyals, for example. Can he tell him to give him the saa' plus three riyals? No, he has no right to anything except the saa', because anything that is borrowed can only be repaid in the same form. The same applies to cash, so long as the currency has not been abolished." (*Liqa' al-Baab al-Maftooh* 72/9).

The view that the drop in value should be taken into consideration with regard to people's rights is a credible view. For an explanation thereof, please see the answer to question no. 220839.

But it does not seem that this is required in the case of zakaah, expiation (kaffaarah) or other matters that are the rights of Allah, but if a person does that to be on the safe side, then this is good, especially since zakaah also has to do with the rights of the poor and needy.

You do not have to pay the extra in a different currency, because no exchange is taking place, so there is no fear of falling into riba.

And Allah knows best.