

43033 - Should zakah on jewellery be based on the price for new gold or used gold?

the question

In zakat, if I have gold do I go to the jeweller and get my gold valued or do I take the market value of gold? The jeweller will give me a lower value for my personal gold because it is second hand whereas the market value will be higher.

Detailed answer

If the gold reaches the minimum threshold at which zakah becomes due (the nisab), which is 85 grams, and one full hijri year has passed since it was acquired, then zakah must be paid on it, by giving one quarter of one tenth of it, or of its value. What is meant by its value is the price for which it would be sold used at the time when zakah is due. This is usually less than the price for new gold.

Shaykh Ibn 'Uthaymeen (may Allah have mercy on him) said: Based on this, a woman should work out the value of the gold that she has, whether that is the price for which she bought it or less, or more, so she should work out its value as used gold then pay one quarter of one tenth, i.e., one in forty, or two and a half riyals out of every hundred, or twenty five out of every thousand, and so on. The way to do that is to divide the value by forty, and the result is what is to be paid in zakah. In this manner she will discharge her duty and be ransomed from the punishment of the Fire, and nothing will harm her.

He was asked: Is the zakah of jewellery based on the purchase price or the price each year at the time when zakah is paid?

He replied: zakah on jewellery must be paid each year and cannot be based on the purchase price, rather it must be based on the price when the full year has passed. If a woman buys gold for ten thousand riyals, and when the year has passed it is only worth five thousand riyals, then she should only pay zakah on five thousand riyals. The converse is

also true: if she buys gold for five thousand riyals then when the year has passed it is now worth ten thousand riyals, then she should pay zakah on ten thousand riyals, because that is the time when zakah becomes obligatory. And Allah is the Source of strength.

From Majmoo' Fatawa Shaykh Ibn 'Uthaymeen, vol. 18, question no. 18, 58.

And Allah knows best.