

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**Series of Questions Addressed to Scholar Sheikh Ata Bin Khalil Abu Al-Rashtah,
Ameer of Hizb ut Tahrir through his “Fiqhi” Facebook Page**

Answer to Question:

Zakat on Trading Merchandise

To: Mohamed Abou Youssef

Question:

As-Salaam Alaikum wa Rahmatullah Wa Barakatuku, our honourable Sheikh, I have some urgent questions regarding Zakat on trading merchandise. After calculating all the trading money that Zakat is obliged on, the matter needed the evaluation of the components of the goods that are eligible for Zakat.

The question is regarding the goods at the end of the period (end of the Zakat year), they are the goods purchased just for the purpose of selling, but were not sold by the time of the end of the *Hawl* (zakat year), so how should these goods be evaluated in terms of price, is it by the purchasing price or market price? I.e. is it by the purchasing price or selling price? If it is by the purchasing price then the issue is clear, and if it is by the selling price, then are the goods evaluated at the wholesale price or individual items' price? The goods might be stored with someone else, i.e. the agent, so will they be evaluated according to the price in the country of the one who should pay Zakat, or the price of goods in the country where the goods are? Also regarding the goods that did not sell, i.e. the goods that did not sell for many years, is Zakat obliged on them, especially since they lost their market and exchangeable price?

Forgive me for this long question, Barak Allah feek.

Answer:

Wa Alaikum As-Salaam wa Rahmatullah Wa Barakatuku,

Trade merchandise is everything other than currency which is used for trading, buying and selling, for the sake of profit e.g. foodstuffs, clothing, furniture, manufactured goods, animals, minerals, land, buildings and other goods that are bought and sold.

Zakat is obliged on merchandise taken for trade. From Samura b. Jundub who said: «أما بعد، **“See! Verily the Messenger of Allah (saw) used to command us to give Sadaqah on what we prepared for sale.”** (Narrated by Abu Dawud)

Abu Dharr narrated from the Prophet (saw) who said: «وفي البرِّ صدقته» **“There is Sadaqah in Bazz.”** (Narrated by Ad-Daarqutni and Al-Baihaqi) Al-Bazz are clothes and woven material used for trading.

Ubaid narrated from Abu ‘Amra b. Hamas who narrated from his father who said: “Umar ibn Al-Khattab passed by and said: ‘O Hamas, pay the Zakat on your property’. I said: ‘I don’t have any property except for Ji’b (quivers) and leather’. He said, ‘Estimate them, then pay their Zakat.’”

Abdur Rahman b. Abdul-Qari said: “I was appointed over Bait ul-Mal in the time of ‘Umar ibn Al-Khattab. When the gifts were given out, the wealth of the traders was collected and counted, of what was present or absent. Zakat was then taken from the present wealth for what was present and absent.” (Narrated by Abu Ubaid)

Narrated by Ahmad in his Musnad from Malik ibn Aws bin Al Hadathan An-Nasri, from Abu Dhar, he said: I heard the Messenger of Allah (saw) says: «في البابل صدقتها، وفي الغنم صدقتها، وفي البقر صدقتها» **“Zakat is on camels, and Zakat is on sheep, and there is zakat on cows, and there is zakat on Bazz.”** Al-Bazz are clothes and woven material used for trading.

Nawawi said in Al Majmo' Sharh al Muhathab:

“Zakat is due on trading merchandise because of the narration of Abu Dhar may Allah be pleased with him that the Prophet (saw) said: **«فِي الْبَابِلِ صَدَقَتُهَا، وَفِي الْغَنَمِ صَدَقَتُهَا، وَفِي الْبَقَرِ صَدَقَتُهَا، وَفِي الْبُرِّ صَدَقَتُهَا»** “Zakat is on camels, and Zakat is on sheep, and there is Zakat on cows, and there is Zakat on Bazz”.

The purpose of trading is to generate wealth, so Zakat is attached to it like cattle is to the grazing grass, “his saying” there is Zakat in Bazz which is written with *fat’ha* on the letter ‘ba’ (ب) and with the letter ‘zai’ (ز), thus it was narrated by all the narrators and Ad Daarqutni and al Baihaqi mentioned it with the letter zai, and the texts by al Shafi’i (may Allah be pleased with him) the old and new mention the obligation of Zakat on trade ... and what is Mashoor by Ashab that they agree that in the Shafii’s school of thought (may Allah be pleased with him) it is obligatory.” **End**

Ibn Qudamah said in al-Mughni:

“Zakat is due in the value of trading merchandise, in the view of most scholars. Ibn al-Mundhir said: scholars unanimously agreed that Zakat is on merchandise intended for trade, if one year has passed on it ... and us, as narrated by Abu Dawood, from his Sanad (transmission of narrations) from Samra bin Jundub he said: **«كَانَ رَسُولُ اللَّهِ يَأْمُرُنَا أَنْ نُخْرِجَ الزَّكَاةَ مِمَّا نَعِدُهُ لِلْبَيْعِ»** “the Messenger of Allah (saw) commanded us to give Zakat on what we prepared to sell”. Narrated by Ad-Daarqutni, from Abu Dhar, he said: I heard the Messenger of Allah (saw) says: **«فِي الْبَابِلِ صَدَقَتُهَا، وَفِي الْغَنَمِ صَدَقَتُهَا، وَفِي الْبُرِّ صَدَقَتُهَا»** “There is Zakat on camels, and there is Zakat on goats, and there is Zakat on Bazz”. He pronounced it with the letter zai (ز), there is no dispute it is not obligatory on the specific product, but on its value. From Abu Amr ibn Hamas, from his father, he said, Umar ordered me to Umar, and said: ‘pay the Zakat on your property’. I said: ‘I don’t have any property except for Ji’b (quivers) and leather’. He said: ‘Estimate them, then pay their Zakat.’” narrated by Imam Ahmad and Abu Ubaid.” **End**

Al-Baihaqi narrated in As-Sunan Alkubra:

“Ahmad bin Mohammed bin Al-Harith al-Faqih told us that he foretold Ali bin Umar Al-Hafiz, from Abu Bakr Alnisaburi, from Ahmad Bin Mansour, from Abu Asim, from Musa bin Ubaida, Imran bin Abu Anas told me from Malik ibn Aws bin Al Hadathan, said: Whilst I was sitting with Osman, Abu Dhar came and mentioned the Hadeeth, he said: They said: O Abu Dhar tell us the saying from the Messenger of Allah (saw), he said: I heard the Messenger of Allah (saw) say: **«فِي الْبَابِلِ صَدَقَتُهَا وَفِي الْغَنَمِ صَدَقَتُهَا وَفِي الْبَقَرِ صَدَقَتُهَا وَفِي الْبُرِّ صَدَقَتُهَا»** “There is Zakat in the camels, there is Zakat in goats, there is Zakat in cows, and there is Zakat in al Bazz” he uttered it with the letter Zai (ز).” **End**

And Zakat due on trade merchandise if its value reaches the Nisab of gold, or the Nisab of silver, and one year has passed on it.

If the merchant began his trade with money is less than the Nisab, and at the end of year the money is equal to the value of Nisab, there is no Zakat on him; because the Nisab was not present for one year, he must pay Zakat on this Nisab, after one whole year passes on it (*Hawl*).

If the trader begins his trade with property above the *Nisab* such that he begins his trade with 1,000 *Dinars* then his trade grows and profits by the end of the year so that its value becomes 3,000 *Dinars*, it is obligatory upon him to pay *Zakat* on 3,000 *Dinars* not the 1,000 *Dinars* he started with. This is because its profit follows it i.e. the origin, and the period of one year of generated profit is the same as the period of one year of the origin. This is like, the goats’ offspring and offspring of sheep that are counted together with them, because their period of one year (*Hawl*) is that of their mothers. Similar to this is the profit on wealth so its time (*Hawl*) is the period of one year of the origin from which profits were derived. When the year finishes the trader estimates his trading merchandise whether *Zakat* is obliged upon it because of itself such as camels, cattle, and sheep, or not, such as clothes, manufactured products, land and buildings. He estimates them collectively in gold or silver units. He then

gives quarter-tithe (2.5%) if it reaches the *Nisab* value of gold or silver, giving the obligatory *Zakat* in the used currency. It is allowed to give its *Zakat* from the merchandise itself if that is easier for him, e.g. where he is trading with sheep/goats, cattle or clothes and the value of the *Zakat* obliged upon him is estimated in sheep, cattle or clothes, he may give its *Zakat* in currency or he may give it in sheep, cattle or clothes i.e. he may give whichever he wishes.

Zakat on trading merchandise, on whose assets *Zakat* is due like camels, cattle and sheep/goats, is paid as *Zakat* of trading merchandise, not as *Zakat* of livestock. This is because trade is intended in their ownership, not mere possession.

By understanding this Shariah reality the answer to your question is as follows:

A) The trading merchandise is estimated according to the market value i.e. with its selling value at the time of *Zakat* because this is the real value of these merchandise, it is not estimated by the purchasing price because it may be more or less than the market price that represents the true price of the commodity, and therefore the market price is the one considered.

B) If the seller is a wholesaler then he should estimate his goods at the price of wholesale goods, and if he sells individual items, then he evaluates them with the price of individual goods ... and he mixes between the wholesale and selling individual goods, then he should take the ratio of both and stick to this, if he was selling half of goods as wholesale and the other half individually, he should estimate half of goods as wholesale and the other half individually... and so on, because this is the closest to the truth regarding the value of goods.

C) Goods are valued by their market price in the country it is present in, not in the country where the merchant lives, because the market price in the country it is in, is closer to its true value.

D) All goods are estimated at the time of paying *Zakat*, those that sold and those that didn't sell, because the goods are in fact, money ... and the commodity that didn't sell is estimated at its market value at the time for *Zakat*, in this case, of course, it will be worth less than its value before the recession. And this is repeated every year because they are cash in the form of commodities and *Zakat* is obliged on them as it is obliged on cash each year.

E) *Zakat* on trade merchandise can be in cash, and it may be the goods itself, if what was due in *Zakat* is 2000, and the price per item was 500, then 4 goods can be given in *Zakat* from the trade merchandise. This could be a way to get rid of the goods that did not sell, so that the money for *Zakat* is not taken from the cash money but from the goods, taking the interest of the one giving *Zakat* into consideration

This is the view I follow in this matter, and Allah Knows Best and He is Most Wise.

Your brother,

Ata Bin Khalil Abu Al-Rashtah

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The link to the answer from the Ameer's Facebook page:

<https://www.facebook.com/AmeerhtAtabinKhalil/photos/a.122855544578192.1073741828.122848424578904/462821833914893/?type=3&theater>

The link to the answer from the Ameer's Google Plus page:

<https://plus.google.com/100431756357007517653/posts/MabZcAUnLaF>

The link to the answer from the Ameer's Twitter page:

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