

105303 - Does zakah have to be paid on all bought land?

the question

We bought 3 pieces of land, one of them we intend to build on it soon. The other two pieces we intend to just keep them in order to sell or use them in the future. Six years passed and we did not pay Zakah on any of the three pieces. What shall we do? And how much should we pay?.

Detailed answer

When a person buys land, one of three scenarios must apply:

1 – That which is intended for living on. This is not subject to zakah, because it is not for trade or business.

2 – He buys the land with the aim of selling it and seeking to make a profit from it. This comes under the heading of trade goods if one full (hijri) year passes. Then he should see how much it is worth when the year has passed, and pay one quarter of one tenth of its value at the time when the year has passed.

3 – When he wants the land that he buys as an investment, so that he can develop it by building shops or apartment buildings to rent them out. No zakah is due on the land itself, rather zakah is due on its revenue. If he receives in rent money that passes the nisaab (minimum threshold), and one year has passed since the rental contract was drawn up, then he must pay zakah on it. End quote.

Al-Muntaqa min Fatawa al-Fawzan (2/309).

And Allah knows best.