

107754 - How to work out the zakaah for commercial companies

the question

How do we work out the zakaah for commercial companies?.

Detailed answer

How to work out the zakaah for commercial companies that have in their possession goods in which they deal: the value of the goods that the company has – i.e., the items that have been bought with the aim of selling them – is worked out at the end of the year on the basis of the value for which they are to be sold. Then we add to that the cash that the company has in hand or in bank accounts, and debts that are owed to it by people which it is hoped will be paid off. Then from all of that one quarter of one tenth (2.5%) is paid.

If the company does not have goods in which it deals, but it undertakes projects for which it earns money, such as developing land, building homes to rent them out and not to sell, or maintenance work, then at the end of the year it should look at the money that it has and debts that are owed to it by others and that it hopes will be paid off, and it should pay one quarter of one tenth of that amount.

As for the buildings, offices, cars, furniture and equipment that are not intended for sale, rather they are used by the company, no zakaah is due on them, no matter how high their value.

And Allaah knows best.