118309 - Endowed wealth (waqf) and public wealth is not subject to zakaah even if it is invested

the question

Is zakaah due on endowed wealth (waqf) that has been invested, such as projects that the state establishes to generate profits to be added to the treasury?

Detailed answer

Endowed wealth (waqf) is not subject to zakaah, because it does not belong to anyone, regardless of whether it is invested or not. If the waqf is invested, then its yield is to be spent on the causes designated by the one who endowed it, such as the poor and needy, people with disabilities, seekers of knowledge and so on. If someone receives any of this wealth, and one full hijri year passes from the time that he received it, and it reached the minimum threshold (nisaab) by itself or when added to other wealth that he possesses, then he must pay zakaah on it, because it is wealth that belongs to him and meets all the conditions of zakaah being obligatory.

The scholars of the Permanent Committee for Ifta' [Issuing Fatwas] were asked: There is a tribe who collected a sum of money, and they allocated this money specifically for claims of blood-money against this tribe. They invested this money in trade, with the resulting profits going back into the blood-money fund. Is zakaah due on this money or not? If they did not do business with it, would it be subject to zakaah or not? Is it permissible for the tribe itself to pay the zakaah on its wealth in gold and silver into this fund?

They replied: If the situation is as described, then no zakaah is due on the money mentioned, because it comes under the rulings on waqfs (endowments), whether it is "frozen" or is used in trade. It is not permissible to pay zakaah into it, because it is not allocated to the poor or to any of the other categories who are entitled to receive zakaah. End quote.

Fataawa al-Lajnah ad-Daa'imah (9/291).

Shaykh Ibn ‘Uthaymeen (may Allah have mercy on him) said regarding a village association whose members give donations by means of a monthly subscription, and the wealth is kept to help people in the event of accidents or demands for blood-money, and is used to give loans to those who need to get married: The wealth in this fund is not subject to zakaah, because it is no longer the property of the participants, so it does not have a specific owner, and no zakaah is due on wealth that does not have a specific owner.

End quote from Majmoo‘ Fataawa Ibn ‘Uthaymeen (18/184).

He also said: The wealth of the estate goes to the bayt al-maal (treasury), so it does not have a specific owner, therefore no zakaah is due on it. End quote from Sharh al-Kaafi.

Conclusion: The wealth of the state or bayt al-maal (treasury) – and, likewise, wealth that has been endowed (waqf) – is not subject to zakaah, because it is not the property of a specific individual, regardless of whether or not it is invested.

And Allah knows best.