119047 - He ended the partnership, and he had some goods; he agreed to receive payment for them over several years. Does he have to pay zakah on them?

the question

I was a partner in a business with my brother, then I decided to leave that partnership. My share of the goods in the warehouse is worth one million, and we agreed that he would pay off my share over a number of years. During this period, I will have no control over my goods, but my brother will be trading them until he pays off my share. Who is obliged to pay zakah on them?

Detailed answer

If you agreed with your brother that he will pay you one million, for example – which is the price of the goods – in instalments over several years, then this amount is a debt that your brother owes you, so you should pay zakah on the debt. There are well-known details concerning that, which are as follows:

1. If the debt is owed by someone who is well-off – meaning that he is able to pay off the debt and does not deny it – then you must pay zakah on the debt every year, just as if the money was in your possession.

It is permissible to delay paying zakah in that case until you receive the money, then when you receive it you should pay zakah on it for the past years.

2. If the debt is owed by someone who is taking too long to pay, or he denies the debt, or he is poor and in financial difficulty and is unable to pay it back, then you do not have to pay zakah on it until you receive it, then when you receive it you should start to count one Hijri year from the day you received it [and pay zakah after one year]. If you give zakah for one year when you receive it, that is better and more prudent.

As for the goods which were yours, it is obligatory for your partner to pay zakah on them, because he bought them from you and they were transferred to his ownership on the day when

he agreed with you that he would pay you for them.

See: *al-Mughni* (2/345); *al-Mawsoo'ah al-Fiqhiyyah* (23/238).

See also the answers to questions no. 84005 and 1346 .

And Allah knows best.