

13479 - Zakah on shares for resale with specification of gain (murabahah)

the question

I have an account with one of the investment companies. This company deals with Islamic investments (silent partnerships (mudaarabah) – rentals – resales with specification of gains (muraabahah)), whereby it collects money and invests it in business, real estate, industrial or agricultural projects within the Kingdom (Saudi Arabia) or in Muslim countries, in order to serve Islam and the Muslims. They give us the profits annually in the form of these shares. My question is: should I pay the annual zakah on my wealth based on the capital which I paid to this company, or on the profits which I take annually, and what is the rate of zakah that I have to pay?

Detailed answer

With regard to the mudaarabah and muraabahah shares, you should pay zakah on both the principle and the profits, when one full year has passed on the capital. With regard to the shares which are held in agricultural, real estate and industrial companies, zakah is due on the profits if they reach the nisaab (minimum amount) on their own or when added to others, and one full (hijri) year has passed. The rate of zakah is one quarter of one tenth, i.e., 2.5 %. With regard to the shares, zakah is not due on them if they are not available for sale. But if they are available for sale then zakah must be paid on them and their profits when one full (hijri) year has passed, as with all other trade goods. If the agricultural company produces grains, dates or grapes then the prescribed zakah must be paid on them if the amount of each of them reaches five wasq or more. And Allah is the Source of strength. May Allah bless our Prophet Muhammad and his family and companions, and grant them peace.