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1817 - Is There Zakah on Loans?

the question

When should Zakah be paid on money that is loaned out?

Summary of answer

The lender has to pay Zakah annually on the money lent, if the borrower is rich and is known to repay debts promptly. The lender has to pay Zakah one full year after recovering the money if the borrower is in difficulty or is known to delay repayment.

Detailed answer

Praise be to Allah.

This matter may be summed up as follows:

- The lender has to pay Zakah annually on the money lent, if the borrower is rich and is known to repay debts promptly. In this case, because it is possible to recover the money readily, it is like money that is in one's possession.
- The lender has to pay Zakah one full year after recovering the money if the borrower is in difficulty or is known to delay repayment. He does not have to pay Zakah before he gets the money back, because it is not readily accessible and this is not like money that is in one's possession.

For more details, please see the following answers: 22426, 185237, 106434, 50014.

And Allah knows best.