

74987 - Is zakaah due on manufacturing equipment?

the question

Is manufacturing equipment subject to zakaah, knowing that its value may be very high?.

Detailed answer

Praise be to Allaah.

Company buildings, heavy and light machinery and vehicles that are used to transport goods or company workers are not subject to zakaah.

The early scholars stated that the tools of craftsmen such as carpenters, builders, blacksmiths and the like are not subject to zakaah. Al-Kasaani said in *Badaa'i' al-Sanaa'i'* (3/398): As for the tools of the craftsman and the buckets and containers, they are not trade goods, because they are not usually sold with the goods. End quote.

In *Kashshaaf al-Qinaa'* (168/2) it says: There is no zakaah on craftsmen's tools, containers used for displaying goods or the jars and bottles used for perfume and groceries, or for oil and honey, unless they are intended for sale, i.e., the bottles and their contents, in which case zakaah should be paid on both because they are goods for trade. The same applies to the equipment used for tending animals. If they are to be kept then there is no zakaah on them, because they are tools of the trade, but if they are to be sold with the animal then they are trade goods and zakaah should be paid on them. End quote.

The fact that these machines may be huge and produce a great deal does not alter the shar'i ruling at all, rather the basic principle still applies and the ruling remains as it is. The fact that cars and planes can cover huge distances does not affect the rulings on concessions granted to travellers. Similarly, changes in tools used for manufacturing do not affect the rulings at all. Stated

Islam Question & Answer

General Supervisor:
Shaykh Muhammad Saalih al-Munajjid

by Shaykh 'Abd-Allaah al-Bassaam. Majallat al-Majma' al-Fiqhi, 4/1/722

Shaykh Ibn Baaz (may Allaah have mercy on him) was asked about modern enterprises that have appeared nowadays, such as enterprises for animal production, milk production, agricultural production, and large real estate projects such as high-rise buildings. Is there any zakaah on these things, and how should the zakaah be paid?

He replied: if these projects and enterprises are set up for the purpose of buying and selling, with the aim of making a profit, then the owner must pay zakaah on them every time one year passes, if these things are prepared for sale, whether they are buildings, land, shops, animals on his farm, and so on. He should pay zakaah when one year has passed, based on their value. But equipment that is not for sale is not subject to zakaah, and the land on which the farm is located is not subject to zakaah if it is not prepared for sale, rather it is the place where the owner raises the animals for sale or it is cultivated by him and so on. So the zakaah is on the produce, but the land itself which is prepared for cultivation or where he raises animals is not subject to zakaah. The same applies to carpenters and blacksmiths - there is no zakaah on the tools that they have for use such as hammers and all other tools. Rather zakaah is due on wealth that is prepared for sale and tools that are prepared for sale - as stated above - when one year has passed he should pay zakaah according to their value. Zakaah should also be paid on vehicles that are prepared for sale and land that is prepared for sale."

Majmoo' Fataawa Ibn Baaz, 14/184

The scholars of the Standing Committee were asked: In our institute there is equipment that is used for the work of the institute, such as vehicles, compressors and mixers. Is zakaah due on them or not?

They replied:

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Zakaah is due on the rental fees paid if they are rented out, after one year has passed, if that reaches the nisaab. If the owner of the institute enters into contracts and uses these machines to fulfil the contracts, then the zakaah should be paid from the profits earned from these contracts, after one year has passed, but no zakaah is due on the machines themselves or on their value, because they have not been prepared for sale, rather they have been prepared for use. End quote.

Fataawa al-Lajnah al-Daa'imah, 9/345

Shaykh Ibn 'Uthaymeen (may Allaah have mercy on him) said:

No zakaah is required of a man for what he keeps of vessels, furniture, tools, cars, property etc, even if he has prepared them for renting out. If a person owns many properties that are worth millions, but he does not deal in them by buying or selling, rather he prepares them for using or renting, then no zakaah is due on these properties, even if they are many. Rather zakaah is due on what he earns from them in rental payments or income; zakaah must be paid on rental income when one year has passed since the beginning of the contract. If one year has not yet passed, then no zakaah is due, because in principle there is no obligation (with regard to these matters) unless there is evidence. Rather the evidence indicates that zakaah is not required on them, because the Prophet (peace and blessings of Allaah be upon him) said: "The Muslim does not have to pay zakaah on his slave or his horse." This indicates that "non-zakaatable" wealth that a person keeps for himself is not subject to zakaah, and wealth that a person prepares to provide an income for himself, such as real estate etc, is undoubtedly something that a person wants for himself and not for others, because he is not selling it, rather he is keeping it for income. End quote.

Majmoo' Fataawa Ibn 'Uthaymeen, 18/254.