129787 - If he bought some land then sold it because he needed money, does he have to pay zakaah?

the question

I read a fatwa which says that if a person buys land for the purpose of buying and selling, he has to pay zakaah on it. But what if someone bought some land and had no intention of selling it, but someone suddenly came along who wanted to buy it, so he sold it because he was pressured to do so. Does he have to pay zakaah on it? If so, how much is the zakaah? And is it based on the price he bought it for or the price he sold it for? For example, he bought it for two hundred thousand and sold it for two hundred and fifty thousand. What is the zakaah on it?

Detailed answer

Praise be to Allah.

If a person buys land with the intention of trading in it, then he has to pay zakaah when one (hijri) year has passed since he acquired the wealth with which he bought it.

The way in which zakaah is worked out is: the value of the land should be worked out at the end of the year, and one quarter of one tenth (2.5%) should be given as zakaah. What matters is its value at the time of paying zakaah, not its value at the time of purchase.

But if he bought land and did not intend to trade in it, then he needed to sell it, or someone offered a good price so he sold it, in this case he does not have to pay the zakaah on trade goods. But if he sells it then one year passes since he acquired the money, then he has to pay zakaah as on the rest of his wealth.

Shaykh Ibn ‘Uthaymeen (may Allah have mercy on him) said: If a person has some properties that he does not want to trade, but if he is given a good price he will sell them, then they are not regarded as trade goods, because he did not acquire them with the intention of trading. If a person

is offered a good price for something that he owns, in most cases he will sell it, even his house or car, and so on.

And he said: If he has a car that he is using, then he decides to sell it, it is not regarded as being for trade, because in this case he is not selling it for the purpose of trade but because he no longer wants it. Another example is if he has a piece of land that he bought to build on it, then he decided to sell it and buy another piece of land, so he offered it for sale, that is not regarded as trade because the intention behind selling it in this case is not to make a profit; rather it is because he no longer wants it.

End quote from ash-Sharh al-Mumti', 6/142

If a person has some land and is not sure whether he wants to keep it or sell it, he does not have to pay zakaah until he definitely intends to trade in it.

See also the answer to question no. 117711

And Allah knows best.