120694 - Can a Muslim Do Business with a Non-Muslim?

the question

Is it permissible for me to enter into a business partnership with a disbeliever or an evildoer? If I am a business partner with a Muslim man who is an evildoer, or with a disbeliever, then I withdraw, but my capital is still with him, on the basis of an agreement that he will pay me back in cash instead of goods in the future, do I have to give Zakah on my wealth that he is still trading with?

Please note that I do not get any benefit from that wealth. Or is Zakah due from my partner? Please note that my partner does not give Zakah, or that he may give Zakah, but not to the prescribed recipients of Zakah. If he does not give Zakah on that wealth, do I have to give Zakah on it?

Moreover, we decided that he would pay back what he owes me by us building an apartment block for rent; in that case, how should Zakah be given? In other words, I will not get back what he owes me in the form of cash; rather when he pays back what he owes me, the money will go directly to the construction costs of the apartment building. We hope that you can explain.

Summary of answer

It is permissible for a Muslim to enter into a business partnership or work with a disbeliever or an evildoer. The Messenger of Allah gave Khaybar to the Jews to work the land and cultivate it, in return for which they would have half of its yield.

Detailed answer

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Can a Muslim do business with a Non-Muslim?

It is permissible for a Muslim to enter into a business partnership or work with a disbeliever or an evildoer . It was narrated that `Abdullah ibn `Umar (may Allah be pleased with him) said: The Messenger of Allah (blessings and peace of Allah be upon him) gave Khaybar to the Jews to work the land and cultivate it, in return for which they would have half of its yield. (Narrated by Al-Bukhari, 2366)

This was a partnership between the Prophet (blessings and peace of Allah be upon him) and the Jews concerning cultivation of the land. The labour would be provided by the Jews, and the land would be provided by the Prophet (blessings and peace of Allah be upon him); the crops would be shared equally between the two parties.

Al-Bukhari included this Hadith in a chapter in the Book of Partnerships (Kitab Al-Sharikah) which was entitled, “Chapter on a partnership with a Dhimmi or with the polytheists in agriculture.”

When is it prohibited to do business with a non-Muslim?

It is not allowed for a Muslim to enter into a business partnership with a disbeliever if it will lead to him becoming a close friend of the disbeliever and loving him .

If there is a business partnership, the Muslim should be in charge of the business, or he should keep a close eye on the way in which the disbeliever or evildoer conducts the business, so that they will not deal in Riba or any other prohibited matter.

Shaykh Salih Al-Fawzan (may Allah have mercy on him) said in Al-Mulakhkhas Al-Fiqhi (2/124):

“It is permissible for a Muslim to enter into a business partnership with a disbeliever on condition that the disbeliever does not run the business on his own; rather he should be supervised by the Muslim, lest the disbeliever deal with Riba or other prohibited matters, if he runs the business on his own without the supervision of the Muslim.”

Shaykh ‘Abd Al-‘Aziz ibn Baz (may Allah have mercy on him) was asked: Is it permissible for a Muslim to enter into a business partnership with a Christian for the purpose of raising sheep or trading in them, or any other kind of business?

He (may Allah have mercy on him) replied:

“With regard to a Muslim entering into a business partnership with a Christian or any other disbeliever regarding livestock, agriculture or anything else, the basic principle is that it is permissible, so long as there is no close friendship between them; rather it is a relationship based on business only, such as agriculture, livestock and so on. A number of the scholars said: That is on condition that the Muslim should be in charge; in other words, the Muslim should be in charge of the agriculture or livestock, and the disbeliever should not be in charge, because he is not to be trusted.

This matter is subject to further discussion. If this business partnership leads to close friendship, or to doing anything that Allah has prohibited, or failing to do anything that Allah has enjoined, then this business partnership becomes prohibited, because of the mischief it may lead to. However, if it will not lead to any such thing, and the Muslim is the one who is directly running the business, and he is the one who is taking care of it, so that he will not be cheated, then there is nothing wrong with it.

But whatever the case, it is better for him to stay away from such partnerships, and to enter into a partnership with his fellow Muslims, and not others, so that he will be able to protect his faith and his wealth. Entering into a business relationship with one who is an enemy to him in religion poses a danger to his morals, his faith and his wealth. Therefore, it is better for the believer in all cases to keep away from this thing, so as to protect his faith, dignity and wealth, and to protect himself from the treachery of one who is an enemy in religion, except in cases of necessity where that is called for, in which case he must pay attention to the matters noted above.

In other words, that is on condition that this will not pose any harm to his faith, dignity or wealth, and on condition that he himself takes care of running the business, because that is

more prudent. So the disbeliever should not be in charge; rather the Muslim should be in charge and do all the required business activities, or another Muslim can be appointed to act on behalf of both of them." (Fatawa Nur ‘ala Ad-Darb 1/377, 378).

Is There Zakah on Business with Non-Muslims?

Your leaving the partnership and turning your share into a loan that your former partner owes you means that your partnership has come to an end, so you do not have to give any Zakah on the wealth belonging to the partnership.

But you have to give Zakah on this debt that your former partner owes you , even if you are going to build an apartment building with it. So long as the debt is still owed by your partner, you have to give Zakah on it.

To summarise what we said there, if your partner is rich and willing to pay the debt, then you must give Zakah every time one Hijri year passes. If your partner is insolvent or keeps postponing payment, then the most prudent option is to give Zakah for one year when you receive it from him .

For more details, please see the following answers: 214856 , 69558 , and 67610 .

And Allah knows best.