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124095 - How should a businessman pay zakaah on goods that are en route to him? Should he subtract debts that he owes from the wealth on which he is going to pay zakaah?

the question

What do you say about the way to pay zakaah, as I own a store for selling fabric, and one full hijri year has passed on goods that are in the store, but there are debts connected to those goods and some of them have been bought on credit, meaning that part of the value has been paid and the rest is deferred. And there are some debts on the store, in addition to annual costs, such as rent for the store and government fees etc.

Similarly there are some orders that are en route. Should I count the value of the goods up until today and subtract the value of the debts and the value of the goods that are en route, and work out the value of zakaah, or only the value of the goods up until today?.

Detailed answer

Praise be to Allah.

Firstly:

It should be noted that the year with regard to trade goods starts at the time when you acquired the cash with which you bought the goods. If the businessman owned the minimum threshold (nisaab) of cash in Muharram, then he bought trade goods with it in Ramadan, then the one-year due date for the trade goods comes in the following Muharram and not in Ramadan.

This has been explained in the answer to question number 72315.

It is permissible for you to pay zakaah on your trade goods in the form of fabric or in the form of cash.

See the answer to question number 22449.

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Secondly:

The debts that you owe -- whether they are for the price of the goods or otherwise -- should not be subtracted from the wealth on which you are paying zakaah. So if the goods are worth 50,000, and you owe debts of 30,000, then you have to do pay zakaah on the whole 50,000. This has been explained in the answer to guestion number 22426.

As for the government fees and the rent of the store, if the time for paying them has come and they have been paid before the end of the zakaah year, then there is no zakaah on them, because that is wealth that was spent before the end of the year. But if payment of them is delayed until after the year has ended, they should not be subtracted from the wealth on which you are going to pay zakaah.

Thirdly:

With regard to the orders that are en route to you, if you already bought these orders and the contract of sale has been done, then they should be included in your possessions and should be counted as part of the wealth on which zakaah is to be paid, whether you have paid their price in full or in part, or if you have not paid anything yet, because debts -- as stated above -- should not be subtracted from wealth that is subject to zakaah.

But if you have not bought them yet, then they should not be counted as part of the wealth on which zakaah is to be paid, because they are not in your possession.

And Allaah knows best.