

99311 - Zakah on wealth that is held in pledge

the question

I borrowed some money and I gave some gold in pledge to the owner of the money in return for this loan. Do I have to pay zakah on the gold?.

Detailed answer

If this gold reaches the nisab (minimum threshold) or you have other gold which, when added to it, brings it to the nisab, then you must pay zakah on it when one year has passed. The fact that it is being held in pledge in return for the debt does not mean that zakah is not due on it, because you own it outright.

Al-Nawawi (may Allah have mercy on him) said in al-Majmoo' (5/318): If livestock or any other wealth that is subject to zakah is being held in pledge, and one year has passed, then zakah must be paid on it, because it is owned outright. End quote.

Shaykh Mansoor al-Bahooti (may Allah have mercy on him) said: Zakah must also be paid on wealth that is held in pledge, and the owner may pay the zakah on the wealth that is held in pledge from that wealth if the one who is holding it in pledge gives him permission to do so. End quote.

Kashshaaf al-Qinaa' 'an Matn al-Iqnaa' (2/175).

Shaykh Ibn 'Uthaymeen (may Allah have mercy on him) was asked: Is zakah due on property that is held in pledge?

He (may Allah have mercy on him) replied:

Zakah is due on property that is held in pledge if it is wealth that is subject to zakah, but the one who is holding it in pledge may pay zakah on it if the owner agrees to that. An example of that is a man who puts a flock of sheep – as livestock are subject to zakah – in pledge with a person, and zakah must be paid on it, because the fact that it is in pledge does not mean that zakah is waived.

So he may pay zakah on it, but with the permission of the one with whom he put it in pledge. End quote.

Majmoo' Fataawa Ibn 'Uthaymeen (18/34).

If the borrower does not give permission for the zakah to be paid from the wealth that is being held in pledge, then the borrower may either pay it from other wealth – if he has any – or he may wait until the pledge is released and then pay zakah for all of the past years.

And Allah knows best.