

Zakaah on wealth that is held in pledge

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 zakaah on the gold?.

Praise be to Allaah.

If this gold reaches the nisaab (minimum threshold) or you have other gold which, when added to it, brings it to the nisaab, then you must pay zakaah 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 zakaah is not due on it, because you own it outright.

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

Shaykh Mansoor al-Bahooti (may Allaah have mercy on him) said: Zakaah must also be paid on wealth that is held in pledge, and the owner may pay the zakaah 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 Allaah have mercy on him) was asked: Is zakaah due on property that is held in pledge?

He (may Allaah have mercy on him) replied:

Zakaah is due on property that is held in pledge if it is wealth that is subject to zakaah, but the one who is holding it in pledge may pay zakaah 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 zakaah – in pledge with a person, and zakaah must be paid on it, because the fact that it is in pledge does not mean that zakaah is waived. So he may pay zakaah 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 zakaah 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 zakaah for all of the past years.

And Allaah knows best.