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## HOW SHOULD ONE PAY ZAKAH ON THE DEBTS WHICH OTHERS OWE HIM?<sup>1</sup>

Answered by Imaam Muhammad Ibn Saalih al-'Uthaymeen

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**[Q]:** How should one pay *zakah* on the debts which others owe him?

**[A]:** Debts which others owe a person – whether they be in the form of the price of sold merchandise, rent, wages, loans, financial penalties one is entitled to due to the destruction of one's property or being the victim of a physical assault, or anything else owed unto a person – can be divided into two categories:

1. Debts in assets in which *zakah* is not required, such as merchandise; e.g. one person owing another 100 pounds or more of wheat: *zakah* is not obligatory in this debt, since *zakah* is not obligatory in agriculture or grains, except upon he who grows them.
2. Debts in assets in which *zakah* is obligatory, such as gold and silver: In this situation, the creditor must pay *zakah*, as he is the owner (of the assets owed unto him) and has the right to collect or remit the debt.

So he should pay its *zakah* every year, either from his immediate assets, or by recording the amount due in *zakah* each year and paying it all when he collects the debt. So, say, if one person owed another \$100000, the creditor should pay

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<sup>1</sup> Questions #118 excerpted from '*Fiqhul-Ibaadat*' of Imaam Muhammad Ibn Saalih al-'Uthaymeen

the *zakah* of this sum annually, since *zakah* is obligatory annually upon one who has such a sum. He has the option, however, of paying the *zakah* of this debt with the rest of his *zakah*, or waiting until he collects the debt, then paying all the *zakah* that has accumulated. This is the ruling as long as the debtor is solvent and willing to pay the debt.

But if the debtor is insolvent (does not have the assets with which to pay his debts), the correct opinion is that the creditor does not have to pay the *zakah* of this debt. For the creditor in this case does not have the legal right to demand his money, as Allah says:

﴿ وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ ﴾

**“And if there is (a debtor) in hardship, grant him respite until a time of ease.” [Sooratul-Baqarah, 2:280]**

So, as he is legally unable to collect his money, he doesn't have to pay its *zakah*. But if he *does* eventually collect this debt, he should pay the *zakah* of one year – even if the debtor has owed him for 10 years (or more) – because his collecting the debt is like the farmer reaping his harvest – its *zakah* is due when it comes into possession.

Some scholars have held that he doesn't have to pay *zakah* on what has passed; he should just start counting a new year (when he collects the debt). But what I have mentioned is safer and surer to absolve the person of any responsibility: that he should pay the *zakah* of one year for all the time that has passed, and then start counting a new year. And this is perfectly easy; there is nothing difficult in a person's paying 2.5% of a debt which he has collected after he had given up all hope of doing so. This is showing gratitude to Allah for His grace in enabling the creditor to retrieve his money.

In short, the ruling on the *zakah* of debts is that they comprise three categories:

- a) That in which *zakah* is not required; which is when the debt is of an asset in which you don't have to pay *zakah*, such as if one person owed another a certain amount of wheat, sugar, or tea, etc. There is no *zakah* in this debt; as long as the debt is of an asset in which *zakah* is not obligatory, there is no *zakah* in it, even if it were great quantities.

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- b) Debts in assets in which *zakah* is obligatory, such as gold and silver, but the debtor is insolvent. There is no *zakah* in this debt unless the creditor collects it, in which case he should pay the *zakah* of one year on it, and then start counting a new year. Some hold that he should just start counting a new year regardless (without paying any previous *zakah*), but what I have mentioned is better, for the aforesaid reasons.
- c) That from which *zakah* must be paid annually, which is when the debt is of an asset in which *zakah* is obligatory, and the debtor is solvent and willing to pay. Here, *zakah* must be paid every year. However, if the creditor wishes, he may pay it with the rest of his *zakah*, or he may wait until he collects the debt.

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