

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Do You Have to Pay Zakaat on Money Earned from Interest?

Author: Imaam ‘Abdul ‘Azeez Bin Baaz (rahimahullah)

Source: <http://www.binbaz.org.sa/mat/3929>

Translator: Abu ‘Abdis Salaam Siddiq Al Juyaanee



Q: Many people deal with banks and may as a result enter into transactions that include interest/usury, for example. Is there Zakaat to be paid on money earned from interest (and if so) how?

A: It is Haraam to deal in interest (based transaction) with the bank or other than them. Any (financial) benefit that results from interest/usury is strictly prohibited. The money earned does not (rightfully) belong to the one (who committed) this (Haraam action of taking Ribaa). Rather, he is to spend all of it in a way that will benefit (others); for example fixing the public washrooms (and the like). This is (the ruling) however, if he took the Ribaa while knowing Allah's ruling with regards to it. (In addition) in the case (of the one who knows the ruling) but actually has yet to take the interest, he is allowed to only keep the principle according to Allah's (*Azza wa Jall*) statement,

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُمْ مُؤْمِنِينَ * فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتُمْ فَلَكُمْ رُؤُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ

“O you who believe! Be afraid of Allah and give up what remains (due to you) from Ribaa (usury) (from now onward), if you are (really) believers. And if you

do not do it, then take a notice of war from Allah and His Messenger but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums).” (Al-Baqarah: 278-279)

However, in the case where he took it before knowing Allah's ruling with regards to it, then he is allowed to keep all of it, and he is not required to separate it from his money according to Allah's (*Azza wa Jall*) statement,

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

***“Allah has permitted trading and forbidden Ribaa (usury). So whosoever receives an admonition from his Lord and stops eating Ribaa (usury) shall not be punished for the past (and he can keep it); his case is for Allah (to judge); but whoever returns [to Ribaa (usury)], such are the dwellers of the Fire - they will abide therein.*” (Al-Baqarah: 275)**

It is incumbent upon him to pay Zakaat on money that is not from Ribaa, just like he has to pay it on all his money; which also includes interest earned before he knew the ruling with regards to it, because it is from the sum of his wealth due to the verse that was mentioned, and Allah is the only giver of success.

