

Q: 62 – Title: I have booked an apartment for 10% down payment, it will be constructed in 5 years approx and I will pay the remaining amount in installments till 5 years...

Question

I have booked an apartment for 10% down payment, it will be constructed in 5 years approx and I will pay the remaining amount in installments till 5 years, after 5 years it will be hand overed to me. The purpose of this apartment is solely for investment (may be I will sell it or rent it). Now my questions are as under:

- Do I have to pay zakat on it now till five years (till possession), if yes then on whole amount of apartment or only on the amount paid till the date of zakat.
- If I change my mind of renting it and sell it just after possession, how can I pay zakat for past five years?

Answer

In the name of Allah, Most Gracious, Most Merciful

Assalaamu `alaykum waRahmatullahi Wabarakatoh

There is no zakat on the apartment, not now and not even after you have taken possession of it.

Once you take possession of the apartment and hire it or sell it, then the rental income or proceeds from the sale will be included in your cash amount and zakat will be calculated according to your financial situation. For purposes of ease, we attach an article, the broad rules of zakat with a table.

Wassalam

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Zakat

Allah Ta'ala states in the Holy Qur'an:

وَمَا يَذْكُرُ لَهُمْ جُنُودٌ أُثْمِرُ لَهُمْ مِمَّا رَزَقْنَاهُمْ يُعْمِلُونَ
وَمَا يَذْكُرُ لَهُمْ جُنُودٌ أُثْمِرُ لَهُمْ مِمَّا رَزَقْنَاهُمْ يُعْمِلُونَ
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"And establish Salah and pay Zakah; whatever good you send forth for yourselves, you will find it with Allah. Certainly, Allah is watchful of what you do."

Zak?t has two denotations in Arabic, namely growth and purification. Zak?t is paid as a means of purifying one's wealth and fulfilling the obligation will be a means of increase and growth in the remainder of one's wealth.

Calculating Zak?t:

Zak?t will become compulsory on a sane and mature Muslim when his / her wealth exceeds the Nis?b and this amount of wealth is maintained for the duration of one entire lunar year. The Nis?b is 20 Mithqals (87.479 g) for gold and 200 Dirhams (612.35 g) for silver. Any currency equal to the amount of any of these Nis?bs will also render Zak?t binding. For example, if the price of silver is quoted at R4.40 per gram then the Nis?b will equal approximately R2, 702. If one's wealth decreases below the Nis?b during the year but before the expiry of the year, it reaches the Nis?b, Zak?t will be binding contrary to the case of the wealth not rebounding to amount of Nis?b upon the expiry of the year. However, if one loses his entire wealth, a new lunar cycle will begin after reaching the Nis?b for the second time. All debts and liabilities will be deducted from his wealth before calculating his estate. Only that particular year's liabilities will be deducted from long-term debts such as car / home financing. Loans given and other receivables into one's estate will be accounted for even if the person is not paid by his debtor for several years. Any gold or silver items such as jewelry, ornaments etc will also form part of Zak?table assets as long as the percentage of gold or silver in the item is more than the metal alloy with which it is amalgamated. Similarly, any items purchased for trade will be subject to Zak?t and must be accounted for in the calculation. A person should add his / her cash savings, values of gold and/or silver, value of the merchandise of trade and any receivables from debts etc. Thereafter, he / she should deduct the amount of debts owed to others. If the value of the net total equals the Nis?b of gold or silver, he / she will have to pay 2.5% of the amount in Zak?t. Hereunder is a brief chart illustrating the calculation of Zak?t.

Personal Wealth

Amounts:

1. Amount of Cash and Savings at home or in the bank

R 10,000

2. Current value of any gold and silver jewelry, coins, utensils etc

R 5,000

3. Value of assets and merchandise for trade

R 20,000

4. Receivables and loaned amounts to others

R 5,000

Total these amounts here:

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R 40,000

Amount Debts to be paid:

R 20,000

Subtract the total amount of debts for the year from the above amount.

Nett Total of Zakatable Wealth

R 20,000

if the net total of Zakatable Wealth is more than the Nisab amount then...

Multiply the net total by 2.5% (nett amount x 0.025)

R 500