

ZAKAH ON AGRICULTURAL PRODUCE

Q: 8 - 'There is no need to pay zakah on salary unless there is a saving left for a period of one year, whereas 10% of the farm produce is payable based on the current value of the produce irrespective of whether produce is sold or not. The zakah in such circumstances is paid up front whereas the salary earner has the liberty of choosing how to use his earnings without having to deduct a certain portion first for zakah. It means that if he chooses to spend all his earning then there is no need to pay zakah. Would it not be a disincentive to the farmer as compared with the salary earner? Perhaps you can clarify this further". (Ibid)

A: Let me first clarify some misconceptions found in your question:

1. The rate of zakah levied on the agricultural produce is normally 5% and not 10%. The rate of 10% is confined to unirrigated lands only. The majority of cultivated lands are irrigated by canals, wells etc. The rate of Zakah on all these lands is 5%.
2. The zakah of the agricultural produce is payable in kind. Although it may be paid in cash, yet it is at the option of the owner only. It means that if the produce is sold, he can pay the zakah in kind.
3. The agricultural produce should not be compared with personal savings. It should be compared with the stock-in-trade, because trade and agriculture are both productive activities. So, both of them are subject to the same principle. Zakah is payable on the stock-in-trade at the current market value irrespective of whether it has or has not been sold. Similarly, the agricultural produce is subject to zakah, even before it is sold. But in both cases the obligation is fulfilled by paying zakah in kind. The rate of zakah on agricultural produce is no doubt, double the rate of zakah on stocks, but the reason is obvious.

The initial input in the case of agriculture is lesser than the initial investment in stocks, and the rate of output is greater in agriculture than in stock. There may be some exceptions to it, but the rules are always framed according to the normal conditions and not on the basis of exceptions.

A salary-earner has an advantage only when he does not invest his money in any type of trade, nor does he keep the surplus with him. This can only be imagined where the income is so little that he can neither save it nor invest it in a profitable business, and his salary suffices only for his personal needs. Zakah is not payable in such circumstances. He cannot be compared with a farmer who cultivates land for productive purposes. However, if the produce of a farmer is so little that there is no surplus after providing food for his family, zakah is not payable according to the majority of the Muslim jurists.'

Contemporary fatawaa