

ZAKAH ON DIAMONDS

Q: 12- In your June 1990 issue you mentioned on page 19:

"Zakah is not liable on diamonds, immaterial of how high their value may reach".

Diamonds are an expensive marketable commodity like any other valuable item, regardless of whether they are used in making jewellery or retained as investment. They bring a fairly high capital gain. When gold in any form is subject to Zakah as is value of any other item held for long or short term investment and business purposes. Why should the value of diamond be exempt? (Muhammad Hasan Chand Clifton, Karachi.)

A: If diamonds or precious stones are purchased for trading purpose, i.e. with a clear intention of their resale, they are certainly subject to Zakah like any other item purchased with the same intention. But if a diamond or a precious stone is kept for personal use only, in that case zakah is not obligatory on its value.

The principle governing the levy of Zakah is that only those assets are zakatable which either fall within the definition of money, or are the metals universally accepted as a medium of exchange like silver and gold. All other assets are not zakatable unless they are meant for trade and resale.

The precious stones, including diamonds, are, no doubt, very valuable assets. But if they are not purchased for trading, they are not subject to Zakah. This principle is based on a Hadith:

"There is no Zakah on a stone."

On the basis of the above, the overwhelming majority of the Muslim jurists are of the view that

precious stones are not subject to the levy of zakah unless they are acquired for the purpose of resale.

There are, however, some jurists like Imam Ahmad who believe that all precious stones are liable to zakah, even if they are kept for personal use.

Therefore, if somebody pays zakah on the value of these stones, it will be free from all doubts and will promise more reward. But so far as the mandatory nature of the levy is concerned, the view of the majority is supportive of non-obligation of zakah, because they are neither money nor a universally accepted medium of exchange. Moreover, the value of precious stones depends on their scarcity and rareness. They have no intrinsic value. Therefore, they are like valuable antiques or manuscripts which, on account of their rareness, sometimes have more value than gold. Still, they are not subject to zakah unless they are purchased for trade or resale.

Likewise precious stones may have more value than gold. Yet, the obligation of zakah is not imposed if they are not meant for trade.

Contemporary fatawaa