

لحمد لله رب العالمين و العاقبة للمتقين والصلاة و السلام علي سيد الأنبياء والمرسلين
،وعلى آله و أصحابه اجمعين

Zakaat Rules

Nasihah (Advice)

Caution when giving Zakaat

Ramadhan,

the month of fasting, is also the time when many Muslims calculate and discharge their Zakaat.

One of the fundamentals of Zakaat is to discharge Zakaat to eligible recipients.

It is the onus of the individual to verify the Zakaat eligibility of the recipient.

MUSTAHIQQEN (eligible)of Zakat: Zakat must be given to the poor,needy, or every individual has not reached the amount of nisab, making them owner of that money (must be given free from any obligations). Its always better to start with relatives (Not applicable for parents, grandparents, sons, grand sons and to the spouses for each other.)

Zakat can be given to orphans and widow if they are eligible for Zakat.

Zakat can be given to a hospital, school,madrasa or any other charitable trust (if they are spending that amount for helping the needy directly)

Zakat not to be paid to a Masjid or any institution for construction (Only Building an office to distribute Zakat is permissible).

If verification is not done and the person was not eligible for Zakaat, then that Zakaat has to be repaid.

It is of great concern that many individuals hand over their Zakaat to beggars standing at traffic lights.

Many of these individuals are “professional” beggars who make so much money that it is compulsory on them to pay Zakaat let alone receive it.

Individuals experiencing difficulty in discharging their Zakaat may forward their Zoïakaat to the Organizations and have their Zakaat discharged to eligible recipients verified by Ulama.

Question and Answer

Q. Upon who is Zakaat fard?

A. Zakaat is Fard on a Muslim male or female who is mature (Baaligh) and sane.

He/she must also be the owner of Nisaab.

Nisaab is the minimum amount of wealth which makes a person liable for Zakaat.

If one is the owner of Nisaab after one lunar year, then Zakaat will be Fardh upon him.

The Zakaat should be paid annually on the Islamic date of a lunar year.

Q.How do I calculate Zakaat?

A. Zakaat is payable on all Zakaatable assets to the value of nisaab or more at the end of one's year of owning the nisab amount

Zakaatable assets are generally gold, silver, cash, dividends, debtors and trading stock.

A Zakaatable year is calculated from after the day one acquired possession of Zakaatable assets to the value of Nisaab. Creditors are subtracted from the sum of Zakaatable assets and 2.5% of these are paid as Zakaat.

For example,

A person owns Zakaatable assets to the value of Nisaab on the first day of Ramadhaan 1439.

If on the first of Ramadhaan 1440 he still owns zakaatable assets to the value of Nisaab then 2.5% of the total Zakaatable assets on hand on the first of Ramadhaan 1440 is liable for Zakaat irrespective of the fluctuation during the year.

If, however, the amount during the year reached \$0 then a new Zakaatable year will start being calculated from the day this person becomes owner of the wealth that is equal to Nisaab.

Q.Can you guide me about Zakat? I mean we have to pay Zakat after completion of one year. What are the assets on which we have to pay Zakat? What is basic rule for the payment of Zakat?

A.Allah Ta'ālā states in the Holy Quran,

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَمَا تُقَدِّمُوا لِأَنفُسِكُمْ مِنْ خَيْرٍ تَجِدُوهُ عِنْدَ اللَّهِ إِنَّ اللَّهَ بِمَا تَعْمَلُونَ بَصِيرٌ

“And establish Salāh and pay Zakāh; whatever good you send forth for yourselves, you will find it with Allah. Certainly, Allah is watchful of what you do.”

Zakāh has two denotations in Arabic,

namely growth and purification.

Zakāh 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 Zakah

Zakāh will become compulsory on a sane and mature Muslim when his / her wealth exceeds the Nisāb and this amount of wealth is maintained for the duration of one entire lunar year.

The Nisāb is the value of 87.47 g for gold and 612.35 g for silver.

Any currency equal to the either of these Nisābs will also render Zakāh binding. So if one has assets equal to the value of the lesser amount of nisab for silver they must pay Zakat.

For example, the price of gold nisaab of 87.47 g is \$3,599.16 and the price of 612.35 g of silver is \$295.02 , so if a person has more or equal to \$295.02 of zakatable assets for one year then he must pay Zakaat.

If one's wealth decreases below the Nisāb during the year but before the expiry of the year, it reaches the Nisāb, Zakāh will be binding contrary to the case of the wealth not rebounding to amount of Nisāb upon the expiry of the year.

However, if one loses his entire wealth, a new lunar cycle will begin after reaching the Nisāb 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. For example, if a car mortgage is in total \$25,000 with a 5 year payment plan then per year , the payment you owe is \$5,000. So you will subtract \$5,000 when you calculate your wealth for Zakat.

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 Zakatable assets.

If the percentage of gold or silver in the item is more than the metal alloy with which it is amalgamated the entire item will be considered as gold or silver. If the percentage of alloy is greater, if there is enough gold or silver where it is possible for it to be extracted, then Zakāh will be compulsory only on the value of the gold or silver therein and not on the entire item if the Nisāb is reached.

Similarly, any items purchased for trade will be subject to Zakāh 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 Nisāb of gold or silver, he / she will have to pay 2.5% of the amount in Zakāh.

Hereunder is a brief chart illustrating the calculation of Zakāh:

Personal Wealth

Amounts:

1. Amount of Cash and Savings at home or in the bank \$10,000
2. Current value of any gold and silver jewelry, coins, utensils etc \$5,000
3. Value of assets and merchandise for trade \$20,000
4. Receivables and amount of money you loaned to others \$5,000

Total these amounts here:

\$40,000

Amount of Debts to be paid: (Including this years home or car mortgage)

\$20,000

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

$40,000 - 20,000 =$

Nett Total of Zakatable Wealth

\$20,000

if the net total of Zakatable Wealth is more than the lesse Nisab amount of \$295.02 then...

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

$\$20,000 \times 0.025 = \500

So Zakat for this year is \$500.

Q) Is Zakat applicable for Diamond or other precious metals/stones?

A: If diamonds or precious stone 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 Ahmed 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 the trade. ”
(Fatawa Mufti Taqi Saheb)

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