

Miftahul Uloom Library

The Basic Teachings of Islam

Topic IV: Zakat

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Zakat means to purify, because a person's wealth is purified after giving *Zakat*. Or *Zakat* means to increase, because of the *barakah* that will be gained through giving *Zakat*, his wealth will increase. *Zakat* is one of the pillars and fundamental commands of Islam.

Zakat is mentioned in many places in the *Qur'an* with *Salah*, showing the importance of the command of *Zakat*.

There are four basic questions regarding *Zakat*:

1. Upon whom is *Zakat fardh*?
2. Upon which items of wealth is *Zakat fardh*?
3. What is the method of calculating *Zakat*?
4. To whom *Zakat* can be given?

Answer to Question One – Upon whom is *Zakat Fardh*?

Zakat is *fardh* on a person if he is a:

- Muslim (male/female)
- *Baligh* (mature)
- Sane person
- *Sahibe nisab* (owner of wealth equal to the value of *nisab*)
- The *nisab* has been in his possession for one full Islamic/lunar year.

Answer to Question Two - Upon which items of wealth is *Zakat fardh*?

There are many items of wealth; however, *Shariah* has not made *Zakat fardh* on every item of wealth. There are only some items of wealth on which *Zakat* is *fardh*. They are as follows:

- Gold. In whatever form it may be – utensils, jewellery etc.
- Silver – in whatever form it may be
- Cash, savings
- Business stock
- Money lent to other people.

Zakat is also *fardh* on some animals and also on the produce of farmlands. However, because we do not own animals and we do not do farming in this country, their *masa'il* are not mentioned in this booklet.

Business stock means those goods which are bought with the intention of selling, e.g. whatever items a shopkeeper has in his shop for sale. This is all business stock. *Zakat* is not *fardh* on those items which are not for sale. E.g. shop equipment, shop building etc.

E.g. if someone trades in cars, he buys the cars with the intention of selling them; all these cars are business stock.

There is no other type of wealth on which *Zakat* is *fardh* upon apart from the items mentioned above. *Zakat* is not *fardh* on the house one lives in, no matter how many they may be. Similarly, *Zakat* is not *fardh* on household furniture (sofa sets, carpets, fridge, refrigerator etc).

- *Zakat* is not *fardh* on diamonds, pearls and precious stones; provided they are not purchased with the intention of trade and selling.

Note: if a person has rented out a house or car etc. *Zakat* will be *fardh* on the rental income and NOT the house or car itself.

- There is also no *Zakat* on the clothes one wears, the cars we own (for personal use) or any business premises (including shelving inside etc)

Answer to Question Three - The Method of Calculating *Zakat*

Zakat is *fardh* on a person who has *nisab* for one year. *Nisab* is a specific amount of wealth which the *Shariah* has fixed. When a person has this amount or more then *Zakat* becomes *fardh* upon him. In *Shariah*, *nisab* is calculated in gold and silver. If the value of someone's wealth equals 612 grams of silver or 87 grams of gold and he possesses this amount or more for one year from the date of beginning of his *nisab* then *Zakat* will be *fardh* upon him for that year.

There are two *nisabs* for calculating *Zakat* – one is gold and the other is silver. However, because silver is usually cheaper than gold, therefore when a person's wealth equals the value of 612 grams of silver, *Zakat* will become *fardh* upon him, even though his wealth has not reached the *nisab* of gold.

- If a person has 612 grams of silver or more and does not have any other item of wealth, *Zakat* will be *fardh* on him. However, if he has less than 612 grams of silver e.g. 400 g but has other items of wealth i.e. gold or cash then the cash value of the silver, gold and any other item on which *Zakat* is *fardh*, will be calculated together. If they reach the price of 612 grams of silver then *Zakat* will be *fardh* upon him if one full year has passed on this amount.

Example: on 15th Sha'ban 1431 a person became owner of £430 (which is the amount of *nisab* on this date) for the first time, but because this money has not been in his possession for one year, he will not pay *Zakat* on this amount on this date. However, next year on the 14th Sha'ban 1432, if this money stays in his possession or it decreased during the year, but before the year ended i.e. before this date, it increased to *nisab* (£430) or more, then *Zakat* will be *fardh* upon him. However, if it decreased to zero then his new *Zakat* year will start from the day he becomes owner of *nisab* (£430) again.

- A person should note down and remember the lunar date he became *sahibe nisab*. This is because the *Zakat* year is related and associated with the Islamic (lunar) calendar and not the Gregorian (solar) calendar.
- *Zakat* is an individual obligation, just like *Salah*, hajj, Sawm etc. It is every person's personal and individual responsibility to pay *Zakat* of his own wealth.

A commonly asked question is “we have so much wealth, how do we pay *Zakat*?”, when asked “what do you mean by ‘we’?” they answer, “me, my wife and my children.” *Zakat* should **not** be worked out collectively. The main person in the house is not responsible for paying the whole family's *Zakat*. He is responsible for paying *Zakat* of what he personally owns of the five items of wealth mentioned above. Similarly, every *baligh* member of the family is responsible for paying *Zakat* of his own personal wealth.

- *Zakat* becomes *fardh* on ownership of wealth. Therefore, if a person owns 612 grams of silver or the equivalent in cash (£430) then he will have to pay *Zakat* regardless of whether he has acquired it by working, inheritance, gift or by any other means.

Zakat becomes *fardh* after one full lunar year passes on one's wealth. *Zakat* is **NOT** linked with any specific day or month of the year, as the month of *Ramadhan* is fixed for fasts and zil-hijjah for hajj.

Example: If someone becomes *sahibe nisab* on 15th Sha'ban 1432 *Hijri*, his *Zakat* year will end on 14th Sha'ban 1433. It is necessary for him to work out his *Zakat* on this day (14th Sha'ban 1433). It is not correct for him to delay the calculation of his *Zakat* until the month of *Ramadhan*. This is because there is a gap of two weeks from 14th Sha'ban and there is a chance that the *nisab* or his wealth may have increased or decreased in the meantime. This is why it is important to note down the date the person became *sahibe nisab* and the date the *Zakat* year ended; so that he can calculate the *Zakat* in the correct way.

Sahabah Radhiallahu anhum used to calculate their *Zakat* in Sha'ban and they would distribute their *Zakat* in Ramadhan so that they may acquire the thawab of *Ramadhan Shareef*. Any *fardh* act carried out in Ramadhan will be rewarded as 70 times that *fardh* carried out outside of Ramadhan; therefore there is more reward in distributing *Zakat* in *Ramadhan Shareef*.

Examples of working out *Zakat*:

1. A person had £5000 at the beginning of his *Zakat* year (14th Sha'ban 1431). He had no other items of wealth, no gold, silver, business stock and he had not lent money to anyone. His *Zakat* year ended on 14th Sha'ban 1432. During the year he spent £2000 out of the £5000, therefore he only has £3000 left on 14th Sha'ban 1432, so he will pay *Zakat* on this £3000 only. He will pay 2.5% from this £3000, i.e. £75.
2. A person had £500 at the beginning of his *Zakat* year (Sha'ban 1431). But the day his *Zakat* year ended, he only had £400. He will not have to pay *Zakat* because his wealth is less than the *nisab* of £430 in Sha'ban 1432.
3. A person had £500 (which is currently more than the *nisab*). One week before his *Zakat* year ended, his money increased to £5000. This money remained at £5000 on the day his *Zakat* year ended. He will now have to give *Zakat* on the full £5000, even though he received the majority of the money only one week before the end of the *Zakat* year.
4. A businessman's or shopkeeper's *Zakat* year has come to an end. He calculates the price of everything at its selling price. His stock comes up to £5000. He also has a cash balance of £5000. He will add both these amounts and give *Zakat* on the total £10,000 at the rate of 2.5%. Therefore this *Zakat* will be £250 for this particular year.
5. A car trader's *Zakat* year has come to an end. He will check the selling price of all the cars which are for sale? He has 10 cars and their total

value come to £10,000. He also has £5000 in cash. *Zakat* is *fardh* on £15,000 at the rate of 2.5%, so he will pay £375 in *Zakat*.

6. A property dealer's *Zakat* year has come to an end. He has ten houses for sale, each house worth £100,000 (selling price). Therefore, in total he has homes worth £1 million, so he will give *Zakat* on £1 million which is £25,000.
7. A businessman has £5,000 in cash and £5,000 worth of business stock, and he also has lent out £5000. He will have to give *Zakat* on £15,000. His *Zakat* is £375.
8. A woman has gold, silver and some cash. The gold is worth £5,000, the silver is worth £1,000 and she also has £4,000 in cash; all adding up to a total of £10,000. Her *Zakat* is £250.
9. A person has wealth worth £15,000 upon which *Zakat* is payable. But, he also has debts upon him of £15,000. Therefore he will not have to pay *Zakat*. This is because whatever debts a person has upon himself, the debt is subtracted from his balance, after subtracting the debt from the balance, if the balance remains equal to or more than the *nisab*, *Zakat* will be *fardh* on that balance. And if the balance becomes less than the *nisab* then *Zakat* will not be *fardh* on that balance.

There Are Two Types of Debts

The first type of debt is that which does not have to be paid in instalments. At the time of taking the debt, there was no condition made to pay it back in instalments, e.g. a person borrowed £5,000 from his friend. There was no condition made for it to be paid in instalments. In fact, the lender can ask for it anytime and the borrower has to pay it back whenever the lender asks for it. This type of debt will be subtracted from the total balance that the borrowing person possesses. After subtracting the debt, if the borrowing persons balance is equal or more than *nisab*, then *Zakat* will be *fardh* on this remaining balance. And if the balance becomes less than *nisab*, *Zakat* will not be *fardh* on his balance.

The second type of debt is conditional and long term debt. These debts are usually taken from a bank. Firstly, it is not permissible to take a loan from a bank as it involves dealing with interest, which is haram. Nevertheless, if someone has taken such a loan, then he will **not** subtract the total amount of bank debt from his wealth. Instead, he will look at how much debt he has to pay to the bank every year; e.g. someone took a loan for £50,000 over a 10 year period. He will not assume that I have £50,000 of debts in one year. Instead, he will look at how much he has to pay in one year. In this example, he will pay £5,000 in a year. So when this person's *Zakat* year comes to an end, he will assume he has £5,000 debts for this year and not £50,000 in one year. So he will subtract £5,000 from his balance. After subtracting £5,000 from his balance, if his balance is equal to *nisab* or more, then *Zakat* will be *fardh* on this amount. And if the balance is less than the *nisab*, then *Zakat* will not be *fardh* upon him

Answer to Question Four - To whom *Zakat* can be given?

Zakat can be given to any poor Muslim person. In *Shariah*, a person is considered to be poor when his wealth does not add up to the *nisab*. Wealth here includes gold, silver, cash, business stock as well as those items which do not come into daily use; these are known as extra goods. The value of extra goods is calculated at the **selling price** and not the price for which they were bought. If these entire items' value is less than the *nisab* then the person is considered to be poor and is eligible for taking *Zakat*.

A person outwardly seems poor, however he possesses such items of wealth, if their cash value is added together, it equals the *nisab* or more then such a person is not eligible for taking *Zakat* and it is not permissible to give *Zakat* to such a person. E.g. television, camera, radio, video etc which's value is £500. If a person possesses these items it will not be permissible to give him *Zakat* because he has wealth which is more than the *nisab*.

Most Entitled People for Giving *Zakat* to

The most entitled people for giving *Zakat* are one's near relative, provided they are eligible for taking *Zakat*. However, one cannot give his *Zakat* to those people through whom he is born i.e. father, mother, grandfather, grandmother; also one cannot give *Zakat* to those people who are born through him i.e. son, daughter, grandchildren. If these people are poor, they should be helped by other means. Similarly, a person cannot give his *Zakat* to his wife and the wife cannot give her *Zakat* to her husband. Apart from these relatives if a person has other poor relatives, they are most entitled people for his *Zakat*, e.g. a person can give his *Zakat* to his brother, sister, uncle, and auntie if they are poor and eligible for taking *Zakat*.

If a person gives *Zakat* to his relatives he will receive double reward: one reward for giving his *Zakat* and the second for caring for relatives. After ones relatives, the most entitled people for *Zakat* are those poor people who are engaged in the service of *deen*, e.g. students & teachers of *deen*. He will receive two rewards: one for giving *Zakat* and one for supporting the service of *deen*. After these people, any poor Muslim can be given *Zakat*.

Some Conditions for the Validity of Giving *Zakat*

- One of the conditions of *Zakat* is that to make the poor person owner of the *Zakat* money. It has to be given to a person who is entitled to receive *Zakat*. It is not permissible to give *Zakat* in such a cause where a poor person is not made owner of the *Zakat* money e.g. building a *masjid* or *madrassah* or digging a well etc.
- It is necessary to make an intention when paying *Zakat*. Intention is made in the heart. It is necessary that the intention of paying *Zakat* should be made when giving the money to the poor person, or when the *Zakat* money is separated from one's wealth. It is not necessary to verbally say 'this is *Zakat* money' to a poor person.

If a person calculated his *Zakat* and separated it from the rest of his wealth, his separating of the *Zakat* money from his wealth will count as his intention. When this person pays his *Zakat* from the separated amount, even if he does not make intention at the time of giving his *Zakat*, it will still be paid and valid.

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