



# Understanding *Zakāt*

## Introduction

*Zakāt* (obligatory charity) is from among the pillars of Islam. Its obligation has been so firmly established in numerous verses of the Qur'an and sayings of the Prophet ﷺ, that whoever denies its obligation is considered to have exited the fold of Islam, while the one who accepts its obligation but fails to pay it is considered a major sinner.

*Zakāt*, like all other acts of worship, is obligatory only on **Muslims** who are *bāligh* (mature according to the *shari'ah*) and **of sound mind**. However, there are further two conditions that are specific to *zakāt*: possession of a **minimum amount of certain types of wealth** known as *nisāb*, and its ownership **for an entire year**.

Once all these conditions are met, *zakāt* must be paid in the amount of **2.5%** of this wealth. Note that *zakāt* is due not only on the amount that is above the required minimum, but rather on the total amount once the minimum requirement is met.

For the obligation of *zakāt* to be fulfilled, the **intention must be valid**, and **recipients of the *zakāt* must be eligible** for it.

Each of these specific conditions are explained in detail below.

## The Nisāb

There are 4 different types of *nisāb* relevant for our purposes:

	Type of Wealth	Details	Nisāb (Minimum amount on which <i>zakāt</i> is obligatory)
1	<b>Gold</b>	<ul style="list-style-type: none"> <li>- In any form (including jewelry, even that which is worn regularly)</li> <li>- Whether in use or not</li> <li>- Pure or mixed with other metals (as long as the gold content is 50% or more)</li> </ul>	7.5 tola/ 87.47 grams (If one owns more than this minimum amount, <i>zakāt</i> is due on the total amount)
2	<b>Silver</b>	<ul style="list-style-type: none"> <li>- In any form (including jewelry, even that which is worn regularly).</li> <li>- Whether in use or not.</li> <li>- Pure or mixed with other metals (as long as the silver content is 50% or more).</li> </ul>	52.5 tola/612.35 grams (If one owns more than this minimum amount, <i>zakāt</i> is due on the total amount)
3	<b>Cash</b>	<ul style="list-style-type: none"> <li>-Whether at home, in a bank account or locker, or kept with someone else.</li> <li>- Includes money kept in the bank in fixed deposits. However, <i>zakāt</i> will only be obligatory on this amount once the term of the deposit expires and the principal amount is returned.</li> <li>- Includes money that has been loaned to someone and it is likely that it will be returned.</li> </ul>	In the value of the lesser of the two <i>nisābs</i> above, which is usually silver. So, the current market value of 612.35 g of silver. (If one owns more than this minimum amount, <i>zakāt</i> is due on the total amount)

		<ul style="list-style-type: none"> <li>- Includes money that has been invested, e.g. in the stock market. In the case of shares, <i>zakāt</i> is due on the current market value of the shares plus any profit received before the completion of one year from the time of investment.</li> <li>- Includes financial instruments like bonds, etc.</li> <li>- Includes money that has been paid in advance to purchase something, but the goods have not been received so far.</li> <li>- Includes installments that you have already paid for a “committee,” when you have not yet had your turn to receive the full amount.</li> </ul>	
4	<b>Business goods (valued at their current sale value)</b>	<p>- Includes goods of any kind that have been purchased with the intention of selling for profit, and that intention remains. So, if something was <u>not purchased with the intention of selling it</u> off for a profit, but rather for personal use or for giving as a gift etc., then even if later it is sold for profit, <i>zakāt</i> will not be due on it. Also, if initially it was <u>bought with the intention of selling it</u> but later the intention changed and it was kept for personal use or giving as a gift etc., <i>zakāt</i> will not be due on it.</p>	<p>In the value of the lesser of the two <i>nisābs</i> above, which is usually silver. So, the current market value of 612.35 g of silver. (If one owns more than this minimum amount, <i>zakāt</i> is due on the total amount)</p>

		<ul style="list-style-type: none"> <li>- Includes property that has been bought with the intention of selling, and that intention remains.</li> <li>(Note that property that one is currently living in, or that one has rented out, is NOT included)</li> <li>- Includes stocks and shares in companies</li> </ul>	
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**Ruling 1:** *Zakāt* is not due on precious stones, including diamonds. For jewelry which has precious stones in addition to gold or silver, the weight of the precious stones is deducted from the total weight of the jewelry, and only the weight of the gold or silver is considered for *zakāt* purposes.

**Ruling 2:** If a person only has gold from the above four types of wealth, then it will be evaluated according to weight. Thus, only if she has 7.5 tolas or more of gold will *zakāt* be due on it. Similarly, if she has only silver then it will be evaluated according to weight; only if she has 52.5 tolas or more of it will *zakāt* be due on it.

However, if a person has more than one of the 4 types of wealth on which *zakāt* is due, whether any one of them on its own is equivalent to *nisāb* or not, then the monetary value of them all will be added up, and if this value is equal or more than the value of 52.5 tolas of silver, *zakāt* will be due on the total value. For example, if a person has 9 tolas of gold, 20 tolas of silver, and 100 USD in the bank, and the total value of all these types of wealth combined is more than the price of 52.5 tolas of silver, then their monetary value will be added and *zakāt* will be 2.5% of this value.

**Ruling 3:** If the “gold” or “silver” is actually an alloy with less than 50% gold or silver content (e.g. 9 carat gold which is 37.5% gold), then its weight is not

included in the *nisāb* for gold and silver. Rather, it is included in the *nisāb* of business goods and its monetary value is considered.

### **Financial Liabilities Deducted from *Nisāb***

There are certain financial liabilities that can be deducted from your wealth before deciding whether you owe *zakāt* or not. Only if the value of your gold, silver, cash and business goods equal the value of 52.5 tolas of silver or more after the liabilities have been deducted, then *zakāt* is obligatory on you. These liabilities include:

1. Money that you have borrowed from someone.
2. Money that is owed to someone in exchange for goods that you have already received.
3. Installments that you still owe to a “committee” after your turn has come
4. Unpaid *mahr* of wife
5. Any bills (e.g. electricity or gas) that need to be paid before the end of the year
6. Any salaries of employees that need to be paid before the end of the *zakāt* year
7. Any rent that needs to be paid before the end of the *zakāt* year
8. Any *zakāt* from previous years that you still have not paid

**NOTE: *Zakāt* is also due on farm animals and agricultural land once they exceed a certain minimum amount. However, their discussion is excluded from this document.**



## The Time Frame

*Zakāt* becomes mandatory after an entire year passes from the time the *nisāb* enters into one's possession. It should be paid as soon it becomes mandatory, though there is dispensation to pay before the next year's *zakāt* becomes mandatory (that is, for a year). To delay payment beyond a year makes one sinful for the delay; however, the obligation is fulfilled if it is paid at any time in one's life before death.

It is important to note that the year start and end dates for this calculation must be according to the **Islamic lunar calendar**.

**Ruling 1:** If at some time during the year her wealth goes below the *nisāb* amount but she regains it before the year ends, *zakāt* will be due on the whole (the temporary dip will be disregarded). However, if he does not regain it and at the end of the year his wealth is less than *nisāb*, *zakāt* will not be due.

**Ruling 2:** If during the year she gains some more wealth from the kinds on which *zakāt* is due (gold, silver, cash or business goods), then by the end of the year *zakāt* will be due on the whole amount (original plus additional amount), even if a complete year has not passed on the additional amount.

**Ruling 3:** If an entire year passes on some *nisāb* and *zakāt* becomes due, but before she actually pays it, the wealth on which it is due gets destroyed or stolen, or she gives it away in charity, she is exempted from paying the *zakāt*. However, if she gives the wealth to someone as a gift or uses it herself, she is not exempt from paying it.

**Example:**

12<sup>th</sup> Jamadi us Thani 1437 Hijri (22<sup>nd</sup> March 2016)- Buys 8 tolas of gold jewelry

22<sup>nd</sup> October 2016- Gifts 2 tolas worth of jewelry to daughter (6 tolas remaining)

20<sup>th</sup> January 2017- Purchases 3 more tolas

12<sup>th</sup> Jamadi us Thani 1438 Hijri (12<sup>th</sup> March 2017)- Zakāt due on all 9 tolas

5<sup>th</sup> July 2017- Sells 5 tolas of jewelry (4 tolas remaining)

12<sup>th</sup> Jamadi us Thani 1439 Hijri (2<sup>nd</sup> March 2018)- No Zakāt due

10<sup>th</sup> April 2018- Receives 2,500 USD as a gift

12<sup>th</sup> Jamadi us Thani 1440 Hijri (20<sup>th</sup> February 2019)- Zakāt is due on the monetary value of the 4 tolas of gold in his possession plus 2,500 USD



## The Intention

It is mandatory to make the intention for *zakāt*; without intention the obligation of *zakāt* will not be fulfilled, although the amount given will be considered *sadaqah* (voluntary charity) and will be a means of reward in the Hereafter.

Remember that making an intention is an act of the heart; it is not necessary to utter it with the tongue.

### When can the Intention for *zakāt* be Made?

1. When we hand the money to the recipient
2. After we have handed the money to the recipient till before he spends it
3. When we set the money aside to give later as *zakāt*, even if at the time of actually handing that money over no intention is made.
4. When we hand the money over to another person to give on our behalf, even if the go-between does not make the intention when passing the money on.

**Ruling 1:** As long as your intention is to pay *zakāt*, you do not need to inform the recipient that it is *zakāt*. If he thinks it is a reward or a gift, your *zakāt* is valid.

**Ruling 2:** If someone asks you for a loan but you know that the person will not be able to pay it back, you may give it to him with the intention of *zakāt*, without asking him to return it. In this case your obligation of *zakāt* is fulfilled even if he thinks you are giving him a loan, but you must not accept it from him if ever he does return it.

However, if a person owes you money and you forgive the loan considering that amount to be *zakāt*, your obligation of *zakāt* is not fulfilled. It will be fulfilled if you give the person that amount of money, and he gives it back to you to pay off the loan.

**Ruling 3:** If you ask a person to pay *zakāt* on your behalf and he does so without having received the money from you, your obligation of *zakāt* will be fulfilled and you now owe him that amount of money.

## The Recipients

### Who is Eligible to Receive Zakāt?

*Zakāt* can be given to anyone who,

- 1) Does not possess any of the four types of *nisāb* mentioned above, and also
- 2) Does not possess “more than necessary” items whose value, when added to the value of the gold, silver, cash or business goods that he possesses, reaches the value of 52.5 tolas of silver. By “more than necessary” items are meant those possessions that one has not used in many years.

So, for example, if a person has 5 tolas of silver and 50 USD in cash, these add up to less than the value of 52.5 tolas of silver, hence *zakāt* is not due on him.

However, he owns some “more than necessary items” (e.g. tents and huge carpets that he bought for his son’s wedding a few years ago but has not used since then) and when the value of these is added to the value of the silver and cash that he owns, the total value now exceeds the value of 52.5 tolas of silver, so he cannot be a recipient of *zakāt*.

In sum, there are 3 categories of people to be considered for Zakāt:

Type 1	Type 2	Type 3
Owens one or more of the 4 types of wealth on which <i>zakāt</i> is applicable (gold, silver, cash business goods), whose combined value is equal or more than the value of 52.5 tolas of silver.	Does not own enough of the 4 types of wealth on which <i>zakāt</i> is applicable (gold, silver, cash, business goods) to equal or surpass the value of 52.5 tolas of silver, but owns “more than necessary” items whose value on their own, or when combined with the value of gold, silver, cash, or business goods in his possession equals or surpasses the value of 52.5 tolas of silver.	Owens neither enough of the 4 types of wealth on which <i>zakāt</i> is applicable (gold, silver, cash, business goods) to equal or surpass the value of 52.5 tolas of silver, nor enough “more than necessary” items whose value on their own, or when combined with the value of gold, silver, cash, and business goods in his possession, equals or surpasses the value of 52.5 tolas of silver.
<b><u>Ruling:</u></b> Needs to pay <i>zakāt</i> (also needs to pay <i>sadaqtul fitr</i> )	<b><u>Ruling:</u></b> Does not need to pay <i>zakāt</i> , but cannot receive <i>zakāt</i> (still needs to pay <i>Sadaqtul Fitr</i> )	<b><u>Ruling:</u></b> Can receive <i>zakāt</i> (can also receive <i>sadaqtul fitr</i> )

## The recipients of *zakāt* can hence include:

1. Someone who may have other possessions of regular use in abundance (such as his own house, furniture, car, disposable income etc.) but owns neither *nisāb* nor “more than necessary” items.
2. Someone who possesses *nisāb*, but also has financial liabilities as mentioned before, and when you deduct the financial liabilities from the value of his wealth, what is left amounts to less than *nisāb*.
3. A legal adult (*baligh*) who is poor while his father is wealthy, as long as he lives separately from his father and is independent of him. However, if the son is living with the father or the father is bearing all his expenses, he will not be deserving of *zakāt*.
4. A traveler who is left with no money during his journey and has no access to his wealth back home, even if he is wealthy at home.

## Who is NOT eligible to receive *zakāt*?

1. Non-Muslims (though it is permissible to give them charity other than *zakāt*)
2. Muslims from the family of the Prophet (saws), the descendants of *Hadrat* ‘Ali (ra), *Hadrat* ‘Abbās (ra), *Hadrat* Ja’fer (ra), *Hadrat* ‘Aqīl (ra) or *Hadrat* Hārith bin ‘Abdul Muttalib (ra), unless the individual you are considering would have to resort to begging otherwise.
3. Domestic servants, laborers etc. as wages, or to anyone as reward for work that they have done (it can be given as other than wages and reward).
4. Minors (children who have not yet become *bāligh*)
5. To someone who does not possess enough gold, silver, cash and business good combined to reach *nisāb*, but when the “more than necessary” household items that he owns are added to the value of these “*zakātable*” possessions, the total amount reaches the value of the *nisāb* of silver (explained under “Who can *zakāt* be given to?”)

Note that the obligation of *zakāt* is only fulfilled if a **living** person from among those deserving of *zakāt* is made the **owner** of the money. Hence, *zakāt* cannot be given for the following:

6. To pay off the debt of a deceased person, or for arranging his funeral or burial



7. For construction purposes, even of a school, hospital, mosque or *madrassah*, as there is no ownership of a living person (however, if the mosque or *madrassah* have a *zakāt* distribution program, one can contribute to it).
8. To provide clean water facility, or for feeding the poor (e.g. at a community kitchen or community *iftār*) or other works of charity unless they ensure that the money itself is passed on to deserving persons, or if medicine or food supplies are bought with *zakāt* money and given to deserving people.
9. To a charitable organization for its administrative expenses (e.g. payment of bills, salaries of employees, maintenance costs etc.)

Relatives to whom <i>zakāt</i> CANNOT be given	Relatives to whom <i>zakāt</i> CAN be given
Mother or Father Grand-mother or Grand-father Daughter or son Grand-daughter or grand-son Husband or Wife	Brother and Sister Niece and Nephew Aunt and Uncle (Maternal and Paternal) Cousins Stepmother and Stepfather Step grandmother and Step grandfather Mother-in-law and Father-in-law Brother-in-law and Sister-in-law

**Ruling 1:** The entire amount of *zakāt* can be given to one person, or it can be divided among multiple deserving people. However, to give any one person so much that he himself becomes owner of *nisāb* is disliked.

**Ruling 2:** If you give *zakāt* to a person thinking that he/she is deserving but then later find out that he/she is a wealthy person, or from the family of the Prophet (saws), your obligation of *zakāt* will be fulfilled. However, if you learn that he/she is non-Muslim, your obligation will not be fulfilled and you will have to pay *zakāt* again.

**Ruling 3:** It is best to give *zakāt* to needy relatives as per the hadith of the Prophet (saws) in this regard. It is not necessary to tell them that it is *zakāt*.

**Ruling 4:** It is disliked to send your *zakāt* to another country unless a) it is to needy relatives, or b) people in that country are more needy, or c) it is for people who are engaged in work of *deen*.