



ZAKAT

MADE EASY



MOHAMMAD ZAHID

About the Author



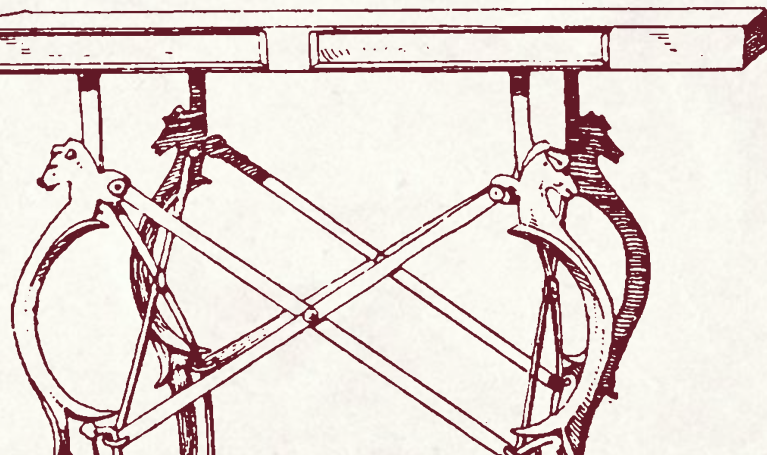
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Introduction

Zakat is one of the five pillars of Islam, often mentioned together with salat (prayer) in the Quran to emphasise its significance and importance in the life of a believer. When some tribes denied paying Zakat after the demise of Prophet Muhammad ﷺ, Sayyiduna Abu Bakr declared war against them.

Zakat is an ibadah (worship) performed by donating a specific portion of some particular types of wealth to some specific kinds of beneficiaries. In general, Islam encourages charity, which can be done with or without wealth. It can be a general charity (sadaqah), or a perpetual one (waqf, sadaqah jariya), both of which are recommended.

However, Zakat is an obligation for Muslims who meet the eligibility criteria and direct charity to the poor and other eligible beneficiaries. In the early Islamic era, Zakat used to be collected and distributed efficiently through the Bait al-Maal – the national treasury. As a result, the eligible beneficiaries were reached in a manner that didn't leave anyone behind.

If we look deeply, we'll find that Zakat has a profound underlying purpose. Just 2.5% of our wealth can feed millions of poor around the globe if collected and distributed efficiently. So Zakat is not just another mere ritual. Rather, it fulfils the very purpose of our existence which is the solidarity between human beings in this world.

In my little experience, I have had the opportunity to assist many people in calculating their Zakat, Alhamdulillah. As a result, I found varied experiences that I'd like to share:

1. Some Muslims do not pay Zakat at all. They either don't care or view Zakat as a financial obligation upon them. Interestingly, they pay taxes and other similar liabilities, but when it comes to zakat, it gets neglected.

2. Some Muslims pay Zakat, but they do not care or do not know how to calculate it correctly. They instead pay Zakat based on assumptions, leading to underpaying in most cases.

3. Some Muslims pay and calculate Zakat correctly - but they do not disburse appropriately. As a result, they pay beneficiaries who are not eligible to receive Zakat in the first place. Or they may give Zakat in a manner that is not useful for the beneficiaries.

4. Some Muslims, MashaAllah, are cautious about calculating and paying it appropriately.

Some people I found, are in fact quite scared of Zakat and try to use every means and tricks in the book to escape paying Zakat. For example, switching different fiqh schools - whichever is more favourable and makes Zakat lesser; or putting money into fixed assets (ineligible for Zakat) just days before the Zakat date - only to avoid Zakat.

We must be mindful that Zakat is only 2.5% of our selected wealth (apart from Zakat on agricultural produce or livestock). The Quran clearly shows that Allah has the ultimate ownership of us, our wealth, and everything in this earth and the heavens as He is our Creator. If He wanted, He could have obligated us to donate 100%, or 50%, or 20% or even 10% of all our wealth. But He instead legislated only 2.5%, that too not from the entirety of all our wealth, but only specific and particular types of wealth.

Allah has promised the increase of wealth for an individual when Zakat is paid. "Allah destroys riba and increases charities (inc zakat)." [Surah al-Baqarah, 276]

On the one hand, Zakat is a right of the deprived ones – the beneficiaries, and on the other hand, it's an investment in blessings and our hereafter home rather than an expense, penalty, or tax as many wrongly see it. It is the insurance of one's wealth, whereby the insurance provider is the Creator of the wealth Himself. Zakat brings a tremendous opportunity to contribute to society and increase the blessings in one's wealth. If we are genuinely concerned about our wealth, then we should strive to pay out Zakat properly and watch how the promise of Allah to increase and bless our wealth comes true.

The obligation of Zakat creates a fair balance and solidarity between the rich and the poor. Excluding Zakat creates an imbalance in the economy and society. One of the many reasons why the ummah is suffering today could be reasonably attributed to the issue of Zakat mismanagement. Lack of awareness, not paying Zakat properly, disconnect between Zakat & tax, lack of Zakat institutions, inefficiency and corruption in collection and disbursements of Zakat – are a few of the issues to name.

So where do we start in making a change for the better? If you are concerned about Zakat and the things we highlighted here, you need to take the first step – empowering yourself with the proper knowledge of Zakat. This ebook by GlobalSadaqah is a humble contribution to that knowledge.

Adl Advisory - being the Shariah Advisor of GlobalSadaqah - highly appreciates the effort of GlobalSadaqah in fulfilling its role to empower the ummah with the proper knowledge presented in a very easy to read and comprehensive format. We make dua that this ebook is accepted by Allah, is counted on the scales of the team as sadaqah jariyah, and becomes a significant contribution to the zakat literature. Ameen.

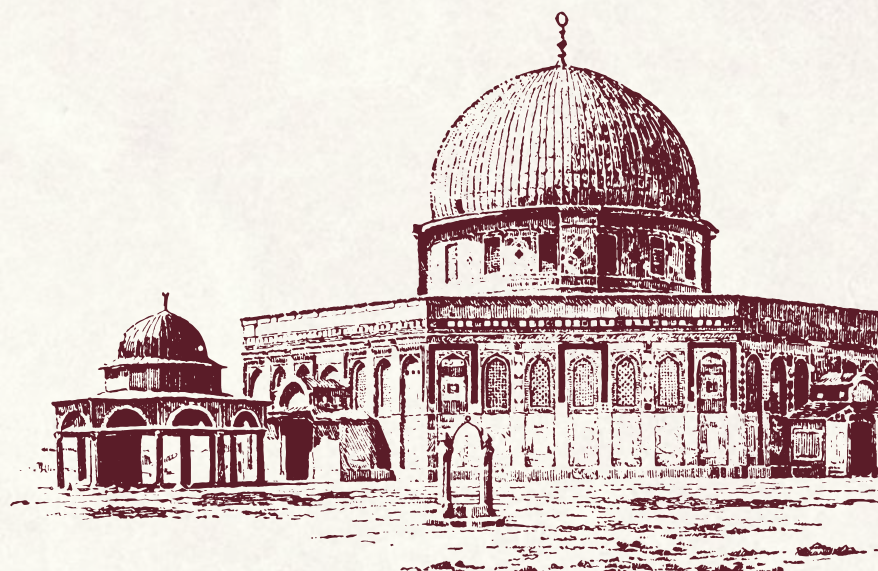


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ZAKAT



What is Zakat and Why Should I Pay It?

The recipe for success is to look forward to paying our zakat and to be in the first rows of the Masjid just like we look forward to breaking our fasts on a hot day.

As the third of the five pillars of Islam, zakat is an obligatory form of charity for Muslims. Derived from the meaning purify and increase, zakat purifies, cleanses, increases and blesses their wealth.

“And establish prayer and give Zakat, and whatever good you put forward for yourselves – you will find it with Allah.” [Surah al-Baqarah, 110]

Through Zakat, a Muslim is able to cleanse their soul from negativity such as stinginess, selfishness, greed and pride, while also develop a higher sense of sympathy towards people in need. Zakat is also a sign of brotherhood in the Islamic religion.

“But (even so), if they repent, establish regular prayers, and give their zakat, they are your brethren in Faith.” [Sūrah Al-Taubah 9:11].

When a Muslim pays zakat, they will directly or indirectly help the lives of those in need. Globally, the zakat system is widely seen as the Islamic contribution to social justice: reducing the gap or divide between the rich and the poor and has successfully redistributed the wealth of the society among the poor.

The Timeline and History of Zakat

Zakat was legislated in 2 AH, approximately 18 months after the arrival of the Prophet ﷺ to Madinah. Before that in the Makkan era, giving charity was merely recommended.

After the hijrah to Madinah, Allah revealed, *“Take, (O, Muhammad), from their wealth a charity by which you purify them and cause them increase, and invoke [Allah’s blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing.” [Surah Al-Taubah, 103]*

The act of giving zakat revives the practice of the previous Prophets and Messengers of Allah – just like how salah was obligated for all the nations before us.

Allah tells us, *“And (remember) when We made a covenant with the Children of Israel, (saying): Worship none save Allah (only) and be good to parents and to kindred and to orphans and the needy and speak kindly to mankind; and establish Salaah and pay Zakat.” [Surah Al-Baqarah, 83]*

Allah says with regards to Prophet Ismail, *“Also mentioned in the Book (the story of) Ismail: He was (strictly) true to what he promised, and he was an apostle (and) a prophet. He used to enjoin on his people salah and zakat, and he was most acceptable in the sight of his Lord.” [Surah Maryam, 54-55]*

Allah says with regards to Prophet Isa, *“He said: Lo! I am the slave of Allah. He has given me the Scripture and has appointed me a Prophet. And has made me blessed wheresoever I may be and has enjoined upon me salah and zakat so long as I remain alive.” [Surah Maryam, 30-31]*



Why Do Muslims Need To Pay Zakat?

“I give a lot of charity throughout the year, then why do I still have to pay zakat?” Zakat is a pillar of Islam and it is an obligation for every Muslim that meets the requirements.

This obligation cannot be offset by the normal charity. A person is rewarded for his generosity, but this obligation needs to be carried out irrespective of the amount of charity that is given provided certain conditions are met.

The Messenger of Allah ﷺ said: “Islam is based on five (principles): To testify that none has the right to be worshiped but Allah and Muhammad is Allah’s Apostle, to offer the prayers dutifully and perfectly, to pay Zakat, to perform Hajj and to observe fast during the month of Ramadan.” [Bukhari]

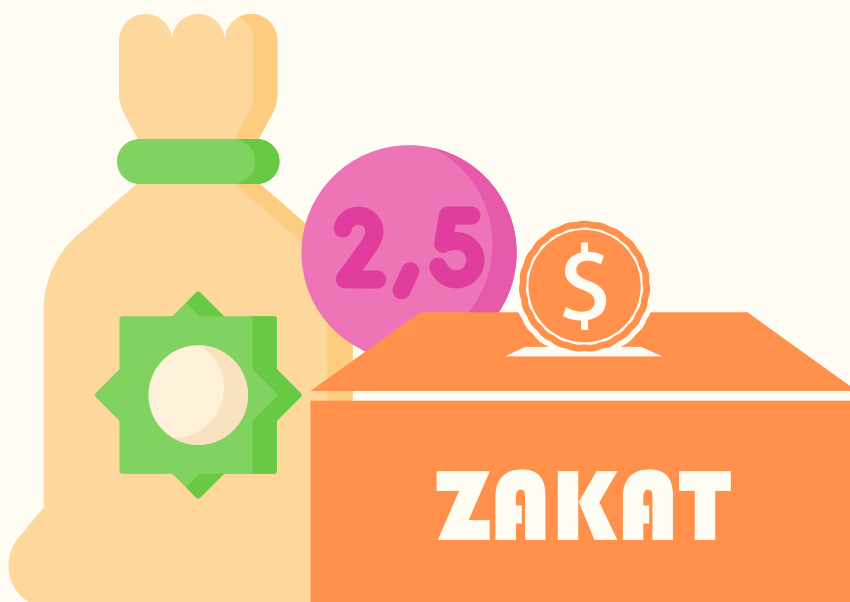
After the migration to Madinah, the Prophet sent out messengers to collect zakat from the wealthy and sent evaluators to the plantations to approximate the value of the potential wealth. This act – of calculating the zakat due to its owners – signifies the importance and the high station that zakat holds in Islam.



Anyone who denies the obligation of zakat has left the fold of Islam. In fact, the first issue or matter that Abu Bakr as-Siddiq turned his attention to after entering the office of the Khalifa was towards those refusing to pay zakat.

Narrated Abu Huraira: When Allah's Messenger ﷺ died and Abu Bakr became the Khalifa, some Arabs renegade (reverted to disbelief) (Abu Bakr decided to declare war against them), Umar, said to Abu Bakr, "How can you fight with these people although Allah's Messenger ﷺ said, 'I have been ordered (by Allah) to fight the people till they say: "None has the right to be worshipped but Allah, and whoever said it then he will save his life and property from me except on trespassing the law (rights and conditions for which he will be punished justly), and his accounts will be with Allah.'"

Abu Bakr said, "By Allah! I will fight those who differentiate between the Prayer and the Zakat as Zakat is the compulsory right to be taken from the property (according to Allah's orders) By Allah! If they refuse to pay me even a female-animal which they used to pay at the time of Allah's Messenger ﷺ – I would fight with them for withholding it" Then Umar said, "By Allah, it was nothing, but Allah opened Abu Bakr's chest towards the decision (to fight) and I came to know that his decision was right." [Bukhari]



The Origins Of the Word 'Zakat'

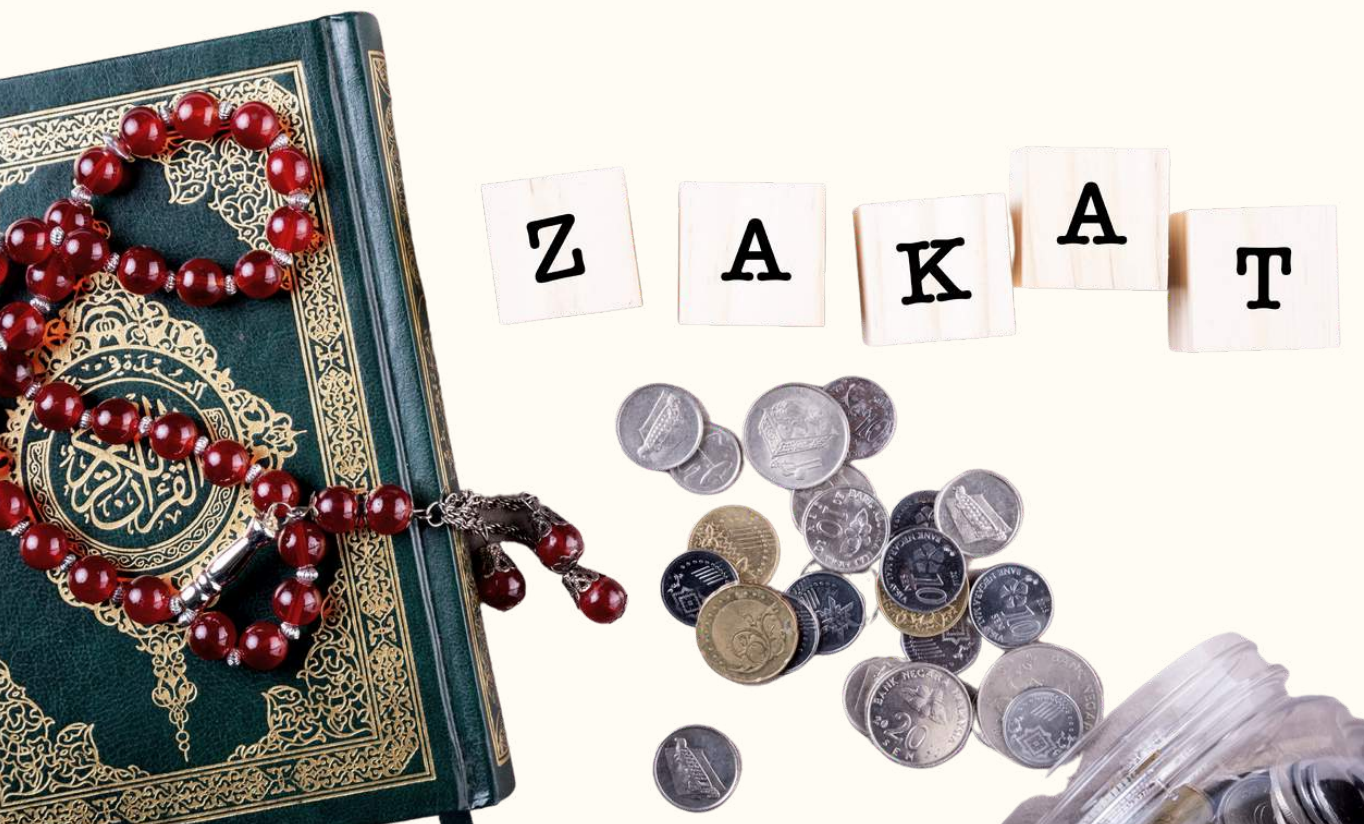
To get a better grasp of the principles of zakat, we must first dissect the word and understand how it is being employed in the context of Shariah.

From a linguistic perspective and technical perspective, Sheikh Yusuf al-Qardawi writes that zakat is an infinitive of the verb zakah. “Zakat means to grow and to increase. When it is said about a person, it means to improve, to become better. Consequently zakah is a blessing, growth, cleanliness, and betterment,” he said.

In Lisan al Arab it is said, “The root of the word zakah in Arabic means cleanliness, growth, blessing, and praise. All these meanings of the word are used in Qur’an and Hadith.”

According to al-Wahidi and others, the root of “zakah” means increase and growth, and can be applied to multiple facets.

With regards to plants, zakah means to grow, while it may also mean to increase. Since plants only grow if they are clean of insects and other detrimental things, then the word “zakah” implies cleanliness and cleansing.



When it comes to people, zakah means betterment and righteousness. You may say a man is “zaki,” or that he has good character. You may also say that he is the judge “zakat” to the witnesses to indicate or show that there is a higher level in their testimony.

As per the Shariah, zakat is defined as:

حَقٌّ وَاجِبٌ فِي مَالٍ خَاصٍّ لِبَطَائِفَةٍ مَخْصُوصَةٍ ، فِي وَقْتٍ مَخْصُوصٍ

Zakat is an obligatory action of giving a specific portion of one's wealth to eligible recipients every lunar year.

Sheikh Yusuf further writes, “In Shariah, the word zakat refers to the determined share of wealth prescribed by Allah to be distributed among deserving categories. It is also used to mean the action of payment of this share. According to Imam al-Nawawi's report from al-Wahidi, this share of wealth is called zakat because it increases the funds from which it is taken and protects them from being lost or destroyed.



The Benefits of Zakat

When Muslims pay their zakat, they enhance their inner souls and cleanse their wealth, according to Sheikhul Islam Ibn Taimiyyah. This growth and cleanliness are not only experienced by zakatable assets themselves, but also the individual who pays zakat as well, in accordance to the verse “out of their wealth take zakat so that thou mightiest purify and sanctify them.”

Al-Azhari says: it makes the poor grow too, meaning that zakah creates psychological and material growth for the rich in his soul and wealth.

Imam al-Nawawi reports that the author of al-Hawi said: "It should be realized that zakah is an Arabic word known before Islam. It is well known that it has been used in poetry". On the other hand, Dawud al-Zahiri said this word has no source in the Arabic language before it was used in Qur'an. The author of al-Hawi answered "Although this is totally wrong, differences about the name do not affect the rulings on zakat."





Analyzing Zakat in the Quran

The word zakat is mentioned in the Quran 30 times, with 27 of them associated with prayers in the same verse. In one place, zakat is mentioned alongside the word “prayers” in the same sequence of verses: “those who humble themselves in their prayers” and “who are active indeed in zakat.”

Out of the 30 mentions in the Quran, eight of them are Makkan verses and the others are Madinan – clearly signifying that zakat is second only to Salah in terms of importance for a Muslim.

Some writers claim that zakat is associated with prayers 82 times in the Quran, but this is an obvious exaggeration. Even if we include places that have implicit reference to zakah, where words like spending, lending or feeding are mentioned, we will not reach that acclaimed number.

Separately, Sadaqah and its plural, sadaqat, is mentioned in the Qur’an 12 times, all of them in Madinan surahs. Though sadaqah (plural, sadaqat) is different from zakat, which exclusively involves the division or sharing of material and financial wealth to help the less fortunate. Sadaqat, in addition to the above, also involves the sharing of happiness among others through kind words, taking care of animals or the environment, smiling at someone, etc. But unlike Zakat, sadaqah is not obligatory.

Both act as a form of worship assumed as a way of achieving spiritual purification, and to absolve a Muslim of their sins.

How Does Allah Describes Zakat To Us

Allah says,

My Mercy extends to all things. That (Mercy) I shall ordain for those who have God-consciousness and give their Zakat and those who believe in Our Signs.” [Surah Al-A’raf, 156]

Allah will certainly aid those who aid His (cause); for verily Allah is Full of Strength, Exalted in Might, (able to enforce His Will). (They are) those who, if We establish them in the land, establish regular prayer and give their Zakat, enjoin the right and forbid wrong: with Allah rests the outcome of all affairs.” [Surah Al-Hajj, 40-41]

“But (even so), if they repent, establish regular prayers, and give their Zakat, they are your brethren in Faith.” [Surah Al-Taubah, 11]

“The Believers, men and women, are protectors one of another: they enjoin what is just and forbid what is evil: they observe regular prayers, pay their Zakat and obey Allah and His Messenger. On them will Allah pour His Mercy: for Allah is Exalted in power, Wise.” [Surah Al-Taubah. 71]

“The mosques of Allah shall be visited and maintained by such as believe in Allah and the Last Day, establish regular prayers, and pay their Zakat and fear none (at all) except Allah.” [Surah Al-Taubah, 18]

In all ayat, one thing that we observed is that the terms ‘Sadaqah’ and ‘Zakat’ are used interchangeably many times – and at times are distinct from each other.

The words ‘Sadaqah’ (five) and ‘Sadaqat’ (eight) occur 13 times in the Quran.



What's The Difference Between Zakat & Sadaqah

In Lisan al Arab it is said, “The root of the word zakah in Arabic means cleanliness, growth, blessing, and praise. All these meanings of the word are used in Qur’an and Hadith.” While according to al-Wahidi and others, the root of “zakah” means increase and growth and can be applied to multiple facets.

On the other hand, the word sadaqah is derived from the word ‘Sadq’ which means truth. Sadaqah has a more general definition as compared to zakat whereas, which is more restricted in nature. For example, from a technical point of view, zakat refers to obligatory charity whereas sadaqah refers to the voluntary charity. Even non-monetary charity like smiling and removing something harmful from the road can be considered sadaqah.

Essentially all zakat qualifies as sadaqah but not all sadaqah is necessarily zakat. This is the reason why it is important to learn from qualified teachers who can help us differentiate according to the Sunnah, what Allah is referring to in the Quran. Sheikh Abdullah Shinqiti said, “The best charity is hidden, and the best zakat is displayed.”





Why? This is because charity has no limit, and it is between a person and their sustainer. Zakat on the other hand is a fixed amount and has to do with establishing a pillar of Islam. Seeing zakat being carried out in public is important as a form of encouragement for others to follow suit and helps ward off the envy or suspicion from the poor of the community.

Zakat should not be viewed as some form of tax, fine, or penalty. Instead, giving zakat does not reduce one's wealth, but through zakat, Allah says that our wealth will be blessed and purified. Though it may seem like a difficult concept for some to understand – but remember that we, humans, have just the pixel while Allah has the complete picture.

Allah tells us in the Quran, “But that which you give in Zakat seeing Allah's Face, then those they shall have manifold increase”
[Surah al-Rum, 39]

“Allah will deprive usury of all blessing but will give increase for deeds of charity: For He does not love the one who is ungrateful and wicked.”
[Surah Al-Baqarah, 276]

The Messenger of Allah ﷺ explicitly promised us that giving in charity does not decrease wealth. What else do we need as a guarantee or a motivation? The Messenger of Allah ﷺ said, “Charity does not decrease wealth, no one forgives another except that Allah increases his honor, and no one humbles himself for the sake of Allah except that Allah raises his status.” [Muslim]

The Messenger of Allah ﷺ said, “If one gives in charity what equals one date-fruit from the honestly earned money and Allah accepts only the honestly earned money – Allah takes it in His right (hand) and then enlarges its reward for that person (who has given it), as anyone of you brings up his baby horse, so much so that it becomes as big as a mountain.” [Bukhari]

Some of the wisdoms or lessons that we can take from the legislation of zakat is that Allah wants to remove greed from our hearts. Zakat purifies our money and cleanses it for us. Wealth with no zakah paid on it is like impurity in the eyes of Allah. Anyone who doesn't pay zakah on his wealth is as though he is feeding impurities to his family. Allah tells us, “Out of their wealth take sadaqah thereby purifying and sanctifying them.” [Surah Al-Taubah, 103]



Zakat: A Sign Of Iman?

Yes, zakat is one of the greatest signs of Iman. Whenever we give away money, we expect to get something in return. But when we give money for the sake of Allah without expecting any immediate physical returns, we are putting our absolute faith in the belief that Allah will repay us from His bounty even if we can't see it.

Giving zakat also helps break the dependency cycle of charity by empowering the weaker sections of the community by letting them have funds to become self-sufficient.

The shariah teaches Muslims that it is our responsibility to take care of our families and dependents – spending and taking care of loved ones is like giving charity. Similarly, through zakat, giving to our fellow Muslims is like giving care and support to a larger family around us. This empowers and builds the community around us, alongside strengthening and maintaining strong bonds of kinship and friendship. Abdullah bin Abi Awfa narrated: When the people brought Sadaqah to the Prophet ﷺ he used to say, “O Allah! Bless them with your Mercy.” Once my father came with his Sadaqah to him whereupon he i.e. the Prophet ﷺ said. “O Allah! Bless the family of Abu Afa.” [Bukhari]



Conditions and Calculation Methods

Giving out zakat is an obligation for all eligible Muslims. But admittedly, formulating how much you need to pay for your zakat can be confusing. Hence, we came up with this mini guide to help you navigate the different facets of paying your zakat.

But before we dive right in, it's always good to remind ourselves that just by sitting to calculate our zakat, one is also engaging in an act of worship in and of itself.

Who is eligible to pay zakat?

- Muslim of sound mind
- Free (Not enslaved)
- In control of their own wealth
- Has reached the minimum threshold for zakat (known as nisab)
- A full lunar year has passed over the zakatable wealth

The Prophet (ﷺ) sent Mu'adh to Yemen and said, "Invite the people to testify that none has the right to be worshipped but Allah and I am Allah's Messenger (ﷺ), and if they obey you to do so, then teach them that Allah has enjoined on them five prayers in every day and night (in twenty-four hours), and if they obey you to do so, then teach them that Allah has made it obligatory for them to pay the Zakat from their property and it is to be taken from the wealthy among them and given to the poor." [Bukhari]

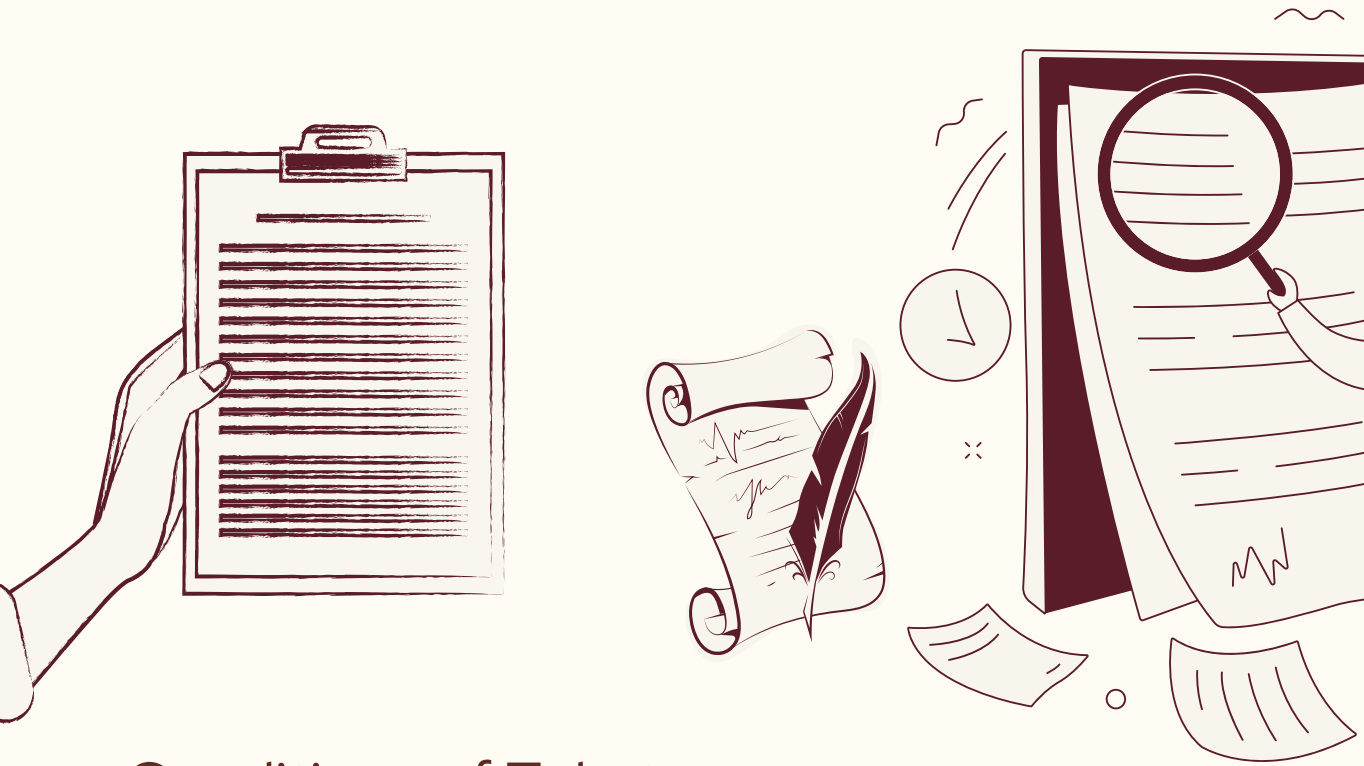


This hadith shows us that zakat is obligatory on the rich irrespective of the individual's age. Sanity and puberty are not listed as conditions here unlike so many other acts of worship. Why? Zakat is the right of the poor and they should get it irrespective of the condition of the one holding it. That being said, the Hanafi madhab does list them as conditions. For a child or a mentally incapable person who has wealth, it is the responsibility of the parents or the guardians to calculate and disburse the zakat on their behalf. If a child goes into the shop and breaks something, the owner of the shop still needs to be recompensed. It doesn't matter if the money is being paid by the child or his father. What matters is that that shopkeeper gets what is due to him. Likewise, the husband can pay the zakat on behalf of his wife. If a person dies while owing zakat, that amount will be deducted from his estate.

Why should the father or the guardian pay the zakat on behalf of the children? Narrated 'Abdullah bin Umar: The Messenger of Allah (ﷺ) as saying: Each of you is a shepherd and each of you is responsible for his flock. The amir (ruler) who is over the people is a shepherd and is responsible for his flock; a man is a shepherd in charge of the inhabitants of his household and he is responsible for his flock; a woman is a shepherdess in charge of her husband's house and children and she is responsible for them; and a man's slave is a shepherd in charge of his master's property and he is responsible for it. So each of you is a shepherd and each of you is responsible for his flock. [Abu Dawud]

Another important hadith that highlights the role of the guardian is: 'Amr bin Shu'aib narrated on the authority of his father who reported on the authority of his grandfather, on the authority of Abdullah bin 'Amr that the Messenger of Allah (ﷺ) said: "One who becomes the guardian of an orphan, who owns property, must trade on his behalf and not leave it (saved and unused) until it is all eaten up by zakah (which is paid yearly)." [Tirmidhi]





Conditions of Zakat

Zakat becomes obligatory when it meets certain conditions pertaining to wealth, as summarized by Sheikh Joe Bradford include:

- Unhindered private ownership of the wealth
- It has an expected multiplied benefit and utility
- It has reached the nisab
- It is surplus wealth: i.e., beyond principal needs
- It is not encumbered by debt

What is nisab and how is it calculated?

Nisab (plural: Nusub) is considered a certain financial threshold. It is described as the minimum amount of wealth that a Muslim must own before zakat is obligated upon them.

Pegged to the value of gold, the nisab value changes every year. The value of nisab is determined by the local Islamic council based on the average value of the price of 85g of gold in the past year. Muslims whose wealth or net assets have reached this threshold are obliged to pay Zakat, which is 2.5% of the total value of the wealth which has been in their possession for more than one lunar calendar year.

What is the reason behind 2.5%?

This threshold was stipulated by the Messenger of Allah. The calculation is based on 20 mithqal of gold which is equivalent to 85-87 grams of gold or 200 dirhams of silver which is equivalent to 595 grams of silver.

Ali narrated that the Messenger of Allah (ﷺ) said: “When you possess two hundred Dirhams at the end of the year (if you still have all of them), five Dirhams are levied on them as Zakat. There is nothing upon you (to be paid) in gold, until it reaches (the value of) twenty Dinars. When you possess twenty Dinars, at the end of the year, then there is half a Dinar levied on it (as Zakat). Any additional amount will be calculated in the same manner. No Zakat is to be paid on monetary holdings, until they have been owned for one year.” [Abu Dawud]

If you possess 200 dirhams till one-year passes, five dirhams are payable as zakat. (2.5%) and if you possess 20 dinars till one-year passes, half a dinar is payable as zakat. Based on these learnings, zakat is not necessary for someone if they possess less than 595 grams of silver, less than five camels, or less than 652.8 kilograms of dates and grains.



1 Dinar: 4.245 grams of gold.

20 Dinars: 85 grams of gold.

Zakat is calculated by multiplying the price of 1 gram of pure (24k) gold by 85.

1 Dirham 2.975 grams of silver.

200 Dirhams: 595 grams

This was the most prevalent form of currency at the time of the Prophet and Arabia in general.

Though the world's currency system has changed drastically since the Prophet's time, dinars and dirhams can still be found in museums across the world; with many dating all the way back from the time of Abd al-Malik ibn Marwan who minted the first standardized currency. To standardize zakat calculation, scholars in recent times have taken the median weight of the different coins that were preserved and concluded that based on this, the nisab for silver is 595 grams. This method was the ruling adopted by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) which produces standards for Islamic financial institutions.

When calculating one's zakat, the current day equivalent price of gold needs to be checked. But wait. When calculating, we see that the values are worlds apart when we calculate based on gold and when we calculate based on silver. So which one do we choose?



If a person has only gold assets then they have to use gold as the standard and if the person has only silver assets then they have to use silver as the standard. But generally, this is not the case with the majority if not all of us today. Our assets are mixed in gold, cash, properties, stocks etc. So the standard that we should calculate our zakat is based on the price of silver. One can use gold, no doubt but from having taqwa of Allah is to use silver as the standard as we strive to hold ourselves to a higher level of excellence.

As per Imam Ahmad and Imam Abu Hanifah's madhaib as well, you calculate according to the lesser of the two (gold or silver), because that is more beneficial for the poor, helps implement a pillar of Islam, and aids the poor. This is the preference and reasoning of Sheikh Dr. Yusuf al-Qaradawi as well in his book, 'The Fiqh of Zakat'. This also leads to a higher social conscience. When more people pay zakat, there will be more questions on how the zakat is being managed and how it is helping the beneficiaries.

A very important point to remember while calculating is that this is an individual assessment. We should not combine the family wealth together.

When to pay zakat?

Before answering this question, two important things must be considered first: which are the al-Hawl and meeting the nisab.

What is al-Hawl? As per the famous dictionary, Lisan Al-Arab, a year ('Aam) is considered Al-Hawl when it arrives in winter and summer; its plural is A'wam. Essentially, Al-Hawl it is the period of one lunar year that must pass over a certain amount of wealth at the end, of which then zakat becomes due upon it.

Ibn Umar narrated, 'Whoever earns any money, he is not liable to pay zakat, until the period of a year has passed (while still possessing the same amount of money).' [Tirmidhi]

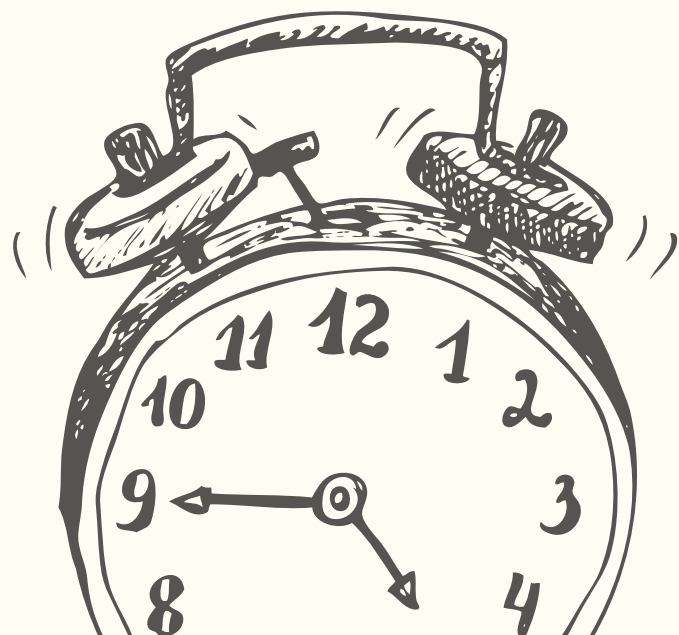
The condition of the passage of one lunar year is restricted to money, livestock, and business assets. It does not include agricultural products, fruits, honey, extracted minerals and treasure that is found, as the latter are subject to zakat at the time of harvest or when discovered.



Imam Al-Layth Ibn Sa'd: the Imam of the Egyptians about whom Imam Shafi'i said that he was more knowledgeable than Imam Malik - never paid zakat. He was very wealthy, yet he was very generous and used to spend most of his money in charity, especially to support scholars, students of knowledge, and poor Muslims. His son Shu'ayb said that his annual income was between twenty and twenty five thousand Dinars (golden coins). 1 Dinar is equal to 4.25 grams of gold. That would mean, in today's value his annual income was MYR 25,181,250. He was never liable to pay Zakah, simply because he would spend all his money before the year had passed. Imam Malik sent him a plate of dates. Imam Al-Layth Ibn Sa'd put one thousand Dinars on the plate and sent it back to Imam Malik.

A person starts calculating their zakat from the time their wealth hits the nisab. Note down this hijri date. On the same date the following year, zakat becomes due. If during the course of the year, the overall wealth falls below the nisab, then everything is reset. You start calculating fresh again, only from the date when you reach the nisab value again. Make sure that a specific date has been selected and recorded. This passage of 1 lunar year over the wealth that has hit nisab is known as hawl.

Zakat needs to be paid as soon as the lunar year is completed. The payment is made keeping in mind the prices etc on that day. The fluctuations etc that might have happened throughout the year are not to be taken into account. This is why knowing and recording the zakat due date is so important. The easiest manner to pay zakat is to sum all the zakatable assets that one has on the day that their zakat is due and pay the zakat on it. This is much easier than tracking the hawl on different streams of income etc.



A common error that many fall into is that they wait and delay the payment of their zakat till Ramadan thinking that they will get more rewards in Ramadan. This is a faulty understanding and quite dangerous in reality as we will soon see. The only time this can be done is when a person has completely forgotten when their wealth reached nisab. They try their best to approximate a date and even if that fails they can take an arbitrary beginning date like the first of Ramadan for their calculations. The pious predecessors in reality used to try and give their zakat in Shaban instead of Ramadan. Why? This was so that they are cleared of any dues and obligations. Anything that they gave in Ramadan was extra and a form of generosity to spend in the path of Allah.

Remember that we calculate and pay our zakat based on the lunar calendar and not the solar calendar. Our teacher, Sheikh Dr.Sajid Umar made a very interesting observation in this regard. He said, "Zakat is paid as based on a year passing upon the Lunar calendar. If one works out their zakat as based on the solar calendar, they pay 2.577% of the value of their zakatable assets that fall under the 2.5% category. Allah knows best." This is the position of AAOIFI as well.



When should you pay your zakat?

When one lunar year passes on money, cattle, and trading commodities provided they meet the nisab.

When grains become hard and the signs indicating ripeness appear with regards to fruits.

Zakat is paid on honey when it meets the nisab.

Zakat is paid on minerals when they are mined and meet the nisab.

These will all be discussed in the coming sections

As Muslims, as much as we can, we should not delay paying zakat as our money is considered the right of the poor channeled through us by Allah – or in other words, money that was never ours to begin with. Our 2.5% is someone’s 100%. Allah tells us, “In their wealth and properties is the right of the poor, the beggar and he who is in deprivation.” [Surah al-Dharyyat, 19]

To sum, time is of vital importance. Delaying the payment of zakat can destroy us in both the dunya and in the hereafter.

The Messenger of Allah ﷺ said: “He who is given wealth by Allah but he does not pay its Zakat, that wealth is made for him, on the Day of Judgment, into the form of a huge bald serpent with two horns, encircling that person and squeezing him all day, then holding him by lips telling him, ‘I am your wealth, your treasure that you hoarded.’”

Then the Prophet ﷺ quoted the verse, “And let not those who covetously withhold the gift that Allah has given them of His grace think that it is good for them. Nay, it will be worse for them. Soon shall the things which they covetously withheld be tied to their necks like a collar on the Day of Judgment.”(Surah Al-Imran, 180) [Bukhari]

The Prophet ﷺ said: “Zakat is never intermingled with any amount of wealth without destroying and rotting it.” [Bukhari]



As per Imam al-Mundhiri, this hadith has two potential meanings. First, that whenever due Zakat is not paid it will cause harm to one's wealth. "Whenever any amount of wealth is destroyed in the land or in the sea it could be because its zakat was not paid." [Tabarani]. Secondly, if a person who takes zakat as a recipient without deserving that zakat and mixes it with his wealth, it will be a reason for rotting all his wealth. [Ahmad]

If a person has been neglectful and has not paid zakat for many years, then he is obligated to seek forgiveness from Allah and cover up the zakat that is due for all those years. He has to approximate the zakat that was due in those years, and pay accordingly. This is a very serious manner. Ignorance cannot be taken as an excuse here because this is a pillar of Islam and just like the 5 daily prayers is established and well known without an iota of doubt. What's worse is that such a person is violating the rights of Allah as well as his fellow brother. This is because zakat is like a trust in the hands of the donor and is the due right of the beneficiary.

Can you pay zakat early?

It is permissible to pay zakat early as per the majority opinion of the scholars, but it is better to be paid in its due time unless there is an immediate reason to do so. Zakat can be paid up to two years in advance provided the nisab is met.

Ali narrated, "Al-Abbas asked the Messenger of Allah about paying his charity (zakat) in advance before its time is due (by being in possession for a whole year), he permitted him to do that." [Tirmidhi] Sheikh al-Islam Ibn Taymiyyah also said: "As for paying zakat before it is due, that is permissible according to the majority of scholars, such as Abu Hanifah, al-Shafi'i and Ahmad, and it is permissible to pay zakat in advance on livestock and gold and silver, and trade goods, if he owns the nisaab (minimum threshold). [Majmu' al-Fatawa]



Based on these lessons, we believe that a person can fulfill their zakat monthly as well. Muslims who pay more than the minimum for their zakat will be rewarded by Allah for it. If it is less than the amount that is due, then that remaining difference can be topped off.

Our Sheikh Ibrahim Nuhu said, “Based on the hadith where we read that the Prophet ﷺ said he would pay zakat on behalf of Abbas, we learn that another person can pay zakat on behalf of another person provided that they have been informed and they have consented. The point is that the money has to be paid on that which a year has passed, or it has reached the nisab. This is irrespective of where or from whom the money comes from.”

Sheikh Ibn al-Uthaymeen said, “Paying zakat more than a year in advance is valid, but it is only permissible for a few years, and it is not permissible for more than that. But one should not pay zakat in advance unless it is in response to a need such as a severe famine or jihad and the like. In that case we say that it should be paid in advance, because there may be reason to make what is ordinarily less appropriate more appropriate, otherwise it is better not to pay zakat until it becomes due, because something could happen to his wealth of destruction and the like. Whatever the case, it should be noted that if he subsequently has more than he had when he paid in advance, zakaah must be paid on the additional amount. [Fataawa al-Shaykh al-Uthaymeen]



Important: Zakat must be paid on all the money that is considered capital and profits when one year has passed from the time when the capital was acquired and reached the nisab.



How to calculate zakat?

Before you calculate your zakat, you must first categorize and breakdown your assets accordingly. This helps you identify whether the asset is considered zakatable because not all forms of assets are zakatable.

Those assets that are zakatable include:

- Cash and liquid investments
- Gold and silver
- Property and similar fixed assets
- Shares, unit trusts, and equity investments
- Business assets
- Debts owed to you

Essentials that a person owns like their house, their car, their food and clothes etc. are not assets that fall under the obligation of zakat. Deduct your liabilities to get the net zakatable assets, and then compare the amount to the nisab. If it equals to or is more than then a 2.5 of that value is to be paid.

2 simple ways to calculate zakat:

1. Total zakatable amount divided by 40 = Zakat

2. Total zakatable amount multiplied by 2.5% = Zakat

Calculations via the lunar year are based on 2.5% and calculations via the solar calendar are based on 2.577% to accommodate the extra 11 days.

The essentials that a person owns like the house they live in, the car they drive, the food and clothes that they consume etc are all not assets that fall under the obligation of zakat.





Cash, Gold, Silver, Property and Business Assets

Zakat on cash and liquid investments

All cash and liquid assets that a Muslim possesses, irrespective of where they are held, are zakatable.

Cash or liquid investments obtained from gold, silver, modern fiat currencies, and cryptocurrencies are all zakatable. Other related entities in this category include free range grazing goats, sheep, cows, and camels and certain crop yields; referring to crops that are hardened or ripened and can be stored.

The general rule of thumb is that anything that grows is zakatable. But what happens if a person keeps adding more money to their savings or have gotten increments? This scenario can be assessed from two separate angles:

1. If the “new money” is as a result of the initial invested money such as profits on an asset, then zakat becomes due on the entire amount when one year has passed on the initial amount. While calculating, both the initial and “new money” will need to be calculated, even if the “new money” has just been recently acquired prior — be it a few days or even hours prior to calculation.

2. If the additional money does not originate from the initial source of invested money, but comes from another source of income, one must go back to the general rule which is: a separate year is needed to calculate for each amount of money. It is not necessary for this new money to reach the nisab, because the nisab has already been reached by the initial amount.

However, we realize that it may be difficult to manage point two if done on a monthly basis as it is easier to pay zakat during the year when the money first hits the nisab. This would be the safest and easiest calculation method.

In the context of money, zakat is applicable on all types of savings, irrespective of the intention of the saving — whether it's to perform the Hajj, to buy a house, or even if the money is stashed away under one's mattress for an emergency. All of these are zakatable as long as the nisab is met. Money that is earned through salaries, benefits, rental income etc. also falls under this category.

Irrespective of the form it exists in or the source that you attained it from, the amount of money that you hold on the day your zakat is due, is the amount you will need to pay.

Alternatively, money that cannot be controlled, accessed, profited or benefited from is removed from the calculation. This includes money that is lost or if the government freezes one's bank account. If a person is actively trading stocks, then they will use the market value of the portfolio on the day of calculation for zakat.

According to the Organisation of Islamic Cooperation (OIC) and International Islamic Fiqh Academy (IIFA), zakat is not obligatory on public money, endowments made for the sake of Allah, and money that is owned by non-profit charitable organisations.



Important: All interest (riba) that is earned from any form of investments should be given away to charity immediately, and one should not gain any benefit from it. And because accepting interest is haram, giving it away does not count as charity. Instead, it simply serves as a way for one to remove major impurities from themselves and their wealth. But who is this money given to?

Opinion 1

To the eight Asnaf categories

Opinion 2

To the fuqara and the masakin alone

Opinion 3

For the public or social works that benefit society as a whole

Zakat on Debts – How does it work?

People who owe money must also pay debt and their debt is classified into two types:

- **Good Debt:** The debtor is willing to give the money back on time. This is considered good debt because the owed money is in one's own hands. Zakat is to be paid by the creditor on this amount of money. In this scenario, the creditor can either pay zakat every year or all at once when the money has been returned to him
- **Bad Debt:** The debtor is not willing to give the money back on time or at a foreseeable point in the near future. This individual has either outright rejected the notion of taking on debt or claim that they have no ability to pay back the debt. The creditor has to assess the situation and judge this case very carefully. In this situation, zakat is not needed.

However, these guidelines do not include outstanding wages, dowry, inheritance, or assets held in trust.

Our teacher, Sheikh Ibrahim Nuhu said, "Don't be in a state of doubt with regards to debt. Pay it off as soon as possible without delay. Write it down so that it is known. The creditors have a right on the person before the heirs. Debt must be settled before the inheritance is distributed and it is even better if it can be settled before the person is buried."

He goes on to say that, “There is no Riyal or Ringgit in the Hereafter. The only currency counted are good and bad deeds. 1 Riyal of the Dunya’s debt could be worth a mountain of good deeds in the Akhirah. What’s worse is that there’s no discount on that Day as everyone seeks to let go of their losses and make profits. Never let yourself enter such a situation knowingly and not do anything to pay it off immediately.”

“If you can’t trace the person you owe, find his family. If you can’t do that, then give away the owed money as charity. If the money is of a substantial amount then try making it as a sadaqah jariyah for him. But what if he comes later to claim the money? Then, you will have to give him back the money and the charity that was given in the past will be on your name.”

اللَّهُمَّ إِنِّي أَعُوذُ بِكَ مِنَ الْهَمِّ وَالْحُزْنِ وَالْعَجْزِ وَالْكَسَلِ وَالْبُخْلِ وَالْجُبْنِ وَضَلَعِ الدَّيْنِ
وَعَلْبَةِ الرِّجَالِ

O Allah, I take refuge in You from anxiety and sorrow, weakness and laziness, miserliness and cowardice, the burden of debts and from being overpowered by men. [Bukhari]





How does zakat on gold, silver, and jewellery work?

This important category has been the subject of much contention, with varying opinions among scholars and the public in general, as many have long-held misconceptions about it.

The rule of thumb is that 2.5% of gold and silver must be paid as zakat if it has reached the nisab. This is equal to 20 mithqals of gold (85 grams of gold) and 200 dirhams of silver (595 grams of silver). Both elements can be combined to reach the nisab. But bear in mind that the calculation is reserved for pure gold and silver. If the gold or silver is mixed or impure, no zakat is due until the weight of the pure amount of gold and silver reaches the nisab.

How does one value the price of their gold or silver? One can check the price with the local jeweller and see what price they would give you were you to sell your gold or silver to them. Another method would be to get them to let you know the exact weight of gold or silver that you have and then calculate based on the market price of gold and silver at that particular time. This method might give you a slightly higher amount of zakat to pay, but this is indeed a safer option. Many in the subcontinent use a different measure of calculation like tolas, boris, or voris instead of grams. 1 Tola is equal to 11.66 grams approximately. So one must own 7.2 tolas for it to meet the nisab.

The subject of gold that is worn by women as jewellery varies according to different madhabs:

- According Imam Abu Hanifa and Imam Ibn Hazm, zakat is obligatory on all gold and silver that a person possesses irrespective of whatever form, and if it is worn or kept.
- But, Imam Malik, Imam ash-Shaf'i, and Imam Ahmad hold on to the belief that no zakat is necessary on women's jewellery, regardless of its value and if it's exempted, just as the house in which a person resides is exempted.

Let's take a deeper look into two ahadith before proceeding further.

Amr bin Shu'aib on his father's authority said that his grandfather reported: A woman came to the Messenger of Allah (ﷺ) and she was accompanied by her daughter who wore two heavy gold bangles in her hands. He said to her: Do you pay zakat on them? She said: No. He then said: Are you pleased that Allah may put two bangles of fire on your hands? Thereupon she took them off and placed them before the Prophet (ﷺ) saying: They are for Allah and His Apostle. [Abu Dawud] Narrated 'Abdallah bin Shaddad bin Al Had: We entered upon Aisha, wife of the Prophet (ﷺ). She said The Apostle of Allah (ﷺ) entered upon me and saw two silver rings in my hand. He asked What is this, Aisha? I said I have made two ornaments myself for you, Messenger of Allah (ﷺ). He asked Do you pay zakat on them? I said No or I said Whatever Allah willed. He said this is sufficient for you (to take you) to the Hell fire. [Abu Dawud]

At first glance it may seem that both ahadith insinuate that zakat on jewellery worn by women is an obligation, but that may not be the case. Let's see why:

The Messenger of Allah (ﷺ) did not enquire if a year had passed on this jewellery or if they even met the nisab. This is, as we discussed earlier, are the interchangeable usage of the terms 'sadaqah' and 'zakat'.

A woman's jewellery which is worn has been compared to the cows and camels that are used by a person—there is no zakat due on them despite the fact that they belong to a category of assets that is zakatable.

The Golden Chain: Yahya related to me from Malik from Nafi that Abdullah Ibn Umar used to adorn his daughters and slave-girls with gold jewelry and he did not take any zakat from their jewellery.



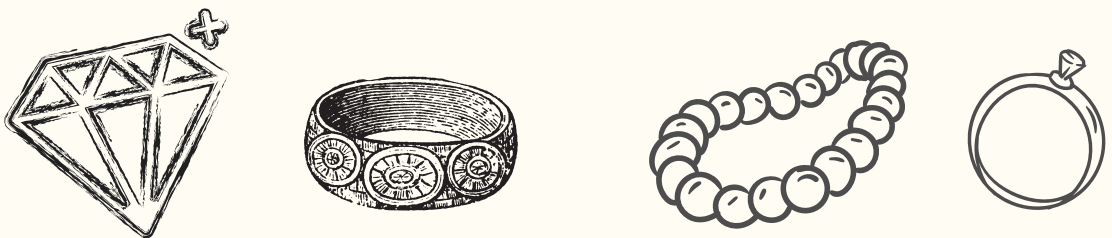
Imam Hassan al-Basri mentions that not paying Zakat on gold that is being used is the opinion of the 4 Khulafa ar-Rashidin and the majority of the scholars that include Imam Malik, Imam Shafi'i, and Imam Ahmad Ibn Hanbal.

Zakat is not required on permitted jewelry that is ready to be used or lent out. This is the position of our mother Aisha, the Hanbali madhab and other leading jurists. This stands even if she has bought them to wear it on special occasions, even if it is once in 2 years. Aisha used to take care of her nieces, who were orphans under her protection, and adorned them with jewelry without paying its zakat.

Imam al-Baihaqi narrates the case of Asma: “Asma’ bint Abu Bakr used to adorn her daughters with gold. Although its value was around fifty thousand dinars, she did not pay zakat on it.”

According to the madhab of Imam Ahmad, zakat is not obligatory for gold and silver jewellery that is owned or worn by women, even if she rarely ever uses it, for as long as she does not intend to trade it.

Opinions of the scholars on zakat on gold and silver that are worn as jewellery by women



Imam Ahmad said, “This is the opinion of (at least) five of the companions. It is also the opinion of Imam Malik and Imam al-Shafi’i. All the narrations that suggest that zakat is obligatory in this matter are considered weak by most scholars as stated by Imam al-Tirmidhi, and assuming they are authentic, then most of the companions and scholars understood them to mean something else other than zakat.”

Imam Malik said, “Anyone who has unminted gold or silver, or gold and silver jewelry which is not used for wearing, must pay zakat on it every year. It is weighed and one-fortieth is taken, unless it falls short of twenty dinars of gold or two hundred dirhams of silver, in which case there is no zakat to pay.”

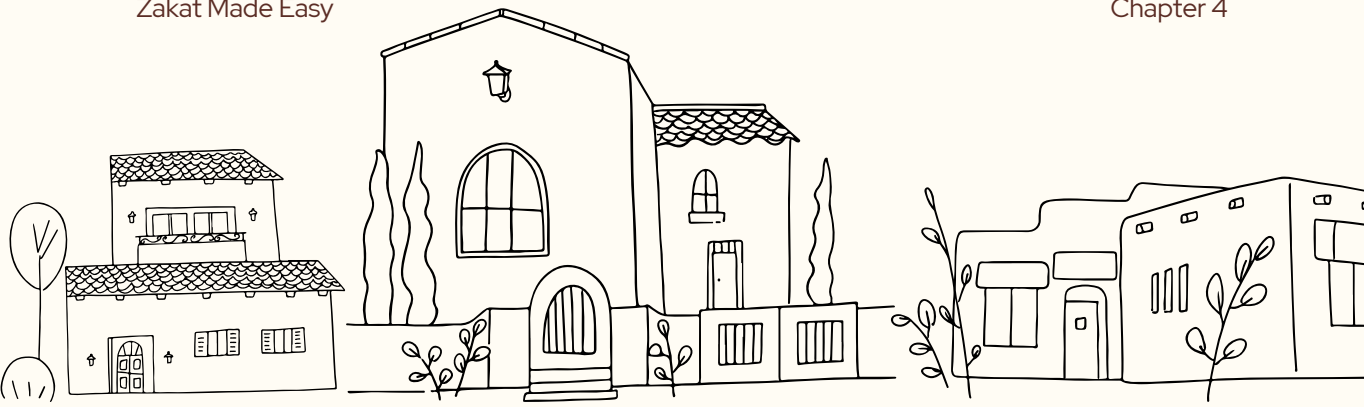
He continues, “Zakat is paid only when jewelry is kept for purposes other than wearing. Bits of gold and silver or broken jewellery which the owner intends to mend to wear are in the same position as goods which are worn by their owner—no zakat has to be paid on them by the owner. There is no zakat (to pay) on pearls, musk or amber.” [Muwatta Imam Malik]

Sheikh Abdul Aziz al-Tarefe said, “Zakāt is not obligatory on the used gold of women (jewellery), even if it is a lot, as long as it is worn, even if on certain occasions only. This is according to the correct view, and is the view of most of the companions and majority of the scholars.” But what happens if the jewellery that we hold is a mixture of different metals? Well, zakat is only obligated on it if 50% or more of the metal is in the form of gold or silver. The zakat is calculated based on the weight of the gold or silver from the mixture.

Though it is not necessary, paying zakat on the jewellery that we possess—even if we are using it—is a sign that we are holding ourselves to a higher level of excellence. As long as it is within the financial capability of a person to do so, paying this additional zakat is an opportunity to attain the pleasure of Allah and help the poor in the society.

Two important points to remember from this topic:

While calculating the nisab for zakat, keep in mind that the price of precious metals stated online is typically listed per troy ounce, or 31.1035 grams. This is different from the standard, or avoirdupois, ounce, which is 28.3495 grams. Ensure that you do your own due diligence to avoid any erroneous info and produce incorrect results. Other precious metals like diamonds, rubies, sapphires, platinum, corals etc. do not fall under the category of zakatable assets. That being said, one must not intentionally change their wealth into these metals just so that they can avoid paying zakat as Allah is aware of what we do or think of doing.



How does zakat on property and similar fixed assets work?

Do you have to pay zakat on the house that you are currently living in? No, zakat is not necessary for the house that you, your family or dependants are living in, and this includes multiple houses.

However, the rule on zakat may change according to the intention of owning or building a house. Zakat could, for example, be obligatory on other types of houses that a person might own. If the person owns a house that has been given out for rent, then zakat is due on it.

How is zakat on property that is rented calculated?

It is calculated based on the net rental income and not the gross rate income. This particular income is then added to the total wealth that the person has on the day their zakat is due, and 2.5% from that is given out as zakat.

If the building or fixed asset is used for business purposes, zakat is not due on the building or the fixed asset itself, but rather, on the business goods and the profits generated from the business or fixed assets.

If the building or fixed assets are purchased with the intention of reselling, then zakat is due on the entire value of the property. This could include property that is brought for development, refurbishment, and resale.

If someone buys another house as a form of investment, no zakat is due on it as it is considered a long-term investment. If the person, however, makes the intention to sell this property, it falls under the category of a zakatable asset because it is considered a trade good.

Zakat is not due on land that one has inherited or purchased with no particular intention as a store of wealth. But if the land is bought with the intention of sale and capital appreciation then zakat is due on the approximate sale price of the land every year.

We can clearly see the importance of one's intention, when it comes to zakat. All in all, zakat on other fixed assets can be calculated after assessing a person's use and the intention of purchase. Lands that are used for agricultural purposes, for rearing cattle etc., require individual assessment to determine the zakat.



How does zakat on business assets and liabilities work?

In order to better understand this subtopic, the three most important points of zakat calculation needs to be revisited again:

1. Identify and calculate the total value of zakatable assets
2. Subtract the total number of debts or liabilities, which gives us the total net assets.
3. Compare the net zakatable assets to the nisab and pay zakat on it if it is equal to or more than the nisab.

But first, what exactly are considered as business assets? Business assets include all the cash that is held in the business, the value of finished goods, works in progress, raw materials, and strong receivables or debts that are owed to the business. All business assets need to be valued at their current market price. Finished goods are calculated based on the retail sale price, while unfinished goods are based on the price that those goods or components would sell for on the day you are calculating your zakat.

Overheads and operational assets have no zakat due on them. This includes factory buildings, warehouses, IT equipment etc. So at the end of the day, all that matters are items that are either ready to be sold or will eventually be ready to be sold.

Of course, there might be other assets that a person owns, but that ruling will be completely dependent on the intention of the person who has purchased this asset. An asset bought with the intention to sell will be subject to zakat as it is then considered a tradable asset. For example, a person could have bought a house with the intention to sell, but now wishes to live there instead—the change of intention also changes the asset from the category of a zakatable asset to the category of a non-zakatable asset.

But what exactly are liabilities? Liabilities are legally binding obligations that are payable to another person or entity. In simpler words, liabilities are something that a person or a business owes to another, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services.

For liabilities that have already been incurred and their value is known or fixed and are due for payment, the value can be deducted. This concept is similar to taxes. Taxes are generally deducted at the end of the financial year and this might be after the annual due date of the person's zakat.

Unpaid tax during the previous financial year can be deducted from one's cash balance prior to calculating the zakat. Despite this, money that is being saved to pay off taxes for the current financial year cannot be excluded from this year's zakat calculation. Why is that? The reason is because the tax liability for the previous year is now known and it cannot be changed. But tax for the current financial year is not known explicitly and is not due to be paid.

The non-interest portion of any debt in a business that is to be repaid in the next year can also be deducted from the zakat calculation. But this should only be done, if it makes repayment a burdensome option. Any debts or liabilities will be deducted from the business assets and the net value will be included in the zakat calculation.

Who pays zakat for the business? Business owners pay zakat on the business in proportion to their percentage of ownership.

Here's an example:

Assume X owns 60% of the business and Y owns 40% of the business and the value of the zakatable assets is 1 million. They have liabilities of 200,000. So the net zakatable assets are 800,000.

2.5% of the net zakatable assets value is 20,000. Based on the percentage of ownership, X pays a zakat of 12,000 and Y pays a zakat of 8,000. This zakat can be paid from the cash of the business or from their own personal cash as well.

Narrated Samurah ibn Jundub: The Messenger of Allah (ﷺ) used to order us to pay the sadaqah (zakat) on what we prepared for trade. [Abu Dawud]

Seikhul Islam Ibn Taymiyyah said, “The 4 Imams, together with the entire body of Muslim scholars except few individual scholars, unanimously agree that it is obligatory to give zakat on trade goods. This ruling applies to any merchant, whether resident or travelling, a monopolist merchant or a shopkeeper.”

“It also applies to any type of goods such as clothes, food, utensils such as pottery and the like, or any types of animals including horses, mules, donkeys, sheep etc. Generally, while merchandise represents the majority of the people’s non-observable properties, cattle represent the majority of their observed properties.” [Majmu’ al-Fatawa]

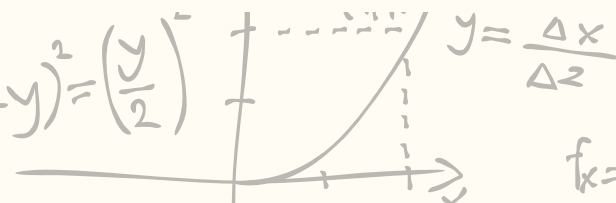
Zakat on trade goods becomes obligatory only under the following four conditions:

1. The owner acquired the property by being involved in some form of transaction, gifting, bequeathing, renting, or other means of acquisition.
2. The owner intends to use these goods for trade and profit.
3. The value of the goods must reach the nisab.
4. A lunar year must lapse on the nisab

But items used to adorn the business or help facilitate it in a likewise manner are not zakatable.

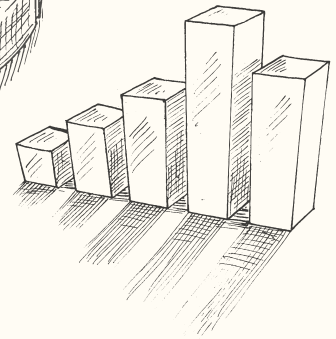
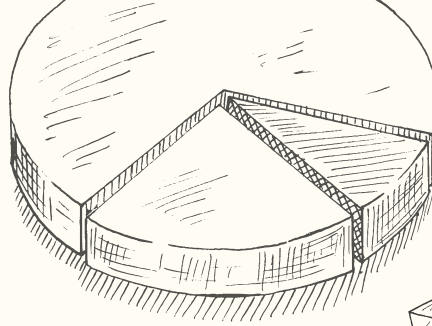
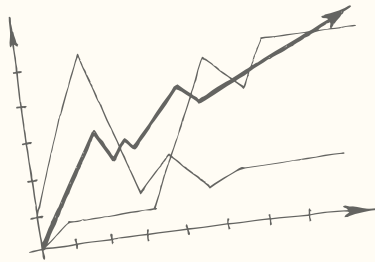
$$8x = 4 - 3y^2 \quad f^{-1} x$$

$$(x-y^2) \quad \ln|x(\frac{a-\sqrt{x^2}}{x})| + c$$

$$(x+y)^2 = (\frac{y}{2})^2$$


$$y = \frac{\Delta x}{\Delta z}$$

$$f_k =$$



Sheikh Yusuf al-Qardawi records a few other important and interesting points regarding zakat and business that we have highlighted below:

- Abu Ubaid reports the ways of calculating zakat as perceived by some of the great pious predecessors. He quotes Maimun bin Mahran as saying, “When zakat is due, calculate the amount of money, add to it the value of inventory and the amount of debts on customers that you expect to be paid, sum the total, deduct whatever debts you owe to others and pay zakat on the net.”
- Al Hasan al Basri says, “When zakat is due, one must add the amount of money, plus the value of inventory, plus the amount of debts, except the amount of hopeless debts, and pay zakat on the total.”
- Ibrahim al Nakha’i indicates that one must evaluate one’s trade assets and pay their zakat along with zakat due on one’s other holdings.” [Al-Amwal, p.426]
- Fixed assets are not subject to zakat. [Al-Amwal, p.426] The saying narrated by Samurah states, “The Prophet used to ordain us to pay the sadaqah on what we designate for sale.” Consequently, scholars do not include containers, cages, scales, machinery and tools in zakatable assets. [Fath al-Qadir, Vol1, p.527]
- There are multiple views on how to price inventory for zakat purposes: The majority’s view is to use current prices on the due dates of zakat. Jabir bin Zaid reports, “Evaluation is done at the prices of the day zakat becomes due. Ibn Abbas is reported to have said, “It is alright to wait until the merchandise is sold, and then the due zakat is paid according to the actual proceeds.” Ibn Rushd reports a third view without attribution to any specific jurist, which is to appraise the inventory at its purchase price. [Bidayat al Mujtahid]

Zakat on Rental Security Deposit

In many places, tenants are asked to keep a specific amount as security deposit with the owner or someone in a similar capacity which is later returned if there are no damages to the house. If there are any damages, then the cost to fix them is deducted from the security deposit before giving it back to the tenant.

How is zakat calculated on this? Sheikh Ibrahim Nuhu said, “If you know for sure that you will 100% get back your money, you have kept the house in order such that there will be no deductions, the person is a person of honesty, and won’t charge you unnecessarily, then count it as part of your zakat calculations for the year.

But this is not usually practical. It would be best to pay zakat on the amount that the person receives whenever the period of tenancy is over and the x amount of money is returned as that is the actual money that would be called under his ownership. If it is below nisab then there is no zakat on the amount. If one wants, they can pay for the past years based on this as well. If someone was to include it in their zakat calculations as mentioned in the first case to remain safe, then that is acceptable as well.





Shares, Lifestock, Crops, Cryptos

We covered zakat on cash, gold, silver, jewellery, property, and business assets in the previous chapters. In this chapter, we will be taking a closer look at how zakat works on shares, animals, livestock, crops, minerals, treasures and cryptocurrencies.

Zakat on Shares – How does it work?

What are shares? A share is a divided-up unit of the value of a company. A company's shareholder is a partner in ownership of the company in accordance with the amount of shares he owns in the company. There are two types of shareholders:

1. The Passive Investor

A person who has bought shares as a long term investment with no intention to trade or sell. However, they want to attain the dividends from this investment. This type of investor needs to consider their zakat calculation in relation to the relevant asset value of their investment and not the market value.

Passive investors should not pay zakat on their total portfolio. Rather, they should pay their zakat based on the cash receivables and the inventory that is held by the company. The company that receives the investment, however, is obliged to pay zakat on their behalf — unfortunately, this is not the reality that we are seeing in today's market.

In this scenario, the shareholder has to pay zakat on the shares and the dividend. The zakatable assets are identified and calculated based on the balance sheets of the company.

Alternatively, you could try the below steps:

- Calculate the market value of your holding. For example: 10,000 shares
- Take 40% of the value. In this case that would be: 4,000 shares
- Include this figure under assets in your calculation before applying 2.5% to all the assets.

2. The Active Investor

An active investor is a person who buys shares with the intention to trade for capital gain. Investors in this category should pay zakat on the market value of their shares on an annual basis.

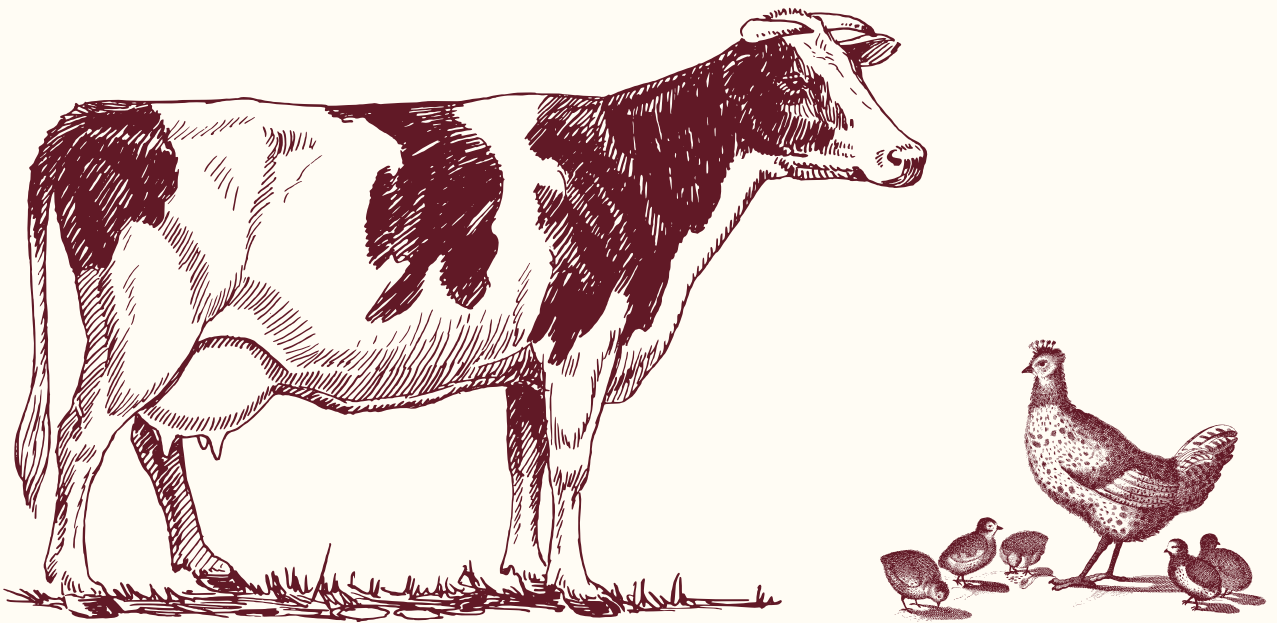
Plus, their entire holding is subject to zakat—similar to a business owner buying and selling goods at higher prices. Any form of fluctuation in share price is irrelevant because what matters the most is the value of the shares on the day your zakat becomes due.

Other scenarios beyond what has been explained should be discussed with a zakat expert.



Important:

When calculating zakat, dividend income should be factored in as part of the cash balance that a person identifies with. If the dividends are spent or reinvested then it does not need to be included in a person's zakat calculations—for now.



Zakat on Animals – How does it work?

This falls under liquid assets, but for the sake of more clarity we are explaining it here. This is a category that most of us are not familiar with as this type of asset or wealth is no longer common in today's global transactions.

In order to qualify for zakat, the conditions that need to be met for the animals that we will discuss include:

- They should be used for milking, breeding, or pasturing and not for labour.
- They should be freely grazing in permissible fields for the most part of the year.
- They reached the required nisab.

One thing to note, no zakat is due on animals that are fed with fodder, bought for or picked from, herbage or similar for the most part of the year. Additionally, no zakat is placed on animals that are hunted on land or fished from the sea.

Narrated Abu Huraira: The Prophet (ﷺ) said, “(On the Day of Resurrection) camels will come to their owner in the best state of health they have ever had (in the world), and if he had not paid their zakat (in the world) then they would tread him with their feet; and similarly, sheep will come to their owner in the best state of health they have ever had in the world, and if he had not paid their Zakat, then they would tread him with their hooves and would butt him with their horns.”



The Prophet (ﷺ) added, “I do not want anyone of you to come to me on the Day of Resurrection, carrying over his neck a sheep that will be bleating. Such a person will (then) say, ‘O Muhammad! (please intercede for me,) I will say to him. ‘I can’t help you, for I conveyed Allah’s Message to you.’ Similarly, I do not want anyone of you to come to me carrying over his neck a camel that will be grunting. Such a person (then) will say “O Muhammad! (please intercede for me).” I will say to him, “I can’t help you for I conveyed Allah’s message to you.” [Bukhari]

Bahz bin Hakam narrated on the authority of his father, who reported on the authority of his grandfather (radiyallahu anh) that the Messenger of Allah (ﷺ) said: “For every forty camels, one ‘bint labun’ (a young female camel which is two years old and already starting the third year), is due as Zakah. No camel is to be separated from the rest of the camels (i.e. the jointly owned livestock). Whoever gives it willingly, seeking his reward from Allah, will be rewarded. (However) if someone refrains from paying it, it will be taken from him (by force) along with part of his property (as punishment), for it is a right of Allah. None of it is lawful for the family of Muhammad (ﷺ).” [Abu Dawud]



How does nisab on animals work?

Your zakat on an animal varies according to the type of animal and the quantity.

For example, if a person has 30 cows at the start of the year, and in due course of the year they give birth to 10 offspring, then zakat is due on all 40 of them at the end of the year.

If you are wondering why, it's because these 10 cows are products of the initial 30, and hence the haul that is counted is based on the initial number of cows.

This same logic applies to money that has been invested. Essentially, the haul also covers initial assets. But, if your asset transforms into a different type of asset, the rule changes.

In this case, after the initial 30 cows were sold and the person gained money from it, the haul will have passed onto the money since it would then be considered an acquisition.

The Ruling of Zakat on Camels

If your number of camels reaches five, thus one sheep is due as zakat on it. For every additional five camels, another one sheep is due. If the number of camels reaches 25, then one Bint Makadh or one Ibn Laboon is due as zakat on it.

- A Bint Makadh is a female camel that is at least one year old and has started its second year, and the mother is pregnant.
- Ibn Laboon is a male camel that is at least two years old and has started its third year, and the mother is still feeding the offspring.

If the number of camels reaches 36, one Bint Laboon is due as zakat on it.

- Bint Laboon is a female camel which is at least two years old and has started its third year.
- Hiqqah is a female camel which is 3 years old and has started its 4 year. It is called so because it is ready to be ridden.

If the number of camels reaches 61, one Jaza'ah is due as zaka on it.

- A Jaza'ah is a female camel which is at least four years old and has started its fifth year.

If the number of camels is between 91 and 120, two Hiqqahs are due as zakat on it. If there are more than this, then for every 40 camels, one Bint Laboon must be paid as zakat. For every 50 camels after 120, one Hiqqah must be paid.



From	To	Zakat Due
5	9	1 Sheep
10	14	2 Sheep
15	19	3 Sheep
20	24	4 Sheep
25	35	1 Bint Makadh
36	45	1 Bint Laboon
46	60	1 Hiqqah
61	75	1 Jaza'ah
76	90	2 Bint Laboon
91	120	2 Hiqqaahs
121	129	3 Bint Laboon
130	139	1 Hiqqah + 2 Bint Laboon
140	149	2 Hiqqah + 1 Bint Laboon
150	159	3 Hiqqah
160	169	4 Bint Laboon
170	179	3 Bint Laboon + 1 Hiqqah
180	189	2 Bint Laboon + 1 Hiqqah
190	199	3 Hiqqah + 1 Bint Laboon
200	209	4 Hiqqah + 5 Bint Laboon

The Ruling of Zakat on Cattle

This ruling is based on the hadith of Anas Ibn Malik as recorded in Sahih Bukhari where he was sent a letter from Abu Bakr as-Siddiq while he was in Bahrain, detailing all the rules of zakat.



From	To	Zakat Due
30	39	1 Tabee'
40	59	1 Musinnah
60	69	2 Tabeen
70	79	1 Musinnah + 1 Tabee'
80	89	2 Musinnaahs
90	99	3 Tabees
100	109	1 Musinnah + 2 Tabees
110	119	2 Musinnah + 1 Tabees
120	129	3 Musinnah + 4 Tabees

The Ruling of Zakat on Cows

If you own any cattles, then zakat must be paid on it as well, if it reaches its nisab.

If the number of cows reaches 30, one Tabee' or Tabee'ah is due as zakat. If the number of cows reaches 40, one Musinnah is due as zakat.

- Tabee' is a bullock which is at least one year old and has started its second year
- Tabee'ah is a one year old heifer
- Musinnah is a cow which is at least two years old and has started its third year

A male cattle will not be a like for like replacement for the female cattle, except in the case where a two year old male camel is offered in the absence of a one year old camel and when the entire nisab is male.

This ruling is based on the hadith of Muadh Ibn Jabal as recorded in Sunan Abi Dawud where he was sent to Yemen and instructed to collect zakat by the Messenger of Allah.

If you own any goats and sheeps, then zakat must be paid on it as well, if it reaches its nisab

The Ruling of Zakat on Goats or Sheep

No zakat is due if the number of goats or sheep is below 40. However, that changes when the number increases.

- If the number of sheep reaches between 40 and 120, then one sheep is due as zakat on it.
- If the number of sheep reaches between 121 and 200, then two sheep are due as zakat on it.
- If the number of sheep reaches between 201 and 300, 3 sheep are due as zakat on it.
- If the number of sheep reaches between 400 and 499, 4 sheep are due as zakat on it.

For every hundred sheep after this, one sheep is due as zakat. Read the table below for more details:

From	To	Zakat Due
1	39	No Zakat Due
40	120	1 Sheep
121	200	2 Sheep
201	399	3 Sheep
400	499	4 Sheep
500	599	5 Sheep



For zakat to be applied to a goat or sheep, the animals must be six month old for sheeps and one year old for goats. This calculation is based on the hadith of Anas Ibn Malik as recorded in Sahih Bukhari where he was sent a letter from Abu Bakr as-Siddiq while he was in Bahrain, detailing all the rules of zakat.

Reminder: When calculating zakat, livestock that belongs to multiple owners are not allowed to be combined together and livestock that belongs to one person cannot be split due to the fear that one person ends up paying more zakat. If two partners pay the combined zakat, it will be considered as though both of them have paid their zakat equally.

For example, two men have 20 sheep, each. The person calculating the zakat takes one sheep as zakat but because of their partnership, they will be considered as one entity and the total number of sheep to be assessed are 40.

No zakat is due when the amount of livestock is less than the nisab and nor is it due on al-Awqas. What is al-Awqas? Awqas is the plural of Waqs which is any amount or number that lies between the regulation of a lower ordinance and that of a higher one. This type of waqs is exempted from zakat.



Types of livestock that are not acceptable as zakat

Though zakat is applicable to many types of animals, there are conditions that make certain animals non-zakatable.

For example, an old or defective sheep is not eligible for zakat, and is unfit for sacrifice, unless other animals that exist are of the same conditions.

Similarly, a pregnant animal and the animal that is suckling it are not accepted for zakat. Animals that are bound to be fertilized are not permitted as well because in most cases it will become pregnant.

Narrated Anas: Abu Bakr wrote to me what Allah had ordered His Apostle (about Zakat) which goes: Neither an old nor a defected animal, nor a male-goat may be taken as Zakat except if the Zakat collector wishes (to take it). [Bukhari]

Other than that, conditions that don't permit zakat include: an animal that is considered precious to its owner, an animal that consumes a lot (meaning it is either fat and is prepared for eating), and an animal that is marked by gluttony and grows fat because it consumes a lot. Typically, animals that are taken in for zakat are of medium quality.

A person who owns a mixture of old, young, healthy, defective, male and female animals, will be assessed based on the estimated value of the superior and inferior divisions of their assets. The given value will be calculated based on the conditions and divided by the number of livestock—or the average value that is taken out as zakat.





Zakat on Crops, Minerals and Treasure – How does it work?

If you own a farm, then your crops may also be subject to zakat if it has reached its nisab.

To be very clear, zakat is obligatory on every measured and stored item such as grains, staple foods, and fruits including dates, raisins, and other similar consumption as long as it can be stored or weighed. No zakat is not due on crops that cannot be stored or weighed such as apples, walnuts, peaches, garlic, onions, watermelon, cucumber and other similar food items.

Imam Ahmad said, “What resembles cucumber, onion, and basil (in not being stored or measured) does not entail giving zakat, except when it is sold and then a year lapses on its price”

Overall, there are two conditions that must be met before zakat becomes obligatory on a person’s crops:

- The amount reaches the nisab
- The one giving zakat possesses the nisab at the due time of the zakat

The fruits given as zakat should be dried. The Prophet ordered that zakat be paid on grapes when they had dried to become raisins. The time for zakat on fruits is when they show signs of ripeness and for crops is when they become ripe and hard. This means that if the crops are destroyed before they are matured, zakat is not obligatory upon them. But if they have been secured in a safe space and then something happens to it, the zakat must still be paid on it.

How does Nisab work for crops, minerals and treasures?

A type of grain or fruit doesn't need to be added to other types of fruits or grains to complete a nisab. However, if the crops are of the same origin and kind but of different varieties (like different sorts of dates), then it can be lumped together to meet the nisab, and zakat becomes due upon it.

What is the nisab for these crops? Narrated by Abu Sa'id Al-Khudri: The Prophet (ﷺ) said, "There is no Zakat on less than five Awsuq (of dates), or on less than five camels, or on less than five Awaq of silver." [Bukhari]

1 Uqiyah (plural: Awaq) = 40 Dirhams

5 Awaq = 200 Dirhams

1 Wasq: 60 Saa' in dry measure

1 Saa': 4 Amdad (singular: Mudd) in dry measure or 2.2 kilograms or 2.062 kilograms

1 Mudd: 544 grams

1 Wasq: $60 \times 4 \times 544 = 130.560$ grams = 130.56 kilograms

5 Awsuq = $130.56 \times 5 = 652.8$ kilograms

To support these calculations, we take a look at the mention of nisab and crops in some of the hadiths.

Narrated Salim bin Abdullah from his father: The Prophet (ﷺ) said, "On a land irrigated by rain water or by natural water channels or if the land is wet due to a nearby water channel Ushr (i.e. one-tenth) is compulsory (as Zakat); and on the land irrigated by the well, half of an Ushr (i.e. one-twentieth) is compulsory (as Zakat on the yield of the land)." [Bukhari]



Imam Abu Dawud added in his narration, “When it is watered by underground water (close to the surface and keeping the land wet), a tithe is paid, but half a tithe is paid when the land is watered by wheels or animals.”

On top of the aforementioned, there are other conditions that make it necessary for a person to fulfill zakat on their crops.

- 10% zakat is due on crops watered without any efforts by the rain, floods, running water, or trees and plants that get water from the ground.
- 5% zakat is due on crops irrigated by any means or efforts. This includes bringing water from wells or other sources etc.
- 7.5% is due for what was irrigated by a combination of the two. If they are equal, consideration is given to the method which yielded the most benefit. If it cannot be determined, 10% is due.

Jabir ibn Abdullah reported Allah’s Messenger (ﷺ) as saying: A tenth is payable on what is watered by rivers, or rains, and a twentieth on what is watered by camels. [Muslim]

Here are other conditions that require zakat on crops:

Honey:

10% zakat is due on honey irrespective of whether it was taken from uncultivated lands like mountains or owned lands, for as long as it meets the nisab. The nisab for honey is approximately 30 Saa’ or 160 Iraqi Rithl which is approximately 61.08 kilograms. There is no hawl involved here. Zakat is due when the nisab is met.

Mineral extracts:

2.5% zakat is due after the smelting and purification process. You do not have to wait for the hawl to pass but rather pay when it is extracted. Minerals include precious metals like gold, silver, bronze, steel, petroleum, salt, or something that is extracted from the earth but is not the earth itself. There is no zakat on that which is hunted on the land or fished from the sea.

Treasure:

20% zakat is due (with a sign demarcating it) for treasures of all sizes, irrespective of it being found by a Muslim or a non-Muslim; adult or minor. Treasure refers to anything found from the pre-Islamic era and is buried.



Zakat on Cryptocurrencies and Tokens – How does it work?

Cryptocurrencies are a hot topic in today's market, and so understanding how zakat applies to it will ensure that you are investing your money the halal way.

Finally, we come to the last—and much debated—category: cryptocurrencies. A highly contentious topic, scholars still have mixed views on the permissibility of cryptocurrencies. But regardless of the ruling or your opinion of it, zakat still needs to be paid on cryptocurrencies.

Any cryptocurrency or token purchased with the intention of capital gain and to resell in the short-term will be subject to zakat when a year has passed on it irrespective of the nature of the asset. The person may pay 2.5% of their coin as zakat or, pay 2.5% zakat in one's domestic currency which is equivalent to the value of 2.5% of one's coin holdings.

In this situation, we take the case of Bitcoin which is the most famous cryptos in circulation. It is considered as an entity that has value and takes the ruling of a currency. Money by itself has no intrinsic value, rather it is only a medium of exchange. Likewise, the sole purpose of a coin is to exchange value, and it has limited functionality beyond that.

In his research paper on the subject, Mufti Faraz Adam writes, “From a Shariah perspective, since these cryptocurrencies coins are there to serve as a peer-to-peer payment system and have been regarded as a payment system, they will be currencies. Those cryptocurrencies which purely serve the function of remittance and medium of exchange, they will be zakatable regardless of the intention. They are in the ruling of currency and therefore, zakatable always.”

On the topic of crypto-token Mufti Faraz said, “If any crypto-token was purchased to resell at a profit, it will be a Zakatable business asset and will be zakatable at market value. When anticipating an increase in market prices and looking for the right price, it will still be zakatable. If a token is not purchased to resell, the ruling on zakat depends on the nature of the token and what it represents.”

Mufti Faraz further explained the different types of crypto-assets and the way zakat is due on them. I have added a few explanatory points here and there as needed to make it easier for the reader. While doing the zakat calculation, one needs to know what exactly they are holding in terms of cryptos and the best way to find out more about it is by reading the white-paper of the project.



Coins/Exchange Tokens/Payment Tokens:

Zakat is always due on these types of crypto-assets at 100% of ones current holding value regardless of the intention. Cryptocurrencies and payment tokens take the ruling of a currency and therefore are always 100% zakatable regardless of the intention to hodl (hold longterm). Why? Because they are considered to be Māl (entity), have Taqawwum (Islamic legal value) and are in the ruling of a currency (Thamaniyyah). This would include Bitcoin and most if not all Altcoins as long as they meet this criteria.

Security Tokens:

Security tokens represent a fraction of an underlying asset usually issued by a legal entity. If they are purchased to resell, it is zakatable at 100% of the current holding value. If they are purchased with the intention to get dividend income or as a long-term investment, Zakat will depend on the underlying assets of the company. If the assets are in the form of liquid, cash, cash-like, gold etc. then it would be zakatable.

Utility and Platform Tokens:

Platform tokens are used within decentralised apps (dapps) and have various different uses based on their ecosystem. If they are purchased with the intention to resell, it is zakatable at 100% of the current holding value. If they are purchased with the intention to use (within the ecosystem etc), zakat will not be due on these tokens.

Asset backed Tokens:

If purchased to resell, it is zakatable at 100% of the current holding value. If they are purchased as an investment, Zakat will depend on the underlying asset. If it is a zakatable asset, it will be zakatable.

Governance Tokens:

These tokens are used by users to influence decision-making in a protocol or decentralised autonomous organisation (DAO). If they are purchased with the intention to resell, it is zakatable at 100% of the current holding value. If they are purchased with the intention to use (within the ecosystem), zakat will not be due on these tokens. If they are purchased with the intention to hold and use in this manner, they are not Zakatable.





Recipients and Distribution

This article covers the different types of people who are eligible to receive zakat along with some special cases and beneficiaries.

Allah tells us in the Quran:

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ فَرِيضَةٌ مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

"Indeed, [prescribed] charitable offerings are only [to be given] to the poor and the indigent, and to those who work on [administering] it, and to those whose hearts are to be reconciled, and to [free] those in bondage, and to the debt-ridden, and for the cause of Allah, and to the wayfarer. [This is] an obligation from Allah. And Allah is All-Knowing, All-Wise." [Surah Al-Tawbah, 60]

From this we learn that Allah has specified zakat recipients or beneficiaries to 8 specific categories. These are:

1. The Poor
2. The Needy
3. Collectors of Zakat
4. Softening the Hearts
5. Slaves
6. Those in Debt
7. In The Path of Allah
8. The Stranded Traveller

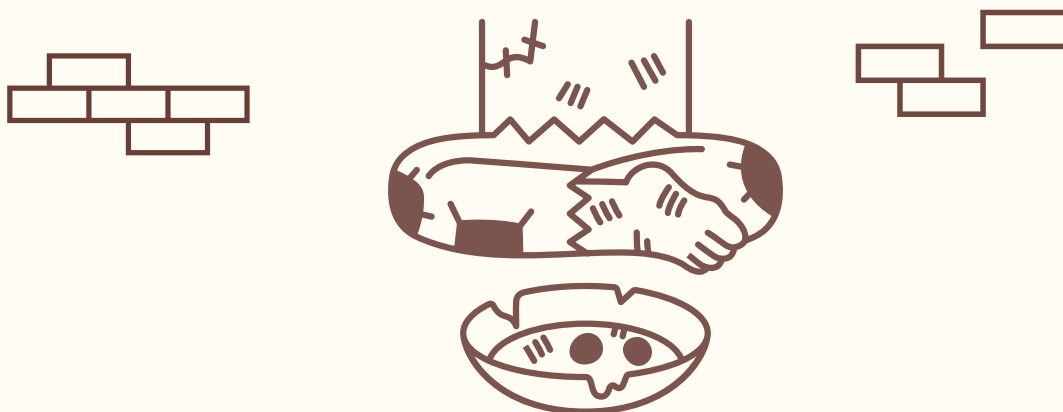
Narrated Ziyad ibn al-Harith as-Suda'i: I came to the Messenger of Allah (ﷺ) and swore allegiance to him, and after telling a long story he said: Then a man came to him and said: Give me some of the sadaqah (alms). The Messenger of Allah (ﷺ) said: Allah is not pleased with a Prophet's or anyone else's decision about sadaqat till He has given a decision about them Himself. He has divided those entitled to them into eight categories, so if you come within those categories, I shall give you what you desire. [Abu Dawud]

Zakat is forbidden upon the tribe of Banu Hashim, the rich, the strong, and people who can strive to earn a living.

It is permissible to give the entire amount of zakat to either only one category or even one person from that category. Imam Ahmad related that the Prophet ordered Banu Zurayq to give the zakat due upon them to Salamah Ibn Sakhr.

It is recommended to distribute the zakat to the people of the area where the zakat is taken from. We see in the Hadith of Muadh that the Prophet (ﷺ) said, "Take it from their rich and give it to their poor." It is permissible to transfer the zakat to other areas as well to meet dire needs or to satisfy any other legal interest. This could also be because those outside in need are in more dire need than the ones in the immediate vicinity.

Sheikhul Islam Ibn Taymiyyah said, "It is obligatory to give zakat to all 8 categories of people; otherwise, it is to be given to the available categories and transferred to where they live. Zakat must not be given to whoever does not use it to obey Allah, for Allah ordains zakat for the believers entitled to it, such as the poor and the debtors, to help them obey Him, and for those Muslims who help the believers. Of those entitled to zakat, whoever does not perform prayer must not be given anything until he repents and performs prayer at its due time." [al-Ikhtiyaraat]



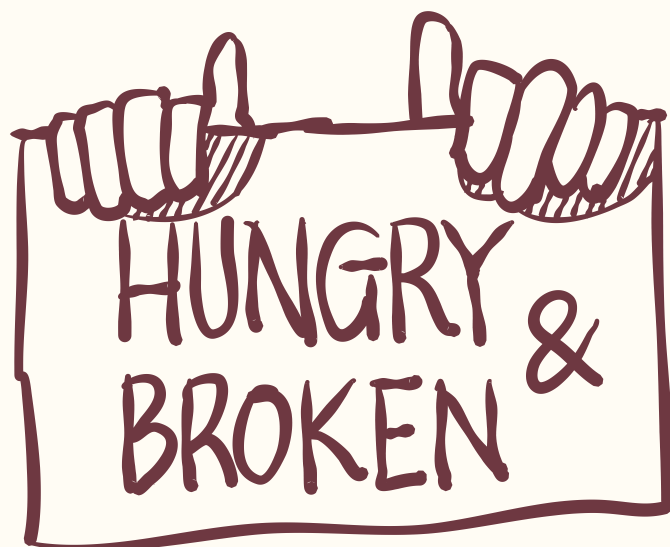
Other than zakat, what about charity? Who can take from charity funds? This is likened to begging. In his commentary of the hadith of Qabisah bin Mukhariq Al-Hilali, Sheikh Ibrahim Nuhu said, “3 People who can take from charity:

1. A Guarantor can take from charity to pay back the guarantee taken in his name. He is allowed to take from zakat or charity money till he gets his amount after which he must stop. After this it becomes impermissible for such a person.
2. He who has lost everything because of a calamity (natural or otherwise as long as precautions were taken). They can take from charity till their needs are sufficed and then they have to stop.
3. Someone tested with extreme poverty. They can take from charity till their needs are sufficed and then they have to stop.”

Fuqara and Masakin

The Fuqara are those who do not possess enough provisions to meet their needs. They can be termed as poor. The Masakin are those who have less of a need for assistance than the Faqir but are still considered in need. They can be termed as needy.

Abu Hurairah reported: Messenger of Allah (ﷺ) said, "A Miskin (needy) is not the one who can be turned away with a date-fruit or two, or a morsel or two. The true Miskin is one who, despite his poverty, abstains from begging". [Bukhari and Muslim].



Since these are the most famous categories of Asnaf that we see around us, it is good to learn more about them. Sheikh Abdus-Salaam ash-Shuway'ir explaining the difference between a faqeer and miskin said that the affair revolves around those who are either completely devoid of or deficient in one of the following 5 matters:

1. Food and Drink.
2. Clothing: Some scholars state that the minimum that is needed for a person is an outfit for summer and winter. Others say that the affair returns back to the custom of the people and what they deem as the minimum.
3. A place to live in: The people should be given enough rent money that will suffice for a year. The living quarters must be appropriate for their family size.
4. The male who does not have enough money to become married and is fearful of falling into sin. In this case, the Zakah donated should suffice for a normal sensible priced dowry.
5. Everyday essentials one needs to live: The definition or understanding of everyday essentials differs according to the custom of the different lands. The Sheikh mentioned that these essentials could also include air conditioners in extremely hot places like in Makkah. If there is someone without an AC or with a broken AC, then it is permissible to give Zakat money to fulfill that need.

If someone is completely devoid of 1 of the 5 mentioned categories or is unable to obtain it then they are considered to be a faqeer. If someone is deficient but not completely devoid of 1 of the 5 mentioned categories, then they are considered to be a miskin. Due to this, the faqeer is considered to be in more need than the miskin. Point 4 as listed by Sheikh ash-Shuwayir above might be surprising for some readers. The Ex-Grand Mufti of Saudi Arabia, Sheikh Ibn Baaz was asked about giving zakat to a young man who cannot afford to get married. He said: "It is permissible to give zakat to this young man, to help him get married, if he cannot afford it."



Collectors of Zakat (Amil Zakat)

1. Such a person is employed to collect zakat, manage it, record it, and distribute it amongst the entitled beneficiaries.
2. For a person to perform the duties of Amil Zakat they must be:
3. Muslim
4. Mentally of a sound mind
5. Attained the age of puberty
6. Trustworthy
7. Honest.
8. Must have general and complete knowledge of zakah rulings and regulations.
9. Efficiency and Productivity.
10. Narrated Ibn al-Sa'idi: Umar appointed me to collect the sadaqah (i.e. zakat). When I finished collecting it, and delivered it to him, he ordered me to take a payment for it. I said: I have worked for the sake of Allah. He said: Take what you have been given, for I held an administrative post in the time of the Messenger of Allah (ﷺ), and he gave me payment for it. [Abu Dawud]
11. An Amil zakat is to be given a share from the zakat only if they are not already getting a salary from the government for doing this job.
12. It is reported on the authority of Anas, that a man said to the Messenger of Allah ﷺ, “When I give zakat to your messenger, will I become free of liability with Allah and His Messenger?” The Messenger of Allah replied in the affirmative and said, “When you give it to my messenger, you have become free from liability thereof in the Sight of Allah and His Messenger (ﷺ). You will have the reward for it and the sin (thereof) will be on the one that changes its course” [Ahmad]
13. An Amil Zakat cannot be from the tribe of Banu Hashim. Abdul Muttalib bin Rabi'ah bin Al-Harith narrated that The Messenger of Allah (ﷺ) said: “Indeed, Zakah ought not to be given to the family of Muhammad, it will be like giving them from the impurities of people.” In another narration, “It is not lawful for Muhammad or the family of Muhammad(ﷺ). [Muslim]



How Much Can An Amil Zakat Charge?

A Zakat Collector is paid either 12.5% or the most just rate according to their level of work.

They are paid even if they are rich. If the person is appointed by the authority then his wages can be taken from the Zakah. If this authority doesn't exist then the wages are taken from the rich and not from the Zakah funds. It can also happen that the amil zakat is a person who falls under one of the other categories as well. In such a situation they are paid the wages for being amil zakat as well as another portion for qualifying under another category. If they are poor, they should be given enough that suffices their needs for one year.

Our teacher, Sheikh Ibrahim Nuhu said, “An Amil (Zakah Collector) is not allowed to take any gift from the customers or those related to the job. In Islam, a very strong principle states that; that what is not meant to be taken is also not meant to be given. Don't give someone a gift if you like their work while they are still employed in that work. The gifts impact the sincerity of a person's work. When they leave the work and move on, then you can approach them and give them your gift.”

Dr.Obaidullah summarizes the topic, “Imam al-Shafi'i is reported to have suggested that total compensation for workers must not exceed one-eighth (12.5%) of the total proceeds of zakat, based on his opinion that total proceeds must be divided equally among the eight recipient categories. Sheikh Yusuf al-Qaradhawi argues that an amil should be paid a salary equal to the market value of his/her skill and labor. Zakat bodies in Sudan calculate approximately 15 percent for staff salaries and approximately 4 percent for operational costs. If the total administrative cost is beyond 20 percent, then this is considered inefficient. Some scholars completely reject use of zakat funds for covering administrative costs. For example, in Nigeria as well as in South Africa scholars recommend covering administrative costs with sadaqa instead of zakat. In South-East Asian countries, as discussed before, a cap of one eighth (pro rata share of amileen as one of eight asnaf) is prescribed.”

Importance of Zakat in Islam



During the Prophet's time this was given to:

- People that accepted Islam
- People of prominence in society so as to get them to stop a negative action towards Muslims or draw them closer to Islam.
- Basically any entity that falls under the above 2 categories and is of benefit to the Muslims.

Zakat payments can be stopped to such people when the need for it is no longer present as was observed by the actions of Umar Ibn al-Khattab, Uthman Ibn Affan, and Ali Ibn Abi Talib.

Narrated Abu Saeed Al-Khudri: When Ali was in Yemen, he sent some gold in its ore to the Prophet. The Prophet (ﷺ) distributed it among Al-Aqra' al-Hanzali who belonged to Bani Mujashi, 'Uyaina bin Badr Al-Fazari, 'Alqama bin 'Ulatha Al-'Amiri, who belonged to the Bani Kilab tribe and Zaid Al-Khail at-Ta'i who belonged to Bani Nabhan. So the Quraish and the Ansar became angry and said, "He gives to the chiefs of Najd and leaves us!" The Prophet (ﷺ) said, "I just wanted to attract and unite their hearts (make them firm in Islam)."[Bukhari]

Narrated Al-Hasan: Amr bin Taghlib said, "Some property was given to the Prophet (ﷺ) and he gave it to some people and withheld it from some others. Then he came to know that they (the latter) were dissatisfied. So the Prophet said, 'I give to one man and leave (do not give) another, and the one to whom I do not give is dearer to me than the one to whom I give. I give to some people because of the impatience and discontent present in their hearts, and leave other people because of the content and goodness Allah has bestowed on them, and one of them is `Amr bin Taghlib.'" `Amr bin Taghlib said, "The sentence which Allah's Messenger (ﷺ) said in my favor is dearer to me than the possession of nice red camels." [Bukhari]

Slaves

Zakat is given to slaves who are indebted to get their freedom and who cannot pay their debts. In such a scenario, they are given that which is enough to get them their freedom. It is also permissible to use zakat money to pay the ransom for a Muslim captive.

Sheikh Saleh al-Munajjid summarised it in 3 ways:

1. A Mukaatib: This is a slave who has entered into a contract of manumission to buy himself from his master for a sum to be paid later. He may be given enough money to fulfil this contract with his master.
2. A slave who may be bought with zakat funds and set free.
3. A Muslim prisoner who has been captured. The captors may be given zakat funds to ransom this prisoner. This also applies to kidnapping.

In today's time this could also include women who are trapped into human trafficking and similar. This category requires more expert judgement and research.



Debt

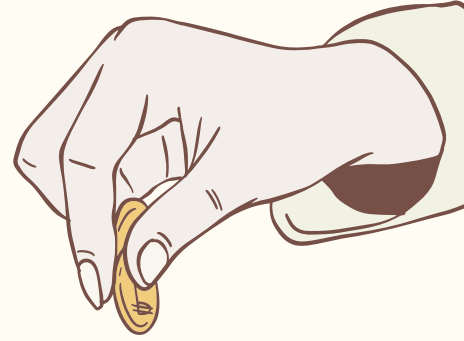
This has 2 categories:

1. A person who has gotten into the situation of debt out of goodwill. He has done this for the sake of making peace and amending matters between two opposing parties. Such a person can be paid zakat to compensate him for his act and the trouble that he went through. This has to be a genuine case and not staged or with ill intent just to get hold of the zakat funds.
2. A person who becomes indebted for his own sake.

In such a situation, it is best to give the money directly to whom the money is owed instead of to the person. But that being said, when it comes to matters of debt, it should be assessed and judged very carefully. In other scenarios, it is best to allow them to pay of their debts to save them from further embarrassment.

Qabisah bin Mukhariq al-Hilali, he said: I was under debt and I came to the Messenger of Allah (ﷺ) and begged from him regarding it. He said: Wait till we receive sadaqah, so that we order that to be given to you. He again said: Qabisah, begging is not permissible but for one of the three (classes) of persons: one who has incurred debt, for him begging is permissible till he pays that off, after which he must stop it; a man whose property has been destroyed by a calamity which has smitten him, for him begging is permissible till he gets what will support life, or will provide him reasonable subsistence; and a person who has been smitten by poverty. The genuineness of which is confirmed by three intelligent members of this peoples for him begging is permissible till he gets what will support him or will provide him subsistence. Qabisa, besides these three (every other reason) for begging is forbidden, and one who engages in such consumes that which is forbidden. [Muslim]





For The Sake of Allah

This is a very controversial and much debated category in today's world. A lot of zakat funds are misused by placing it under this category. What is meant by 'for the sake of Allah' is jihad for the sake of Allah. This category entails those that are evidently fighting or striving so that the Word of Allah will be supreme.

It was narrated that Abu Musa said: "The Prophet (ﷺ) was asked about a man who fights to prove his courage, or out of pride and honour for his close relatives, or to show off. The Messenger of Allah (ﷺ) said: 'Whoever fights so that the Word of Allah may be supreme is the one who (is fighting) in the cause of Allah.'" [Ibn Majah]

Dr.Obaidullah writes, "Zakat may be paid to institutional bodies taking care of the poor and the needy, such as, in providing them with education and health services for in the form of medicine and food, clothing and school supplies on wakalah basis. Utmost care must be taken to ensure that the benefits provided by such institutional bodies flow to the poor and not to the rich. As the Third Symposium of Zakat Contemporary Issues held in Kuwait (1992) resolved, zakat funds may be used to establish productive projects to be owned and managed by Zakat recipients or their representatives as also to establish service projects such as building schools, hospitals, orphanages and libraries. However, the following conditions must be met:

- Only zakat recipients should make use of these projects for free.
- The projects are to be transferred to the ownership of zakat recipients and managed by the zakat institution or its representatives.
- If the project is sold or liquidated, its price or revenues are considered as zakat money.

In the context of such developmental projects, some scholars take a sweeping position and disallow the use of zakat funds for creating any kind of physical infrastructure."

An opinion in the madhab of Imam Ahmad states that zakat can be used for helping people complete their obligatory Hajj and Umrah. Why is this so important to know? Sheikh Ibrahim Nuhu said, “Zakat is not appropriate for the one who is rich or with the means to earn. For the one who takes charity, which he does not need then he will be raised scarred on the Day of Judgement. The charity will keep taking from his flesh on that Day till nothing is left of it (as punishment).”

Sheikh Ibrahim Nuhu “Fi Sabilillah (فِي سَبِيلِ اللَّهِ) literally means doing something for the sake of Allah or whatever that is done to gain the Mercy and Pleasure of Allah. But when the Shariah borrows a word from the language into its terminology, the intended meaning changes. It now has a specific meaning. Ex: Salah linguistically means calling upon Allah. Shariah took the term and gave it a definition which states, a series of actions that start with a takbeer and end with tasleem. There is a technical connection between the linguistic and Shariah meaning also, for Salah is all about dua.



Fi Sabilillah in the Shariah refers to Jihad or Defence. All the 4 madhabs agree that the usage of this term should be restricted to mean Jihad and not the usage of Zakah to build masajid etc. If we make Fi Sabilillah open to such, then Allah giving us the 8 categories of Zakah recipients is redundant and a waste of time for all are Fi Sabilillah. Allah does not waste time. All the 8 categories are specific in nature.”

The Deputy Mufti of Masjid al-Haram, Sheikh Dr. Wasiullah Abbas حفظه الله said, “Zakat money can be given to institutions or schools where only those recipients who are eligible for zakat stay. If it is a mix of both zakat and non-zakat eligible recipients then zakat funds cannot be given. A word of advice. We see that when organisations donate or give something to orphanages etc, they brand their logo and mark/label it in such a manner that it makes it demeaning for the beneficiaries and reminds them again and again that they are orphans or poor. The people of Delhi had set up an orphanage and called it, 'The Children's House'. Such a simple and beautiful name. This is called using wisdom while giving charity. Don't let the hearts and spirit of the children fall because of you. Keep the spirits of the children high and motivate them towards more good coming their way.”

Nawab Siddiqh Hassan Khan in al-Rawdah a-Nadiyyah said, “Sabilillah means the way to Him (Allah). No doubt the greatest way to Allah is fighting for His sake, but there is no proof that this share of zakat is restricted to this meaning alone. It is permissible to spend on any way to Allah. Since this is the linguistic meaning of the term, we must stick to it, unless we have evidence to the contrary.”

In today’s world this category includes: religious institutions that train scholars to deal with matters pertaining to the benefit of the Ummah, training centers for equipping Muslims with the necessary and relevant knowledge to benefit the Ummah, obligatory Hajj etc. So anything that helps spread the Word of Allah and aids Muslims and the Ummah can fall under this category based on expert evaluation.

The Stranded Traveller

This is a person who is lost, or has run out of his provisions, and hence has become stranded before completing his journey. Such a person is given enough money from zakat so that he can reach home safely. This is irrespective of if the person is wealthy back home. What matters is the situation now. This is similar to so many refugees having to leave their homes and businesses and escape to safeguard their lives from oppressive regimes or warring nations etc.

Now a question that arises is, ‘which of these categories do we give priority to?’ In reality, priority should be given to the category where the need is greatest. This is because all of them are equally entitled to receive zakat. Usually, the ones who are in greatest need are the poor and needy. This could also be one of the reasons why Allah started mentioning the list of Asnaf with them first.

Let's have a look at a few special categories.



Can We Give Zakat to Non-Muslims?

Imam al-Shafi'i said: "There is nothing wrong with giving charity to a non-Muslim as a supererogatory action, but it cannot be from the obligatory charity (zakat). Allah praised people who, as He says: "... they give food, in spite of their love for it, to the poor/need, the orphan, and the captive." (Surah al-Insaan, 8)." [Kitab al-Umm].

There is scholarly consensus (ijma) that zakat cannot be given to non-Muslims, as mentioned by Imams Ibn al-Mundhir, Kasani, Ibn Qudamah, al-Buhuti, and many others.

Keeping in mind the categories of Asnaf, it can be then deduced that Zakat can only be given to non-Muslims under the condition that they fall under the category of those whose hearts are softened. This is the official stance of the Hanbali, Maliki, and Shafi'i schools of jurisprudence. The Ahnaf opposed this and stated that non-Muslims are not eligible for zakat in any form.

Another opinion was held by Imam al-Mujahid, who was the famous student of Abdullah Ibn Abbas. As per him Zakat should only be given to non-Muslims in the absence of eligible Muslims.

A more encompassing opinion from Umar Ibn al-Khattab states that Zakat may be given to any person who fits the description mentioned in the ayah Zakat. This is irrespective of whether this person be Muslim or non-Muslim.

Imam Ibn Qudamah: "We do not know of any difference of opinion among the scholars regarding the fact that zakat cannot be given to a kafir. Ibn al-Mundhir said: Everyone from whom we acquired knowledge among the scholars is agreed that a dhimmi (non-Muslim living under Muslim rule) cannot be given anything from the zakat, because the Prophet (peace and blessings of Allaah be upon him) said to Mu'adh: "Teach them that they are obliged to give zakat, to be taken from their rich and given to their poor." He specified that it was to be given to their poor, i.e., the poor Muslims, just as he specified that it was to be taken from their rich." [al-Mughni (4/106)]

The Imam further said, "The kafir should not be given anything of the zakat unless he is one of those who are inclined towards Islam." [al-Mughni (4/108)]





The Kuwaiti Encyclopedia of Fiqh reads regarding those to whom it is impermissible to give zakat, "Non-Muslims, even if they are Dhimmis (non-Muslims living in an Islamic state) are not entitled to the zakat. Ibn Al-Mundhir cited the scholarly consensus in this regard based on the hadith, ‘Allah has made it obligatory on them to pay the zakat from their property, and it is to be taken from their rich and given to their poor.’”

The only exception in this regard are the non-Muslims whose hearts are hoped to become inclined to Islam. Allah says,

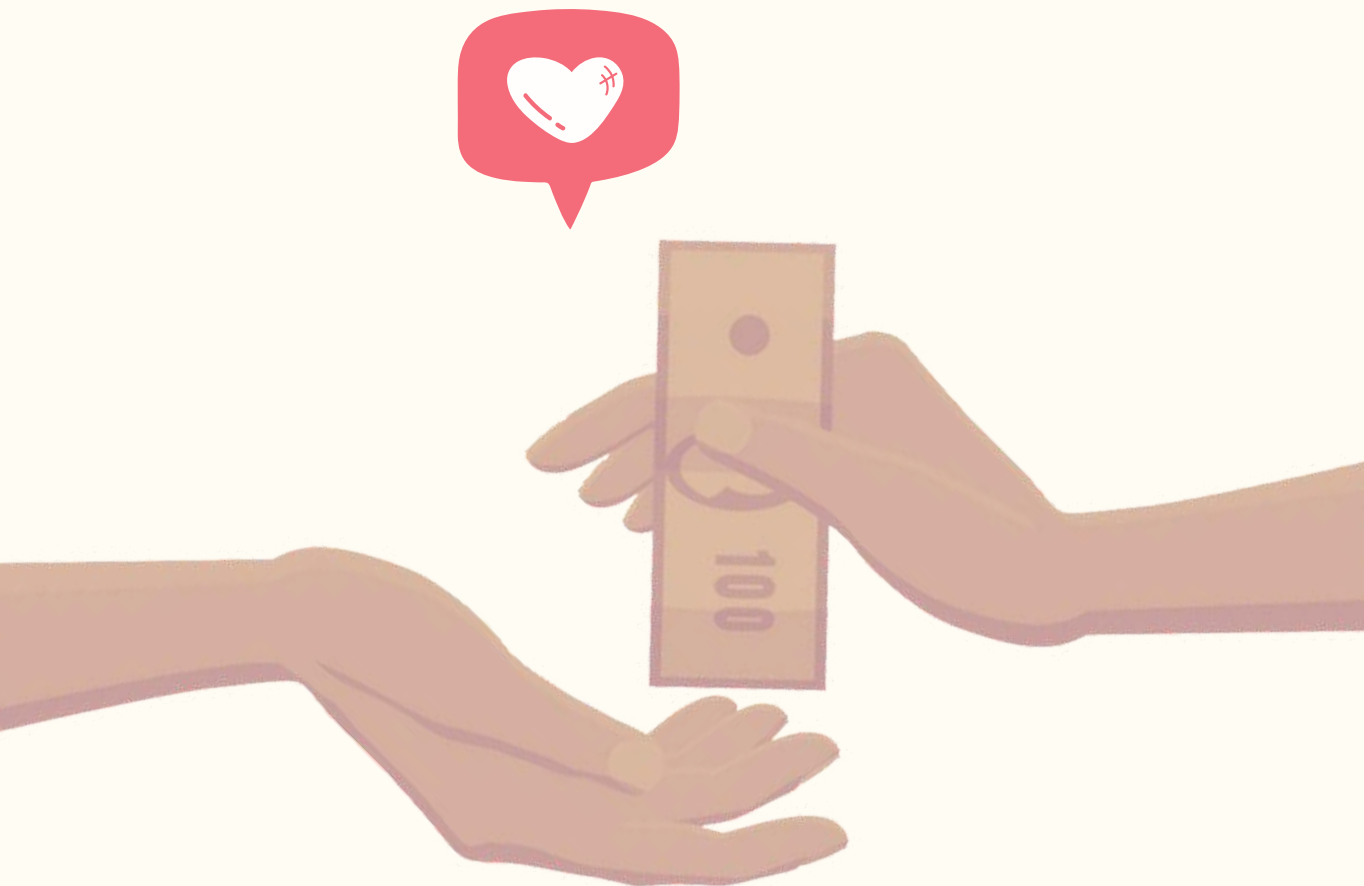
إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرَمِينَ وَفِي سَبِيلِ اللَّهِ
وَأِنَّ السَّبِيلَ فَرِيضَةٌ مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Zakat expenditures are only for the poor and for the needy and for those employed to collect (zakat) and for bringing hearts together (for Islam) and for freeing captives (or slaves) and for those in debt and for the cause of Allah and for the (stranded) traveler - an obligation (imposed) by Allah. And Allah is Knowing and Wise.} [Surah at-Taubah, 60]

Imam Ibn Qudamah wrote, “There are two categories of non-Muslim recipients of zakat: First, the non-Muslims whose conversion to Islam is hoped. They are given (zakat) in order to urge them to embrace Islam and make them more inclined to it. Second, the non-Muslims whose evil is feared, and giving it to them is done if it is hoped to ward off their evil and the evil of others as well...” It should be noted that this does not mean that their conversion to Islam is only a wish; rather, there has to be circumstantial evidence indicating that they are close to embracing Islam and may take that step if given financial help. Sheikh Ibn Uthaymeen explained this and said, “The non-Muslims whose conversion to Islam is not hoped cannot be given from the zakat funds in hope of their conversion. Rather, there must be indications that make us hopeful that they would embrace Islam. For example, knowing that a non-Muslim is inclined to Muslims or that he asks for books about Islam and the like. Hope must have foundations; because if someone hopes for something without foundations, then he is only imagining things in his mind.”

The Hanafi stance on this is even stricter as they abrogated the category of those whose hearts are to be reconciled. Imam Burhan al-Din al-Marghinani said, “Zakat is for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been reconciled to truth; for those in bondage and in debt; in the cause of Allah, and for the wayfarer. These are eight categories. Those whose hearts have been reconciled to truth (muallafat qulubuhum) have been dropped from these, because Allah gave strength to Islam and made it free of their need and a consensus (Ijma) was arrived at on the issue.” [al-Hidayah, V1, 333]

Qadhi Thanauallah Panipathi said, ‘Allah has established Islam with honour. Islam is not in any need of a disbeliever. Therefore, Zakat cannot be paid to any disbeliever at all. The ‘muallafat-e-quloob’ is abrogated now’ It is the opinion of Ikhramah, Malik, Thawri, Ishaq bin Rahuwaih and Abu Hanifah. [Tafseer-e-Mazhari]



Can We Give Zakat to Relatives?

Sheikh Hatem al-Hajj summarized the matter beautifully. He said, “The relatives you are required to spend on and would not be eligible to receive your zakat. Generally speaking, those that you are required to spend on are not eligible to receive your zakât because of their poverty, particularly if you are capable of spending on them. (The Ḥanafis may have a different view regarding relatives other than wives, ancestors, and descendants) However, they all agree that affluent people can not give their zakat to their wives, children or parents, and no one may give their zakat to their wives or children (and the Hanafis and Hanbalis and some Malikis add parents). Aside from the wife, the maintenance of the relatives is required when they need it and are unable to earn it.”

The wife can give zakat to the husband. Abu Saeed narrated, Zainab the wife of Ibn Mas’ud came along and said to the Prophet “O Messenger of Allah (ﷺ)! You have commanded us today to give Sadaqah (charity). I have some jewelry of mine and I wanted to give it as Sadaqah, but Ibn Mas'ud claims that he and his children are the most entitled to my Sadaqah. (deserve it more than anyone else.)’ The Messenger of Allah (ﷺ) said: “Ibn Mas'ud is right. Your husband and your children are more deserving.” [Bukhari]

The basic rule is that zakat can be given horizontally but not vertically. So one cannot give zakat to their parents, grandparents, children, or grandchildren as the person is obliged to take care of them. They can give zakat to their brothers, sisters, aunts, uncles, cousins etc as they do not fall under the category of his dependents.





Giving Zakat To The Wrong Person

Did you know that 5 rich people can take Zakat?

Abu Saeed Al-Khudri narrated that The Messenger of Allah (ﷺ) said: “Zakat is not allowed for the well-off person except for one of the following five: an administrator of Zakat, a man who buys Zakat holdings with his money, a person who is in debt, one who fights in the cause of Allah, or a rich person who is given a present by a needy (miskeen) person which the latter had been given as Zakat.” [Abu Dawud]

Sheikh Ibrahim Nuhu in his commentary of Bulugh al-Maram explained:

1. A fighter in the path of Allah: This person can use zakat money to buy the necessary equipment, means of transport or anything that is needed despite being rich due to his personal wealth.
2. A person heavily in debt.
3. A zakat collector according to their work: A person appointed by the authority can take a salary from the zakat irrespective of his personal finances as he is being paid for a service rendered.
4. Person who takes it and then gives it as a gift to a rich person (for some favour etc): This is now considered to be a gift and not as directly from the zakat. The zakat beneficiary decided to spend the zakat as they deemed was beneficial for them. Such a gift should not be refused, for by refusing such gifts we could break the hearts of the poor.
5. A rich person who found it in the market with a Zakat eligible person and buys it from him: This is considered as the general form of buying and selling. It was zakat for the beneficiary and as the asset changes hands, so does the ruling or name associated with it.

But what if you mistakenly give your zakat to the wrong person. Let's look at a very interesting hadith.

Narrated Abu Huraira: Allah's Messenger (ﷺ) said, "A man said that he would give something in charity. He went out with his object of charity and unknowingly gave it to a thief. Next morning the people said that he had given his object of charity to a thief. (On hearing that) he said, "O Allah! All the praises are for you. I will give alms again." And so he again went out with his alms and (unknowingly) gave it to an adulteress. Next morning the people said that he had given his alms to an adulteress last night. The man said, "O Allah! All the praises are for you. (I gave my alms) to an adulteress. I will give alms again." So he went out with his alms again and (unknowingly) gave it to a rich person. (The people) next morning said that he had given his alms to a wealthy person. He said, "O Allah! All the praises are for you. (I had given alms) to a thief, to an adulteress and to a wealthy man."

Then someone came and said to him, "The alms which you gave to the thief, might make him abstain from stealing, and that given to the adulteress might make her abstain from illegal sexual intercourse (adultery), and that given to the wealthy man might make him take a lesson from it and spend his wealth which Allah has given him, in Allah's cause." [Bukhari]

The Muhaddith of Makkah, Sheikh Wasiullah Abbas said that if a person gives zakat mistakenly to a person who is not eligible to receive zakat, then he does not have to repay that zakat amount again based on the hadith cited above. That being said, it is very important that we do our due diligence or our representatives who are handling our zakat on our behalf do the necessary due diligence to make sure that the zakat reaches the intended beneficiaries.



Sheikh Saleh al-Fawzan on the other hand, one of the leading scholars in Saudi Arabia said, “The Muslim must make sure he gives his zakat to those legally entitled to take it. If he is deceived and gives his zakat to whomever is not entitled to it, and then he discovers the truth, what he has given is legally not sufficient for him; thus, he must give the same amount to someone who is entitled to take zakat. Nevertheless, if he does not discover the truth, his giving zakat to those not eligible is sufficient for him.” [Mulakkhas al-Fiqhiyyah]

If a person pays more zakat than the actual amount that is due upon him, then the extra amount is considered as charity for which he will be rewarded, because Allah says, “And whoever does good voluntarily, then verily, Allah is All-Recogniser, All-Knower” [Surah al-Baqarah, 158]. This additional amount cannot be counted as zakat for the upcoming years.



The Untapped Potential and Zakat al-Fitr

Giving Items as Zakat Instead of Cash?

As per the Shariah, it is required that a person gives zakat on one's wealth in the form of money. It is not permissible to be given in kind in the form of various items etc. The person gives the zakat to the eligible beneficiaries and their involvement with the money is complete. They have transferred the trust in their care to its rightful owner. Now, the person has absolutely no right to dictate to the beneficiary on how the money is to be utilized.

Sheikh Ibn al-Uthaymeen said, "Zakat on money must be given in cash; it cannot be given in the form of other items, unless the poor person made a request of you and said: If you receive money for me, then buy me such and such with it. In that case there is nothing wrong with it." [Majmu' Fataawa wa Rasaa'il Ibn Uthaymeen]



This is the general rule. But if it is known for sure that the money will not be utilized in the proper manner or the person is incapable of using the money in the proper manner, Sheikh al-Islam Ibn Taymiyyah said:

“Giving items of equivalent value when there is no need and no obvious interest to be served is not allowed.... Because if it were made permissible to give items of equivalent value, then the giver may give bad quality items or the evaluation may not be correct. Zakat is intended to help the poor, and the zakat is connected to the amount of wealth one owns and its type. However, with regard to giving items of equivalent value when there is a need for that or an interest to be served thereby, or to achieve fairness, there is nothing wrong with that.” [Majmu‘ al-Fataawa]

In such a scenario, it is good to go with the person and buy with them or buy on their behalf that which they need. Many charity bodies need to remember that this is the exception to the rule and not the rule itself. The Hanafi madhab in particular does allow for the permissibility of giving items of need instead of cash when there is a need.

The Reality On The Ground

The World's 22 richest men have more money than all the women in Africa combined. [Oxfam]

The institution of Zakat is not just a mere religious exercise. If understood and carried out correctly, it has the potential to bring about widespread change, empower the poor and needy, and eradicate financial exploitation.

The National Zakat Foundation (UK) states, “The woes of modern day Zakat are in stark contrast to the success of Umar bin Abdul-Aziz, who is oft-mentioned as the poster child of Zakat success. Historical accounts show that there was a surplus of Zakat funds during his reign i.e. there was so little poverty, that Zakat eligible recipients were scant. Contemporary studies show that if everyone were to pay their Zakat in particular Muslim countries, absolute poverty would be significantly reduced, or even eradicated (Islamic Social Finance Report, 2014).



However, actual mobilisation of Zakat funds is particularly low. In this respect, Umar's commitment to fairness was a factor which reduced the gap between actual and potential Zakat funds. From this we can garner that trustworthiness of a Zakat institute is crucial to encourage people to pay Zakat.

The way Zakat funds were used was also a major success factor. The focus was upon encouraging agriculture and general productive capacity. This contributed towards an increase in income, causing more to be eligible for paying Zakat, and less people eligible to receive Zakat. As such Zakat revenues increased. Economic theory also supports the focussing upon agriculture as a starting point of economic development.”

Should we just invest the zakat funds to get more funds? Sheikh Ibrahim Nuhu حفظه الله said, “Zakat and Waqf is for the current needs of the people. It is needed **now**. Investing these funds for future benefit cannot take precedence over the current needs of the people. I dare anyone to come and tell me that there are people or a place where zakat and waqf is not needed. These investments can only be done when there is no one to benefit from the zakat and such a thing doesn't exist now. From the Sunnah is to take the Zakat from the rich and give it to the poor immediately. There is no room to invest the Zakat. Investment carries a lot of risk. Who guarantees the risk? Who monitors it? How can you do business with money you don't even own? Who gave you the permission to think and act on behalf of someone else?”

This is the classical position and the safest opinion.

That being said, the reality on the ground is very different. The Third Symposium of Zakat Contemporary Issues held in Kuwait (1992) set out detailed conditions under which zakat funds could be invested.

These are:

- There must not be urgent channels which require immediate application of zakat funds.
- Zakat funds must be invested in a legal and Shariah-permitted manner.
- Necessary precautions should be taken so as to guarantee that the rules of zakat continue to apply to the original invested money as well as to its profits.
- Invested assets must be liquidated if zakat recipients need zakat in cash. (This point takes into account the concern raised by the more conservative group of scholars on the matter.)
- It must be ensured that such investments will be safe, lucrative and can be liquidated in times of need.
- The decision of investing zakat funds should be taken by the government officials entrusted with the task of levying and distribution of zakat. Such investments should be supervised by efficient experts.

Gap between Global Potential and Actual Zakat Collection

Two studies by IRTI-IDB and WB estimate potential global zakat collection in the range of USD 550-600 billion. Against this potential, how much zakat is mobilized across the world? A back-of-the-envelope calculation provides some interesting insights. Rounding off the latest actual collection figures as reported by various issues of the IRTI Islamic Social Finance Report (Obaidullah et al, 2014, 2015, 2017), we find that

Saudi Arabia (USD 4 billion), Malaysia (USD 600 million), Indonesia (USD 270 million), Sudan (USD 225 million), India and Pakistan (USD 100-150 million each), Islamic Relief Worldwide – collected from 1st world Muslims – (USD 100 million), Singapore (USD 20 million), Brunei (USD 15 million), South Africa (USD 10 million) – add up to USD 5.5 – 6 billion.

This works out to be around one percent of the estimated potential. Note that among other notable countries with significant Muslim population, Iran doesn't have zakat.

Muslims in Russia, CIS countries and African countries collect negligible zakat (Russia: USD 5.9 million; Nigeria: USD3.3 million). Turkey mobilizes zakat, but through a handful of NGOs only. If we add 3-4 billions from other GCC countries. A conservative global estimate will be about 10-15 billion USD. Therefore, at best a maximum of 2-3 percent of potential zakat is being actually collected.

Zakat has so much potential waiting to be tapped. Allah has given us the blueprint to our solutions. It is up for us to properly implement it and the first step is to educate ourselves and those around us with regards to this important issue.



Zakat al-Fitr

This is the second type of zakat that is prescribed upon Muslims. It is given at the end of Ramadan and before celebrating Eid. Allah says.

قَدْ أَفْلَحَ مَنْ تَزَكَّىٰ وَذَكَرَ اسْمَ رَبِّهِ فَصَلَّىٰ

"He has certainly succeeded who purifies himself and mentions the name of his Lord and prays" [Surah al-A'laa]

What is Zakat al-Fitr?

It is an obligation upon every Muslim to pay this Zakat to show gratitude to Allah for allowing us to fast and experience the blessed month of Ramadan and also to make up for any shortcomings that we might have had while fasting. Those who have enough food for themselves and their families on the eve of Eid are obliged to pay it. A Muslim pays it for himself and for those he is responsible for such as his wife, children and others who he is obligated to provide for. Imam al-Bahuti further stated, "It is recommended to give it (Zakat al-Fitr) on behalf of a fetus (unborn baby)." [Umdat al-Talib]

Abdullah Ibn Abbas said: "Allah's Messenger obligated Zakāt Al-Fitr as a purification for the fasting person from loose talk, indecent speech and to feed the poor." [Abu Dawud]

Imam Wakee' Ibn al-Jarrah (teacher of Imam ash-Shafi'i) said: "Zakat al-Fitr for the month of Ramadan is like prostration of forgetfulness for the Salah which repairs imperfection of the fast like the prostration of forgetfulness repairs the imperfection of Salah." [Al-Majmu' 6/140]

Whom does it benefit?

This Zakat is given so that the poor and the needy in our communities so that they can also enjoy and celebrate Eid. A poor person is classified as one who does not have enough money to satisfy his basic needs.

When is it due?

- The Zakat must be paid before Eid Salah. The practice of the Companions of the Prophet ﷺ was to pay Zakat al-Fitr one or two days before Eid (on 28, 29 or 30 of Ramadan)
- If it is paid after the Eid prayers, then it is counted only as normal charity. So make sure you pay it before that.
- The head of the household is responsible for making sure Zakat al-Fitr has been paid. If the children cannot pay it themselves, the head of the household should pay on their behalf.

How much should be paid?

Abu Saeed al-Khudri said, “We used to give four cupped handfuls (1 Sa') of grain or barley or dates or dried curds or raisins.”

1 Sa' of food that is customarily eaten by the people; which is equivalent to 3 liters approximately. It is important to note that a Sa' is a measurement of volume and not a weight measurement. 1 Mudd is approximately 0.75 liters. 1 Sa' is equal to 4 Mudd (also a measurement of volume). It is best for Zakat al-Fitr to be distributed where you live.

What should be paid?

Food, dried dates, barley, raisins, dried cheese or whatever is the staple food of the country. It should not be paid in the form of cash unless it is the ultimate final option. We have Zakat al-Maal for that.

Imam Ahmad bin Hanbal stated: “Cash payment is not to be given (as Fitr to the poor).” It was said to him: “Some people say Umar Ibn Abdul Aziz took it in cash.” He replied: “They leave the saying of Allah’s Messenger and instead say: ‘So-and-so said.’ Indeed ‘Umar said: ‘Allah’s Messenger obligated a Sa’ (of food) as Zakat Al-Fitr.’”

Sheikh Ibn al-Uthaymeen said, "If they want they can eat it, if they want they can store it, if they want they can sell it, if they want they can gift it and if they want they can give it as charity on their own behalf. There is nothing upon us if they do this. What we have been commanded to do is to give them an amount of food."

His student, Sheikh Ibrahim Nuhu mentions the benefit of giving food for Zakat al-Fitr instead of money: "Either the person eats it and satisfies the hunger or sells it to make a profit. When he wants to sell it he'll have to make an effort for it and this will teach him about business. If you just give money, they'll spend it and beg again. This is a way how the Sunnah indirectly teaches the people to both meet their needs and also learn how to sustain themselves."





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