

# What is Zakât?

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**"Take from their wealth a portion for charity, in order to clean them thereby, and sanctify them."**

**Literal Meaning:** Zakat means grow (in goodness) or 'increase', 'purifying' or 'making pure'. So the act of giving zakat means purifying one's wealth to gain Allah's blessing to make it grow in goodness.

One of the most important principles of Islam is that all things belong to God, and that wealth is therefore held by human beings in trust. The word *zakat* means both 'purification' and 'growth'. Our possessions are purified by setting aside a proportion for those in need, and, like the pruning of plants, this cutting back balances and encourages new growth.

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Zakah not only purifies the property of the contributor but also purifies his heart from selfishness and greed. It also purifies the heart of the recipient from envy and jealousy, from hatred and uneasiness and it fosters instead good-will and warm wishes for the contributors.

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**ZAKAT:** (Alms) The Zakat is a form of giving to those who are less fortunate. It is obligatory upon all Muslims to give 2.5 % of wealth and assets each year (in excess of what is required) to the poor. This is done before the beginning of the month of Muharram, the first of new year. Giving the Zakat is considered an act of worship because it is a form of offering thanks to God for the means of material well-being one has acquired.

**Zakât:** A certain fixed proportion of the wealth and of the each and every kind of the property liable to *Zakât* of a Muslim to be paid yearly for the benefit of the poor in the Muslim community. The payment of *Zakât* is obligatory as it is one of the five pillars of Islam. *Zakât* is the major economic means for establishing social justice and leading the Muslim society to prosperity and security. [See *Sahih Al-Bukhari*, Vol. 2, Book of *Zakât* (24)].

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Paying zakat is Fard (compulsory). The Qur'an says that only those who pay zakat are in the "brotherhood of faith". The Holy Qur'an also says that Zakat purifies assets and creates virtue ( SU:9 103 ). Zakat is a 2.5% levy on most valuables and savings held for a full year if their total value is more than a basic minimum known as nisab. At present nisab is \$1,050 or an equivalent amount of any other currency. Cash money in your bank and building society accounts, and the release value of bonds, securities and shares in any form are zakatable if they are purchased as an investment. There is no Zakat on family home or household furniture, carpets, car, etc.

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Zakat is distributed among 8 asnaf (categories) of people, namely:

1. **Fakir** - One who has neither material possessions nor means of livelihood.
  2. **Miskin** - One with insufficient means of livelihood to meet basic needs.
  3. **Amil** - One who is appointed to collect zakat.
  4. **Muallaf** - One who converts to Islam.
  5. **Riqab** - One who wants to free himself from bondage or the shackles of slavery.
  6. **Gharmin** - One who is in debt (money borrowed to meet basic, halal expenditure).
  7. **Fisabilillah** - One who fights for the cause of Allah.
  8. **Ibnus Sabil** - One who is stranded in journey.
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The Holy Qur'an (Sura Al-Tauba: 60) classifies the due recipients of zakat under the following eight categories.

***"Zakat is for the poor, and the needy and those who are employed to administer and collect it, and the new converts, and for those who are in bondage, and in debt and service of the cause of Allah, and for the wayfarers, a duty ordained by Allah, and Allah is the All-Knowing, the Wise"***

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# Frequently Asked Questions (FAQs) /Common Misconceptions

The following list comprises both FAQs and Common Misconceptions about Zakat and Sadaqah. Questions received from visitors are often summarized and added to this list.

## Q1. What is Zakat-al-mal?

Zakat-al-Mal is the obligatory charity paid by an individual to the needy. It is obligatory on an individual who possesses wealth equal to or above a minimum amount called Nisab for an entire lunar year. For the purpose of calculating Zakat, different categories of wealth are defined. Nisab for the category of "Personal wealth" is three ounces of gold (or its equivalent amount in money). However, this amount is defined for each type of wealth separately. See under Nisab.

## Q2. What is the definition of Zakat-al-mal (or simply Zakat)?

Literal meaning of the word "Zakat" is cleansing and growth. In keeping with these qualities, Allah has prescribed Zakat as an obligatory charity, as a duty to Allah, upon every wealthy individual. Wealthy individual is defined as one who is in possession of a minimum amount of wealth called Nisab for an entire year. This charity is prescribed in order to cleanse the individual's wealth, heart, and by extension the society in general, of the baser characteristics of miserliness, selfishness, greed, and materialism and replace them with higher qualities of generosity, love and care, and mutual help.

Various scholars have defined it more or less in this manner. They have also developed further definition of the amount that constitutes Nisab, categories of wealth, the rate of Zakat that applies to each category of wealth, and the rules of eligibility for receiving assistance from Zakat.

## Q3. What is the position of Zakat in Islam?

Zakat is one of the pillars of Islamic life. It is a duty to Allah that obligates every wealthy individual to share with the needy a portion from his/her wealth. It is a very important institution for the individuals as well as the society in general. This institution aims at not only alleviating the financial hardships of the less privileged in the society through sharing a small part of one's wealth, but also building a society on higher moral and spiritual values. It checks the baser instincts of greed, miserliness, and selfishness, which lead to materialism. It promotes mutual caring, love, and generosity leading to gratitude to Allah. For those who receive assistance from Zakat, it reduces their economic burden and they are enabled to pay attention to the family, social, and spiritual aspects of their lives.

Though Zakat is an act of sharing, it is discharged, as a duty to Allah, and in that respect is distinct from an act of normal charity.

If there is an Islamic government, Zakat will be collected by the Government and distributed to the needy. In the absence of such an arrangement, this function can be discharged through any voluntary collective effort, for example, through any private organization. Ultimately every individual is personally responsible for discharging this obligation and must take care of this every year.

## Q4. What are the categories of wealth on which Zakat is due?

There are, in general, the following categories based upon commonality of either the Nisab or the rate at which Zakat is calculated for different types of wealth. They are:

1. Personal wealth, which includes the following.
  - Money beyond the normal level needed for everyday expenses,
  - Gold and silver,
  - Jewelry (only the gold and silver content),
  - Stocks,
  - Business wealth (trade inventory, cash, income, profit)
  - Money held in restricted funds such as retirement funds when they are freed for use.

2. Agricultural produce, which is further classified into the following.
  - Produce from cultivated land
  - Produce from non-cultivated land
  
3. Items that are mined or extracted from the Earth including any buried treasure that is discovered. If this is done as a business, like in mining, and oil, it may be classified along the lines of a business.
  
4. Live stock, which is further sub-divided into following three categories.
  - Sheep lamb, and goats
  - Cows and buffaloes (domestic, not wild)
  - Camels
  
5. All other animals  
There is no Zakat on these animals that are raised as a hobby. If these animals are raised for business, the profit derived from this business will be handled as the profit gained from any other business, viz. As a part of the "Personal wealth" category. There will be no tax on its inventory since its exact count cannot be established with certainty. For example, animals in a fish farm.

#### **Q5. Is personal jewelry to be included in calculating Zakat?**

There are different opinions about this. However, the general opinion is that jewelry, whether it is normally in use, or stored for occasional use, must all be included in calculating Zakat. The value of the gold or silver content in the jewelry should be included in the category of "Personal wealth". Precious stones (diamonds, ruby, pearls, etc.) are not to be included neither the labor cost of making the jewelry is to be included.

#### **Q6. How do we treat money invested in shares of stock for the evaluation of Zakat?**

Though owning a share of stock of any business is like having a share in the ownership of the business; we have categorized it as "Personal wealth". Therefore, the lower of the value of stock at the beginning and the end of the year should be added in the category of "Personal wealth". This is categorized as "Personal wealth" because of two reasons.

1. For the most people who own stock it is held as a saving with expectations that it will grow in value over time. In fact it is readily traded for money. Considering it as a readily redeemable asset, we have treated it as another form of saving. Therefore, we suggest using its fair market value in calculating Zakat.
2. Calculating Zakat on stock treating it as a share in ownership is normally not very convenient. There are literally millions of shares owned by general public. A stockholder will need to know his/her share of cash on hand, profit, and inventory, in order to use those values in the calculation of Zakat. This information is ordinarily very difficult to obtain, unless it is a partnership of a few people. Therefore, we did not treat stocks as a business partnership.

If one has acquired stock in a business with the intention of long term investment, he/she can calculate his/her share of Zakat as a partner in business owning a fraction of the business depending upon the number of shares owned. In this case the owner of stock needs to figure out the percentage of ownership his/her stock represents, and calculate Zakat on the zakatable assets of the business, as explained in the answer to Q7.

## Q7. What is the ruling on business wealth (Net profit, investments)?

### 1. Conditions for Zakat on investments in business/trade goods:

Trade is defined broadly as exchange with the intention of making a profit. Therefore, whenever the two conditions (1. Goods acquired with the intention of selling, and 2. Goods acquired with the intention of making a profit) are present, Zakat is due. This will apply to all goods **if they are acquired for trade and with the intention of making a profit** (including live stock, precious stones, real estate, minerals and other materials from earth). If they are not acquired for trade, but they fall under the categories of live stock, agricultural produce, and Rikaz (treasure unearthed), Zakat may become due on them following their individual Nisab and Zakat calculations. However, generally speaking, assets acquired for personal use are not subject to Zakat. The above two conditions for trade goods are in addition to the general conditions that apply to Zakat for non-business personal wealth. See details under **Q12** for general conditions for Zakat.

#### Definition of investments in trade goods:

When one is engaged in business, whatever its nature, one usually invests some money in the purchase of building, furniture, and equipment which take the form of fixed investments that are used and are not "goods for trade". **There is no Zakat on such investments that are intended for use and not for sale.** Next, there is the investment in inventory (raw material, or work-in-progress, or finished goods in the case of any business that involves manufacturing or processing) and in some operating cash. **These assets are subject to Zakat.** During the Zakat year (one lunar year called the Hawl), these "trade goods" are sold and result in cash or "receivables" (which eventually gets converted to cash after payments are received from customers). Receivables that are expected to be converted to cash during the Zakat year are also to be included as zakatable assets in calculating Zakat. This also applies to any debts that are expected to be received during the Zakat year. For the general considerations regarding amount loaned to others see answer to **Q13**. However, any short term payables (for example, amount owed to creditors and suppliers) that are to be paid during the Zakat year, shall be subtracted from the assets before calculating Zakat. The profit generated on the sale is either put back (reinvested) into business and/or is distributed to the owners. The part that is distributed to the owners becomes a part of their individual personal wealth subject to its conditions of zakatability (see answer to **Q12**).

But the part that is reinvested into business in the form of operating cash, and inventory becomes a part of those assets, and are automatically included in the Zakat calculation. Therefore, Zakat on trade goods is calculated as follows:

- Add the value of inventory (raw material, work-in-process, finished goods), receivables, and cash.
- Subtract from the above any short term payables (liabilities)
- If the net exceeds Nisab, calculate Zakat at the rate of 2.5%.

This business has to be operating for at least one year. If any share of the business is sold during the year, that share will not be included in the assets of the seller or the buyer because neither of them had it for at least one year.

#### Valuation of assets:

General opinion is that the valuation shall be based on the **current market prices** at the time of paying Zakat since the prices do fluctuate during the year. In addition, the valuation shall be done using **wholesale prices and not the retail prices**, because if any liquidation of assets is done it will be at the wholesale prices.

#### Zakat Year for business:

The Zakat year for business is also one lunar year (called Hawl). The zakatable assets as defined above shall be at or above Nisab **at the end of the Zakat year.**

There is another opinion that the value of zakatable assets shall satisfy Nisab throughout the Zakat year. If the value gets below the value of Nisab, a new Zakat year needs to be started after the value meets the Nisab. However, the practice at the time of the Prophet was to calculate Zakat if at the end of the Zakat year the value of zakatable assets was equal to or higher than Nisab.

#### Multiple owners:

If there are more than one owner, the net value of assets of the business that are subject to Zakat as explained above, should be apportioned to each owner based on his/her individual share. Then each individual owner is responsible for calculating and paying Zakat on his/her share. This approach is preferred because it may exempt a partner with a small share from paying Zakat. The business may pay Zakat on behalf of all owners if they all are obliged to pay Zakat.

#### No duplicate payment of Zakat on the same assets:

As a general principle, an item is subject to Zakat (upon satisfying the conditions of zakatability) only once. For example, if a business is paying Zakat on behalf of all owners (assuming that everyone meets the Nisab), then no zakat is required on the proceeds of the business to the owners as a part of their personal wealth.

### 2. Income generating assets: (Rental income from assets that are rented):

If one is engaged in the business of renting assets for income, there are differences of opinion regarding whether the value of the

assets themselves is zakatable or not since they provide growth by producing income or profit. **Stronger view is that the value of these assets is not subject to Zakat, but any income derived from the exploitation of these assets is subject to Zakat provided the income received in the Zakat year meets Nisab.** There are differences regarding the rate at which Zakat is to be calculated. A modern view is that the rate of Zakat shall be either 10% or 5% on the net income in a Zakat year. This opinion is based on an analogy to the Zakat paid on the agricultural produce. However, the conservative opinion will be to use 2.5% as the general rate of Zakat on the net income from rental property during the Zakat year. We have selected this view for the Zakat calculator.

This will also apply to rental income from any exploited assets, such as, cars, jewelry, animals, etc. If the rental income for a given Zakat year is the only source of sustenance for the owner, a reasonable cost for his/her living expenses including the living expenses of his/her dependents for the year, must be deducted. Then on the remainder amount Zakat shall be calculated, if that amount meets the value of Nisab.

**Q8. What is the meaning and definition of Nisab?**

Nisab is the minimum amount of wealth owned by an individual for one year that obligates the individual to pay Zakat. This minimum amount of wealth is separately defined for each category of wealth.

**Q9. What are the specified Nisab, (minimum wealth) and the rate of Zakat for each category of wealth?**

The Nisab and the rate of Zakat for each category are given below. For further details refer to the answer for Question 12.

Category of wealth	Nisab	Rate of Zakat
A. Personal wealth	Three (3) ounces of gold or its current value	2.5%
B. Agricultural produce 1. From cultivated land 2. From non-cultivated land	653 Kg of wheat or its equivalent value.	1. 5% 2. 10%
C. Minerals and Rikaz		20%
D. Live stock 1. Goat and sheep 2. Cows 3. Camels	40 goats and/or sheep 30 cows 5 Camels	See tables below

**Q10. Who should pay Zakat?**

Zakat is obligatory on every man or a woman who is an adult, of a sane mind, and satisfies the specified Nisab. This responsibility is to be discharged by each individual based upon his/her situation and value of wealth the individual possesses.

**Q11. Are minors, insane persons, and prisoners (who have Nisab) obligated to pay Zakat?**

Under the condition that they satisfy the Nisab, their guardian should pay Zakat on their behalf. It is incumbent upon that guardian to make sure that the money is growing otherwise the entire amount will be eaten up over a number of years by paying Zakat itself. Various opinions in this regard are:

1. There is no Zakat on the wealth belonging to an orphan (or insane person)
  2. The guardian shall keep track of the Zakat owed by the orphan under his care, and provide this information to the orphan's reaching adulthood, and finally let the orphan decide.
  3. If the wealth belonging to the orphan is invested in a business and only if it is growing then the guardian should pay Zakat on the profit. If the wealth is not invested or if there is no profit, no Zakat will be paid.
  4. It is required of the guardian to pay Zakat on behalf of the orphan. (We have adopted this opinion with a strong recommendation for the guardian to invest orphan's money so it can grow).
- The above opinions will also apply to an insane person or a prisoner.

## Q12. What conditions make Zakat obligatory on any individual?

The following conditions obligate payment of Zakat on an individual.

### a. Complete ownership

- i. If one has given his property in a public trust Zakat is not payable by that individual. But if it is a trust in the name of specific individuals, those individuals are required to include their share in the calculation of their Zakat. In the case of a "Living trust" (in the United State) where the person establishing the trust keeps complete ownership and control of the trust until his death, he will be responsible also for any Zakat that is due. Upon his death, the beneficiaries who will inherit will be responsible for any Zakat that becomes due if they own it for one full year.
- ii. Also borrowed wealth is exempt because borrower is not the owner. See answer to the general question (Q13) relating to loans.
- iii. For the same reason there is no Zakat on wealth acquired illegally (in a Haram - forbidden way). For example, stolen wealth does not belong to the thief.

### b. Wealth shall be of the potentially growing kind

- i. If it is naturally growing kind (Example - Live stock) Zakat is required.
- ii. If it is not growing because of its nature, or due to reasons beyond one's control, no Zakat is required.
- iii. If it is not growing because of negligence or mismanagement, Zakat is required.

### c. Should satisfy Nisab. It should be above the minimum level specified under category of wealth.

- i. For the category of "Personal wealth", and of Live stock the individual shall be in possession of Nisab for one whole lunar year.
- ii. For the category of Agricultural produce, there is no holding period of one lunar year required. As soon as the crop is harvested the Zakat should be calculated and paid. If there are multiple crops in a year, Zakat shall be paid each time, provided, of course, that the quantity of Nisab is satisfied. It should be remembered that Zakat is paid on agricultural produce that can be stored over time. In other words, there is no Zakat on perishable agricultural produce. Imam Abu Hanifa has an opinion that there is no Nisab for agricultural produce. However, other scholars have defined it based upon the prescribed Nisab at the time of Prophet Muhammad (Peace be upon him). This Nisab was five (5) Wasaq. Wasaq was a volumetric measure. A Wasaq was equal to 60 measures of a Sa'. Since present day normal measure for grain has changed to a measure of weight (such as a Kilogram), scholars have tried to define it in terms of weight of wheat of an average size. Yusuf Al-Qarzawi has calculated it to be six hundred and fifty three (653) Kg of wheat. However, what is used in India and Pakistan amounts to double the quantity around (1000) Kg. We have taken the approach of (653) Kg of wheat or its value as the Nisab for agricultural produce. Therefore, one should estimate the value of the grain and compare it with the value of (653) Kg of wheat. If the value of produce exceeds the value of (653) Kg of wheat, the Nisab is satisfied and Zakat should be calculated on the total value of the produce less any loans and expenses that were incurred in the process of producing and are payable after a harvest. An important consideration is that if this is the only source of income for the farmer for his and his dependents needs, a deduction is allowed. Scholars have determined that, a third or a fourth of the produce as the amount that should be left for the farmer. The rate of Zakat for agricultural produce (after loans and expenses are subtracted) is 10% or 5% depending upon if the produce is from non-cultivated land or cultivated land respectively. The preferred way of paying Zakat on agricultural produce is to pay in terms of the produce itself; however, to pay in monetary terms is also acceptable. Nisab defined in terms of value of (653) Kg of wheat is very helpful in case of very expensive crop (for example Saffron) for which the value of 653 Kg (of Saffron) will be excessive and unfair as Nisab. Another point to remember is that the grain or fruit in its dried and storable condition is what is used for estimating Nisab and Zakat. Grapes will be measured, for example, through the value of raisins rather than the weight or volume of the raw produce.
- iii. For the category of Rikaz (all items mined out of the Earth including oil or other valuable fluid items, and old buried treasures that are discovered), there are various opinions. One opinion suggests that there is no Nisab. According to this opinion, any time anything is extracted from the Earth, Zakat needs to be calculated on the amount extracted. The other opinion is that its value should equal the Nisab on gold or silver, namely three ounces of gold, before Zakat becomes obligatory. It must be noted that in the case of minerals there may be other regulations enacted by the State, which may have to be complied with. The question of Zakat applies only to the portion that is clearly under the ownership and possession of the individual calculating Zakat. The question of the hold period of one lunar year is also not applicable to this category. We have taken the position that there is no Nisab on the category of Rikaz, and that the Zakat on it is 20%, calculated on the amount that is clearly and personally owned by the individual. No expenses need be deducted from Rikaz.
- iv. If this is an on-going business, we leave to the individual the choice of treating the minerals, including valuable fluids extracted from the Earth, as personal wealth or proceeds from business, and including it in the category of "Personal wealth". In that case the Nisab of three ounces of gold and a rate of Zakat of 2.5% will apply. However, for one-time acquisitions, for example, the recovery of buried treasures there will be no Nisab and the rate of Zakat will be 20%.

### d. Wealth in question shall be that beyond the normal needs of the individual and his/her dependents. If the amount in savings is for the normal expenses, it should not be included in the calculation.

- e. The individual should not be in debt. If the individual is in debt that is not serviceable from his normal income and the only way that individual can repay his/her loans is by disposing of some or all of his assets the amount owed should be subtracted from the total value of his/her "Personal wealth" and the remaining amount evaluated to see if it meets the Nisab in that category. If it does, Zakat should be calculated upon the net value (total amount less loans). On the other hand, if loans are serviceable from the ongoing income (such as in case of regular mortgage payments or an installment loan), the unpaid loan should not be subtracted from the assets unless the individual plans to pay the loan off that year from his/her wealth.
- f. Similar treatment will apply to loans that were incurred for agriculture which are normally payable upon a successful harvest. They should be subtracted before the agricultural produce is evaluated for Nisab and Zakat. In addition, any other expenses incurred in generating agricultural produce, should be subtracted, before deciding whether the requirements of Nisab are satisfied or not. Like in the case of a business, investments made or instruments used in the case of agricultural produce are not included in calculating Zakat.

**Q13. How do loans affect the obligation of Zakat?**

In case of a loan, Zakat on the amount loaned to someone is primarily the obligation of the owner of the money, and the obligation is determined based upon the following conditions.

- a. If the borrower is expected to return the loan in the year in question, the lender (the owner) should include the amount in his calculations. There are two opinions within this, one is that this Zakat shall be paid every year, and the other opinion is that it should be paid for all the years the loan was outstanding upon its return.
- b. In case the repayment is not expected, there are three possible opinions.
  - i. Once returned, pay Zakat for all years the loan was outstanding.
  - ii. Once returned, pay Zakat that year.
  - iii. Once returned, pay Zakat after one year has passed since the return.
- c. We favor the opinion that Zakat should be paid by the owner, upon repayment, in the year of repayment. Therefore, if a loan whose return is not expected, should be included if and when the loan is returned.
- d. The impact of loan on the borrower is already explained in answer concerning conditions that make Zakat obligatory.

**Q14. How do we handle amount of money in a provident or retirement fund such as a 401K account?**

If this amount is available to the individual at any time without any restrictions, then Zakat should be calculated for this amount through the category of "Personal wealth" because its nature will be that of savings.

If the plan is restrictive and involves penalty and/or taxes, opinions differ on the payment of Zakat.

- a. One opinion is that an individual should calculate the amount that is available to an individual after paying an early withdrawal penalty and taxes, and include this remaining amount in the calculation of Zakat as a part of "Personal wealth" category.
- b. Another opinion is that Zakat should be only paid when the amount is actually received or is fully available to the individual without any penalty. In that case only taxes due on this amount should be deducted. The net amount after taxes (for the year the amount is completely available to the individual) should be included as a part of the "Personal wealth" category.

If the amount is not fully available, we are of the opinion that the value of the pension plan should not be included in the calculation of Zakat. We have taken the opinion that when it is fully available as in case b above, it should be included in the calculation of Zakat.

**Q15. Can Zakat be paid with an equivalent amount of money as opposed to paying in kind?**

Yes it can be paid in kind or in equivalent amount of money.

### **Q16. Who is eligible to receive Zakat?**

The holy Qur'an specifies eight (8) purposes for which the money from Zakat can be used. They are the following.

- 1) Poor (Faqir pl. Fuqara'): One who cannot support himself/herself, provided (or to the extent) that the recipient of Zakat does not reach the level of Nisab.
- 2) Needy (Miskin pl. Masakin): One who cannot adequately support himself/herself, and is reluctant to ask for help. Such an individual, therefore, is not easily recognized as someone who needs help. Such an individual is eligible for Zakat, provided (or to the extent) that the recipient of Zakat does not reach the level of Nisab.
- 3) Those employed to administer the collection, distribution, and administration of Zakat (Al-'Amilin): They need not remain below Nisab at the time of receiving compensation through Zakat.
- 4) Those individuals who have been recently reconciled to the Truth (Mu'allafat-al-Qulub): This category includes new Muslims, or those who are willing to support the Muslim State but need to be compensated. They could be non-Muslims as well. Such individuals can be in possession of Nisab and will not be disqualified because of that.
- 5) Freeing of those in bondage (Fi-al-Riqab): Since the custom of bondage or slavery is now extinct, freeing of slaves may not be needed any longer. However, this can be interpreted to include individuals who due to excessive debt do not have any hope of ever standing on their own two feet.
- 6) Those in debt (Al-Gharimin): Zakat money could be received by on who is in debt in order to pay off the debt or a part thereof provided at the time of receiving Zakat, he/she is not in possession of Nisab.
- 7) In the cause of Allah (Fi-sabil-Allah): Those who are going out or working in the cause of Allah (including the task of conveying the message of Islam) or in a battle declared by an Islamic State for just cause. Being in possession of Nisab does not disqualify them.
- 8) The wayfarer (Ibn-al-Sabil): Traveler who is in need of help during his travel.  
One who belongs to the family of the Prophet (Peace be upon him) is not eligible for receiving Zakat.

### **Q17. Can relatives receive Zakat?**

Yes, provided they are not the dependents, such as wife and children, and parents (including ascendants grand parents and descendents such as grand children). Beyond these relatives, in fact it would be preferred that one gives Zakat to one's relatives first. A wealthy wife can give Zakat to her poor husband and not the other way around.

### **Q18. What is the proper etiquette of paying Zakat?**

Zakat shall be paid with the intention of paying Zakat since it is an act of worship. If an individual declares his/her Zakat in order to encourage others, it is permissible, since this an obligatory act of worship. However, it is not necessary to mention, in fact preferable not to mention, to the recipient that the payment is from Zakat, if it is feared that it would embarrass him/her.

### **Q19. When should Zakat be paid?**

Zakat can be paid any time during the year, in one lump sum or in installments. However, at the end of each year one must calculate one's Zakat and the amount due but not paid must be paid. In actual practice, many Muslims prefer to pay Zakat in the month of Ramadan. This is also fine. Bear in mind that for agricultural produce, it is preferred to pay Zakat after the harvest.

### **Q20. Can Zakat be paid to institutions also?**

Yes, Zakat can be paid to institutions, which meet the purposes described.

### **Q21. Is there any charity beyond Zakat?**

Yes, one may give extra charity beyond Zakat for any good cause, and in fact, charity beyond Zakat is to be encouraged.



## **Q22. What are the inner dimensions of Zakat?**

In addition to alleviating the hardships of the needy and the less privileged, this act of worship provides a check against and cleanses individuals, and indeed the society as a whole, of the baser instincts, such as miserliness, selfishness, enmity, exploitation etc. that ultimately lead to materialism. On the other hand, Zakat promotes love, kindness, generosity, and sharing/caring and mutual cooperation. This also promotes relying on Allah, and sincerity in seeking the pleasure of Allah alone, and finally building a society more empathetic and more caring.

A lot has been written about the inner dimensions of Zakat. One may refer to many books available on Zakat for further details on this subject.

## **Q23. How do we know and follow various opinions of scholars or schools of jurisprudence (Madhahib) in calculating Zakat?**

Indeed there are differences of opinion concerning the definitions of Nisab and the treatment of different categories of wealth. For the sake of providing a comprehensive tool, we have adopted those opinions, which are generally accepted by various scholars, or are easier to apply. However, other major differing opinions are also mentioned in the various answers given under frequently asked questions (FAQs) and the individual is free to follow other opinions if more appealing to him/her. For a greater in depth understanding, of course, one can access many books available on Zakat.

## **Q24. What is Zakat-ul-Fitr or Sadaqat-ul-Fitr?**

Zakat-ul-Fitr is Zakah on the individual. Prophet Muhammad (SAW) is reported to have said:

"Remember Zakat-al-Fitr is essential (Wajib) for every Muslim, man or woman; free or in servitude; adult or child." (At-Thirmidhi)

**Zakat-ul-Fitr or Sadaqat-ul-Fitr** is a special charity paid to the needy on or before the day of Eid -ul-Fitr, which is the first day of the month of Shawwal following the month of Ramadan. Zakat-ul-Fitr is paid as atonement for any shortcomings in the worship of Fasting during the month of Ramadan.

On the day of Eid -ul-Fitr, which marks the completion of the month of Ramadan, every Muslim possessing an amount of food in excess of his and his family's need for a day (24 hours) is mandated to pay Zakat-ul-Fitr on behalf of himself and all his dependent(s).

Zakat-ul-Fitr or Fitrah is "the one full meal per person or cash equivalent to the cost of one full meal, given directly to the needy of the community before Eid-ul-Fitr prayer. Arrangements for paying Fitrah should be made ahead of time so that it reaches the eligible recipients in time for them to make use of it on Eid day. The quantity of Zakat-ul-Fitr traditionally amounts to one Sa`. One Sa` is equivalent to 2751--3800 grams of food such as wheat, barley, rice, or the like. In Switzerland the cash equivalent of Fitrah has been set to CHF10.00 for each member of the family. The categories of people who are eligible to receive Zakat-ul-Fitr are the same as for those who are eligible to receive the regular Zakat.

## **Q25. What is Sadaqah or Zakat-ut-Tatawwu'?**

Sadaqah is an Arabic term widely used to cover all kinds of charity. Although Sadaqah and Zakat are often used interchangeably, Sadaqah voluntary or optional charity.

All good deeds are considered Sadaqah. Every Muslim is exhorted to give Sadaqah. The Prophet Muhammad(S) said:

"Every Muslim has to give Sadaqah." The people asked: "O Prophet of Allah, what about the one who has nothing?" He(S) replied:

"He should work with his hand to give Sadaqah." They asked: "If he cannot find (work)?" He(S) replied: "He should help the needy who asks for help." They asked: "If he cannot do that?" He (S) replied: "He should then do good deeds and shun evil, for this will

be taken as Sadaqah." (Sahih al-Bukhari)

Muslims practice Sadaqah and earn rewards from Allah by doing good deeds all their lives. They can continue earning Allah's rewards even after their death should they leave any of the following legacies behind them. This is called perpetual Sadaqah (Sadaqat-ul-Jariyah). Prophet Muhammad (S) is reported to have said:

"When a person dies (the benefit) of his deeds ends, except three: a continuous Sadaqah, knowledge from which benefit is derived, or a pious child invoking Allah for him." (Sahih Muslim & Ahmad)

## Q26. What is the etiquette of giving Sadaqah?

### Etiquette of Giving Sadaqah

1. Islam has recommended that its followers give Sadaqah. Sadaqah is to be given from one's lawful (Halal) earnings because Allah does not accept Sadaqah if it is given from what is unlawful (Haram).
2. There is no limit on the amount to be donated as Sadaqah. It is up to the generosity of the individual to set a limit.
3. Sadaqah is to be given with utmost humility. In order to get the rewards of Sadaqah from Allah, the donor is required to avoid making a showoff his generosity.
4. Sadaqah can be given to any deserving person – Muslim or non- Muslim.
5. Precedence is given first to one's needy dependents, relatives, and then to other needy people.
6. The beneficiary of the good deed (Sadaqah) is recommended to thank the person for his good deed.

### Common Misconceptions:

#### 1. I pay my taxes, isn't it enough? Why do I have to pay Zakat?

The taxes are paid to the government - Federal, State, County, and City in accordance with its rule and regulations. Zakat is paid as an obligatory duty (Faridatun min Allah) to Allah. It has its own purpose, function, rules, and regulations of payment and distribution. In order to have the Zakat obligation to be fulfilled, it must meet the (Shariah) requirements. Paying taxes do not meet these requirements.

#### 2. I have never paid Zakat before. What should I do?

Any unpaid Zakat will be counted as missed obligation (Qada). You should estimate the amount of Zakat due on you for the years you missed and pay it as soon as possible.

#### 3. Does a husband have to pay Zakat on his wife's jewelry and wealth?

It is a wife's individual responsibility to pay Zakat on her jewelry, zakatable possession, and wealth. If her husband or someone else pays Zakat on her behalf with her permission, it is permissible and he will be rewarded for this voluntary action.

#### 4. Can I pay Zakat to my poor relatives?

It is preferred to pay Zakat to your poor relatives - sisters, brothers, cousins, nephews, nieces, uncles, aunts, etc. Prophet Muhammad (S) said: "Charity given to the poor is charity, and charity given to a relative is charity and upholding of family ties." (Ahmad, Al- Nisa'i).

**Zakat should not be given to one's parents, grand parents, children, grand children, or wives.** The care of these relatives is a duty enjoined by Shariah on every Muslim.

#### 5. Do you pay Zakat on a house you own? Is it a one-time payment or annual?

The items of one's basic needs and necessities are exempted from Zakat. All items of value (movable and immovable), that are designated for personal and household use and/consumption are non-Zakatable.

Example: Food, clothing, residential home, petty cash, personal transportation (automobile, riding animal), Books for personal study, domestic animals and poultry for domestic needs, tools of one's personal trade/profession, articles of adornment in day to day use,, arms and ammunition for personal use, agricultural land cultivated by the owner, etc.).

#### 6. I paid my previous Zakat by rough estimate. Now I'm afraid I underpaid. What should I do?

We should calculate Zakat properly and meticulously. It is the obligatory duty to Allah (Fardh minAllah). If you happen to find out that you have underpaid the zakat, you make the intention of paying due zakat and make up for the underpayment. Allah will accept it as "Ada" of your obligation (Fardh).

#### 7. Do I have to pay Zakat in Cash?

Zakat can be paid as cash/Check/Draft/Credit Card\*, and the like. It can also be paid in kind with gold, silver, grain, livestock, etc. \*Credit Card - it is important that you pay your credit card company on time so as not to incur any interest payments.

#### 8. So Zakat is due on your savings that have been in your bank for a minimum of 1 year?

Yes, Zakat will be due on the minimum balance in the bank over the period of one lunar year (Haul - it is approximately 355 days), provided the balance did not go under the amount of Nisab.