

Your Zakat.

**Islamic Guide
Q&A's**

2023/1444

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This section provides a brief summary of issues related to Zakāh. Due to the complex nature of Zakāh and the relative differences of opinion it is advised that you consult your local scholar for specific rulings and questions you may have during your calculations.

1) General Zakah questions

What is Zakah?

Zakāh is a compulsory act of worship that requires a Muslim who owns wealth equal to or above the Nisāb (pre-defined threshold) to donate approx. 2.5% of their wealth to eligible recipients.

Who is eligible to receive Zakah (The 8 categories)?

There are eight categories of people eligible for Zakah based on the following verse from the Qur'ān:

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ ۚ فَرِيضَةً مِّنَ اللَّهِ ۗ وَاللَّهُ عَلِيمٌ حَكِيمٌ - 9:60

“Zakah expenditures are only for the poor and for the needy and for those employed to collect [zakah] 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.” (Al-Tawba: 60)

- 1) The poor
- 2) The needy
- 3) Zakah administrators
- 4) Emancipation of slaves
- 5) Those whose hearts are being reconciled
- 6) Those in debt
- 7) Those in the path of Allah
- 8) Travellers

How does MA communicate to donors about the Zakah projects they have implemented?

After the implementation of each project, MA's field offices and implementing partners prepare completion reports with details of the project, it's financial expenditure, and any accompanying media (photos/videos).

We endeavour to feed this back to our donors through a variety of channels – Feedback reports, our annual report, our campaign drives, and other methods.

Why should I give my Zakah to Muslim aid?

Zakah is a critical tool to alleviate poverty. Muslim aid are currently developing a 12 point Zakah framework which is aimed to make sure it is embedded throughout our organisation from collection of funds all the way through to disbursing to beneficiaries. Our first point of call is the Zakah guide referenced below.

Our Zakah programmes are dictated by our Zakah guide which has been approved by a number of scholars and accredited by the Islamic Council of Europe.

How much do MA deduct from zakah eligible donations?

MA deduct up to 12.5% administration on Zakah donations. This is in line with scholarly recommendations to restrict administration expenditure to 1/8th by analogy of the category of Zakah administrators (āmilīn alayhā).

This amount is used to contribute to the salaries of staff who deliver the Zakah projects, purchase of goods, transport etc.

How does MA decide how to allocate Zakah to projects?

MA through their field teams and implementation partners conduct needs assessments in the relevant locations to identify individuals/families who are in need of assistance. This can be through interviews, observations, coordination with local actors or surveys.

Once identified, these individuals are then assessed for their Zakah eligibility based on a number of factors in accordance with the MA Zakah guide and operating procedures.

What is the Islamic legal status of MA regarding Zakah?

MA are considered as an agent (wakil). They are entrusted by the donor to deliver the donated Zakah to the beneficiary.

Does MA have a Zakah guide?

Yes, MA have a Zakah guide which has been ratified by the board of Trustees and is reviewed on a yearly basis.

Is MA's guide endorsed by a scholar or institution?

Yes, MA's Zakah guide has been accredited by the Islamic Council of Europe (ICE). It is currently being reviewed by other scholarly institutions to ensure it is broad and accepted across different denominations and schools of thought.

What is the role of the shariah advisor?

A proposed Shari'ah panel will ensure that the policies & procedures of MA's Zakah programme have been checked and vetted in accordance with Islamic guidelines. In addition, they will audit our Zakah framework annually conducting document reviews, field visits and overall guide.

This is currently in process and more details will be launched soon.

2) Implementing Zakah projects

How does MA spend their Zakah?

MA are committed to spending Zakah on the most vulnerable within the 8 pre-defined categories. Our guide dictates that we prioritise giving cash to empower beneficiaries to lift them out of poverty.

In some cases, however, we will provide in-kind goods e.g. food parcels, agricultural tools etc if this is deemed more beneficial to them. Examples of this include when local markets experience price hikes, or exchange rate volatility etc. deeming in-kind goods more beneficial.

How long do MA keep Zakah money in the bank before spending?

Zakah should not be kept later than an Islamic year (ḥawl). MA are committed to distributing the Zakah funds as soon as possible soon after a donation. Only in extenuating circumstances out of MA's control would this be delayed towards the end of the year.

How does MA identify Zakah eligible beneficiaries?

MA through our field offices and/or implementing partners conduct needs assessments in the locations where we plan to work. In most cases, our teams will conduct an eligibility assessment which can include supporting evidence to identify the most vulnerable to receive zakah.

As a charity, are MA bound to spread Zakah amongst the 8 categories, or is it sufficient to choose one or two as necessary?

MA follow the majority scholarly opinion that Zakah is not required to be split equally across the different categories of people. Instead, MA will attempt to allocate funds as per the community needs as long as they are Zakah eligible.

How much do MA give to Zakah beneficiaries?

MA aim to ensure that the Zakah beneficiary is empowered to have their immediate and medium-term needs fulfilled. Our guide aims to provide up to one year's sufficiency of essential sustenance as dictated by a number of scholars, though this may increase/decrease based on individual circumstances and our field team/partner recommendations.

3) Calculating Zakah – Personal

Who is eligible for Zakah?

Zakah can only be given to people who fall under one of the 8 categories mentioned in the well-known quranic injunction¹. In order to be Zakah eligible (as per the most frequent categories of the poor and needy) a beneficiary must fill the following criteria:

- Be a Muslim
- Must possess less than the Nisāb value OR who's essential needs are not satisfied.
- Must fall under one of the 8 categories.

¹ Qur'ān: 9/60.

The Islamic ruling of Zakāh

Zakāh is a *compulsory act* of worship that requires a Muslim who owns wealth equal to or above the Nisāb (pre-defined threshold) to donate approx. 2.5% of their wealth to eligible recipients. Allāh mentions in numerous verses of the Qur’ān ‘*And establish the prayer and pay Zakāh*’ in the form of an order indicating obligation. Also, *Zakāh* is the 4th pillar mentioned in the famous ḥadith ‘*Islam is built upon 5 pillars...*’.

The ruling of one who does not pay Zakāh if he is eligible?

The Qur’ān and sunnah indicate that one who does not pay Zakāh is committing a major sin if left due to laziness. This is emphasised in Surat al-Tawbah² where Allāh says “*Those who hoard up treasures of gold and silver and spend them not in the way of Allāh; give them the news of a painful punishment*”.

As for one who does not pay believing it *not* to be an obligation (even after clearly being presented with the evidence), then he is considered to be out of the fold of Islam.

Upon whom is Zakāh obligatory?

According to the majority of scholars, there are 2 main conditions which must be fulfilled in order for *Zakāh* to be binding:

- 1) One be a Muslim
- 2) One possesses the Nisāb (minimum threshold) for one full lunar year.

The Ḥanafi Madhab on the other hand opines that in addition to the above, one must be an i) *Adult* and ii) *Sane*. If in doubt, please refer to your local scholar or school of thought.

When should Zakāh be paid?

Once a person reaches the Nisāb and a lunar year (ḥawl) has passed by, then Zakāh is due immediately. It is important to note that the ‘Islamic year’ consists of approx. 354 days, not 365 days as per the Gregorian calendar (based on a solar year). Therefore, one must ensure they abide by the lunar calendar.³

What is the Nisāb

The Nisāb is the minimum amount of wealth which a Muslim must possess (for a year) before being eligible to pay Zakah.

How much is the Nisāb threshold?

The Nisāb threshold which obligates the payment of Zakāh is either based on 87g gold or 612g silver.

² Surat al-Tawbah 9:34-35

³ This means you will be paying your Zakāh approx. 10 days earlier every year if going by a Gregorian calendar.

According to today's value (April 2021), the Nisāb based on silver is approximately £ £347. This is the nisāb value most people will use as they will have a mix of cash, gold, silver etc.

If, however, ones zakatable asset is *only* Gold, then the nisāb value of Gold must be used which is £3,503.

What happens if the Nisāb fluctuates during the year?

In some cases, one's zakatable wealth may dip below the Nisāb throughout the year. In such cases of uncertainty, it is preferable for one to take the value of one's zakatable assets at the beginning and end of the *ḥawl* (lunar year). If both values were above the *Nisāb* then *Zakāh* would be due ⁴.

Should we pay Zakāh based on the value of gold or silver.

MA advise to one should pay Zakāh based on silver (the lower value) if their assets are a mix of gold, silver, cash etc. This is due to a greater number of people fulfilling zakāh and hence being more beneficial to the poor and needy. However, if your only asset is gold, then the gold Nisāb figure has to be used.

Where should Zakāh be distributed?

The preferable option is to distribute Zakāh locally if there are a number of deserving recipients. Alternatively, one may give Zakāh to one of the 8 categories defined in the Qur'ān anywhere in the world if they feel there is a particular benefit and their contribution would be more beneficial (e.g. recipients in extreme poverty, insufficient local donations, increased demand due to natural disasters etc.).

What does one do about Missed zakāh payments?

If one has missed zakāh payments over the years, then one must make a calculated estimate of the Zakāh missed for each year and discharge it accordingly. These payments are still binding on him even if many years have passed by and whether or not he knew they were obligatory.

Is Zakāh due on worn jewellery or not?

There is a difference of opinion on whether Zakāh is due on gold/silver which is for personal use. The majority of scholars and some female companions including 'Ā'isha and Āsmā (ra) hold that Zakāh is *not* due on these items on the premise that is a personal item and hence would fall under items that are not zakatable.

⁴ According to all schools of thought (except the Ḥanafīs), if the zakatable wealth goes below the Nisāb, then that year is cancelled and a new ḥawl will start once the Nisāb is reached again. Though this is a strong opinion, it is preferred to err on the side of caution and not consider fluctuations throughout the year

The Ḥanafis, on the other hand, hold this type of jewellery to be zakatable. This is also the opinion of Saʿīd ibn al-Jubayr and Saʿeed ibn al-Musayyib (ra). For more information, we advise you to please consult your local scholar or follow your madhab's ruling.

Should Zakah be calculated on precious stones – e.g. Diamonds, rubies etc.

No. Zakah for these stones would only be for trade items, not for personal use.

How do I measure how much gold and silver I have?

It is advised that you visit a local jeweller and ask them to value the gold and silver of your jewellery. It is important to note that diamonds, platinum, and other precious stones are not liable for Zakāh.

Are any debts which are owed to me zakatable?

The scholars differentiate between a debt in which one is confident of repayment and one which is not. If the creditor is confident the debtor will pay when he is asked due to having the financial ability, then the creditor must include this in zakāh payment. If, however, the debtor is struggling and one is not confident he can pay when requested to, then this amount does not have to be calculated as part of Zakāh.

What are the zakatable assets

Please see the MA zakāh calculator for a list of zakatable assets. In summary however, the following assets/income is zakatable:

1. All cash and liquid investments (ie money in bank accounts or cash).
2. The value of gold and silver items owned.
3. Loans that you have given out (where you are confident of repayment).
4. Pensions, stocks, shares and investments.
5. Property owned as an investment (excluding the property you live in).
6. Business assets (value of raw materials, value of sellable trade goods etc.).

We advise to use our Zakah calculator as there will be liabilities which you would subtract before calculating your net assets (e.g. overdue living expenses, business liabilities etc.)

For calculating zakah on wealth or assets which are related to businesses, we advise you to please read our 'Business Zakah Q&A' beforehand. Alternatively, you can speak to one of our Zakah agents who can help calculate your zakah for you.

What sort of assets are not zakatable?

Below is a list of assets which one does not have to pay Zakah for:

1. The property one is residing in e.g. personal home
2. Car owned for personal use
3. The debts one is owed (where not confident of payment)

4. Jewellery not containing gold or silver (e.g. diamonds, precious stones etc.)
5. Furniture and household goods for use (not for trade)

Can Zakah be paid in advance?

Yes, zakah can be paid in advance and in instalments as long as payments have been made before the year end.

Do Orphans automatically qualify for Zakah?

An orphan is not technically an automatic eligible beneficiary for zakah as it is not one of the 8 categories. However, if an orphan is considered poor or needy (which is almost all cases for MA beneficiaries), then he/she becomes eligible by virtue of their situation.

As a charity, are we bound to spread zakah amongst the 8 categories, or is it sufficient to choose one or two as necessary?

According to the majority opinion, MA can decide, based on whichever category requires more or less. Our guide aims to disburse Zakah to the most needy beneficiaries, as long as they fall within one of the 8 categories.

Charities are not restricted to spread the donation over the 8 categories. This is a position of the Shāfi'i school, but it is the minority opinion.

Do you have someone I can speak to to help me calculate my zakah?

Yes, Muslim aid have a number of scholars and advisers who can help one calculate their zakah. The MA Zakah helpline number is 020 7377 4200.

4) Calculating Zakah – Businesses

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