

The Qur'aan & Hadith on Zakah

Take alms from their wealth through which you may cleanse them and purify them, and pray for them; surely your prayer is a relief to them; and Allah is Hearing, Knowing. (Al-Qur'aan, 9: 103)

And those who treasure gold and silver and do not spend it in the path of Allah, convey to them the glad tidings of a tormenting punishment. On the day when it (wealth) will be heated up in the fire of hell, and with it will be branded their foreheads, their sides, and their backs, "This is the treasure that you collected for yourselves. Taste you, then, the treasures you collected!" (Al-Qur'aan, 9: 34-35)

The Messenger of Allah (salla Allahu alaihi wa sallam) explained that the wealth and treasures from which Zakah has been given is not included in the above warning of the verse (Abu Dawud).

Abu Hurairah (radhy allahu anhu) relates that Rasulullah (salla Allah alaihi wa sallam) said, "To whomsoever Allah gives wealth, but does not pay its zakah, on judgment day, his wealth will be transformed into the likes of a huge bald serpent having two fangs. It will shackle itself around his neck and will take hold of him with his two fangs and will say, "I am your wealth and I am your treasure." Then he recited "and let not those who are miser with (and withhold) that which Allah has bestowed on them out of his bounty, it (wealth) is better for them, nay, but it is worst for them. On judgment day what they were miser with (and withheld) will be shackled around their necks...". (Bukhari)

Who has to Give Zakah?

An Adult, Sane and who has in his/her possession gold, silver, cash and/or business goods equal to the Nisaab, that has remained in his/her possession for one lunar year, Zakah will be due on him/her. The rate of 2½% (1/40) of the total balance of Zakatable assets after deducting debts is due as Zakah. The beginning of a lunar year is calculated from the date one acquires the nisab for the very first time. Then, if exactly one lunar year thereafter, one still owns the nisaab. Zakah will be due on him/her. Please note Zakah will have to be paid on all monies & Assets he/she possesses on that day, even if some of it was received a few weeks ago.

Value of Nisaab

	Nisaab	Grams	Tolas	Grains	Troy Oz
Gold	20 Mitqaals	87.48	7.5	1350	2.8152
Silver	200 Dirhams	612.36	52.5	9450	19.6875

For Prices Visit: www.lbma.org.uk/

Zakah on Jewellery

	Rate Troy Oz	Divide by	Rate Per Gram	Multiply By	Value (Nisab)
Gold	£	31.1035	£	87.48	£
Silver	£	31.1035	P	612.36	£

Zakah is due on all Jewellery owned made of gold and silver even if it is for personal use (Ref: - Abu Dawood, Vol 2. Hadith. 1558). If gold is less than 49% (less than 12 karats) or silver is less than 49%, Zakah will not be due on it. In the same way White Gold consists of 75% real gold & 25% other alloy, all of it will be considered as gold, and Zakah will be due. There is no Zakah on diamonds, platinum or any other metals and precious stones unless it is for business purpose.

Pension Plans

The Pension or retirement plans that are in the possession of the owner (Money Purchase Schemes, AVC's, Private Pension) Zakah will be due on them. However pension plans not considered in the possession of the owner until retirement or disability, (ie Final Salary Schemes, Civil Servants Pension Schemes) Zakah will not be due on them until they come into the possession of the owner. Please check with a qualified Scholar regarding the nature of your retirement plan.

Zakah on Shares

If the shares are bought only for the sake of reselling them to make a profit (Capital Gain), then Zakah will have to be paid on the market value of the shares. If shares are bought with the intention of benefiting from the dividend, then if the company is trading, e.g. if it is dealing in cloth, iron, steel, machinery goods, cement, or supplies electric power etc, then Zakah will have to be paid on the market value of the shares and the dividend. However, machinery used in the business, factories/buildings, land, fixtures and fittings, and furniture are all exempt and one is allowed to deduct these from the total assets. (These figures can be obtained from the Annual Report). e.g. If a share worth £100 comprises of the following, then Zakah is only payable on £40.

If the company does not trade but realizes

Buildings	Machinery	Stock	Raw Materials	Cash
£30	£30	£15	£15	£10

rent (i.e. bus, train, airline companies), Zakah will only be due on the dividend and not on the value of the shares.

Zakah on Business Goods

Whatever is bought with the intention of selling with profit is defined as a business good. If at the time of buying, the intention of business was not made, it will not be defined as business goods even though one changes his/her intention later on.

Zakah on Properties

If the property was bought with the intention of renting and not for reselling, then Zakah will only be due on whatever is leftover of the accumulated rent and not on the value of the property. Property bought with the intention of reselling Zakah will be payable on the value of the property.

Debt

Debt which is paid in instalments - only one month's worth of instalment will be counted as debt.

ZAKAT CALCULATION TABLE

Cash in Hand	Any Currency acceptable in the Market	£	-
Cash in Bank	In any type of account	£	-
Gold/Silver	Jewellery/Ornaments/Cutlery/Coins etc.	£	-
Debtors/Accounts Receivables	Money owed to you	£	-
Shares & Stocks	See note in next column	£	-
Pensions & Retirement Plans		£	-
Trusts		£	-
Business Goods	See note in next column	£	-
Total	Add all the above	£	-
Less Debts	Money you owe others	£	-
Amount Eligible for Zakat	Amount on Which Zakat is Payable	£	-
Zakat at 2.5% of the above	Amount eligible for Zakat x 0.025	£	-

Obligatory Sadaqah includes:

Zakaat, Sadaqatul-Fitr, Kaffarah, this includes:
Sadaqah for breaking a qasam (oath). Ten eligible poor persons must be fed twice or clothed. The amount for this in currency may also be given but it should be specified for what purpose and from whom the amount is being sent. The responsible committee should make sure the amount is utilized correctly in feeding ten eligible poor persons twice or clothing them.

Sadaqah for intentionally breaking a fast of Ramadhan. Firstly, sixty consecutive fasts must be kept. If one is not capable then sixty eligible poor persons must be fed twice or one eligible poor person must be fed twice for sixty days. The correct amount in currency may also be sent for this but the responsible authority are obliged to make sure the amount is spent correctly. One should keep in mind that there are strict conditions for this kaffarah to become due and should consult a learned person before going forward with it.

SADAQAH-E-FITR(FITRANA)

Fitrana is Waajib on every Male, Female and Minor Children, Who Pay Zakaat or have wealth equal to the Value of Nisaab.

Wheat	1.7 kg
Barley	3.350 kg
Dates	3.350 kg

Qurbani is WAJIB on those who pay Zakaat & Sadaqah-E-Fitr, (on those who own wealth to the Value of Nisaab).

Who is Eligible to Receive Zakah / Sadaqah?

Obligatory Sadaqah & Zakah can only be given to those who are eligible to receive it from the Shari'ah point of view i.e. they are Islamically classified as poor. It cannot be spent on Masaajid, Madrasas, Schools, hospitals etc., as "Tamleek" (making someone the owner) is necessary.

The person eligible to receive Obligatory Sadaqah/Zakah is the one who does not possess the nisab (the minimum required amount for the payment of Zakaat to be due) and does not possess non-Zakatable items surplus and beyond his primary necessities equivalent to the nisab e.g. a house he does not live in, an extra car, fridge, oven etc. that he does not need.

If a person possesses the nisab then it is impermissible to give him any obligatory Sadaqah/Zakah. In fact, Zakah would be due on him if a whole year lapses on it and Sadaqatul-Fitr would be due on him even if a whole year hasn't elapsed.

If a person does not possess the nisab, but does possess non-Zakatable items equivalent to the nisab that are surplus and beyond his primary necessities, then obligatory Sadaqah/Zakah cannot be given to him.

Sadaqah/Zakah can be given to a brother, sister, nephew, neice (brothers and sisters children), uncle, aunt (both paternal and maternal), step-grandfather, step-grandmother, father-in-law, mother-in-law (PROVIDED THEY DO NOT POSSESS NISAAB) The Zakaat and Sadaqah **MUST NOT** be given to Blood relation, eg Father, Mother, Grand Parents, Children & Grand children etc.



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HOW TO CALCULATE YOUR ZAKAH



Note: There are slight differences of opinions regarding some of the foregoing issues. We strongly recommend that you calculate your Zakah under the supervision of a qualified Scholar of Islam whom you trust, or consult them for any further questions