


وَمَا آتَيْتُمْ مِّن زَكَاةٍ تُرِيدُونَ وَجْهَ
اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ

And whatever Zakat you give, seeking Allah's pleasure with it, (it is multiplied by Allah, and) it is such people who multiply
(their wealth in real terms.) 30:39

Zakat

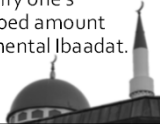
IMAM MUHAMMAD SHOYAIB NURGAT
MASJID E UMER
WALTHAMSTOW



1

What is Zakat?

- Literally, Zakat means to "purify".
- Zakat is one of the five pillars of Islam.
- In the Holy Shariah it refers to the annual obligatory duty of paying 2.5% of the wealth owned by a Muslim who possesses the Nisaab.
- It has also been interpreted as a means to purify one's possession of wealth by distributing a prescribed amount which has to be given to the poor as a fundamental Ibaadat.



2

Zakat in the Holy Qur'aan

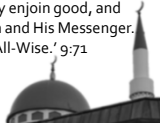
- There are 32 references to the word Zakat in the Holy Qur'aan; and fifteen references to Sadaqah, which also includes Zakat. qamus ul fiqh vol 4 pg 59.

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَارْكَعُوا مَعَ الرَّاكِعِينَ

'And perform As-Salah, and give Zakat, and bow down along with Ar-Raki'in.' 2:43

وَالْمُؤْمِنُونَ وَالْمُؤْمِنَاتُ بَعْضُهُمْ أَوْلِيَاءُ بَعْضٍ يَأْمُرُونَ بِالْمَعْرُوفِ وَيَنْهَوْنَ عَنِ الْمُنْكَرِ وَيُقِيمُونَ
الصَّلَاةَ وَيُؤْتُونَ الزَّكَاةَ وَيُطِيعُونَ اللَّهَ وَرَسُولَهُ أُولَٰئِكَ سَيَرْحَمُهُمُ اللَّهُ إِنَّ اللَّهَ عَزِيزٌ حَكِيمٌ

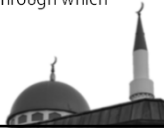
'The believers, men and women, are supporters of one another; they enjoin good, and forbid evil; they perform the Salah, and give the Zakat, and obey Allah and His Messenger. Allah will have His mercy on them. Surely, Allah is All-Mighty, All-Wise.' 9:71



3

Virtue of Giving Zakat

- "The parable of those who spend their wealth in the way of Allah is that of a grain of corn. It grows seven ears and each ear has a hundred grains. Allah increases manifold to whom He pleases." 2:261
- and whatever Zakat you give, seeking Allah's pleasure with it, (it is multiplied by Allah, and) it is such people who multiply (their wealth in real terms.) 30:39
- Take Sadaqah (obligatory alms) out of their wealth through which you may cleanse and purify them... 9:103

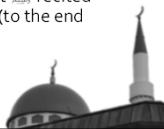


4

Zakat in the Ahaadith

Narrated Abu Huraira:

- Allah's Messenger ﷺ said, "Whoever is made wealthy by Allah and does not pay the Zakat of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes. The snake will encircle his neck and bite his cheeks and say, 'I am your wealth, I am your treasure.'" Then the Prophet ﷺ recited the Holy verses:- 'Let not those who withhold . . .' (to the end of the verse). (3:180). Sahih Bukhari



5

Zakat in the Ahaadith...

The Messenger of Allah (ﷺ) turned to us and said: 'O Muhajiroon, there are five things with which you will be tested, and I seek refuge with Allah lest you live to see them...

'They do not withhold the Zakah of their wealth, but rain will be withheld from the sky, and were it not for the animals, no rain would fall on them.' (Ibn Majah)

The Messenger of Allah (ﷺ) said: "When you pay the Zakat you have fulfilled what is required of you." (Tirmizi)



6

On whom is Zakat obligatory?

- A sane, baligh Muslim possessing wealth equal to or above Nisaab level, provided he has possessed it for a full year.
- In the books the condition of being 'free' is also mentioned. (Not relevant to the time we live in)

NOTE:

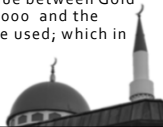
Zakat should be calculated according to the Islamic (Lunar) calendar as the Gregorian calendar falls about 11 days short each year.



7

What is meant by Nisaab?

- The amount of wealth which makes one liable for Zakat is called Nisaab. the Nisaab of gold and silver fixed by Rasulullah ﷺ is as follows:
- Gold: 20 Mithqals equalling 87.48 grams
- Silver: 200 Dirhams equalling 612,36 grams
- The Nisaab of assets other than Gold and Silver (e.g. merchandise and cash etc.) will be the equivalent of what is lesser in value between Gold and Silver. (e.g. if the Nisaab of Gold is for instance £1000 and the Nisaab of Silver is £200, the Silver Nisaab level must be used; which in this case will be £200.
- The rate of Zakat is 1:40 i.e. 2.5% annually



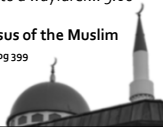
8

Recipients of Zakat (masaarif)

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمَوْلَّاتِ قُلُوبِهِمْ وَفِي الرِّقَابِ وَالْغَرَمِينَ وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

The Sadaqat (Zakat) are (meant) only to be given to the poor, the needy, to those employed to collect them, to those whose hearts are to be won, in the cause of the slaves and those encumbered with debt, in the way of Allah and to a wayfarer... 9:60

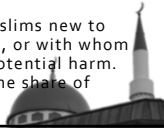
Note: The word Sadaqat in this verse according to the consensus of the Muslim Ummah refers to the obligatory Sadaqat. Ma'ariful Qur'aan V 4, English pg 339



9

Recipients of Zakat continued...

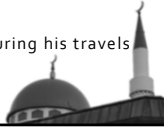
1. Fuqara: The Poor (Faqir is a graceful person who does not ask anyone for anything. Ibn Katheer)
2. Masakin: The Poor who may have some wealth but doesn't exceed the Nisaab. (Miskin is the one who follows people, begging. Ibn Katheer)
3. Ameleena Alayhaa: Administrators of Zakat employed by an Islamic government to collect Zakat.
4. Mu'allafate-Qulubuhum: Various groups of poor Muslims new to Islam who either needed to be supported in their faith, or with whom reconciliation was required in order to alleviate any potential harm. Umar RA during his time as the Khalifah, suspended the share of Mu'allafatul Qulub.



10

Recipients of Zakat continued...

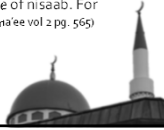
5. Fir-Riqab: For those slaves who need help to buy their freedom.
6. Al-Gharimin: Those in so much debt that they do not have any surplus possessions or wealth to free them of the debt.
7. Fi-Sabilillah: In the Cause of Allah; the poor soldiers in the Muslim armed forces. Or those on whom Hajj was fardh, but now, do not have sufficient funds. Some have included poor students of knowledge. Ma'ariful Qur'aan
8. Inbas-Sabil: The traveller who has become needy during his travels (even though he may be wealthy at home).



11

Zakat cannot be given to...

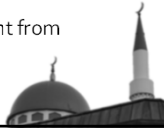
- Banu Hashim - descendants of: Ali, Abbas, Ja'far, Aqeel, Haarith bin Abdul Muttalib . (Qamoos ul Fiqh)
- Ones child, grandchild, great-grandchild and so on;
- Ones parents, grandparents, great-grandparents and so on;
- One's spouse, be it one's wife or husband. (Ibn Abidin, Radd al-Muhtar 2/366, Al-Fatawa al-Hindiyya 2/288-289, al-Kasani, Bada'i al-Sana'i 2/47-48 & Ibn Qudama, al-Mughni 2/279)
- A person who does not have the nisaab of zakat, but has goods that are more than his needs and, are equal to or more than the value of nisaab. For example, a person has no money but two houses. (Tuhfatul Alma'ee vol 2 pg. 565)



12

Which types of wealth is Zakat obligatory on?

- Gold & Silver (whether jewellery or any other form).
- Merchandise for business (Stock).
- Rental Income.
- Cash (on hand or in bank).
- Monies owed to you (details to follow).
- Livestock (the Nisaab of livestock is different from above). (not included in presentation contact Ulama)



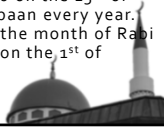
13

Basic rules of Zakat...

- Zakat is paid on the balance of the assets owned on the Zakatable anniversary.
- Any increase or decrease that takes place during the year is irrelevant.

Example:
Nisab of Zakat on 29th March 2021 is: £361.29 (Wifaq ul Ulama)

Umar had £0 on the 1st of Rajab 1441 He received £400 on the 15th of Sha'baan 1441; Umars Zakat date will be 15th of Sha'baan every year. During the year in the month of Safar he had £200, in the month of Rabi ul Awwal he had £300 then he received a further £700 on the 1st of Sha'baan. So on the 15th of Sha'baan he had £1000. He will pay Zakat on the £1000.



14

Basic Rules Of Zakat...

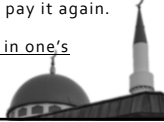
- If a person cannot remember the date upon which he first became Sahib un-Nisaab, then one should make the best estimate.
- If an estimate cannot even be made then a date should be selected which is then stuck to each lunar year.
- This date does not have to be within the month of Ramadhan.
- If at anytime his wealth drops below £0, then his Zakat date will be reset. (from the date he comes into possession of the Nisab)

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15

Basic rules of Zakat cont'd...

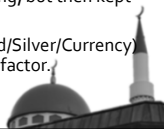
- If an object contains a mixture of metals including Gold or Silver and the Gold or Silver is more than the other metals; the whole of it will be regarded as Gold or Silver and Zakat will be Fardh. If the other metals are greater then Zakat will not be Fardh.
- Zakat should be distributed as soon as possible, at the very latest within 1 lunar year of the calculation date.
- Zakat needs to be paid on jewellery every year; it is not the case that if one has paid it once, then he/she doesn't need to pay it again.
- One will continue to pay it for as long as it remains in one's possession.



16

Zakat on Merchandise

- This would include stock for sale in a business, houses to sell, cars to sell or diamonds to sell, etc.
- Zakat is due on the entire stock value – always use Selling Price/Market Value.
- There is no Zakat on the property or fixtures and fittings of the business.
- If someone bought something with the intention of selling, but then kept it for his personal use; no Zakat will be due on the item.
- As long as an item is not from those categories (e.g. Gold/Silver/Currency) on which Zakat is due; the intention will be the deciding factor.



17

Further Clarifications...

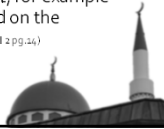
- If a person has a few houses with no intention to sell, there is no Zakat on the second home.
- If someone is receiving rental income from the second home, there will be Zakat on the rental income, not on the property itself.



18

Zakat on Shares/Investments

- Zakat on shares is based on the intention of purchase.
- If they have been bought as a trading commodity (buying and selling) then Zakat will be paid on the market value on the day fixed for Zakat calculations.
- If one has purchased the shares as a long term investment and not to buy and sell then:
- If the company does not buy and sell but only collects rent, for example bus and rail companies then Zakaat will only be calculated on the dividends earned, not on the capital amount. (Fatawa Rahimiya vol 2 pg.14)



19

Shares Continued...

- If the company buys and sells merchandise, Zakaat will be calculated on the capital investment as well as on the dividends. (Fatawa Rahimiya vol 2 pg.14)
 - However:
 - One is allowed to subtract the value of those items which are exempted from Zakat, i.e. machinery, land, furniture, cars, etc... (Fatawa Darul Uloom Zakaria V 4 pg 147)
- (This information (on the percentage of non-Zakat-able assets) can be obtained from the company's annual report.)
- Example: Zaid got £1000 worth of shares in 'company A'. If 50% of the company's assets cover machinery, land, furniture, cars etc. and the other 50% of the company's assets are in the form of cash, stock in trade etc. Then 50% of the £1000 i.e. £500 is Zakatable; whilst the other 50% would be exempt

30/03/2021

20

Pensions...

There are broadly three types of pensions:

1. Final salary pension scheme also known as Defined Benefit (DB): The amount a person receives depends on the salary they were earning when they retired and how long they worked for that particular employer. **There is no Zakat on this type of pension.**
2. Money purchase pension plan also known as Defined Contribution (DC): The money that is paid into this fund is invested by the provider. When a person retires, the amount they will receive depends on how much they have paid in and how well the investments have also done. **There is Zakat on this type of pension**
3. Individual Pension : This is a personal/private pension, or SIP (self-invested pension) or a stakeholder pension. The person has a choice how often they pay into it and the return depends on how much you put it and how well investments have done. **There is Zakat on this type of pension**

30/03/2021

21

Debts – Three Categories

1. Qawi (Strong loan)
2. Mutawassit (Intermediary Loan)
3. Dhae'eef (Weak Loan)



22

1. Qawi (Strong Loan)

If cash, gold or silver has been given as a loan or when merchandise has been sold and the payment is received after a year or two; and the value of the amount owing is that of Nisaab, then this is called a Qawi loan. (Qard e Hasanah comes under this category.)

Zakat for those years prior to payment will be obligatory. If the debt was paid in instalments; and one fifth of the debt was paid then, Zakat would have to be discharged for this amount. (Qamoos ul Fiqh Vol 4, pg 63)



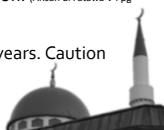
23

2. Mutawassit (intermediary Loan)

An intermediary debt is a debt from the sale of non-merchandise such as the sale of one's own house or car.

Zakat will become Farz when these monies are received and they are equal to or in excess of Nisaab, and further, they are retained for a full Islamic year. There is no Zakat for the years that have passed before receiving these amounts. This the 'Rajih' preferred opinion. (Ahsan ul Fatawa V4 pg 271, Jadeded Fiqhi Masaa'il V 2 pg. 53)

The other opinion is that Zakat will be due for the past years. Caution demands that this opinion is taken.



24

An Q&A on Intermediary Loans

Q: Zayd sold his personal house on 1st Rajab for £100,000. The buyer took possession of the house. For some reason, he was unable to make the payment immediately and paid three months later on Eid day. Zayd's Zakat date is 1st Ramaḍān. Does he have to give Zakat on the £100,000?

A: Hanafī jurists have mixed views in relation to this as it is a debt of intermediate strength. The *ẓāhir al-riwāyah* (manifest narration) is that Zakat is necessary. Therefore, in this scenario, Zakat should be given.

If, however, a person is struggling, for example due to purchasing another house after his Zakat anniversary, and this is his only home, then in this scenario, Zakat can be excused.

Mufti Yusuf Shabbir

Approved by: Mufti Shabbir Ahmad and Mufti Muhammad Tahir

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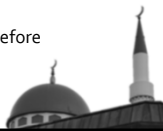
25

3. Dha'eef (Weak Loan)

A weak debt is a debt not gained through the exchange of wealth (Maal), such as inheritance, bequests, Mahr (dowry) salary etc.

Zakaat will become Farz when these monies are received and they are equal to or in excess of Nisaab, and further, they are retained for a full Islamic year.

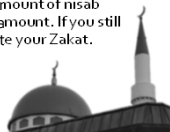
There is no Zakaat for the years that have passed before receiving these amounts. (Ahsan ul Fatawa Vol 4 Pg 272)



26

Note on repaid Loans...

- If you are already sahib al-nisab before you were repaid; then this repaid loan will be added to your zakatable wealth on your zakat anniversary.
- Example: If your loan was paid in Rajab 1442 and your annual Zakat date is the 1st of Sha'baan 1442, then your repaid loan will form part of your zakatable wealth on the 1st of Sha'baan 1442.
- If you were not sahib al-nisab before receiving the repayment and now, either by itself or added with other wealth you had, it reaches the amount of nisab then, you will wait one lunar year from the date you got this amount. If you still have an amount equal to or above the nisaab you will calculate your Zakat.
- This date will be your annual Zakat date going forward.



27

Money owed to others..

- If it is a short term debt; then that will be deducted from the Zakatable wealth.
- Long term debts that are to be paid off in instalments, like mortgage payments, the more preferred opinion is that one must deduct the outstanding instalments payable for the coming lunar year. Jadeed Fiqhi Masaa'il V2 Pg 67



28

Conclusion

- Add gold, silver and cash
- Add merchandise
- Add shares, pensions, ISA's
- Add loans owed to you by others
- Minus debts owed
- APPLY 2.5% Zakat TO TOTAL



29

Zakat Calculation table

• Cash in hand/bank:	£1000	Deductions	
• Gold/Silver:	£3000	• Debt:	£2000
• Shares:	£0	• Years house payment:	£4000
• Pensions:	£4000	• Bills due now:	£200
• Business Stock:	£0	• <u>Total to Deduct: £6200</u>	
• Money loaned to others	£2000	• Balance eligible for Zakat: £3800	
• <u>Total: £10,000</u>		• Zakat at 2.5%	
		• 3800 x 0.025 = £95	
		(easy way of calculating Zakat)	

30/03/2021

30

FAQ's

- If I have paid Zakat on jewellery last year, do I need to pay Zakat on the same jewellery this year? Yes, you must pay again this year and all the subsequent years that the jewellery remains in your possession.
- I have kept some money aside to fulfil my duty of Hajj, do I need to pay Zakat on this money? Yes, Zakat needs to be given.
- I have kept some money aside for my children's weddings, do I need to pay Zakat on this money? Yes, Zakat needs to be given.
- Can Zakat be paid in advance? Yes
- I have some interest money in my account, Do I need to pay Zakat on the interest? No, Zakat is not due on haraam wealth, this needs to be given to the poor without intention of Thawaab.
- Is there Zakat on diamonds and platinum jewellery which are for my personal use? No.

31

FAQ's Continued...

- Can Zakat be given to the Masjid? No, an essential condition for Zakat to be valid is 'Tamleek' /ownership, this is not fulfilled when giving to the Masjid.
- Can Zakat be used to fulfil the debts of a deceased person or for his burial? No, the condition of 'Tamleek' ownership, is not fulfilled.
- Is intention necessary for the fulfilment of Zakat? Yes.
- Does a person have to tell a recipient of Zakat that this is Zakat money? No, the Zakat payer can say it is a gift whilst intending that it is Zakat.
- My husband gave me jewellery on my marriage, who is liable for Zakat, me or my husband? As you (wife) are the owner you are liable. If the husband wishes to pay on your behalf he may do so.

32

Can Zakat Be Given To Charities?

Zakat can be given to those trustworthy charities that are aware of the rulings of Zakat. They must have a 100% Zakat donation policy. It is our responsibility to vet them in the same way that it is our responsibility to vet any individual who we are choosing to distribute our Zakat.

I would strongly recommend that we distribute the Zakat ourselves. If not, then we choose a Charity that has competent and reliable scholars on their advisory boards, who can distribute your zakat to the eligible beneficiaries.

Also insist on the fact that the Zakat has to be distributed in the same year; it must not be invested or kept in investment accounts. For the Zakat to be valid it is necessary that someone deserving from the eight categories must be given possession (tamleek) of the zakat funds. Without it, Zakat is not fulfilled.

30/03/2021

33