

ZAKAH



MEANING OF ZAKAT

LITERAL MEANING:

- Purification
- Growth
- Blessing
- Righteousness
- Praise

MEANING IN ISLAM:

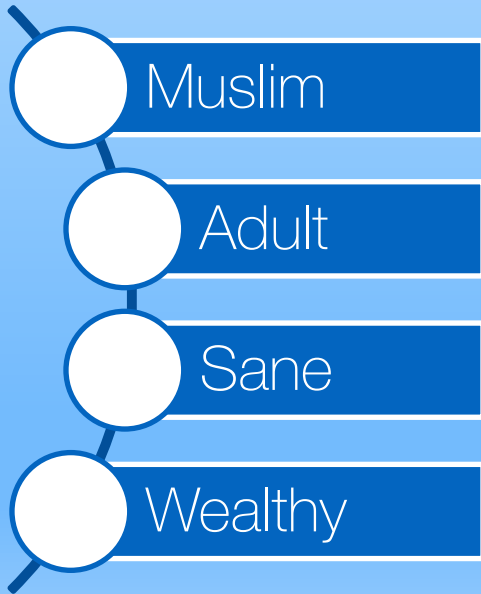
to pay a **fixed percentage** of **particular wealth** to **deserving poor**.

- 3rd pillar of Islam.
- Interlinked with salah 28 times in the Qur'an.

IMPORTANCE OF ZAKAT

"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.' " The Prophet PBUH then recited: 'And let not those who [greedily] withhold what Allah has given them of His bounty ever think that it is better for them. Rather, it is worse for them. Their necks will be encircled by what they withheld on the Day of Resurrection ... [3.180].'" [al-Bukhari]

WHO MUST PAY ZAKAH?



WHO IS WEALTHY?

<p>NISAB AMOUNT</p>	<p>612.36 GRAMS/ 52.5 TOLA OF SILVER</p>	<p>87.48 GRAMS/ 7.5 TOLA OF GOLD</p>
<p>IN CASH</p>	<p><u>£367.41</u> (AS 1 GRAM OF SILVER IS 0.60) ON 17 / 03 / 2023</p>	<p>£4,496.47 (AS 1 GRAM OF GOLD IS 51.40)</p>
<p>WHEN TO USE</p>	<p>WHEN ONE HAS A MIXTURE OF ASSETS [AND NOT ONLY GOLD]</p>	<p>ONLY USE WHEN ONE HAS ONLY GOLD [AND NO SILVER, CASH ETC.]</p>

PAYING ZAKAH

at your **Zakah**
anniversary
date

calculated
according to the
lunar calendar

should be
given **ASAP**

can be given in
advance.

snapshot
calculation

individual
obligation

CALCULATING ZAKAH

DATE	BALANCE
13 TH RAMADHAN 1443	£200
15 TH RAMADHAN 1443	£500
5 TH SHAWWAL 1443	£250
13 TH RAMADHAN 1444	£1000
15 TH RAMADHAN 1444	£700
5 TH SHAWWAL 1444	£300
WHEN WILL I GIVE MY ZAKAH?	
HOW MUCH ZAKAH WILL I GIVE?	

2.5%

WHAT MUST I GIVE ZAKAH ON? (1)

Money

Gold & Silver


Business assets/ Investments

Livestock

Crops

2.5% or
 $\frac{1}{40}$; It's the
same thing!

WHAT MUST I GIVE ZAKAH ON? (2)

General Rule: There is **no zakah** on **any assets** owned **except** for those mentioned 

So, there is **no zakah** on:

- a house purchased to live in
- a land purchased to build a house on
- furniture and fittings
- motor vehicle/s
- personal clothing & items including computer, phones etc.
- **any goods purchased for personal use or for renting purposes.**

Zakah is only compulsory on the house, lands, vehicles, clothing or any goods **purchased for the purpose of resell.**

ZAKAH IS ONLY ON:

- Cash (including money owed to you)
- Gold and Silver
- Trade assets
- Livestock
- Crops

WHAT MUST I GIVE ZAKAH ON: MONEY?

 All cash

Haram
Money 

Debt 

WHAT MUST I GIVE ZAKAH ON: MONEY OWED TO YOU?

1. Personal Loans:
money you expect
back for lending
out a personal loan

2. Credit sales:
money owed to
you for selling
business items.

*Note: upon retrieving the
debts*

There is **no zakah** on:

- Inheritance shares
- Outstanding wages, fees, remuneration of services
- Loans advanced without any hope of repayment.
- Outstanding invoices for the sale of personal items
- Pay-outs and awards
- Settlements

ZAKAH CALCULATION

Ibrahim loves to travel the world and now has various currencies in his collection. He has in his savings £500, \$200 and 1000 Rupees.

How much zakat does he give in pounds?

NOTE:

£1.00 = 2 Dollars

£1.00 = 100 Rupees

WHAT MUST I GIVE ZAKAH ON: GOLD & SILVER?

any gold and silver, whichever form, for personal use or otherwise. It is also necessary on mixed metal jewellery (even if 9 carat e.g., price of gold carat per gram x no. of grams).

In a mixture of metals, on only the gold or silver.

calculated on the resale value.

There is **no zakah** on gold and silver which is stuck onto the body and **cannot be removed** e.g. gold tooth. However, zakah has to be given if they can be removed e.g. a removable golden nose ring.

Use scrap gold value.

no *zakah* on metals other than gold and silver, e.g. aluminium, platinum, precious stones, pearls, diamonds [unless acquired for trade].

ZAKAH CALCULATION

Khadijah has 20 grams of 24 carat of gold jewellery. She also has 100 grams of silver jewellery.

How much zakat will she give?

NOTE:

1 gram of 24 carat gold = £10

1 gram of silver = £2

WHAT MUST I GIVE ZAKAH ON: BUSINESS ASSETS?

1. cash

2. receivables

3. stock purchased with sole intention to resell.

4. investments

How much you would receive for it if you were to sell?

There is no zakah on [unless purchased with intention of resale]:

- Land
- Building
- Machinery
- Equipment
- Fixtures and fittings
- Transport vehicles.
- Outstanding service receivables

WHAT MUST I GIVE ZAKAH ON: PROPERTY & OTHER FIXED ASSETS?

Intention when buying

Solely to
sell

zakah

To reside

No
zakah

Buy-to-let

No
zakah

uncertain

No
zakah

ZAKAH CALCULATION

Aqib has a total amount of **savings** adding up to **£10,000**. He also owns a **mobile phone shop** and a **grocery store**. He has learnt that the **mobile phones to sell** cost him **£8,000** but are **put for sale** at **£10,000** and the **stock** in his **grocery store** was for **£4,000** but now worth **£5,000**.

How much zakat will he give?

WHAT MUST I GIVE ZAKAH ON: SHARES, UNIT TRUSTS, & EQUITY INVESTMENTS?

IF THE SHARES WERE PURCHASED:	ZAKAH IS DUE:
WITH THE INTENTION TO RESELL/ ACTIVE TRADING STRATEGY	ON THE ENTIRE HOLDING AT THE CURRENT MARKET VALUE.
AS A LONG-TERM INVESTMENT/ BUY-AND-HOLD TRADING STRATEGY	ONLY ON THE ZAKATABLE ASSETS OF THE COMPANY

Note: It is impermissible to buy shares in companies that deal in unlawful e.g. brewery.

If you do not know, assume the *zakatable* assets to be

25% of the total amount you own.

ZAKAH CALCULATION

Adam has the following shares.

20 Shares in GlaxoSmithKline

20 Shares in EE

20 Shares in BMW

50 Shares in HMC

NOTE:

1 Share in GlaxoSmithKline = £5

1 Share in EE = £5

1 Share in BMW = £2.50

1 Share in HMC = £2

How much zakah will he give?

1. £8.75

2. £2.19

WHAT MUST I GIVE ZAKAH ON: PENSIONS?

The pension monies should only be invested in sharia compliant investment.

Defined Benefit

- Examples: final salary schemes, career average schemes
- **NO ZAKAH**

Defined Contribution

- money purchase, personal pension schemes, SIPPs, AVCs, Personal Pensions, Stakeholder Pensions
- **ZAKAH** [on zakatable assets]

- (See FACT SHEET; however, if not possible to work out, then
- 15% for Direct Property Fund
- 26% for Shariah Compliant Fund
- 27% for Equity Fund
- 50% for Diversified/ Multi-asset/ Mixed Fund
- 100% for Bonds/ Fixed Income

ZAKAH CALCULATION

Taha has a pension fund valued £10,000. The percentage of assets in his pension fund is:

50% = Equities

10% = Cash

30% = Property

10% = Other

How much zakah will he give?

NOTE:

Equities = £1,250 (25% of £5,000)

Cash = £1000

Other = £1000

Zakatable Assets Value = £3,250

£81.25

WHAT CAN I DEDUCT FROM MY ZAKAH CALCULATION?

Overdue
payments

Incurring debts
payable within
12 months.

personal loans

YOU CANNOT TAKE OFF:

- Future expenses/
bills not yet due;
- Unlawful money
e.g., interest.

ZAKAH CALCULATION

- a. £150 total amount in the **bank**.
- b. £50.00 found in the **pocket**
- c. £100 of **stock** in my book shop
- d. 2 grams of (24 carat) **gold** necklace
- e. £500 saved to pay for Hajj ticket
- f. £50, 000 asking price for my **'House for Sale'**
- g. 4 grams of **silver** ring I have.
- h. £200 in the **pension pot**
- i. \$10.00
- j. £500 worth precious **diamonds**
- k. 20 Saudi Arabian Riyals.
- l. £50 I am owed for selling my personal phone
- m. 10 **Shares** in GlaxoSmithKline
- n. 5 **Shares** in EE
- o. £200 **given** to Masjid to borrow
- p. Student loan debt of £25, 000
- q. £200 I still **owe** for the new fridge purchased
- r. £200 unpaid wages to me

NOTE:

1 gram of 24 carat gold = £5

1 gram of silver = £1

NOTE:

£1.00 = \$1.5

£1.00 = 5 SA Riyals

NOTE:

1 Share in GlaxoSmithKline is selling = £2

1 Share in EE = £1

WHO CAN I GIVE ZAKAH TO?

The poor whose **zakatable assets** and **surplus non-zakatable assets** (that are above basic needs), if all added, **do not reach** the value of ***nisab*** [after settling debts].

WHO CAN I NOT GIVE ZAKAH TO?

Non-poor

Non-Muslim

A minor of a
wealthy father

Parents and
grandparents

Children and
grandchildren

Spouse

Hospitals, Schools,
Masjids

Burial expenses

Wages,
Remuneration or in
exchange for any
service.

You can give to:

- brothers, sisters, uncles, aunts etc.,
- a poor man whose children are rich,
- or a poor woman whose husband may be rich.

WHAT MUST THEY DO?

MUHAMMAD	
ASSETS	WORTH
CASH	£200
SILVER	£200
HOUSE	£30,000
BED	£100
FRIDGE	£10
TELEVISION	£40
UNUSED CLOTHES	£30
TAKE OR GIVE ZAKAH?	

FATIMA	
ASSETS	WORTH
CASH	£400
GOLD	£100
HOUSE	£50,000
BED	£100
FRIDGE	£50
TELEVISION	£40
DEBT	£400
TAKE OR GIVE ZAKAH?	

UTHMAN	
ASSETS	WORTH
CASH	£50
SILVER	£50
HOUSE	£50,000
BED	£100
FRIDGE	£50
TELEVISION	£150
UNUSED CLOTHES	£200
TAKE OR GIVE ZAKAH?	

WHO SHOULD I GIVE MY ZAKAH TO?

It is preferable to pay *zakah* to:

- **close relatives** who are eligible for zakah
- Poor people residing **locally**
- People who are in **desperate, emergency need**
- **Students of Knowledge**

Note: ensure you give your zakah to a responsible and reputable organisation or persons to pass on to deserving recipients.

WHAT MUST I DO WHEN GIVING ZAKAH?

Calculate

Intention

Eligible
recipient

Make
complete
owner

Pay in cash
or kind

THE FINAL CALCULATION



Zakatable
Assets

—



Deductible
Liabilities

=



**Net
Zakatable
Assets**

JazakAllahu khaira for listening.

