

8. **IBN AS-SABĪL:** Those who are Musāfir̄s (travelers in view of Shari'ah) and during the course of their journey do not possess basic necessities, though they are well to do at home. They could be given zakāt in order to complete their travel needs to return home.

IMPORTANT:

- ❖ All the above mentioned recipients excluding Al-'Āmilīn must be those who do not possess the *nisāb*.
- ❖ When giving zakāt, one's poor and needy relatives should be given preference. To avoid embarrassment, it should be given without saying that it is zakāt.
- ❖ There is great reward in giving zakāt to poor persons who are striving in the way of the Dīn, those who are engaged in religious knowledge, or to religious institutions where poor or needy students are being cared for. Care should be taken that only such institutions are given zakāt which use it according to the Shari'ah.
- ❖ A child of a wealthy father cannot be given zakāt. When such a child becomes mature and does not own wealth to the value of *nisāb*, he may then be given zakāt.

ZAKĀT CAN BE GIVEN TO a brother, sister, nephew, niece, uncle, aunt (both paternal and maternal) step-grandfather, step-grandmother, father-in-law, mother-in-law PROVIDED THEY DO NOT POSSESS *NISĀB*.

ZAKĀT CANNOT BE GIVEN TO:

1. Zakāt cannot be given to the *Sayyid(Sādāt)* family.
2. Zakāt cannot be given to immediate antecedents such as parents, grandfather, etc. In the same manner one's descendants such as children and grandchildren, cannot be given zakāt. A husband and wife cannot give zakāt to each other.
3. Zakāt contributions cannot be given to such institutions or organizations that do not give the rightful recipients (*Masārif*) possession of zakāt, but instead use zakāt funds for construction, investment or salaries. Zakāt must be given in the ownership of the eligible individuals.
4. Zakāt cannot be given to non-Muslims.
5. If one cannot determine whether the recipient is needy or not, it is better to make certain before giving zakāt. If zakāt is given without inquiry and subsequently it is known that the recipient is wealthy, the zakāt is not valid. It has to be given again.
6. Zakāt will not be fulfilled by purchasing books for an institution, or land purchased for public utility and made *waqf*.
7. Zakāt cannot be used for the *kafr̄n* (shroud) of a deceased person who has no heirs.

8. Zakāt cannot be given as salary or amount due upon a contract.
9. Zakāt cannot be given to construct a masjid, school, etc.
10. A dead person's debt cannot be paid from Zakāt.

ZAKĀT ON MERCHANDISE

1. Articles that are for sale are referred to as merchandise. The *nisāb* for zakāt on merchandise is the same as that for cash, i.e. if the value of the articles is at least equivalent to the value of 87.48 grams of gold or 612.36 grams of silver (whichever is less), and it is be obligatory to pay zakāt at the rate of 2.5% or one fortieth.
2. Zakāt is Fard (obligatory) on the following items when calculating a balance sheet:
 - a. Stock in trade
 - b. Goods in transit (which have been paid for)
 - c. Cash on hand
 - d. Outstanding cash and loans (when repaid and if they are equal to *nisāb*)
 - e. Cash at bank
 - f. Savings account
 - g. Fixed deposits
 - h. Misc. income outstanding (when repaid and if they are equal to *nisāb*)
 - i. Claims (acknowledged)
 - j. Other savings
3. All these must be added as one amount and after subtracting the creditor's amount and/or any other liabilities, the balance must be added to the capital. zakāt must then be given on this combined figure.
4. Zakāt should be given on the capital that exists on the *hawl* date, which includes the profit, e. g. at the beginning of the year the capital is \$20,000. When the year ends a profit of \$5,000 is shown. Zakāt must be given on \$25,000.
5. If a bad debt is recovered and it is equal to or exceeds the *nisāb*, then zakāt on all the past years must be given.
6. If one has various different types of merchandise then the total value of all the goods should be calculated. If it is equal to or exceeds the value of *nisāb* then it will be necessary to give zakāt.
7. If at the beginning of the year one has the full *nisāb* and during and year the amount decreases and by the end of the year possession of the full *nisāb* is regained then it will be necessary to give zakāt on this amount regardless of fluctuations in the interim.
8. If one mixes *halāl* and *harām* merchandise and the amount is equal to or exceeds the *nisāb* at the end of the year, it will be necessary to give zakāt.
9. It is necessary to calculate the price of merchandise at the current wholesale price. zakāt should be calculated on these figures.

10. If a few persons are partners in a company and if any one share of the partners is equal to or exceeds *nisāb*, it will be necessary for that partner to give zakāt.
11. Zakāt on stocks must be calculated on the *hawl* date.
12. Zakāt is due at the current price on shares held in a company at the end of every *hawl*.
13. As machinery, land, fixtures and fittings, furniture, buildings etc. are exempt from zakāt; one is allowed to subtract these from the total assets. This could be obtained from the company's annual report. For example if one has shares worth \$10,000 and the machinery, land, etc., are worth 5% of the total assets of the company, then deduct \$500 for machinery, land, fixtures and fittings, furniture and buildings (the zakāt-exempted items) thereafter deduct the liabilities of the company proportionately to the percentage of shares held, and the zakāt must be calculated on the balance.
14. When zakāt is given on a capital amount once, and thereafter if this same amount remains with the owner until the following year then zakāt will be due again. Zakāt will be due repeatedly after every *hawl* has elapsed.

Zakāt in Brief

Zakāt is one of the most important pillars of Islam. It is a monetary devotion, or *'ibādah*, that has been obligated in the Shari'ah of Allah (swt). Denying its obligation renders a person out of the fold of Islam. Not discharging zakāt, after it has become due, is a transgression of the highest degree which destroys a person's spirituality.

Zakāt is a set amount ordained by the Shari'ah that must be given with the intention of *'ibādah* from the wealth of a person and the ownership of this amount must to be transferred to eligible individuals.

WARNINGS REGARDING ZAKĀT

Allah (swt) said: "As for those who accumulate gold and silver and do not spend it in the way of Allah, give them the 'good' news of a painful punishment. On the day it (the wealth) will be heated up in the fire of Jahannam, then their foreheads and their sides and their backs shall be branded with it: 'This is what you had accumulated for yourselves. So, taste what you have been accumulating.'" (Surah at-Taubah:34-5)

Rasulullah (saw) has said: "The person to whom Allah has bestowed wealth, and he does not give Zakāt, on the Day of Resurrection, this wealth will be turned into a venomous bald serpent which will wind around his neck and bite his jaws and say, "I am your wealth, I am your treasure."(al-Bukhari)

ON WHOM ZAKĀT IS FARD (Obligatory)

Zakāt is Fard upon a person if he/she is:

1. Muslim
2. Adult
3. Sane
4. Owner of wealth at least the value of *Nisāb* (the Quantum)

Furthermore the wealth must be

- a. Fully owned by the person
- b. In excess of personal needs (clothing, household furniture, utensils, cars, etc.)
- c. It should be possessed by the person for at least complete Islamic lunar year (see *Nisāb*, *Hawl* section)
- d. Monetary wealth (i.e. gold, silver, cash, etc.), livestock, or trade goods.

Note: There is no zakāt on assets that are not of a productive nature even if these are in excess of ones needs, such as cars, utensils, houses, furniture etc. as long as such items are not intended for trade.

Detailed questions regarding Zakat should be forwarded to the contact to below.

Presented by:
Shariah Board of New York
57-16 37th Avenue, Woodside, NY 11377
Tel: (718) 426-3454 fatwa@rahmatealam.org

There is no zakāt on those whose short term liabilities due immediately exceed or equal their assets.

For example: A person has \$1,000 in silver at hand but has \$1,200 in debt due immediately. This person has no zakāt due. IMPORTANT: Long-term loans such as house mortgages, car loans, student loans, etc. are not to be used in this calculation. However, the yearly payment of these loans due this current year may be used as a liability.

TYPES OF WEALTH ON WHICH ZAKĀT IS FARD (Obligatory)

1. Gold and silver, be it in the form of jewelry, utensils, bullion or any other form.
2. Cash, checking and savings balance
3. Loans lent to others which are acknowledged (see Paying Zakāt section)
4. Merchandise for business, equal to the value of *nisāb*
5. Livestock
6. Income of properties if it is equal to the value of *nisāb*
7. Income derived from a hiring business, such as cars, vans, trucks, etc.

The value of these should be at least the amount which is shown under *nisāb* (the Quantum) rate.

TYPES OF WEALTH ON WHICH ZAKĀT IS NOT FARD

1. Any metal besides gold or silver as long as it is not for business purpose
2. Fixtures, fittings or machinery of a shop, factory, delivery vehicle, etc., which is used in the operation of a business
3. Diamonds, pearls, and other precious or semi-precious stones which are for personal use. However, zakāt is payable on the gold or silver used in jewelry with diamonds, pearls, etc.
4. Imitation jewelry
5. Living quarters, household furniture, personal clothing, whether they are in use or not. However, Islam does not justify extravagance.

NISĀB (The Quantum), HAWL AND RATE OF ZAKĀT

The amount of wealth which makes one liable for zakāt is called *nisāb*. *nisāb* is the threshold line, which separates those who are obligated to give zakāt from those who are not. In other words, *nisāb* is the minimum amount of wealth whose owner is deemed to be wealthy in the conception of Shari'ah and zakāt is obligatory on him.

Zakāt is calculated periodically. Each period is one Islamic year long and is called a *hawl*. A person's *hawl*

date (on which he calculates his zakāt every year) is set by the date on which (1) his zakāttable assets reached the amount of *nisāb* for the first time and (2) one full Islamic year after that date, the assets are at least *nisāb* value as long as (3) some of the wealth remained throughout the course of this year (i.e. the wealth did not diminish to zero at any point throughout the course of this year). Thereafter, the zakāt *hawl* date remains constant on that date every year.

For example: Zaid owns *nisāb* amount, \$400, on Rajab 1, 1434. He did not own any wealth prior to this. He continues to own some wealth (it did not diminish to zero at any point) throughout the following year. On Rajab 1, 1435, he calculates his wealth again and sees that he owns \$450, which is at least *nisāb* amount. This date (Rajab 1) becomes the set date on which Zaid calculates his zakāt *hawl* every year.

Note: If ones wealth diminishes to zero at any point, the *hawl* calculation restarts from the point his wealth reaches the *nisāb* amount again.

If ones wealth decreases during the course of the *hawl*, and it increases again to the value of *nisāb* by the date of the *hawl*, the zakāt must be calculated on the full amount that is possessed at the date of the *hawl*. Fluctuations in the course of the year are to be disregarded.

For example: A person's yearly *hawl* date is Sha'ban 1 and his cash balances are:

Date	Cash Balance
Sha'ban 1, 1434	\$2,000
Ramadan 1, 1434	\$4,500
Muharram 1, 1435	\$200
Sha'ban 1, 1435	\$2,500

Zakāt will be payable on the \$2,500 at hand on Sha'ban 1, 1435.

Note: Zakāt is due on whatever wealth is in ones possession on the date of *hawl*. It is not necessary that any particular asset remains in ones possession for a full year.

The *nisāb* of gold and silver fixed by Rasūlullāh (saw) is as follows:

87.48 grams (2.8125 troy ounces) of gold **or** 612.36 grams (19.6875 troy ounces) of silver **or** its equivalent amount of cash or trading assets, etc.

As prices changes frequently, the current market price of gold and silver must be used to calculate the dollar amount of *nisāb* on the *hawl* date.

Note: If one has only gold assets, the *nisāb* for gold must be used to see if he is liable for zakāt. Similarly, if one has only silver assets, he is to use the *nisāb* for silver. If one has different types of zakāttable assets, such as cash, merchandise, gold and silver mixed, he must use the lesser of two *nisāb* values. This is most beneficial for the poor.

For example: A person has 20 grams of gold, 100 grams of silver and \$350 in cash. The dollar value of the gold *Nisāb* is \$3,700 and silver *Nisāb* is \$370. He must combine the value of all his zakāttable assets and see if it is at least the value of the lesser of the two *nisābs* (silver = \$370), then calculate zakāt on these assets.

The rate of zakāt which was fixed by Rasūlullāh (saw) is 2.5% (1/40) i.e. 2.5 cents per dollar.

Note: Zakāt is calculated by subtracting the liabilities due immediately or in the near future. For example: A person has \$900, but owes \$400 immediately. Zakāt is due on the remaining \$500 (given that it is at least equal to *nisāb* amount).

THE METHOD OF PAYING ZAKĀT

1. Zakāt should be given as soon as possible after it becomes due, rather than delaying it or waiting for Ramadān. It is possible that death occurs and thus leads to failure in fulfilling ones obligations.
2. Zakāt must be paid on a loan lent to others when the loan is received back. Zakat of all previous years during which this money was lent out, must be calculated and paid. It is recommended that zakāt on this loan be paid every year as long as it is acknowledged, so it does not become difficult to pay all the previous years' zakāt at once when received.
3. A poor person cannot be paid for his work from zakāt, nor can zakāt be given in payment of ones services, except when an Islamic government pays salaries to persons appointed to collect zakāt.
4. Zakāt will only be valid if the recipient is made the unconditional owner of the amount. This is referred to as *Tamlīk*.
5. Zakāt cannot be given or used for the construction of a masjid, madrasah, hospital, a well, a bridge or any other public amenity.
6. Poor adult students can be given a grant from zakāt. The zakāt must be given to the student personally. If the student is not an adult, then his Shar'i Wakīl (parents or legal guardian) must be eligible to receive zakāt and they must be given possession of the amount.
7. Zakāt can be paid in the same material on which it is due (e.g. gold can be given as zakāt due on gold assets)

or alternatively, it could be paid in cash. It is of vital importance to ensure at all times that the recipient is made the owner of the zakāt.

8. Authority can be delegated to another person or an organization for the distribution of zakāt in order to utilize it in accordance with the laws of Shari'ah.
9. If a person requests someone to give a certain amount on his behalf as zakāt, and that sum is given out, the discharge of the zakāt will be valid. The sum given will be due upon the one who made this request.
10. If an agent is given zakāt for distribution, and he does not distribute it, the zakāt will not be fulfilled, and the sin of not discharging the obligatory duty of zakāt will remain upon whom it was due.
11. Zakāt should not be payed by estimation.
12. Gold or silver jewelry must be weighed accurately for zakāt purposes.

TO WHOM ZAKĀT CAN BE GIVEN (MASĀRIF)

1. **AL-FUQARĀ'**: People who are poor and who possess more than their basic needs but do not possess wealth equal to *nisāb*.
2. **AL-MASĀKĪN**: People who are destitute and extremely needy to the extent that they do not have enough for their daily food ration.
3. **AL-'ĀMILĪN**: Those persons who are appointed by an Islamic state or government to collect zakāt. It is not necessary that this be a needy person.
4. **AL-MU'ALLAFATUL QULŪB**: Those persons that have recently accepted Islam and are in need of basic necessities who would benefit from encouragement by the Muslims and it would help to strengthen their faith in Islam.
5. **AR-RIQĀB**: Those slaves that are permitted to work for remuneration and have an agreement from their owners to purchase their freedom on payment of fixed amounts.
6. **AL-GHĀRIMĪN**: Those that have a debt and do not possess any other wealth or goods with which they can repay that which they owe. It is conditional that this debt was not created for any un-Islamic or sinful purpose.
7. **FĪ SABĪLILLĀH**: Those people that have to carry out a fard (obligatory) act and subsequently (due to loss of wealth) are unable to complete that fard. Important: ALL TYPES OF COMMON CHARITABLE CAUSES ARE NOT INCLUDED IN THIS CATEGORY. A widespread misunderstanding about the term FĪ SABĪLILLĀH has misled many to believe that this includes all types of charitable deeds. The Qur'an and Ahadith do not support this. If all charitable causes were included in this category, there would have been no need for mentioning eight different categories of *Masārif* in the Quran.