

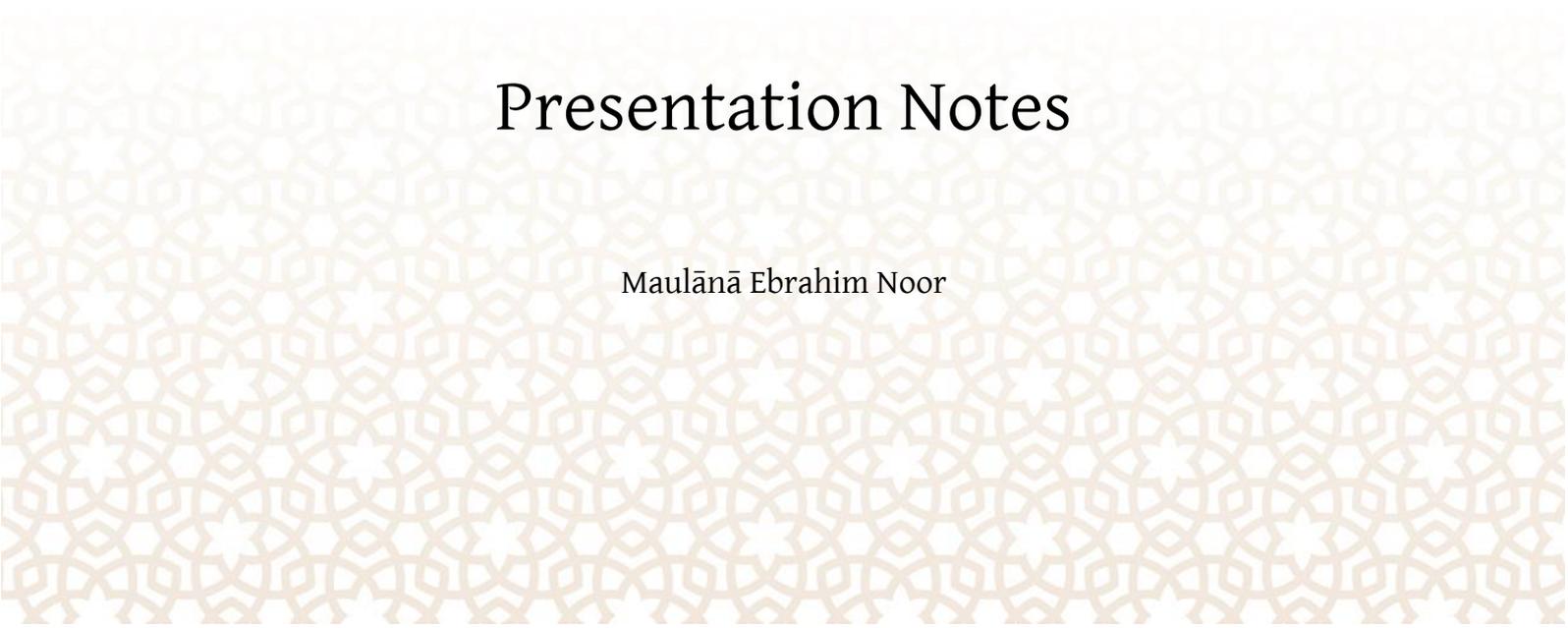


Islamic Academy Coventry

An Introduction to Zakāt

Presentation Notes

Maulānā Ebrahim Noor



An Introduction to Zakāt – Workshop Notes

Slide 1

الحمد لله رب العالمين والصلوة والسلام على سيد المرسلين و على اله و صحبه اجمعين اما بعد
رب اشرح لي صدري ويسر لي امرى واحلل عقدة من لساني يفقهوا قولي
سبحانك لا علم لنا الا ما علمتنا أنك انت العليم الحكيم

Introduction

My dear respected ‘Ulamā’, elders, brothers & sisters, Assalāmu ‘Alaykum Wa Raḥmatullāhi Wa Barakātuhu. Welcome to the ‘An Introduction to Zakāt’ Workshop. I begin by Praising Allāh
سُبْحَانَكَ وَتَعَالَى, Lord of the Worlds and sending Peace and Salutations to our beloved Prophet
Muḥammad صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ

I would like to thank XXXXXXXXX for giving me the opportunity to present this workshop and I would also like to extend my thanks to you all as well for attending. I hope and pray that we all learn something new today and that it will be beneficial.

Housekeeping:

I just wanted to go through a few housekeeping rules before we begin:

1. Try and sit in a place where you can see the Screen, don’t sit to far back. For those at home, try watching the presentation on a larger screen as their will be a lot of content on screen.
2. Please pay attention and listen with the intention of learning and acting upon what we learn today.
3. If you have any questions throughout the workshop, then please note them down and we may have some time to go through them after the Workshop has finished.
4. Please try not to use your phones during the workshop
5. There will be questions throughout this Workshop so please participate.
6. Finally, please ensure you all have a pen and a worksheet

My name for those who do not know me is Ebrahim and without Further Ado, I shall go through the schedule for today.

Course Schedule

This course has a total of 8 modules in total.

(Run through each Module by clicking the right-hand arrow key)

Introduction to the Academy

Run through the points

Aims & Objectives of this Course

Alḥamdulillāh, this presentation was prepared under the guidance of our dear teacher Maulāna Abdul Raheem Saheb Ḥafīzahullāh. He asked me last year to prepare a presentation on Zakāt as it is an integral subject in Islām and a subject which needs to be communicated to all those who will discharge Zakāt. And one of the best ways to teach them would be through a workshop such as this, where brothers and sisters can both attend.

What are the aims and objective of this workshop?

- Firstly, we will learn the importance of Zakāt in Islām and the wisdom behind it.
- Then we will learn about how the subject of Zakāt relates to a person's finances. As times change, the rules of Zakāt will not change, however the application of Zakāt will evolve to meet the requirements of that time. For example, there were no pensions, shares, bonds, bank accounts, just a few years ago, and now there are, so the question arises, how do we discharge our Zakāt on them. So, it was important that a course be developed which will address our current financial status.
- Zakāt is also only given once a year, so our knowledge on this subject needs to be refreshed to ensure we discharge is correctly.
- We will learn how to calculate our Zakāt, what do we have to pay it on, what don't we have to pay it on, when do we have to pay it, how often do we have to pay it etc.
- We will also learn about who valid recipients of Zakāt are. A condition of Zakāt is that it must be given to a valid recipient, otherwise it will not be counted as being discharged

- We will then go through Zakāt Scenarios and learn how to calculate Zakāt practically.
- References – One of the main texts I have used is the commentary on Jami^c Tirmidhī by Mufti Sa‘īd Aḥmad Pālanpuri رَحْمَةُ اللَّهِ called Tuḥfatul Alma‘ī.
- For advice on contemporary rulings, I have used material prepared by Mufti Faraz Adam, including his booklet on pensions, also material by Mufti Abdul Raḥmān Mangera who has an excellent set of videos on Youtube on Zakāt and also my classmate Maulānā Hilāl Patel. May Allāh سُبْحَانَهُ وَتَعَالَى accept the efforts of all those who have helped in putting the workshop together.

Part 1 - An Introduction to Zakāt in Islām

The History of Zakāt.

Allāh سُبْحَانَهُ وَتَعَالَى has mentioned the word Zakāt 32 times in the Qur’ān. It has been mentioned along with Ṣalāh 28 times. This shows us the importance of these actions in Islām. We know that the 5 times daily Ṣalāh was made compulsory on the night of Mi‘rāj but when was Zakāt actually made compulsory ?

We look at the early days of Islām. In Sūrah al-Muzzamil which was the 3rd Sūrah to be revealed, Allāh سُبْحَانَهُ وَتَعَالَى said:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ¹

“And establish Ṣalāt and pay Zakāt”

The History of Zakāt cont’d

*The Makkan Period

The ruling of Zakāt was revealed during the Makkan period but no further elaboration was revealed on this command. The Ṣaḥābah رَضِيَ اللَّهُ عَنْهُمْ even asked Rasūlullāh صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ about this.

In Sūrah al-Baqarah, Allāh سُبْحَانَهُ وَتَعَالَى tells us about this:

¹ Sūrah Al-Muzzamil – verse 20

وَيَسْأَلُونَكَ مَاذَا يُنْفِقُونَ قُلِ الْعَفْوَ²

“And they ask you as to what they should spend. Say, “The surplus””

So, the command was to spend from whatever was surplus, extra from their wealth. No fixed amount of wealth was specified.

Rasūlullāh ﷺ then migrated to Madīnah and in the 2nd year of Hijri when the Islamic Society was established with a rule of law, Allāh ﷻ then revealed the details of Zakāt.

Workshop Question Number 1

What are the 5 pillars of Islām?

Foundational Ḥadīth

As well the Qur’ān, there are many Aḥādīth which tell us about Zakāt. The Ṣiḥḥa Sitta, the 6 authentic books of Aḥādīth all have chapters on Zakāt. And you will see Ḥadīth in which Zakāt has been mentioned with the other foundational commandments like the following:

In Ṣaḥīḥ al-Bukhāri, in Kitābul Īmān, there is a Ḥadīth narrated by ‘Abdullāh ibn ‘Umar رَضِيَ اللهُ عَنْهُ.

عَنِ ابْنِ عُمَرَ قَالَ

قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ

" بُنِيَ الْإِسْلَامُ عَلَى خَمْسٍ شَهَادَةِ أَنْ لَا إِلَهَ إِلَّا اللَّهُ وَأَنَّ مُحَمَّدًا رَسُولُ اللَّهِ وَإِقَامِ الصَّلَاةِ وَإِيتَاءِ الزَّكَاةِ

وَالْحَجِّ وَصَوْمِ رَمَضَانَ³

‘Ibn ‘Umar رَضِيَ اللهُ عَنْهُ mentions that he heard the Prophet ﷺ say, that the foundations of Islām are on five things, To bear witness that there is no God but Allāh ﷻ, and Muḥammad

² Sūrah Al-Baqarah – verse 219

³ Ṣaḥīḥ Al-Bukhāri - 8

صَلَّى اللّٰهُ عَلَيْهِ وَسَلَّمَ is his Messenger, to establish Ṣalāt, to discharge the Zakāt, and (to perform) Ḥajj and to fast in the month of Ramaḍān.'

In the famous Ḥadīth Jibrīl عَلَيْهِ السَّلَامُ, one of the questions that was asked by Jibrīl عَلَيْهِ السَّلَامُ to Rasūlullāh صَلَّى اللّٰهُ عَلَيْهِ وَسَلَّمَ was 'Mal Islām?' what is Islām, and Rasūlullāh صَلَّى اللّٰهُ عَلَيْهِ وَسَلَّمَ gave these 5 foundational beliefs as the answer.

The Foundational Beliefs

Let us take each of these foundational beliefs one at a time. Each of these is unique in the fact that Allāh سُبْحَانَهُ وَتَعَالَى gives us the opportunity to worship him in different ways.

The first belief is to bear witness that there is no God but Allāh سُبْحَانَهُ وَتَعَالَى and that Muḥammad صَلَّى اللّٰهُ عَلَيْهِ وَسَلَّمَ is his Messenger. This is our faith, and stays with a person continuously, 24 hours a day. A person who has faith stays in perpetual Imān, whether they are awake or asleep

The next pillar is Ṣalāh. This is something a person does daily, and is a badani, fe'li, physical form of worship. A person uses his or her body to worship Allāh سُبْحَانَهُ وَتَعَالَى 5 times a day, every day.

Then the next pillar is Ṣaum or fasting, which a person does for one whole month each year. A Muslim on average will spend one twelfth of their adult life fasting. And this is a taraki 'Ibādah, a form of worship in which a person abstains. We abstain from food, drink and relations with our husbands or wives for the daylight hours. So here the worship is related to a person not doing certain things, it is related to abstention.

Then we have Zakāt, the obligatory alms giving or charity. This is a Māli 'Ibādah, a form of worship which is financial. A person uses his or her money to gain reward and this is done once a year. Inshā'Allāh we shall cover this in more detail later.

And then we have the Farḍ Ḥajj, this 'Ibādah is only done once in a lifetime. The first Ḥajj is the only obligatory Ḥajj they will perform. And this worship includes all the previous forms, it is badani, fe'li physical 'Ibādah. A person will use their body, they will do the Ṭawāf and the Sa'i and go to Minā, 'Arafah, Muzdalifah etc. It is also a Taraki 'Ibādah, an abstaining form of worship. When a person is in Iḥrām, they have restrictions, men cannot cover their head or wear stitched clothes. Men and women cannot have relations with their husband or wife, cut their hair or pare their nails etc. And finally, it is also a Māli, financial 'Ibādah as a person will have to spend a lot of money to go for Ḥajj, sometimes it could be their life savings.

So, you can see my brothers & sisters, how Allāh سُبْحَانَهُ وَتَعَالَى is so merciful and gives us all the opportunity to worship him in a multitude of ways.

It is also an obligation upon each Muslim to learn how to discharge Zakāt.

Rasūlullāh صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ mentions in a famous Ḥadīth, that the seeking of knowledge is obligatory upon every Muslim, and this includes learning about Zakāt and how to discharge it correctly.

Workshop Question Number 2

What does the word Zakāt mean?

From both a literal point of view and a Shar‘ī point of view?

The Literal Meaning of Zakāt

Purity - Ṭahārah

قَدْ أَفْلَحَ مَنْ تَزَكَّى⁴

Allāh سُبْحَانَهُ وَتَعَالَى says in Sūrah al-A‘lā:

“Success is Surely achieved by him who purifies himself”

The reason why Zakāt has been called Zakāt, is because it purifies the person who discharges it from the baseness of sin and miserliness.

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا⁵

Allāh سُبْحَانَهُ وَتَعَالَى says in Sūrah at-Taubah

“Take Ṣadaqah (obligatory alms) out of their wealth through which you may cleanse and purify them”

⁴ Sūrah Al-A‘lā verse 13

⁵ Sūrah At-Taubah verse 103

Another meaning is Increase - Numū'. The reason why it is called 'increase' is because Zakāt is a means for a person's wealth to grow. Allāh **سُبْحَانَهُ وَتَعَالَى** gives a return to the person who discharges their Zakāt in this world and gives them reward in the hereafter as well.

Another meaning is truthfulness. And the reason is when a person discharges Zakāt, it shows their truthfulness in their faith and the state of their heart. The truthfulness and purity are a mark of their sincere intention

When a person gives Zakāt, then this becomes a form of them purifying their wealth. And once our wealth has become purified, Allāh **سُبْحَانَهُ وَتَعَالَى** gives us barakah, blessings in our wealth and this in turn causes it to increase. Subḥān'Allāh. So, a person will give their Zakāt and Allāh **سُبْحَانَهُ وَتَعَالَى** will give them barakah, blessings.

One thing we must remember here is that it is not about the amount of money we have, but the amount of barakah Allāh **سُبْحَانَهُ وَتَعَالَى** puts in our money. We could have one person who has a lot of money, spends £150 a week shopping and even before the week is over, all the food has run out. On the other hand, a person goes and spends £50 and after a week, there is still food left, so you can see how Allāh **سُبْحَانَهُ وَتَعَالَى** can put barakah in a person's wealth.

A final point here is that we must understand, everything we have belongs to Allāh **سُبْحَانَهُ وَتَعَالَى**. There may be some things like our wealth which are associated to us, but ultimately it is His. If we can truly learn to understand this, then it will become very easy for us to discharge our Zakāt. As we are merely transferring a proportion of wealth, which is currently in our possession, to somebody else's possession, as per His command.

The Shar'ī Meaning of Zakāt

So, what is the Shar'ī meaning, the Islamic meaning?

The meaning is “the transfer of ownership of a certain amount of wealth that has been prescribed by the law from a rich Muslim to a poor Muslim who is not a Hāshimī and neither a slave of a Hāshimī for the sake of Allāh **سُبْحَانَهُ وَتَعَالَى**”.

What does this mean? A person who is classified in Islām as eligible to give Zakāt, must transfer ownership of wealth to a person who is classified in Islām as being eligible to receive Zakāt. This person who receives the Zakāt cannot be from the family of Rasūlullāh **صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ** or be a freed slave

from his family. More details on this later. The recipient must also be a Muslim and must then be able to do with the wealth whatever he or she wishes.

Let's look at this example. There are 2 people, one is a person who must give Zakāt and the other is a person who can accept Zakāt.

The Zakāt payer is a landlord, and the recipient is his tenant.

The landlord calculates how much Zakāt he must pay, and it so happens to equal the amount of rent his tenant must pay. The landlord says to his poor tenant that you can live here free for the next year, as the amount of rent equals how much Zakāt he needed to pay.

In this scenario, the Zakāt of the landlord will not be considered discharged, as it will not satisfy the criteria of ownership.

Part 2 – The Ḥadīth concerning Zakāt

Reward for those who Zakāt

As mentioned earlier, the books of Ḥadīth are full of narrations talking about all aspects of Zakāt. We have already seen how Zakāt can benefit a person in this world, but how else will they be rewarded?

عَنْ أَبِي هُرَيْرَةَ رَضِيَ اللَّهُ عَنْهُ قَالَ قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ " مَنْ تَصَدَّقَ بِعَدْلِ تَمْرَةٍ مِنْ كَسْبٍ طَيِّبٍ وَلَا يَقْبَلُ اللَّهُ إِلَّا الطَّيِّبَ وَإِنَّ اللَّهَ يَتَقَبَّلُهَا بِيَمِينِهِ ثُمَّ يُرَبِّبُهَا لِصَاحِبِهَا كَمَا يُرَبِّي أَحَدَكُمْ فَلَوْهُ حَتَّى تَكُونَ مِثْلَ الْجَبَلِ " ⁶

In Ṣaḥīḥ al-Bukhari, Abū Hurayrah رَضِيَ اللَّهُ عَنْهُ narrates that Rasūlullāh صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ said, "If one gives in charity, what equals one date-fruit from honestly earned money and Allāh accepts only the honestly earned money –Allāh سُبْحَانَهُ وَتَعَالَى takes it in His right and then enlarges its reward for that person (who has given it), as anyone of you brings up his baby horse, so much so that it becomes as big as a mountain”

Subḥān’Allāh, look how Allāh سُبْحَانَهُ وَتَعَالَى increases the reward of even a little charity, on the condition that it must be from honestly earned sources.

Warning for those who do not give Zakāt

What about the warning for those who do not pay their Zakāt?

Again, in Ṣaḥīḥ al-Bukhari:

عَنْ أَبِي هُرَيْرَةَ رَضِيَ اللَّهُ عَنْهُ قَالَ قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ " مَنْ آتَاهُ اللَّهُ مَالًا فَلَمْ يُؤَدِّ زَكَاتَهُ مِثْلَ لَهُ يَوْمَ الْقِيَامَةِ شُجَاعًا أَقْرَعَ لَهُ زَبِيبَتَانِ يُطَوَّقُهُ يَوْمَ الْقِيَامَةِ ثُمَّ يَأْخُذُ بِلَهْزِمَتَيْهِ يَعْنِي شِدْقَيْهِ ثُمَّ يَقُولُ أَنَا مَالِكٌ أَنَا كَنْزُكَ " ثُمَّ تَلَا {لَا يَحْسِبَنَّ الَّذِينَ يَبْخُلُونَ} الْآيَةَ ⁷

⁶ Ṣaḥīḥ Al-Bukhārī 1410

⁷ Ṣaḥīḥ Al-Bukhārī 1403

Abū Hurayrah رَضِيَ اللهُ عَنْهُ narrates that Rasūlullāh صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ said, "Whoever is made wealthy by Allāh and does not pay the Zakāt of his wealth, then on the Day of Resurrection his wealth will be made like a baldheaded 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 Rasūlullāh صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ recited the verses:

Sūrah Āl-Imrān verse 180

“Those who withhold in miserliness what Allāh has given them out of His grace, should not take it as good for them. Instead, it is bad for them. They shall be forced on the Doomsday, to put on what they withheld, as iron-collars round their necks. To Allāh belongs the inheritance of the heavens and the earth. Allāh is All-Aware of what you do.”⁸

Part 3 – Who must pay Zakāt & what do they have to pay it on?

Workshop Question 3

Upon whom is Zakāt obligatory? Meaning, what conditions must a person satisfy which makes Zakāt obligatory upon them.

The Conditions

Islām places certain conditions on a person before they must pay Zakāt. So, what are they?

1. The person must be a Muslim, be free (not a slave), non-Muslims do not have to pay Zakāt.
2. Bāligh, meaning classified as an adult in Islām,
3. Be sane, of sound mind and
4. Şāhib Nişāb from productive wealth. Şāhib Nişāb means he or she must own a minimum amount of wealth which is known as the Nişāb, in that type of wealth which is productive. This is also known as the quantum. This will be discussed in more detail later. I will also use the term Nisāb holder which means the same thing.

Another condition is that the person must have been a Şāhib Nişāb, a Nişāb holder, for the duration of 1 Islamic year which is a Lunar Year.

⁸ Sūrah Āl-Imrān verse 180

Note: If a child has some wealth and they are Ṣāḥib Niṣāb, this could be cash or money in a bank account, or even jewellery, then the date the child becomes bāligh, will be the start of their Zakāt anniversary. We will talk more about this later on.

The same ruling would also apply to a person who reverts to Islām. If they are a Niṣāb holder on the day they reverted, that would be the day of their Zakāt anniversary as well.

There are now 2 things we need to explain, what is the Niṣāb value and secondly what do we mean by productive wealth.

Let us look at the Niṣāb value first.

The Niṣāb value, or quantum, is owning wealth which is equivalent or above a certain amount of Gold or silver.

Gold Niṣāb

The value of gold is based upon 20 Mithqāl which was a weight used in the time of Rasūlullāh ﷺ. In today's time, one Mithqāl would weigh 4.374g.

$$20 \times 4.37g = 87.4g$$

Silver Niṣāb

The value of silver is based on 200 Dirhams. Again, a dirham used to have a weight which was 3.0618g per dirham.

$$200 \times 3.0618g = 612.36g$$

What is the Niṣāb Value?

In today's prices (28th March 2021) the value is as follows:

Commodity	Weight	Price per gram	Niṣāb Value (28/03/21)
Silver Niṣāb	612.36 grams'	£0.58	£355.17
Gold Niṣāb	87.48 grams'	£36.98	£3,235.01

If a person owns a mixture of Assets, like gold and silver and cash etc., then they will use the silver value as a minimum threshold. If this person has £355.17, then they will be Şāhib Nisāb.

If for some reason a person only owns gold and they have no other productive assets apart from gold, then they would use the gold value as a minimum threshold. If this person has £3,235.01, then they will be Şāhib Nisāb or a Nişāb holder.

Calculate Nişāb value on the day you discharge it

On the day you are going to discharge your Zakāt, i.e., your Zakāt anniversary, calculate the Nişāb value that day. There are many sites where you can get the latest values, like <http://wellwishers.org.uk>

What do we have to pay the Zakāt on?

Zakāt must be paid on all types of Productive Wealth:

It will be paid on all money, cash in the bank, in the wallet, in the house, foreign currencies. It will be paid on gold, silver, merchandise for business (more on this later), crops, cattle, pension funds to which we contribute – this will be covered in more detail later, shares (again covered in more detail later on), committee's that we are involved in which we have paid into. If anyone does have crypto currency, then this must be valued according to the currency you use and also included as a Zakātable Asset.

The value of our Productive wealth assets must be added together to make a total Gross amount.

For this Presentation we are not going to go into detail on Zakāt on animals, or on crops which includes fruit, dates etc. If anyone has any livestock or orchards, then please speak to a Scholar to get more information on what you must pay.

What don't we have to pay Zakāt on?

Zakāt will not be paid on Non-Productive Wealth: Any assets that the person owns, like a house they live in, or car they use for work, or the furniture they have in the house, this would include all electrical items as well as the pots and pans.

Any Jewelry which is not gold or silver as well as any Tools in the house.

Zakāt is not also payable on any land which a person may own.

The value of this type of wealth is not taken in consideration for Zakāt, as it is not productive.

Businesses

There are many different types of businesses, but each of them will have some fundamental rules which they can use to calculate how much Zakāt they will need to pay. The business could be a manufacturing business, or it could be retail business, or even both.

What do they have to pay Zakāt on?

- Any money in any business accounts.
- If they have any finished items, then the value at which they wish to sell these finished items, so it could be the wholesale price, or the retail price or a percentage of both.
- If any materials are still unused, then it will be the cost price of these items.

What don't they have to pay Zakāt on?

- Any buildings, factories, shops.
- Any fixtures or fittings
- Any machinery
- Any vehicles which are used for the businesses

Example

A person has a cake manufacturing business, they have some machinery which they use, including a mixer, some scales, an oven, some cutlery used to mix the cake mixture etc. There will be no Zakāt on these items.

They also have flour, sugar, various toppings which are used for the cake. If they have not been used yet, then the cost price of these items will be Zakatable.

They also have some cakes which are ready to sell. They sell these in their shop at retail price, so the retail value of these cakes will be used.

From this example we can see which business assets we need to pay Zakāt on.

Part 4 – Information required prior to Calculating Zakāt

Zakāt

So now we know what the Niṣāb value is and what items we must pay Zakāt on, before we can calculate our Zakāt, we still require some more information as follows:

- How much Zakāt do we have to pay, what is the percentage of our total wealth?
- When do we have to start paying it, is there a date and how often do we have to pay?
- Once we have calculated our total Gross Wealth, are there any deductibles which can be taken away from it to calculate our Net Wealth?
- What happens if I have a debt, or I have loaned a sum of money to someone else? Do I need to pay Zakāt on that as well?

Workshop Question Number 4

How much Zakāt do we have to pay? Meaning what percentage or share of our Net Wealth must we give in Zakāt.

How much Zakāt do we have to pay?

Once a person has worked out their Net Assets, they will pay 2.5% of the total or $1/40^{\text{th}}$. We will talk about Net Assets later.

Workshop Question Number 5

How often must we pay Zakāt?

How often do we have to pay?

Zakāt must be paid, once every Islamic year, so each Lunar Year.

When do we have to start paying Zakāt?

Ideally a person should make note of the Islamic Date, they first became owners of the Niṣāb Value, i.e., a Niṣāb holder. Let's say a person has no Zakātable assets and they start their first job. At the end of the month they get paid and the amount they get paid is over the Nisāb threshold of silver, as they are getting paid in money, then they should make a note of the Islamic date. This will now be their Zakāt anniversary.

Once you have got the date, one Islamic year later if you are still equal or above the Niṣāb threshold, and you have not reached or gone below Zero during the year, you will have to pay 2.5% of your total Net Assets on that day.

On that day each year, you will now discharge your Zakāt.

It is also very important we teach our children about this as well. Many people have savings accounts for their children and as soon as they become mature, bāligh, if the value is equal or above the Nisāb threshold, this will be their Zakāt anniversary. One year later, if they are still a Nisāb holder, Zakāt will be due.

Working out the Zakāt anniversary

Let's talk a little more about the Zakāt anniversary.

It may well be the case that a person cannot remember the Islamic Date they became a Niṣāb holder and are not familiar with the Islamic Calendar in general. We must familiarize ourselves with our Islamic Calendar and work out when we became a Niṣāb holder. We have access to online bank statements now as well, so this should help in working it out. There are also date converters available which can help us convert a date from the Gregorian format into the Hijri format, so we can get the Islamic Date. And this date must be a single date in the Calendar and not a month.

Many people have Ramaḍān as their Zakāt anniversary. It is easier to remember this month. If a person has their Zakāt anniversary later on in the year but want to pay some Zakāt in this month, they can do so, however, on their Zakāt anniversary they must calculate again and if they are in arrears, must pay the difference.

If your anniversary is before Ramaḍān, then do not delay payment until Ramaḍān as the obligation will remain outstanding. Zakāt should be discharged on our Zakāt anniversary.

What if wealth drops below Niṣāb during year?

Now let us say within any year, a person's total wealth drops below the Niṣāb threshold, according to the Ḥanafī school of thought, what is the Ruling?

Look at this chart. For this example, the Niṣāb value of £250 has been used. We can see that on the 1st of Muḥarram this person had Net Wealth over £300, so they were over the Niṣāb Value.

In Jamād al-Thāni and Rajab, the Net Wealth dropped below the Niṣāb Value and then by Sha'ḥbān it went back up again.

On the 1st of Muḥarram the following year, on their Zakāt anniversary they have £900 in wealth, so they will pay Zakāt on the total £900. Even though their wealth dropped under the Niṣāb value, it did not reach or go below Zero.

To summarize, if a person was above the Niṣāb threshold on their Zakāt anniversary and one year later they are still above, then they will have to pay Zakāt on the Net wealth they own on their following Zakāt anniversary. It does not matter if they went above and below the threshold during this time period, as long as they did not reach or go below zero.

What if wealth reaches or drops below Zero during year?

What if there is another scenario where the persons Net Wealth reaches or drops below zero?

Let's look at this chart, here the persons Zakāt anniversary is again, on the 1st of Muḥarram.

In the months of Jamād al-Thāni & Rajjab their net wealth fell below zero. On the 15th of Rajjab they reached the Niṣāb threshold again and stayed positive.

In this scenario, the person will now have a new Zakāt Anniversary date, of 15th Rajjab. Zakāt will now be due on them one year from this date if they have stayed above zero in that year and are above the Niṣāb threshold.

Deductibles

We have now learnt how to calculate our Gross Asset Value. But Zakāt will not be paid on the Gross Asset Value but on the Net Asset Value. And how do we get to that? Look at the formula below:

Gross Asset Value – Deductibles = Net Asset Value (Zakāt liability)

Note: The value of the deductibles will be taken off the Gross Asset wealth, not off the Zakāt payable.

Example: Gross Asset Value = £40,000

Deductibles = £20,000

Net Asset Value = £20,000 = Zakāt liability

Zakāt payable = £500

So, in order to calculate our Zakāt, we also need to work out our deductibles. These are items which we are still due for payment as follows:

- Bills which are currently outstanding. For example, if you still must pay your Utility bills, Gas, water rates, Council Tax etc.

Note: You cannot deduct any bills which are not outstanding, i.e., future bills.

- Loans which need to be repaid within that Islamic year – Immediately Payable. More information on this later.
- Deferred Loan where payments have been arranged - Ḥalāl Mortgage – Payments which will be due within the coming Islamic Year can be deducted
- Any outstanding debts on goods purchased. For example, you have just purchased lots of books and you still must pay for them. So, the amount you have to pay will be a deductible.
- If you have a business and you pay your employees, then any employee salaries due up to your Zakāt anniversary date can be deducted
- Maḥr – Dowry. In the unlikely case where a person has got married and still has not paid the Maḥr. If they intend to pay it in that year, then this can also be deducted.

Debts to be paid

We briefly touched upon this subject in the previous slide. This is also known as debt liabilities. Let us look at this in more detail.

There will be cases where we have borrowed money. This could be a personal loan from someone, or it could also be a loan to buy a car or a Ḥalāl mortgage to buy a house.

The Loan will now be of two types.

1.Immediate (short term)-This is when the loan must be paid back as soon as possible.

If the Loan is immediately payable, then this will be a deductible. The total amounts can be taken away from our Gross Asset Value

2.Deferred (long term) – This is when the loan is not immediately payable. An arrangement has been made with the lender where the payment has been deferred or a payment plan has been put in place. As is the case when a person gets a Ḥalāl mortgage.

If the Loan is deferred and a payment plan is in place, then the payments for the following 12 Lunar months (one Islamic Year) can be a deductible as would be the case for someone who has a Ḥalāl mortgage.

Example = monthly payment = £500

$12 \times £500 = £6000$

In the case that someone has a normal conventional interest-bearing mortgage or loan, they must pay this off as soon as possible as taking and receiving Interest in all forms is impermissible, Ḥarām.

If they have a conventional interest-bearing mortgage or loan, then each payment will consist of 2 parts. One will be a repayment, and the other will be an interest payment. They can only offset the repayment part and not the interest, so this will have to be calculated. As mentioned previously, once calculated, you will use this as a deductible.

Example = monthly payment = £500

Repayment share = £400

Interest share = £100

12 x £400 = £4,800

Money Loaned to Others

Nowadays, many people loan money to other people. One thing we must remember, as Muslims, we do not give or take interest, so we cannot charge interest on the loan.

So, the Lender will be the person who has given the money. And the Debtor is the person who has borrowed the money.

The money that we are waiting to receive can be of 2 types.

A Weak Debt Receivable or a Strong Debt Receivable.

Weak Debt Receivable

The Weak Debt Receivable is when a person is waiting to receive one of the following types of payment:

Details

- Wages to be paid
- Any rental income if you are a landlord
- If you are a woman and are still to receive your Maḥr
- If you are waiting for any inheritance or bequests to be paid

Ruling for Weak Debt Receivable

For a Weak Debt Receivable, you will not add this money to your Assets so Zakāt will not be payable on it unless you receive the money.

Also, there will not be any back dated Zakāt on these payments. For example, if you are a woman and your husband hadn't paid your Maḥr for 10 years and then he paid it, you will not have to pay the back dated Zakāt for this.

Strong Debt Receivable

Details

A Strong Debt Receivable is where you are waiting to receive money from a loan you have given to someone.

For a Strong Debt Receivable, this is now split into 2 different types.

There is a good debt, and a bad debt.

Good Debt

A good debt is when the debtor acknowledges the debt, and you are confident that you will receive the money. Let's say you have loaned some money to a family member to buy a house. Ruling - in this case, you will add the value of the loan to your assets.

Note: if there is a case where you have borrowed money to someone, and you cannot pay Zakāt on it until you receive it off them. In that case you can defer your Zakāt payment on the money until you receive the money, however you will have to pay back dated Zakāt as well if you have missed any Zakāt payments on this sum.

Bad Debt

A bad debt is where the debtor does not acknowledge the debt, they deny that you have given them money, there is no realistic chance of getting the money back.

An example of this case is where a person has absconded, ran away with your money and you have no probability of getting it back.

Ruling - in this case you will not have to add the value of the loan to your assets.

If you do get the money back, then you will not have to pay back dated Zakāt on the money.

Pensions

Before I start this section, I wanted to mention the excellent research done by Mufti Faraz Adam on this topic. He has prepared an excellent booklet called 'Zakāt on Pensions' which I recommend everyone who has a pension reads. This will give them detailed information on how Zakāt on pensions is calculated and the reasons why.

In this section, I will briefly summarize how a person can first determine if they need to pay Zakāt on their pensions and if so, how to also calculate it.

What is a pension? A pension is a saving scheme which will help a person save money which they can receive when they reach retirement.

Everyone who invests is encouraged to ensure they invest in a Pension Fund which is compatible with Shari'ah and you can now also find Shari'ah compliant products on the Market.

The type of fund they invest in may have Zakatable Assets which make up a proportion of its value. And Zakāt only needs to be paid on the percentage of the Net value of the companies Zakatable Assets.

What are the different types on pensions?

There are basically 3 different types of pensions

1. State Pension – this is paid by the government when a person reached the State pension age. **There is no Zakāt on this type of pension.**
2. Workplace pension – The employer arranges a scheme where each month the employer pays a contribution, and the employee will also pay a contribution at source.

There are 2 types of Workplace Pensions

- a. Defined Benefit – This is also sometimes known as a final salary pension. The amount a person receives depends on the salary they were earning when they retired and how long they worked for that employer. – **There is no Zakāt on this type of pension.**
- b. Defined Contribution – The money that is paid into this fund is invested by the provider. When a person retires, they amount they will receive depends on how much they have paid in and how well the investments have also done. **There is Zakāt on this type of pension**

- c. Individual Pension – This is a personal 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 Zakāt on this type of pension**

How do we calculate how much Zakāt we have to pay on Pension Funds?

Step 1 – Can you check the factsheet for the fund? This can be obtained from your Pension provider.

If you can, then can you Calculate the Zakātable Assets?

If you can, then calculate the Zakāt liability on your pension and discharge your Zakāt.

Step 2 – If you cannot get access to your fund sheet then you will have to use a Proxy Value.

A Proxy is an estimation to make matters easier for people and is supported in Islamic Law. The Proxy values were calculated by Mufti Faraz after months of research and analysing the 20 most common pension funds.

- a. Determine the type of fund you have – speak to Provider or your employers HR Dept, it will generally be one of 5 types as follows:

Shari‘ah Funds
Direct Property Fund
Equity Funds
Mixed Asset Fund
Bonds/Gilts

- b. Once it has been determined, use the proxy table below to calculate the Zakāt Value.

Type of Fund	Zakātable Assets Proxy
Shari‘ah Funds	26%
Direct Property Fund	15%
Equity Funds	27%

Mixed Asset Fund	50%
Bonds/Gilts/Fixed Interest Funds	100%

- c. Once you have got the value, Calculate the Zakāt liability on your pension and discharge your Zakāt.

Example

Person A has a Property Pension Fund so check the table

Proxy Value = 15%

Pension Fund has total value of £50,000

Zakāt liability = 15% of £50,000 = £7,500

Zakāt payable = 2.5% of £7,500 = £187.50

Shares

The final part of this section looks at Shares and how much Zakāt a person must pay on shares.

When a person buys shares in a company, there will be two reason why these shares have been bought.

They have been either purchased to resell

Or they have been purchased as an investment to generate dividends.

The ruling on Zakāt will depend on which of the above reasons the shares have been bought.

If they have been purchased to resell, then Zakāt will be due on the entire holding as well as any dividends which have been generated.

If they have been purchased as an investment, then Zakāt will be due on the dividends and the percentage of Zakātable assets of the Company.

Investment Shares

If a person has purchased some shares for Investment purposes, then the company will have assets upon which Zakāt would be due.

But there will also be creditors and debts as well which are deductibles,

Each person should do their own research and ideally calculate the Zakātable Assets for the company they have shares in. A person will not just buy shares in any company, they will investigate it, analyse it, forecast if their investment will be profitable, so they will have some knowledge of the company's finances.

If calculating the amount of Zakātable Assets for the company proves to be a difficult task, then a Proxy Value can be used.

Proxy Value

In the article Zakāt on Share Investments: Determining a proxy for Calculation, Mufti Faraz has recommended that a value of 25% is used as a proxy value. Other Scholars like Mufti Abdul Raḥmān Mangera have mentioned a figure of 40%. All shareholders are encouraged to do further research on this before they decide which value to use.

For this example, we will use 25%.

So, the Zakāt liability will be 25% of your total shares value.

However, this value cannot be used by the people who have shares in the following:

- Private limited companies
- Small companies which are known to have only cash assets
- Start-ups which are known to have only cash assets

People with investments in the above types will have to make the calculation themselves.

Example

Person A has Shares worth £10,000 in Company X (Has confirmed the company is not in any of the above 3 categories)

Proxy Value = 25%

Zakāt liability = 25% of £10,000 = £2,500

Zakāt payable = 2.5% of £2,500

= £62.50

Break

Note for presenters: You can either split this into 2 sessions or have a break here

Part 5 - How to Calculate Zakāt

So now we know what we need to pay our Zakāt on, what we don't need to pay our Zakāt on, what the deductibles are and what we do with debt, we are able to Calculate our Zakāt.

Zakāt Calculation Flow

Firstly, the calculation must be made on your Zakāt Anniversary. Let's say it is the 1st of Ramaḍān.

We need to calculate our Gross Asset value.

So let's go to our list:

We have the following Zakātable Assets: Money, Gold, Silver, Investments, & we also have a Business.

Let's take a closer look at them all, one at a time.

Money –

Cash in the bank/building society, in all our personal accounts, savings and current - 10,000

Cash in the wallet - 100

Cash in the house - 1000

Cash in foreign currencies (convert to pounds using exchange rate on Zakāt anniversary) - 500

Cash in foreign Accounts (convert to pounds using exchange rate on Zakāt anniversary) - 0

Cash in joint account, calculate your percentage – 5000

Total = £16,600

Gold –

Weigh all the Gold (Not gold plated), this includes white gold as well. If you have embedded stones in rings or necklaces, you can subtract the weight of the stones, as there is no Zakāt on precious stones if they used for personal use.

Get the total weight of gold (e.g. 250g)

Then the quality of the gold, i.e. is it 22 carat 18 carat etc.

There will be no Zakāt on any gold which is less than 12 carats as the quality of the gold would be less than 50%

Get the price of Gold on the day of your Zakāt anniversary. You will look at the scrap price of the Gold because that is what you will get if you try to sell it.

And then calculate the Value of the gold by multiplying the Per gram price (example £40) and the total weight of the Gold.

Total value = £10,000

Silver –

Weigh all the Silver. If you have embedded stones in rings or necklaces, you can subtract the weight of the stones, as there is no Zakāt on Stones.

Get the total weight of silver (e.g. 1000g)

Get the price of Silver on the day of your Zakāt anniversary

And then calculate the Value of the Silver by multiplying the Per gram price (e.g. £0.40) and the total weight of the Silver.

Total value = £400

Investments - Other types of Cash

Cash in any committees – let's say you pay £100 a month and after a year you get £1200, you are 5 months into your term and have not received the lump sum yet- £500

Shares – Zakāt liability - £1,000

Pension – Zakāt liability - £10,000

Money Lent to others - £5000

Value of any other types on Investments

Total Value - £16,500

Business –

Retail Value of stock in shop - £20,000 (Simple example where a shop sells only finished products, no Zakāt on fixtures or fittings)

Money in any business accounts (if percentage then calculate accordingly) - £10,000

Total Value - £30,000

Gross Asset Value

Now add up all the Values and you will come to a Gross Asset Value.

Total Cash Value + Total Gold Value + Total Silver Value + Total Investment Value + Total Business Asset Value = £73,500

Calculate Deductibles

Household

Outstanding Bills - £500

Immediately Payable Loans - £2,000

Deferred Loan payments for 1 lunar year - £6,000 (12 x £500 month)

Outstanding debts on goods received - £1,000

Business

Salaries to be paid (upto Zakāt date) - £2,000

Outstanding Business Bills - £2,000

Other

Maḥr

Total up the value to get your Gross Deductibles figure

Total Value - £13,500

Calculate Net Asset Value

Gross Asset Value – Gross Deductibles = Net Asset Value

£73,500 - £13,500 = £60,000

Now we have calculated our Gross Asset Value, we need to determine if we need to pay and if so how much.

Is Net Asset Value above Niṣāb Value?

No – Don't pay Zakāt

Yes – pay Zakāt

Calculate Zakāt

Net Asset Value = £60,000

Zakāt payable = 2.5% = 1/40 share =

£60,000 / 40 = £1,500

Workshop Question Number 6

Calculate the Amount Payable in Zakāt

Firstly check if it is an asset or a deductible, then work out the total

Cash in Bank	1000	Asset
Cash in House	10000	Asset
Gold Value	20000	Asset
Money loaned to Masjid	5000	Asset
Ḥalāl Mortgage monthly payment	500	Deductible = 500x12 = 6,000
Money borrowed from friend (immediate)	2000	Deductible
Utility Bill	200	Deductible
Zakāt Payable on?		

£36,000 total Assets - £8,200 deductibles

Zakāt will be payable on £27,800 = £695

Part 6 – How to Discharge Zakāt

Once you have calculated your Zakāt, the next step is to discharge it.

We must discharge it as soon as possible. Let's look at the conditions:

Intention

Ṣaḥībe Qudūri mentions:

ولا يجوز ادا الزكوة الا بالنية مقارنة للاداء او مقارنة لعزل مقدار الواجب لان الزكوة عبادة فكان
من شرطها النية

'It is not valid to offer Zakāt without an intention coinciding with the payment, or coinciding with the setting-aside of the obligatory portion because Zakāt is an act of Worship and one of its conditions is intention'

So, when we have calculated our wealth which we need to take out for Zakāt and we separate that amount from our Assets, we should make an intention. We could also make the intention when

paying the Agent who will discharge the Zakāt for us or when we are making the payment ourselves.

The actual intention should be made at the same time as we are carrying out the act of worship, like when we pray Ṣalāt, we do the intention right before. But due to the fact that we may be giving the Zakāt to multiple people, we can make the intention at the times before as mentioned. Again no need to be verbal.

Transfer of Zakāt

Let's go back to the Shar'ī meaning of Zakāt:

The meaning is “The transfer of ownership of a certain amount of wealth that has been prescribed by the law from a rich Muslim to a poor Muslim who is not a Hāshimī and neither a slave of a Hāshimī for the sake of Allāh سُبْحَانَهُ وَتَعَالَى.”

So the possession of the wealth must be transferred to the recipient and they must have complete control over what they want to do with it.

Workshop Question Number 7

Who can we give Zakāt to?

Who can we pay Zakāt to?

It is very important that we only pay Zakāt to a person who is eligible receive Zakāt in Islām. If we do not give it to the right person, then our Zakāt will not be discharged.

Allāh سُبْحَانَهُ وَتَعَالَى mentions in Sūrah at-Taubah, 8 groups of people to whom Zakāt can be given to:

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمَوْلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرَمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ⁹

⁹ Sūrah At-Taubah verse 60

“The Sadaqat (prescribed alms) 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, 19 in the cause of the slaves and those encumbered with debt, in the way of Allah and to a wayfarer. This is an obligation prescribed by Allah. Allah is All-Knowing, Wise”.

The 8 types of people

Let's look at these groups in more detail:

The Fuqarā’:

The Poor, according to the Aḥnāf, will be those people who have Net Assets of Productive wealth less than the Niṣāb value. There is more explanation on this later.

The Masākīn:

The Needy, according to the Aḥnāf, those with no earnings at all

Al-‘Amilīna ‘Alayha:

This used to be the Zakāt collectors (‘Āmils) who went out to collect the Zakāt on behalf of the Islamic Governments at the time.

Al-Mu’allafati-Qulūbuhum: Reconciliation of Hearts

People who have just embraced or are inclined to embracing Islām

In the book Tuḥfatul ‘Alma‘ī, Mufti Sa‘īd Aḥmad Palanpuri mentions that there were 6 different types of Mu’allafatul Qulūb, 2 for non-Muslims and 4 for Muslims.

‘Umar رَضِيَ اللَّهُ عَنْهُ during his time as the Khalīfah, suspended the share of Mu’allafatul Qulūb. He mentioned that Allāh سُبْحَانَهُ وَتَعَالَى has now given Islām victory so there is no need to now make the non-believers incline towards Islām, they are now needy of Islām themselves.

According to the Aḥnāf, and Imām Mālik, all 6 categories of this type are suspended. Furthermore, there are no narrations which mention that Rasūlullāh صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ gave money from Zakāt to

Mu'allafatul Qulūb. The narration which is mentioned by Imām Tirmidhī رَحْمَةُ اللَّهِ refers to wealth being given from the one fifth of the spoils of war.

Fir-Riqāb: For those in Bondage

Al-Ghārimīn: Those in Debt. Their liabilities are more than their Zakātable & surplus assets.

Fi-Sabilillāh: Those people who strove in the Cause of Allāh سُبْحَانَهُ وَتَعَالَى

Ibnas-Sabīl: The Wayfarer. Those travelers who have no access to their personal wealth and are in dire need.

Types of Wealth

Just to recap, the wealth that we have can be divided into 2 types.

Productive and Non-Productive.

The Productive type is the one that can increase like, money, crops etc. and on which we pay Zakāt.

All other types will be classed as Non-Productive.

Types of People

Now let's look at the different types of people who can and can't receive Zakāt. How can we be sure this person is classed as poor or needy?

Person does not possess Niṣāb of Productive wealth but has Non-Productive wealth which exceeds value of Silver Niṣāb.

No matter how much non-productive wealth this person has, they will never pay Zakāt.

However, if the non-productive wealth exceeds their personal basic needs to the value of 612g of Silver, five rulings will now be compulsory upon them:

1. Ṣadqatul Fiṭr will be Wājib (obligatory)
2. Uḍḥiyah (Qurbāni) will be Wājib

3. The expenditure of both paternal & maternal relatives who are Dhī Raḥm Maḥram (those who you are forbidden to marry)
4. Ḥajj becomes Farḍ upon them, if they have extra land or houses, these should be sold to enable them to go for Hajj
5. Zakāt becomes Ḥarām for that person

If a person gives Zakāt to the above type of person, it will not be discharged. Many people give Zakāt to their relatives and this is recommended as you will be fulfilling 2 rights, but you need to make sure they do not possess non-productive wealth over the Silver Niṣāb Value.

Person possesses Niṣāb value in Productive Wealth

For this person, they will have the same rulings as the above but one extra which is to pay Zakāt each Islamic Year.

1. Ṣadaqāt al-Fiṭr will be Wājib (obligatory)
2. Uḍḥiyah (Qurbāni) will be Wājib
3. The expenditure of both paternal & maternal relatives who are Dhī Raḥm Maḥram (those who you forbidden to marry)
4. Ḥajj becomes Farḍ upon them (when they can afford it), if they have extra land or houses, these should be sold to enable them to go for Hajj
5. Zakāt becomes Ḥarām for that person
6. Zakāt must be paid each Islamic Year

Most people from our community will fall into this category.

Person does not possess Niṣāb of either Productive or Non-Productive Wealth, but person has enough to live for 24 hours

1. It is permissible to give this person Zakāt
2. It is permissible for this person to receive Zakāt
3. It is Ḥarām, impermissible for him to ask for Zakāt

Person does not possess Niṣāb of either Productive or Non-Productive Wealth, and does not have enough to live for 24 hours

1. It is permissible to give this person Zakāt

2. It is permissible for this person to receive Zakāt
3. It is permissible for this person to ask for Zakāt

Summary

If a person is not Ṣāhibe Niṣāb, a Niṣāb holder, they are not the owner of total productive assets totaling the Niṣāb Value in today's money and they also do not possess Non-Productive Wealth equal to or exceeding the Silver Niṣāb value, then we are able to give them Zakāt.

If we have relatives who are poor, then we should try and give it to them first as we will not only be honoring the Zakāt but also honoring the ties of kinship. But again, we must be sure they are legible for Zakāt.

Who can't we give Zakāt to?

Apart from those people who are too rich to pay Zakāt, there are also some others who cannot receive Zakāt.

The Family of Rasūlullāh ﷺ and the freed slaves of his family.

Rasūlullāh ﷺ great, great grandfather was ʿAbd Manāf and he had 4 sons. Hāshim, Naufal, ʿAbd Shams & Muṭṭalib.

Hāshim, also had 4 sons, amongst whom was ʿAbdul Muṭṭalib. Only his progeny survived.

There are 5 families to whom Zakāt cannot be paid:

1. The children of ʿAbbās رَضِيَ اللهُ عَنْهُ (uncle)
2. The children of Ḥārith ibn ʿAbdul Muṭṭalib (cousin)
3. The children of ʿAlī رَضِيَ اللهُ عَنْهُ (cousin)
4. The children of Jaʿfar رَضِيَ اللهُ عَنْهُ (cousin)
5. The children of ʿAqīl رَضِيَ اللهُ عَنْهُ (cousin)

Relatives

A person cannot also give Zakāt to certain relatives:

1. Husband or Wife
2. Parents, Grand Parents, Great Grand Parents
3. Children, Grand Children, Great Grand children

Other parties which cannot receive Zakāt

Masjids & Madrasahs – Construction & Maintenance.

Schools

Any Projects which are used by the public i.e., public water pump or well

Any Non-Muslims

Part 7 - Charities

Alḥamdulillāh, there are many charities who collect money for Zakāt. Firstly, we must remember it is our responsibility to ensure that we discharge our Zakāt properly. We must vet the person\charity we are giving it to and ensure they will pass it on correctly. Here are several points and advices.

1. The charities we give to must have to have a 100% Zakāt donation policy.
2. Secondly, we must ensure that the Charity have a board of ‘Ulamā’ from your school of thought, Scholars who know how and to whom the money can be distributed. For example, we have Ummah Welfare Trust, we know the ‘Ulamā’ on the board and can trust them to discharge it according to our criteria. Some charities have no qualified ‘Ulamā’ so how will they know the conditions? So before donating, enquire about who determines how the funds are allocated and what criteria are used.
3. Do not take a risk with your Zakāt and give it to charities or people who have not been vetted or who do not distribute it properly. There are many charities who also raise money in ways which are contrary to Islām.
4. If you are not sure about a charity, consult your scholars as you will be responsible personally for not discharging your Zakāt properly. You can also check the Accounts of the Charity which can be found on the charity commission

5. Your charity contributions can also be offset for tax purposes where you can receive some tax relief
6. If you are a taxpayer – ensure that you select Gift Aid, this will benefit the Charity,
7. If possible, find the people yourself and give it to them personally, especially if they are relatives who satisfy the conditions given.

Part 8 - Summary

Alḥamdulillāh, Islām has solutions to all of society's problems.

And here it addresses one of the biggest issues and that is poverty.

The aim is to not keep people poor but empowering them to get themselves out of poverty by giving them ownership of the wealth.

They can then use this wealth to get themselves out of poverty, invest it maybe, use to trade etc.

Household wealth

If we look at here in the UK, in 2017 the household wealth was over 10 trillion pounds' household wealth, 12 zeros.

10,000,000,000,000

This is the total wealth for all households, so let's say just 1% is savings, that is 100 billion pounds

100,000,000,000

If 2.5 % was given in charity each year that would result in £ 2.5 billion each year,

£2,500,000,000

Conclusion

Subḥān'Allāh . You can see the benefits of Zakāt, it brings Barakāh to our wealth,

it helps bring people out of poverty,

it eases social issues.

It brings people closer together

and we are fulfilling an obligation for Allāh سُبْحَانَهُ وَتَعَالَى.

It is an 'Ibādah, an act of worship which will be rewarded immensely by Allāh سُبْحَانَهُ وَتَعَالَى for those that discharge it properly.

If you have any other questions regarding your personal situation then please consult your scholars who will be able to help.

May Allāh سُبْحَانَهُ وَتَعَالَى give us all the ability to discharge our Zakāt properly, may he eradicate poverty all over the world and bless us in this holy month.

Once again Jazākumullāhu Khayr for attending and let us all make the intention of putting into practice what we have learnt today.

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