

# FATAWA ON ZAKAH

## I. ZAKAH ON STOCKS AND MUTUAL FUNDS

Subject: Zakah on stocks and mutual funds

From: Islam on line

Date: 9/13/00

### Question

Your question is about Zakah on money invested in stocks and mutual funds that you keep as savings

My answer:

Dear Br. Riyad

Assalamu Alaikum WA Rahmatullah WA Barakatuh,

Al Hamdu li Allah WA al Salatu WA al Salamu ALA rasulillah,

Zakah on stocks is not the same as Zakah on mutual funds. stocks represent shares in the ownership of a company that deals in certain business, producing certain goods or services, or trading the same.

Mutual funds are a special form of partnership established exclusively to deal in the financial markets, mostly buying and selling stocks, future commodities and or sharing a money market account.

buying units of a stock-trading mutual fund (and we assume that all stocks it deals with are within the limits of Shariah, i.e., we exclude funds that deal with stocks that do not fulfill the criteria set by contemporary Fuqaha of stocks that a Muslim may trade/own) is itself setting these savings (money) as principal in this partnership. By this very act you become a merchant or trader in stocks from a Shariah point of view. And a merchant is zatakable if other conditions of Zakah (unconditional ownership, Hawl, Nisab, excess above debts and basic consumption needs) are satisfied. Whether the source of this principal in the mutual fund partnership is savings, inheritance, gift, etc., is immaterial to the Zakahability. Zakah rate is 2.5% of the net asset value on the due date.

Stocks (we also assume here that are permissible to buy and own) may be purchased for either holding them and expecting their dividends and may be also participating in the management of the company, or for using them as tradable objects waiting for a good opportunity to realize a capital gain and sell. In the latter case you are called in Shariah merchant or trader, regardless of the English jargon of "investor," and you are zatakable as in the case of the mutual funds at the same rate and net asset value on the due date of Zakah.

Holding stocks for their dividend is usually done on a long term vision, during which capital gains may also be realized but the owner usually keeps holding them for long period. There are three views on the Zakah in this case. The Majority, which also came in a resolution of the OIC Fiqh Academy, is: one has to calculate the zatakable part of the value of the stock, from the company's balance sheet and pay Zakah on it in the due date

at the rate of 2.5%. The Zatakable part is: cash in vault and banks + receivable + inventory of raw materials, goods in process and goods ready for sale-short term debts. The minority view, which I personally subscribe to it in the case where the owner is only investing in these stocks, even for long term, but without any interest in the management and little concern about dividends, is to consider this investment similar to trading in stocks, in the Shariah meaning of the word. Hence owner is Zakatable at the rate of 2.5% on the market value at the due date.

The third view is a subset of the first. It actually adds to the first one that if it is difficult to calculate Zakah from the balance sheet, one may pay 10% on the net income of the stock, in analogy to agriculture. I personally do not see any logical support in Shariah for this opinion.

WA al Salam  
Monzer Kahf

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Subject: Zakah on Stocks

Date: 1/11/00

To: iqbal

if you own stocks only for their dividends, and you have no thinking that you may sell them if the price goes high enough to give you what you like of profit (which is usually not the normal case even for those stocks one hold for a long time, especially with growth or value stocks), the Zakah is calculated on the net mobile assets as in the balance sheet of the company you have its stocks (this is the resolution of the Fiqh Academy of the Organization of Islamic Conference). The fact is: This is difficult to implement and you have no information? Find it and get it from the company, or else make a guess! No other way...

If you own the stock for capital gain, you are then a stock trader (in the shariah sense not in the sense of the SEC of the USA) you pay Zakah on the value of the stock at the closing of the day your Zakah is due (this is one lunar year from the day you got Nisab for the first time) you may take the closing bid price which is a little lower than the closing market price.

What you are given from the employer in the form of a right to buy the company's stock is not subject to Zakah. If you sell it or exercise it the new asset (money or stock) is Zakatable a year from the time you get it as usual.

if an asset is sold before the end of the lunar year, its replacement stand in its place, because you do not make the Zakah on each asset alone, you just add them all together: money, net debt on others and other Zakatable holdings. What you spent is gone, it is not part of what you have at the end of the year

Monzer Kahf

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Subject: Zakah on stocks

From: Islam on line

Date: 10/25/2000

### Question

your question is about Zakah on stocks of the company you work that you buy through a financial agent with help of money periodically deducted from your pay checks and you intend to keep these stocks to accumulate and you may sell them only under emergency or to buy a residence house for you and your family.

My answer:

Dear Sister Mouna

Assalamu Alaikum,

Alhamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

Let us assume a point of time when you have (of cash + bank accounts + IRA + your share of any 401k or similar plan, not including the employer's matching amount + stocks at market value + debts on others + jewelry + any other Zakatable asset) exactly the Nisab which is nowadays about US \$1000 (not including the amount you usually use for business, personal and family expenses until the next pay check following that point of time. This determine the first day of the lunar year of your Zakah. If you own a Nisab at the end of a hijra year from then you are required by Shari'ah to pay Zakah.

For the stocks you buy the way you mentioned with your intention as you stated, the majority's opinion is that Zakah is only due, at the rate of 2.5% on a percentage of the market value of the stock equals the percentage of the company's mobile assets (- accounts payable) to its net equity.

Shaikh al Qaradawi's opinion is that you pay Zakah only on dividends at the rate of 10%.

I prefer the opinion of other Scholars, which is also mentioned by the late Muhammad Abu Zahra, Abdelrahman 'Isa and Abdewahab Khallaf That Zakah is due at the rate of 2.5% of the market value of the stock because stocks have become assets that are traded independently of the company

Wa Allahu A'lam,

Sincerely,

Monzer Kahf

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Subject: Zakah on stocks

From: Islam on line

Date: 1/30/2001

Name of Questioner: khalid

Gender: Male

Age: 31-45

Education: Graduate

Date Submitted: 12/19/2000

EmailUser

Ref.No.: V6DTCS

### Question

I have invested \$10,000.00 in stocks. I have not earned any profit on these investments. Do I have to pay Zakah on this investment? If yes, then on what amount. Should it be on the current value of stocks or on the invested amount? Thanks

My Answer:

Dear Br. Khalid

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh  
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah

Zakah of stocks is, as you know anew subject that the Muslim Scholars dealt with on the basis of the rules of deriving a Fiqh position on a new matter that did not come in text nor it is directly based on a text.

The principle is that Zakah is an obligation on the rich with certain exemption of thing that relate mainly to personal and family use.

and stocks represent a partnership in the ownership on a corporation. A corporation value is determined on several factors that can be summed up in three categories: 1) the material properties of the company as revealed in its accounts and its potentials to generate future profits; 2) The non material assets including its goodwill, management, etc.; 3) the demand for the stocks of the company in the exchange and their supply, both are affected by a whole set of factors outside the company itself, and way in the national and international economies, etc. etc.

Keeping all that as a background, some Ulama (the great Ulama of the 20th century Muhammad Abu Zahrah is among them) see in stocks a new commodity (or thing or property) that is bought and sold in the market and therefore they treat stocks like business inventory of any other goods that are bought and sold in the market. THEIR VIEW IS THAT STOCKS ARE SUBJECT TO ZAKAH ON THE BASIS OF URUD AL TIJARAH (BALANCES OF GOODS FOR SALE.) AT 2.5% IF 354 DAYS (A LUNAR YEAR) PASS AFTER A PERSON OWNED NISAB, AND THE PERSON HAVE A NISAB AT THE END OF THE HAWL.

For your question this means that you are subject to Zakah as stated because, after the loss you still have more than Nisab. Zakah is due on the value of the stocks at on day 354th from the date of purchase even though you ended up with losses as long as you are still above Nisab (#US\$ 1000).

The OIC Fiqh Academy adopted different approach. It is, in brief:

If you purchased the stocks to trade in stocks, i.e., as what we call investment in stocks: we buy and look for good opportunity to realize capital -cum income growth, as most of us do in the USA, then THE PREVIOUS OPINION APPLIES BECAUSE STOCKS ARE LIKE URUD AL TIJARAH.

But if you buy the stocks to hold them and become actual partner in the company with the hope of benefiting from its distributed dividends then you have to look at the business of the company: Agriculture, trade or industry. Each one is Zakatable differently. 10% on your share of the output (this is calculated as number of your shares/total number of shares, assuming all shares are one class) in agriculture if it is irrigated by rain or rivers, 55 on the output if irrigated by human efforts (today considered as energy operated pumps). If industry or trade, Zakah is only on the inventory of goods ready for sale, goods in process, and material inputs that make ingredients in the product. The rate is 2.5% and the Hawl is a necessary condition. If your stocks are in an information highway company that does not sell any material goods and you are not Zakatable.

There is a third opinion, I heard it from some non-Fuqaha here in the USA, and some attributed it to Shaikh Qaradawi, a thing which I could not verify, it is not in his book nor in his on line Fatawa: It is that the principal amount you put in stocks that you buy as investment, in the common jargon we use as you have some extra money and you want to try to make more on them in the market, is not subject to Zakah and only the gain, capital

and dividend is subject to Zakah without the condition of Hawl and at 10%. I personally think that this opinion needs to be substantiated on the basis of Shari'ah rules and as of now I see such substantiation next to impossible.

Of course all Fuqaha say if you acquired dividends, an amount of Nisab or more and it remains with you for a period of lunar year from the day you acquire it, you have to pay Zakah on cash, 2.5%. But if it does not remain that long, even if you buy new stocks, you are not subject to Zakah.

My personal opinion is that unless you bought the stocks to become a long term partner in the company, you are subject to Zakah on the market value of the stock, even if you made losses at the rate of 2.5% each lunar year from the day you bought them.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on stocks, is it on profit or value of the stocks?

From: Islam on line

Date: 6/11/2001

Name of Questioner: salem

Gender Male

Age 21-30

Education Post Graduate

Date Submitted 5/21/2001

Email

country of Origin

User Ref. No. U1A3H3

country of Residence

#### Question

Al Salam Alaikum wa Rahmatullah. I would like to ask about paying Zakah on stocks and shares in a Stock Exchange. I heard that you pay 10% of the profit, is that true?? What if I made a loss in the last year, Do I still have to pay Zakah on the whole amount? Jazaka Allah Khairan

#### My Answer:

Dear Br. salem Mohamed Saleem

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1 - If stocks are bought and owned for the purpose of becoming a partial or joint owner of the company, Shari'ah considers these stocks for what they stand for. Stocks are shares in the ownership of a corporation. Allah, Ta'ala, imposes Zakah and other religious duties on natural persons not on entities created by our conventions and laws. Hence, Zakah is on the owners of the corporation, Shareholders, not on the company itself. (it is possible and acceptable, and may be easier, more convenient and less costly to levy and collect Zakah from the company itself, but that is done by virtue of considering the company as a representative, agent of its owners.

Once this principle is understood, Zakah on stocks owned for the purpose of being a joint owner of the company is in fact, on the assets of the company. Hence one is required to know the part that is Zakatable of the assets and one's share in these assets and pay Zakah on that amount. You may not know, then search (remember you are an owner and you

intend to be a partner in the company), and if you cannot make an educated guess to estimate and be on the safe side by paying a little extra.

What are the Zakatable assets of a company or a business: three opinions: a) only mobile assets - short term liabilities. b) (a) + 10% of net returns of fixed assets (or 5% of their gross returns). c) 2.5% of total net worth.

You don't look at the market price of the stocks, as long as they are held for the purpose of being a co-owner of the company.

2 - If stocks are bought for the purpose of speculating on prices, stocks themselves become an object of this trade like any other merchandise. In Shari'ah, they are considered objects of trade "Urud Tijarah" and they are subject to Zakah at the market price on the day Zakah is due (354 days from the day the owner had Nisab). This is regardless of increase or decrease in their value as long as the total value of all Zakatable assets of the person is at least Nisab at the end of the 354 days.

3 - I heard of an opinion, without being substantiated by any Shari'ah evidence, that estimates Zakah on the profit only, it seems to me that it contradicts the rules of Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on company's stocks bought at discount

From: Islam on line

Date: 1/8/2002

Name of Questioner Mad

Gender

Age

Education

Date Submitted 12/27/2001

Email

country of Origin

User Ref.No. 9P1C2E

country of Residence

Question

As an employee benefit, my company allows me to buy stocks at 15% discount. How do calculate my Zakah? Should it be based on the money I contributed only? Should I pay Zakah, although I did not sell the stock? Should the Zakah be calculated based on the market value at the time the Zakah is due or on the amount I paid to buy the stock?

"Gazakum Allah Khairn"

My Answer:

Dear Br. Imad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If you buy these stocks for long term investment, there are two main opinions about their Zakahability. 1) they are Zakatable at the market value on the day Zakah is due, i.e., one lunar year from the day you acquired Nisab (adding together all your Zakatable assets); 2) only your share of the net non-fixed assets of the company is subject to Zakah. This info has to be derived from the company's Balance sheet. I think the first is more compatible with modern life and easier to understand and implement.

Wa Allahu A'lam

Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on shares and stocks

From: Islam on line

Date: March 11, 2002 10:30 PM

Name of Questioner siraz

Gender Male

Age Above 60

Education

Date Submitted 2/12/2002

Email

country of Origin U K

User Ref. No. M4LESN

country of Res. U K

#### Question

I have bought company shares after saving for 3 years. I receive dividends but I have not sold them yet. Q1. Are dividends haram as interest is on savings? Q2. Do I need to pay Zakah on unsold shares? Q3. Even though I have no physical money in hand during contributing towards the share option scheme, when do I pay Zakah, once a year or at the end of 3 years when the shares mature?

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. siraz

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You confused me, brother, what is the three years for? what does it have to do with the question? What did you not sold, dividends coupons of the shares? you didn't have physical money during contributing to the scheme, but do you have now?

Anyway my general and very brief answer is:

Share you buy of your company and other companies, in company option plan and outside it, in retirement plan and outside it are subject to Zakah on the market value of the stock on the day the Zakah is due. Zakah is due 354 day (lunar year) from the day you obtained Nisab (approximately US\$ 1000) adding up all your Zakatable items together, i. e., shares+ cash+ saving and checking accounts, etc. If the company contribute to the option plan and has restriction on the transfer of ownership to you, e. g., shares the company contributes become your only after six month of the grant although they are credit to your account now, you do not include in the calculations shares that did not satisfy this condition. Zakah is due and payable at the end of the year from the first time you acquired Nisab and every year thereafter. Zakah is a yearly due payable year after year even if the Zakatable items are declining as long as they are still at least Nisab. It is sinful to knowingly delay its payment without Shari'ah acceptable excuse, but it still must be paid. If you don't have sufficient cash to pay it, this is an acceptable excuse, you can pay when you have cash, even if it were when you liquidate the shares, but you have to pay for all past years.

Wa Allahu A'lam

Wassalam

Sincerely,  
Dr. Monzer Kahf

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Subject: Calculation of Zakah on stocks  
From: Islam on line  
Sent: April 16, 2002 7:39 AM  
Name of Questioner hasan Gender Male Age 46-60  
Education Date Submitted 3/28/2002 Email  
country of Origin United States User Ref. No. 9P4AL4 country of Residence US

#### Question

How do you calculate ZAKAH on stocks that you trade during the year, and stocks that you hold for long time, more than two years, and mutual funds that you hold for long time 2-20 years long term investment. My mutual fund company (Muslim company), sent me a letter saying that on my long term investment I pay Zakah only on the income from the investment. what is your opinion on that. THANK YOU HASAN

#### My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Hasan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

My opinion is to pay Zakah on the total balances of all the same way at the end of each 354 day (lunar year) from the day you had a Nisab.

These is another opinion that distinguish between stocks and mutual funds held for long term investment, purpose of deriving income from them, and stocks and mutual funds bought for the purpose of making gains from their sale. Long term stocks are Zakahed on the income only and short term on the value.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

## II. ZAKAH ON 401K, IRA, NRE AND PROVIDENT FUNDS

Subject: Zakah of Provident scheme account

From: Islam on line  
Date: 4/30/2001  
Name of Questioner mohamed Gender Male Age 46-60  
Education High School and Below Date Submitted 4/22/2001 Email  
country of Origin Sri Lanka User Ref. No. 8PBWCI country of Res. Sri Lanka

Question:

Assalamu Alaikum. In my country a compulsory Provident Scheme operates where the contribution is credited to your Account with the Central Bank and interest is also automatically credited. This could only be withdrawn after you attain 55 years of age. Since the interest element comes to you automatically how could I dispose of interest received from the bank. Also how should Zakah be paid on the money? Should it be paid once after receiving the money or annually on the amount with the bank?

My Answer:

Dear Br. Muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

To give you an exact answer I need more information in specific about providence fund you are in, they all are not exactly alike. Matters like, can withdraw even with a penalty? do you have an option not to enlist in it if you are an employee on whom the law of the fund applies? Is deduction obligatory and defined in the law or you choose how much to contribute? are funds invested by the Central Bank? And where does the interest come from? is it from the CB itself?

Now, if the contributions are obligatory and usually deducted from salaries before payment and if interest is added by the central bank itself automatically and if you are not allowed to withdraw and not given a choice to change venue of investment and if at old age you are paid in accordance with actuarial calculations, The amount deducted from, with whatever accumulation over it are not subject to Zakah, because you don't have full command of ownership over them. It is not of your business what the government adds to it, when you are paid pensions, these payments are treated like salaries from the government Shaikh al Qaradawi believes that Salaries are subject to Zakah after deduction of the amount needed for living of the recipient and family and other legitimate expenses, this is applied actually in Sudan today. If the pension you get is high enough to cover all that and you have any left over, you may be subject to Zakah. The majority of Fuqaha, including the OIC Fiqh Academy's opinion is that salaries (and similarly pensions) are not subject to Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on Provident Fund account in Singapore

From: Islam on line

Date: 11/28/2001

Name of Questioner Hina

Gender Female

Age 21-30

Education Graduate

Date Submitted 11/8/2001

Email

country of Origin India

User Ref. No. TU2EMG

country of Residence India

Question

Sir, Assalamu-alaikum! In Singapore the system is such that the cpf (central provident fund) Of the person is under the possession of the government for the period he lives in singapore. Only on the time he decides to leave s'pore for good his cpf becomes his property. But during his stay in s'pore he can use cpf for buying a house or for medical purposes ect.. My question is: should Zakahh be given on this cpf. If so, how should it be calculated.Please give references to authentic hadith. Thankyou. Allah-hafiz!

My Answer

Dear Sr. Hina

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Certainly you do not expect a Hadith to talk about the CPF of Singapore! The verses of the Qur'an and the Ahadith mention Zakah on one's Amwal (properties, funds and other assets) and there are Ahadith that talk about exemptions of any thing below the amount of Nisab, itself defined in the same, and of personal assets such as residence house, transportation horse, cloths, etc.

Your question centers on whether you own your share in this fund or not, If you own it then its balance at the end of every lunar year is Zakatable once it reaches the amount of Nisab (= the value of 85 grams of gold). If you don't own it, whoever owns it has to pay its Zakah.

Determination of ownership on the basis of scanty incomplete information you gave is not possible! If you can send me the Law of CPF I will study it and give you an answer. However, the fact that you can use it for buying a house or for medical emergencies seems to point toward ownership, though restricted by the government. Governments have the right to impose certain restriction of properties and such restrictions do not take the property out of private ownership. On the other hand, I know that CPF receives contributions from employers and deductions from employees are they treated the same from the point of view of ownership and disposition? And What does the law state about ownership of each of these two portions? Can an employee opt not to be covered by the fund and avoid deductions?

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah of 401K

From: Ayse

Date: 11/29/2001

Question

Assalamu Alaykum. I have another question regarding 401K/IRA savings and their zekat. I have read two opposing views on this: one that says whatever the amount that would be obtained by withdrawing the funds (after paying penalties and taxes) should be included in Zakah calculations. The other stating it is like the land/real estate one uses/holds to ensure his/her family's security in the future, there is no zekat due on them, therefore for

retirement plans zekat only is due on the year that the withdrawals start (one year only). Indeed there are some who switched sides regarding this issue.

I am terribly sorry to ask you this, but may I also ask brother Kahf's background?

Probably I should have, but unfortunately I have not heard of his name before. I would like to pass his comments to friends along with his name if it is all right.

I appreciate your comments. Salaams, Ayse

My Answer:

Dear Sr. Ayse

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

401k is contributed by employer and employee. Usually there are certain restrictions on the transfer of ownership of the share paid by employer to employee such as passage of certain period in service or after service. Once these restrictions are removed of their conditions are satisfied funds in 401k become similar to funds in IRA. Penalties at early withdrawal do not matter, and present restrictions on early withdrawal do not matter too because the latter do not affect the substance of ownership. Someone told me that the government's equivalent of 401k has restrictions that affect the essential ownership I did not read it myself yet.

Assuming that both are invested only in stocks that are compatible with Shari'ah, what applies on them is the same that applies on stock ownership.

Stocks may be held as long term investment or they may be purchased for the purpose of selling at better prices. In the latter case stocks are treated, for Zakah, in a manner similar to Urud al Tijarah (business inventory readied for sale, i.e., at 2.5% of market value on the day a lunar year is completed.

When stocks are held for long term, owners are treated, for Zakah, in the same way as owners of businesses. Three opinions: 1- minority: all NetWorth is Zakatable at 2.5%, 2- Qaradawi in the Book on Zakah: inventory readied for sale at 2.5% and return on fixed assets at 5% for gross return or 10% for net return (application is vague) 3- majority only inventory for sale at 2.5% (there is an OIC Fiqh Academy Resolution to this effect).

Notice that all three opinions are difficult to implement with regard to managed funds, including 401k and IRA, notice that managers buy and sell during the year, they buy with the purpose of resale even the stocks they buy for long term investment, especially when you deal with several mutual funds as normal in 401k and IRA. Even the first opinion that seems the simplest and most strait forward has the difficulty on requiring you to know the book value of stocks rather than their market value.

New opinion of Qaradawi that these may be treated as agricultural land on the basis that they are meant for lifetime and for future retirement, it is quickly carried and propagated by a few brothers who run stock investment business in the USA. This implies that Zakah in only on the net return at 10%. Several criticisms are raised: 1-land is not kept usually for funding retirement, 2- business and its inventory is also maintained for long term and for retirement by all business men and women. 3- Agricultural land is completely exempt from Zakah. Interestingly, Shari'ah defines grain and produce as a product of the seeds, not of the land. 4- It is normal in Shari'ah to have Zakah on wealth, Zakah on income is more sophisticated and rejected by majority of scholars 5- even cash savings may be for long term and retirement, are they also exempt in this case? Etc.

Many scholars argue that since liquidation of stocks is very easy they are closer to cash wealth than anything else, and they must be subject to the 2.5% rate on the market value. This is obviously the easiest and most simple.

I see the virtue of the of protecting the wealth of the rich in the new Qaradawi opinion, but on the other hand it renders the share of the poor meager or null when it is most needed, at recession. I tend to argue with the majority that stocks are Zakatable at 2.5% of the market rate, including 401k and IRA. In whatever opinions I issue I also give the view of our very respected Alem Shaikh al Qaradawi as an alternative without mentioning these criticisms.

For the deduction of penalty, there seems no justification for it because it is not yet charged. Shari'ah doesn't work on assuming things that have not actually taken place. The Zakatable amount is the market value at the end of lunar year, or add to the rate the equivalent of days difference between lunar and solar year, i.e.,  $11/354 \times 2.5\%$

BTW, you can see my resume in my web page <[www.Kahf.net](http://www.Kahf.net)>

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on IRA accounts

From: Fiqh Council of North America - Zahid

Date: 12/10/2001

question

Assalamu o Alaikum wa Rahmatullah:

Please advise if Zakah is due on IRA (Individual Retirement Account). Additionally does home mortgage come in the equation. Jazakallah

My Answer:

Dear Br. Zahid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The Shari'ah ruling on the Zakahability of IRA, and 401K and similar savings account meant for long term investment as sources of income for old age, is centered around two points: 1- the ownership of funds in these accounts; and 2- the use of funds in the accounts (their form of investment).

1 - Ownership of funds in IRA, 401K and similar accounts: Whatever funds an employee puts in any of these account is deducted from her/his income with consent and authorization from the income earner. These funds are owned by the employee (IRA applied to self employed too). the restrictions and penalties imposed by the government on withdrawal of these funds do not negate this fact nor reduces its effect on Zakahability. These funds do not become, by such restrictions, of the kind of al Mal al Damar. The latter is items that the owner does not know whether she can ever have accessibility to and even have doubt about its continuous existence, such as buried treasure that you forget where you hid it or a camel that escaped to the vast desert. The

government has the right to impose restrictions on the use and disposition of private properties, especially in cases of Safah and such restrictions do not eliminate the right of the poor from the wealth of those under such restrictions. (In fact, those restrictions are of the same kind of the restrictions on the wealth if a Safih. it is the government's believe that owners may use them in a way that does not leave sufficient fund to spend at the time of retirement that caused it to impose such restrictions).

In the 401K and similar accounts there may be certain restrictions on the transfer of ownership of the employer's contribution, such as the passage of a number of years on employment, during this period and until these restrictions are satisfied the contributions of the employer are not yet owned by the employee.

Further, the fact that these are savings for old age does not remove them from Zakahability because even funds left aside for emergencies are Zakatable, other conditions are fulfilled; and merchants, shop keepers and all other wealth owners do consider some of what they own as "reserves" for old age.

there are certain kinds of retirement Funds to which the employee is not asked to make any contribution, or deductions from their salaries may be required by the employer's staff regulations or by law, and the employer deposits certain contributions too without being personalized in a separate personal account for each employee and without informing the employee each time a deposits in done. These kind of retirement funds are not in fact owned by the employees and are outside their Zakatable items.

2 - The mode of investment of these funds: Assuming that funds in the IRA and 401K are invested only in stocks that are compatible with Shari'ah, what applies on them is the same that applies on stock ownership. (The fact that management of these funds is surrendered to other agencies does not also affect the ownership).

Stocks may be held as long term investment or they may be purchased for the purpose of selling at better prices. In the latter case stocks are treated, for Zakah, in a manner similar to Urud al Tijarah (business inventory readied for sale, i.e., at 2.5% of market value on the day a lunar year is completed).

When stocks are held for long term, owners are treated, for Zakah, in the same way as owners of businesses. Three opinions: 1- minority: all business NetWorth is Zakatable at 2.5%, 2- Qaradawi in the Book on Zakah: inventory readied for sale at 2.5% and return on fixed assets at 5% for gross return or 10% for net return (application is vague) 3- majority only inventory for sale at 2.5% (there is an OIC Fiqh Academy Resolution to this effect).

Notice that all three opinions are difficult to implement with regard to managed funds, including 401k and IRA, also notice that managers, as deputed agents of owners, usually buy and sell during the year, they buy with the purpose of resale even the stocks they buy for long term investment. The difficulty in application is especially apparent when you deal with several mutual funds as normally done in 401k and IRA.

Even the first opinion that seems the simplest and most strait forward has the difficulty of requiring you to know the book value of stocks rather than their market value.

New opinion of Qaradawi: such accounts may be treated as agricultural land on the basis that they are meant for lifetime and for future retirement, it is quickly carried and propagated by a few brothers who run stock investment businesses in the USA. This implies that Zakah is only on the net return at 10%. Several criticisms are raised: 1-land is not kept usually for funding retirement, 2- business and its inventory is also maintained

for long term and for retirement by all business men and women. 3- Agricultural land is completely exempt from Zakah. Interestingly, Shari'ah defines grain and produce as a product of the seeds, not of the land. 4- It is normal in Shari'ah to have Zakah on wealth, Zakah on income is more sophisticated and rejected by majority of scholars 5- even cash savings may be for long term and retirement, are they also exempt in this case? Etc. Many scholars argue that since liquidation of stocks is very easy they are closer to cash wealth than anything else, and they must be subject to the 2.5% rate on the market value. This is obviously the easiest and most simple.

I see the virtue of the of protecting the wealth of the rich in the new Qaradawi opinion, but on the other hand it renders the share of the poor meager or null when it is most needed, at recession. I tend to argue that stocks are Zakatable at 2.5% of the market rate, including 401k and IRA.

For the deduction of potential penalty from the amount subject to Zakah, there seems no justification for it because it is not yet charged. Shari'ah doesn't work on assuming things that have not actually taken place. The Zakatable amount is the market value at the end of lunar year, or you have to add to the rate the equivalent of days difference between lunar and solar year, i.e.,  $11/354 \times 2.5\%$  if you use a solar year.

Finally, long term debts such as home mortgage debt are against future income not present amount of Zakatable item. However, if any part of the existing Zakatable Items at the end of the Zakah year is going to be used itself to pay any outstanding debt, such debt is deductible from the amount of the Zakatable item for the purpose of calculating due Zakah. This happens, for mortgage, if you received your month's income just before the end of the Zakah year and an amount is due on you for payment a few days later, before you receive the next pay check. In fact in this case you may also deduct your personal, family and business expenses for the pay period that you normally use of the already received pay check.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on 401K

From: Islam on line

Date: 12/28/2001

Name of Questioner Wael Gender Male

Age 31-45

Education Post Graduate DateSubmitted 12/22/2001

Email

country of Origin Egypt User Ref.No. 4BUNVC

country of Res. Egypt

Question

I learnt from your blessed site that I have to pay Zakah on 401k money. I still need some clarification. I understand that complete ownership is a condition of Zakah. It has to be known that the 401k money is not under my control. That means I can not take this money or even a part of it. Imagine that I have money in the 401k that I have to pay \$5000 Zakah and I do not have this \$5000 in hand. What could I do. I can not take from

401k money and I do not have the money. This case happens especially after so many years of putting money in the 401k. Please Advise Jazakom Allah Khairan

My Answer:

Dear Br. Wael

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

First, my Dear Brother, do you have 401K in Egypt? Please let me be informed. to my knowledge 401K is only an American system. Am I correct?

You are fully correct in saying that "complete ownership" is a condition for Zakah. Let us look at the meaning of "complete ownership." If you have funds invested in Mudharabah with an Islamic bank or a friend, you have no control over it for the whole period of the contract, yet you still own it and it is your's. IT IS ZAKATABLE! If you have a Zakatable asset, such as jewelry or cash, kept as Wadi'ah (in the Shari'ah meaning as an Amanah) with another person and this person denied it but you have a strong evidence (e.g., a notarized document signed by that person). IT IS ALSO ZAKATABLE! And the Assets of private Waqf whose beneficiaries are given persons such as the founder's children, etc. IT IS ALSO ZAKATABLE! (these are examples given in classical Fiqh literature as satisfying the condition of "complete ownership."

On the other hand, funds and assets frozen by a court for payment of certain obligations, assets handed to creditors as a lien that they can liquidate without permission of the debtor, and funds lost or stolen and you don't know whether they will be recovered or not. ALL THESE ARE NOT ZAKATABLE and these are also classical examples. Do you trace a line of distinction between these two categories? You may add to the first category debt on persons who confess the indebtedness, or bound by indisputable documents, and are able to pay back and you may add to the second debts that violate either of these two conditions.

The distinction lies in owning and getting the benefit, even in the future, while no body else, but you, has a claim on the asset in the first case and uncertainty about the existence of the asset or its coming back to you in the second.

That is why we argue that funds in 401K and IRA accounts are Zakatable, except for money deposited by the employer and you have no claim on it yet until certain number of years pass while you are still employed by the same employer.

Your second point is very important too, Shari'ah does not put any person under difficulty of hardship, although we must keep in mind the any obligation requires certain amount of sacrifice (What is called in Shari'ah: Taklif). Hence, the principle is that one must discharge any Shari'ah obligation as soon as one can, with reasonable comfort. If the owner of a retirement account can pay from other sources and income, it is fine and well, but if one cannot do that Zakah may be paid out of the same account when it is liquidated, and you don't have to accept the burden of tax penalty on withdrawals for the payment of Zakah, payment for all the past years can wait until liquidation is normally done and probably one has to mention it in one's Last Will just in case. In the classical Fiqh literature one usually find that you may pay the Zakah on such funds from themselves when one get them back.

Wa Allahu A'lam

Wassalam

Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on Employee's Provident Fund account

From: Islam on line

Sent: August 20, 2002 6:59 AM

Name of Questioner Thanveer Gender Male

Age 21-30

Education Graduate

Date Submitted 7/29/2002

Email

country of Origin India

User Ref. No. Y1K3WD

country of Res. India

#### Question

In India, employers deduct 12% of the employee's salary and employers contribute equal amount and pay to the employees' Provident fund (which is under the Govt. of India). While the employee leaves his/her job, will be eligible to get the amount. EPF also pays interest for the amount on some calculations. My questions are: 1) Is the interest being paid by EPF is HALAL for the employee? 2) While calculating Zakah, does the employee need to consider the amount in his account? 3) If the interest amount is Haram, then what can be done to the amount as it can not be left at EPF a/c.

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Thanveer

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I understand this deduction is obligatory, employees do not have a choice to participate or not and the government runs the Employee Provident Fund either directly or through a n independent board. Accordingly,

- 1- The amount accumulated for an employee in this EPF is not subject to Zakah because the employees's ownership is not complete. This is not like the case off IRA or 401K in America where the contribution is voluntary and the employee has certain authority on management and withdrawal, even with a penalty.
- 2- If you get a lump sum and it consists of the amount accumulated in your account plus interest, this interest is Forbidden and you must give it away to Muslim charity such as the poor and needy especially Muslims affected by the Hindu extremists' riots. It is not Halal for you but it becomes Halal for the poor and needy and general Islamic causes.
- 3- If you are paid a pension, you do not need to worry about any interest the government calculate in your account because pensions are calculated on a different system that depends on age of pensioner, duration of service and the amount contributed, it is not interest based. The pension is Halal InShaAllah.

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on Provident Fund

From: Islam on line

Sent: October 14, 2002 6:52 AM

Name of Questioner khairul

Gender male

Age 46-60

Education

Date Submitted 9/25/2002

Email

country of Origin

User Ref. No. 1FMS5X

country of Residence

Question

Assalamualikom wa Rahmatullah,

I have been working for 30 years. Each month the company and I set aside monies in Provident Funds to be kept till I reach retirement age. It can be used to buy a house or invest in the tafakul investment company. Now after 30 years I am about to withdraw my years of saving. Do I have to pay Zakah?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. khairul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If you had a choice to make this deduction or not and you selected to make the saving for your retirement, this money is subject to Zakah at 2.5% every lunar year beginning from the date it reached Nisab (approximately us\$ 1000) until the time you withdraw it. You deduct all the funds you used for purchasing a house for your residence or spent on any other thing that you can withdraw money for. Zakah could be paid yearly, obviously from other sources; it can also be paid for all past years on every amount you withdraw, as you take it.

If the law requires you to put aside this money and it has to go to a special fund and management, the PF as you said, it is then treated like a tax, and you only pay Zakah on your other assets provided other conditions for Zakahability are satisfied. whatever you withdrew for house purchase or other expenses is not subject to Zakah and whatever you withdraw is treated as income of the day you receive it, any saving you make out of this income is added to your other Zakatable assets for the purpose of calculation of Zakah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on 401K

From: Islam on line

Sent: October 11, 2002 7:13 AM

Question

Do I have to pay Zakah on 401k money? 401k money is some money I put (sometimes the company also puts) so that I can receive this money when reaching an age of retirement. It is important to note that I CANNOT take this money unless I reach the retirement age or I leave the company. The money is also subject to increase or decrease as it could be invested in the stock market (I choose Halal stock for sure). JAK

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Funds in the 401K can also be borrowed to by a house or pay medical emergency bills or some other uses too. You can also withdraw them with penalty without any reason. And the penalty is imposed on them for tax reasons only because when you deposit these funds you got tax deductible. You also chose where to invest and very often with whom to deposit.

This money is subject to Zakah because the restrictions do not invalidate your ownership or you ability to use, they are restrictions to "wise up" only or to force you not to misuse a tax relaxation.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on retirement accounts

From: Islam on line

Sent: November 13, 2002 6:36 AM

Name of Questioner Fouzan Gender Age

Education Date Submitted 10/21/2002 Email

country of Origin User Ref. No. C34UAM country of Residence

Question

Am I required to pay Zakah on the retirement accruals? I have some amount in my retirement account in the U.S. and that is tax free. But, if I withdraw money from it, I would end up paying upto 40% tax and 10% early withdrawal penalty. I foresee a need to withdraw before my retirement age as I would probably be returning to India in a couple of years. The amount has been accruing for the last 3 years with regular monthly contributions. How should I handle it?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Fouzan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Funds in retirement plans are included with other Zakatable assets in the application of the Nisab criteria and in the Zakahability unless they take the form of taxes such as social security contributions and obligatory contributions to a private company's retirement plan where employees are not given choice. This means that IRA, 401K and all similar plans that give you the option to contribute or not and very often a choice of investment and option to withdraw (or borrow from the fund even if it were at interest because you are paying interest to yourself) for buying a house, medical emergencies and the like are all included in the Zakahability. You calculate the Zakah on the balance you have in the retirement account without deducting potential taxes and penalties because taxes and penalties do not materialize unless you actually withdraw. You certainly can pay the due Zakah on these "restricted" funds from your other sources but you do not have to do that. You can without being sinful for delay, postpone the payment of Zakah on these funds until you withdraw. If you actually get less than the amount you have calculated (because of tax and penalty) you can recalculate past years Zakah as long as you did not pay it yet. The point is that at the present (date of calculating Zakah), you actually own all the balance in your retirement account and you cannot deduct unpaid tax and penalty because you may pay it, you can only deduct what is actually due on you, e.g., if you applied for early withdrawal and waiting for the check to reach you, you can make such deduction.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on retirement funds

From: Shahid

Sent: November 21, 2002 8:35 AM

Question

Should Zakah be paid on retirement fund?

JazakAllah. Shahid

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Dr. Shahid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Individual private retirement funds such as IRA, KIO, 401K and similar funds are Zakatable LIKE OTHER ZAKATABLE ITEMS. These are owned and managed by you. The restrictions imposed by the tax system does not negate the essence of ownership and does not make such funds like what is called in Fiqh "al Mal al DHamar" which is money you lost and you do not know where it is. Government in accordance to Shari'ah has the right to make certain restrictions on the disposition of certain personal properties for certain objectives related to public interest and concerns.

Retirement funds that are similar to Social security are not subject to Zakah. Many companies have retirement system to which every employee is required to contribute and there is usually matching money from the company, and then they have an actuarial system, similar to that of life insurance companies. Funds contributed or credited to an employee's account in such a retirement fund are not subject to Zakah. I said earlier" like other Zakatable items" and capitalized it (as my system does not allow me to underline it) because it really depends on how the money in an individual retirement account is used. For instance, if you borrow (this is permissible even if the tax system requires you to pay to the account interest because you are paying the interest to yourself) this money from your account to purchase a residence for yourself borrowed money that is used for the residence or for paying bills or any other use that is not subject to Zakah must be deducted for the purpose of calculating the Zakah. By the same token, the Zakahability of money invested in stocks and shares (that for Muslims must always be Shari'ah compliant) depends on the Fiqhi opinion you select for yourself. I will give you the areas of agreement and areas of different opinions and my opinion.

If these shares are purchased for the purpose of making money from capital gain by selling once a good opportunity exists, they are subject to Zakah at the market value on the day Zakah is due (the 354th day after acquiring Nisab). This is agreed upon unanimously. If they are purchased for long term keep and to collect their regular dividends, the Opinion of the majority, as adopted by the OIC Islamic Fiqh Academy, is that only your proportionate share of the mobile assets of the companies you own shares in is subject to Zakah; Shaikh al Qaradawi argues that only the income of these shares is subject to Zakah; and a minority, including me believe that the market value of these shares on the day when Zakah is due is subject to Zakah because these have really become financial properties that did not exist in the past (the only classical item with some similarity is debt you own on others and it is subject to Zakah) and that are owned in complete separation from the physical assets of the companies, to the extent that the identity and its asset composition are in fact relevant only at far distance to the investor, add to it the complication of mutual funds that make it impossible to implement the majority's opinion.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on 457 Ca and 401K

From: Dr. Salem

Sent: November 24, 2002 6:56 AM

Question

Dear Dr kahf:

assalamou alaykom

As per our conversation today, I'm sending you this email to remind you of my question: Is there Zakah for a 457california investment (quivalent to a 401k for private companies), Even though I own it, I cannot get to it till I retire. Your help is greatly appreciated. jazallahou khayran wassalaam. Salem

My Answer

Dear Br. Dr. Salem

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Please find below the answer I gave on 11-21-02 to a similar question.

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in Individual private retirement funds such as IRA, KIO, 401K and similar funds are Zakatable LIKE OTHER ZAKATABLE ITEMS. These are owned and managed by you. The restrictions imposed by the tax system do not negate the essence of ownership and do not make such funds like what is called in Fiqh "al Mal al DHamar" which is money you lost and you do not know where it is. Government in accordance to Shari'ah has the right to make certain restrictions on the disposition of certain personal properties for certain objectives related to public interests and concerns.

Retirement funds that are similar to Social security are not subject to Zakah. Many companies have retirement systems to which every employee is required to contribute at a given rate and there is usually matching money from the company, and they have an actuarial system, similar to that of life insurance companies for the calculation of pensions and/or lump-sum payments at the time retirement. Funds contributed or credited to an employee's account in such a retirement system are not subject to Zakah.

I said earlier "like other Zakatable items" and capitalized it (as my system does not allow me to underline it) because it really depends on how the money in an individual retirement account is used. For instance, if you borrow (this is permissible in Shari'ah even if the tax system requires you to pay to the account interest because you are paying the interest to yourself) this money from your account to purchase a residence for yourself, borrowed money that is used for the residence or for paying emergency bills or any other use that is not subject to Zakah must be deducted for the purpose of calculating the Zakah, i.e., it is not Zakatable.

By the same token, money, in your retirement account, that is kept cash and treasury and other bonds (though interest is Haram and must be given away to Muslim charity) are subject to Zakah with no disagreement of any scholar that I am aware of.

The Zakahability of money invested in stocks and shares (that for Muslims must always be Shari'ah compliant) depends on the Fiqhi opinion you select for yourself. I will give you the areas of agreement and areas of different opinions and my opinion.

If these shares are purchased for the purpose of making money from capital gain by selling them once a good opportunity exists, they are subject to Zakah at the market value

on the day Zakah is due (the 354th day after acquiring Nisab). This is agreed upon unanimously. If they are purchased for long term keep and to collect their regular dividends, the Opinion of the majority, as adopted by the OIC Islamic Fiqh Academy, is that only your proportionate share of the mobile assets of the companies you own shares in is subject to Zakah; Shaikh al Qaradawi argues that only the income of these shares is subject to Zakah; and a minority, including me believe that the market value of these shares on the day when Zakah is due is subject to Zakah because these have really become financial properties that did not exist in the past (the only classical item which bears some similarity is debt you own on others and it is subject to Zakah) and that are owned in complete separation from the physical assets of the companies, to the extent that the identity companies and their assets' composition have in fact little relevance only, at far distance, to the investor. Add to it the complication of mutual funds that makes it impossible to implement the majority's opinion.

Finally, although Zakah may be due, its actual payment can be postponed without sin until this kind of money is actually recovered because a payer is not required to pay the due Zakah from his/her other sources. The due Zakah on a given item is essentially payable out of the item itself. No doubt, if you decide to pay it from your current income and resources, it is fine and acceptable. The point is that you are not required to do so.

I must add that for your 457 CA Fund If you are obligated to contribute a given percentage, no more no less, and you are not permitted to chose investment venues (certainly within the funds/stocks that the management deal with as in 401K) and you are not allowed early withdrawal even with tax and penalty this fund becomes closer to the type of social security, especially that you already told me that you are not permitted to borrow from it (keeping in mind that the latter works on actuarial system which remains a major difference).

Wa Allahu A'lam,

Wa Alhamdu li Allah Rabbi al 'Alamin,

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Follow up: Zakah on 401K

From: Salem

Sent: November 25, 2002 6:06 AM

Follow up Question

Dr Monzer

assalamou alaykom:

Thank you very much for your prompt and detailed answer, jazakallahouu anna khayran. as I understood from your email, and please correct me if I'm, eventhough Zakah is due I'm not obligated to pay it now. if yes, then when is Zakah due? Wassalam. Salem

My Answer

Dear Br. Salem

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

You are correct, Zakah is due and it is not required for payment until you cash that money. The reason is that you do not have accessibility to it at the present and the principle is that Zakah on any item is payable from that item. In other words, you may, but do not have to, pay its Zakah from your other sources because its Zakah is not on these other sources. The final outcome of this is that if you pay its Zakah now from your income this is well and good. but if you do not pay it now and only calculate it and you sleep on it until you withdraw the whole money, and suppose you withdraw it with penalty or arrear taxes (any thing that turns out to give you less money than you thought, when you made the calculation, you had, you can revise the calculation and only pay Zakah on the actual.

Take the example of a debt on a person who is able to pay and recognizes that he is in debt to you for that amount. It is subject to Zakah every lunar year. if that person dies and his heirs deny part of the debt and you could not prove it otherwise. If you already paid every year, it is gone and rewarded InShaAllah, but if you did not pay you can now, say after 20 years, pay Zakah for the past years only on the amount you actually collect.

Wassalam  
Sincerely,  
Monzer Kahf

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Subject: Zakah on 401K

From: Khaldoon

Sent: November 26, 2002 7:57 AM

### Question

Assalmu Alikum Dr. Kahf & Ramadam Mubarek,

I'm sure you're asked this question before. Do I have to pay Zakah on my 401k funds before I turn 59.5 years? I'm sure you know how the 401k system works in the US. If the answer is yes, what happens if some one doesn't have enough cash to pay for 401k Zakah before having access to the funds? The fatwa from my Ilam online search was not very clear. ZAK -Khaldoon

### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Khaldoon

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Individual private retirement funds such as IRA, KIO, 401K and similar funds are Zakatable LIKE OTHER ZAKATABLE ITEMS. These are owned and managed by you. The restrictions imposed by the tax system do not negate the essence of ownership and do not make such funds like what is called in Fiqh "al Mal al DHamar" which is money you lost and you do not know where it is. Government in accordance to Shari'ah has the right to make certain restrictions on the disposition of certain personal properties for certain objectives related to public interests and concerns.

Retirement funds that are similar to Social security are not subject to Zakah. Many companies have retirement systems to which every employee is required to contribute at a given rate and there is usually a matching money from the company, and they have an actuarial system, similar to that of life insurance companies for the calculation of pensions and/or lump-sum payments at the time retirement. Funds contributed or credited to an employee's account in such a retirement system are not subject to Zakah.

I said earlier "like other Zakatable items" and capitalized it (as my system does not allow me to underline it) because it really depends on how the money in an individual retirement account is used. For instance, if you borrow (this is permissible in Shari'ah even if the tax system requires you to pay to the account interest because you are paying the interest to yourself) this money from your account to purchase a residence for yourself, borrowed money that is used for the residence or for paying emergency bills or any other use that is not subject to Zakah must be deducted for the purpose of calculating the Zakah, i.e., it is not Zakatable.

By the same token, money, in your retirement account, that is kept cash and treasury and other bonds (though interest is Haram and must be given away to Muslim charity) are subject to Zakah with no disagreement of any scholar that I am aware of.

The Zakahability of money invested in stocks and shares (that for Muslims must always be Shari'ah compliant) depends on the Fiqhi opinion you select for yourself. I will give you the areas of agreement and areas of different opinions and my opinion.

If these shares are purchased for the purpose of making money from capital gain by selling them once a good opportunity exists, they are subject to Zakah at the market value on the day Zakah is due (the 354th day after acquiring Nisab). This is agreed upon unanimously. If they are purchased for long term keep and to collect their regular dividends, the Opinion of the majority, as adopted by the OIC Islamic Fiqh Academy, is that only your proportionate share of the mobile assets of the companies you own shares in is subject to Zakah; Shaikh al Qaradawi argues that only the income of these shares is subject to Zakah; and a minority, including me believe that the market value of these shares on the day when Zakah is due is subject to Zakah because these have really become financial properties that did not exist in the past (the only classical item which bears some similarity is debt you own on others and it is subject to Zakah) and that are owned in complete separation from the physical assets of the companies, to the extent that the identity companies and their assets' composition have in fact little relevance only, at far distance, to the investor. Add to it the complication of mutual funds that makes it impossible to implement the majority's opinion.

Finally, although Zakah may be due, its actual payment can be postponed without sin until this kind of money is actually recovered. because a payer is not required to pay the due Zakah from his/her other sources. The due Zakah on a given item is essentially payable out of the item itself. No doubt, if you decide to pay it from your current income and resources, it is fine and acceptable. The point is that you are not required to do so.

Zakah is due but it is not required for payment until you cash that money. The reason is that you do not have accessibility to it at the present, and the principle is that Zakah on any item is payable from that item. In other words, you may, but do not have to, pay its Zakah from your other sources because its Zakah is not on these other sources. The final outcome of this is that if you pay its Zakah now from your income this is well and good. but if you do not pay it now and only calculate it and you sleep on it until you withdraw

the whole money, and suppose you withdraw it with penalty or arrear taxes (any thing that turns out to give you less money than you thought when you made the calculation, you can revise the calculation and only pay Zakah on the actual amount received.

Take the example of a debt on a person who is able to pay and recognizes that he is in debt to you for that amount. It is subject to Zakah every lunar year. if that person dies and his heirs deny part of the debt and you could not prove it otherwise. If you already paid every year, it is gone as Zakah and rewarded InShaAllah, but if you did not pay you can, now say after 20 years, pay Zakah for the past years only on the amount you actually collected.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on end of service benefit, loan and retirement funds

From: Islam on line

Sent: June 20, 2002 7:43 AM

Name of Questioner Shahid

Gender Male

Age

Education Graduate

Date Submitted 5/24/2002

Email

country of Origin Pakistan

User Ref. No. RDQV66

country of Res. Pakistan

Question

As-Salamu `Alaykum, I have two questions concerning Zakah, for which I would appreciate your response. 1. I work in an organization which offers end of term benefits to its employees based on the length of service. I have taken a loan against my due benefits which I will be repaying over a fixed period of time. How do I calculate the Zakah for the sum of money which I have taken as loan from the Company and for which I am obliged to make regular monthly repayments? 2. I am making annual contributions to a mutual fund through a long term contract, for the purpose of setting aside some money for the future, to be used for childrens education, marriage and retirement. As the contract does not allow me to withdraw money without incurring heavy losses, the money is thus technically fully invested and not in my hand. How do I reconcile and calculate Zakah, if at all, for the amount invested? I will look forward to a detailed response, as these issues are constantly worrying me. Thank you, for your patience.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Shahid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1) the end of service benefit is not subject to Zakah. If there is a contribution from the employee and the system considers this contribution as yours, invested for you and will be given to you regardless of the way service is terminated (say even if the employee is fired for neglect or crime like theft she/he committed against the employer). In such a case only the employee's contributions and their return are subject to Zakah every year, provided a lunar year passes on a full Nisab. Their Zakah can be delayed until they are cashed. No Zakah on the part contributed by the employer until it is cashed and a lunar year passes.

2) the loan you get on the guarantee of the end of term benefits is, itself, not subject to Zakah. Notice a loan is a liability not an asset. The money you took as a loan is obviously added to other assets you own. If at the end of a lunar year, that began the moment you had total Zakatable assets (money + bank accounts + business inventory + stocks and bonds + other Zakatable items) equal to a Nisab (# US\$ 1,000), you still have a Nisab at least, you have to pay Zakah at the rate of 2.5% of the total of these Zakatable items or assets.

3) balance in the mutual you mentioned fund must be considered within the Zakatable assets mentioned in No. (2) above.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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### **III. ZAKAH ON REAL ESTATES AND RENTAL PROPERTIES**

Subject: Zakah on real estates

From: Islam on line

Date: 12/16/2000

#### **Question**

Your question: Zakah on inherited property. I inherited from my father number of land properties where some are non-agricultural lots which could be used for building houses. I really do not know what to do with such property and whether to keep it for my children or sell it or build commercial houses on it. In case I have to pay Zakah on it, then I would have to sell to make the money available. Please advise. Regards

My Answer:

Dear Br. Fadi

Assalamu Alaikum,

I just gave a reply to another person, see if it satisfy your question:

Al hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

The issue of Zakah on real estates is one of the toughest issues in Zakah because it is controversial with the arguments of each party seeming to have certain flaws.

1 - The residence you use for self and family is unanimously not subject to Zakah.

2 - There are opinions that any thing you inherit, i.e., you do not buy, is not subject to Zakah. These are really not substantiated by any evidence in Shari'ah because there is no difference between wealth you inherit and that you earn. Both make you rich and Zakah is on the rich.

3 - The majority's view is that real estates are not subject to Zakah at all. The majority usually adds that whatever is left of the rent you get, after paying all expenses, is subject to Zakah if it is at least Nisab and it remains with you for a full lunar year. But this may be argued that every amount you have regardless of its source, whether from rent or not is subject to Zakah with these two conditions.

4 - Land, if agricultural has no Zakah. Zakah is only on the products if they reach Nisab. it is at the rate of 10% or 5% depending on whether it is irrigated by water taken of wells with animal and human power or by rain/ rivers, etc.

if it is not agricultural, it is then like other real estates.

5 - The al Qaradawi's opinion is that rent is subject to Zakah upon getting it at the rate of 10% of the net, i.e., after expenses or 5% of the gross, i.e., before deducting expenses . The problem with this opinion is two folds:a) it is based on analogy to agricultural land and its product. It is very far fudged analogy. building are not like lands and rent is not like produce and expenses (maintenance + tax + insurance) are not like cost and effort of getting water by animal/human power from wells.

6 - The minority's opinion, I am included, is that rented real estates, other than rented agricultural land, are subject to Zakah at the market value, and you add the net rent after expenses to the value and pay Zakah on the total at 2.5% at the end of each lunar year from the date you acquired the property. although this view seems more consistent with the general principles of Zakah such as the concept of rich and wealth, it faces difficulties in implementation because of the rigidity of the real estates market, how can you pay it if you do not have cash or if what you have is not sufficient for your family expenses and Zakah payment together? Especially in countries that have limiting rent laws where the rent may be very small.

Theoretically, the answer is: why should keep such illiquid property that is not even able to net 2.5% above expenses? But there are many practical cases that make such payment very difficult if not impossible. You may say the Zakah payment is then deferred but then what? Most likely, in countries under the market system with least of restrictions, as it is supposed to be Islamically, such a situation may never happens because the market arbitrage between different forms of wealth takes care of bringing closer the returns on all types of investment, keeping in mind the different levels of risk the variation between investors in their risk taking attitudes.

For gold and silver, the matter is easier. If you own a Nisab which is # 2.99 ounce (= 85 grams) for gold, and 20.93 ounce (=595grams) for silver you have to pay 2.5% each lunar year since one year after the first day you owned Nisab.

WA Allahu A'lam,

Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on rental properties and their evaluation

From: Islam on line

Date: 3/24/2001

Name of Questioner Aqeela

Gender Female

Age 31-45

Education Graduate

Date Submitted 3/22/2001

Email

country of Origin United States

User Ref. No. 28EA48

country of Res. US

Question:

Assalamu Alaikum. We have a property that is for rental in addition to the house we live in. How do we calculate Zakah on this property? Is it based on the market value of the property or on rental income, or both? We have had very opposing information. Please clarify this matter for us, InShaAllah. Jazaka Allah Khairan

My Answer:

Dear Sr. Aqeela,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

You really have a full right to be confused. The matter itself is not yet settled between Muslim Scholars and there is no specific text on this issue. It is a matter of Ijtihad. The argument is as follows:

1- Traditionalist Fuqaha: This is not a thing that you want to sell, nor any other thing that we have either a text on its Zakahability or we can take it by analogy. Therefore, it is not subject to Zakah. Add also that rental buildings existed in the past, though on a small scale and the Ulama, at the glorious time of Ijtihad did not consider them subject to Zakah. **THOSE SAY RENTAL PROPERTY IS NOT ZAKATABLE.**

2- Al Qaradawi and several other enlightened (i.e., more exposed to contemporary kinds of investment, wealth holdings and their dynamics) Ulama look at rental property as wealth that is invested and that makes a difference between rich and poor. The general principle that came in the verse of Surah 9 is that Zakah is on Amwal, and a rental property is a mal. Also the correct Hadith tells that Zakah is on the rich and an owner of rental property is rich. **THEREFORE:** it must be subject to Zakah.

At this point they differ. Qaradawi says the Zakah is either on the net rent (after payment of insurance, taxes, maintenance and other related expenses) at a rate of 10% similar to agricultural products that are watered by rain or on the gross rent (before deductions) at the rate of 5%. This is on the ground of analogy to agricultural land whereby Zakah is on its products.

Other people, including me, argue that rental property, being investment asset is more similar to the capital of traders or merchants, livestock are also similar to rental assets because Arabs used to hold livestock as an investment capital. Therefore Zakah must be on the value of the asset itself plus any amount of the rent left at the end of the Lunar year after payment of all expenses of the property itself and of family expenses and the rate is 2.5%. in other words, at the end of the year, you look at the market value of the property,

add other Zakatable assets you have such as money, stocks, etc., and calculate Zakah at 2.5%.

Make your choice of any of these opinions, the way you feel your heart and piety tell you

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on land, is it at the present value?

From: Islam on line

Date: 12/12/2001

Name of Questioner Mohamed

Gender Male

Age 31-45

Education Diploma

Date Submitted 11/27/01

Email

country of Origin India

User Ref. No. DFEUJB

country of Res. India

Question

I have some land lots. Present Value of land is not profitable, Should I pay Zakah for the value of the land?

My Answer:

Dear Br. Mohamed Haris

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If your land lots are used in agriculture, they are not subject to Zakah. The produce is Zakatable at the rate of 5% or 10% depending on irrigation.

If you acquired the lots for the purpose of selling them when the prices are ripe, your lots are subject to Zakah every lunar year at the rate of 2.5% and you calculate Zakah on the market value, whether it is up or down.

A lot you acquire to build your residence or residence for your parents is not Zakatable even if you did not yet start the construction.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on rental property

From: Islam on line

Date: 9/30/2001

Name of Questioner Nasreen

Gender Female

Age 46-60

Education Post Graduate

Date Submitted 9/26/2001

Email

country of Origin Pakistan

User Ref. No. U8XZH7

country of Res. Pakistan

Question

I live in a house, and get rental income from my basement. I recently bought a condominium, and rented it out too. Do I have to pay Zakah on the actual value of the condo as well as both rental incomes, or only on the incomes? Will it be 2.5% of the total rental incomes, or 2.5% of the savings after one year?

My Answer:

Dear Sr. Nasreen

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The majority of Classical contemporary Fuqaha' argue that the rent you get doesn't matter, you just see at the end of your fiscal Zakah year (i.e., a lunar year from the date you acquired Nisab) how much you have and pay Zakah at 2.5% as long as the amount is above Nisab; you do not include any and all real estates.

A more realistic opinion is that of Shaikh Qaradawi who believes that you do not include the value of rented real estates (obviously your residence is not included) but you pay Zakah at the rate of 10% on the net amount of income from rented real estates (i.e., gross rent minus taxes and maintenance and other expenses).

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on non agricultural land

From: Islam on line

Sent: October 07, 2002 8:46 AM

Name of Questioner Ali	Gender	Age
Education	Date Submitted 9/25/2002	Email
country of Origin	User Ref. No. 1FMS5X	country of Residence

Question

Is Zakah applicable on a non agricultural land owned by a Muslim as in form of a saving? Some brothers argue that and amount of land holding is all exempt from Zakah. In the sub-continent, people usually buy non-agricultural land and keep it either for constructing a house or for sale in the future.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Ali

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

A piece of land that is bought for the purpose of selling it in the future is subject to Zakah at the rate of 2.5% of its market value at the end of each lunar year along with other Zakatable assets for a person who owns a Nisab. This land becomes like objects or inventory of trade.

A land purchased to construct your residence is not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on rental income in Qaradawi's view

From: D. A.

Sent: November 04, 2002 6:25 AM

Question

I did not find the issue of Zakah on rent in the Qaradawi's book, Is it the opinion of the four schools of Fiqh?

My Answer

Dear Br. D.A.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

In your reading of Shaikh Qaradawi book you must have missed chapter 8 (eight). The Arabic title of this chapter is "Zakah'ul Mustaghallat." Zakah on rental income is mentioned in this chapter as the opinion Shaikh Qaradawi gives weight to. It is his opinion. You are correct this is not the prevailing opinion in the four schools of Fiqh although you find it as the view of several classical Fuqaha. You should notice that such a use of wealth was not very common at the early time of Islam especially at the time of the Prophet and Companions, pbut.

Wassalam

Sincerely,

Monzer Kahf

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Subject: Is Zakah on a property or on its income only and is it every year?

From: Islam on line

Sent: December 03, 2002 8:22 AM

Name of Questioner Mohamed Gender Male Age 31-45

Education High School Date Submitted 11/19/2002 Email

country of Origin Singapore User Ref. No. TVYTC4 country of Res. Singapore

Question

Assallamu Allaikum 1) I would like to know regarding paying of ZAKAH on property is on the value of the property or the anual revenue If on the value of property should it be paid anually 2) How should Zakah be paid for gold if the same amount of gold is held for the following year

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Mohamed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah is a yearly obligation. From this point of view it is like real estate or income tax, it must be paid every year. It is calculated on the market value of the Zakatable item, or it is in-kind on livestock and agricultural products (it can be paid in cash too on the sale proceeds of the harvest).

Zakah is obligatory on real estate properties if they are bought for sale.

If real estates are not purchased for sale, i.e., they are rental properties, there are three views about their Zakahability as follows: a) These are not subject to Zakah at all. Any income derived from them is treated as part of the inflow of money and the balance at the end of the year is subject of Zakah under the known conditions for Zakahability, Nisab and passage of one lunar year; B) His Eminent, Sheikh Al-Qaradawi argues that the income of such properties must be subject to Zakah upon its receipt or at the end of the year and you have a choice of either 5 % on the gross income (gross revenue- allowance for amortization) or 10 % on the net income (revenues – amortization – expenses and taxes). Zakah is payable every lunar year repeatedly and any balances that are left at the end of the year are treated as part of cash balances (if they remain in cash form) that will be subject to Zakah on monetary assets every lunar year; C) the third opinion is that based on the net worth that you own. It goes as follows: on the 354 days after owning a Nisab you calculate the market value of the real estates + cash balances + bank account + inventory + debts on others + jewelry – mortgages and other liabilities etc. and you pay Zakah at 2.5%. This is also repeated every year.

Certainly personal assets are excluded from the obligation of Zakah; personal assets include residence, furniture, household appliances and equipment, clothes, books, means of transportation, etc.

I personally believe that the third opinion is more consistent with the objectives of Zakah and the generality under which the texts of the Qur'an and the Sunnah express the Zakahability on amwal (properties). It is also consistent with the contemporary economic and financial considerations of who is rich and who is not.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on rental property and on land

From: Tariq

Sent: December 17, 2002 8:51 AM

Question

Assalmu Alikum Dr. Kahf & Eid Mubarek,

I have 2 questions on how to calculate my Zakah .....

- 1- I have a house overseas which I get about \$400.00 a month from rent, how do I calculate the Zakah? do I pay Zakah on the rent or the value of the house?.
- 2- The second question is that I have a piece of land which I purchased few years ago for \$20,000.00, how do I pay Zakah on this?.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Tareq

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

The classical view is that real estates are not subject to Zakah unless they are purchased for the purpose of sale. Only in the latter case real estates are subject to Zakah. Because the majority of our Ulama are classical, this is the opinion of the majority. A minority of Scholars argue that these are assets like other assets. In the past, namely at the time of revelation, they did not represent much of a wealth because land and buildings were very cheap in the Arabia (there are evidence to this in several Ahadith).

Out of this minority Shaikh Qaradawi argues that the Zakah is only on income derived from real estates, in similarity to agricultural land. According to him, you have a choice of either paying Zakah on the gross income at 5% or on the net income (after taxes, maintenance, allowance for amortization, insurance, etc.) at 10%, again in similarity with agriculture. Others, including me argue that there is really no basis for the claimed similarity of Shaikh Qaradawi, although we love and respect him very much. Further, owning and renting real estates is at our time one of the most common form of wealth and business. We find better similarity in livestock and in business inventory. According to this view Zakah is on the net worth of these assets if they are taken for business. The meaning of taking real estates for business is two folds: they can be obtained and kept for the purpose of renting and they can be purchased for the hope of an increase in their capital value.

According to this view, if the house you have overseas is meant for renting and income (we exclude if it is a house you bought for yourself and you are renting it temporarily until you move in or you acquired it for your parents or family overseas and they are yet to move in but in the interval it is rented), you have to estimate its market value on the day your Zakah is due and add to it the remaining balance of all other Zakatable items including any amount left from received rent and calculate the Zakah at 2.5%. As for the land, if you have it for the purpose of selling it at a higher price, you are then considered a land trader according to Shari'ah and its market value is subject to Zakah according to all Fuqaha, classical and minority. But if you just bought it, it is not subject to Zakah according to the classical view but subject according to the last opinion at the market value on the Zakah due date unless your intention is to build a residence for yourself on it, even if you own your current residence (i.e., you plan to build and move in or have any member of your family live in it), it is then exempt from Zakah.

Sorry for the delay in responding to your question and I hope I gave you a satisfactory answer. Please come back to me for any explanation or any other questions.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Is Zakah on profit or principal, land, price of gold?

From: Dr. S.

Date: 12/ 25/2000

### Questions

Here are the questions:

(a) is Zakah leviable on both principal amount and profit of any investment of money in business and Government development schemes like savings certificates etc.?

(B) Why land and property have been exempted from payment of Zakah; what is the logic (in Shari'ah) for such discrimination between cash money/gold etc and the immovable property like building/land etc?

(C) How to determine the value of gold? Is it the place where the gold is being kept at present or is it the price when the gold was bought from a particular place?

My Answer:

Dear Brother Dr. S.

Assalamu Alaikum and Eid Mubarak. I pray to Allah to give you and your family many many happy returns of the Eid with His blessing, mercy, grace and Barakah.

The three questions you forwarded to me are tough ones, though the question No. (b) is the most difficult. Al Hamdu Allah wa al Salatu wa al Salamu ala Rasuli Allah.

(a) Let us start with the simple case where all funds are invested in business inventory (Urud al Tijarah), or for the sake of argument in livestock that is fed on free pasture, as the Fuqaha say. The answer is unanimously: a "qualified" yes. It is Yes because there is no difference in opinion among Fuqaha that the amount of a Zakatable item at the end of the year is subject to Zakah as long as it is still not less than Nisab. This means that all increments that result from trade (selling and buying) and breeding are included. And it is qualified because not all profit (in the meaning as defined by the IRS and Accounting systems) is subjected to Zakah, but only the part that is not consumed by the owner and her/his family, nor substituted for assets used as durable consumption goods by the owner and family. In other words, what is subjected of profit to Zakah is only the part that is added to the inventory and the livestock and become the base or principal for the following year.

Now let us go one step further, according to the majority of classical or traditional Fiqh scholars not any investment in business is subject to Zakah, or any investment in government development schemes. This brings us very close to question No (b) which will come later. In a word, the traditionalists' view is that you have always to distinguish investment in the money used for fixed assets of a business that is not Zakatable and the part of the investment used in the mobile assets (inventory + receivables + bank accounts + cash) the latter is Zakatable. Investment in stocks for the purpose of capital gain makes

the stock *Urud Tijarah* and consequently *Zakatable*. Investment in government development schemes if it is on the basis of interest, like saving certificates, is forbidden. Consequently, the principal is subject to *Zakah* because it is a debt on the government and the interest is not an earned *mal* and must all be given to charity in order to keep one's property pure and clean. There are other views regarding each form of these investments that require more details.

Allow me please to settle question (c): In principle, *Zakah* is due in kind, from camels, sheep, grain, grape, gold, silver, etc. If you pay in cash, the price you consider for *Zakah* must always that price of the due day and the place where the *Zakatable* item exists. A point arise if a person delays the actual disbursement of due *Zakah* and prices went down! In this case, if she/he is delaying sinfully the *Zakatable* person guarantees the payment at the due price even if prices go down; but if the delay is caused by an excusable reason such as shortage of liquidity when it is necessary for disbursement (e.g., *Zakah* on jewelry or stocks that cause loss if sold and *Zakah* on strong receivable debt with not sufficient cash available) the guarantee is relaxed and he/she can pay at the price of the day of actual disbursement. If prices go up, I should say that the *Zakatable* person is recommended, but not required, to make actual disbursement according to the new higher price.

Question (b): If we look to the items subjected to *Zakah* in the context of the economic system that was prevailing at the time of profit we notice that all things that make a person rich are made subject to *Zakah*. Two kinds of things are exempt: 1) things assigned for personal and family use, even with recognition that a rich person usually has more of these things than a poor person; and 2) things that are trivial to the extent that they really do not make their owner rich by the prevailing standards, like a person who has a few hundred dollars today. This is the virtue of the *Nisab*. The exemption of both kinds seems to be rationalized on the ground that *Zakah* is not to make life difficult for the person, it is to be taken from the *Fadl* or '*Afu*, the extra and surplus and is not meant to be a tool to create an equalitarian distribution of wealth, rather to harmonize the society and bring the feelings of all groups together without being harsh on any.

When we move from that era to the *Ijtihad* era, we find two directions: one that sticks as close as possible to the texts with minimum rationalization and two those who apply more rationalization. In the latter group we find ideas like: all livestock are *Zakatable* regardless of free pasture, *Sawum* (Malikites); livestock are *Zakatable* without exemption of '*Awamil*, camels and cows used to tilt the land or draw water from wells (Malikites); rented houses and building are subject to *Zakah* on their values regardless (Ibn '*Aqil*, a Hanbalite); all agricultural output is subject to *Zakah* without any regard to being dryable (Abu Hanifah), government grants and salaries are subject to *Zakah* (I do not remember name but I think '*Ata*' and some others mentioned by al Qaradawi); etc.

It is very important to notice that there was very little change in the economic system and modes people generate income and forms of accumulation of wealth between the time of the Prophet, pbuh, and the time of great *Ijtihad*. In fact the economic system and modes of income generation and wealth holding did not have any considerable change until way after the industrial revolution about 200 years ago, especially in the Muslim land. Hence there was no real need for reconsideration of these opinions, and those few daring rulings, like the ones mentioned above, were the exception not the rule.

Contemporary Fuqaha are faced with many question and unfortunately most of them are traditionalist and do not realize the deep effects of the change in the economic system, ways of income generation and forms of wealth holding. That is why we find the majority' opinion on the side of exemption of all kinds of investment in fixed assets in any business, and the few who dared are only minority such al Qaradawi who argued for Zakah on income and on the rent or return of investment in fixed assets. There are some Fuqaha who tend to open their minds to the new realities and accept the argument of equalizing all investment that are intended for their profit such as business fixed assets (in contrast with those intended for personal and family use such as residences occupied by owners and personal transportation machines).

The rationale of the majority goes as follows: The Hadith that you take Zakah from what is assigned for sale, the lack of any evidence that Zakah was imposed on houses, any other real estates and the tools of blacksmith, retailers and other craftsmen, and the exemption of agricultural land and palm trees. Some of them borrow an economic argument and add that investment in fixed assets increase employment and increase the welfare of the whole society, therefore it deserves to be exempt from Zakah.

The counter argument goes as follows: business fixed assets are in fact intended for business and to make profit, they are very similar to business inventory and to livestock that are kept for breeding. They are in that sense intended for sale and consequently covered by the mention Hadith because those fixed assets are amortized through time and each unit of production is made to carry the financial burden of a minute portion of the fixed assets. They are a new form of assets that did not exists on any substantial scale in the past and they represent today the highest level of richness so if you exempt them you are slicing out the richest segment of the society and thus creating tremendous injustice with owners of small amount of inventories like retail shopkeepers, If you do not impose Zakah on these kinds of wealth in any contemporary economy, the amount collected of Zakah becomes negligible to the extent that makes Zakah economically and socially ineffective and not worthy of being the third pillar of this great religion. These kinds of wealth are huge while the tools of craftsmen and little containers of date sellers are trivial and practically worth very little. Investment in fixed assets and investment in mobile assets both together contribute to production and employment and Shari'ah has no intention (that can be substantiated by any evidence) that it favors projects that have higher ratio of fixed to mobile assets over projects that have lower such ratio.

Agricultural land, and land in general, was almost free at the time of the Prophet, pbuh, or at least it had very little prices, so were palm trees, their value was a lot more in their products than in the fixed assets and their products are subjected to Zakah, and there was no incidences of known investment in rentable buildings at the time of the Prophet, pbuh, although such renting have existed later but it remained exception and far from being a mode of investment in the traditional economies of those times.

Finally I think the contradiction mentioned in the question is really there and I go along with removing this kind of contradiction. I wrote on the issue one paper in English which I presented at the latest Zakah conference of ISNA, an earlier version of the same paper was published in the journal of Islamic economics of the School of Economic and Business of the International Islamic University of Malaysia in the early 1990's and the other in Arabic and published in the Journal of Islamic Economics of King Abdulaziz University of Saudi Arabia in the mid 1990's.

Wa allahu A'lam  
Sincerely  
Dr. Monzer Kahf

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#### IV. ZAKAH ON BUSINESS INVENTORY

Subject: Calculating Zakah on cloth manufacturing business

From: Islam on line

Date: 12/16/2000

#### Question

Your question: I have a business of clothing manufacture. How to calculate the Zakaah in this kind of business and what is the Nissab in the US? Thank you.

#### My answer:

Dear Br. Morad

Assalamu Alaikum and Ramadan Mubarak,

Al hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah,

According to the majority's opinion, Zakah is only on the net mobile assets. It is calculated as follows (in brief because we are not going to take complicated case of assets): cash + bank accounts + inventory of ready to sell goods + goods in process + raw materials to manufacture goods in process + receivables - short term accounts payable = amount subject to Zakah.

Zakah is due annually on lunar year basis, at the end of a lunar year that begins from the day you got Nisab, and at the rate of 2.5% of the amount subject to Zakah. If it is difficult for you to calculate the amount on a lunar calendar, you may use a solar one, i.e., the Gregorian that we use in the US, and multiply the amount by  $2.5\% \times 365/354$  which is 2.577%. Also if you have to calculate Zakah for a part of a year so you can make your Zakah year conform with your accounting year you may calculate the Zakah for part of the year on the same basis, i.e.,  $2.5\% \times \text{number of day}/354$ .

For your second part of the question, Nisab is the value of 2.99 ounces of gold on the day Zakah is due. You may take approximately as only ONE THOUSAND US\$ for this year. To be Zakatable, you have to at least own Nisab at a point of time and then own that much at least a full lunar year from that point. You do not include in the Nisab any money you appropriate for immediate expenses or payment of debt. an example clarifies this : a person who gets his/her income (US\$ 2000) monthly and had 1000 dollars in the bank on Ramadan 1, 1420, and 900 on Ramadan 1, 1421, and the salary received on Sha'ban 29, 1421 is all needed to spend during the month of Ramadan until next pay is received. This person is not subject to Zakah.

Wa Allahu A'lam

Your Brother

Dr. Monzer Kahf

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Subject: Zakah on jewelry shop goods on display

From: Islam on line

Date: 4/30/2001

Name of Questioner Mohammad

Gender Male

Age 21-30

Education High School

Date Submitted 4/22/2001

Email

country of Origin Pakistan

User Ref. No. 2YC64M

country of Res. U A E

Question:

Assalamu Alaikum. Dear sir I own a jewelry shop. I want to know am I supposed to give Zakah on goods that are on display in my shop one of the local Shaikh here said we don't have to pay Zakah on good on display or things that are involved in business. Please tell me what is the correct definition of Zakah Al fitr please specify authentic Ahadith in answering this question

My Answer:

Dear Br. Mohammad Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

You mentioned Zakah of al Fitr and you probably mean Zakah of Mal. Any way here are the points of Zakah relevant to your case:

Zakah of al Fitr is on persons: any person, including children and servants, are subject to this Zakah at the rate of one half Sa' of wheat or one Sa' of barley. This is equivalent to # 2.5 kilos. It must be paid by the head of the household and given to the poor and needy, preferably relatives during the last few days of Ramadan and definitely before the time of the Eid prayers of Eid al Fitr. There is an authentic Hadith about it that it is an obligation to purify and rectify the fasting and that it is due on the adults and children.

Zakah of Mal: it is obligatory on all persons who own Nisab and above of any of the Zakatable items. The general imposition of it came in the Qur'an, Verse 60 of Surah 9.

But like prayers, the details came in the Ahadith. As in several correct Ahadith, the Zakatable items and rates are: gold and silver, as money and otherwise (this obviously include money of our days) at 2.5% per year, livestock at a rate given in a detailed schedule by the Prophet, pbuh, , merchandise for sale at the rate of 2.5% per year, agricultural products upon harvest at 5% if irrigated by water drawn by animals from the ground, and 10% if irrigated by rivers and or rain.

Hence in the case of the jewelry you have for sale, they are certainly subject to Zakah of al Mal at 2.5% at the end of each lunar year and a year begins from the day you owned Nisab. The Nisab is 20 dinars of Gold (# 85 grams), for silver the Nisab is 200 dirham (# 485 grams).

NOW, you must notice that if the merchandise you have on display is yours you are required to pay the Zakah, it is every year even for previous years. If the merchandise is only displayed in your store and it is owned by a wholesaler, it is he who is required to pay the due Zakah, not you.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Calculation of Zakah for a business

From: Islam on line

Sent: November 13, 2002 6:17 AM

Name of Questioner Muhammad Gender Male Age 31-45

Education Post Graduate Date Submitted 10/22/2002 Email

country of Origin Sri Lanka User Ref. No. MCQN7Z country of Res. Sri Lanka

Question

ASSALAMU ALAIKUM I GIVE BELOW BALANCE SHEET OF MY BUSINESS  
FOR 3 YEARS. YEAR YR YR IN '000' ONE TWO THREE US\$ US\$ US\$  
INVENTORY 50 54 58 RECEIVABLE 36 37 38 CASH 2 4 1 ----- 88 95 97  
PAYABLES 18 18 22 ----- NET CURR ASS 70 77 75 BUILDING 30 30 40\* --- ---  
- ---- TOTAL ASST 100 107 115 ===== CAPITAL 85 85 85 P/L-B/F 10 15 22  
CURRENT NET PROFIT 5 7 8 --- --- --- 100 107 115 \* =====  
NOTE: BUSINESS CASH IS USED TO BUY A BUILDING FOR \$ 10,000 IN YEAR 3  
PLEASE CALCULATE ZAKAHH TO BE PAID END OF YEAR 1,2 AND 3.  
WASSALAM & JAZAKALLAHU KHAIR.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. MUHAMMADH

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You must have made a mistake in the data provided as capital and profit do not add up to 100, 107 and 115.

Any way let me assume that the correct numbers are those given on the asset side and that your profit was 15 22 30 respectively so your Balance Sheet becomes balanced.

I will also make two other assumptions: 1- your receivables number is given net of bad debts and or provision for doubtful debts; and 2- your payables are all currents (otherwise you have to deduct any long term payables from the payables number which means you do not deduct all payables from Zakatable assets but only current payables.

Your Zakah is simply 1.75, 1.925, and 1.875 respectively according to the Majority and the view adopted by the International Shari'ah Board of Zakah; it is 2.5, 2.675, 2.875 according to a minority view than looks at net worth only.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## V. ZAKAH ON INCOME

Subject: Zakah on income and Nisab

From: Mujahid

Date: 10/31/2000 12:23:37 PM Pacific Standard Time

#### Question

Your question on Zakah addresses both the case of income and Hawl, especially salaries which are generally fixed during the year, and the case of the Nisab, its definition and how it is treated.

#### My Answer

Dear Br. Dr. Mujahid

Assalamu Alaikum,

At the time of the Prophet, pbuh, Zakah was levied on gold and silver, trade inventories, agricultural products and livestock. If you look closely at these items from the point of view of our contemporary understanding and terminology you will realize that they cover 2 kinds of things: wealth items such as the stock of inventory, livestock and money at the beginning of the year; and items of income such as the increases in each of livestock (animals born during the year), money and inventories. This kind of items include also all the agricultural products because we call these incomes. We also notice that whatever the person used during the year was not included in the amount you pay Zakah on. This is because we do not ask persons to pay Zakah on animals they slaughtered during the year for food or those that died or those that were given away to friends, etc., the same applies to money paid out during the year for buying consumption goods or spent on the business. Finally we notice that practically all items of wealth and income at the time of the Prophet were subject to Zakah.

Now let us try to apply this understanding to our today's life. Today there are people who are rich because they own wealth such as buildings, stocks, bank accounts, cash, jewelry, ships and airplanes, business inventories, etc., and there're people who are rich because they have high income during the year such as salaried and professional persons whether their income is fixed during the year or variable.

Shaikh al Qaradawi, and I fully agree with him, believes that these rich income earners people must be subject to Zakah and their Zakah should be calculated according to the same principles derived from the calculation of Zakah at the time of the Prophet. This means that Zakah is not on the gross income but as follows:

- Zakah is only on the take home income, taxes are not included.
- Personal and business expenses are deducted, this can be done either on actual basis, or the State has the right to issue general rules that give standard deductions as they actually do it now in Sudan.
- Hence Zakah is payable on what is left, not spent of the income, actually or hypothetically, without any regard to the Hawl as long as what is left is above Nisab by the end of the Hijra year.
- Zakah on income can be paid during the year while final calculation is done at the end of the Hijra year on the basis of 2.5% for the year.
- If it is difficult to make the calculation for a hijra year, one may take a solar year and

apply a rate of 2.577% to make up for the difference of the number of days between the two calendars (#11.25 days).

- If a person happens to have more, or less, actual expense in a year, compare with other years or with the standards adopted by the government or any reasonable research studies for us here in America, he/she has to end required to pay less, or more, Zakah in that year.

As for the Nisab definition, it is an amount (of wealth or remainder of income) that if a person owns it, this person becomes Zakatable.

- Notice that this means that whatever one spends is not part of the definition. Hence, Nisab is not an allowance for personal and/or business expenses. It is above that and an added favor from Allah, Subhanahu wa Ta'ala, that He did not charge us Zakah on any amount above what we spend, but He gave us an added exemption.

- Notice also that Nisab is a test of Zakahability, not an amount that is exempt. Therefore, a person who owns Nisab is Zakatable on it, i.e., if I got 300 Sa' (= 653 kilos) of grain as my agricultural income (=output) I must pay Zakah at 5% or 10% on that amount and if I got 700 kilos I pay on all of it, not only on the extra 47 Kilos, i.e., without excluding a Nisab from it.

- Finally, notice that Nisab is not the same for all people. it is 300 Sa' on agricultural output (e.g., date, vegetables, grains, fruits, etc.) regardless of the value of each of them and it is well known (and was well known at the time of the Prophet) that this quantity carry different values depending on kind and quality of output. The same applies to 200 dirham, 20 dinars, 5 camels and 40 sheep they are not of the same value. Only in business inventory and money the equality in value is considered, may be because both are meant for what they buy not for themselves.

Sorry if I was lengthy, and I hope I made every point clear and I will be glad to give any more details!

By the way did you receive my previous letter,

Many salaams to every one of you there

Brotherly yours,

Monzer

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Subject: Calculation of Zakah on Salaries

From: Islam on line

Date: 12/15/2000

Question

Your question is: It will be 21 month that I touch a fixed salary, please inform me how to make the [Zakah] on this salary knowing that I made monthly some expenses?

My Answer,

Dear Br. Amine

Assalamu Alaikum,

Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

According to the majority of Muslim scholars salaries are not subject to Zakah, because the passage of one full lunar year from the day one acquires a Nisab, is a necessary

condition for the obligation of Zakah.

Al Qaradawi believes that salaries are subject to Zakah because that condition is not on all forms of what one owns and he also quotes some incidences from the time of the companions that may indicate taking Zakah on earned income (salaries and professional income). This view of al Qaradawi is supported by the point that richness is not only manifested by how much one owns but also by how much one earns, and Zakah is on the rich. I go along with this view. However, According to al Qaradawi, there are conditions for this obligation of Zakah on salaries: 1) personal and family deductibles. These include any other expenses even for leisure and Shari'ah permissible entertainment; 2) above expenses there must be an amount saved that accumulates to a Nisab for a whole lunar year, the Nisab is about \$ 1000.00, at the prices of gold these days.

The difference between the two views is not really big. This may be a surprise to some, but if we look closely, we will find that according to both whatever is saved is subject to Zakah, the second opinion requires Zaikai to be paid in the first year during the accumulation of savings while the second opinion only takes Zaikai in the second year that begins on the day a Nisab is reached.

wa Allahu A'lam,  
Monzer Kahf

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Subject: Zakah on salary

From: Islam on line

Date: 12/17/2000

Question

Asalamu Alikum, I am an employ in a company and getting my salary in every month. It is the only income that I have to spend for all my expenditure and some time it is not enough too. I would like to know whether from this money do I have to give Zakah? If so, how many percentages I have to give. And can you explain more about this subject? Awaiting for your detailed answer. With thanks Haneef P.K.

My Answer:

Dear Br. Haneef Assalamu Alaikum,

Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

According to His Eminence Shaikh al Qaradawi, there is a Zakah of salaries and professional income provided two conditions are fulfilled: 1 ) the amount saved over a period of twelve lunar months, after expenses are paid, reaches a Nisab (# US\$ 1000.00, one thousand only). Expenses include personal, family, and business and office expenditures.

If what you earn monthly is almost sufficient for your family expenses, and you do not save such an amount over a lunar year, you are not subject to Zakah as long as you do not spend on prohibited purchase or services.

Wa Allahu A'lam,  
Dr. Monzer Kahf

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Subject: Zakah on income

From: Ingrid  
Date: 12/20/2000

Question

What is your idea of Zakah on income?

My Answer

Dear Sister Ingrid,  
Assalamu Alaikum,

Thank you for your email and Eid Mubarak to you too, I've also learned from you and your paper in the Zakah Conference. I am sure we will have InShaAllah more chances to meet in the future.

Zakah on income:

Skaikh al Qaradawi argues that income was subjected to Zakah by the companions and he mentioned a few narrations from the time of Uthman and Mu'awiyah. I add that the general texts of Zakah imply that it must also be on income: 1) Zakah is on the rich and recipients of high income all rich by all standards; and 2) If we look at the texts that impose Zakah, we find them covering both the stock of wealth and the flow of income as we use the words in our terminology today. In other words, Zakah on agriculture is actually on income only, Zakah on Urud al Tijarah, livestock and gold and silver is on wealth and income together (the saved part of income only, and this will be discussed later), Zakah on jewelry, ornaments and hoarded treasures is on wealth only. Why excluding new forms of income whose earners are considered rich? An objection arises from exempting agricultural land. In my opinion this was on the ground of triviality. Agricultural land did not really make an asset of value compared to its products, i.e., if it were not actually producing it was worth nothing. Urban real estates was not in existence at the time of the Prophet, pbuh.

What is subjected to Zakah of income is only the saved, or presumed saved part of it, i.e., the amount that is added to productive or idle wealth, not to the part of wealth (in today's jargon) that is assigned to personal use (Quniyah). This seems to me consistent with the Zakah on other forms of wealth and income that are mentioned in the texts.

Please give a Salam from Myassun and I to your husband and children and please come and visit us when you have a chance to be in California.

Wa Allahu A'lam,

Sincerely,

Monzer Kahf

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Subject: Zakah on income of which nothing is saved?

From: Islam on line

Date: 6/21/2001

Name of Questioner

Gender

Age

Education

Date Submitted 6/21/2001

Email

country of Origin

User Ref. No. QFGIMC

country of Residence

Question:

I am a Muslim who have some limited income from a company in form of monthly stipend. I do not save anything. I spent most of it but my question is. Do I have to pay Zakah on anything of that income? Jazakum Allah khair

My Answer:

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If your income is about sufficient to cover your expenses, you are not subject to Zakah. Zakah is obligated on persons who have at least an amount equal to Nisab (# US\$ 1,000) left over after their actual, non-extravagant expenses. If you happen to save from your income an amount of \$1,000 during a full year, you have then to pay Zakah, according to the opinion of His Eminence Shaikh al Qaradawi.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on salaries

From: Islam on line

Date: March 11, 2002 10:48 PM

Name of Questioner zaam Gender Male

Age

Education Date Submitted 2/19/2002

Email

country of Origin Malaysia User Ref. No. BEEEWJ

country of Res.

Question

In my country, the Islamic Council deemed that it is wajib to pay Zakah based on the following: Surah Al-Baqarah : 267 Surah At-Taubah : 103 Surah At-Taubah : 34 & 35 However, based on my limited knowledge, there are only the following type of Zakah: gold, shares, cash deposits, profit from businesses and livestock. Please enlighten me whether there is such a thing as Zakah on salary/income. Is it wajib for me to pay Zakah on my monthly income/salary?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. zaam

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah is obligatory, as the third pillar of Islam, on almost all non personally used assets and incomes, with certain differences between the different schools of Fiqh. It is agreed in the four schools that Zakah is obligatory on the following: agricultural products, inventory of goods for sale, cash and bank deposits, gold and silver, livestock. Certainly there are the conditions of Nisab and one lunar year to pass when applicable.

Zakah on Salaries and professional incomes seems to be consistent with the principles of Shari'ah, that emphasize that Zakah is on the rich. Shaikh al Qaradawi argues for it and I believe he has very strong case on the basis of both the general texts of the Qur'an and the Sunnah and on the basis of the practice of the companions. Certainly when you calculate Zakah on salaries and professional incomes you deduct actual expenses and pay Zakah only on the left over amount, i. e., what you save, provided that these savings accumulate to be at least a Nisab for the whole year. This way of calculation may be looked at differently, that you pay Zakah on the balance of your savings, year after year with the first payment due once you have a Nisab for the first time (not a year after) because that first year payment is on the accumulated saving over the year. Then when you pay on the balance you are actually included the amount a year ago plus all additions minus what you spent out of savings.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is Zakah on income or on Savings? What is the Nisab?

From: Islam on line

Date: 3/16/2001

Name of Questioner Amany

Gender

Age

Education Post Graduate

Date Submitted 3/15/2001

Email

country of Origin

User Ref. No. VBWFTU

country of Residence

Question:

Assalamu Alaikum, What is the rule for Zakah? Is it 2.5% of your savings if you have reached the Nisab, or is it 2.5% of your taxable income? And how do you determine Nisab in US dollars. Jazakum Allah Khairan, Wasalaam.

My Answer:

Dear Sr. Amany

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Zakah is on Amwal. the Amwal cover both income and wealth as we use these terms in our time. Except for income from agriculture (where its rate is affected by the mode of irrigation and its Nisab is determined in quantity by the prophet, pbuh) the rate on cash, business and similar assets and on the remainder of income (salaries and professional fees, etc.) after spending is 2.5%. And the Nisab is the value of 85 # 3 ounces of gold. Gold prices fluctuate and I believe that Nisab must not fluctuate that much, I approximate the Nisab for the years 2000 and 2001 at about \$1000.

Zakah is not on the taxable income Allah, Ta'ala is a lot more Merciful than tax collectors. Zakah is on the left over or saved part of income. For more detail please refer to the Calculation of Zakah in North America you may find it in My Web page ([www.kahf.net](http://www.kahf.net)) or in ISNA page. If you have any question please write Islam on line or me.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Is Zakah on gross earning or on what is saved only?

From: Islam on line  
Date: 2/1/2001  
Name of Questioner: Muhanad Ahmad  
Gender: Male  
Age: 21-30  
Education: Graduate  
Date Submitted: 12/24/2000  
Email: muhanadb@aol.com  
User Ref.No: UNQEG1

Question

Can you give us the terms and conditions of Zakah as simple as possible, do we pay for what we made at the whole year or what we have at the end of the year? Jazak Allah khair.

My Answer:

Dear Br. Muhanad

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah

In the correct an authentic Texts of Hadith we have, We find that Zakah is imposed on two kinds of Amwal: stocks or wealth and flow or incomes. Stock or wealth items mentioned in the texts are: money (gold and silver), the principal of business inventory and livestock that are one year or older. Income or flow items are: agricultural products, increments of business inventories that happened during the year, increments of livestock, i.e., those that are less than one year old. We notice from the texts of Hadith on the subject of how Zakah was calculated that whatever you and your family actually consumed during the year was not subjected to Zakah. For instance, animals you slaughtered during the year for food, or gave as gifts, etc., the same thing is money you spent on yourself and the family or gave as gifts or charity, etc. The reported method of calculation is to count whatever exists at the due date which is the end of a year that started from the day you acquired an amount equal to Nisab.

Let us now apply the principles derived from the Ahadith on our contemporary economic life, i.e., our kinds of wealth items and income items.

Some Fuqaha are less exposed to contemporary life and feel uncomfortable making any new thinking beyond what the Fuqaha of the First glorious phase of the growth of Fiqh in the second and third centuries of Hijra. Those are usually reluctant to discuss new forms of wealth such as real estates and industrial, services and nowadays informational properties.

Other fuqaha have variant degrees of courage in discussing new issues although we live, probably since the middle of the 20th century a second ear of growth if Fiqh studies and

research. Many in this kind of Fuqaha find in any new form of richness a subject to discuss Zakahability on the ground that Allah in the Qur'an made Zakah payable by the rich in their Amwal and His messenger PBUH, also said that Zakah is to be taken from the rich and to be given to the poor.

Shaikh Qaradawi, for example, gives an answer to your question, here is it in my own words:

Salaries and professionals' income are subject to Zakah as follows: take the total take home income including returned withholding of taxes, tips, etc. and deduct from it all actual expenses for the whole year, do not deduct an expense that is extravagant for your kind of living (this is relative as you see) Include in the deduction installment you paid for your residence, whether you are buying or renting, for your car(s) you and your family actually use normally, Hajj trip charity paid, gifts given to family, friend and others etc.

Pay Zakah at 2.5% at the end of each lunar year for the income during the whole year, you may start paying from the beginning of the year and add what you paid and deduct it from what is due at the end of the year to pay the balance.

You may consult the Calculation of Zakah for Muslim in North America on my website at. <[www.kahf.net](http://www.kahf.net)> and if you have any further question email me through Islam on line.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: A STUDENT HAVING \$ 2000 FOR A HAWL

From: Islam on line

Date: 3/13/2001

Name of Questioner Ammar

Gender Male

Age 31-45

Education Graduate

Date Submitted 12/19/2000

Email country

of Origin Albania

User Ref. No. YPYJX1

country of Res. Albania

Question:

Assalamu Alaikum. I'm a student studing overseas and beside the scholarship I sometimes work as part time so that I've to cope with the expensive life. In this way I've in my bank account around 2000\$. Is Zakah for me fard or not? Moreover this amount is slightly more that the amount I and my family need to buy the air ticket for going back by next year (InShaAllah). Thank you wassalam

My Answer:

Dear Br. Ammar,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If this amount of \$2000 is saved to by tickets for the trip home after you finish your study in less than a year, and there are no extra sources for financing the tickets, it may not be Zakatable.

Otherwise, it is subject to Zakah from the time it reached \$1000, I consider the Nisab

about \$1000 without looking at daily changes in gold prices, and you should pay Zakah at the end of 354 days from the day you got \$1000. This is repeated every year since the Fard of Zakah is yearly, like Siyam. It is not like Haj once in a life time...!

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah out of welfare stipent

From: Islam on line

Sent: May 29, 2002 7:43 AM

Name of Questioner Azhar

Gender Male

Age 31-45

Education Diploma

Date Submitted 5/9/2002

Email

country of Origin United States

User Ref. No. C4S1Z3

country of Res. U S

Question

Dear Mufti Asalam-Alaykum The question I have is regarding an elderly woman who is a widow living in the United state with her son. She has never worked in the country, however she gets the welfare from government. She likes to know if she can pay Zakah and charity from this money. What is Islamic ruling?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Azhar

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah is due on money if two conditions are satisfied: 1) the money reaches the amount of Nisab (test of Zakahability, below which there is no Zakah); it is # US\$ 1000; and 2) after a lunar year (= 354days) she still has an amount of Nisab or more. With these two conditions, every Muslim is Required to pay Zakah at the rate of 2.5% of the total balance she has regardless of the source of money (certainly provided it is not Haram because Haram money must be returned all of it to its proper owner).

Charity or Sadaqah can be paid out of any money she owns. Remember though that the prophet, pbuh, suggests that one may give charity only out of richness, if this is her only income and she needs it for spending, if her son does not spend on her or he is also poor, she is better using it for herself rather than spending it on Sadaqah, and that will be considered as a Sadaqah as the Prophet, pbuh, mentioned in an authentic Hadith.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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**VI. ZAKAH ON GOLD, JEWELRY AND PRECIOUS STONES**

Subject: Payment of Zakah, do I sell some of the gold I have?

From: Islam on line

Date: 12/22/2000

Name of Questioner: raihana

Gender: Female

Age: 21-30

Education: Graduate

DateSubmitted: 12/5/2000

EmailUser

Ref.No: 98XBUM

#### Question

asalamu alaikum, I hope you are in the best of health and iman. My question is regarding the paymnet of Zakah. I have gold which is over the Nisab, therefore it is obligatory for me to pay Zakah, but I do not have the money to pay for it. Do I sell some of my gold to pay for the rest of the gold? I also have taken out a student loan. I will appreciate if you could give me an answer, may Allah (swt) reward you for your effort, ameen.

#### My Answer:

Dear Sister Raihana:

Assalamu Alaikum and thank you for your sentiment and Prayers.

If you have gold bullion or pieces whose total weight is at least 85 grams (# 3 ounces) You are required to pay Zakah on it at the end of each lunar year (the first lunar year begins from the day you acquired the amount of Nisab [20 Dinars = 85 Grams). The early rate is 2.5%. And yes, you have to sell some of it if you do not have other means to pay from because gold itself is exchangeable like money.

If the gold you have is in the form of women jewelry, and is at least Nisab, there are two conditions for Zakah to become obligatory: 1) it must be kept for storage not for normal use. And 2) its value must be above the normal jewelry of other women with whom you usually associate, such as your family members, neighbors, etc. The rate and lunar year are the same as above. If you do not have other means to pay Zakah, here again you have to sell some of your jewelry unless by doing so you are going to suffer big losses, because you are also required to protect your wealth from erosion. In this case the amount due in Zakah becomes a debt on you and you have to pay it as soon as you become able to.

Your student loan, here in the US, requires you to pay interest, which is prohibited, if you do not pay it in full within certain period of time from the day of your finishing of school. You must be very careful in taking any student loans unless you are very certain you can pay it during this grace period.

Wa Allahu A'lam.

Dr. Monzer Kahf

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Subject: Zakah on gold lent out

From: Islam on line

Date: 8/6/2001

Name of Questioner amathullah      Gender Female      Age 21-30  
Education High School and Below      Date Submitted 7/16/2001      Email  
country of Origin India      User Ref. No. AFHIZ6      country of Res. India

Question:

Assalamu Alaikum, I keep my gold in the bank locker from which I take yearly for my Zakah. Last year when it was time for my Zakah I learned that my gold was not in the locker but was being used by some one as loan. Now I don't know when it was removed from the locker, I got my gold back five months later. Now please tell me whether I have to pay my Zakah of the last one year or whether now my Zakah will be due only after another one year. Jazakallah

My Answer:

Dear Sr. amathullah

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If the "gold" you refer to is your jewelry, it is subject to Zakah on a yearly (lunar) basis, every year only if any of the following two conditions is fulfilled: 1) its value is high to an extent the obviously exceeds what your peers (i.e., your sisters, in-laws, cousins, neighbors, etc.) have, or 2) you don't normally use it for its proper occasions, rather you store it. Your normal use does mean daily or weekly, it only means for suitable occasions, and keeping it in a bank's locker for safety does not mean you are not using it normally. In other word, you may keep it in the bank and have normal use for it too. and when you pay Zakah you pay it on the amount -considered by weight- that violates either of these two conditions if it reaches Nisab (= approximately 85 grams).

Zakah is due at 2.5% every lunar year, the first lunar year begins once you acquired Nisab of Zakatable assets (including your cash, bank accounts, etc.) and the fact that it was loaned does not affect its Zakahability, you still have to pay Zakah of last year, if you did not already do so, and of the present year when it is due on the last day of your Zakah year.

If your "gold" is bullion or old coins you have to pay its Zakah regardless of the two conditions mentioned above as long as it reaches Nisab, an apply all that is mentioned above for calculation, effect of lending, date due, etc.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject:                      Zakah on jems and other valuable stones

From: Islam on line

Sent:                              October 07, 2002 8:09 AM

Name of Questioner najib      Gender Male      Age 21-30

Education Graduate      Date Submitted 9/17/2002      Email

country of Origin United States      User Ref. No. 67U949      country of Res. Malaysia

Question

Assalamualaikum, I have one question regarding Zakah ul Mal. As I read in the Fiqh Sunnah Book, by syed sabiq, it was mentioned that the Zakah Ul Mal is only applicable for Gold and Silver ONLY. As what I understand this issue, there is no Zakah on Diamond, ruby, and other precious gems other than Gold and Silver. Since these gems value is as much as the silver and gold, should we pay Zakah on these items too?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. najib

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If precious gems are used for trade as merchandize or inventory and if they are used as a store of value, i.e., not worn on regular basis for their occasions, without being in excess to what the peers usually have, they are subject to Zakah. However, if they are utilized as jewelry with gold, silver and other metals and they are normally used for their occasions and they do not exceed what the peers usually have, they are not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on jewelry in advance for marriage

From: Islam on line

Sent: November 28, 2002 6:20 AM

Name of Questioner B Gender emale Age

Education Date Submitted 11/13/2002 Email

country of Origin User Ref. No. 3UF96C country of Residence

Question

My question regards payment of Zakah. My parents bought for me a set of gold jewelery for when I get married but I am not even engaged. They bought this in advance to lower the financial burden of paying for a wedding all at the one time. I do not currently wear it and it was not bought as an investment or to be sold at a later date. Is Zakah due on this jewellery? And am I responsible for paying the Zakah or are my parents? If it is the responsibility of my parents can I just pay the Zakah myself anyway?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. B

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If this jewelry is bought for you and it is placed in your possession, it is given to you as a gift, before wedding gift. Once we establish it is yours, and you do not wear it, just have it stored in hibernation, it is subject to Zakah every lunar year from the day you got it, and you are responsible to pay its Zakah even if the purpose of its purchase was not investment. Upon your marriage, you may start wearing it normally (normally does not mean every day, it means on the normal occasions that it is worn for), and then only it becomes not Zakatable. This is the view selected by His eminence Shaikh Yusuf al Qaradawi, which I think the most reasonable. there is a view that all women jewelries are not subject to Zakah regardless of size and use.

If it is not in your possession it may still be owned by your parent, that they intend to give you as a gift. It is also subject to Zakah, on the same ground, you can pay its Zakah on their behalf, but you need their permission for that because Zakah is a worship that requires intention whenever intention can be made (the exception are miners and insane persons, whereby the intention of their guardian substitute theirs).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on jewelry

From: Islam on line

Sent: December 28, 2002 8:01 PM

Name of Questioner erum

Gender Female

Age 21-30

Education Graduate

Date Submitted 11/24/2002

Email

country of Origin Pakistan

User Ref. No. 4KH532

country of Res. Pakistan

Question

AssalamU Alaikum RESPECTED IMAM SAHAB I erum from Pakistan want to ask you how much Zakah I will pay from my gold jewelry here is my jewlery quantity: I had 160 grms gold jewelry in urdu languge 10 tola gold .plz answer me soon your well wisher miss erum

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. erum

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If you normally wear this jewelry and it is not more that your peers have, it is not subject to Zakah at all. Normal wear means you wear it for its occasion such as a wedding, a party, etc. It does not mean that you wear it daily and always. And peers means friends, relatives and neighbors, i. e., people with whom you associate.

If any of the above two conditions is not satisfied, you have to pay the value of  $0.025 \times 160 = 4$  grams in rupees as it is in the local market for gold as bullion, i.e., non

manufactured. It does not matter if the purchase price of the jewelry is higher than present market price or if the jewelry cost you more because they are manufactured

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on gold and others

From: Islam on line

Sent: January 02, 2003

Name of Questioner harun

Gender Male

Age 31-45

Education Diploma

Date Submitted 11/29/2002

Email

country of Origin Kenya

User Ref. No. B38I3C

country of Res. Kenya

#### Question

1. Zakah on Gold, on what quantity should one start paying Zakah? 2. If Mother keeps Gold for his daughter is it permNisable to pay Zakah on it. 3. Gold used as ornament (worn on special occassion not for trade) is it permNisable to pay Zakah on it. 4. If Gold is not pure (24K) how do we calculate Zakah on it? 5. You have gold (and are required to pay Zakah) but can not afford to do so, what should be done ? 6. Can you give ZAKAH to your dependents (i.e. your Mother, Sister, Brother etc..) 7. What is NAFAQA. Please furnsh Quran/Hadith, supporting the answers, Plus the Mufti responding to the questions (and his country of citizenship) 5. Can you give Zakah to your dependents (family (people whom you look after i.e. your Mother, Sister,Brother )

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. harun

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I will tell first who I am: I am an Arab American, I live in the USA- California and was born in Damascus.

1 - The quantity of gold that makes a person subject to pay Zakah is the equivalent of 20 Dinars (of the Dinar that was at the time of the Prophet, pbuh). This equals 85 grams. Of one owns that much or more on a certain day, then after the passage of one lunar year (354 days) she/he owns the same quantity or more, this person must be Zakah at the rate of 2.5% of the amount owned at the end of the year. This is repeated every year then after.

1 - Gold kept by a mother to be given to daughter at her marriage or after death of mother, etc. is subject to Zakah because this is wealth kept aside, certainly provided the conditions mentioned in (1) are satisfied.

3 - Women jewelry is exempt from Zakah if two conditions are satisfied together: a- the jewelry is not expensive to the extent that exceeds the amount her peers have. Peers are

sisters, neighbors and other women with whom she normally associates. And b- she wears it in a normal manner, i.e., on relevant occasions (this is in contrast of being stored as a wealth).

4 - Gold is normally never pure. Do you think the Dinar, that was minted by the Romans and used in Madinah, was pure? Pure gold is not solid enough to be handled as a currency. 21-22 K is sufficient for Zakahability. Any thing less than that, calculate it by proportion.

5 - If Zakah is due on an item that is not divisible such as stored jewelry and you have no other sources to pay it, you may delay payment until you can do it from other sources or sell the item and pay the due Zakah. This is not sinful. Remember that when you have means or when you sell the item you have to go back to all previous years and pay the due Zakah for all the past years.

6 - You cannot give your Zakah to persons you are responsible to provide them with sustenance and means of livelihood such as mother, sister, wife children, etc. If you are not responsible you can. For instance a wife is not responsible to spend on her husband. She can give him her Zakah, even though he may spend part or all of it on her.

7 - Nafaqah, in Fiqh, usually refers to the obligatory spending required to be done by a person of relatives either because of the relationship itself or because of the relation and their need together. A husband is required to spend on his wife on the basis of relation only, even if she is rich. a person is required to spend on his/her minor children, parents, sisters, adult children, etc. only if they are poor, in need for his/her assistance and he/she is able to do so. Certainly, for minor children Nafaqah is the responsibility of the father and if not the father's father or brother, then the mother become responsible only when there are no males relatives who can shoulder the minor's expenses.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **VII. ZAKAH ON CASH AND BANK ACCOUNTS WHILE UNDER DEBT**

Subject: Zakah on cash while under contractual debt from buying a house

From: Islam on line

Date: 12/20/2000

Name of Questioner: Mohamad

Gender: Male

Age: 31-45

Education

DateSubmitted: 12/4/2000

EmailUser

Ref.No: ABPMCC

### **Question**

I have signed a contract to buy a home to be my family residence but I haven't paid the money yet to the seller. The signature was before completing the year (AL Hawl) but

now the year is completed. Should I pay ZAKAH on the money that I have now?

Notes

1- All The money that I have is less than the new house price and I'll be under big debt when performing the purchase.

2- We are living in the USA and intend to remain here but I have another house in my original country (Lebanon) that we bought because we had thought will come back to live in Lebanon, but we changed idea and that house is still vacant. 3- I have also a store in Lebanon that I gave in rent.

My Answer

Dear Br. Mohammed

Assalamu Alaikum,

Al Hamdu li Allah wa al Salatu Wa al Slamu ala Rasuli Allah,

A) If the money you have now, cash in the bank is earmarked for the payment of the contract you already signed. It is not subject to Zakah.

B) Your rented store is subject to Zakah, and I leave it to your own conscience. There are three opinions. 1) the traditional, no Zakah at all. While you add the rent you get to other cash, inventories and receivables that you may have and at the end of the lunar year you pay Zakah at 2.5%. 2) you pay Zakah on the rent you get at 10% of the net (after taxes, insurance and maintenance), 3) you are required to pay Zakah on the market value of the store (real estates) plus whatever is left with you of the rent at the end of the lunar year.

C) The house in Lebanon was originally for residence but not any more. If you keep it from the day of change of intention for one lunar year, apply (B).

wa Allahu A'lam,

Dr. Monzer Kahf

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Subject: A year passed on money saved to buy a house

From: Islam on line

Date: 12/22/2000

Name of Questioner: Mohammad

Gender: Male

Age: 46-60

Education: Gradute

DateSubmitted: 12/7/2000

EmailUser

Ref.No: VF64GX

Question

Zakah El-maal Asslamu Alaikum, I have saved an amount of money to enable me to buy a house in cash in USA and avoid using "Riba". I am in the process to buy this house now (within 2 monthes).Do I have to pay "Zakah El-maal" for this amount? Asslamu Alikom.

My Answer:

Dear Br. Mohammad

Assalamu Alaikum,

The money you saved is subject to Zakah at 2.5% every lunar year from the day you accumulated Nisab (approximately US 1000). If, before the end of the year, you committed an amount to paying a debt that is due shortly after the end of the year and the debt has no other means for payment, that amount committed for the payment is not

subject to Zakah.

In your case, you are still searching and you did not enter into a contract before the end of the year. And accordingly the whole amount is Zakatable.

Wa Allahu A'lam,  
Dr. Monzer Kahf

-----  
Subject: Is Zakah applicable on a person who is under liabilities?

From: Islam on line

Date: 1/15/2001

Name of Questioner: Razzak

Gender: Male

Age: 21-30

Education: Post Graduate

DateSubmitted: 12/7/2000

EmailUser

Ref.No: GDU4RC

Question

Is Zakah applicable on a person who has some liabilities? As he has to pay money to somebody from whom he has taken a loan. And he is not able to save anything from his salary.

My Answer

Dear Br. Razzak

Assalamu Alaikum,

Alhamu li allah wa al Salatu wa al Salamu ala Rasuli allah.

If a person owns an amount of Nisab or more of a Zakatable item and the condition of Hawl (one lunar year) is satisfied, this amount is subject to Zakah provided it is not already assigned to either be spent on livelihood or on repayment of a debt.

This means that if the debt is going to be paid from that amount itself, like a debt that is due in a few days after the end of the year, before getting any new earning, such a debt is deductible from the amount and if the remainder is Nisab or more this remainder is Zakahabke otherwise it is not.

This also means that debts that are not against the amount existing at the due date of Zakah (end of the Hawl) are not deductible from the Zakatable amount at the end of Hawl. The example of these debts is a mortgage on a house that is payable out of future incomes on a monthly or otherwise basis.

Wa allahu A'lam

sincerely,

Dr. Monzer kahf

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Subject: Is Zakah on Savings obligatory even if it hinders the objectives of the saver

From a sister

Date 2/3/2001

Question

If a father delivers his property on his lifetime to his sons, these amounts of money after some years' of bank interests can suffice for the girls marriage needs (furniture and so

forth) and can hardly suffice for a boy's flat. So if you need to save money for a certain purpose, must you pay Zakah for it even if that will hinder achieving the desired amount?

My Answer

Dear Sister

Assalamu Alaikum wa Rahmatullahi wa Barakatuh,

Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah

If that saved amount has met Nisab, Zakah is due only after a lunar year, which begins the day the amount reaches Nisab. The only way such savings may not become subject to Zakah after 354 days is if there is a debt to somebody definitely due shortly after the end of the lunar year whether you contracted it before or on the last day unless there are other sources that from which the debt is planned to be paid. If there isn't a contract that requires payment of a debt shortly after that day, then the amount you have saved is Zakatable.

There is another thing that should be mentioned about interest. Interest is forbidden in Shari'ah, it is the worst sin after disbelief, and it cannot be added on top of the principal. Therefore, interest cannot be used towards a marriage. Interest, obtained from conventional banks has to be given away to charitable causes and cannot be added to the property of the owner of the bank account.

Wa Allahu A'lam,

Wassalamu,

Dr. Monzer Kahf

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Subject: Zakah on money market account

From: Islam on line

Date: March 04, 2002 5:49 PM

Name of Questioner Ahmed

Gender

Age

Education

Date Submitted 2/6/2002

Email

country of Origin

User Ref. No. H1JM62

country of Residence

Question

Alsalamo Alaikom: To Dr. Kahf Regarding a variable-interest money-market account: 1) Is it halal? It is theoretically possible to lose money in it, but practically this never happens. 2) How do you calculate Zakah on it? Is it 2.5% of the money that has been in the account for a whole year (Hawl)? Thank you

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi Ajma'in

Dear Br. Ahmed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You have two questions one on interest and the other on Zakah.

Are you sure money market account may loose? aren't you confusing lack of insurance with losses?

Money market account is not insured, but the relationship in it is pure lending relationship, managing on daily basis by managers who try to maximize the rate of interest on every amount they have while they maintain sufficient liquidity to respond to liquidity demands. The variation in the rate of interest does not bring it into the Halal. It is still interest, being an increment in lending relation done by proxy.

Zakah is assessed on any assets that reached Nisab at a given date and again at 354 days from then. Money market account is Zakatable on the principal, since all accrued interest is not yours, you will have to give it to general Muslim charities in addition to Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on savings while renting a house for residence

From: Islam on line

Date: March 07, 2002 9:01 PM

Name of Questioner Mohamed

Gender Male

Age 21-30

Education Graduate

Date Submitted 2/14/2002

Email

country of Origin Sri Lanka

User Ref. No. QG259Z

country of Res. Sri Lanka

Question

Assalamu Alaikum, I find myself entitled to give Zakah in terms of Nisab and completion of one full year. But I live in a rented house and saving money to buy a house which is a basic need. Should I give Zakah at this stage?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Mohamed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes, my dear Brother, you are subject to Zakah as long as the amount you have reached Nisab and a lunar year have passed, and also every year. At this time you are defined as rich and Zakatable, many people live comfortably in rented homes, it is good for them, and many others prefer to buy their residences, it is good for them too. Each one is called by the Zakah obligation, remember the third pillar of Islam, at her/his present situation.

If you made a purchase contract for a house and the contract requires you to make a handsome payment assume the next day to the completion of the lunar year, and the only source for making this payment is the money you have, you deduct the amount of this contractually obligated payment from the amount you have and pay Zakah on the balance, if it is still above Nisab.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on savings earmarked to pay a debt

From: Islam on line

Date: March 16, 2002 2:30 PM

Name of Questioner

Gender

Age

Education

Date Submitted 2/26/2002

Email

country of Origin

User Ref. No. AYEAJ3

country of Residence

#### Question

Salamon Alaykom, I am in debt to a public organisation due to getting their scholarship to study and rejecting to go back to work for them. The debt is actually the money they paid me plus any sort of damage they might charge me for. The amount that I need to pay them is a huge amount and I cannot pay it in one off. I am currently saving money every month to be able to pay them back in a long period of installments. Although my intention is that I keep this saved money for paying off my debt, but deep down I know that if a sever emergency situation occures for my family and I need money I might take it from this saving account. Due to bearucracy, the public company has not yet asked me for paying back the money but they will ask for it eventually. Two questions: 1. In this situation, do I need to pay Zakah out of this saving account? 2. Is it acceptable if I go to Hajj (not out of that saving account) or do I need to pay off my debt before paying for Hajj (bearing in mind that it might take 30 years for me to clear all the debt). I have been to Hajj before but that was many years ago and spiritually, I desperetly feel that I should go again. Thanks

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Under the circumstance you mentioned: 1) whatever savings and other Zakatable items you have, if they reach Nisab (in the USA # \$ 1000) and a lunar year passes from the day you have Nisab, you are Required to Pay Zakah and every year therefrom. Past due unpaid Zakah is still due and must be paid. The fact that you owe a debt that you don't know how much and when it is due does not exempt you from Zakah, even a huge debt. 2) This debt does not prevent you from going to Hajj. BUT, AND A BIG BUT, since you made Hajj you better use the fund for other purposes like helping the oppressed Muslims in Palestine and other countries. Your feeling that spiritually you need to go for hajj is deceiving. Spending money on feeding a poor Muslim hungry neighbor is better than spending it for your second Hajj. The Prophet, pbuh, said that preserving the dignity of a Muslim is more sacred in God's consideration than the Ka'bah itself, and the Ka'bah is very very much sacred.

Also, it is becoming too crowded in Makkah at Hajj time, please leave room to others.

Wa Allahu A'lam

Wassalam

Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on money received in inheritance

From: Islam on line

Date: March 16, 2002 2:44 PM

Name of Questioner	Riad	Gender	Male	Age	21-30
Education	High School	Date Submitted	2/26/2002	Email	
country of Origin	Mauritius	User Ref. No.	TM43EA	country of Res.	Mauritius

Question

Salaamu alaikum, I just received my share after the dead of my father and I also received some amount of money as gift The sum of the share and the gift is about 1 million rupees(u.s.\$33000).I do not have any income. The sum is passive, It is not in use. I have received the sum in this RAMADAN. But have not yet paid the Zakah. Should I pay Zakah?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Riad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes, you will be Zakatable. Start a lunar year from the day you got the first amount, if it is more than Nisab (# \$ 1000), add the second amount and on the 354th day you have to pay Zakah on the then balance at 2.5%, and every 354 days (lunar year) thereafter as long as the balance does not go below Nisab, and enjoy your money Halal InShaAllah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on savings assigned for children

From: Islam on line

Sent: April 18, 2002 8:25 AM

Name of Questioner	Abdul	Gender	Male	Age	21-30
Education	Graduate	Date Submitted	3/30/2002	Email	
country of Origin	U K	User Ref. No.	CMNW5W	country of Res.	U K

Question

Assalamu Aaikum. In my country the government gives all parents a sum of money known as child benefit. My wife and I decided between us that we would only spend this on items of clothing, toys, schooling etc on the children, food & nappies etc i would pay for with my wages. However whenever we found our self short each month i would

borrow from this amount to meet household needs whilst recording the amount borrowed. Over time this amount has built up. Do I have to pay the zakah on it as I considered it the property of my children which I intend to return when i can. I don't have the money as yet and intend that if i don't repay it before they reach schooling age to deduct the schooling expenses from it, as Islamic schools tend to have fees to attend in my country.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Abdul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Let me put it in other way, easier: the child benefit is given to you by the government; you intend to give this money to your child or spend it on her/him for schooling; at the present you don't have it because you (borrowed it for household expenses). If there is no money reaching at least Nisab, there is no Zakah. If there is money, after you deduct the amount you called "borrowed," and it reaches Nisab (# US\$ 1000), and after 354 days (= a lunar year) you have at least \$ 1000, you have to pay Zakah at 2.5% every year.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on inherited money

From: Islam on line

Sent: April 27, 2002 9:16 AM

Name of Questioner Reshma

Gender

Age

Education

Date Submitted 4/2/2002

Email

country of Origin

User Ref. No. 2YFY69

country of Residence

Question

Assalamualaikum My grandmother used to save part of her monthly allowance in bank when she was alive which then amounted to huge sum. Whenever need arose, she would withdraw money from bank to be given for whatever the use was, then she sometimes donated in masjid and also paid Zaka from this money. She never used the interest. Now that she is no more and has only her daughter (my mom) left as her heir, does it apply for my mom to pay zakah from this money since she is in full ownership of the money. We are a modest family and my mom is a widow since very long. But she has her three sons. Please advise whether my mom should pay zakah from this money. Jazak Allah.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Reshma

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1- Since your grandmother did not use the interest, I suggest you give it away to certain Islamic charitable organization so that you can respect her practice and implicit will.

Interest is Haram to earn and to give and Muslims who happen to earn it for any reason must give it to Islamic charity in order to keep their own money clean from interest.

2- The money your mother inherited is hers. (By the way you know that if she is the only heir, with no other male children or grand children of the deceased your mother is entitled to the whole estate of her mother, because one half becomes hers as a one daughter heir and the other one half goes back to her because there are no male heirs). and from the day of the death of your grandmother, your mother must add this money to whatever money she had, if the total is equal Nisab, i. e., a minimum for being subject to Zakah which is about US\$ 1000, your mother must begin counting a lunar year, i.e., 354 days. On the last day, the 354th, she is required to pay Zakah at the rate of 2.5% and continue from then on every lunar year. being a widow and having children, young or adult, does not matter provided that the money she has is not left exclusively for her and her family livelihood for a year, i.e., if the amount in savings is her only source to spend from on the family for a year, it becomes exempt from Zakah

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on savings earmarked for making Hajj

From: Islam on line

Sent: September 08, 2002 8:38 AM

Name of questioner

Gender

Age

Education

Date Submitted 8/20/2002

Email

country of Origin

User Ref. No. BVB7CC

country of Residence

Question

Assalamualaikum To make a hajj will cost me around Rs 75,000 and an umrah around Rs 30,000. To reach this sum it will take me years of saving. I am having this wish to accomplish either hajj or umrah. Anyway my main concern is as a working woman, Alhamdulillah and as my husband and I do not have the intention to have a baby for the following two years I am able to save a part of my wage for the hajj purpose, another part for my own expenses, another part to contribute voluntarily in the house as I learnt from your site that a working lady can do so if she wishes and also another part for rainy days and also to take zakah on my jewellerys. I have not yet decided to save for hajj/umrah and that's why I am questioning you on it. Suppose I do keep a part for hajj/umrah, so does this money becomes subject to zakah. A bad thought is haunting me that I don't want to take out zakah; and that is not really the case. Truly, death can meet us anywhere and at any time. From the time I would keep this money for this purpose, I would write everything on paper the day date etc and confide it to my sisters, brothers or my husband. Suppose I die before I accomplish hajj/umrah, I would request them to distribute the money to the poor on my behalf. So this is my question to you. Do you figure it a good

deed or do you advise me to let it drop. I would appreciate your advice to proceed. Jazak Allah and May Allah bless you.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

May God give you blessing and prosperity. Your intention is excellent InShaAllah and for such intentions (saving for making Hajj and Umra) one of the largest Islamic investment banks come out. It is Tabung Hajji in Malaysia that started simply for catering to small income earners to save for Hajj.

Saving for Hajj is very beautiful and all Muslims always do that. The Hajj itself becomes obligatory only after you have sufficient money for the cost of the trip and you should make Hajj before Umra even if the cost of the Umra trip is smaller.

You are required to lay Zakah regularly every lunar year on all your properties that are subject to Zakah, including the savings for Hajj and for any other purpose and your jewelries provided the conditions for their Zakahability are fulfilled.

Wa Allahu A'lam

Wa al Hamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah while under debt

From: Islam on line

Sent: September 30, 2002 3:41 PM

Name of Questioner Ali Gender Male Age 21-30

Education Graduate Date Submitted 9/16/2002 Email

country of Origin User Ref. No. XYTAPR country of Residence

Question

I graduated from college two years ago and have been working since then. I left school with \$22,000 in loans that I had to pay off. My current loan balance is \$8,000. My salary essentially used almost entirely in basic expenses (rent, food, etc) with the remaining portion going towards paying off my loans. How does the fact that I have been carrying this debt affect my Zakah obligation? Am I still obligated to give 2.5% of my annual earnings?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Ali

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If you don't own any Zakatable assets such as jewelry, stocks, bonds, saving accounts, etc. you owe nothing for Zakah since your income is completely consumed by your expenses and debts. Once you finish your debts you may have to pay Zakah on the amount not spent of your salary provided that its accumulation over a lunar year reach Nisab (# US\$ 1,000).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on cash proceeds from sale of house

From: Islam on line

Sent: October 14, 2002 7:09 AM

Name of Questioner khairul

Gender male

Age 31-45

Education Graduate

Date Submitted 10/10/2002

Email

country of Origin

User Ref. No. 1ZM2FLG

country of Residence

Question

As-Salamu Alaikum,

I normally pay my Zakah in the month of Ramadan every year. I sold my house in October for a small profit. I have this money in my bank account. We are now living in an apartment. What I would like to know is that do I have to pay any Zakah on this amount during this Ramadan or do I have to have this cash amount for a period of one year before I have to pay any Zakah on it; and what happens if I spend or invest it (say to purchase a house for us to live in) before the year is up, or what ever the time period may be. Jazak Allah Kheir.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. khairul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If you already own other Zakatable items, such as cash and jewelry, that equal at least a Nisab and you will have to pay Zakah in the coming Ramadan, you will have to pay on the balance you will then have including the addition from the sale of your former house. This means that whatever you spend on house, car, furniture, etc. before the date of you due Zakah is not going to be included in the balance you will be having in Ramadan. It also means that once you establish a beginning and end of your Zakah lunar year by reaching a Nisab, you don't make a separate Zakah year for each amount you add to your Zakatable assets, from whatever source it comes (a gift, sale of house or car, inheritance, saving from income, etc.), instead you just take the balance you have at the end of your

lunar year. Remember that investment in stocks, Takaful company and similar investment does not take the asset out of the Zakatable pool.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on cash but there is a debt of signed contract

From: Islam on line

Sent: October 14, 2002 7:13 AM

Name of Questioner Mohamad	Gender male	Age 31-45
Education Graduate	Date Submitted 10/10/2002	Email
country of Origin UK	User Ref. No. V35MNLR	country of Res. Uk

Question

As-Salamu Alaikum,

I have signed a contract to buy a home to be my family residence but I haven't paid the money yet to the seller. The signature was before completing the year (Al-Hawl) but now the year is completed. Should I pay Zakah on the money that I have now?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Mohammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

whatever money you set aside to pay for the contract you already signed is not subject to Zakah this year as long as you are required to pay it within the Zakah year (the Hawl), and you have normally no other sources to pay this contracted payment from.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is Zakah required on a bank account and a house not rented?

From: Islam on line

Sent: December 03, 2002 8:04 AM

Name of Questioner Mohammad	Gender Male	Age 21-30
Education Graduate	Date Submitted 11/18/2002	Email
country of Origin Pakistan	User Ref. No. W7XVPN	country of Res. Pakistan

Question

Assalamu Aliakum My father died in 1998, since then my mother has been living with me and my brother. My mother had a joint account with my father and she also owns our only house. Although that house is vacant and we all live in Dubai but she still owns it. It is not on rent. My question is that we take care of all our expenses of our motehr but she also has some money in her bank accunt which she had with my father. She does support my younger brother from that money time to time who is still a student. Although we brothers also try to take care of his expenses but still my mother sometimes prefers to pay from her account. So question is that is Zakah Fard on my mother on both the house and the money she has in her account. Also can we pay Zakah for the purpose of education may it be only worldly education? Not necessarily Islamic only. Regards Ali

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Mohammadi

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah can be paid to a poor person that s(he) uses for education for her/himself or members of her/his family. It does not have to be Islamic education. Please notice that it must be given to the poor and then s(he) uses it the way s(he) pleases, for education or other expenses. It can't be given to your brother because he is not poor.

In your question you gave information that requires some comment. The joint bank account was owned on half/half basis by your parents when your father was alive. After his death, his share of the account along with other properties he owned must be distributed to his heirs. If he left the two of you and your mother and nothing but the bank account, your mother's share is 1/8 of the one half and the rest is to you and your brother equally. Under these assumption, unless you and your brother voluntarily surrender your shares to your mother and it is good to do that to please her, ownership of the money in the bank becomes as follows: 9/16 to your mother, 7/32 to your brother and 7/32 to you, even though your mother is still the only signatory on the account. Zakah was obligatory on your parents if the account balance was Nisab (# US\$ 1000) or more. It was obligatory every lunar year, repeatedly beginning from the 354th day after they got an amount of Nisab for the first time. Since the death of your father Zakah is due on the three of you, or on your mother if you gave her your shares, every lunar year since you owned Nisab for the first time and every year then after. The rate is 2.5%.

The residence house your mother owns in Pakistan is not subject to Zakah although she temporarily lives in Dubai.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject:

Zakah is due and I need the money for Hajj

From: Islam on line  
Sent: December 21, 2002 12:18 PM  
Name of Questioner Nasser Country of Senders Citizenship United States  
Age 31-45 Education Diploma

Question

I plan to go to hajj, two months from now. Do I have to pay Zakah on the money I have at present (Ramadan), which will pay from my pilgrimage. This amounts to approximately \$3500 usd. Thank you. Salam.

My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Nasser

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes, you have to pay Zakah on your money you have on the day your Zakah is due (354 days from the day you acquired Nisab for the first time and every 354 days then after) even if you intend to use part of it for hajj after 2 months. After all the amount of Zakah due on the cost of hajj of \$ 3500 is only \$ 87.5, it doesn't take much of the cost of Hajj. If you have already contracted a travel agency before the end of your Zakah year, the amount becomes a debt on you and you may then deduct it from the balance on which you calculate Zakah.

I am sorry for the delay I happen by some error not to check my email for ten days.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on Savings intended to buy a house

From: Islam on line  
Date: 11/14/2001  
Name of Questioner Gender Age  
Education Date Submitted 10/29/2001 Email  
country of Origin User Ref. No. XMXCN8 country of Residence

Question

Financially I am working towards reaching a certain amount of saving in order to purchase a property in 4 months time without taking a loan. Meanwhile, the time is due for me to pay annual Zakah. With the property purchase intention in mind, do I still need to pay 2.5% Zakah out of my current saving?

Dear Br. ???

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Yes, you have to pay Zakah once it becomes due on all your savings as long as they reach Nisab and the Hawl is completed, even if you intend to buy a real estates property with them.

If you happened to have purchased before the Hawl and you owe the seller an amount that your present cash is designated for that payment in a few month after the day the Hawl is completed and you have no other sources to make that payment, it will then not be Zakatable because it is appropriated for debt payment.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on Savings intended to pay for a debt that will arise on the future

From: Islam on line

Date: 2/14/2002

Name of Questioner Ahsan

Gender Male

Age 31-45

Education Graduate

Date Submitted 2/1/2002

Email

country of Origin Pakistan

User Ref. No. VY8MBV

country of Residence

#### Question

Salamon Alaykom, I went to study abroad using the scholarship of my governemnt and the situation was in a way that I decided to stay here and pay out my debt to my government by paying them the money they gave me back, once they ask for it. For this reason I have saved money in a saving account, waiting for the time that I will receive a letter from them, asking for money (they haven't yet asked for it but will do eventually). The money is a huge amount so I have to keep saving for a long period of time (more than 10 years). However once they ask for it I will start paying them from what ever I have saved. My intention is not to touch this money for any other reason however I know deep in my heart that if an extreme emergency situation come for my family then I might need to take some of it. Question: Do I need to pay Zakah out of this money? Thanks

#### My Answer

the Name of Allah the Most compassion the Most MercifulMay.

All Praise. And Thanks be to God, the Almighty, The Lord of the Worlds and Peace and Preayers be on His Messenger the Prophet Muhammad and all his Companions and Followers

Dear Br. Ahsan

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes, these savings are Zakatable, as usual, on a lunar yearly basis at 2.5% every year.

These are your money for all reasons and by all means. Debt to the government has not arisen yet. That debt arises when you receive a letter charging you with an amount and giving you schedule for payment. Such debts are usually negociable both in their amount and in the payment schedule. As long as you did not receive a first letter from the

government you are not yet under debt. You are only under potential indebtedness, one reason, but not all the story, is what you said that you may use this money for family emergency...

Wa Allah A'alam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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### VIII. ZAKAH ON DEBTS ON OTHER PERSONS

Subject: Zakah on debt, who pays it?

From: Islam on line

Sent: December 22, 2002 7:43 AM

Name of Questioner muhammad Gender Male

Age 21-30

Education Graduate

Date Submitted 11/1/2002

Email

country of Origin Pakistan

User Ref. No. CNGC4C

country of Res. Pakistan

#### Question

I had given Rs75000 as a loan to my uncle three years back but he did not return it to me. I ask you about the Zakah on that amount of money whether to be paid by my uncle or myself or the amount of Zakah to be postponed till the return of the principal amount

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You are the owner of a debt on your uncle, in other words you are the wealthy person, who owns this asset, and you uncle is under debt. The criteria for the Zakahability of an asset are centered around a few points such as its existence, that added to other similar assets there make at least a Nisab (the minimum amount for Zakahability, ownership etc. what matter with regard to debts is to establish its real existence. This is established by two conditions: 1) that the debtor is able to pay it now or in the future, because a debt on a bankrupt person means nothing no matter how many strong document the creditor may have. And 2) the debtor acknowledge his/her indebtedness or you have strong evidence in its support, because a denied debt with no acceptable evidence is uncollectible. Once these two conditions are established, then obviously you, as a creditor/owner of this asset, the one who is required to pay its Zakah; and it is due every lunar year along with your other money, debts business inventory, etc.

You may pay the due Zakah on such a debt from your other sources (the cash you have) but you don't have to because essentially the rule is that Zakah is payable out of the item itself. Therefore delaying its payment until you get the debt back is not sinful, but you

need to calculate it and once you get the debt back you need to pay the due Zakah for all past years. This is the designated (in the Qur'an) right of the poor that you must not tamper with it.

Let us, as a thinking exercise, take the side of your uncle. He got the money three years ago and he may have spent it for any purpose. On his Zakah date, he needs to calculate all the cash he has on that day + bank accounts + debts on others + business inventory + etc. and pay his due Zakah. He certainly can deduct from these assets the debt he owes to you and others provided these debts are payable out of the Items he has at that point of time. What we actually exclude is a debt that is payable out of future income such as a long term debt on a residence or factory that is normally paid out of future income or sales.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on long term debt

From: Islam on line

Sent: April 30, 2002 6:09 AM

Name of Questioner mohamed Gender Male

Age 31-45

Education High School

Date Submitted 4/24/2002

Email

country of Origin India

User Ref. No. RYV87J

country of Res. India

Question

Assalamu Alaikum! Dear Sirs, I had given IRS.10,000/- to one of my relatives as loan 8 years back and he could repay the money only last month i.e. after 8 years. Being generous, I did help my relative that time but due to his financial constraints he did not pay the money earlier which is his mistake, thus my money held up such a long time. Now my question is that after receiving this amount, should I pay Zakah for this amount ? If so, should I pay IRS.2,000/- (@2.5%) ? for 8 years. Please give clear picture at the earliest. Jazakumullahu Khairan.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Mohamed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I just came back from the Twelfth Meeting of the International Shari'ah Board on the Fiqh of Zakah (an organization sponsored by the Zakah House in Kuwait) which was held in Cairo in Cooperation with the Egyptian Ministry of Awqaf, April 22-25, where this issue was discussed and a resolution was decreed.

Please let me first give you some background: a loan, as defined in Shari'ah, is due at the wish and desire of the lender and every loan is goodly and an act of benevolence since

any increment in a loan is prohibited, being Riba that is clearly forbidden in the Qur'an. Hence, a loan is like money in your pocket. you could have asked for its repayment at any time, it is therefore subject to Zakah at the end of every lunar year and the first lunar year begins on the day this loan along with all your other assets that are subject to Zakah add up to the amount of Nisab which is about US\$ 1000. This is the resolution of the meeting with certain qualifications as follows: 1- If a loan, and any other debt for that matter, remained with the debtor longer than one lunar year and the debtor was either unable to pay or happens to deny his/her indebtedness, the period of inability or denial may be deducted from the total Zakatable period. 2- The creditor may pay the Zakah yearly from other resources, and if she/he cannot payment may be delayed until the repayment of the loan or debt.

To apply this ruling to your case, I see certain inconsistency in the info given in the question. Were there financial constraints or it was his mistake to delay payment? If the debtor had financial constraints you are required to pay Zakah for only one year, when you get the loan back, if you could have gotten your money back but you were generous or kind with him you pay for the whole period. My own analysis is as follows. honest persons take loans because they need them and pay them back when the need exists no more, remember need does mean hardship or necessities, it is a lot milder than that, it can be just convenience. If your debtor that kind of person you have to pay only for one year whence you get the money back, remember too, provided you already own a Nisab and this money comes above it otherwise you begin your lunar year whence you have a Nisab.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on lender

From: Islam on line  
Sent: October 10, 2002 10:50 AM

Question

As-Salaamu `Alaykum, I have a question about Zakah. If someone lends another one some amount of money for a long time exceeding one year, does the lender have to pay Zakah on this money? Thank you very much was-salamu `Alaykum wa Rahmatullahi wa barakatuh.

My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br.  
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.  
Provided that the debt is strong, in the sense that the debtor acknowledges it and (s)he is

able to pay it back, the answer really oscillates between two opinions each of them has its own strength and merits.

On the one hand, a debt is a property of the creditor and there is no difference from the point of view of ownership and defining who is rich and who is poor between a debt on an acknowledging capable to pay debtor and cash in one's bank account or on hand. This makes it Zakatable every year lie other Zakatable assets.

On the other hand, you have no accessibility to the debt until you actually get your money repaid back to you, this makes it subject to all probabilities, and currently your hands are tight you cannot make use of it.

The Malikites argue that any debt that exceeds one lunar year with the debtor is subject to Zakah whence you get it back and for only past one year regardless of the of the period of the indebtedness. Others require payment for all the past period no matter how many years it was. Payment for all past years can be delayed until you actually get the debt back. In calculating the Zakah on companies, the International Shari'ah Board of Zakah took the majority's stand which seems to be more supported by the general principles of Zakah. On personal debts, it seems to me that the Maliki view may be reasonable especially for long terms debts (many years).

Dead debts are not subject to Zakah, if they are ever collected you pay only for one past year on the collected amount.

Doubtful debts are considered in proportion to their strength, e.g., if they are only 40% doubtful, you pay on 60% of the amount of the debt.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## IX. ZAKAH ON OTHER ASSETS AND ITEMS

Subject: Zakah on oil

From: Islam on line

Date: 12/17/2000

Question

Question about Zakah.... Is Zakah a fard on the governments that extract Oil from the ground? ... I mean just like farmers have to pay Zakah, don't the oil rich governments of the gulf have to pay Zakah for the money they make from oil? And to your knowledge do you know if any of them pay it? wa shukran

My Answer

Dear Br. Rachid,

Assalamu Alaikum,

Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

Your question is not a request for a Fatwa, it is a matter of seeking knowledge that you find in the books on Fiqh easily. Apparently you are not a president or governor of any of the oil countries who seeks a fatwa on what to do with the income from oil.

Oil extracted from Muslim land is the property of people of that land and the Muslim Ummah at large because all Muslims are one Ummah. THERE IS NO ZAKAH ON IT LIKE ANY OTHER PROPERTY OF THE UMMAH BECAUSE THE UMMAH OWNS 100% OF IT NOT ONLY 2.5% WHICH IS THE RATE OF ZAKAH. The Muslim government has obligation toward the poor and needy to maintain them if the amount of the Zakah collected from the rich is not sufficient. Anyway the whole income of oil and any other solid or liquid minerals in the Muslim land must be spent to the best interest of the people of that land especially and the whole Ummah generally.

Wa Allahu A'lam,  
Dr. Monzer Kahf

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Subject: Zakah of bee products, other than honey

From: Islam on line

Date: 2/19/2001

Name of Questioner Esad

Gender Male

Age 31-45

Education Graduate

Date Submitted 2/1/2001

Email

User Ref.No. BVGJHJ

#### Question

I know that I am obliged to give Zakah 10% for honey. Is it the same for other bee products: pollen, propolis, swarms, queens, venom...etc? At the Prophet's s.a.v.s. time people used only honey, but today is different.

My Answer:

Dear Br. Esad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Products of the honey industry that are sold for consumption are like honey subject to Zakah at the rate of 10% if your bees use natural flowers most of the year, if you use bee food and other materials you buy, you may apply the rule of 5% of total output or 10% of net profit.

byproduct of the honey industry that are sold to honey producers such as queens are not subject to Zakah unless this makes a good proportion of your business to the extent that you can fairly describe your business as queen and honey producer. This is because in selling product used for producing honey, pollen, etc., you are selling assets (goods to produce the goods of your industry) that you otherwise use for your own trade. These are not Zakatable. if your industry is queen production, or any other producer's goods production, then your output or net profit is subject to Zakah. Like a car producer and a rent a car company. The producer is Zakatable on the cars it produces while the rent a car in not Zakatable on cars it sells occasionally.

WA Allahu A'lam

Wassalam

Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on inherited property

From: Islam on line  
Sent: May 23, 2002 9:04 PM  
Name of Questioner Bashi Gender Male Age 31-45  
Education Post Graduate Date Submitted 5/15/2002 Email  
country of Origin Egypt User Ref. No. G1JU9B country of Res. Egypt

Question

I have got an office in inheritance after my father's death, In this office I have 50% share , rest of 50% belongs to my two sisters.I haven't got the possession yet, only got it verbally. Officially in documents it belongs to my younger brother. My question is that I have to pay Zakah on this property or not. I'll be thankful for quick reply. Thanks

My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Bashir

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

The word office is vague. Is it a business or a real estate? If business, there are two opinions the majority though very classical is that Zakah is only on the mobile assets, not on business fixed asset and not on real estate. A minority view is that Zakah is due on the net worth (net equity) of the business and on the real estate at market price.

If you got it through inheritance, it is yours even though you did not receive the document yet, because according to Shari'ah property rights get transferred by virtue of the incidence of death of the deceased to the heirs immediately, regardless of when division or distribution happens.

Wa Allahu A'lam

Wassalam

Sincerely,  
Dr. Monzer Kahf

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Subject: Zakah on investment with North American Islamic Trust

From: Br. Mirsad  
Date: 12/14/2001

Question

Assalamu Alaykum wa Rahmatullah wa Barakatuh

I spoke with Br. Omar two days ago and I asked him if I should pay Zakah on the money that I invested last year with North American Islamic Trust. Brother Omar was not sure about this and he gave me your e-mail address and told me that you would be able to give

me an answer on this issue. I have asked several brothers about this issue and I got different answers with different explanations. Brother, because you may know where and how this organization invests the money and with your knowledge about Islam you may be able to give me the best answer. Thank you very much and I wish you a blessed and joyful Eid. You Brother in Islam, Mirsad

My Answer:

Dear Br. Mirsad Sahbaz

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

North American Islamic Trust invests in several stocks that are permissible to buy, own and sell from a Shari'ah point of view. Consequently, funds invested with NAIT are similar to those invested with mutual funds. In other words, you are authorizing NAIT to buy and sell stocks on your behalf. If you intend to keep the money for short term and get some profit out of it your Zakah is similar to those who buy and sell commodities: you add the balance of this investment at the end of your lunar Zakah year (that began from the day you acquired Nisab which is approximately US\$ 1,000) to your other money and similar Zakatable items and pay their Zakah at 2.5% (if your calculation is made on a solar Gregorian year make the rate 2.5777% to account for the difference of 11 days). However, if your investment is intended for long term such as an IRA account or just to put aside funds (and invest them) for your old age without limiting yourself to IRA regulations, the Zakahability of such investment in stocks is treated the same way as persons who run their own business individually or within simple partnerships are treated. There are three views as follows:

1 - minority: all business NetWorth is Zakatable at 2.5%, 2- Qaradawi in the Book on Zakah: inventory readied for sale at 2.5% and return on fixed assets at 5% of their gross return or 10% of net return (application is vague) 3- majority only inventory intended for sale at 2.5% (there is an OIC Fiqh Academy Resolution to this effect).

Notice that all three opinions are difficult to implement with regard to managed funds, including 401k and IRA, also notice that managers, as deputed agents of owners, usually buy and sell during the year they buy with the purpose of resale even the stocks they buy for long term investment.

Even the first opinion that seems the simplest and most strait forward has the difficulty of requiring you to know the book value of stocks rather than their market value, because NetWorth of companies are indicated by the book value of stocks not their market value, the latter is volatile and affected by many short term factors many of them may not relate to the real business of the company.

There is a new opinion of Qaradawi: such accounts may be treated similar to agricultural land on the basis that they are meant for lifetime and for future retirement, it is quickly carried and propagated by a few brothers who run stock investment businesses in the USA. This implies that Zakah is only on the net return at 10%. Several criticisms are raised: 1-land is not kept usually for funding retirement, 2- business and its inventory is also maintained for long term and for retirement by all business men and women. By the same token, livestock are also kept for long term and retirement by their breeders, yet both are subject to Zakah for all their NetWorth 3- Agricultural land is completely exempt from Zakah, interestingly, Shari'ah defines agricultural products including fruits,

grain and produce as products of the seeds, not of the land. 4- It is normal in Shari'ah to have Zakah on wealth, Zakah on income is more sophisticated and rejected by majority of scholars 5- even cash savings may be for long term and retirement, are they also exempt if they are intended for retirement? Etc.

Furthermore, many scholars argue that since liquidation of stocks is very easy they are closer to cash wealth than anything else, and they must be subject to the 2.5% rate on the market value. This is obviously the easiest and most simple way which has no complication. This Character makes it closer to the spirit of Sahih, being strait, simple, and easy.

I can see the virtue of the attempt to protect the wealth of the rich in the new Qaradawi opinion, but on the other hand it renders the share of the poor meager or null when it is most needed, i.e., at periods of recession. Additionally, let us imagine people who lived at the Time when Shari'ah was being descending on the Prophet, PBUH, they had also old age to care about, and those of them who raised camels and sheep or have business certainly must have thought of their asset at a reserve for old age, it is a natural thought, yet these assets are Zakatable at 2.5% of their market value at the due time for Zakah payment.

I tend to argue that stocks are Zakatable at 2.5% of the market value, including investment with NAIT, 401k and IRA.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is Zakah on savings only?

From: Islam on line

Sent: December 22, 2002 7:22 AM

Name of Questioner Muhammad Gender Male

Age 31-45

Education Post Graduate

Date Submitted 11/1/2002

Email

country of Origin Pakistan

User Ref. No. WK23B7

country of Res. Pakistan

Question

Does Zakah apply on savings or on every thing with you, and does zakah apply on the Jewlery which is in use.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah is on all items that are subject to Zakah each group together. We have three groups of items subject to Zakah: 1) money, gold, silver business inventory and debts on others (accounts receivable). if the total amount reaches Nisab (# USD 1000) and a lunar year, which is 354 days, from then you have at least Nisab. Your Zakah is at 2.5% of the total

balances of all these items together on the 354th day. This is repeated every lunar year as long as on 354th day you have a Nisab or more. 2) agricultural products, if your output of all these items is Nisab ( # 654 KG) you are subject to Zakah at 10% if the land is watered by rain or streams, or 5% if watered by animals pulling water from underground. 3) Live stock.

Please notice that savings are included in the balance of cash you have when Nisab is reach for the first time and on each 354th day then after. Two conditions must be satisfied together for exempting women jewelry: a- they must be in normal use, this does not mean daily, it means what is normal for the kind of jewelry you have. And, b- they must have a value that is usual and customary for the woman who wears them, this is measured by her peers and associates. Men golden jewelry are all included with no exception because men are forbidden to wear golden jewelry.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## X. CALCULATION OF ZAKAH

Subject: Calculation of Zakah

From: Islam on line

Date: 12/16/2000 5:46:06 AM Pacific Standard Time

From: Mkahf

To: [dialogue@islam-online.net](mailto:dialogue@islam-online.net)

### Question

Your question: I had 100000 Riyals in January 2000. I invested the whole amount in Murabaha in February 2000. I get all my money back, about 105000 Riyals, in December 2000. Do I have to pay Zakah on the above in January 2001 and how much? (I think not since the money had moved). Please advise Asslam Aleikum.

My Answer:

Dear Br. Fadi

Assalamu Alaikum,

Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

Your Zakah is due at the rate of 2.5% at the end of each lunar year from the day you acquired Nisab. Assuming you already paid the Zakah of last year, for this year 2000, which is 1420/21 in Hijri, your Zakah is due on Ramadan 24 (corresponding to DEC 20 which is a full lunar year from Jan 1) in the amount of Riyals 2625 (= 2.5% X 105,000). wa Allahu A'lam,

Your Brother,  
Dr. Monzer Kahf

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Subject:                   How to calculate Zakah

From: Islam on line

Date: 3/30/

Name of Questioner Yasmin

Gender Female

Age 21-30

Education Post Graduate

Date Submitted 3/29/2001

Email

country of Origin

User Ref. No. 7A98BF

country of Residence

Question:

Assalamu Alaykum I would like to know how to calculate Zakah. I have read the advice from various websites and asked my friends but I'm still not clear how to calculate it. My understanding is that it is 2.5% on my earnings, savings and gold and silver. However, I have also read that Zakah is payable only when one's earning reach a certain level, or that it is payable on earnings once certain deductions like reasonable living expenses have been made. If so, would reasonable expenses include rent, food, car loan, etc.? Also, am I right in understanding that although my savings are generated from my earnings, that I DO calculate the 2.5% on the earnings AND savings. I shall be going on holiday in seven days time, and I would like to pay it before I go away. I do not want to delay it until I come from the holiday. Kind regards

My Answer:

Dear Sr. Yasmin,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

It is difficult to give an answer to all these questions very quickly. Here is a reference and a few hints:

Please read the booklet Calculation of Zakah for Muslims in North America, you can find it either on ISNA Web or on Mine <[www.kahf.net](http://www.kahf.net)> I think it answers all your questions The Nisab is an amount that once a person owns, one then begins a lunar year of 354 day, if the person still owns such an amount on the 354th day, one is subject to Zakah payment. Nisab is # \$1,000.

Zakah is on all properties that exist on the 354th day (except those used for personal purpose such as residence, personal and family transportation, furniture, cloth, household appliances and other similar objects, etc.). This means it is on jewelry, investment assets, remaining part of income after actual expenses, expensive decorative items that are actually a store of wealth, etc. Please read the booklet and if you have any further question write me.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject:                   Is a long term Car debt deductible when you calculate Zakah?

From: Islam on line

Date: 11/28/2001

Name of Questioner Aasim Gender Male

Age 21-30

Education Graduate

Date Submitted 11/8/2001

Email

country of Origin India

User Ref. No. GNBKBU

country of Res. India

#### Question

Assalamu Alaikum I would like to know some clarifications regarding Zakah. I have taken a loan to purchase car from an Islamic bank. I still owe bank an amount of 10,000 Dirhams. And I have now a bank balance of 16,000 Dirhams. How much Zakah should I pay? The cost of my car is 55,000. Do I need to pay Zakah for my car? I had paid 70,000 Rupees as meher for my wife at the time of my marriage. The money is with her. Do I need to pay Zakah for this money or she should pay it. Jazakallah Aasim

#### My Answer

Dear Br. Aasim

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Zakah is due on an owner of Zakatable items with certain conditions of Nisab and passage of a lunar year. In your situation, on Sha'ban 22, 1422 (= 11-8-2001) you own 16,000 Dirhams. (let me assume of United Arab Emirates' currency which makes this amount above Nisab) and I assume that a lunar year ago, i.e., on 10-28-2000, you also owned Nisab (# 4000 Dirhams.), you Zakah is  $2.5\% \times 16,000 = 400$ .

The fact that you owe a debt of 10,000 for a car that is due on installments does not affect the Zakahability of your cash balances because this debt is against your future income. It is similar to mortgage debt that goes toward future income rather than existing cash balance. However if the nearest installment is due soon and it is going to be paid out of the present balance (your 16,000) you can deduct the amount of that installment only from the Zakatable balance.

For your second question regarding the Mahr of your wife, as long as you paid it is owned by her and Shari'ah does not have any community property concept. In other words, your property is separate from hers and each owner is required to take charge of her/his duties on her/his own. If she owned a Nisab and one lunar year passed at the end of which she owns an amount equal to Nisab or more (including all additions acquired during the year, be they from Mahr of any other thing), she is required to pay Zakah on her balance at the end of the year at the rate of 2.5%.

If you decide to be generous and courteous and volunteer the payment of Zakah on her behalf, that is well and good and you are rewarded, Allah wills, for it.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Calculation of Zakah on Savings and land

From: Islam on line

Date: 12/2/2001

Name of Questioner mohammed

Gender Male

Age 31-45

Education Diploma

Date Submitted 11/19/2001

Email

country of Origin India

User Ref. No. 5KQBG9

country of Res. India

### Question

As-Salam Alaykum, Please clarify the following issue regarding Zakah. How do I calculate the exact amount for Zakah? Since doubts: I have monthly income, a small land in India and my wife have gold ornaments (partially using daily). As per my calculation I have Approx. UAE Dhs. 2200/= . Since I'm giving Dhs. 6000 to my parents for their Hajj this year do I need to give Zakah separate? I was lazy in offering 5 times prayers. Now I've realised the mistake and started praying regularly. What shall I do for the missing prayers? Regards, Mohammed

### My Answer:

Dear Br. Mohammed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1- For part of prayers you did not make, you need to estimate the number of those prayers and make them up as Qada' , with each prayer make one Qada' until you make them all up, at the same time increase your Istighfar, asking forgiveness from Allah for missing those prayers.

2- Your question on Zakah seems to be incomplete and thus confusing. Here are certain relevant points, and if they are insufficient please clarify your question:

A. No Zakah on women jewelry that are used for what they are for as long as the value of them is usual and customary for the woman, depending on her social environment. Jewelry used for storage and the excess above usual and customary is subject to Zakah, with the conditions of Hawl and Nisab.

b. Zakah is a personal obligation on the owner of a Zakatable item. Of course you may volunteer to pay the Zakah on your wife's jewelry.

c. what you give to parents, for Hajj or any other purpose is not counted as part of Zakah payment. You still have to pay your due Zakah. However, that is deductible from the Zakatable item when you calculate Zakah.

d. Land, unless purchased for the purpose of sale, when prices are high, is not subject to Zakah.

e. Zakah on salaries, wages and professional income is required according to Shaikh Qaradawi. You deduct from net income all your all actual expenses, including donations, Hajj cost to you and to any body else you pay for, etc., and Zakah is due on the residual at 2.5%. Actually it is on the amount you saved during the year out of your income and if this amount is normally added to your Zakatable assets, like saving and checking accounts, you only pay Zakah on the balance at the end of the lunar year.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Calculation of Zakah

From: Islam on line

Date: March 31, 2002 8:20 AM

Name of Questioner jaffer	Gender Male	Age 31-45
Education Post Graduate	Date Submitted 3/23/2002	Email
country of Origin India	User Ref. No. VRJCC4	country of Res. India

Question

could you please let me know the calculation of Zakah in the modern context to include properties on rentals/leases, stocks and shares, business incomes, mutual funds, etc - in short an ideal Zakah calculator 2) Please clarify the situation with regard to bank interest in the normal course of the business - whether it is allowed in the context of payment to bank/individuals. 3) Whether life insurance is allowed in Islam? 4) Insurance in the context of business - retail outlets in stocks/cash/vehicles/buildings, etc

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. jaffer

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Brother are you asking me to write you four books through questions in a fatwa?

1- please read "the calculation of Zakah in North America" you will find it on two Websites [www.isna.net](http://www.isna.net) and [www.kahf.net](http://www.kahf.net)

2- bank interest is forbidden in all its forms, in business and in relation with customers.

3- life and other insurances are controversial. cooperative insurance in which premiums are paid on donation basis are agreeably permitted. commercial-based insurance is permissible according to the late Skaikh Zarka and others ( a minority) and not permissible according to the majority of Shari'ah scholars.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: How to perform Zakah?

From: Islam on line

Sent: April 18, 2002 8:11 AM

Name of Questioner Haam	Gender Male	Age 46-60
Education Post Graduate	Date Submitted 4/5/2002	Email
country of Origin Australia	User Ref. No. HDCB3A	country of Res. Australia

Question

I, together with my wife, run a small business making custom-made bookcases. We have no employees. Could you please guide us to some reading or references which would

give us better understanding as to how we can best pay our Zakah, living as we do in a non-muslim country. With thanks and wasalaam. Haam

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Haam

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You may like to look at the Calculation of Zakah in North America, Australia is not much different, it is available on: [www.ISNA.net](http://www.ISNA.net) and [www.kahf.net](http://www.kahf.net) , you may also try to find the book Fiqh al Zakah written by Shaikh Yusuf al Qaradawi and translated by Monzer Kahf. It should be available in the market.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Payment without calculation

From: Islam on line

Sent: May 23, 2002 9:26 PM

Name of Questioner saiful Gender Male Age 31-45

Education Post Graduate Date Submitted 4/29/2002 Email

country of Origin Bangladesh User Ref. No. JMVQR2 country of Res. Bangladesh

Question

I'm alligeable to pay Zakah. I used to pay but never counted my wealth. Later once I counted I found whatever I used to pay was more than what I was supposed to pay. Now I have started paying as per the Islamic law. Is my earlier payment not accepted by Allah?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Saiful

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

What you paid is InShaAllah accepted by God as long as you paid it with the intention in your heart that it is the Zakah due on you, you over estimate, no problem. The problem is in underestimation. In that case you still have to pay the difference. It is always better to calculate the amount due the way it should be and then add a small amount just to be on the safe side. Intention (Niyah) is the most important element in Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,  
Dr. Monzer Kahf

-----  
Subject: Calculating Zakah on loans, cash and jewelry

From: Islam on line

Date: 8/2/2001

Name of Questioner irfan

Gender Male

Age 31-45

Education Graduate

Date Submitted 7/4/2001

Email

country of Origin Pakistan

User Ref. No. K8LQN7

country of Res. Pakistan

Question:

Assalam o aleikum! I am confused about my Zakah problems. I took loan of Rs. 170000 from my wife four year ago I returned Rs.125000 this year. My whole assets are Rs. 30000 in cash only I have a shop and a house earning Rs.4000 per month as rent. I paid Zakah four year ago because there were no liabilities at that time. My liabilities are Rs. 200,000.now Q#1. Should I pay Zakah? My wife pays Zakah separately. She has Rs one lac jewelry and Rs. 150,000 in cash, she gives Zakah in December every year. Q#2 Should she pay Zakah for loan given to me? I shall be thankful to you if you guide the Zakah Masail for mortgage, creditor (lender), debtor (borrower) Loan etc .How one should pay Zakah on loan, mortgage, credit and debit amount or gold? Jazak Allah Mir

My Answer:

Dear Br. irfan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1- According to the majority of Fuqaha, you add the rent you receive on the house you own to your other Zakatable assets and look at the end of a lunar year (that begins from the day you acquired Nisab, which is about the equivalent of US\$ 1000).

2- When you calculate your Zakatable assets. at the end of the lunar year, you include cash on hand, checking and other accounts with banks, inventory in your shop, and receivables (i.e., debts on others that you expect to be gotten in the future, and you deduct due payables (e., debts on you that you have to pay out of the assets you have when you make the calculation). You do not deduct long term payables, whether to your wife or other persons as long as you plan on paying them from future revenues, not from existing assets, you do not add the value of house, shop, machines, etc. Notice that the rent you got entered as revenue and any left over of it is part of cash and other assets.

3- The jewelry of your wife is subject to Zakah only if she does not normally use it or if it is above the customary amount her peers have. She has to pay Zakah on the cash she has plus the balance of debts of you and others, within the same conditions as above.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: How to determine living cost in Canada for Zakah calculation

From: Abduaziz  
Sent: December 17, 2002 1:08 PM

Question

Salam alaïkum Dr. Khaf,

I am a Canadian (born Algerian). I want to make Zakah (Uzaki) my salary (plus the salary of my wife). We work in Canada. I want to know how to determine the living cost in Canada or what you call the household expenses for a couple with two children. I understood that to make Zakah I have to abstract those expenses from our family net income and give 2,5% on the difference. Am I correct?

Thank you very much for your help and Jazaka allahou khayran ! Abdelaziz

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Abdelaziz

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You can take your actual expenses of last year and average them on monthly basis, or check with the department of statistics for the average expenses of a family of four in your city; it is usually part of the household surveys they make on regular basis for major cities.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject:                      Deducting a mortgage debt from Zakatable items

From: Islam on line

Sent: January 20, 2003 8:40 PM

Name of Questioner Muhammad   Gender Male

Age 31-45

Education Post Graduate

Date Submitted 12/29/2002

Email

country of Origin Pakistan

User Ref. No. 1358ML

country of Res. Pakistan

Question

I am planning to built a house to live in, suppose total estimated cost of house is \$ 1000 and I have taken \$ 200 as intrest free house loan repayable in 30 years. When calculating the Zakah should I deduct the loan amount from my current assets to cmpute Zakah ?

Thanking you

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Debts that can be deducted from current Zakatable assets are only those debts that are going to be physically paid out of the current assets. Any future debts that are going to be paid out of future income is not deductible.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XI. IS ZAKAH ON THE BALANCE OF ASSETS OR ON INCREMENTS ONLY?**

Subject: Is Zakah on equity, total profit or retained profit?

From: Islam on line

Date: 12/16/2000

Question:

We run a small business. I have a question. Do we have to pay Zakah on: 1. on total equity or 2. on retained earnings or 3. on total profit at the end of the year? Please reply as soon as possible as we have to pay Zakah this month (Ramadan) on our business.

Jazaikum ullah khairan. Your Muslim brother

My answer:

Al Hamdu li Allah wa al Salaru wa al salamu Ala Rasuli Allah,

Yes you are require to pay Zakah every lunar year starting from the day you first had an amount of Nisab which is about US\$ 1,000, (one thousand). If you did not pay for past years you are still required to pay it as the due Zakah become a debt on the person even delinquent.

According to the majority's opinion, Zakah is only on the net mobile assets. It is calculated as follows (in brief because we are not going to take complicated case of assets): cash + bank accounts + inventory of ready to sell goods + goods in process + raw materials to manufacture goods in process + receivables - short term accounts payable = amount subject to Zakah.

Zakah is due annually on lunar year basis, at the end of a lunar year that begins from the day you got Nisab, and at the rate of 2.5% of the amount subject to Zakah. If it is difficult for you to calculate the amount on a lunar calendar, you may use a solar one, i.e., the Gregorian that we use in the US, and multiply the amount by  $2.5\% \times 365/354$  which is 2.577%. Also if you have to calculate Zakah for a part of a year so you can make your Zakah year conform with your accounting year you may calculate the Zakah for part of the year on the same basis, i.e.,  $2.5\% \times \text{number of day}/354$ .

Nisab is the value of 2.99 ounces of gold on the day Zakah is due. You may take approximately as only ONE THOUSAND US\$ for this year. to be Zakatable, you have to at least own Nisab at a point of time and then own that much at least a full lunar year from that point. You do not include in the Nisab any money you appropriate for immediate expenses or payment of debt. an example clarifies this : a person who gets his/her income (US\$ 2000) monthly and had 1000 dollars in the bank on Ramadan 1, 1420, and 900 on Ramadan 1, 1421, and the salary received on Sha'ban 29, 1421 is all needed to spend during the month of Ramadan until next pay is received. This person is not subject to Zakah.

The minority's view is that Zakah is due on the total networth or net equities of your business.

Wa Allahu A'lam  
Your Brother  
Dr. Monzer Kahf

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Subject: Is Zakah on profit or principal, land, price of gold?

From: Dr. S.  
Date: 12/ 25/2000

#### Questions

Here are the questions:

- (a) is Zakah leviable on both principal amount and profit of any investment of money in business and Government development schemes like savings certificates etc.?
- (B) Why land and property have been exempted from payment of Zakah; what is the logic (in Shari'ah) for such discrimination between cash money/gold etc and the immovable property like building/land etc?
- (C) How to determine the value of gold? Is it the place where the gold is being kept at present or is it the price when the gold was bought from a particular place?

My Answer:

Dear Brother Dr. S.

Assalamu Alaikum and Eid Mubarak. I pray to Allah to give you and your family many many happy returns of the Eid with His blessing, mercy, grace and Barakah.

The three questions you forwarded to me are tough ones, though the question No. (b) is the most difficult. Al Hamdu Allah wa al Salatu wa al Salamu ala Rasuli Allah.

(a) Let us start with the simple case where all funds are invested in business inventory (Urud al Tijarah), or for the sake of argument in livestock that is fed on free pasture, as the Fuqaha say. The answer is unanimously: a "qualified" yes. It is Yes because there is no difference in opinion among Fuqaha that the amount of a Zakatable item at the end of the year is subject to Zakah as long as it is still not less than Nisab. This means that all increments that result from trade (selling and buying) and breeding are included. And it is qualified because not all profit (in the meaning as defined by the IRS and Accounting systems) is subjected to Zakah, but only the part that is not consumed by the owner and

her/his family, nor substituted for assets used as durable consumption goods by the owner and family. In other words, what is subjected of profit to Zakah is only the part that is added to the inventory and the livestock and become the base or principal for the following year.

Now let us go one step further, according to the majority of classical or traditional Fiqh scholars not any investment in business is subject to Zakah, or any investment in government development schemes. This brings us very close to question No (b) which will come later. In a word, the traditionalists' view is that you have always to distinguish investment in the money used for fixed assets of a business that is not Zakatable and the part of the investment used in the mobile assets (inventory + receivables + bank accounts + cash) the latter is Zakatable. Investment in stocks for the purpose of capital gain makes the stock *Urud Tijarah* and consequently Zakatable. Investment in government development schemes if it is on the basis of interest, like saving certificates, is forbidden. Consequently, the principal is subject to Zakah because it is a debt on the government and the interest is not an earned mal and must all be given to charity in order to keep one's property pure and clean. There are other views regarding each form of these investments that require more details.

Allow me please to settle question (c): In principle, Zakah is due in kind, from camels, sheep, grain, grape, gold, silver, etc. If you pay in cash, the price you consider for Zakah must always that price of the due day and the place where the Zakatable item exists. A point arise if a person delays the actual disbursement of due Zakah and prices went down! In this case, if she/he is delaying sinfully the Zakatable person guarantees the payment at the due price even if prices go down; but if the delay is caused by an excusable reason such as shortage of liquidity when it is necessary for disbursement (e.g., Zakah on jewelry or stocks that cause loss if sold and Zakah on strong receivable debt with not sufficient cash available) the guarantee is relaxed and he/she can pay at the price of the day of actual disbursement. If prices go up, I should say that the Zakatable person is recommended, but not required, to make actual disbursement according to the new higher price.

Question (b): If we look to the items subjected to Zakah in the context of the economic system that was prevailing at the time of profit we notice that all things that make a person rich are made subject to Zakah. Two kinds of things are exempt: 1) things assigned for personal and family use, even with recognition that a rich person usually has more of these things than a poor person; and 2) things that are trivial to the extent that they really do not make their owner rich by the prevailing standards, like a person who has a few hundred dollars today. This is the virtue of the Nisab. The exemption of both kinds seems to be rationalized on the ground that Zakah is not to make life difficult for the person, it is to be taken from the *Fadl* or '*Afu*, the extra and surplus and is not meant to be a tool to create an equalitarian distribution of wealth, rather to harmonize the society and bring the feelings of all groups together without being harsh on any.

When we move from that era to the *Ijtihad* era, we find two directions: one that sticks as close as possible to the texts with minimum rationalization and two those who apply more rationalization. In the latter group we find ideas like: all livestock are Zakatable regardless of free pasture, *Sawum* (Malikites); livestock are Zakatable without exemption of '*Awamil*, camels and cows used to tilt the land or draw water from wells (Malikites); rented houses and building are subject to Zakah on their values regardless (Ibn '*Aqil*, a

Hanbalite); all agricultural output is subject to Zakah without any regard to being dryable (Abu Hanifah), government grants and salaries are subject to Zakah (I do not remember name but I think 'Ata' and some others mentioned by al Qaradawi); etc.

It is very important to notice that there was very little change in the economic system and modes people generate income and forms of accumulation of wealth between the time of the Prophet, pbuh, and the time of great Ijtihad. In fact the economic system and modes of income generation and wealth holding did not have any considerable change until way after the industrial revolution about 200 years ago, especially in the Muslim land. Hence there was no real need for reconsideration of these opinions, and those few daring rulings, like the ones mentioned above, were the exception not the rule.

Contemporary Fuqaha are faced with many question and unfortunately most of them are traditionalist and do not realize the deep effects of the change in the economic system, ways of income generation and forms of wealth holding. That is why we find the majority' opinion on the side of exemption of all kinds of investment in fixed assets in any business, and the few who dared are only minority such al Qaradawi who argued for Zakah on income and on the rent or return of investment in fixed assets. There are some Fuqaha who tend to open their minds to the new realities and accept the argument of equalizing all investment that are intended for their profit such as business fixed assets (in contrast with those intended for personal and family use such as residences occupied by owners and personal transportation machines).

The rationale of the majority goes as follows: The Hadith that you take Zakah from what is assigned for sale, the lack of any evidence that Zakah was imposed on houses, any other real estates and the tools of blacksmith, retailers and other craftsmen, and the exemption of agricultural land and palm trees. Some of them borrow an economic argument and add that investment in fixed assets increase employment and increase the welfare of the whole society, therefore it deserves to be exempt from Zakah.

The counter argument goes as follows: business fixed assets are in fact intended for business and to make profit, they are very similar to business inventory and to livestock that are kept for breeding. They are in that sense intended for sale and consequently covered by the mention Hadith because those fixed assets are amortized through time and each unit of production is made to carry the financial burden of a minute portion of the fixed assets. They are a new form of assets that did not exists on any substantial scale in the past and they represent today the highest level of richness so if you exempt them you are slicing out the richest segment of the society and thus creating tremendous injustice with owners of small amount of inventories like retail shopkeepers, If you do not impose Zakah on these kinds of wealth in any contemporary economy, the amount collected of Zakah becomes negligible to the extent that makes Zakah economically and socially ineffective and not worthy of being the third pillar of this great religion. These kinds of wealth are huge while the tools of craftsmen and little containers of date sellers are trivial and practically worth very little. Investment in fixed assets and investment in mobile assets both together contribute to production and employment and Shari'ah has no intention (that can be substantiated by any evidence) that it favors projects that have higher ratio of fixed to mobile assets over projects that have lower such ratio.

Agricultural land, and land in general, was almost free at the time of the Prophet, pbuh, or at least it had very little prices, so were palm trees, their value was a lot more in their products than in the fixed assets and their products are subjected to Zakah, and there was

no incidences of known investment in rentable buildings at the time of the Prophet, pbuh, although such renting have existed later but it remained exception and far from being a mode of investment in the traditional economies of those times.

Finally I think the contradiction mentioned in the question is really there and I go along with removing this kind of contradiction. I wrote on the issue one paper in English which I presented at the latest Zakah conference of ISNA, an earlier version of the same paper was published in the journal of Islamic economics of the School of Economic and Business of the International Islamic University of Malaysia in the early 1990's and the other in Arabic and published in the Journal of Islamic Economics of King Abdulaziz University of Saudi Arabia in the mid 1990's.

Wa allahu A'lam

Sincerely

Dr. Monzer Kahf

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Subject: Is Zakah of the balance of savings at the Hawl or on earnings only?

From: Islam on line

Date: 3/2/2001

Question

Suppose in year N I earn \$20000. I spent \$15000. I save \$5000. I pay \$125 Zakah. In Year N+1 I again earn \$20000 and spent \$15000. So I save again \$5000. Together I have saved now \$9875. In Year N+1 do I pay Zakah for \$5000 (that is \$125) or Zakah for the \$9875 (that is around \$250)?

My Answer:

Dear Br. / Sr.:

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The amount of Zakah due for payment in this example at the end of the lunar year N+1 is the product of  $2.5\% \times 9875 = 246.875$ . In other word, Zakah is on the total wealth at the end of the lunar year provided there was a Nisab at its beginning. This is supported by the Hadith that encourage investing the funds of orphans so that Zakah will not deplete them all.

A better example that I invested the first 4875 and was gradually adding during year N+1 parts and pieces of the new savings of 5000, the total amount I got at the end of year N+1 is 10,500 although I paid the Zakah of the first year on time. Zakah of the year N+1 is on the amount of  $10,500 = 262.50$ .

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is Zakah of the balance or only on increments?

From: Islam on line

Date: 3/7/2001

Name of Questioner Malik

Gender Male

Age 21-30

Education Graduate

Date Submitted 2/26/2001

Email

country of Origin Pakistan

User Ref. o. TGRMX6

country of Residence US

Question:

Assalamu Alaikum I have a question about Zakah. Every year when we plan to give Zakah I usually have a problem with my father. He has his own way for calculating Zakah and I have my own way. I am not sure which is the proper way? Can you please guide me with this issue? The problem with calculation is, let me tell a scenario before I continue because it will make it clearer. Last year we had e. g \$10,000 in our account, I paid a Zakah on it which comes out to be let say \$250. Now the next year comes and the money in the account has increased from 10,000 to let say 17000. We didn't use any money from this account for the whole year because we didn't needed it. Now the problem comes here, my father says that we should pay Zakah on 7000 dollars only because we already paid a Zakah on 10000 dollars while I say to him that we never used the money so it is our saving for the whole year and we have to pay the Zakah for the whole money and calculate it for 17000 dollars. So each year I get confused, so please help me in this issue and may Allah help us all to find the correct path. The same problem I have with gold, e.g., the last year the gold we have was worth 900 dollars and we calculated Zakah on it paid it, this year the same gold is worth 1000 dollars so we have to pay the Zakah for the remaining 100 dollars while the Zakah for the remaining one is paid. Can you please guide me in this matter. May Allah help us all.

My Answer:

Dear Br. Malik,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

First please do not have any problem with your father, always obey him, except in this case, kindly tell him to correct his method and conception of Zakah, this misunderstanding is really common.

Zakah is a yearly worship, like Siam. You fast one Ramadan and when the next Ramadan comes you also fast it. Suppose you only have at the end of the second year the same 9750 left after you paid Zakah of the first year, and here the second year has come, don't you need the Tahara (cleanliness) and Tazkiyah (growth and blessing) that Zakah payment brings?

Zakah, Dear Br. Malik and Dear father of Malik, is a yearly worship in the form of a financial due. It is calculated on all that you own every year, with the known exemption of personal and family things such as cloth, utensils, furniture, residence, transportation etc.

The Zakah year is a lunar one and it begins from the day you have Nisab for the first time. It has to be paid on the last day of the year that is the day 354th from the day you owned Nisab. The Nisab is the value of 85 grams of Gold which is approximately US\$ 1,000. You add all your properties together, not only saving in the bank, (certainly without the known exemptions as mentioned above) and calculate Zakah at 2.5%. You may start paying any time during the year you may also pay it all in advance.

Specifically, using your number, you paid Zakah in year one on \$10,000, and at the end of year two you have 17,000, the amount of Zakah you have to pay is 425 (=17000X0.025)

On gold, I ask you to look at the weight, because the Prophet, pbuh, mentioned the weight. If you have anything above 20 Dinars (= 85 grams) you pay the value of 2.5% of it in your currency. If you have less than 85 grams, add its value to the silver and cash you have.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Is Zakah on balance or only on increment?

From: Islam on line  
Sent: June 21, 2002 5:50 AM

Question

Salamu`alykum, hope you're well and good. Please answer the following question. assalamu alaimum may al-mighty Allah reward your for your valuable work for straight path of islam. I am working aboroad and investing monthly certain amount in my nre account. so at the year end should I give Zakah for the total balance in my account or only for the amount which matured one year?

My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

One sentence was missing in my previous reply, please disregard it and take this in its place:

Monthly savings that you are investing in short term or long term bank or broker's accounts are subject to Zakah. Your Zakah year begins on the day these savings/investment, added to other funds and Zakatable assets, make together a Nisab that is about US\$ one thousand. Upon completion of one lunar year from that day Zakah becomes due on the total amount of Zakatable items, including accumulated savings/investments although only a few days may have passed on the lasr amount saved, at the rate of 2.5% and it is due every lunar year thereafter.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Is Zakah on principal or on profit?

From: Islam on line

Sent:	November 18, 2002 6:50 AM	
Name of Questioner Ashfaq	Gender Male	Age 15-20
Education Post Graduate	Date Submitted 11/7/2002	Email
country of Origin India	User Ref. No. GMP3G6	country of Res. India

#### Question

Assalamualaikum Respected sir I want to ask you about Zakah. I've invested more than a year before some amount in the business, I start getting profit, I want to know should I give Zakah on actual amount which I've invested or on the profit, or on both, I've invested the profit back in the same business. Please clarify. Waiting for the reply.  
Regards Ashfaq

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Ashfaq

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

The rule is: Zakah is calculated on the total amounts of the items that are subject to Zakah on the due date.

Explanation: due date is one lunar year that begins on the day you acquired Nisab (= about US\$ 1000); this means once 453 days pass after having a Nisab Zakah is due for payment and is calculated on the total on the 354th day. Rate of Zakah is 2.5%. Zakatable items are cash on hand, accounts receivable and debts on other people whether commercial or personal provided debtors are able to pay on the due date they acknowledge their indebtedness, bank accounts whether for business or personal, ornamental gold and silver items, golden jewelry for men and golden jewelry for women, if you own any, that are not used by a woman on normal basis or that exceed what her peers usually have. For Zakah to become required the total of these items on the 354th day must be equal to or more than a Nisab. Zakah is due repeatedly every year.

In your case, if the business is all yours you need to add the balances of the items mentioned above on the 354th day and pay Zakah on the total of these balances. If it is difficult for you to know the balances on that day and you make your balance sheet on the Gregorian calendar (of which we are today on the 18th of November 2002) you can calculate your Zakah every year on the Gregorian calendar provided you multiply by the rate 2.577% (= 2.5% x 365/354); and if you need to pay Zakah for a fraction of a year you count the number of days that are Zakatable and take them proportional, i.e., you multiply the total balances by 2.5% x number of days/354.

This whole thing means that your original investment and accrued profits are included but all money withdrawn during the lunar year for personal and family uses and for buying items that are not subject to Zakah, such as a means of transportation or a home to live in and for giving gifts and charity are also excluded from the calculation.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

[Dr. Monzer Kahf](#)

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Subject: Is Zakah on income or on the balance?

From: Islam on line

Sent: December 03, 2002 8:26 AM

Name of Questioner mohsin	Gender Male	Age 21-30
Education High School	Date Submitted 11/19/2002	Email
country of Origin U K	User Ref. No. XG93SV	country of Res. U K

Question

Asslamu Alaykum my question regards to zakah payment. Is zakah paid for the total of your cash savings or is it paid on the amount you have made in the 12 months since I have paid it last for example: last year my cash savings was 12000 pounds this year it is 16000 pounds do I pay zakah for the 16000 pounds or the 4000. Do I pay zakah on any money spent in this year also.

My Answer:

[Bismi Allah al Rahman al Rahim](#)

[Al Hamdu li Allah Rabb al 'Alamin](#)

[wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in](#)

[Dear Br. mohsin](#)

[Assalamu Alaykum wa Rahmatullahi wa Barakatuh.](#)

[Zakah is payable on the balance you own on the 354th day after your owned a Nisab at 2.5% and repeatedly every lunar year then after. In your example Zakah is payable on the 16000 pounds, not the 4000 nor the 12000 only.](#)

[Wa Allahu A'lam](#)

[Wa Alhamdu li Allah Rabbi al 'Alamin](#)

[Wassalam](#)

[Sincerely,](#)

[Dr. Monzer Kahf](#)

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Subject: Zakah on accumulated savings

From: Islam on line

Sent: June 21, 2002 5:53 AM

Name of Questioner ABDUL	Gender Male	Age 31-45
Education Illiterate	Date Submitted 6/8/2002	Email
country of Origin India	User Ref. No. CTBXDV	country of Res. India

Question

ASSALAMU ALAIMUM MAY AL-MIGHTY ALLAH REWARD YOUR FOR YOUR VALUABLE WORK FOR STRAIGHT PATH OF ISLAM. I AM WORKING ABROAD AND INVESTING MONTHLY CERTAIN AMOUNT IN MY NRE ACCOUNT. SO AT THE YEAR END SHOULD I GIVE ZAKAH FOR THE TOTAL

BALANCE IN MY ACCOUNT OR ONLY FOR THE AMOUNT WHICH MATURED ONE YEAR?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. ABDUL

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Monthly savings that you are investing in short term or long term bank or broker's accounts are subject to Zakah. Your Zakah year begins on the day these savings/investment, added to other funds and Zakatable assets, make together a Nisab that is about US\$ one thousand. Upon completion of one lunar year from that day Zakah becomes due on the total amount of Zakatable items, including accumulated savings/investments although only a few days may have passed on the lasr amount saved, at the rate of 2.5% and it is due every lunar year thereafter.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XII. WHO PAYS ZAKAH ON JEWELRY, WIFE OF HUSBAND?**

Subject: Who pays the Zakah on jewelry of a married woman?

From: Islam on line

Date: 12/20/2000

Name of Questioner: Faysal Gender: Male

Age: 21-30

Education: Graduate

Date Submitted: 12/4/2000

EmailUser

Ref.No: IIP1YF

Question

If a married woman possesses Jewelry which is subject to a payment of Zakah, is it then the husband's duty to pay it or does the obligation reside with the woman?

My Answer

Dear Br. Faysal

Assalamu Alaikum,

Zakah is like all other financial rights and duties are not organized in Shari'ah on the basis of community property, as in some Western Systems. Each man and each woman has complete and independent right of property. Zakah on A woman's jewelry is the sole responsibility of that woman and she is required to dispose of her duty. This is so to the extent that her Zakah can be paid to her husband, which he may use to provide for the household expenses including her own. This is supported by the Hadith of Zainab, wife

of Ibn Mas'ud, when she asked the Prophet, pbuh, about the same and he advised that it is permissible that she pays her Zakah to her husband who was then poor. Certainly gifts between husband and wife are not only permissible but encouraged, and if a husband choose to pay the Zakah due on his wife on her behalf, that is a good gift to her.

Wa Allahu A'lam,  
Dr. Monzer Kahf

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Subject: Is husband required to pay Zakah of his wife's jewelry?

From: Islam on line

Date: March 15, 2002 12:53 PM

Name of Questioner

Gender

Age

Education

Date Submitted 2/25/2002

Email

country of Origin

User Ref. No. P3D8LP

country of Residence

#### Question

Is a husband responsible for paying Zakah on wife's jewelery that was given to her by her parents at the time of the wedding? What if it is difficult for the husband? Also, what constitute everyday jewelery that you don't have to pay Zakah?

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Only the owner of any Zakatable item is the one who is required to pay its Zakah. A husband is not required to pay Zakah due of his wife's jewelry regardless of who gave it to her, parents, husband, others, or from inheritance, own income, etc.

If a husband decides to pay on behalf of his wife, this is considered as a gift to her and certainly he may volunteer to pay it.

Lastly, two conditions must be satisfied together for jewelry to be exempt from Zakah: be with reasonable limits compared with the woman's peers and be reasonable use for whatever they are for. This doesn't mean daily use, it means normal use for what they are to be used for. If a woman has a \$ 10,000 diamond necklace its normal use is in wedding women only parties and occasionally at home in the family.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is Zakah of jewelry to be paid by wife of husband?

From: Islam on line  
Sent: January 01, 2003 7:03 AM  
Name of Questioner latife Gender Female Age 46-60  
Education Diploma Date Submitted 11/28/2002 Email  
country of Origin Palestine User Ref. No. JC2835 country of Res. Palestine

#### Question

I want to pay Zakah for my gold that I kept it but using it in special occasions, I am not a working women and also my husband, but he has an amount of money which we live from it and I live with my divorced daughter who is working, my sons are all married and living in seperate homes, my question is who is the one who is supposed to pay that amount of money me or my husband?

#### My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Sr. latife

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

It is always the owner is the responsible person to pay Zakah. if you don't have any source to pay from and you cannot divided the gold and pay or sell part of it, you can delay payment until you have money.

But are you sure your gold jewelry qualifies for Zakah payment? you said you wear it on relevant occasions. This is one condition of exemption satisfied. the second question is whether the amount of gold jewelry is larger than what other women in similar positions (socially and family wise such as your sisters, sisters in law, neighbors, etc) wear. If it is not in excess of that, your golden jewelry is not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: who is responsible for Zakah on jewelery?

From: Islam on line  
Sent: September 30, 2002 9:02 AM  
Name of Questioner Abdul Gender Male Age 31-45  
Education Diploma Date Submitted 9/14/2002 Email  
country of Origin BURMA User Ref. No. 86EMPL country of Res. BURMA

#### Question

Asalamu Alikum W.. I would like to ask about Zakah liability which of my wife. I am a Burmese Muslim and I married with a girl In 1998 December. Q.1. In our wedding, I paid 20 tickles gold as a Mahar and girl's parents has given around 20 tickles gold to my wife as a gift. The same, my relative has given some gold to my wife too as a gift. Therefore,

she had around 50 tickles gold with her. After a year, I asked her to sale 10 tickles gold to invest in my business. Then she gave me 5 lacks kyats equivalent of 10 tickles Gold. She said, this money is sold 10 tickle gold from her Mahar and must return to her. I told her, you are paying me money, not gold so I will return you money the same amount and she agreed it. So Is it permissible for me to pay money the same amount or must pay gold? Note: While I take money from my wife at that time Gold price is 1 tickle = fifty thousands kyats Now adays 1 tickle = One lacks eighty thousands kyats. Q.2. After some time, I tried to go to Japan by paying 10 thousand US\$ for visa purpose and I need money. So I asked again to my wife to support from her jewelry if she agree. She mentioning, she already paid me 10 tickles from her Mahar and whatever jewelry she had remain, those were paid by her parents and the rest belong as a Mahar, so she doesn't want to pay any more and refused. In this case I am wondering who is responsible for Zakah for her Jewelry those she has. Till today I paid the Zakah for all her jewelry. But now, as she mentioned those are from her Mahar and paid by her parents. If it is responsible for me then it becomes big burden in every year just keeping and wearing a lot jewelry with my wife because I am the only wage earner. Note: While I was married, the gold price was as follows: While merry 1 tickles = fifty thousands kyats Now adays the gold price is 1 tickle = 1 lack eighty thousand kyats. Presently my wife has around 44 tickles gold =  $44 \times 180000 = 792,00,00$  kyats Base on 2.5 % Zakah , it has to pay 198000/- kyats. My wife is not working, she is dependent on me. Thereafter would you please answer the rules of Zakah liability which of my wife? Abdul, Burmese Muslim.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Abdul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1- about the loan: you owe the amount in the currency or commodity you got the loan in. if you got gold, you owe gold and you have to pay gold. But notice, at the time of payment, without being a condition in the loan, it is certainly better to add to the amount you borrowed without making it a custom, on the society level, because the Prophet, pbuh, added at the time of payment of a debt. this is especially if the price of the local currency declined in terms of gold and you know that your wife sold gold to give you money. This is certainly not obligatory, it only volunteer it!

2- The Zakah due on the jewelry of your wife is her obligation, not yours. if she has no income she may have to sell part of them to pay Zakah. You can always volunteer to pay her Zakah, as you normally volunteer to pay for gifts she gives to friends and others, but it is not your obligation.

Please notice that what you paid in the past on her behalf is considered volunteering unless you told her that you were giving her loans at that time. In other words, you cannot go back now and claim that she owes you that money. but from now on, you can always refuse to pay her Zakah and she is the responsible person for such payment. Kindly remember that Zakah is due at the end of each lunar year from the day she acquired her gold, which is apparently above the Nisab.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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### XIII. NISAB AND RATE OF ZAKAH

Subject: Nisab of Zakah, Zakah on real estates and cars

From: Islam on line

Date: 12/19/2001

Name of Questioner mostafa

Gender Male

Age 21-30

Education

Date Submitted 12/8/2001

Email

country of Origin

User Ref. No. QDJ7RM

country of Residence

Question:

What is the Nisab of Zakah el-mal?? Is there a Zakah for Real estate like apartments??  
And is there a Zakah for cars??

My Answer:

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The Nisab of Zakah for money, debts on others, trade inventories and similar Zakatable items is twenty Dinars of gold. This equals 85 grams (# 3 oz). in our today life we cannot change the Nisab every minute with the valuation of gold in New York Exchange. In my opinion, the Nisab in the United States these days is approximately US\$ 1,000.00 (One Thousand US Dollar).

Personal cars used for the owner and her/his family and personal residences (house/apartment) are not subject to Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Amount of Nisab and to whom to pay Zakah in America?

From: Islam on line

Date: 12/28/2001

Name of Questioner j m

Gender Female

Age 31-45

Education Post Graduate

Date Submitted 12/13/2001

Email

country of Origin Syria

User Ref.No. 1FV5B1

country of Res. US

Question

Al-Salamu Alaikum: I would appreciate your help in estimating the Nisab and Zakah in US Dollars, Also I need guidance in paying the Zakah to the appropriate people or organization in the United States (If you can suggest some names). Thank you salam

My Answer:

Dear Sr. j m

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The Nisab is the value of 20 Dirham of gold (=85 grams # 3 oz). It is difficult to take a price of one day and build such an important religious obligation on it. It would be as if we are letting players in the US Exchange in New York to determine the way we make our worship. For this reason I tend to take an approximate average. I wish we have a study that can determine the equivalent of the Nisab dictated by the Prophet, pbuh, at his time in terms of man power a basket of food for a person (the attempt by the late Shah Walliyyu Allah al Dahlawi, Circa late 1700, has several missing gaps in it that make it unsatisfactory)

I consider the Nisab these years at approximately US\$ 1,000 one thousand since the price per ounce was roving around \$330.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Percentage of Zakah

From: Islam on line

Sent: April 18, 2002 6:50 AM

Name of Questioner Omer

Gender Male

Age 21-30

Education Diploma

Date Submitted 4/6/2002

Email

country of Origin Turkey

User Ref. No. UY9VB9

country of Res. Netherlands

Question

Wa asalamun Aleykum WR WB, Bismillahirrahmanirrahim

Eudubinallahiminesseytaniracim May Allahs blessings and peace be upon our beloved prophet Muhammed. I have 2 Questions. 1. How much % Zakah do we have to pay, I heard my Imam Saying 2,5 % of my assets/income. However I did a QUIZ test on www.Islamicity.com and there they asked how much is zakah? so I entered 2,5% is was not correct. 1. What is the correct answer? Secondly I live in a zionistic country It is difficult to live according to Allah SWT 's commandments because here you to watch out for every thing. It is like sticking your hands in a barbecue where a piece of Halal meat has fallen and you burn your fingers trying to get the meat of the hot charcoal. 2 What does the Holy koran State we should do in this situation? For your help may Allah SWT have mercy upon you and may Allah SWT bless you. Wa aleykum salam WR WB, brother Omer

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Omer

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1- The rate of Zakah on most items is 2.5% this includes: cash on hand and in banks' saving and current accounts, the left-over amount of income (saved) after actual expenses, excessive women Jewelry, decorative and ornamental gold and silver things (they are forbidden to keep too), invested assets, trade inventory, etc. (personal and family residence, furniture, appliances, cloth, non excessive women jewelry and personal items are excluded). The rate on agricultural products is 5% for things watered by human effort and 10 percent for rain or river watering, 20% on found treasures, and approximately 2.5% on live stock. The page of Islamicity has a few mistakes and is currently under revision.

2- Your example of living in the West is beautiful, unfortunately many Muslim countries are also been barbecued! Omar bin al Khattab, may Allah be pleased with him, suggest that one should raise the ends of one's trousers and walk carefully, watching where one puts every step, as if there are thorns on the ground. But remember there is a lot to be done in the West to awaken these people to the truth about Islam, Palestine and other important issues in the Muslim world, they are not stamped Zionist in an irrevocable manner!

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Nisab on a joint bank account

From: Islam on line

Sent: October 11, 2002 12:24 PM

Question

Dear brother, my question is about Zakah: "A man and his wife have the same bank account, their money reaches the sum that is liable to Zakah (for example in Morocco the sum on which Zakah is due is 8000 DH for each man or woman).

But in this case the man and his wife have only this sum (8000 DH). They ask you dear scholar if they must give the part needed for Zakah. Greeting to you. Rahmatullahi Alaykum.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Since they mixed their account and made it joint, I tend to apply the rule of mixed property on them. Zakah is due on the total once it reaches Nisab and a lunar year passes. They can divide the liability between themselves in proportion to their ownership. This applies on all such mixing of properties not only on husband and wife bank account. the International Shari'ah Board on Zakah has adopted such view with respect to Zakah on companies. The source of this ruling is the Hadith of the Prophet, pbuh, with regard to mixed livestock. it provides the same rule.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is there any minimum amount for having to pay Zakah?

From: Khadija

Sent: November 19, 2002 11:03 AM

Question

As-salaamu alaikum wa Rahmatu Allah,

Ramadhan Mubarek to you and your family. I have one question in regards to Zakah. I know it is calculated using 2.5% of your annual savings, but is there a minimum amount one must have in savings to qualify to pay the Zakah? Example: if I have \$50 in savings for one year then do I pay Zakah on that amount or is that too low in savings?

Jazzakum Allahu khairan and may Allah (SWT) accept the du'a, fasts and prayers of all the Muslims and increase/accept our good deeds. -Ameen

Wa salaamu alaikum, Your sister in Islam- Khadija

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Khadija

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Ramadan Mubarak to you and your family too and may the Lord of the worlds give you all the blessing, mercy, acceptance and forgiveness of these very greatly blessed days.

Yes certainly, there is a minimum amount called Nisab. If a Muslim has a least this amount on a certain day and has also at least the same amount a lunar year (354 days) from that day, this person is obligated to pay Zakah at the rate of 2.5%. the same is repeated every year. The amount is the value of 20 golden Dinars, which was a currency at the time of the Prophet, pbuh. This Nisab is not a minimum exempt, rather it is a criterion for Zakahability. A golden dinars equal 85 grams of gold, = a little less than 3 oz. I believe that the value of Nisab is not meant to change daily with changes in the commodity market in NY or London, so I take US\$ 1000 as a good approximation of the Nisab.

Let me make two clarifying examples (since you mentioned the words 'annual savings'). Suppose on a certain day you have zero savings and you started accumulating every two weeks part of your income, and at the end of a lunar year from that certain day the balance of your savings was 1000 or more, you are required to pay Zakah at 2.5%. Case 2: Suppose you start on a given day with 1000 or more in your account, and you still save part of your income, adding certain amount every two weeks. You have to calculate the Zakah on the total (the balance) you have 354 days after that given day. Not included in the Nisab any money you set aside for your expenses until the next income pay or for payment of any debt or any forthcoming need (such as continuation of dental treatment and the like)

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Nisab of Zakah

From: Islam on line

Sent: December 31, 2002 3:59 PM

Name of Questioner	Abiola	Gender		Age	
Education		Date Submitted	11/29/2002	Email	
country of Origin	Nigeria	User Ref. No.	QLF3UH	country of Res.	Nigeria

Question

What is the Nisab on monetary zakah? Also does it mean that if a particular amount of money has not stayed with me for a period of one year, I cannot pay Zakah on it? If then, does that mean that Zakah in Islam is meant for only the very rich because to reserve some amount of money for a period of one year without touching it all is not something easy at all.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Abiola

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Your doubts are correct but you know Islam is a very rational religion. those doubts do not apply to Zakah.

The Nisab is approximately US\$ 1000, the value of 85 grams (# 3 oz). Once a person has this amount above her/his regular expenses, (s)he becomes Zakatable, then after a full lunar year (354 days) from that day, if this person has 1000 or more then (s)he must pay Zakah at 2.5%. Zakah is payable every year. Meaning: this extra one thousand Dollar doesn't even have to stay with the person all the time, it goes and others come; just look at the balance after 354 day. Notice the Nisab is low so that even the upper poor persons may have to pay Zakah.

Wa Allahu A'lam  
Wa Alhamdu li Allah Rabbi al 'Alamin  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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#### **XIV. DUE DATE FOR PAYMENT AND DELAY**

Subject: The Hawl of Zakah

From: Islam on line

Date: 1/30/2001

Name of Questioner: RIAZ

Gender: Male

Age: 46-60

Education: Post Graduate

DateSubmitted: 12/17/2000

EmailUser

Ref.No.: IY73BQ

#### Question

Assalamu Alaikum Is Zakah to be counted from the beginning of the month of Ramadan or from the end of the month? If the money is being added every month in the bank, is Zakah to be paid on the balance remaining at the next Ramadan, as one year would not have passed on the subsequent deposits in the bank?

#### Notes

Example: I have QA 25,000 at the end of previous Ramadan. There after I deposited 5,000 every month. In this Ramadan in my balance account I have QR 45,000. How I will pay Zakah as one year has not passed on the money deposited in bank in the previous months. Is it to be paid on QR 45,000?

#### My Answer:

Dear Br. Riaz

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah

Zakah on Cash. Business inventory, livestock and similar assets has a condition of Hawl (year). It means that one lunar year (354 Days) has to pass from the day you become an owner of an amount of Nisab for becoming subject to Zakah. This is a generous grace from Allah.

The Hawl has nothing to do with Ramadan as it begins from that mentioned date. Many people like to adjust their Hawl to Ramadan because good deeds in Ramadan are rewarded with multiples. Such adjustment is done by paying the Zakah of a partial Hawl from the date of acquiring the money until any day in Ramadan, people usually prefer the last ten days. And then they make their Hawl begins in Ramadan for all following years. The condition of Hawl applies only to the original amount you got if it is a Nisab or more, it does not apply to any and all future increments. The Idea of Hawl serves two purposes: 1) determines the beginning of Zakahability; and 2) assuring that Zakah is not taken twice in a period of 354 days. It applies in a simple no complication way. Once you

are described as rich from Zakah point of view (you have a Nisab) you only look at your balance at the end of a Hawl, do not pay attention to in between.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Past due Zakah

From: Islam on line  
Date: 2/1/2001  
Name of Questioner: khaled Gender: Male Age: 31-45  
Education: High School and Below DateSubmitted: 12/22/2000 EmailUser  
Ref.No: ZR1BBC

#### Question

I have money in bank, and this money is growing up yearly. I did not pay Zakah up to now suppose that I have x thousand riyals, how to pay Zakah I know that every year I have to pay so please what to do. Wassalamu Alaikum.

#### My Answer

Dear Br. Khaled

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

You are correct, if the amount you have in the bank for years started above Nisab, which is for this year around Saudi Riyal 2000, you are Zakatable and you needed to pay Zakah for all past lunar years that is from the first 354th day after you owned Nisab.

You know dear Brother that it is sinful to delay the payment of Zakah after its due day (the last day of a Hawl) without any valid reason. I don't know your reasons and you know them better but you are anyway seeking knowledge on this matter and this is itself a positive point to your side. May Allah Ta'ala forgive me and you of all our sins, what we know and what we don't know.

You need now to calculate your due Zakah for all past years and pay all that ASAP. By the way you know that if it happened that you earned any interest, called commission in conventional Saudi banks, you cannot pay the Zakah from the interest, and you should not count earned interest in the amount subject to Zakah, because interest is all forbidden, the earned interest is not yours, it doesn't become your property according Shari'ah and you are required to give all the earned interest to poor and needy or general Islamic causes (except mosque building). In brief, you don't pay your Zakah from any impure thing that may come under your hand and what ever impure things must be given away to charity-like objectives.

Wassalam  
Sincerely,  
Monzer Kahf

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Subject: Zakah is due and have no cash and whether a land for building is Zakatable?

From: Islam on line

Date: 3/13/2001

Name of Questioner Saad

Gender Male

Age 31-45

Education Post Graduate

Date Submitted 2/4/2001

Email

country of Origin UAE

User Ref. No. 7VC6BC

country of Res. UAE

Question:

1. If I have stocks and I have to pay Zakah on them, and I do not have cash available. What do I do? Should I sell some of my stocks at a loss, if the market is down or wait until market recovers. Or should I wait until I get the dividend from my stocks and pay the Zakah. or what is the procedure. 2. If I have land should I pay Zakah or the land must have a building on it, for me to pay Zakah. And if I do not have cash what must I do.

Thanks Saad

My Answer:

Dear Br. Saad,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Allah Subhanahu wa Ta'ala is a lot more lenient on us than all the muftis. You don't have to sell at loss to pay the Zakah, wait until prices become reasonable and sell and pay Zakah, if you cannot pay it from your other sources of income and forms of wealth without sin InShaAllah. Next time make better planning if you can. For jewelry worn by a young girl, the Prophet, pbuh, addressed the mother: do you pay Zakah on this? The implication is that Zakah is paid from other sources. Remember it is very likely that one of the objectives of Zakah is to allow for more circulation of wealth and income in the society that you don't keep all your wealth in the same basket for a long time....

Land is not subject to Zakah according to Majority, unless you bought it with the intention to sell it.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Should Zakah only be paid in Ramadhan?

From: Fazila

Date: December 05, 2001 2:24 PM

Question

I should know the answer to this, but I don't...Can Zakah only be paid during Ramadan, or do Muslims generally fulfill this obligation during Ramadan b/c that's when people are most generous? I tried to do research on it, but I could not find a response to my specific question. I guess my question is, if I made a niyyah to pay Zakah now, can I fulfill my obligation in Jan/Feb or does it have to be during Ramadan?

My Answer:

Dear Br. Omar

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Thank you for the trust, I don't mind receiving questions on Zakah and other financial Shari'ah related questions and I will answer those I know and confess to my ignorance to those I don't know.

1 - Zakah on Mal, to which the question most likely relates is due on the last of a 354 day period (full lunar year, not a calendar lunar year) that begins the day a person acquired an amount of Nisab for the first time, it goes on for the same day every lunar year. This means every person shall have her/his Zakah related fiscal year, we call it Zakah year.

Many people like to pay their Zakah in Ramadan because Ramadan is a time of multiplying good deeds many folds, i.e., to take advantage of bonus rewards. To do so they one of two routes: either adjust their Zakah year to one of the days of Ramadan. if my Zakah is due on the 21st of rabi al Awwal and i want to adjust it to Ramadan 21st, a difference of 6 months I make a partial calculation for one half year on Ramadan 1421 (before the due date because delaying payment is sinful even for this purpose), in this example I multiply the amount of Zakatable funds by 1.25% instead of 2.5% and pay it on the 21st of Ramadan 1421, when Ramadan of 1422 comes I go normal paying Zakah for a full year from Ramadan 21, 1421 to Ramadan 21, 1422.

By the same token some people, especially companies have difficulty in making separate Zakah balance sheet and like to use the same balance sheet they make for partners, shareholders, tax authorities, etc. at the end of a Gregorian year, say December 31 or October 31, such person have to adjust the rate they use every year by making the multiplication by 2.5777% (= 2.5% + 2.5% X 365-354/354) instead of 2.5%.

2 - It goes without saying that making intention alone, without coupling it by actual payment, is not sufficient. This applies to payment at the end of a Zakah year or during Ramadan. Action is necessary for getting its reward and for discharging the duty of Zakah payment.

3 - Delaying payment beyond its due date is sinful and Zakah becomes a guaranteed debt on the payee due for payment even if she/he becomes bankrupt at a later date. It certainly requires a lot of Istighfar (Asking forgiveness). However DELAYING PAYMENT MAY BE JUSTIFIED IF THERE IS A VALID REASON BEHIND IT. Examples: to give to a better cause or to a relative who is poor, or for lack of liquidity while in-kind payment is either impossible or doesn't fulfill its purpose, etc.

4 - Finally, the due date for Zakah of al Fitr, is the last few days of Ramadan, it must be paid before the Eid prayer on the first day of Shawwal. Its amount is the price of two medium size meals, normal in one's area, # \$ 8-10 in the USA.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Delayed payment of Zakah

From: Islam on line

Date: 12/12/2001

Name of Questioner Mel

Gender Female

Age 31-45

Education Diploma

Date Submitted 11/26/2001

Email

Country of Origin Egypt

User Ref. No. 2H18EC

country of Res. Canada

### Question

Two questions: 1) I helped my mom financially after my father's passing. Never paid Zakah. Never saved much. Only last few years, that I have started, however, I was paying only on the amount saved that year, not the total amount saved to-date. How do I rectify this? Is there a way to do it like fasting, prayer, etc. other than money. If only money, can it be paid over a period of time. 2) Why is Moses the most mentioned in the Quran? And why does the Quran mention that God gave Ibrahim Issac and Jacob, not Issac and Ismail? Thanks for your guidance.

### My Answer

Dear Sr. Mel

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

I am not qualified to answer your second question about Musa, Ibrahim and his sons as mentioned in the Qur'an, please send the question separately once more to Islam on line and they will send it to a specialized person.

Here is my answer to your question on Zakah.

It is great to hear that you have been helping your mother. God will, this will cause you to be given many folds of reward from God. Helping parents, and especially the surviving one is a great responsibility and highly rewarded as stated in several Verses and Sayings.

1 - Zakah is the right of the poor and needy, and parents are part of your immediate family even if they live separately and far away. whatever you give to parents is not part of Zakah and cannot be counted as Zakah payment.

2 - Zakah is due on savings and other items of wealth and income once a person owns a Nisab (# equivalent of US\$ 1,000). It is required to be paid every lunar year on the total amount of the Zakatable item. Hence you need to calculate the amount of due Zakah on your savings a lunar year from the day you accumulated US\$ 1,000, and every lunar year thereafter and pay that to any of the deserving 8 categories of recipients mentioned in Sura 9 Verse 60. You certainly can pay it through dependable Islamic charitable organizations, local Islamic centers or send it back home to poor relatives (except parents, children and any other person you become responsible for according to Shari'ah), persons or charitable organizations that usually distribute Zakah.

3 - delaying the payment of Zakah beyond the day it is due is Haram and sinful unless there is an excuse such as lack of cash to pay or waiting to send it with a trusted person to more deserving people and/or causes.

4 - Past due Zakah must still be paid, it does not go away by the passage of time. It cannot be made up by fasting or prayers. You need to pay all past due Zakah as soon as you become aware of your mistake and as soon as you financially can without burdening yourself with excessive liabilities that may create difficulties for you. Hence, you can pay it on installment if it is difficult to make it at once. The important point is to realize that it is an Ibadah and you are dealing with Allah Ta'ala who is most knowledgeable and at the

same time most Compassionate.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Date of Zakah payment and inclusion of Nisab

From: Islam on line

Date: 12/26/2001

Name of Questioner Shiraz Gender Male

Age 21-30

Education Graduate

Date Submitted 12/13/2001

Email

country of Origin UK

User Ref. No. 6TCQ9L

country of Res. UK

#### Question

Salamu`alykum, If you cannot remember the exact date you gave Zakah one year can you give Zakah the following year earlier than your best guess but also adding on a bit extra in case you fall short of the real date. Is it o. k to pay your Zakah every year on the 1st Ramadhan. When calculating the final amount for Zakah do you include the Nisab in the final total amount Zakatable or take the Nisab amount out of the final Zakah Total.

#### My Answer:

Dear Br. Shiraz Mushtaq

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Zakah is due every lunar year for all items of wealth, including the increments accumulated (added to them) over the year itself. The year begins for each person on the day an amount of Nisab is owned for the first time. This required a Muslim to keep record, at least mental, of the date and balance of Zakatable items. Certainly if you forget or lost or misplaced the record, you have to make your best guess and Allah, Ta'ala is Most Forgiver. If you pay a little extra, it is well and good, but it is not required as long as you make your best intelligent guess.

Many people like to make their Zakah payment day in Ramadan, as it is the season for multiplying rewards on all good deeds. That may also make it easier to remember the date, and day in Ramadan will do it. but to make the adjustment from one's own Zakah year to a year that begins on the first of Ramadan, one has to make a partial payment for the period between the end of one' year and the beginning of Ramadan by multiplying the total amount of Zakatable items by:  $2.5\% \times \text{number of days from end of one's year to beginning of Ramadan} / 354$ . This payment should be made on the first of Ramadan of the first year of shifting from any personal year to a year that begins in Ramadan. Finally the Nisab (which is # US\$ 1,000) is only a Zakahability criteria, it is not a minimum deductible. You have to calculate the amount of Zakah due on the basis of the total amount of the Zakatable item including the Nisab.

You may refer to the Calculation of Zakah in North America on the web <[www.kahf.net](http://www.kahf.net)> for any further details and come back for any questions.

Wa Allahu A'lam

Wassalam  
Sincerely,  
Dr. Monzer Kahf

-----  
Subject: Date of payment of Zakah and giving it to uncle

From: Islam on line  
Date: April 16, 2002 8:26 AM  
Name of Questioner Rami Gender Age  
Education Date Submitted 4/8/2002 Email  
country of Origin User Ref. No. CZRQLB country of Residence

Question

Assalamu Alaikum wa Rahamatullah. I have a small amount of money in the bank. I send most of the Zakah to my elderly uncle who lives abroad and has no means of income. I also do it in monthly or two-monthly payments. Is this permissible? And, is there a fixed date when Zakah payment is due? Thank you for this marvellous site wa jazakumullahu khairan!

My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Rami  
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.  
It is permissible to pay Zakah before its due date, once or on installments. Paying Zakah to your needy uncle is very good and rewarded double InShaAllah, as the prophet said about such payments: it is a Zakah and a kindness to relatives.  
Zakah is due at the end of a lunar year from the day one had a Nisab (# US\$ 1000).  
Delaying its payment, without proper excuse, is forbidden and sinful.  
Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: When is Zakah due for payment?

From: Islam on line  
Sent: June 02, 2002 10:37 PM  
Name of Questioner reshma Gender Age  
Education Date Submitted 5/28/2002 Email  
country of Origin User Ref. No. RN9U5M country of Res.

Question

Assalamualaikum Many thanks for your precious reply to my question which is once hereunder. I have another thing to ask from the same question. My grandma passed away

last year on 11 October 02 (23 Rajab). You said that my mother must begin counting a lunar year, i.e., 354 days. On the last day, the 354th, she is required to pay Zakah at the rate of 2.5% and continue from then on every lunar year. 1- does it mean she should pay zakah twice. I mean this year ramadhan begins on 6 november. does she have to pay zakah when the 354 days are completed and then pay zakah also for this ramadhan. i am mixed up. i don't understand this concept much. please help. jazak allah.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. reshma

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah does not become due in Ramadan. It become due and payable upon completion of one full lunar year beginning from the day a person becomes an owner of a Zakatable item that is equal to Nisab or more. In you case your mother is subject to Zakah every year on Rajab 23. Ramadan has nothing to do with it.

Ramadan is a glorious and blessed month and God informed us through His Messenger Muhammad, pbuh, said that rewards for good deeds made during this month are multiplied many folds. That is why many people like to pay Zakah in Ramadan. If your mother opts to do that she can but she have to calculate her due Zakah for the part of the lunar year until Ramadan. Example: suppose she is going to make her Zakah year begin on Ramadan 23 and end on Ramadan 22 the following year. On Ramadan 22 of the first year and for this year only, she has to pay the following: Amount X 0.025 X 2/12, i.e., Zakah for two months out of 12 month. And from the following year and on, every year she pays her Zakah for one full lunar year of Ramadan 22.

Please do not hesitate to continue asking if I did not explain it right.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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#### **XV. SHOULD ZAKAH BE REPEATED EVERY YEAR OR IS IT ONCE IN THE LIVETIME OF AN ASSET?**

Subject: Should Zakah be repeated every year? Is it only of the amount above Nisab

From: Islam on line

Date: 2/26/2001

Name of Questioner Ahmed

Gender Male

Age 31-45

Education Post Graduate

Date Submitted 2/25/2001

Email

User Ref.No. 78YWUB

## Question

Assalamu Alaykom, I have a couple of questions about Zakah. 1. Many people think that if you pay Zakah on a sum of money this year, then if you still have it next year you do not pay Zakah on it since you paid on it last year..? Is this true..? 2. Should one only pay Zakah on the amount of money he has in excess of Nisab. For example if he has \$1000 that "hal alayhom alHawl" and if the Nisab is \$100 shall he only pay Zakah on \$900.. Is this right..? 3. I am thinking of sending Zakah to our brothers and sisters in Palestine rather than to people in my mother land in Egypt, it seems to me that People in Palestine need the money more with the aggression they are against these days. Am I doing the right thing..? I am always suspicious about organizations distributing money in Zakah..? Should I worry a lot about it or shall I assume that they are honest and pray to God it will go to the Palestinian brothers..? Do you have any names for organizations here in the US that could distribute the money, I am thinking of ICNA...? 4. Is it permissible to ask for a receipt for money I paid in Zakah to some tax deduction here in the US or this will wipe out the purpose of Zakah? I am just trying to follow, "Enna allaha yohooobo an totaa rokhaasoo" Wagazakom allahu 3anna wa 3an almoslemeen kol khair.

My Answer:

Dear Br. Ahmed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1 - Zakah on money and other Zakatable assets is a yearly due. It must be paid every year and year after year. It is calculated on the Lunar calendar and if one wants to make payment on the solar calendar, then one has to adjust the rate, making it 2.5777% instead of 2.5%.

2 - Nisab is a criteria of Zakahability not a minimum exempt. You must pay the Zakah on the total amount of a Zakatable item, including the amount of Nisab. In your example of owning 10,000 and if the Nisab is about 1,000. Other conditions satisfied, Zakah due is  $10,000 \times 2.5\% = 250$  dollars.

3 - Zakah can be paid for any of the eight categories mentioned in the Qur'an, they include "Fi Sabil Allah," i.e., for the Sake of Allah. This is mainly Jihad and the Palestinian fighting against the occupation authority is certainly one of the best and glorious forms of Jihad. Certainly it is Halal and even better to pay one's Zakah to support those who are making Jihad for liberating their children and land from the ugly occupation. These people are freedom fighters not terrorists, in spite of the American law that inspires the Israeli interests only.

I do not advise you to make any violation of the existing law although we have to exercise our constitutional freedom in criticizing it and working toward changing it. If you can reach the Palestinian Mujahidin without violating the law that is better for the payment of your Zakah than sending it to help the poor in any Muslim country, including one's own home country.

4 - I don't closely know of any charitable organization that works in the area of helping the poor and needy in Palestine, under the harsh conditions of occupation, so I cannot recommend any organization.

I also hear from time to time on the American TV channels that several charitable organizations are not really truthful to their objectives and there are always scandals and

corruption among workers in charitable field in America.

5 - It is permissible to ask for a receipt and to use your Zakah payment for deduction from Uncle Sam' taxes, this is the Law, and it is permissible to use it to its fullness. This does not, InShaAllah reduce any of your reward from Allah.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Is Zakah obligatory every year on same property?

From: Islam on line

Date: 6/21/2001

Name of Questioner Abdul

Gender Male

Age 31-45

Education Graduate

Date Submitted 6/20/2001

Email

country of Origin India

User Ref. No. T3GR1W

country of Res. India

Question:

Bismillah, Assalamu Alaikum Is Zakah obligated to give every year for the property which does not give any early income, like Jewelry, Cash Deposits. Kindly give your answer in light of Qur'an & Hadith reference.

My Answer:

Dear Br. Abdul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The answer is yes, Zakah is due every year on all Zakatable items as long as its amount does not go below Nisab. This is unanimous in all schools of Fiqh. The practice of the prophet in collecting Zakah during His time and in sending Zakah collectors provides a clear basis for this. On the other hand there are indications that support this practice. Of these indications: His Saying that we should invest the wealth of an orphan so that the Zakah does not deplete it. Obviously depletion is through repetitive payment year after year. Also the saying that prohibit taking Zakah twice in one year, it implies taking it once only.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Is Zakah yearly or once in life time of an asset?

From: Islam on line

Sent: August 20, 2002 7:19 AM

Name of Questioner Varusai

Gender Male

Age 21-30

Education Diploma

Date Submitted 8/14/2002

Email

country of Origin Qatar

User Ref. No. K34JS9 country of Res. India

Question

Bismillah Dear All, Assalamu alaikum (rah) Some Scholars are saying that Zakah has to be given only once on the product/Jewels and we should not give every year. They told there is no proof from Quran and Hadith to give Zakah every year on the product. Please clarify. Wassalam

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Varusai

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

There is overwhelming evidence that the Prophet used to send Zakah collectors year after year and every year, so did the companions during the Khlafa' Rashidin period and after it. Zakah is due on goods for sale, money and livestock every year. Zakah on crops is not yearly, it is due upon harvest.

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XVI. ZAKAH ON HARAM MONEY**

Subject: Zakah on Haram money

From: Islam on line

Date: 5/9/2001

Name of Questioner Yahya

Gender

Age

Education

Date Submitted 4/30/2001

Email

User Ref. No. A8M43L

country of Residence

Question:

Assalamu Alaikum, wa rahmatullah, brother. Your advice regarding Zakah and money obtained by haram means was certainly sound and correct. And yet I found it lacked one key element. For whatever reason, the point of Zakah was not tied in, made clear. Zakah is an obligation to Allah, paid to the less fortunate of the world. We cannot pay our obligations in false tender. Indeed, it would be best to return ill-gotten gains to the person who was robbed of it. But some will interpret your response to suggest, for example, that one give the money back to the casino. This will help no one, but will only serve to increase their profits. Surely Allah will deal with them justly for their sins. It is also clear that the money cannot be cleansed for the giver, that one who gives false tender will not

gain the favor of Allah for that gift (as he should never have had the money in the first place), but it is not clear that it is better to give the money back to the casino than to some orphanage (in private/secret). In making it clear that this will not help the man, one has done one's legitimate obligation, and then left it to him to sacrifice the ill-gotten funds if he will see goodness done in the world. I do not put it past Allah to turn bad into good by such means, though I concur that he who received the money in haram means will get no reward for the giving. (As an aside, he MAY, though, receive a benefit to his own heart, in practicing the good act of giving unselfishly, and that may benefit his soul.) Ma salaam

My Answer:

Dear Br. Yahya

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Thank you Brother for the correction, I do not remember I ever said to return it to a haram practitioner like a conventional bank or a casino.

Let us set this right for good:

1 - any haram money ( such that coming from Riba, Gambling, theft, etc.) obtained by a Muslim is not earned and does not become owned by the recipient.

2 - The recipient is required to return it to its right owner, unless it is received by relationship accepted by the land's law (though not by Shari'ah) and obtained from an entity whose business is transactions in that Haram itself. In this case it must not be returned to the payer. RATHER IT MUST BE GIVEN TO GENERAL ISLAMIC CHARITY such as poor and needy helping the oppressed defend themselves, etc.

3 - in Giving such haram money away there is no reward of Sadaqa, only the reward of the Tawbah and or cleaning one's own money.

4 - No Zakah is required on such haram money because it is not yours and you must give all of it to charity.

5 - You cannot use this Haram money to pay your Zakah or any other spending required from you on family, taxes, etc. you cannot even pay a Riba due on you to the bank by a mistake or a sinful contract that you are repenting from.

I hope this is set right now. Thanks again,

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: In Zakah calculation do you include earned interest?

From: Islam on line

Sent: August 20, 2002 8:17 AM

Name of Questioner Abdul

Gender Male

Age 31-45

Education Graduate

Date Submitted 8/3/2002

Email

country of Origin India

User Ref. No. 1JU1XJ

country of Res. India

Question

ASSALAMU ALAIKUM MAY AL MIGHTY ALLAH REWARD YOU FOR YOUR VALUABLE WORK FOR ISALM. MY NRE ACCOUNT MONEY IS MIXED WITH INTEREST BUT I AM NOT USING THE INTEREST. INORDER TO AVOID MIX UP THE INTEREST WITH ACTUAL MONEY I AM KEEPING SEPERATE ACCOUNT BY WRITING. SO WHEN I PAY ZAKAH AT THE YEAR END SHOULD I PAY ZAKAH FOR WHOLE AMOUNT INCLUDING INTEREST MONEY OR FOR ACUTAL MONEY ONLY? KINDLY ADVISE.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Abdul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Interest is prohibited and interest-based contract are void from Shari'ah point of view.

This means it is not earned in accordance with Shari'ah. Zakah is only imposed on items you own, therefore, there is no Zakah on interest accrued to your account. All the amount of interest must be given away for Islamic charity, including helpingpoor and needy, riot stricken Muslims, and Muslims fighting against forein occupation of their land.

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XVII. ITEMS NOT SUBJECT TO ZAKAH**

Subject: Down payment for a land to build own residence, is it Zakatable?

From: Islam on line

Date: 3/23/2001

Name of Questioner Redwan

Gender Male

Age 21-30

Education Graduate

Date Submitted 3/23/2001

Email

country of Origin Morocco

User Ref.No. G8UQYL country of Res. Morocco

Question:

Bismillah Jazakom Allah Kolla Khayr. In order to buy a piece of land for my future house InShaAllah I went to a company specialist in selling lands and houses. The land costs 70.000 DH. I have to complete the whole money within two years, but I have to pay at least 30,000 DH for the first time. When the deadline comes they will call me for paying the rest. Actually I have paid 30,000 DH, and I do not know if I have to include it when calculating Zakah. Wa Jazakom Allah Kolla Khayr

My Answer:

Dear Br. Redwan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The amount you paid as a first payment for the contract of buying a land for your future house is not subject to Zakah and you don't need to include it in your Zakatable assets when you calculate Zakah. If you contracted to buy and you paid first payment, you now own a lot of land and you owe the remainder of the price, in this case 40,000 Dirham. This piece of land which is not intended for sale when you bought it, is not subject to Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on deposits in a bank under liquidation

From: Abdullah

Date: 10- 10-2001

Question

Do I have to pay Zakah on deposits in Bank al Taqwa?

My Answer

Dear Br. AbdAllah

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Ramadan Mubarak to you too and to your family.

It was very nice to receive your email and to listen to your phone call the other day. I was really planning to answer you sooner before you called but I kind of relaxed after we talked on the phone. How are your sons doing these days? Have they finished their schooling and what have they taken as careers?

For the question on Zakah with respect to money deposited at bank al Taqwa under liquidation. Deposits and shares at this bank are now under the complete authority of the liquidators, you really don't own any of them at this time and you don't know how much you will get at the end of the process that may take several years. In my opinion, these funds are now gone, especially with the effect of the absolutely unjust freeze imposed by the government. HENCE, NO ZAKAH IS DUE ON ALL SUCH FUNDS, WHETHER DEPOSITS OR SHARES.

At the end of the tunnel, if any money is paid to depositors/shareholders, they will have to pay Zakah once only when it is received and on the amount received provided it is more than Nisab at that time, and you don't pay Zakah on the years between the beginning of your Zakah year during which liquidation began and the day you receive any balance of these funds.

Wa Allahu A'lam

Wassalam  
Sincerely,  
Dr. Monzer Kahf

-----  
Subject: Zakah on employees' options to buy company's stocks

From: Sister Ayse  
Date: 10/12/2001

Question:

Selamun Alaykum, I am going to give a talk on issues related to Zakah in our women's halaqa group this Sunday. I was reviewing issues related to life in the US. I came up with the question on whether there is any Zakah due on options granted to an employee, vested but not exercised. Once shares are bought at the discounted price there is no question they will be. Obviously before they are exercised they are not technically owned by the employee. However, they are considered as a part of one's wealth at the same time, since they are convertible to cash at will. I couldn't find anything on the web exactly addressing this. I went through all the pages in English at <http://www.muslim-investor.com/mi/stocks.phtml>. Do you know any rulings on this issue (with sources if you can)? Your urgent help is most appreciated, Salaams, Ayse

My Answer

Dear Sr. Ayse,

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Unexercised options granted to employees are not subject to Zakah for the very same reason rightly mentioned in your question: they are not owned by the employee yet.

Zakah is levied only on owned Zakatable items. This is a form of gift and according to Shari'ah a gift is owned upon possession, i.e., delivery and acceptance by the person to whom it is given, it is not owned by the mere assignment by the giver.

Owned stocks as a result of exercising such options are, as you said, Zakatable provided other conditions of Zakahability are satisfied.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on vested but not exercised options

From: Br. Omar  
Date: 10/12/2001

Question

Just a followup question if you don't mind:

The fact that these are convertible to cash at any time does not affect their status?

I can understand if they are required to be held for some period of time before they

can be cashed out, but I am confused when you have the ability to cash out.

Dear Br. Omar

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1- These are not convertible to cash but to stocks of the company, whether conversion is to cash or stocks does not affect the Zakahability.

2- When a gift is granted, cash or any other Zakatable asset, it does not enter into the holdings of its recipient until it is handed over. In Shari'ah, it remains in the ownership of the give until delivery to the extent that the giver can change her/his mind before delivery. How could you be asked to pay a Zakah on a thing you do not own?

Convertibility does not affect Zakahability, actual conversion does...

3- Having certain restrictions on a property, such as hold it for a period of time or pay penalty if you cash it, does not necessarily affect its Zakahability, it is Zakatable even with such restriction, as long as conditions for Zakahability are fulfilled.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah on investment whose present status is doubtful

From: Islam on line

Date: 11/30/2001

Name of Questioner Saleh

Gender Male

Age 21-30

Education Graduate

Date Submitted 11/26/2001

Email

country of Origin US

User Ref. No. INC4Q7

country of Res. USA

Question

I invested in a company over 1 year ago. The company was about to go public but because of the market conditions it did not. At this time I do not know the value of my investment nor do I have access to it. The company may in fact fold. Should I pay Zakah al-mal at this time based on my initial investment or do I wait and see what happens to my investment and then pay Zakah at that time?

My Answer:

Dear Br. Saleh Shajrah

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If you don't know whether your investment still exists or not you are not required to pay Zakah on an item you are not sure it exists. You need to make reasonable effort to seek information on the present status of your asset in the company and then calculate the due Zakah. in most companies, a large proportion of initial investment is used for basic organizational infrastructure such as legal fees, consultants fees and other expenses, all these expenses are not subject to Zakah even though accountants usually amortize them over a 3-5 year period.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

-----  
Subject: Zakah on land purchased to build a residence

From: The Fiqh Council of North America  
Date: 12/13/2001

Dr. Monzer,  
Assalamu Alaikum

It seems to be that a lot of Muslims are keen to know more about Zakah rulings, especially in the blessed month of Ramadan.

We have received to following two questions. Somehow they are related to the ones that you have answered before:

1. What is the current resolution on getting the mortgage loan which is interest and is not allowed in Islam, according to my understanding, under any circumstances?
2. Is Zakah due on land purchased, on cash basis of course, to build your own home on it in the future like in two to three years or more for that matter.

Blessed Eid

My Answer:

Dear Br.

Assalamu Alaykum WA Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Please accept my Salam and greeting for the blessed final days of Ramadan and the coming Eid to you and to all brothers and sisters in the Fiqh Council, although you did not reveal your name!

2 - The second question is much simpler. There is no Zakah on land purchased for the purpose of building your own residence home even if it takes years to build and years to pay for it, even if down the road one changes her mind and sells it.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Zakah on land bought to build a residence

From: Islam on line

Sent: December 03, 2002 6:04 AM

Name of Questioner Mohammad Gender Male

Age 31-45

Education Post Graduate

Date Submitted 11/18/2002

Email

country of Origin Pakistan

User Ref. No. 66499V

country of Res. Pakistan

Question

I have purchased a piece of land with the original intention of building a residential house on it. Now I am uncertain as to whether I will build my residential house on that land or sell this one and buy another piece of land in a different locality for the same purpose. Do I need to pay Zakah on this land which I have right now. I might also finally end up building the house on the same land I originally bought.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Mohammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

No, this piece of land is not subject to Zakah because it is not purchased for sale and the Prophet, pbuh, ordered us to pay Zakah on what we buy for sale. It is for residence even with the change of intention of selling it to buy another in a different location.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Is a land bought for a house subject to Zakah?

From: Islam on line

Date: 12/28/2001

Name of Questioner Ahmad

Gender

Age

Education

DateSubmitted 12/22/2001

Email

country of Origin

User Ref.No. C3R9ZA

country of Residence

Question

Assalamu Alaikom. Several years ago I bought a lot of land with the intention of building a house for my family. A few months ago, I bought another lot in a different location, and changed my intention. I now plan to sell the first lot, and build a house on the second lot. My question is should I pay Zakah on the first lot, and when is Zakah due: since the day I changed my intention, or after one year passes from that day. Wa jazakom Allahu khairan. ~

My Answer:

Dear Br. Ahmad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

According to your description it seems to me that both lots are not subject to Zakah, because the first one was for residence and the second is also for the same. Once you sell the former lot you may pay Zakah on the amount you received as its price at 2.5% once only in application to the Qaradawi opinion, which is presently applied by the

Department of Zakah in Sudan. The classical opinion is that you add the amount to your other Zakatable items and pay Zakah at the end of the lunar year of those items.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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### **XVIII. MISCELLANEOUS ON ZAKATABLE ITEMS**

Subject: Tax deductions due to payment of Zakah and charities

From: Islam on line

Date: 3/23/2001

Name of Questioner Abdul

Gender

Age

Education

Date Submitted 3/21/2001

Email

country of Origin

User Ref. No. E36J9F

country of Residence

Question:

What should be done with tax deductions received due to payments of Zakah and charity?

My Answer:

Dear Br. Abdul,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Tax refund due to giving for charity and performing the Faridah of Zakah is your own money and you can do anything with it. The Law in the USA gives this privilege to payments given to tax exempt charitable and religious organizations. In other word the government says if you give to such organization we will take from you less tax than a person in similar situation as yours who does not give.

If you give it to charity and your Islamic center, they all need as much as can be given and if you use it for yourself and family it will have InShaAllah the blessing from Allah of being pure and good since you deserved this refund because you fulfilled the glorious duty of Zakah payment and you gave to charity.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----

Subject: Several questions on Zakah

From: Islam on line

Date: 12/10/2001

From: ayse

## Question

Salamun aleykum wa rahmetullah we berekatuhu Dr. Kahf,

I am very sorry to bother you again, but during my presentation in our women's halaqa group several questions came up. There were conflicting accounts and explanations in the resources I found (I am from Turkey, following Hanafi mazhab, so are my friends). Since I know very little and cannot make any definitive suggestion other than investigating and reporting what I found in our group, I decided to consult you and ask for your help one more time. Here is a sample of some of the questions:

1. Some ladies don't have any cash at hand but have more than Nisab gold jewellery. Their husbands have been paying its Zakah but not very willingly. Should they sell a part of the jewellery to pay its Zakah?
  2. How is the money being saved for buying the first home (as the family lives in rental housing) considered? (We read in an Turkish ilmihal there are some scholars who ruled it is excluded from Zakah calculations, however, the same source suggested this was a weak opinion).
  3. While renting, if the family is getting their house built (it is not completed), how can its Zakah to be handled? (In Turkey many people buy houses through cooperatives which may take years to be finished, and the money is paid in bits and pieces, the houses can be sold in this condition as well)
  4. If a person who has a home in our home country (either renting now or own a house in the US) lets his/her house to be used by their parents/siblings (lets say both people they have to take care and others they don't have to take care, but family) without collecting rent, is there any Zakah due on it?
  5. What is the Zakah of an empty second house?
  6. If in the empty second house, a poor family is placed, but no rent is collected, how is its Zakah to be calculated? Can the due but unpaid rent be considered as Zakah? (I read it cannot be since the ownership of the Zakah money and decision making has not transferred hands here)
  7. A family owns a second house, it is empty and they are trying to sell it since they don't want to deal with unpaying renters (a common problem in Turkey), if they don't have money to pay its Zakah (according to the sources I read, Zakah is due on the entire value of the house), can they delay the payment of Zakah?
  8. If a husband sells wife's gold jewellery and decides on her behalf that she should buy a house and he buys it, and the house is used based on his wishes who has to pay its Zakah? (The point is wife doesn't seem to have control her own wealth although of sane mind) I read that mahr if it is not pay in full is a weak debt and no Zakah due on it. In a way this man borrows his wife's wealth (or in a way considers it his own) and uses it as he sees fit. How is its Zakah to be handled?
  9. We read conflicting rules to whether a rich wife can pay her Zakah to her poor husband. Hanafi opinion is such that since it would benefit her, since husband has to take care of his wife, she shouldn't. But I read sahih hadith praising this action.
- I understand that you may be very busy to answer these questions in person. If you have any recommended books, resources, our group will be very grateful for your help.
- wassalaam, Ayse

My Answer:

Dear Sr. Ayse

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

1 - The Zakah on women jewelry is required, more in the Hanafi school, than in others. I tend to accept the argument of the great scholar al Qaradawi in this regard, that is a compromising opinion, that only those jewelry that fits either of two conditions is Zakatable: a) normal use, daily weekly or whatever it is for, i.e., not simply stored; and b) the amount of it is usual and customary for the lady's peers and colleagues.

The answer to your question is yes she is required to pay the due Zakah, even it that requires her to sell part of the Zakatable item, be it jewelry or other items.

2 - I am not aware of an opinion claiming that money saved to buy the residence home is not Zakatable. And I don't see any evidence in the Shari'ah to support that. Shari'ah works in accordance with facts not assumptions and potentials. The material fact is that this money is there, owned, exceeds Nisab, and a Hawl has passed. **IT IS CERTAINLY ZAKATABLE.** If a purchase contract is already signed and existing money is earmarked for a payment due by virtue of that contract and there are no other source to pay it, the amount of such payment is deductible from Zakatable item.

3 - Money saved with the cooperative before a house is assigned is Zakatable. Whence a house is assigned and already saved cash is credited to the account of the house (obviously you still owe payments on it) the house purchased for residence is not subject to Zakah no matter how long does it take to complete it and actually dwell in it and those increment you put or pay to the cooperative for it are not subject to Zakah too. The argument is that it is your residence and residence is not a Zakatable item.

4 - Home in areas different of the area where a person actually lives is not Zakatable if it is still home, when you go there you live it and if your spouse, children, etc., go there they stay in it. That is your home, even if your parents and other relatives live in it. **IT IS NOT ZAKATABLE.** This is more clear if you don't take rent, and especially with parents because you are required to provide for them. But if it remains home even with some relatives who live in it while you are away and probably with you when you go there, it is still not Zakatable because it is still home, our Fiqh recognized a person having two homes, even in the rulings of reducing prayers in travel.

If it is turned into investment property and used for its rent, the views on real estates investment apply. 3 opinions: minority Zakatable at 2.5% of the market value including any left over amount of the rent. Al Qaradawi net rent is Zakatable after deduction of expenses, taxes and amortization at 10% or gross at 5%. (Again like agricultural land with no supportive evidence). Majority (but very classical): No Zakah is due at all. They add: any amount left of the rent is Zakatable if a year passes on it in hand while it is above Nisab.

5 - The same as above depending on whether it is a home residence or an investment asset.

6 - Zakah on building given to a poor family to live in without rent is considered by the same above rules. Whether it is home residence or not, if it is not then it is Zakatable, in accordance with the same three opinions above. forsaken rent cannot be considered as part of any due Zakah because Zakah cannot be paid by means of permitting some one to take it (this is called al Ibahah such as inviting some poor for dinner and allow him to eat, the price of eaten food cannot be considered as part of Zakah required to be paid). It

must be given in a way that makes it owned by recipient. And then she/he can make any use she likes with it.

7 - Delaying payment of due Zakah because of lack of resources to pay it, as in this case you described is excusable and not sinful, InShaAllah. However, whence they get means to pay past due Zakah must be paid. Again you have three opinions about Zakahability of such real estates

8 - This is the most difficult question, Dear sister. According to Shari'ah, properties of spouses are not mingles as a result of marriage. Marriage is simply a civic exchange contracts, if affects nothing other than what is contracted on. The unpaid part of Mahr is a unique case, invented by the Hanafis, because here you have a debt that has no known maturity date (is due at the end of marriage: death of either party or divorce). Hence you can't tell whether it is going to be paid in the lifetime of the wife. This makes the Zakah on it unfair even if the husband confesses to the indebtedness and is able to pay it.

In your question you put us in front of a case where the wife's property is hijacked by her husband and she can't do any thing about it because any move may put her marriage in jeopardy. She has to keep trying to persuade him to render her property to her and in the meantime to pay Zakah on it from what he collects, and I don't see her sinful in preserving her marriage even at the price of not paying this Zakah and let her property in the hands of her husband. Of course, this is a good reason to ask for divorce in Shari'ah, especially if he forges her signature in selling, and you didn't mention whether he records new property in his name or in hers. If it is in his name, it becomes coercion (Ghasb) and she owes Zakah only once, for all past years, at the time she gets back her property and from then she starts a new Hawl.

9 - Payment of a wife's Zakah to her husband is permissible in the Sherif's and Hanbali schools of Fiqh and this is supported by the Saying of Zainab, wife of Abdullah bin Mas'ud that is in the Sahih. Keep in mind that even if she is rich she is not required to spend on herself, part of the exchange in the contract that she makes herself available for him and he takes full charge of the needs of livelihood. On that basis I find the non Hanafi view more consistent with the rest of rulings. But you certainly can rely on the Hanafi School if you wish.

Next time, sister, you better smuggle one or two questions at a time.

BTW, my translation of the Book Fiqh al Zakah of al Qaradawi, stolen and unauthorized, is published and is now available in certain bookstores in America, I am sure some of seller at ISNA convention would have it.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Taking money from joint account to pay Zakah without  
knowledge of husband

From: Islam on line

Date: April 15, 2002

Name of Questioner mrs . . .

Gender Female

Age 31-45

Education Post Graduate

Date Submitted 3/30/2002

Email

country of Origin Jamaica    User Ref. No. XQRBGB    country of Res. New Zealand

#### Question

I am a working woman and bear all house hold expenses. My husband saves his pay as our saving. A good wife should always advise her husband to follow Islam. but my husband does not give Zakah as it becomes about 3000 US\$ on our savings. He does not give me pocket money. Can I "steal" some money from his pocket without letting him know when I need it urgently to run house or for khairaat or with an intention to collect it and give the money for Zakah because all these things are his obligations to fulfil. Will Allah be not angry with me on stealing money? Thanks in advance.

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. mrs . . .

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

First, it is very kind of you to volunteer your income for the household expenses.

InShaAllah God will reward you for that many folds.

Zakah is a personal obligation on the person who owns Zakatable items; it is not a community (i. e., husband and wife together) obligation. If what he is saving is actually owned by both of you on half/half basis, each one of you ALONE is responsible for her/his own Zakah. You must distribute your share of due Zakah regardless of whether your husband pays the Zakah due on him or not. You can pay it from your income and you don't need his consent, or even being informed, to what you do with your income and money.

In case of cash, one thousand US\$ is the Nisab and once you have it you start a lunar year at the end of it (i. e., 354 days from the day you got 1000 total of money with you and in the bank) you are required to distribute to the poor and needy, or through Islamic relief organizations, 2.5% of the balance and to do that every lunar year thereafter.

In accordance with Shari'ah, the Islamic law, the husband is responsible for all household expenses and for his wife's personal expenses too. If he does not give her sufficient money for that, yes, she can take from his money, pocket or otherwise, without his knowledge. A woman asked the Prophet, pbuh, a similar question and he told her as I mentioned.

You cannot take from him money without his knowledge for charity, but surely you can spend for charity from your own income as much as you like.

Finally, keep advising him about Zakah, Ibn Abbas, the cousin of the Prophet, pbuh, said that Zakah is the "partner" of Prayers and it must always be with it. Actually not paying Zakah is a grave sin because it is the third pillar of our religion.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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## XIX. ZAKAH, TAXES AND THE ECONOMIC SYSTEM

Subject: Is income tax a substitute of Zakah?

From: Islam on line

Date: 9/27/2001

Name of Questioner Ariff Gender Male Age 31-45

Education Post Graduate Date Submitted 8/9/2001 Email

country of Origin Malaysia User Ref. No. ZPW3SQ country of Res. Malaysia

Question:

Hi, as you know my country, Malaysia, is a Muslim country and the government imposes income tax like any other country. Annually I pay about 28% to IRD. I also pay 2.5% of my income to Islamic authority that collects Zakah. My question is, since the 28% income tax already contributed to the revenue of a Muslim government who uses part of the money for good deed like building mosque and helping the poor, do I still need to pay the 2.5% Zakah. Can I consider part of my 28% income tax contribution as Zakah.

Appreciate your answer. Thanks.

My Answer:

Dear Br. Ariff

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The answer, Dear Brother Nik, is NO. Zakah is a pillar of Islam, a religious obligation with given characteristics, qualification, intention, recipients, etc. (BTW, are you sure the religious authorities take 2.5% of your income as Zakah?)

Taxes have different characteristics and uses.

The least to your answer is that you are in a Muslim country, and your government is saying these are different things, how come you want them the same?

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: How can Zakah affect the economy?

From: Islam on line

Date: 2/18/2002

Name of Questioner Muhammad Gender Male Age 21-30

Education High School and Below Date Submitted 1/30/2002 Email

country of Origin Pakistan User Ref. No. J61HZW country of Res. Pakistan

Question

Assalamoalaikum! I want to ask how Zakah can influence the world's economy. Thanks.

My Answer:

Dear Br. Muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Zakah does not influence the world or the world economy.

It is a religious duty, the third pillar of Islam, to help the poor and needy. If it is implemented to its fullness, It Does relieve the poor and it is an important mechanism in the process of elimination of poverty from the Muslim countries.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah and income tax in Muslim and nonMuslim countries

From: Islam on line

Date: March 27, 2002 7:51 PM

Name of Questioner Nazir Gender Male Age 31-45

Education Graduate Date Submitted 3/23/2002 Email

country of Origin India User Ref. No. 3LKCLU country of Res. India

Question

A Muslim living in a Islamic country is paying one income tax, i.e., Zakah. But a Muslim living in a non Muslim country like India, Sri Lanka should pay two income taxes ie. 1. Zakah and income tax imposed by non muslim Government. Is not contrary to the economic equality Islam proposes? Is there any compensation/concession Islam suggests to the one living in non Muslim country in this regard? Please advise.

Notes: Is it allowed to pay income tax imposed by non Muslim government from the interest earned from bank deposits?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Nazir

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

My Dear Brother, you made a second question disguised under "note" but any both questions are in my area and I will answer them with pleasure. I shall need to make an introduction or background to each of them.

1- Zakah is not a tax and if I want to be accurate and specific it is not on income either. Zakah is the third pillar of Islam, a worship you give to any or all of the deserving categories enumerated in Verse 9:60. It is a payment but not a tax. It aims at satisfying the needs of the poor and deprived and spreading social/ economic justice between people of the same area, locality or country. Taxes are payment to governments by virtue of its being the socio political authority that administer the society/country. Since Zakah has specific objectives and recipients to the extent that it cannot be spent outside these

categories, taxes are needed in any society, Muslim or non-Muslim alike. Therefore all Muslim countries and all non-Muslim countries have their own taxes, on income and/or assets and properties. They all need to spend on government employees, judges and police, roads and bridges, etc.

Zakah is not on income but on savings. Because it is a religious obligation, it is lean and moderate and merciful, it does not burden the payee. It is to be assessed and paid on savings rather than total income. You may like to look at my website [www.kahf.net](http://www.kahf.net) and look at the Calculation of Zakah in North America for an example of how to calculate deductions from income when you want estimate your Zakah. In brief: you deduct all actual expenses, taxes, gifts, costs of travels and Hajj, giving for charity, to reach what is actually left over. Or simply suppose all you have is in the bank and you start from zero balance, look at the end of a lunar year from the beginning of your employment year, if you have a Nisab (# US\$ 1000) you pay Zakah at 2.5% of the balance. If it is less than the Nisab, you don't owe anything.

2- Interest you get from anybody is not yours at all. According to Shari'ah this interest money is still owned by whoever paid it to you. What you do with it? give it back to the payer, whether Muslim or non-Muslim, and whether in a Muslim country or anywhere else. BUT if the payer is a bank or a professional interest-based money lender, you do not return the amount of interest to the bank or money lender because doing so amounts to helping it/ him making more lending for interest besides making fool of you. A Muslim must not allow herself/himself to be cheated or made fool of. Hence, interest taken from banks or money lenders must be given away to Muslim charity because it is not yours. You cannot use interest to pay taxes, never mind the country, because taxes are your duty that you must pay from your money.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: What is Zakatable and would Taxes make it for Zakah?

From: Islam on line

Date: 4/12/2001

Name of Questioner JANNAT

Gender Female

Age 15-20

Education

Date Submitted 4/10/2001

Email

country of Origin Pakistan

User Ref. No. 3BXP7T

country of Residence

Question:

Assalamu Alaikum. I would like to know what is required in giving Zakah these days? I mean what things are included in Zakah (house, money, cars etc.) and how much percentage do you have to give in them? I have been told to give 2 and a half percent. I live in Pakistan so please explain how much it is according to this place. 2. Doesn't tax include Zakah??

My Answer:

Dear Sr. Jannat

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Sister your question is very long. I suggest that you look into "The Calculation of Zakah for Muslims in North America" you'll find it in <[www.kahf.net](http://www.kahf.net)> and if you have any question please ask it after you read it.

In brief and in general, the rate of Zakah is 2.5% of money and business net worth, you don't include all personal and household items, nor a car for your personal and family transportation. Residence is also not included. And what you pay in taxes is not considered as Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XX. SPENDING ZAKAH ON MOSQUES, SCHOOLS AND ISLAMIC CENTERS**

Subject: Spending Zakah on repairs in a mosque

From: Islam on line

Date: 9/12/00

Question

Your question is about the use of Zakah money in fixing an air conditioner for a mosque in Canada or buying it a computer.

My Answer:

Sister Amira

Assalamu Alikum wa Rahmatullah WA barakatuh,

Al Hamdu li Allah wa al Salatu wa Al Salamu ala rasuli Allah,

The fatwa of permitting the use of Zakah money for mosques in the minority communities is meant to consider such mosques and Islamic centers essential for the preservation of the religion of Muslims, children and adults, who live under adversary conditions as minorities.

Consequently, any activity that falls directly under this preservation falls also under this fatwa.. We also have to keep an eye on the priorities of needs within the Muslim community itself, whether it has any more pressing needs at the time, such as feeding the poor and deprived. The question now two folds: 1) is an air conditioner in Canada, or a computer come under the main things that preserve the religion of such people? My hunch: most likely not, but the local management of the Islamic center must know better; and 2) are there any more pressing needs in the community, also people in the area should know better.

Wa al Salam

Monzer Kahf

-----  
Subject Zakah payment for building a mosque

From: Islam on line

Sent: August 20, 2002 7:59 AM

Name of Questioner Mohra

Gender Female

Age 31-45

Education Post Graduate

Date Submitted 8/3/2002

Email

country of Origin Syria

User Ref. No. WLCZC7

country of Res. Australia

#### Question

Slamu alykom wa rahmat Allah wa brakato. I would like to ask you about zakah. I have some gold and I did not pay for zakaih for seven years and I have a low income; therefore I sell food beside the mosque every friday and the money will go to building a new mosque can I count these money from the zakaii or it is only a sadaka Kazako koll kair wa alsalamu alykom wa rahmat Allah wa brakato

Thank you for your help and cooperation.

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Mohra

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I just gave the following answer to a very similar question:

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If your gold is in form of jewelry and they fail any of the following two tests, they are subject to Zakah provided they reach the amount of Nisab (# USD 1000) and a lunar year passes since the first day you owned them, Zakah is due every lunar year from then on. The same conditions of Nisab and lunar year apply to gold bullions. The two tests are: 1- they exceed the normal amount of jewelry your peers usually have, and 2- your wear them normally, on their relevant occasions, i.e., they are not simply stored as wealth. Zakah payment has to be effected or done actually so that the recipient becomes owner of the amount paid. Offering food to the poor to eat free cannot be considered payment of Zakah because the poor does not become owner. Whereas giving food to the poor and then she/he eats it, even in your presence is a payment because she/he becomes owner before eating it. Consequently, cooking food, with material from your pocket, and offering it for sale on Friday and giving the proceed to the mosque, and you take home the rest of the food because you own it is not payment of Zakah. You can sell for yourself and then give the whole proceed of sale to the mosque, part of it as Sadaqa and part (say the value of ingredients you purchased) as partial Zakah payment. Again, wait a minute! Building mosques in the US and Canada is, in my opinion, no more qualified as a recipient for Zakah. Because we used to accept it as part of general Da'wa under Fi Sabili Allah as in the past the Muslim community in North America was poor and needs Zakah money for building mosques that preserve the religiousity of Muslims and their children. Now the Muslim community is no more poor, it is in fact rich. We go back to the general

principle, no more exceptions, “that mosque building and establishment is the responsibility of Muslims from their own pockets, not from Zakah; and Zakah money must not be paid to mosques.”

I don't know if the Muslim community in Australia is rich that mosques should no more be given from Zakah like in the USA and Canada.

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Sincerely

Dr. Monzer Kahf

-----  
Subject: Calculation of Zakah and paying it to an Islamic School

From: Roomana

Sent: November 10, 2002 7:04 AM

Question

as salaam alaykom wah rahmatullahi wah barakatuhoo, Dear Brother Monzer Kahf: Ramadhan Kareem. May the special blessings of Ramadhan be with you and yours now and thru many more Ramadhaans in future, ameen.

I had a fiqh question to ask you. I wonder if you could guide me to the correct decision? inshaAllah. May Allah SWT reward you for your efforts with a fitting jazae khaiyr, inshaAllah.

I am a married women owning separate property from my husband: a bank account balance with savings from past salaries, an investment in a schedule S corporation (as a shareholder) in a store selling halal goods, and some jewelry. Could you please let me know how I would calculate Zakah? There is a very good avenue to give it to: an Islamic school needing funds for a new building. Can I use this money to fund the school project? I would appreciate it if you could please respond soon? The fund raising for the school project is this weekend.

Your sister fi deen

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Roomana

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Obviously you own more than Nisab. the balance of the Bank account and your share of the mobile and liquid assets in the store are subject to Zakah with no differences between Muslim scholars. If you use your jewelry in a normal way for what they are used for and they are not above the customary amount of your peers, they are not subject to Zakah also unanimously (this means: you have them for use not simply as a store of value that you are saving them for the hard times and the value of them is not much above of what other women you associate with have). Otherwise the Zakahability of jewelry and total investment in the store (instead of only mobile and liquid) is controversial. I prefer the opinion of their Zakahability.

Accordingly you add the net worth you have in the store on the day of Zakah (if this can't be known to you you need to make estimation of best judgment taking into consideration part years experience and the economic situation in your are with regard to the business of the store) to the balance of the bank account (do not include any interest if there is any) to the value of the jewelry on the day Zakah is due and multiply that by 2.5% to get the amount due for distribution as Zakah.

Fir Zakah distribution, if you live in North America, as it seems from your letter, I do not recommend paying Zakah to Islamic schools, mosques or centers. These are very important and their finance is a collective duty of parents for the schools and of the whole Muslim community for the others. But they are no more included under "Fi Sabil Allah" category of Zakah recipients. this category is mainly for Jihad to liberate Muslims under foreign occupation such as in Palestine, Chechnya and Kashmir. its extension to other areas of Jihad with the words, pens and cameras is acceptable as long as the issue of defending Religion against bigotry and slanders is concerned. But giving Zakah to schools, mosques and centers is a distraction if we take into consideration that the Muslim community in North America is no more poor that it cannot build mosques and centers or teach Islam to its children. I do not consider schools, mosques and centers among the recipients of Zakah in North America today although we used to say that in the past when Muslims in the USA and Canada were poor. There are certainly exceptions in neighborhoods where the Muslim community is poor that it cannot build a Mosque or center.

On the other hand we have organizations that are taking charge of the real defense of the Islamic religion, community and values such as CAIR. Zakah can be paid to CAIR and its chapter and to similar organizations that are involved in correcting the distorted image of our most beautiful religion.

Zakah can also be given to relief Organizations that help hospitals, orphanages and other humanitarian most needed relief in Palestine, Gujarat and other devastated areas in the Muslim world. Certainly we do not give to organizations whose assets are frozen until the issue is solved. (By the way, freezing their bank accounts is immoral on the part of the American Government because if there are any wrong doing it is managers and administrators who did it and they may be prosecuted but the funds belong to the poor recipients or to the donors. funds must be released for distribution to their needy recipients.)

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XXI. GIVING ZAKAH TO MUSLIM CHARITIES**

Subject: Payment of Zakah to humanitarian org. and delay of Zakah payment

From: Islam on line

Date: 12/5/2001

Name of Questioner Amril Gender Male

Age 21-30

Education Diploma

Date Submitted 11/26/2001

Email

country of Origin Malaysia

User Ref. No. 1GVGCH

country of Res. Malaysia

### Question

I have not paid Zakah for last year annual salary (Jan-Dec 2000). All this while, I used to calculate and pay the Zakah after getting the yearly salary statement from my employer so as I can calculate and fill-up the income-tax form as well. For your info, in Malaysia the paid Zakah is rebated from the total of income-tax to pay. My question is/are: 1- Can I pay the Zakah to the organization/group which is preparing aid to Afghanistan people now? 2- I was told that it is a sin to delay Zakah payment. What I have done previously, was it wrong and sinful? 3- I also checked my savings account yearly (Jan-Dec) and paid Zakah for my savings. What is your opinion on this matter?

### My Answer:

Dear Br. Amril

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

You asked several important and interesting questions in one shot, let me please give numbers to my answers, so I can cover them all.

1- It is permissible to give Zakah to charitable organizations that give help to the Afghan people, and there is urgency in this area at this time.

2- It is sinful to delay Zakah payment beyond the date it is due. For Zakah on income, the due date is when income is received. Income is received weekly or monthly, for certain professionals, who run their private business, it is received daily. Shari'ah is based on avoiding creating any inconvenience; hence if it is calculated and paid monthly or yearly because this is normal and convenient as all information is available it is OK. It is also possible to start making advance payments during the year on the Zakah that will be calculated at the end of the year.

But let us go to no. 3 to see what you are doing in this matter

3 - You said that at the end of each Zakah year of yours you pay Zakah on the amount you have as savings. If this means that at the end of each lunar year since you got Nisab you pay Zakah on the total savings you have and that these savings consist of the balance at the beginning of the lunar year and the increments you added during the year (leftover of income after what have spent), then these increments are, in fact, the part of your income that is subject to Zakah and therefore you have paid the due Zakah on your income if you did pay the Zakah on the total savings you had at the end of the year 2000. In other words, it is important to notice that the Zakah on income is in fact a Zakah on savings, i.e., on the part of income that is not spent. hence, personal, family and business expenses are exempt from Zakah The government, if it collects and distributes Zakah, can determine a given amount of spending for each category of income and salaries earners and consider the rest as presumed savings even if it may not be actually saved by every person.

4 - Notice that the Zakah is due on a lunar calendar, and if you use a Gregorian one you must increase the rate for the difference, i.e., use a rate equal to  $2.5\% + 0.025 \times 11/354 = 2.5778\%$ .

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Amount of Nisab and to whom to pay Zakah in America?

From: Islam on line

Date: 12/28/2001

Name of Questioner	j m	Gender	Female	Age	31-45
Education	Post Graduate	Date Submitted	12/13/2001	Email	
country of Origin	Syria	User Ref.No.	1FV5B1	country of Res.	US

#### Question

Al-Salamu Alaikum: I would appreciate your help in estimating the Nisab and Zakah in US Dollars, Also I need guidance in paying the Zakah to the appropriate people or organization in the United States (If you can suggest some names). Thank you salam

#### My Answer:

Dear Sr. j m

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

The Nisab is the value of 20 Dirham of gold (=85 grams # 3 oz). It is difficult to take a price of one day and build such an important religious obligation on it. It would be as if we are letting players in the US Exchange in New York to determine the way we make our worship. For this reason I tend to take an approximate average. I wish we have a study that can determine the equivalent of the Nisab dictated by the Prophet, pbuh, at his time in terms of man power a basket of food for a person (the attempt by the late Shah Walliyyu Allah al Dahlawi, Circa late 1700, has several missing gaps in it that make it unsatisfactory)

I consider the Nisab these years at approximately US\$ 1,000 one thousand since the price per ounce was roving around \$330.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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Subject: Closing of certain Islamic relief foundation in America, does it affect Zakah already paid to them?

From: Islam on line

Date: 12/28/2001

Name of Questioner	Sherif	Gender	Male	Age	31-45
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Education Graduate  
country of Origin Egypt

Date Submitted 12/22/2001  
User Ref. No. 1CCCS6

Email  
country of Res. Egypt

#### Question

Dear AA I paid my Zakah El-Fitr to Global Relief Foundation (GRF) about 7 days before Eid. I confirmed with them in a phone call that they received my money as well as I checked my bank account and they did it get my Zakah. Few days later, GRF was closed by the US government. The closure day was before the end of Ramadan but after my phone call with them. My question: Did I paid my Zakah El-Fitr or I should have paid once I knew GRF has been frozen? If that is the case, what I should do now and Ramadan is over? Thanks Sherif

My Answer:

Dear Br. Sherif

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Whatever you paid to Global Relief Foundation (GRF) is, God Willing, gone as Zakah of al Fitr, as long as you knew when you paid it that the GRF is a trust worthy organization and takes charge of distributing Zakah to its deserving recipients. The action of the American Government, and for that matter any other government in a Muslim or non-Muslim country, does not matter even if funds are still frozen and remains so for some time as long as two conditions are satisfied: 1) - you still trust the organization as a collector and distributor of Zakah, and 2)- you paid before the knowing of the freezing. I and many Muslims in the USA object to the action of the government in this regard and express our protest against it by all legal means and keep trying with our government to reverse its action against Muslim Charities. YOU DON'T HAVE TO PAY IT ONCE MORE unless the government action shakes your confidence in the GRF as a trusted organization to distribute Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Using part of Zakah for administrative expenses

From: Islam on line

Sent: October 07, 2002 9:06 AM

Name of Questioner Fathi

Gender

Age

Education

Date Submitted 9/25/2002

Email

country of Origin

User Ref. No. 1FMS5X

country of Residence

#### Question

I want to send some money to our brothers and sisters in Palestine. I am sending a mixture of Sadaqaah, Zakaah and interest money. The main groups in the UK I know use some of our donation towards administrative expenses. Now I have been told that if it is Sadqaah or Lillaah money used in admin, it is acceptable. Zakaah from what I think

should be distributed 100% to the poor, and I don't know about bank interest. Now if I give it to the organisation stating exactly what the money is and with the right intentions, would it be OK for me, or would I be also responsible if not all the Zakaah is given to the poor. Please also tell me the facts about interest who it can be given to and whether it has the 100% status as Zakaah does. Jazaakumullaahu Khairan.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Fathi

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1- Part of the Zakah money can be used for administrative expenses of the organization that takes charge of collection and distribution. It is better for this part not to exceed one eighth only because eight categories are mentioned in the Qur'an (9:60) and this is one of them. Most Muslim charitable organizations in Europe and North America are fully aware of this point and they normally use donations for their administration and distribute all Zakah to poor and needy.

2- Interest money, obtained from interest-based institutions, must be given away to the poor and needy. This is a money that is still owned by the payer, but since the payer gave it by will and is itself an institutions that uses its money in making interest-based activities we do not return it to the payer in order to avoid helping it to do more interest-based activities, so we reduce, even a little bit, the evil of interest in the world. You better tell the Muslim charity that it is interest money, although it is also permissible to pay from it the cost of making it reach the poor and needy (administrative cost)> interest money can be given to the eight categories of Zakah recipients, it can also be used for general services to Muslims, like paving a road in your village. it is a bit wider than Zakah.

3- In all cases of Zakah, interest, and Sadaqah you don't have to tell either the recipient or the Muslim charity about what it is, but if you do it is OK as long as it does not humiliate the person who takes it.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Giving Zakah to charitable organizations

From: Islam on line

Sent: October 12, 2002 11:11 PM

Name of Questioner Khadija Gender Age

Education Date Submitted 10/8/2002 Email

country of Origin UK User Ref. No. 1FMS5X country of Res. UK

Question

I live in UK. Is it permissible to give Zakah to charitable organizations?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Khadija

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes certainly, It is permissible to give Zakah to MUSLIM charitable organization, but it is not permissible to give to charitable organizations run by persons who are not trustworthy, Muslim or non-Muslim, nor to non-Muslim charitable organization. the reason for not giving to non trustworthy is obvious, and the reason for not giving to non Muslim organization is that they normally are not acquainted with the conditions and requirement of Zakah recipients and the definitions of each category of them.

Giving Zakah to Muslim charitable organizations in the UK and other Muslim communities areas, where there are no government organizations that collect and distribute Zakah may even be better than distributing it directly because Islamic charitable organization have a more comprehensive picture of the needs in the community and elsewhere and they are better equipped to make Zakah reach the most deserving categories of recipients.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## **XXII. SPENDING ZAKAH ON POOR RELATIVES**

Subject: Paying Zakah to help my brother

From: Islam on line

Date: 1/8/2002

Name of Questioner Gender Female

Age 46-60

Education Graduate Date Submitted 12/31/2001

Email

country of Origin Egypt User Ref.No. 4NVJ2P

country of Res. Egypt

Question

Here is the meaning of the question sent in Arabic.

I am a businesswoman. I have to pay annually 50000 as Zakah money. My brother borrowed 30000 from me and he is in debt. Now, am I supposed to pay only 20000 as Zakah, in order to help him pay his debt and me to pay my Zakah?

My Answer:

Dear Sr.



dirt of your money that you use to clean your own, as the prophet, pbuh, described it to His cousin, and you better give the person who raised you from your money proper. If the adoption is legal, as under the Western laws and the unfortunate Muslim countries that adopted in their laws such a violation of the Qur'an, there is a point that is worth consideration: adopted child is required by law in those countries to assume full financial responsibility for his/her adoptive father, and Zakah cannot be used to dispose of your financial responsibilities that are required by law, for instance because the government gives the poor welfare, you cannot consider paid taxes are part of Zakah due on you.

Therefore, in such a case, Zakah may not be given to an adoptive father,

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject:                      Paying Zakah to close relatives

From: Islam on line

Sent: September 25, 2002 8:17 AM

Name of Questioner S

Gender Male

Age 31-45

Education Graduate

Date Submitted 9/6/2002

Email

country of Origin India

User Ref. No. 9RBI4N

country of Res. Canada

#### Question

Dear shaikh salam alaikum. One of most boiling questions we have in mind of a Muslim, is about Ribah/interest. While always the Muslim scholars have only interpreted the word Ribah and said its haram. In current world context what alternatives do we have for muslims living in Non muslim countries and the west, they cannot keep money @ home for safty reasons also it is illeagle to do so by many governments. We have to pay taxes to govt, then we have to pay from the capital we have to non Muslims. If we have to buy a house a car or any of the essential necessities we have to take a loan, and are forced to pay interest. Even in Muslim countries the authorities and most of the people bank with non Islamic banks, for reasons known to us. There is a fatwa from Nizamia, Hyderabad india that gives the rules of exception, please advise how can Muslims avoid Ribah in their daily lives, and survive in Non Muslim countries. Also please advise if Zakah can be given to close relatives and own brothers and sisters who are not their dependents. Jazak ALLAH khair. S.A. Khan

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. S

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Avoiding interest is a must for all Muslims regardless of where they live. It is also a must that they should create institutions and facilities that help them do so. Alternatives to Riba are available in forms of contracts of installment sale, lease and equity financing.

those who live in non-Muslim countries, and have no facilities that are compatible with Shari'ah and do their best to establish such facilities, are permitted, under the rules of necessities only, to use interest based financing for housing and other necessary needs such as protecting their business from foreclosure. Buying a car and education financing do not fall normally under these rules and therefore they are not permitted on Riba basis. Zakah can be paid to all relatives for whom you are not responsible financially such as adult poor brothers, married sisters. It cannot be paid to unmarried sisters or to parents.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Giving Zakah to step mother and her children

From: Islam on line

Sent: October 11, 2002 12:34 PM

Question

Can I pay Zakah (Obligatory Charity) to my stepmother who stays with her unemployed children? Thanks.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes, you can pay Zakah to your step mother who is poor and lives with her poor children. You can also pay it to her children provided they are not fathered by your father as you may be financially responsible for the living expenses of your minor brothers. In either of step mother and her children cases you are not required to spend on any of them, among their family, you are required to spend on your wife only (if the questioner is male, but if the questioner is female, she is not required to spend on her husband and she can give him her Zakah even if she knew that he is going to spend the same on her personal and/or household expenses.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Using Zakah to buy jewelry for marriage of adopted daughter

From: Islam on line

Sent: November 12, 2002 6:39 AM  
Name of Questioner Muhammad Gender Male Age 31-45  
Education Post Graduate Date Submitted 10/22/2002 Email  
country of Origin Sri Lanka User Ref. No. FCFU78 country of Res. Sri Lanka

Question

ASSALAMU ALAIKUM I SHALL APPRECIATE IF YOU WOULD LET ME KNOW WHETHER I COULD ALLOCATE ZAKAH MONEY TO PURCHASE JEWELRY FOR MY SERVANT [ADOPTED DAUGHTER ] AT THE TIME OF HER MARRIAGE. IT'S SRI LANKAN CUSTOM TO GIVE JEWELRY AT THE TIME OF MARRIAGE. WASSALAM

My Answer:

Bismi Allah al Rahman al Rahim  
Al Hamdu li Allah Rabb al 'Alamin  
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in  
Dear Br. Muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

First Adoption is not permitted in Islam because. At least according to the Anglo-Saxon Laws, adoption changes the lineage relationship. Adopted children are treated as children for all legal considerations including marriage, financial responsibility and inheritance and natural parents become complete strangers! Fostering a child is equivalent to the Islamic "Caring for orphans."

With regard to Zakah if you are the one who takes charge of her daily expenses and needs such as food clothing, housing and other personal financial needs you CANNOT SPEND YOUR ZAKAH ON HER WEDDING JEWELRY because this is part of her personal expenses. Zakah has to be given to poor or needy persons who are not part of your household responsibility.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah payment for accumulated debt of some relatives

From: Islam on line

Sent: November 30, 2002 6:37 AM  
Name of Questioner Shahab Gender Male Age 31-45  
Education Post Graduate Date Submitted 11/26/2002 Email  
country of Origin UK User Ref. No. E11WC2 country of Res. U K

Question

Dear respected ulama, assalaam u alaykum wa rahmatullah. my question is concerning Zakah. I currently have a member of my immediate family studying at university. Because there is no longer any grant system in the UK, they have accumulated quite a large debt. I

want to pay off this debt for them. Can I do this with the intention of Zakah and if I do this will I have to inform the person of such.

p.s Is the amount of Zakah due on me a proportion of what I have earned through the year or of what I have saved (i.e my bank balance) or should you take into account assets such as a house (I have no jewellery) I await your guidance with anticipation insha'Allah.  
Jazakamullah khairun

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Shahab

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Let me please begin from the easier part, your second question. Zakah is required on your assets on the due date with certain exemptions. The due date is the 354th day after the day you acquired Nisab (# US\$ 1000). Assets included in the calculation are cash on hand and in banks, debts you have on other persons provided the debtors recognize their indebtedness and they are able to pay, regardless of the debt maturity date, business inventories, men golden jewelry regardless of value and gold and silver ornamental items regardless of their value. I assume you are not in agriculture because if you are then farming output if it is more than 653 Kilos and livestock are also Zakatable. Your residence is totally exempt. So are your car, cars of driving members of your household, furniture, personal books, cloth and other personal and household items.

If by immediate member of your family you mean children, wife or parents you are responsible for their education, if needed. If adult sisters and they are poor and you are well to do, you are also responsible for their expenses, and if University education is normal for your children then you are required to provide it to your sisters. If they are adult brothers, uncles and they are poor and have no well to do closer relative than you, you are also required to spend on them. In other words, you cannot pay your Zakah to any person for whose expenses you may be responsible and paying a person's debts is like paying the money to the person from the point of view of Zakah settlement.

If the immediate relative is farther in her/his relation to you to the extent that you are definitely not responsible for her/his expenses, Zakah can be paid to the deserving person's creditors to pay the principal (no interest should be paid from Zakah) of the debt. With the urgent needs for Zakah of people who are submitted to foreign occupation or to sectarian torture such as Muslims in Palestine, Chechnya, Kashmir, and Gujarat, I prefer that we should be moderate on paying Zakah to settle debts. I think we must consider the priorities of the time and at the most not pay more than 1/8th of the due Zakah for this Item, and keep the majority of our due Zakah for the Humanitarian help to people under oppression.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Paying Zakah for cost of wedding of a relative

From: Islam on line

Sent: December 01, 2002 6:57 AM

Name of Questioner Amin

Gender Male

Age 31-45

Education Graduate

Date Submitted 10/25/2002

Email

country of Origin India

User Ref. No. VZFVJ3

country of Res. India

#### Question

Assalamu Alaikkum I used to make charity oaths for fulfilment of certain genuine matters or solving some nagging issues. Allah answered most of my prayers and I set aside the intended money for charity and I pay to the needy whenever I come across such people / causes. My original desire is to help the poor Muslims (relatives / friends / strangers) in need and I have accumulated some money towards this purpose. Now a close relative is getting married. She has lost her father while she was young. The income she gets from her property is not sufficient to meet the wedding expenses. She (and her mother) is supported by her elder sister who is employed, but financially not very sound. Since she is my close relative, I would like to share a good chunk of wedding expenses. Even if, I did not set aside this charity money, I would still be helping them. Therefore, is it okay to spend for her wedding from the amount I set aside for charity purposes? I am not feeling fully comfortable to use that money because she might consider it as a gift and might return at least part of it when my daughter gets married. Or can I use ZAKAH money for this purpose? I would appreciate your scholarly opinion on this. Thank you

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Amin

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Charity Oaths or Pledges are called in the Islamic law "al Nathr, pl Nuthur." If a charity oath is taken, it must be fulfilled as indicated in the Qur'an [22: 29 and 76: 7] and in the Hadith "Whoever made a Nathr to obey God, (s)he must fulfill it and whoever made a Nathr to disobey God, (s)he must not fulfill it."

Obviously, the objective of such a charity is determined by the oath itself. If you made a pledge of Sadaqah for the poor and needy, you have to give it to the poor and needy; if it is to orphans, then it must be given to orphans, if it were to give your wife then you must give your wife.

Assuming your pledge is to give Sadaqah to the poor, you can give a poor bride to help her get married. Two things must be made clear: 1) You mentioned that she is a close relative. How close is she? You may be responsible for her livelihood expenses without knowing it! According to Shari'ah, every poor female must have a male relative who is responsible for her expenses and those who do not have any able male relatives, the Islamic government must provide for them. Please check this point. And, 2) How poor is she? Is she poor to the extent that she is covered by your Nathr? If these two points are satisfied, yes, you can help for her marriage expenses provided that you do not spend any

money of your Nathr for extravagance and you can make it clear that you do not consider it a matter of exchange of gifts.

Zakah may be paid to help poor persons get married provided that Zakah is not spent on extravagance.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Can money spent on mother's surgery be considered Zakah?

From: Islam on line

Sent: December 11, 2002 4:06 PM

Name of Questioner

Gender Male

Age 31-45

Education Graduate

Date Submitted 10/29/2002

Email

country of Origin Egypt

User Ref. No. 4TLEHN

country of Res. Egypt

Question

My mother will need to take a surgical operation & I decided to pay for this operation. Can I consider this part of the Zakah knowing that my mother is capable of paying for this operation but for a lower standard.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Certainly no, Whatever you give to, or spend on your mother cannot be considered out of Zakah. You are required by Shari'ah to spend on her and to please her always and to get her the best and highest medical service that she may need who is going to pay for it you or her does not matter, but certainly if she cannot afford paying for excellent service and you can you are required to pay for it. Pleasing her and obtaining her pleasure is a religious obligation on you.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Zakah payment to sister to study

From: Islam on line

Sent: January 15, 2003 8:02 AM

Name of Questioner Salwa

Gender Female

Age 31-45

Education Graduate  
country of Origin Morocco

Date Submitted 12/3/2002  
User Ref. No. UU291R

Email  
country of Res. Canada

#### Question

Salam Alaikoum wa rahmatou allah ta'ala wa barakatouh, I have questions to put to you about Zakah : - My husband and I have employment income that we lapse into an even bank account that uses our expenditures, in which case amount can one to consider as "Nisab" ? - We have a credit on a car that we pay all the months and it still remains us 3 payment years, the global credit on Is it considered common "dayn" ? - I have a sister that always studies and to the load of my parents and she must pay its studies and I know that my parents find difficulty to pay these expenses, can I give to her money of "Zakah" to pay its studies? Jazakoum allahou khayran

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Salwa

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1- When you apply Zakah to income, the Nisab refers to the total savings you have for a lunar year period, practically for the same 12 month pay checks in Canada. If over 12 your savings reach Nisab which is approximately US\$ 1000, you pay Zakah on the total amount of savings. Another way to look at the same is to pay Zakah once every 354 days that begging the day you got the equivalent of US\$ 1000 in your saving and checking account together, at the rate of %2.5.

2- On the 354th day get the total of the money you have, deduct from them the amount of your expense and payment for the car, rent and others only until the next pay, and calculate Zakah on the balance. In other words, you only deduct from the money you have payments and expenses that are going to go out of this money, not those that will come out of future pay checks. You do not deduct the whole debt on the car.

3- Your help to your parents, for their expenses on their daughter cannot be made out of your Zakah, if you find out that you have to pay Zakah.

By the way, getting a car on interest-based loan is forbidden, watch for that. If it actually happened you have to make your best to rid yourself of such an interest-based debt!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Payment of Zakah to husband

From: Islam on line

Sent: January 30, 2003 8:02 AM

Name of Questioner thouraya

Gender Female

Age 46-60

Education Graduate

Date Submitted 1/28/2003

Email

country of Origin Morocco

User Ref. No. 6FGB62

country of Res. Morocco

Question

Assalamu Alaikoum wa rahmatoullahi wa barakatouh. Please tell me if I can give la Zakah on my salary to my husband. Thank you for your answer.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. thouraya

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You due Zakah can be given to your husband if he is poor provided you and your husband do not maintain joint account together; that is if you maintain separate ownership in handling money and other personal matters. Once you pay him your Zakah, it doesn't matter if he spend his money, including the received Zakah, on the household expenses including your personal needs and the needs of your children.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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### XXIII. SPENDING ZAKAH TO NON-MUSLIM POOR

Subject: Can Zakah be given to non-Muslim poor?

From: Islam on line

Date: 2/16/2002

Name of Questioner Amin

Gender Male

Age 21-30

Education

Date Submitted 1/28/2002

Email

country of Origin Hong Kong

User Ref. No. 3371H5

country of Res. H K

Question:

IN THE NAME OF ALLAH THE MOST GRACIOUS THE MOST MERCIFUL  
Assalamu Alaikum Wa Ragmatullah Wa Barakaatuhu. May this letter find you in the best of health and the highest Islamic spirit. To my knowledge that Zakah is being distributed to any of the eight eligible beneficiaries (asnaf) that are mentioned in the Qur'an; Priority should be given to the poor and needy. 1. The poor (Faqir/Fuqara) 2. The needy (Miskeen) 3. The administrators of Zakah (Amil) 4. The sympathisers (Muallaf) 5. To free slaves (Riqab) 6. Those who are in debt (Gharimin) 7. For the cause of Allah (Fisabillillah) 8. Those who are stranded during a journey (Ibnus Sabil) I would like to ask if Item (1&2): The beneficiaries are soley Muslim? Or can be non-muslim? May Allah reward you for all your good deeds. Wasallam Aminul

My Answer:

Dear Br. Amin

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Verse 60 of Sura 9 that you referred to does not make any description that poor and needy are or should be Muslim. Hence, it is evident that ZAKAH MAY BE GIVEN TO MUSLIM AS WELL AS NON-MUSLIM POOR AND NEEDY. Yet whenever there are many people who qualify as poor and needy there are four criteria to help select between them:

- 1- The degree of need, a starving person must be given priority;
- 2- The person's relation to the payer of Zakah: a relative is preferred over non-relative ( the Prophet, pbuh, said: it is a Zakah and a link [to the heart of a relative]. A neighbor is also given priority;
- 3- The degree of religiosity of the receiver: this is within the spirit of the advice of the Prophet, pbuh,; and let your food not be eaten except by a pious person;
- 4- Availability of other sources for a specific poor/needy;

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

In a follow up I added:

Dear Br.

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

I appreciate your bringing this matter to my attention very much. In fact, I thought of adding a few more words to another Fatwa can it be done?

For payment of Zakah to non-Muslim poor and needy, What I said of its permissibility is CORRECT. I have to add that I had in mind Christians and Jews and whoever we treat similarly such as Hindus and Zoroastrians (as the Prophet, pbuh, said to treat them like the people of the book) who live with Muslims peacefully. The permissibility is limited to this category.

The Hadith of Mu'adh when sent to Yemen, to quote al Qaradawi in Fiqh al Zakah, "does not stand in the face of the general implication of the verses" that is supported by the practice of Umar Ibn al Khattab. This Hadith has been interpreted to mean the geographical area that is the rich of Yemen and the poor of Yemen, though it has also been interpreted for Muslims. In other words, it is not a "text" in this argument and Shaikh Qaradawi selects the permissibility.

Wa Allahu A'lam

Dr. Monzer Kahf

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Subject: Giving the Zakah to non-Muslims

From: Islam on line

Sent: October 11, 2002 6:57 AM

Question

Dear Learned brothers. As-Salamu `Alaykum. The Holy Qur'an clearly defines the category of people eligible for Zakah or obligatory charity. Namely they are eight categories: Fakeer, Miskeen, for ransom of slaves, for saving those in debts etc including the wayfarer. Of these general categories, there is no mention about the beneficiary being Muslim or a non-Muslim. Can we give Zakah to non-Muslims if we are convinced that they are eligible? If we clear the debts of a non-believing friend, can it be acceptable as valid Zakaah. I am not referring to the regular acts and deeds of charity, which applies to all irrespective of their faith. Warm regards, Shakeel Hassan.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.Shakeel

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Zakah can be paid to non-Muslims but it is not a priority of Zakah especially that there is a lot much more need for Zakah money among Muslims everywhere today than there are Zakah resources. Besides clearing debts of Muslims and non-Muslim alike is a lower priority on the scale of Zakah. You don't clear debts when there are people who die of starvation and or under foreign brutal occupation.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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#### **XXIV. SPENDING ZAKAH ON OTHER RECIPIENTS**

Subject: Spending Zakah to descendents of the Prophet, pbuh.

From: Islam on line

Date: 12/16/2000

Question:

Assalam Alaikum, I am descendant of Prophet Mohammed SAS. Can I give Zakah money to my sisters and brothers, who are also descendants of Prophet Mohammed SAS? Please reply as soon as possible. Jazaikumullah khairan. Your sister in Islam .

My Answer:

Dear Sr.

Assalamu alaikum,

Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,

If your sisters are poor and not married and your brothers are not able to spend on them, you are responsible to spend on them and you cannot give them from your Zakah. If you do, it means you are giving Zakah to yourself. According to some Fiqhi opinion, even if they are married, but their husband are poor and similarly your brothers if they are poor, you are also required to spend on them, Hence you cannot give them all or any from your Zakah.

I really suggest that if you can avoid that in all cases it is purer to you and your family. It is true though that descendents of the Prophet, pboh, may take Zakah if they are poor and the government does not give them what satisfies their needs, as is the case in our times.

Wa allahu A'lam,  
Dr. Monzer Kahf

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Subject: Can Zakah be given to a project to educate poor students?

From: Islam on line

Date: 2/18/2002

Name of Questioner Mohammed Gender Male Age 31-45

Education Post Graduate Date Submitted 1/28/2002 Email

country of Origin Pakistan User Ref. No. NIBVH9 country of Res. U K

#### Question

Dear Scholars, Aslam Alaikum, We have embarked on a project to setup schools in Muslim countries to provide free education to poor students. The curriculum will include knowledge of Islam, Arabic language, English language as well as science and technology. Great emphasis will be given to practising Islam in the schools. Are we allowed to receive Zakah for funding of such a project? Your answer will be greatly appreciated.

My Answer:

Dear Br. Mohammed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

This question cannot be answered without specific information on where exactly and what and who are the students. Take these Shari'ah principles and apply them on your own:

1 - children education is the responsibility of parents, especially fathers. That includes Islamic education, teaching Qur'an and teaching physics and biology, i.e., skills for career and earning life time income.

2 - Zakah may be given to poor fathers who need it for household needs, including the need for education. It can also be given to poor Muslim students who need it for payment of their livelihood expenses including education, Islamic and skills. The principle here is that Zakah is given to a person rather than to an establishment.

3 - Zakah may be given for Islamic education and other dawah activities in Muslim communities that are threatened by conversion efforts of missionaries, cultural and

religious, provided there are no other sources that fill the gap of maintaining the religiosity of such communities. This applies to certain Muslim countries and on many Muslim communities in non-Muslim countries.

4 - Most organizations, in UK and USA are not famous of their smart and strict spending of Zakah money only on Zakah deserving causes because their spending machinery usually lacks the Shari'ah knowledge-based evaluation of spending causes. The result is that some of the Zakah money would be spent outside its proper recipients. Similar observation may be the reason that the Hanafi school's Classical Fuqaha historically insisted on the principle of tamlik, (Zakah must be given to a person in need rather than to an agency that provides her/him with a service s/he needs).

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
Subject: Supporting a poor family, how can it be counted as Zakah?

From: Islam on line

Date: 2/12/2002

Name of Questioner H. A.

Gender

Age

Education

Date Submitted 1/25/2002

Email

country of Origin

User Ref. No. CJ86Q7

country of Residence

Question

Zakah. I have some money in the bank and I am also supporting a poor family in Palestine by paying them a fixed monthly fee. Do I still have to pay Zakah on my money in the bank or can I count the monthly payments to the family as part of my Zakah?

My Answer:

Dear Br./Sr. H. A.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

Zakah is a yearly (Lunar) due on all Zakatable Asset, and it can be paid before the year end. May Allah Ta'ala bless and reward you for supporting a family in Palestine.

Palestinians today need all kinds of support and most of them are among the categories who deserve Zakah according to the Qur'an, 9:60. If the Family you are supporting is a close relative of yours such as parents, grandparents, unmarried sisters, especially widows with children, children of a deceased brothers and similar, I wouldn't count that as Zakah payment because almost all of the above are your financial responsibility and you are required to support them, the rule in principle is: If there is any mutual inheritance between you and them, their support is not then counted as Zakah, but a religious financial duty or the rich relative besides Zakah.

If they are not in that group, you certainly can count your monthly payment to support that family as Zakah paid before the end of the year, You have to make your intention (in your heart accordingly) before payment because Zakah is a 'Ibadah that requires Niyyah.

What you paid before the Niyyah is not counted as Zakah but a general Sadaqah, that will be rewarded many folds InShaAllah.

Wa Allahu A'lam  
Wassalam  
Sincerely,  
Dr. Monzer Kahf

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## XXV. CHARGING UNPAID DEBT TO ZAKAH

Subject: can forsaking a debt be considered Zakah payment?

From: Islam on line

Sent: August 20, 2002 7:49 AM

Name of Questioner

Gender

Age

Education

Date Submitted 8/9/2002

Email

country of Origin

User Ref. No. 23TW5C country of Residence

### Question

A person lent some money to somebody, and expected that he would get it back and paid the Zakah on that amount for the first year after lending. Then, he realized that the borrower is unable to pay it back. Now, before the completion of next year, can he make intention that he would free the person (borrower) of the debt by considering the amount given to that person as Zakah?

### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

The answer to your question is: NO. You cannot benefit yourself from the payment of Zakah. Your loan to that person may be gone already. But certainly you do not owe Zakah for the second year and for any years to come as long as the debtor is unable to pay.

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Forsaking a debt as a Zakah payment

From: Islam on line

Sent: January 13, 2003 7:35 AM

Name of Questioner r

Gender Female

Age 21-30

Education Diploma

Date Submitted 12/1/2002

Email

country of Origin Palestine

User Ref. No. BTF11U country of Res. U K

#### Question

Dear Sir, Al- Salm Alikom Wa Rahmato Allah Wa Barakath, i have few questions, about the Zakah first; 1- I AND MY HUSBAND ARE OUT OF WORK, AND WE HAVE TWO CHILDREN, I CAN'T GIVE ZAKAH AT THE MOMENT, BUT A FEW MONTHS AGO A FRIEND OF MINE ASKED ME TO LEND HER SOME MONEY FOR ONE OF HER FAMILY MEMBERS IN PALESTINE WHO NEEDED AT THE TIME AN ARGENT OPERATION, SO I GAVE HER THE MONEY, AND I CALLED HER FEW DAYS AGO AND I ASKED HER TO FORGET ABOUT THE MONEY WHICH WAS NOT LITTLE AND NOT TOO MUCH, SO I WANTED TO GIVE THIS MONEY AS ZAKAH IF IT WAS ACCEPTABLE FOR ALLAH. SECOND question IS; I HAD MY SECOND BABY A FEW MONTHS AGO, AND I WENT TO THE DOCTOR FOR CONTRECEPTION, SO I HAVE THE COIL AT THE MOMENT, AND SEINCE I HAD IT I HAVE A VERY HEAVY PERIOD, SO WHEN RAMADAN STARTED I ONLY FASTEN 13 DAYS, A FRIEND OF MINE SAID THE IT'S IUT NORMAL FOR THE FIRST FEW MONTHS UNTIL THE BODY GETS USED TO IT, SO WILL GOD FORGIVE ME FOR THE REST OF THE DAYS I DIDN'TFASTEN INSAHALL. I HAVE BEEN LIVING IN THE UK FOR ABOUT 8 YEARS NOW AND I MOVED WITH MY FIRST HUSBAND WHO PASSED A WAY 4 YEARS AGO, AND I AM MARRIED AGAIN FOR AN ENGLISH MAN WHO CONVERTED TO ISLAM, MY FIRST HUSBAND DIED VERY YOUNG, AND I WAS WORRIED ABOUT HIM, HE WAS BORN IN FRANCE, HIS MOTHER IS FRENCH AND THE FATHER ALGERIAN, BUT DIDN'T KNOW ABOUT ISLAM, BUT HE WAS A GOOD MAN, AND I AM NOT SAYING THIS CAUSE HE WAS MY HUSBAND, HE REALLY WAS, SO DO YOU THINK THAT GOD WILL LOOK INTO THE FETRAH الفطرة, and i want to give sadka on his behalf as soon as I start working,. the last thing is about my islam, i am not a perfect muslim but I love good and I fear god, and honestly the fears sometime makes me think that I am going to hill because of not wearing the hejab, I start praying al hadullah and I w nt my kids to see me so they know about it. Thank you very much sir.

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. r

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1 - You may forsake a debt; this is a great deed, especially if the debtor is in need; it is mentioned in the Qur'an (2: 280) as a best deed if we only know and appreciate it.

Forsaking a debt and considering it as a charity to the debtor cannot be considered as

Zakah. Zakah has to be actual giving to one of the categories that are mentioned in the Qur'an (9: 60) especially the poor and needy.

But, you said you and your husband are currently unemployed, are you sure you owe Zakah? Do you have Zakatable items of wealth, including jewelry, that exceeds Nisab and a lunar year (354 days) has passed on that?

2 - Your second question is not in my area, please ask it again to a general Fatwa expert. My specialty is in the financial and economic matters. However, you should have asked this question in Ramadan when you noticed that your period was getting longer than usual for you. To my knowledge the Hanafi school of Fiqh considers any thing above usual as being out of certain abnormality استحاضة during which women must fast and pray each time with a new Wudu'. The Hanafites add that for women who are not sure about the length of their period a maximum length is 15 days in a month, and what is beyond it is considered abnormal too. Now that it is late, first check with an expert in this area of Fiqh, second be sure in the future that you ask about the Shari'ah ruling on time, and third ask God for forgiveness and increase your good deed God says in the Qur'an "good deed surely take away (wipe out) bad deeds"

Most of the second part of your question should also be addressed to a specialized expert. However, you can ask God for forgiveness for you former husband, pray and give charity for his soul. Giving charity for a deceased came in some of the authentic Sayings of the Prophet, pbuh.

3 - Make your best to establish prayers and obey God in all that He taught us in the Qur'an and through His Messenger, pbuh, in the Sunnah, including Hijab and others, and raise your children to know God, love Him and obey Him. One of the companions came once to the Prophet, with the kind of fear that you mentioned, the Prophet, pbuh, assured him that it is a sign of faith deep in the heart. God does not put in the Hell Fire those who fear and obey Him.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Payment of Zakah to a debtor to pay it back to the Zakah payer

From: Islam on line

Sent: January 18, 2003 4:59 PM

Name of Questioner okasha

Gender Male

Age 31-45

Education Graduate

Date Submitted 12/22/2002

Email

country of Origin Egypt

User Ref. No. 3L56T5

country of Res. Egypt

Question

From okasha ali Subject asking 4 fatwa Message Text Asslamo Alikom Wa Ramato ALLAH wa Brakato I have A question about Zakah Can I give my ZAKAHAL-MAL to my friend who owe me money ,but He can't afford to pay me back.. What should I do? Should I Give him my Zakah and then ask him to pay me back or,should I forgive him and consider it my Zaka Gazkom ALLAH KHYRA

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. okasha

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If he is poor, you can give him your Zakah. And if, on his own, he decides to pay your due debt from that money or from other sources it is permissible. It is not permissible to deduct the debt you have on him from your due Zakah. Zakah requires that you make the recipient own it (except for two categories of recipients (In the Way of God and wayfarer). Beside you must not materially benefit from the way you pay your Zakah or from the amount you pay. That is why he must own it first then decides if he wants to pay your debt.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## XXVI. OTHER ISSUES IN DISBURSEMENT OF ZAKAH

Subject: Zakah disbursement in kind

From: Islam on line

Sent: May 02, 2002 10:06 PM

Salamu`alykum, hope you're well and good. Please answer the following question.

Name of Questioner Arezki Gender Male Age 31-45

Education Date Submitted 4/14/2002 Email

country of Origin Andorra User Ref. No. XJWIJR country of Res.U K

Question

Assalamu alykum, First of all, for instance, if I am due to pay a certain amount of money for ZAKAH, could I possibly spend that money to buy brand new clothes instead. Then, send them abroad to the people I intended to give to. The question is: Will this Zakah be accepted? Or does it have to be money (Cash) in the first place? Before I work out the Zakah money, do I have to take away the NISAB first, or shall I pay 2.5 % of all the money I own? Jazakum Allah.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Arezki

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Nisab is only a criterion for Zakatability; it is not a minimum amount exempt. This means that once you own a Nisab and a full lunar year (354 days) passes you have to calculate and pay Zakah on the whole amount you own as long as it is at the end of the year equal to Nisab or more.

Zakah can be distributed in cash or in goods, such as food and cloth, depending on which is better for the poor and needy to whom it is given, provided that no hardship or additional cost is imposed on the payer. Hence, you can send cloth if it is better to the receivers.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Payment of Zakah in kind

From: Islam on line

Sent: October 10, 2002 10:28 AM

Question

I am the chairman of a Zakah committee, so I need some guidelines on how to operate and manage my committee I have the following questions:- 1) We receive Zakah on terms of cash, can we give the bearer fakiir or maskiin assistance on terms of food instead of hard cash. 2) Can we pay house rent direct to the landlord on behalf of masakiin and fakiir instead of giving cash for the same purpose. 3) Can we pay school fees to the school management directly instead of giving cash money to the needy for the same purpose. 4) Can we use the money of zakaat to open an account with the hospitals for the purpose of assisting fakiir and masakin while they need medical assistance. 5) Is it halaal to assist a needy on basis of his/her behaviour (e.g. fasiq, drunkard, prostitute, adulterer, witchdoctor, munajjim). 6) Can we assist to settle a loan of a debtor which he took from a bank on basis of interest. 7) Can we give cash to the fakiir and maskin on monthly basis instead of giving them lumpsum for the whole year. 8) Do we have authority to make thorough investigation before assisting the needy.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Your work in the committee of Zakah is InShaAllah very rewarding. To be instrumental in helping others, especially the poor and needy is one of the greatest things to be done.

1- You can pay Zakah the way it is better to the poor. If you receive cash and find that it is better to the poor (person and family) to give food instead, you may buy the food and give it.

2- The same way you may give the usufruct of a house or apartment, especially if the rental contract is in the name of the committee or the Islamic center. If the contract is in

the name of the recipient (the poor) I prefer that you pay her/him and have her give it to the landlord because the principle of Tamlik (making the recipient own the given amount) is important in Zakah, especially in the Hanafi School. It is in fact a very important principle that preserves the sanctity and purity of Zakah and prevents a lot of potential abuse.

3- For the service of teaching (school tuition) for the Poor's children, the same principle of rent applies, may be in an easier way because you can always tell the management of Islamic school that your committee is contracting it to provide the service of teaching to the child. However, I question the legitimacy of spending Zakah on tuition for a poor child to Islamic schools if you are in the USA, Canada or similar countries. My reason is that in Zakah payment we have to weigh priorities and in the USA and Canada (if you are in these countries) the availability of public schools and their usually superior teaching qualities along with existence of other opportunities of providing Islamic teaching to children make spending Zakah on tuition of low priority especially with the tremendous needs of people struggling to survive and/defend themselves against occupation and aggression in many parts of the Muslim world, remember we live in a world village!

4- You can use the money from Zakah to pay for the service of hospitalization and price of medicines for the Zakah recipient (poor and needy). If you open an account with a hospital for that purpose keep either zero balance or a very minimum because you are not suppose to freeze the money of Zakah in any such account.

5- When you have to be selective, it is better to chose for your Zakah the most pious persons. But when you have abundant Zakah resources you spend on all including non-Muslims. The Prophet, pbuh, advised: "and let none but a God-lover/fearer (Taqiyy) eat your food."

6- You cannot settle a debt of the Zakah payer on a given poor from the amount given as Zakah by that payer. You can directly pay a debt on the poor from Zakah without paying it to the poor (and she then gives it to the creditor). This is mentioned in the Qur'an (9: 60) as item number 6 of Zakah recipients. It is preceded with the preposition for (fi) instead of to (li). For does not require Tamlik.

7- You can make monthly, weekly or even daily stipends to the poor and needy, it is sometimes better. you give large lump sum only when you are giving capital or capital goods to remove the recipient from the Zakah list and make her/him a producer and self sufficient and rarely on other occasions. This is one of the merits of the institutional distribution of Zakah through a government agency or an NGO like your committee.

8- Yes, you can and you have to make sufficient investigation to see to it that your Zakah goes in the correct destination. This does not mean that you are not rewarded if mistake happens (remember the saying that a person gave his Sadaqah to a rich, a thief, a prostitute, etc.). There is even an argument in the Fiqh books whether you have to get the poor to swear under oath that s(he) is really in need for help.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject:

Creating a poor financing institution with Zakah money

From: Vaqar - Pakistan  
Sent: August 10, 2002 10:33 AM

#### Question

Dear Sir,

In the light of earlier guidance that I have been getting from you, I took the liberty of bothering you once again. The question at our hands is a very important one. My name is Vaqar Ahmed and I am a medium scale entrepreneur for quite sometime now. A few months back some of my fellow businessmen were attending an Iftar dinner at my house, where we realized in our casual talk that our collective Zakah amounts to more than Rs. 15 million annually. We all give it to the government's Bait ul Mall, which is nowadays not working efficiently due to frequent changes in government setup. We then decided to form our own Micro Finance Institution (MFI) funded by our annual Zakah payments. Some scholars gave us the advice to adopt mudaraba with the poor recipients or more precisely diminishing mudaraba, but I and my associates thought that this arrangement may not be Shariah compliant as Zakah payment cannot be used to earn profits. Then Following was the model that we have adopted:

Step I: Associates give their Zakah to this newly incorporated MFI on a specified date annually (This MFI can now work like a private Bait ul Mall).

Step II: MFI then has a regional database of rural population out of which it pinpoints the targeted poor people i.e. the 8 Masarif-e-Zakah as described by Quran.

Step III: Then that accumulated Zakah is LOANED out to those targeted poor people in small denomination or Rs. 10000 to 20000, depending on the type of activity.

Step IV: The poor borrowers return this loan as decided and then this payment is again lent out to another poor individual or group. Thus the total Zakah keeps on revolving amongst the poor.

Now this is the amount lent out for productive purposes. But to protect the sanctity of the institution of Zakah, we have defined in the constitution that after five years of productive lending, the Zakah payment of first year be donated to poor for consumption purposes. So that the Zakah of 4 years is still available to be lent. (the justification for this has been taken from the fact that the Madaris and Welfare foundations keep the Zakah proceed for years in their accounts and use them slowly and slowly, and then also invest in Islamic deposits).

Sir,

I would now like you to guide us whether or not this arrangement is Shariah Compliant. If not than kindly, for the benefit of poor segment of this Ummah give us an alternative arrangement. (Perhaps by molding the aforementioned steps if possible). If possible I would also like you to connect me with a Shariah expert who could help us out on this. You see the key point is that we loan the Zakah payment to a poor and then he gives it back to the MFI for another poor. Can the MFI take the principal back, given the preposition that it's the Zakah money involved? Looking Forward, Vaqar.

#### My Answer

Bismi Allahi al Rahman al Rahim,  
Al Hamdu li Allahi Rabbi al 'Alamin,

Wa al Salatu wa al Salamu ‘Ala sayyidina Muhammad wa ‘Ala Alihi wa Sahbihi Ajma’in  
Dear Br. Vaqar

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

I thank you for the confidence and I apologize for the delay in answering your question. I was out of the country with little and limited access to the email.

I agree with you on the need for a better scheme to help the poor and that the government run scheme of the Pakistan’s Zakah Administration has lost its ability to make a dent in improving the standard of living of the poor in Pakistan for several reasons.

I am skeptical about the scheme you suggest though. In my opinion Zakah must be paid to the poor and needy to help them become self sufficient and probably Zakah payers themselves and also to give immediate help for consumption. Zakah is a continuous process, year after year. And every year it must be able to take certain strata out of poverty into production and self sufficiency. Any lending must only be casual as the first and important principle of Zakah payment is to make it owned by the poor, so she/he can make her own decision like any one of us. Why should your organization make decisions on behalf of the poor and needy and keep holding the end of the string?! If madrasas’ managers and the Zakah Administration and some charitable organizations keep money with them for years, without really valid excuse they are doing wrong and harm to the poor and needy they are entrusted to help. And we certainly must not do like them.

You guys are a group of successful entrepreneurs and InShaAllah Allah will give you more and we will see you among the top entrepreneurs in Pakistan and in the world, and we need your expertise and inner hunch to help the poor.

Why don’t you study the situation of the poor around you, where you intend to distribute your Zakah. I am sure you will find some who need immediate food, cloth and shelter and you will find some who need work and make small business (those you are thinking of giving loans). Divide the proceeds of Zakah, each year, between a few of each category. And make it on a 5 year plan and instead of loans give capital grants from Zakah. You can use your expertise to help the poor build a project or you can make an investment committee from among your group to build middle size projects, within a Zakah year that you will deliver to a group of poor persons, Zakah recipients, and keep helping them in management and marketing even after they receive it and start own it. You can make a common stock company and distribute stocks in it, but please make the value of the stocks equal the actual amount you spent on the company. When you distribute stocks you can give those poor people who are physically or mentally handicapped, so it will be a source of income and will be inherited from them by their heirs after they die.

In other words, I suggest that you distribute in cash and in kind, in capital goods and ready (turn key) productive projects and in consumption goods according to a plan that aims at using the Zakah effectively and systematically to eradicate poverty from your area.

I believe that your zeal, enthusiasm and experience is very much needed, but please take it the rigorous way without accepting to work within the narrow paths of exceptions.

Zakah must be made owned by the recipients (the Tamlik principle) and giving loans is an exception. It must be disposed of during the Zakah year, delaying it is Forbidden and sinful, an excusable delay is an exception. Let us not make the exceptions rules in our life.

Wa Allahu A'lam,  
Wa al hamdu li Allah Rabbi al 'Alamin,  
Sincerely,  
Dr. Monzer Kahf

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Subject: Can a debt to a lost lender be given as Zakah on lender's behalf?

From: Islam on line

Sent: September 30, 2002 6:58 AM

Name of Questioner Eman Gender Female Age 21-30

Education Diploma Date Submitted 9/18/2002 Email

country of Origin Canada User Ref. No. F9EHB country of Res. Canada

#### Question

salam alikum few years ago I borrowed money for a friend the amount was \$1800, I returned \$1650 but before I return the last \$150 I lost contact with that person I tried hard to contact them, I just can't contact them now, what can I do for the remaining \$150, Shall I give it as Zakah or what can I do please guide me please answer me as soon as possible zakakum allah khair salam alikum

#### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Eman

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You mean you still owe that friend \$ 150 and you are not able to find the friend to pay back this debt. Keep the money with you and you can't pay it to any party except the creditor or the creditor's due agent or heir. When you find the creditor you then pay your debt. your intention is not to delay it and you are rewarded God Willing, for this intention and honesty. It is always useful and rewarding to pay give for Muslim charity regardless of the debt.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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Subject: Accumulation of Zakah money to buy a house for the poor

From: Aman

Sent: January 30, 2003 7:41 AM

#### Question

My Respected Dr. Monzer Kahf,

Assalamo Alaikum Wa Rahmatullahe Wa Barakatuhu,

I would like to know about Zakah.

My close relatives do not have much savings, which would help them buy their own land and build a house. Nor, it is possible for them to do so, as I presume. Can my annual Zakah amount be accumulated in a bank account (or by buying government bonds/certificates in their names) for their future living in their own houses? If I give them that amount now, they would eat it up and the purpose of my making them happily living would not serve. Therefore, I sincerely solicit your kind advice.

On the other hand, I am having myself established by the grace of almighty Allah, being employed in ----- . I think that seeing at me they feel disappointed/hopeless, for their future, and for their children's future who would not be able to own their own houses very soon in these hard earned days which awakens me to let my annual Zakah amount be given to them. That is why I thought that when,

Alhamdulillah, I am having my own flats and a plot to start construction soon I can help them by giving my Zakah amount so that they do not think that I am not helping them in any way. This thinking among them may create unsatisfactory relationship between us, too. It may not be so either. But, being their brother, I can read their mind, which is human nature. So, I think, instead of giving my Zakah amount to outside miskins, can I help my brothers and sisters to establish with this money? Your kind suggestions on this are solicited.

As regards the recipients categories, does not it start from own brothers, sisters first (but here - they are earning their means but not having fund saved for own plot/house); then relatives, and then miskins (outsider needy people)?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Aman

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

First, you don't need to feel embarrassed asking me any thing. You are my Dear Brother and you certainly can ask, interrupt and even force me to give you any time you need, If this is not given to a Dear Brother, then what can be given. I thank you for the confidence too. Zakah has to be paid to its recipients (I am sure you have already determined that this particular family is within the recipient categories) and you cannot keep it in your name. Buying government certificates might do it except that they are interest-based, aren't they? And you don't want to stain your purification (which is one of the meanings of the word Zakah) with Riba. How about paying you Zakah in advance for a year or too and buy them the land first, then every once in a while you can buy them building materials. Zakah can be paid in advance for a year or two or even more, you still make a calculation every year and deduct the due from the amount you already paid. Another idea may be cooperating with some other friends or relatives and put your due and advanced Zakah together and buy them a modest house. Another way may be in depositing the amount, as a long term deposit, in an Islamic bank in Pakistan or in the gulf in their names but to your address, and may with your permission for withdrawal as a cosigner, but I think this requires that you must inform them of the arrangement just in case. Think of a way that

makes them owner and make them benefit as much as they can of your payment without spending the money for other than the new residence.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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## XXVII.

## MAKE UP FOR UNPAID ZAKAH

Subject: Making up for unpaid Zakah

From: Islam on line

Sent: August 20, 2002 7:46 AM

Name of Questioner Iman

Gender Female

Age 31-45

Education Post Graduate

Date Submitted 7/23/2002

Email

country of Origin Syria

User Ref. No. 4V82JQ

country of Res. Canada

### Question

Slamu alikom wa rahmat allah wa brakato I have some gold and I did not pay my Zakah for about seven years and now I am selling some food at the mosque after Jomma to help in building a new mosque so can I count the cost of my food from my Zakah or it is only sadaka. Thanks and kassako koll kair

### My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Sr. Iman

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If your gold is in form of jewelry and they fail any of the following two tests, they are subject to Zakah provided they reach the amount of Nisab (# USD 1000) and a lunar year passes since the first day you owned them, Zakah is due every lunar year from then on.

The same conditions of Nisab and lunar year apply to gold bullions. The two tests are: 1- they exceed the normal amount of jewelry your peers usually have, and 2- your wear them normally, on their relevant occasions, i.e., they are not simply stored as wealth.

Zakah payment has to be effected or done actually so that the recipient becomes owner of the amount paid. Offering food to the poor to eat free cannot be considered payment of Zakah because the poor does not become owner. Whereas giving food to the poor and then she/he eats it, even in your presence is a payment because she/he becomes owner before eating it. Consequently, cooking food, with material from your pocket, and offering it for sale on Friday and giving the proceed to the mosque, and you take home the rest of the food because you own it is not payment of Zakah. You can sell for yourself and then give the whole proceed of sale to the mosque, part of it as Sadaqa and part (say

the value of ingredients you purchased) as partial Zakah payment. Again, wait a minute! Building mosques in the US and Canada is, in my opinion, no more qualified as a recipient for Zakah. Because we used to accept it as part of general Da'wa under Fi Sabili Allah as in the past the Muslim community in North America was poor and needs Zakah money for building mosques that preserve the religiousity of Muslims and their children. Now the Muslim community is no more poor, it is in fact rich. We go back to the general principle, no more exceptions, "that mosque building and establishment is the responsibility of Muslims from their own pocket, not from Zakah, and Zakah money must not be paid to mosques."

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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