

FATAWA ZAKAH 2006

General Questions on Zakah

Subject: When Zakah Is imposed as a pillar of Islam?

From: Ahmed through Islam on line

Sent: Sunday, October 08, 2006 2:51 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Recently a book in local language stated that Zakah is imposed by the then Islamic Government.

We know it as a pillar of Islam and ordained by Allah. Is there any basis about the book's statement?

I have already questioned the author about the validity of his statement and awaiting his reply.

Please enlighten us. Allah Hafiz. Ahmed. Jazakum Allahu Khairan for your constant help

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. Ahmed

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Zakah is mentioned in the Makkan verses of the Qur'an. It was then a general obligation of giving to the poor and needy, it was not specified. After Migration, in the second year of Hijrah, the Verse 9:103 came down. This Verse Instructed the Prophet, pbuh, to take Zakah (named in the verse Sadaqah) from the Rich persons. After this verse, the Prophet, pbuh, gave detailed account of its rate, annuality, exemptions, etc. It is then when it became an obligatory pillar of this religion. Since Zakah is, in principle to be collected and distributed by the government, you may say that ""it is government-imposed. Of course it is imposed by God on the well to do Muslims, males and females and it is the authority of the state that is assigned to collect and distribute it.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Several questions regarding Zakah

From: zarine

Sent: Monday, September 18, 2006 11:33 PM

Question

Dear Brother Monzer, Assalaam Alaikum wa Rahmatullahi wa barakaatahu,

As usual I am asking you some questions again, but this time it is on behalf of my mother. She would like to know some things related to Zakah. Her sons have loans, but their wives have gold with them. What is the limit beyond which the Zakah has to be paid on the gold? The gold was

bought for the purpose of personal use and some were gifts in marriage. For the purpose of safety and security some gold is lying in the bank (security) lockers. From what I understand, Zakah is not payable on any amount of gold as long as it is within the limit of what is usually possessed by other women of her society or relatives, right?

But here since some gold is lying in the locker for the purpose of security, do they have to pay the Zakah on the gold in the locker?

Golden jewelry and bullions used for personal purposes is subject to Zakah if it reaches Nisab that is equal to 85 grams and you have the same amount at least at the end of a lunar year that begins on the day you got the Nisab for the first time; it is at the rate of 2.5% and it repeats every lunar year since then, it can be paid from the gold itself or from other sources. Such gold or any part of it will be exempt from Zakah if both the following two conditions are fulfilled together: 1) it is not beyond what peer women have; and, 2) it is practically in use in contrast to being stored as saved wealth. (Practical use does not mean every day but rather for its occasions).

2) My parents had a clear flat (i.e., no dispute) in India, which they gave on rent while going to Canada. Apart from this they had bought a flat (in dispute with the govt. regarding the installments.) They had bought this flat from someone else, even while it was in dispute with the govt., and as such the other person had surrendered his rights over the flat in all terms (including the dispute with it!), to my parents. Now my parents have to pay the rest of the price to the govt. for it, the amount of which is yet to be decided by the court. So while leaving for Canada they let the disputed house on rent too.

The house you live in is not subject to Zakah even if you happen to rent it for sometime while overseas. This means that the house your parents used to live in is not subject to Zakah. Now if she decided to stay in Canada and gave up the idea of returning to India and living in that house, it becomes an investment property. Investment property is subject to Zakah. My opinion on the market value of the property regardless of its rent and must be paid yearly; it can be delayed if no cash is available until the investment property is sold in the case of delay Zakah for all past years must be paid when cash becomes available.

The disputed house is also subject to Zakah as long as it is investment property unless your brother intends to go back to India and live in it then it is considered as his live in house that is temporarily rented.

Any rent collected will be used for any purpose it does not matter, as any remainder will be added to the balance of cash and bank deposit that will be subject to Zakah on yearly basis.

It doesn't matter who owns it or for whom it is going to be given later as long as we apply the test of: is it an investment property or a residence house that is temporarily rented.

They had very very long ago (maybe 20 yrs ago or so) booked a plot in India. It never got developed till 2-3 years ago when a construction company offered to develop and give houses to the plot owners equivalent to the amount they had paid (of course they have to pay more to meet the inflation over the years)...the houses are not yet in possession of my parents (now only my mother).

This property is also subject to Zakah on a yearly basis since it was purchased, you exclude the period when it was barren and used for nothing, not even intending to sell it or develop it. The amount that is subject is the market price. The reason is that this is a property that is apparently intended for developing for investment or for making profit some time in the future. This makes it subject to Zakah. There are people who say that real estate is not subject to Zakah at all, they carry no evidence as if they do not live our age!

What ever rent has been collected from the first two properties that I mentioned (i.e., their own clear flat, as well as the disputed flat), the rents for them are being used to pay for the house not yet in possession.

Their own flat is in the name of my younger brother, which was to be given to him as it was mostly his money that was used to buy it. And the other name was my mother's (joint possession), as some was her money. But the intention was for only my brother to possess it later. This brother is now living on rent in Canada.

The other house (i.e., the disputed flat) was bought in the name of my elder brother, with the intention that he would possess it later (the money for it was paid by my parents). Now even he is in Canada, staying in a house on mortgage.

The rents for their houses are being used to pay for a house yet to come in possession of the family. My mother would like to know how to pay the Zakah for the houses mentioned above. (i.e., the ones in India, we understand that they are not to pay the Zakah for the house on mortgage in Canada).

Thanks a lot in advance for your efforts and time.

Zarine.

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. Zarine,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Here are some introductory notes and please see the answers below:

1. Zakah is a personal obligation/worship on every Muslim who owns a Nisab (a minimum amount that defines the Zakatability), it is not collective on two persons together, even husband and wife;
2. Any property that is owned jointly is considered as owned on a half/half basis by the two parties or on equal basis by the owners unless there is a clear evidence otherwise. The concept of joint ownership is considered a matter of procedure only in Shari'ah. This applies in Zakah, inheritance, divorce, etc.
3. The amount of due Zakah that is obligatory on a person may be paid by another only on a voluntary basis. No one is required to pay the Zakah of another.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Copy Right of “Zakah Calculation”

From: shaikh

Sent: Monday, September 04, 2006 9:27 PM

Question

Br. Asslamu alaikum.

Your Zakah calculation seems to me very good and I appreciate your writing.

But my request that why do you give obligation to copy of that? You see, lot of Muslims giving their lives for Islam and being a Muslim you can not give permission to copy of that a simple and very important thing? I think you understand my point. I have a plan to distribute this one to our community but your peculiar restriction creating problem! I hope that you will not angry with me and try to accept my proposal. Ma assalam.
Shaikh

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. Shaikh

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

I am not angered by your comments but stunned by the degree of your simplicity! I don't know who you are and for what purpose you are going to reprint it and what are you going to change, add or distort in it... HOW CAN I GIVE YOU AUTHORITY TO TAMPER WITH MY INTELLECTUAL PROPERTY OR ABUSE IT OR EVEN USE IT TO EXTRACT PROFITS FROM OTHER PEOPLE? Permission is not granted to a person like you by all and any means! You can give individuals the website address and they can see it, you can ask ISNA for free hard copies, they usually print it, but a person with the level of your simplicity must not be in the front of Islamic activities or having an authority to tamper with other people's ideas!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Can Overdue Zakah be relinquished by the passage of time?

From: Rasha

Sent: Wednesday, August 16, 2006 9:49 AM

Question

Dear Dr.Kahf,

What is Zakah م تقاد in English Accounting? How does it apply to Zakah Prescription? Kindly Advice,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

In English the expression "Statute of Limitation" is used to mean "Taqadum" in Arabic. It does not apply to Zakah at all. Unpaid Zakah remains due on the person and she/he will be questioned about it on the Day of Judgment. Can it be taken or distributed from the estate after

death? The government when it collects Zakah on obligatory basis as in Sudan and partially in Saudi Arabia can take it from the estate. For the heirs or the Trustee with no last will to pay it, Shari'ah scholars differ on two opinions. Some argue that because it is a worship it requires intention and paying it by others does not help the one who missed paying it, others argue that it is a pure debt on the estate (a debt to God) and must be paid by heirs before distribution.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah and Ijtihad

From: Rasha

Sent: Wednesday, August 16, 2006 10:16 AM

Question

Again, Dear Dr. Kahf

So

1-If I have an Ijtihadi view on an issue in Zakah, so Muslims have to see what were/are the decisions of Fiqh Academy in KSA, Right Dr Kahf?

2-What about then the Qeyasi (analogy) issues like Fixed Assets exemption or not, from where shall i take my views/stands? If you will tell me Dr. Kahf that I have to choose the doctrine or school am following, then why it is not like in the case of Ijtihadi view : to have a reference (like Fiqh Academy) why it is not applicable in Qeyas. Pls help,,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Saudi Arabia has no authority over Shari'ah. YOU DON'T TAKE A SHARI'AH RULING FROM ANY ONE AT ALL. Issues are either in the texts, not Ijtihadi, or Ijtihad, for Ijtihadi issues. Every thing is put on the table for discussion and it is only a matter of evidence and argument.

Even group, such as Fiqh Academies, opinions are subject to discussion, revision and change! This applies to Zakah matters and other issues.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: The Effect of Zakah on International Investment

From: Rasha

Sent: Monday, August 21, 2006 9:43 AM

Question

Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
How are you Dr.Kahf. I hope you are doing fine in your work and enjoying the summer in the US,
not as here it is very cold.

Dr Kahf, what do you think about the following?

Are international investment flows Zakah driven? Or these investments in the world (more
specifically in the Gulf countries) are oil driven??

I'm anxious to know your opinion, which is very respectful and important to me. Salam,
Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

I am now enjoying the air-conditioning in a hotel room in the heat city of Khartoum!

Funds that are pouring for investment in the Gulf and other Middle East countries and into South
East Asia are caused by two factors, non of them is Zakah related: 1) repatriating funds that escape
from legal uncertainty and threats created in the West especially USA after 9/11; and 2) the recent
rise in oil prices. Most of investments in the Gulf are government investments supported by
repatriating funds. And most of gulf investments in other areas are repatriating funds that escape
the Western countries.

The effect of Zakah on international investment is null completely. Those individuals who pay their
Zakah were paying it before these developments and after them. No change in their attitudes!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah and fiscal policy

From: Rasha

Sent: Sunday, July 30, 2006 12:10 PM

Question

Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,

Thanks for your extended email. I can feel what you wanted to express. Allah Help us.

Back again to Zakah: If Zakah was the only fiscal policy in a country or tax policy was the only one
or a combination of the two policies, at the end; what the rich will get of paying all such things,
especially if he is a Muslim, let's say in Europe, and hence obligated to pay both secular tax and his
religious tax/Zakah??

If you look at it, it seems a decline in rich people wealth (inter alia the thawaab and other
objectives...etc), what he will endless get? I would like to have a convincing clarification. Latter,
Rasha

My Answer

Dear Sr Rasha,

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

Zakah is not the only financial obligation on the rich and certainly is not the only tool of fiscal policy. Zakah is a religious obligation for special purposes. If a Muslim lives in any society, Muslim or non Muslim, she/he is required to give the due Zakah to its destination. If the government collects it that is good and fine and if it does not then she/he must do it individually or through NGO's. When it is collected by government, it is fair to impose a Zakah equivalent on non Muslims that will be used for similar purposes, with no need for religious segregation of its distribution, because we pay from Zakah to needy non Muslims. If the government does not collect it, it becomes a part of personal giving and all people of conscience do give for charity. This is a fact of life and Zakah is one sort of such giving. Certainly, when people give for charity they don't care about what others give because voluntary giving for charity provides a personal satisfaction and fulfillment to all human beings, for Muslims a reward from God is an added bonus! I see no worry then, don't you? Wassalam,
Monzer Kahf

Subject: Distribution to political parties and organization of Zakah fund

From: Rasha

Sent: Tuesday, August 01, 2006 11:11 PM

Question

Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,

For Muslims God reward is an important feeling for us. Rather when you talk about this issue in front of Non-Muslims, it may be difficult to imagine this idea (I guess).

One more idea crosses my mind:

1-What if I'm a Muslim and I make a donation to a political party in my Muslim country, do I consider this donation as a living expense, or let me put in another way: what is the Zakah rule for political donations

2--In your opinion and from your experience, does the performance of Zakah fund in North America and other western places are better than the ones in the Islamic world?

Salam for now,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. The distribution of Zakah is subject to strict rules as explained by the Prophet, pbuh, when some one asked him to give him from it and when his two cousins wanted to get some from it (that is by the way a kind of political because they were relatives of the head of state). NO,

Zakah cannot be given to political parties even when they say, rightly or not, that they serve Islam and its ideology!

2. The best voluntary performance of Zakah is when it is backed by the government as in Kuwait. The percentage collection to non-oil GDP is about the same as it is in Saudi Arabia where it is obligatory. It is definitely incomparable to countries like North America or South Africa, where the best Zakah fund exist.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Rasha

Sent: Sunday, August 06, 2006 8:27 AM

Question

Hallo Pr. Dr. Kahf, I am really happy to receive your answers.

- For my first question this is not what I meant: I mean if I am a normal person living in a Muslim country and i paid money as donation to a political party, does these expenses that I burdened considered a living expenses so that I deduct them from my Zakah base/pool?

- For the second question: do you mean that Zakah funds in North America and other Non Muslim countries have more proceeds from Zakah collection and more organized and controlled operations than the others in Muslim countries? Peace,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Sorry for misunderstanding your query.

Yes, donations to political parties are considered expenses and Zakah in on the balance after these donations and other expenses. As Zakah is on a stock, in contrast to a flow, at a moment of time this stock, accounting wise, consists of stock at the beginning of the period + revenues - expenses, and there can hardly be any expense that you exclude; provisions are a different story as they are not actual spending.

For the second question I mean that Zakah Funds in North America and in South Africa are nothing or very negligible when you compare them to the House of Zakah in Kuwait.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Claiming Zakah as Charity for Tax Purposes

From: Rashad through Islam online
Sent: Thursday, March 30, 2006 6:45 AM
Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Can Zakah be claimed as charity or as a gift for tax purposes? Jazakum Allahu Khairan for your constant help

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. Rashad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, of course it is permitted to claim the paid Zakah as charity on the tax report. Isn't it a charity?
It is the best charity ever anyway! And you get the tax refund Halal plus Halal
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Refund of Value Added Tax on Zakah fund purchases from Zakah money

From: Essof

Sent: Sunday, December 24, 2006 2:19 PM

As-Salaamu Alaikum

I have tried several times to submit questions on Zakah matters, even at the suggested time (14:00 GMT) and still no luck. Would it be OK for me to send questions via this link. See below:

Respected Aalim. As-Salaamu Alaikum Warahmatullahi Wabarakathu

May this letter find you in good health and high Islamic spirits. Ameen

We would like to request your input and guidance on how to treat VAT refunds that SANZAF now receives from SARS. We have taken the liberty of outlining the processes involved in us being able to access these funds. Please feel free to ask clarity on any matter.

Introduction:

SANZAF is a registered as a Public Benefit Organisation (PBO) and about a year ago received a favourable S18A tax status from the South African Revenue Services (SARS). Sanzaf has also registered for VAT purposes with SARS. These among other things affords Sanzaf and donors special benefits, such as a reduction on the taxes our donors pay and tax exemption for a number of taxes in South Africa for SANZAF, whilst VAT registration allows Sanzaf to claim VAT input credit refunds, respectively.

Sanzaf Scenario:

Prior to registering for VAT with SARS, a donor to SANZAF would say donate R114 in Zakah or non-Zakah funds. SANZAF would either give the needy recipient R114 in cash or R114 of goods which is made up of R100 good plus R14 of VAT. (This example ignores the cost of administrating the collection and disbursement of money and goods). SANZAF has for all intents and purposes discharged the obligation that the donor has made.

As regards SANZAF's current status, our VAT registration affords us an opportunity to get a refund on the VAT we paid on the goods SANZAF purchased from VAT registered suppliers (and also other administration overheads) that SANZAF in turn has distributed to needy recipients. SANZAF is of the view that the VAT input credit refund that SARS has given SANZAF is as a direct result of the non-profit and charitable nature of SANZAF and that this favourable tax status is to contribute to the resources of SANZAF to further facilitate poverty alleviation in South Africa and hence this is for the benefit of administration overheads of SANZAF.

SANZAF issues needy recipients vouchers to purchase groceries. The shop owner charges the recipient an amount inclusive of VAT and gives the recipient groceries to the full value of the amount stipulated on the voucher, inclusive of VAT. For example when we issue a voucher of R114, the shop keeper issues groceries for R114 - R14 being the VAT on the items purchased. The recipient benefits for the entire R114.

On the other hand, had we issued a voucher for say R100, the recipient would definitely received less groceries and the R100 would also be inclusive of VAT.

Question:

Now the question that may arise, is the VAT that has been refunded (that originated from the goods that was purchased and distributed as Zakah goods in kind), Zakah again, or can it be treated as non-Zakah funds, being some extra-ordinary or special allocation from SARS as a result of the favourable tax status for charitable organisations. Another question to consider, can a non-Muslim organisation who gives SANZAF a VAT refund be considered to be Zakah income?

Had we given the recipient cash of R114, we would not be entitled to the VAT 'refund', and the donors Zakah to the value of R114 would have been disbursed. Likewise, when we issue our recipients with a voucher for R114, the recipient benefits to the same extent / value as if we gave him cash, and thereby the entire R114 of the donors Zakah is being discharged. The only difference is that on paying the shop-owner through a SANZAF cheque for goods with a VAT invoice, we would be entitled to a refund against the VAT value indicated on the invoice. Again, we remind you that the recipient has benefited to the full value of the voucher and the donors' contribution has been received by the recipient and thus fulfilled.

Your opinion preferably with supporting evidence will be highly valued. Was-Salaamu Alaikum
Essof

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. Essof

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Having understood all the explanation you wrote I argue that the refund of VAT must be treated as Zakah. It is a refund of the amount of Zakah that we paid as if a poor returned to us some of the money we gave him. The point that if the poor is paid cash or vouchers he/she would have been charged that amount does not affect the ruling because it would be similar to when two poor persons are given the same amount one purchased goods for a R100 and the other paid to the seller R114 for exactly the same goods! Also the point that our exempt status gives us that privilege does not affect the ruling too because this status gives us an advantage that we give to our donors it is not because we are smart or have green eyes! In Shari'ah we go by the reality as it is in real life. this

amount is a refund of an amount we paid as Zakah we take it back as it was, Zakah. We don't make assumptions about it.

On the other hand remember that as a voluntary Zakah organization, you work on the principle of agency. You are not a government that collects Zakah by the force of law or authority. The implication is important because you represent the payer in distributing the Zakah; the payer cannot charge any percentage of Zakah for the cost of its distribution as his obligation is to be sure that her/his Zakah reaches its appropriate destination otherwise she/he would have not been considered fulfilling what is required. HE DESERVES NO REWARD/COMPENSATION ON HIS EFFORT AND COST INVOLVED IN DISTRIBUTING IT. For an organization like yours, I argue, it is permissible to charge the Zakah account (i.e., you take part of the R114 given to you as Zakah in your example) for its administration and distribution because you partially play a role of a government in the Muslim community but I put the two conditions for this behaviour: 1) YOU SHOULD INFORM YOUR ZAKAH DONORS OF THE APPROXIMATE PERCENTAGE IT COSTS YOU TO EFFECT THE DISTRIBUTION; AND, 2) THE AMOUNT OF ADMINISTRATIVE COST SHOULD NOT BE HIGH TO AN EXTENT THAT MAKES THE PROCESS DEFEAT THE OBJECTIVE OF ZAKAH, you may be aware that the Shafi'ites make this share no more than 12.5%.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Due Date of Zakah Payment and Annuality of Zakah

Subject: Unable to Pay Zakah on Inherited Jewelry

From: Through Islam on Line

Sent: Thursday, September 14, 2006 12:36 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Is Zakah due for a girl who has inherited sufficient amount of jewelry from mother but has no means to pay the Zakah given that my whole family is under massive debt. I am single and dependant upon my father. Also Zakah was not paid for several years due to poor financial situation of the family so can I just pay if it's due for just one year or all the years Zakah was not paid on my jewelry as my father used to pay Zakah on my jewelry on my behalf before the financial problem arose a couple of years ago. Jazakum Allahu Khairan for your constant help

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.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Zakah is required on golden (and silvery) jewelry, whether purchased or inherited every lunar year (354 days) and the first such year begins on the day the amount of gold in them reaches the Nisab (# 85 grams). Zakah is a personal form of worship. This means that you do not have to pay the Zakah due on your mother's (or your daughter's) jewelry unless voluntarily since it is mandated on the owner not on owner's relatives. Whatever your father volunteered to pay on your behalf in the past and in the future is ok, permissible and acceptable by God InShaAllah. If your are under debt and you intend to sell these jewelries to pay the debt, whatever you designate for debt payment is not subject to Zakah because it does not make a wealth you own rather it is a preparation for payment of liabilities. But if you do not intend to sell the jewelry to pay the debt, this jewelry is subject to Zakah as mentioned. Finally if you don't have cash you can either sell part of them or wait (delay payment of due Zakah) until you have cash available for payment. In principle, the Zakah on an item is due out of the same item but it can be paid from other items and if you don't want to sell any part (if you have personal attachment to this jewelry being used by your mother) delaying payment may not be InShaAllah sinful. but when you pay you must pay for all past years.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Will and Zakah on Jewelry, Changing Zakah due date

From: Sharafe

Sent: Tuesday, June 27, 2006 7:06 AM

Question

Assalamu Alaikum

Could I please obtain a copy of the Will as word document? Does my wife need to fill one out separately? And is this binding by Canadian Law?

As for Zakah Calculation, what about the view that one can choose a time in the year to pay Zakah (every year at that time) and whatever he/she has at that time is what Zakah is calculated upon? So someone wants to pay his Zakah every year during the 1st 10 days of Dhul-Hijjah...when that time comes, he calculates his Zakah then. Also, for women's jewelry, it's an estimate as to how much is Zakatable (based on how much other women have of the same income level) correct? How do we measure the value of the jewelry? Do you teach courses in Islamic Finance? Did you ever consider opening an Institution that teaches and researches in Islamic Finance and Economics? jazzak Allah khayran, Assalamu Alaikum

Sharafe

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. Sharafe

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

- 1) Please receive a copy of the last will yes each person needs a last will. You can also make a living trust together or separately but the last will has to be separate. Please ask a legal advisor in your province, I don't give legal advices.
- 2) Zakah is due one lunar year (354 days) after you got Nisab (# us\$ 1000) first time and every lunar year then after. But yes, you can change your Zakah year by paying a proportional amount that corresponds to the proportion of the year you are shifting
- 3) For jewelry you take the market value on the day when Zakah is due and if this is difficult or involves a cost you make your best educated guess. Two conditions should be satisfied together for jewelry to be exempt from Zakah: not more than her peers plus/minus a reasonable margin; and being used regularly for what ever they are to be used for, i.e., not used as simply a store of value or savings
- 4) I give a lot of training courses, continuous education to adult professionals and I taught in the past in Universities and have a lot of experience to enable me to give a lot of knowledge to keen and concerned seekers of knowledge in my area. I did not make an institute because I don't have the marketing skills or the time for marketing, do you have any suggestion?

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Who is Subject to Zakah?

Subject: Are conventional banks subject to Zakah

From: Imtiaz

Sent: Sunday, September 10, 2006 4:49 PM

Question; Mshamma@aol.com

Dear Sirs, Assalamo Alaikum

While reading Abu Saud s book, Contemporary Zakah, a question came to my mind which i am referring to you for guidance.

the question is; banks in Pakistan are using our deposited money for earning profits out of which they give us minimal profit or interest, if you like to call it, but they themselves do not pay Zakah on their capital in form of deposits, in my opinion Why should because they are the ones who are affecting the GROWTH out of our money and benefiting out business, though may be Riba orientated, thus a big amount of Zakah is not collected and given for poverty eradication, instead why cut Zakah from account holders, all companies are liable to pay Zakah on their profits

What is your opinion on this question?

Question of rewarding or not for such Zakah on Riba-based business rests with Allah, swt, alone, but so long as we are doing such business and mailing money out of it, it should be Zakatable money, thus the depositors or account holders will not be liable to pay Zakah on their account.

May Allah bless you all. With regards and salam

imtiaz

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. Imtiaz

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Banks should pay Zakah on their money, they should not pay Zakah on your money (deposits) because it is not their's. Interest generated is not subject to Zakah because it is all Haram and must be given to charity not to the pocket of the bank's owners or shareholders. Besides, please don't think of banks as monsters who affect growth with your money! They use your money and provide services to you too, including free checking accounts and safe keeping. I suggest that you should read a few books on banking and money so you can understand the role of banks in an economy.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Help required related to Interest and Zakah on Children

From: Ahmed

Sent: Monday, August 28, 2006 2:35 AM

Question

Dear Sir Assalam o Alaikum

I am indeed thankful that you always take time to reply my emails. I have gone through your fatwas available on the website yet I have a question of similar nature. The question is old about interest but the context and concerns are new. The situation is as under: I want to invest some money so that I can have some monthly return and I can meet certain fixed expenditures like children fees etc. The conventional banks give good %age return which is all Riba and Haram as I am committed to follow this. The Islamic banking is becoming popular in Pakistan with fatawas of Halal from renowned scholars.

Now I quote one example from a bank in Pakistan which runs various Halal deposit schemes based on Mudarabah. The confusing think is that they ask for 7 years deposit to earn good profit equivalent to prevailing interest rate i.e. 10+%. The lesser the deposit period lower is the profit.

<http://www.meezanbank.com/en/MeezanAmdanCertificate.aspx>

<<http://www.meezanbank.com/en/MeezanAmdanCertificate.aspx>>

<http://www.meezanbank.com/en/macprofitrates.aspx>

<<http://www.meezanbank.com/en/macprofitrates.aspx>>

Sir I know it is not good to ask you to visit their website but don't you think this is also exploitation. Should I invest in this scheme or not.

My second question is:

If I put some money in bank in the name of my child now age 3 years, I will also be the legal caretaker till her turning to 18. I will not take any money out of it. What will be the fatawa regarding Zakah in this case. Do I need to pay Zakah on this as well or when the child grow to puberty or 18 (whichever is valid for paying Zakah) will pay herself? In the later case she needs to pay till that date or for all previous years. I will be thankful to your answers. Wassalam

Ahmed

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. Ahmed

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. You are right. This is exploitation!. It is very unfortunate that Islamic banks very often exercise their monopolistic power on their captive clientele! Yet, this is life! Please make the best of it... May be the more competition we have between Islamic banks the lesser the exploitation will be. Let us pray for the better and for the Islamic bankers to be guided to avoid exploitation and monopolistic behavior!
2. Zakah is due on the property of a child. This is why the Prophet, pbuh, recommended that the guardian must invest the minor' properties so that it would not be wiped out because of the continuous payment of Zakah year after year. You are required to pay it from your daughter's property or you may donate it from your own, it is equally permissible. If it is not paid regularly by the guardian, it has to be paid by the child immediately once she takes charge of the property in arrear for all past years, if she does that there will be no sin on her, otherwise delaying it is sinful.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Calculation of Zakah

Subject: How to Count Zakah Al-Mal

From: Ali Through Islam on Line

Sent: Tuesday, September 12, 2006 2:59 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

By the name of Allah I already gave Zakah elmal for all my money last year, could you please tell me how to count it for this year and the years to follow.

Jazakum Allahu Khairan for your constant help

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. Aly

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Calculation the amount of Zakah is as simple as adding the Zakatable items in each category of rates (those that are subject to 2.5%, or 5% or 10% or 20% together and multiply by the rate. this exercise must be done every lunar year (354 days), the first such year begins on the day you acquired Nisab for the first time. Please take a look at the booklet "Calculation of Zakah in North America" on my Website www.kahf.net or on ISNA website www.isna.net. There is a short form of about 1/2 page and there is a long form and use whichever is suitable to you.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on profit or principal or both

From: A Person through Islam on line

Sent: Thursday, November 23, 2006 2:28 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Assume there is a merchant who buys cars worth of 100,000 USD. Having sold all the cars, he counts his money and notices that he has now 150,000 USD. On what amount should he pay the Zakah? Should he pay the Zakah on 100,000 USD, 150,000 USD or 50,000 USD? W'Salam.

Jazakum Allahu Khairan for your constant help

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 unknown person

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The assumption is incomplete and the answer is so simple. Add to the assumption: the 150,000 were with him 354 days (a lunar year) after he acquired the 100,000. The amount subject to Zakah is 150,000. That is the principal and all additions to it regardless of their sources. Your man is a 150,000 rich on the day when Zakah is due. Of course the rate is 2.5% repetitive every 354 days (lunar year) for as long as he still owns a Nisab (# US\$ 1000).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: How to Calculate Zakah on Pension

From: Ahmed through Islam on line

Sent: Tuesday, July 04, 2006 2:47 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I am enrolled in a pension plan where my company matches my dollar contribution every paycheck. The money is then channeled in an investment fund. I want to pay the Zakah due on the money which increases every paycheck. My question is how should I calculate the due Zakah, is it due on the beginning balance or the ending balance at the end of the year or is there another method I should use? Also, my wife has an investment policy that was transferred into her name from her parents six months ago. It also increases through a fixed monthly contribution. The problem with the policy is that we took some money out of it so the money is less than what it was when she first received it. Also, we might be taking some more money out of the policy. How can we calculate the Zakah on the policy at the end of the year taking into account the constant change in the balance? Jazakom Allah Khairan. Al Salam Alikum
Jazakum Allahu Khairan for your constant help

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. Ahmed,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Let me assume that you have already established a Zakah year for yourself. (it is a lunar year [= 354 days] that begins on the day you get a Nisab [= approximately US\$ 1000] for the first time). Now at the end of each such a year, you look at the balance you have on all your checking and saving accounts + other funds and investments + the balance in this pension plan + debts you have on other persons - short term debts on you [e.g., you do not deduct a home long term debt] and you multiply the total by 2.5%. This is the amount of Zakah. It means: we took end of year balance; all withdrawals have already gone, no Zakah on them; all additions during the year are included although on none of them a year have passed and it does not matter what is the source of these additions, savings, gains or gifts and contributions from others. Finally you may make separate calculations for you and your wife or you may add them together and it doesn't matter who is paying the due amount as long as it is paid with proper intention. Please if you have any further questions do not hesitate in sending them.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Calculation of Zakah on Business

From: Mohammad

Sent: Tuesday, June 13, 2006 9:38 AM

Question

Sheikh Monzer, Asalam Alaiikum Wa rahmatullahi wa barakatu.

InShaAllah this reaches you in the best of health and the highest state of Iman.

I was actually referred to you by sheikh Shinqiti, because of the fact that there is a brother here that owns a business and he is leaving to over seas on Saturday inshAllah. Now he wants to figure out the Zakah that he owes on his business before he leaves so that he may pay it. Originally I called

sheikh shinqiti and asked him if he could kindly figure out the Zakah for this brother and he said that any time there is a financial question he refers it to you because you are the most knowledgeable in this field. InshAllah if you could help me by calculating and informing me how much the brother owes in Zakah that would be greatly appreciated. The following are the figures that the brother forwarded to me in regards to his business financials:

ZAKAH

1. FAM INVENTORY COST = \$1,961,000 *(I suppose this inventory are goods for sale. There are not Farm Automatic Machines in a farming business because Zakah is calculated differently on farming)*
2. ALL LOANS & ACCT. RECEIVABLES = \$1022,707 (\$327,000 AZIZ OWES) (NET= \$695,707) *(I suppose Aziz is the owner and this is his withdrawal account; also other receivables are good and expected to be collected on time or are now sold to a new owner as part of selling the business)*
3. ALL BANKS / STOCKS/ DEPOSITS/ CASH/ ETC. = \$726,330
4. MISC. JEWELRY, FURNITURE, 3 HOUSE HOLDS, ETC. = \$100,000? *(household furniture, appliances and other normal things including a reasonable amount of decorative things are exempt from Zakah; also women jewelry provided there are normally utilized and comparable to the owner's peers, Office furniture and the like should be included in Zakatability according to my opinion, majority is on their exclusion, Misc needs detailed explanation) (overall, there is over charging in this item)*

NET = \$3,843,037 (typing error, should be 3,483)

1. ACCTS. PAYABLE PROPERTIES = \$2247,500 *(what is "properties" here? A mortgage on residence or other real estate property should not, in principle, be deducted. This means it can't reduce the amount of Zakatable assets)*
2. ALL OTHER A/P (TAX SALES, MAFS, C.C.) = \$675,650

TOTAL = \$2,923,150

NET = \$559,887 = \$14,000

If you could please help me out with this it would be greatly appreciated, I know it is last minute because the brother is leaving out of town on Saturday, and I apologize for that. If you could get back to me at your earliest convenience it would be greatly appreciated. Jazak Allahu Khairan May Allah (swt) reward you with the best of this life and the hereafter. Wa Salams Your Brother, Mohammad

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 Alaikum wa Rahmatullahi wa Barakatuh

It seems that your calculation is ok as a maximum, there is a need for certain explanation to make correct judgment on the calculation. Please see below for some clarification I added in Italic blue.

If you have any other comments or clarification please email me

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,
Dr. Monzer Kahf

Deductions from Zakatable total

Subject: Insurance, deduction of debts from Zakatable items and Mortgage

From: shabbir

Sent: Friday, October 06, 2006 7:30 PM

Question

Dear Bro. Monzer, As-Salaam-Aleikum,
My name is Shabbir and I live in Canada.

I would be very grateful if you could please advise me whether insurances such as Life and Medical are allowed in Islam.

Secondly, on the issue of Zakah, if say in 2005 my cash balance in the month of Ramadhan was 30,000 and my debts were 10,000 and I paid Zakah on 20,000.00, what will be the zakaaat payable in the month of Ramadhan of 2006 when my cash balance has increased to say 40,000 from 30,000 but my debts of 10, 000 have remained the same. In other words my net worth has increased by ten thousand.

Third, is it permissible for one to buy a house on mortgage for personal use?

Your favorable response will be greatly appreciated. Jazaak-Allah Your brother in Islam
Shabbir

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. Shabbir,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. Insurance is controversial, I stand with the opinion that it is permissible provided the contract is not interest-based and the subject of insurance is permissible (e.g., whole life insurance is normally interest-based and insuring a liquor shipment is not permissible).
2. Your Zakah question is not clear. Long term debts are not deductible from Zakatable assets when you calculate Zakah. If the 10000 debt of last year is the same of this year, you should have not deducted it last year. Now you need to to recalculate last year's Zakah accordingly and pay the difference and make this year on the same basis. A debt that is deductible must be one that is going to be paid in the future (i.e., after the day of calculation) but out of the existing assets on the day of calculation. Debts that are payable out of future revenues/incomes such as mortgage debts are not deductible. On the other hand, if the debt of last year was paid then a new debt arises that is going to be paid out of the 40000 you have for this year, then what you've done last year is correct and you can deduct the present debt if it is going to be paid out of this 40000.
3. Conventional mortgage is not permissible if Islamic financing is available to you. If Islamic financing is not available and you need to buy a residence and you don't have the amount

readily available you may then resort to conventional mortgage and then you make your effort to pay it ASAP.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Deductions from Zakatable total, organization of Zakah funds

From: Rasha

Sent: Sunday, August 06, 2006 8:27 AM

Question

Hallo Pr. Dr. Kahf, I am really happy to receive your answers.

- For my first question this is not what I meant: I mean if I am a normal person living in a Muslim country and i paid money as donation to a political party, does these expenses that I burdened considered a living expenses so that I deduct them from my Zakah base/pool?

- For the second question: do you mean that Zakah funds in North America and other Non Muslim countries have more proceeds from Zakah collection and more organized and controlled operations than the others in Muslim countries? Peace,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Sorry for misunderstanding your query.

Yes, donations to political parties are considered expenses and Zakah in on the balance after these donations and other expenses. As Zakah is on a stock, in contrast to a flow, at a moment of time this stock, accounting wise, consists of stock at the beginning of the period + revenues - expenses, and there can hardly be any expense that you exclude; provisions are a different story as they are not actual spending.

For the second question I mean that Zakah Funds in North America and in South Africa are nothing or very negligible when you compare them to the House of Zakah in Kuwait.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah and Overdue Credit

From: Tarsom through Islam online

Sent: Monday, February 13, 2006 5:12 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Dear Scholars: As-salamu Alaykum!

Do I have to pay Zakah if I sell my piece of land to pay for my overdue credit?

Jazakum Allahu Khairan for your constant help

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. Tarsom

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The land as an asset may sometimes be subject to Zakah. The non-disputed case in this regards is when the land is acquired for the purpose of selling it later to make profit. A land obtained for this purpose is subject to Zakah every lunar year since it is considered a kind of "trade inventory."

If this land is qualified as subject to Zakah, you need to pay its Zakah on yearly basis but if you sell it during the lunar year (i.e., after paying the Zakah of the previous year and the due date is still away) and used the money for any reason such as paying debts, and on the coming due date the total Zakatable items that you will then have is less than the amount of Nisab (# equals to US\$ 1000) you will not be subject to Zakah in this coming year.

Further, If the value of the land is not more that the debt that you owe and this debt is due that you need to sell the land to pay it, this land is then not subject to Zakah and when you sell you just use the money for paying your debt.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Deduction of Long Term Loans from Zakatable Items

From: Ahmed through Islam on line

Sent: Tuesday, December 12, 2006 3:44 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Some people take long term loans, which are paid back in installments. They generally offset the whole loan amount against the Zakatable assets and say the do not have any Zakah to pay. However in practice they only pay off the loan in small installments every year. We understand that the current installment amount can only be offset against the Zakatable assets and not the whole loan amount every year. Please enlighten us and guide us. With best regards. Allah Hafiz.

Ahmed.

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. Komoruzzaman,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Only the amount of debt (loan) that is going to be paid from the present Zakatable assets is deductible when we calculate Zakah. The rest of the loan is not against these assets but against future earning and it therefore not deductible from Zakatable assets.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah jewelry while under debt on our residence

From: Ibrahim

Sent: Wednesday, December 13, 2006 4:51 PM

Question

Assalamalaikum Dr. Kahf

I would like to know if I and my wife would be obligated to pay Zakah. We currently borrow money from her parents the amount being over Nisab, for the purchase of an apartment. However, she currently has gold in her possession that is over Nisab, and that she has not liquidated (Though, I don't understand why women like to keep gold even though they never use, anyways that's another story). Are we then obligated to pay Zakah on the gold, even though we have a large debt to pay? Also, would we have to do qurbani.? We follow the hanafi madhab. If you need more info, I would gladly forward it to you. Jazakallah

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. Ibrahim

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

As long as you do not intend to pay the loan from this amount of gold that she has, she is required to pay Zakah on it. (If the gold is assigned for the full or partial payment of the debt then she is not obliged to pay Zakah on the gold). Zakah on gold jewelry is required every lunar year at the rate of 2.5%, you may pay it from other sources or liquidate part of the gold for payment.

The Qurbani is Wajib in the Hanafi school as long as you have income from which you can spare money for the price of the Qurbani or savings sufficient to pay for it. Of course Wajib is a little less than Fard; Wajib is required but not very strongly.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Deduction from Zakatable total of amounts appropriated for debt payment

From: Noor

Sent: Tuesday, February 07, 2006 11:17 PM

Question

Dear brother Monzer Kahf. Assalaam Alaikum wa Rahmatulaahi wa barakaatahu.

I am writing to you again regarding investments, savings and Zakah. I have tried my best to give you a complete picture regarding my situation, so as to enable you to advise me.

About five years ago, I invested in a property which was in dispute with the government authority even at the time of purchase. There is a local government body by the name MHADA which makes and sells housings at low (reasonable) cost.

The situation which I am describing to you now is what has occurred much before I had purchased it and is at present in dispute too.

MHADA had sold some flats in the group of buildings at say a cost of RS 2300/sq.ft. Some buyers bought (booked) flats at this rate. Later during construction, MHADA decided to reduce the rates for the remaining few flats and sold them at RS 2100/sq.ft. Why they did so the exact reason I don't remember now. As a result later (during this period the constructions were over, possession was given with the understanding that the buyers would pay the remaining installments after possession). But the buyers who bought at RS 2300, protested refused to pay the remaining installments and filed a case against MHADA in the court, asking that the remaining installments they should also pay @2100 like a few others.

All the while that this was going on, the property rates kept rising, and the location became a very prime location, a hot spot of sorts. So some of the flats that had not been booked/sold even after construction were sold even @2500. The ones who paid @ 2500 did so willingly, knowing well enough that they still had to gain, as the property rates were rising any way.

Obviously the MHADA had some corrupt officials, may be not or may be it was simply being mismanaged.

Now I will speak about the flat that I bought. It was bought by one Mr. Ghosh initially from MHADA, booked at the time of construction. Later as the dispute arose, even he stopped the rest of the payments. He had possession for about two years, during which he had his office there for one year and later rented out the property for one year. He was a film maker and at that time he suffered great losses in his business, was almost bankrupt and had to pay his bankers too. He decided to sell this flat at the cost at which he bought since this was a property in a very prime location, and my husband & I had managed to save some money from our jobs in Saudi. We had no house till then. As it is we needed to buy a house, which of course at that time we would have given on rent till we came back for good, as we wouldn't be needing the house till then. The place where my parents and his parents stayed then was around the same area where we later bought flat and which later became prime property area.

So far we had collected only about 10 lakhs (which is what we paid for the flat), whereas the actual rate of the flat would have been at least 22-25 lakhs, depending on the rate to be paid. Of course it seemed such a great opportunity to be able to own an expensive flat for so less.... We thought at that time that since court cases take years to settle, we would in the meantime collect the money required to pay at the time of settlement.

We bought the flat from MR. Ghosh on as is where is basis, as such he transferred all his rights on the flat to us. The flat was still in dispute with MHADA. We took the flat knowing the conditions well. An association of MHADA residents had been formed till then which had been fighting the case in court. We also became a part of the association.

The building managing committee .i. the Chairman, secretary etc. were informed of the transaction and the flat was transferred in my name. But the name change has not taken place in MHADA association as yet, as the dispute is still on.

Meanwhile after the transaction, we came to Saudi, giving the power of attorney to my father. In the meantime on our instructions my father rented out the flat. Since then we have been saving more money to pay the final amount. In 2-3 yrs time we collected more 12 lakhs in savings, with the intention to pay the final due. But even then it seemed the settlement would take years for the case to be decided. So what we did was bought another flat with the savings of 12 lakhs, but this time it was in a totally different area and a very clean and clear property, no disputes of any kind. This second property was bought with the intention that when the first one needs to be settled, we can sell the second one to pay the dues for the first one(of course the first flat that we bought was more valuable in terms of location, resale value etc).Also we thought that keeping the savings idle in a bank makes no sense, especially since the interest being Haram, a rent being halaal, this method of buying another property and renting seemed the right way and the right thing to do. Mean while. I have been paying Zakah on my gold and some Zakah on the savings too. If you would recollect my last letter, I had paid a lot of money (intending as Zakah on my future earnings and savings), to one of my relatives who needed money to buy her own house. I am seeking your advice. Does the Zakah have to be paid on the amount being saved to pay a due settlement?

I am asking so, bcos now again two years after the second flat, we have saved enough to buy a third flat(not in a prime area),but this time, my father advises us not to rush in buying a third property, rather to wait for the court settlement, though on the other hand the court case is still going on, with no expectations of a settlement soon. The courts in India are reputed to take up to 20 yrs or more to settle property cases.

He is almost as confused as we are, now what to do with the money...wait for the case to settle, while we keep collecting the money in a bank, or whether to buy another flat like we did before. Who knows the case may never settle even in three yrs or more, or may even settle after three months. But then if it settles even in 3 months I think we can always sell the other flats and pay for the first one.....

The residents association that has been formed, now plans to settle out of court. We don't know what would happen. The dispute is more about the rates.. Oh yes.. I forgot to tell one important aspect of this...While the flats were in dispute, the court ruled that since the buyers already have possession and are using the premises, without paying the rest of the installments, the occupiers should at least pay a rent to MHADA @ Rs 6000 per month, for using the property while in dispute. This rent of Rs 6000,we have been paying to MHADA since the day we took possession, besides the other dues such as maintenance, etc that we are paying to the building society. The dispute is about what rates would the rest of installments be paid, what would happen of the rent of 6000 that we have been paying every month, would that be considered in the final settlement, etc...

My father spoke to the MHADA officials, asking how much we would need to pay if we want to clear our flat of the dispute i.e out of court....They said we would need to pay at least another 35 lakhs which we don't have now. We have now 12 lakhs in cash, and another flat whose value would now be 13 lakhs.

Besides the residents association that has filed the case, advises us not to settle individually out of court, wait for the court case(in that case the required payment might be much less than 35 lakhs).Besides they themselves as an association would try to settle the matter out of court.

I am seeking your advice. Now what should I do. Buy another flat, or just wait for the case to settle?

Do I need to pay Zakah on the money being saved to pay for an expected court settlement?

Kindly take the time to reply. May Allah bless you for your efforts. Thanks.

Ms.Noor

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. Noor,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Kindly notice that I cannot advise you whether to buy another flat or not. That depends on factors in the local market that I don't know and it is outside my area anyway. May be your father or any expert in the area or the resident association may be able to do so.

For the Zakah issue, any amount that you are sure is needed for payment upon settlement is considered a debt on you and you may deduct it from the total funds and properties that are Zakatable on the due day of Zakah. This means that the minimum amount that you are absolutely certain to need is not subject to Zakah. On the other hand, I suggest that you pay Zakah on the net revenue you get from the other house that you bought for investment (I realize that you will need to sell it when the time comes for settlement, but until then it is an investment property). The net revenue is rent minus taxes and any maintenance and other expenses incurred for this flat. The same applies to any Halal return you may get for your other money (for instance, if you deposit it in an Islamic bank and get some profit on it). The flat you obtain for residence is not subject to Zakah even though you live presently in Saudi and rent it while you are overseas. The rent you get from it in this period is Zakatable according to the same method as mentioned above.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Question regarding Zakah al-mal while under debt

From: Amir

Sent: Sunday, December 10, 2006 7:51 AM

Question

Dr. Kahf; As-salaam alaikum.

I am a medical resident with approximately \$48,000 in medical school student loan debt that I am actively repaying. My wife and I paid a full Zakah al-mal last year; however this year the question arose as to whether we would be excluded from paying due to the fact that we still have this debt that we are repaying. What do you think? Thanks

Amir

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. Amir

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Debt and more so interest-bearing debts have to be paid back the soonest possible. If this debt is interest bearing you should use all your savings toward paying it. Hence, if you don't have savings there is no Zakah due on you. Since Zakah is not in fact on income itself but on the left over (savings) part of it. But if you are under debt, that you are not paying it because it is not due now (e.g., a mortgage debt) and you have savings accumulating during a year to an amount that exceeds Nisab, you are then subject to Zakah on these savings although you are under long term debt because the existing saving are not assigned for payment of the said debt. Please if you need any further explanation, give me exact details and I will InShaAllah help you further.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Items Subject to Zakah

Zakah on Business, Investment, Real Estates and Fixed Assets

Subject: How to Calculate Zakah Al-Mal on a Restaurant

From: Hala through Islam on line

Sent: Thursday, November 09, 2006 2:36 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

My husband runs a restaurant for a Muslim brother, My question now is if the owner of this restaurant owns the equipment, but not the actual building where the restaurant is. He makes enough money to pay the bills, and sometimes there isn't enough money to pay the bills. How do you calculate Zakah al Mal on this restaurant?. Jazakum Allahu Khairan for your constant help

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. Hala

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Zakah is on net assets, with the exclusion of those used for residence. If the machines are not that expensive and you can hardly make it for paying the bills, most likely there is no due Zakah on this kind of business. Anyway, you evaluate the machines for current prices and any inventory if any, add cash on hand and in bank and add accounts receivable if any, then deduct from the total any loans and debts on the business or the owner's person, if the final residual is equal to US\$ 1000 or more (this is approximately the amount of Nisab) and that much is still with the owner after a lunar

year from the date a Nisab existed for the first time, then Zakah is due at the rate of 2.5% every lunar year from then on (a lunar year is 354 days).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Similarity of fixed asset to Zakatable items

From: Rasha

Sent: Friday, August 11, 2006 2:07 PM

Question

Dear Dr. Monzer Kahf,, Many Thanks for yr answer. One quick question:

Can you give me an example of analogy in the Zakah on Money? Or any Qiyasi decisions in the files of Zakah? Peace,

Rasha

My answer

Dear Sr Rasha

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

An immediate example is whether Zakah is also due on fixed business assets or not? I argue that they are similar to "goods for trade" and "live stock" and Shaikh Qaradawi argues that they are similar to agricultural land and the majority argue that they are similar to small business tools and houses used as personal residence of the payer.

Also Zakah on cash currencies is by analogy with Gold and silver because money is not mentioned in the sayings, only gold and silver and because money serves the same purpose although it is only "small pieces of paper" it is subject to Zakah.

Wassalam,

Monzer Kahf

From: Rasha

Sent: Saturday, August 12, 2006 8:56 AM

Question

Dear Dr. Kahf.

1-As i have read your articles, you don't agree with Shaikh Qaradawi in exempting Fixed Assets from Zakah, right?

2-So, what is the similarity of your opinion of considering Fixed Assets as Tradable Assets? I think fixed assets are not for selling and buying? Fe Aman 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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The similarity is on two grounds: 1) business fixed assets are in fact intended for business, i.e. sale, and they are acquired only for this purpose. But their sale goes through the channel of capital consumption or amortization. In other words we sell a small tiny part of the machine with each unit of goods/services it produces and we charge this part to the cost of the machine. Without this purpose/procedure we do not obtain the machine and we don't make business, or we don't sell; and 2) Business fixed assets are also similar to live stocks, especially herds of camels for an Arab of the time of revelation. A herd of camels was for an Arab then as asset that represent his wealth and a source of income and growth (baby camels, meat, milk and wool). It was the machines or fixed assets of today for an industrialist!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on real estate

From: taoufik

Sent: Monday, February 27, 2006 11:19 AM

Question

Dr Kahf,

Thanks for your document (Calculation of Zakah for Muslims in North America) posted on www.Islamonline.net. It is extremely helpful. I am currently renting a few properties and wanted to know whether the Zakah applies to the net value of the properties (market value - total loans, -in that case how could you estimate the market value.. not always Straight forward) or the net income from the properties (revenue - expenses). Please advise. Salam,
Toufik

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. Taoufik

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

You know we have no text from the Prophet, pbuh, about this issue. If a real estate is purchased for the purpose of sale, it is subject to Zakah, unanimously among all scholars, because it is then like any other merchandise inventory.

And if real estates are used in agriculture, they are not subject to Zakah, rather the produce, fruits and crops are subject at the rate of 10% or 5% depending on mode of irrigation, and if it is for grazing live stocks are subject according to detailed rules known in Shari'ah. If it is taken as residence, it is exempt from Zakah.

What is disputed is: real estates used for investment such as renting, owner occupied office (not residence) and factory buildings. It all centers on what is business and investment. My opinion is that Zakah is on wealth and persons who own investment/business real estates are wealthy and there fore subject to Zakah. Besides, in today's world this is a form of money making just like buying and selling fruits and other sellable items and fairness requires treating the equal equally.

The other argument is based on analogy with agricultural land that is not subject to Zakah. This is in brief. For more info you may like to look into my article "Zakah on investment fixed assets" and the discussion on it on the internet [all in Arabic].

The amount that is subject to Zakah in my opinion is the market value of such investment real estates. This market value should be estimated to the best of your educated guess without any need to incurring expenses of a formal appraisal.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Zakah on Salaries and income

Subject: Zakah on scholarship

From: Helmi through Islam online

Sent: Sunday, February 12, 2006 3:26 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Dear respected scholars. I have few questions regarding Zakah, since I was just recently introduced to the concept. I hope

you could help in guiding me and share some of your knowledge with me. I am student receiving a convertible loan or scholarship from a company in order to further my studies and in exchange will have to work for the company for 10 to 12 years. I am receiving 452 pounds sterling per year, and about 250 to 300 is spent on accommodation and everyday expense. My first question regarding Zakah is that as a student, Is it obligatory for me to pay Zakah? I have heard of three opinions.

First, as soon as receiving 452 pounds, 2.5% of that should be immediately paid as Zakah.

Second opinion was to calculate the balance in the account for a year, and if the Nisab is reached, then 2.5% of that should be paid as Zakah.

And the third opinion was that no Zakah needed to be paid as the money is treated as allowance for studies. I am really confused which opinion to follow. If you could please provide me the correct way to pay the Zakah as well with some evidence regarding it would be much appreciated.

My second question is regarding to whom the Zakah should be paid. Could a political sub-party that claimed to be striving for Islam receive and handle money paid as Zakah? even if the money is used for the party itself and the members activities? Jazakum Allahu Khairan for your constant help

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. Helmi

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

In your case, Zakah is due only savings. Zakah is definitely not required on the amount of income you make because this amount is engaged or appropriated to your expenses. If your savings reach

the amount of Nisab (at this time it is equal to approximately US\$ 1000, one thousand) you then begin the Zakah year. Then you look after 354 days (a full lunar year) if you have an amount equals to Nisab or more, you are required to pay 2.5% of the balance you have as Zakah.

Zakah is due even if this amount is left aside for emergencies, not for a specific committed payment (like a debt or tuition that is due soon and you have no other source to pay it) but please notice that money that is devoted for expenses for the period between the 354th day and the next time you will get income is considered not subject to Zakah because it is already "engaged" for living expenses.

The Prophet, pbuh, said

that Zakah is only out of richness and considered that if the amount you have on the 354th day is just one penny short of the Nisab (he, pbuh, gave the example of 199 because the Nisab of silver currency is 200 Dirham) you are not required to pay Zakah that year.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Salary

From: Br. Tato through Islam online

Sent: Monday, February 13, 2006 5:11 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I am working as government employee for the past ten years. I received my salary regularly at monthly basis amounting to P5,000.00 (Net take home pay). Should I pay Zakah monthly after receiving it or should I wait for one year-round to see if there is a savings left on me after spending it to my family before I will give Zakah? Jazakum Allahu Khairan for your constant help

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. Tato

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Zakah is due only on accumulated savings if they reach a Nisab on the day of Zakah calculation (the due date of Zakah), obviously by adding them to previous savings and other items that are subject to Zakah. Zakah is not on the amount of take home income itself.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Money saved to make a business

From: Jalil through Islam on line

Sent: Tuesday, August 08, 2006 6:26 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I have been an immigrant for many years. I have decided to return back to my home country and settle there. I am saving monies for that purpose so I can start a small business that will be the source of my living when I am back home. Does Zakah Al mal apply on the monies I am savings? Jazakum Allahu Khairan for your constant help

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. Jalil

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes and more: Zakah applies to the money you are saving from the day the total balance becomes equal to a Nisab (# US\$ 1000), of course it becomes dues for payment after the passage of one lunar year (354 days) after that day and every 354 days then after whether you are in the country of migration or in your original country and you must add all your Zakatable assets together (savings are one of these assets). Zakah will also be applicable to the assets of your business when you start it and you will continue your Zakah years that had already been determined as mentioned above.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Should I Pay Zakah on my salary?

From: Mustafa through Islam online

Sent: Sunday, January 01, 2006 5:40 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I would like to know, if i have to pay Zakah or not. I live with my parents and I still go to university, but I have a part-time job. I earn 400 Euro a month. Sometimes this money is not enough for me, because there are times when I need more money. What should I do? Should I pay Zakah or not? Thank you. Jazakum Allahu Khairan for your constant help

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. Mustafa

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Zakah is due on the money you save, not on the money you earn. If no savings are left at the end of the year there is no due Zakah on you. If you have money put aside for emergency, and this money

reaches the equivalent of US\$ 1000, and it stayed with you for a lunar year, you are then required to pay Zakah at the rate of 2.5%.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Paying Zakah from investment revenue

From: shams

Sent: Tuesday, December 05, 2006 7:48 AM

Question

Dear Dr. Kahf, Assalamualikum wrb

I am anticipating my Zakah will be twice my annual personal expenses after I retire inshallah currently I pay my Zakah from my income which will not be there upon retirement 15% of my portfolio is to go to charities listed in my bequest upon my death is it possible (allowed by Shari'ah) if I put 15% of my portfolio into a tax exempt investment so the income is tax free and use that income to pay Zakah while I am alive and allocate the investment to be given to charities listed in my will? I will appreciate your advise. jakamullah khair

Shams

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. Shams,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Let me please settle this matter as I understand it and please correct me if I am wrong:

1. You are free to do what you like with your property, any item and all of it, while alive and capacitated. Of course investing in stocks of companies that makes Haram activities is also Haram because this investment makes you a partner in the decision making. So is investment in bonds because they are interest-based.
2. Whatever you bequeath in a last will to non-heirs is permissible and rewarded by God InShaAllah, it is limited by one third. Whatever you bequeath in this way is still owned by you while alive and you can invest it any way you like within the limits mentioned above.
3. Zakah is a religious obligation on rich persons (of course Muslims). The criteria is owning an amount of Nisab (# US\$ 1000), provided at the end of a 354 days the person owns that amount at least. The rate is generally 2.5% per lunar year, 354 days and repeated every year. Items exempt are those of personal use including residence, transportation vehicle(s), furniture, books, etc.
4. Due Zakah can be paid from the same item or any other source one may have; it is ok to pay it from your income and it is ok to pay it from return on investments and it is also ok to pay it from the principal of investment, it is an obligation and is due even when your investment make losses as long as on the 354th day you own an amount of Nisab.

5 Accordingly, it is ok to pay your due Zakah (that is on your assets) from your income that is generated from work at the present and/or from your income that is generated from investment now or in the future. But you still have to pay it even if there is no positive return!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Zakah on Gold and Jewelry

Subject: Will and Zakah on Jewelry, Changing Zakah due date

From: Sharafe

Sent: Tuesday, June 27, 2006 7:06 AM

Question

Assalamu Alaikum

Could I please obtain a copy of the Will as word document? Does my wife need to fill one out separately? And is this binding by Canadian Law?

As for Zakah Calculation, what about the view that one can choose a time in the year to pay Zakah (every year at that time) and whatever he/she has at that time is what Zakah is calculated upon? So someone wants to pay his Zakah every year during the 1st 10 days of Dhul-Hijjah...when that time comes, he calculates his Zakah then. Also, for women's jewelry, it's an estimate as to how much is Zakatable (based on how much other women have of the same income level) correct? How do we measure the value of the jewelry? Do you teach courses in Islamic Finance? Did you ever consider opening an Institution that teaches and researches in Islamic Finance and Economics? jazzak Allah khayran, Assalamu Alaikum

Sharafe

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. Sharafe

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

- 1) Please receive a copy of the last will yes each person needs a last will. You can also make a living trust together or separately but the last will has to be separate. Please ask a legal advisor in your province, I don't give legal advices.
- 2) Zakah is due one lunar year (354 days) after you got Nisab (# us\$ 1000) first time and every lunar year then after. But yes, you can change your Zakah year by paying a proportional amount that corresponds to the proportion of the year you are shifting
- 3) For jewelry you take the market value on the day when Zakah is due and if this is difficult or involves a cost you make your best educated guess. Two conditions should be satisfied together for jewelry to be exempt from Zakah: not more than her peers plus/minus a reasonable

margin; and being used regularly for what ever they are to be used for, i.e., not used as simply a store of value or savings

- 4) I give a lot of training courses, continuous education to adult professionals and I taught in the past in Universities and have a lot of experience to enable me to give a lot of knowledge to keen and concerned seekers of knowledge in my area. I did not make an institute because I don't have the marketing skills or the time for marketing, do you have any suggestion?

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Gold

From: Haja

Sent: Wednesday, June 07, 2006 12:16 AM

Question

Dear Dr. Monzer Kahf, Assalamu Alaikum!

May the Almighty shower his blessings upon you.

I have some questions regarding Zakah on gold ornaments:

1. Some scholars are saying that Zakah on gold ornaments are due only once in a life time! How far is this authentic?
2. What is the ""nisab"" amount for gold ornaments?
3. What about the Zakah on gold coins? What is the ruling on it?

I would be very much thankful if you could kindly answer the above questions. May the Almighty forgive all our sins.

Wassalam,

Haja

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 Haja

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

- 1- There is evidence at all to support the claim that Zakah on gold jewelry and/ or ornaments is due once only in life time and this view is completely baseless in Shari'ah. Zakah is yearly on all items that are subject to it.
- 2- The Nisab on gold is the equivalent of 20 Dinars. This is 85 grams. This is what applies when one owns gold jewelry or other gold ornaments. For analogy to money, it seems to me that The Shari'ah does not intend to change the Nisab along with the daily changes in the price of gold in the New York Commodity Exchange. Therefore, I always suggest skipping the daily changes and take the value either at the beginning of each Hijri calendar year or fix it in terms of money on even a longer terms basis while we keep it close to the price of gold. For the past few years I've been considering the Nisab of money as about US\$ 1000. it was the price of 85 grams a few years ago.

- 3- Certainly golden coins are subject to Zakah. They must be added to other item in the calculation of the total Zakah due on a person.. You may apply the same rule of jewelry or take their value on the due day of Zakah, and add it to the value of other items. After all, Zakah may be given away from the same item or from other item, i.e., it can be paid in cash.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Jewelry and Business

From: Basharat through Islam on line

Sent: Wednesday, May 31, 2006 2:39 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I had a business in India actually it was my father`s business, now I have come to Pakistan and started fresh since last may i want to know the system of Zakah applicable on me, my wife has got jewelry worth 1 million of Indian rupees. I don`t have any assets with me other than this a million of working capital and 1million in jewelry of my wife, although i will get my share in land whenever my father give how much Zakah is on me and on jewelry?

Jazakum Allahu Khairan for your constant help

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. Basharat

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

According to the Hanafi school, your wife's jewelries is subject to Zakah every lunar year (i.e., 354 days), the first such year began on the day she acquired them. If the business you were running in India is owned by your father, he is responsible for its Zakah. For your own business, all the working capital is subject to Zakah once a lunar year and the first year begins on the day you got an amount of Nisab (# US\$ 1000).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Jewelry

From: Dr. Ilyas through Islam on Line

Sent: Sunday, December 03, 2006 1:22 PM

Question

Dear Dr, Monzer, Assalamo Alikum Wa Rahmatullahi Wa Barakatuh

I hope this message will find you in the best of your health and spirits. I have been listening different opinions on the payment of compulsory Zakah on golden jewelry (ornaments) used by the women. Some of the scholars say that it is a must and there is no exclusion as long as it is gold. While the other scholars say that the golden ornaments to be worn by women are not subject to payment of Zakah. I have heard over the Riyadh Radio Q&A session with the Chief Mufti of Kingdom of Saudi Arabia Shaikh Abdullah Aale-Shaikh that there is no Zakah on golden jewelry regardless of the quantity i.e. weight. The women re-questioned that the golden jewelry is worn only on few occasions i.e. Eids or marriage ceremonies of relatives. The Aale-Shaikh (may Allah give him long life) replied as long as it is jewelry for the purpose of wearing, then there is no Zakah on it. However, if it is for business and stock keeping then Zakah is compulsory.

I have also heard that most of the Ahadith stating compulsory Zakah on jewelry are not falling on the merits to say that Zakah on jewelry is must. One of the arguments heard in this context was quite logical that the ornament in use even lose their weight over a period of time therefore, the owner is already losing some weight of gold or silver which are soft metals. What would be the ruling on some other precious metals which are higher in price of gold and used as an ornaments. One scholar stated as the principal of compulsory Zakah is on the commodity which has the natural growth i.e. increase in number, weight and value. Your valuable opinion in this regard will be highly appreciated. With best wishes and regards always,

Dr. Ilyas

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. Ilyas

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

This is a typical example of those matters that are subject to Ijtihad. Of course we will have different opinions and it is up to you to select what seems most consistent with the spirit of Shari'ah. Zakah is on the rich. In the final analysis, if having a given amount of jewelry makes a given woman rich compared to her peers, she must take that opinion which imposes Zakah on that amount even if it were for wearing it. But if she feels that whatever jewelry she has is being used like she uses her cloth (some of them may even be more expensive than jewelry) she would then select an opinion that does not impose Zakah on jewelry that is in use. Of course you must keep in mind the area of agreement: when jewelry is taken for business or stock keeping it is subject to Zakah. The Hanafi school argues that jewelry, when it reaches Nisab, is an evidence of richness and it is therefore subject to Zakah, and the Hanbalites argue that as long as it is there for the intention of using it, it is not subject to Zakah. I don't think that there will be a time in which we will reach an indisputable position no matter what argument I can give you because the matter itself is open to opinions, so what is the problem in not having a final word? I respect all other views but I still argue that if the amount of jewelry is beyond the usual and customary amount that her peers have, it is subject to Zakah even though it is being used on a daily basis. Moreover, using jewelry is normally not daily, most expensive pieces are usually worn only on occasion, therefore for jewelry this occasional use is what is meant by the word "use". I go along with the idea that when jewelry is for keeping only or for trading it is subject to Zakah but it is also subject when it is for use but substantially makes a clear expression of richness.

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

Subject: Paying Zakah on Gold Saved for Marriage

From: A Sister through Islam online
Sent: Sunday, January 22, 2006 3:52 AM
Question

Do we have to pay Zakah on the gold saved for immature girls for their future marriage? I have one more doubt...In my country silver is quite cheap. And since any person who has around 510 grams of silver or equivalent money saved for one year cant be given Zakah, can't we help some relative who is needy but still has this much money saved for his daughter's marriage.
Jazakum Allahu Khairan for your constant help

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.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

If the amount of gold saved, for any purpose including marriage and future needs, reaches Nisab and you have it also after a span of 354 days (a lunar year) it becomes subject to Zakah. The answer to your first question is thus YES. in our days we use paper money and bank accounts for saving and rarely we keep gold or silver, if one keeps gold or silver, we apply the weight as mentioned in the Hadith regardless of its value. But if we have to make analogy and apply some standard to paper and bank account money we do not use the value of silver but rather the value of gold because the value of silver is low to an extent that void the purpose of Nisab as a yardstick for Zakatability. Therefore the Nisab is much more than the value of the amount of silver that you mentioned. Hence, a family that owns money in the value of 85 grams of gold and this money stays for a year not used by family's expenses is not a poor family that deserves Zakah, is it?!

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

Zakah on Shares and Stocks

Subject: Zakah on Shares

From: tariq
Sent: Friday, October 20, 2006 3:28 AM

Question

Dear Brother Monzer, Asalamu Alaykum wa Rahmatullahi wa Barakatuh

My query is regarding payment fo Zakahh in the following case: Is the promoters shareholding in a company deemed as part of Nisab? Suppose the promoter(s) of a company hold say 40% shares in company which is listed on a stock exchange. Generally the promoters of the company have a long term investment in the company. These shares are generally not traded and do not seem to be like stock in trade. My question is whether Zakah needs to be paid on these shares or only on the dividends received, if any? Wasalam

Tariq.

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. Tariq

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

My view is to consider the wealth of the person at the point of time when Zakah is due (end of the Hawl). All business assets are subject to Zakah and we deduct loans and other debts on the person. In other word, in my opinion all asset are subject to Zakah except those that are for personal and family use (residence, transportation, furniture, cloths, personal books, personal jewelry actually used [in contrast with hoarded], etc.). The other opinion is that only thing meant for sale are subject to Zakah (except in case of live stocks then this condition is relaxed and all is Zakatable).

According to this opinion, this promoter should calculate his share out of mobile assets (merchandize for sale and in process + cash + receivables) of the company and only this amount is subject to Zakah. Zakah is not on dividends because dividends are either a part of the cash of the person or used for Zakatable items and as such they are subject to Zakah or they are used for personal/business's non-Zakatable items and hence not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Zakah on Pension plans and Provident Funds

Subject: Zakah on 401K

From: Uroosa

Sent: Thursday, October 05, 2006 12:57 PM

To: 'Monzer Kahf'

As Salamu Alaikum Dear Brother Kahf,

I hope your Ramadan is going well, and that this email reaches you in good spirit. I have a question about the Zakah Calculation Form, which has recently come to me by one of our members. The person has a 501K and he wants to know if the entire amount of the 501k needs to be included in the calculations, or only the amount that is currently available to him.

My instinct tells me that it would be only the amount that is currently available to him, but I wanted to ask you and make sure. Was Salam
Uroosa

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. Uroosa,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

You mean 401K, don't you? The whole amount in the 401K is subject to Zakah except the part that is not vested yet (some employers deposit in your account but the amount becomes your after certain period of time, if the employee leaves before the deadline of this matching money, she/he would not qualify to take it, i.e., it is taken back by the employer). The reason is that the whole amount is owned by the employee and she/he invests it the way he/she pleases within the limits of the regulations. the Government has the right to impose certain restrictions of certain kinds of properties but these restrictions do not change the nature of ownership unless they reach the kind of confiscation of the like. Restrictions on the 401K are minimal and do not reduce the right of the employee as this is a fund, that is given certain privileges to be used for retirement. Zakah on it (calculated and accumulated year after year) can be delayed until the date of withdrawal without invoking any sin (sin of delaying payment of Zakah) because the principle is that Zakah is payable from the same item unless the owner chooses to pay it from other resources. For detail please consult my several Fatawa on this subject on my website.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Must I pay Zakah for Provident Fund?

Br. Samy at Islam on line, please give details on the country of the questioner, if you have them, because they affect understanding the nature of provident fund, they differ from one country to another.

Monzer

From: A Questioner through Islam on line

Sent: Thursday, September 28, 2006 12:14 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I am an employee and am bound to contribute towards Employees General provident fund. An amount has accumulated with the government. I can a portion of this amount by giving a valid reason for which I need the money but have to return that amount through monthly installments which are deducted automatically from my salary. As per rules I am bound to contribute about 6.5% of my pay towards the fund. But for getting other benefits I am contributing about 35% of my pay. Now i want to know may I have to pay Zakah for this amount which has accumulated with

the government in the shape of this Provident fund. Kindly advise in the light of Quran and Sunnah. Jazakum Allahu Khairan for your constant help

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.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

To answer this question we need to establish whether you fully own the amounts that accumulate in this fund or not. We need to know whether the government or employer adds any matching funds in your account; are the matching funds vested immediately or they have a period (like 6 month or a year) to be vested? Under what circumstances you can withdraw such as paying medical bills, buying a house, marriage to you or your children, no reason but with a penalty, etc. Also we need to know whether you can select the investment venues of these amounts or not, what choice do you have for investment. Additionally, are the same rules applied to the obligatory contribution (the 6.5%) and the additional contribution (the rest of the 35%) or there are different rules that apply to the latter? Whence we establish full ownership (minor restrictions such as penalty for withdrawal and taxability of withdrawn amount don't matter) the account will be subject to Zakah, the example of this is IRA and 401K in the USA. But if we establish that contributions and matching funds are treated as a form of taxes, though they accumulate in your account and you receive a yearly statement of them, and benefits are treated like insurance compensation as pensions during retirement or pensions for incapacitation and payments based on incidences, the fund will not be subject to Zakah. Please refer to several Fatawa in this regard, for several countries, in the Fatwa bank of Islam on line and on my website, www.kahf.net.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Zakah on Properties Purchased for Sale

Subject: Zakah on Land purchased for sale

From: Ahmed through Islam on line

Sent: Monday, October 02, 2006 2:00 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

A friend of mine bought a piece of land one year ago. The price was 300,000 rupees. His plan was to sell it. Now he still owns the land and the market value has gone up to 400,000 rupees. So should he pay Zakahh on the 300,000 or the 400,000. And how much percentage should he pay? I would be very grateful if a reply could be received as soon as possible. May Allah bless the people who are responsible for this site. Jazakum Allahu Khairan for your constant help

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. Ahmed

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The Zakah on this piece of land is at the rate of 2.5% every lunar year. The value that is subject to Zakah is the market value if the owner decides to sell it immediately, if it is 400, 000 then this is the Zakatable amount. But you must notice that this land is subject to Zakah as a part of the Zakatable assets of the owner. This implies that the lunar year for it is not independent from other assets, hence the beginning of the lunar year for this item is the same as the already established Zakah year of the owner (the first such year begins on the day she/he owned Nisab for the first time).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Zakah of Properties in Trust

Subject: Zakah on amanat

From: Abod through Islam on line

Sent: Wednesday, October 18, 2006 12:09 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

My father keep money for my Borther study with me as his ""ammanath"" for his study. I am paying his Collage Fees after every 6 months and I have to pay this for next 3 years. now it is one year and I have his money with me in my account. Do I need to give Zakah from his money OR not? Jazakum Allahu Khairan for your constant help

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. Abid

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

If your brother already started his study and this amount is assigned for his tuition and living expenses for the period of study, it is not subject to Zakah. The rule is: any amount that is committed or contracted for payment of future expenses is not subject to Zakah, if it is only reserve on expectation, not contracted, it is then subject to Zakah. I consider a student that started study as one who contracted the tuitions and other expenses.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

Rikaz, Minerals and Extracts from Land and Sea

Subject: Rikaz & minerals

From: Rasha

Sent: Tuesday, July 25, 2006 5:05 AM

Question

Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,

How are you these days, I guess you are following the bad circumstances in our region, the same as here.

Is the following info correct?

Minerals: rate of Zakah is fifth =20 % or 2.5%, depends on cost in finding and extraction.

Sometimes it is written in the books fifth and sometimes is one-fifth, actually I discovered that am not good in Math. Buried treasures: rate of Zakah is fifth 20%, Rikaz: rate of Zakah is 20 %,

Extraction from the sea: either 10% or 5 % depending on efforts.

But what is considered the above extractions if it was discovered by non-Muslims and how much the rate will be in each cases? Wa salam. Regards,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. The issue of Rikaz is much more complicated and its treatment in the classical Fiqh literature is inconsistent with our contemporary industrial competitive world. It needs fresh new and at the same time original thinking. For instance if you charge today any mineral extraction industry 20% of its output as Zakah (Rikaz) they cannot function and you will be unfairly raising the prices of these raw minerals. Mineral extraction is just an industry that requires huge capital investment like any other, I don't think we can treat its assets/products in Zakah any different that any other industrial assets/products.
2. There is a need to distinguish between windfall wealth such as treasures or even minerals found while digging for some other objectives like to put a foundation of a building and industrial exploration and extraction of minerals. Windfall wealth can be subjected to Rikaz 20% while the other is only a Zakah matter. Defining a windfall wealth is important. I give no weight at all to the distinction you may find in Fiqh between treasures buried before Islam or after it, or between minerals above or under ground or between liquid or hard minerals. These distinctions are only opinionated and have no evidence from the Sunnah and have no rationale for economic point of view.
3. We need to discuss, again, the issue of finality of ownership of minerals, is it lodged with the Ummah or with individuals? If it is with the Ummah the question of Rikaz/Zakah on them may become a side issue or even negligible.

4. The most that can apply on fishery is the analogy to agriculture (10% or 5%); although there is a great wisdom in applying the industry criteria on industrial fishing, as done in our today's world, say by applying the 2.5% rate on whatever we agree as being Zakatable items on fisheries of more than normal individual sizes and call this a corporate rate and applying the rates of agricultural Zakah on individual sizes.
5. The status quo of Islamic scholarship at this time is not yet ripe in my opinion to have any fruitful re-thinking on these issues and I personally prefer to leave them asleep rather than have immature Fatawa from regressive minded scholars.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Distribution of Zakah - General

Subject: Processing Zakah Applications

From: A Person through Islam on line

Sent: Sunday, November 19, 2006 7:34 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Dear respected Scholars who love and fear Allah as Allah should be loved and feared: I have questions that involve issues of Zakah and Sudaka. Just recently I was nominated to the Zakah committee of a local Mosque in the U.S. My duties involve processing Zakah applications. These duties include approving Zakah applications and approving the amounts that I think the applicants are entitled to according to our Zakah resources. Admittedly, I have very little knowledge about the criteria that is involved in deciding whom amongst the applicants qualify according to the standards set by Allah (SWT) in the Qur'an and Prophet Muhammad (SAW) in his teachings. In processing the applications that came before me, I was relying on the application itself, which sets out the criteria. Although, the former Imam was using the same application, I noticed that the application has many deficiencies. For example, the only application we have is the Zakah application. When a person applies for financial help, nowhere on the application does it give the applicant a choice to apply for Zakah versus Sudaka. Also, in order to qualify for Zakah, the applicant must confirm and sign a preprinted statement affirming that s/he is a Muslim and believes in Allah and His last Messenger. After performing routine information verification/confirmation, I learned that some applicants were actually not Muslim and just signed the statement without regard to the truth. Maybe this is because the only application for assistance is the Zakah application. Another issue that I am concerned about is the fact that the Zakah application looks more like a welfare application for the West and not a Zakah application for Muslims. For example, the application doesn't ask specifically about gold/silver. It asks about Monthly income (from all sources), net assets (value of your possession), monthly expenses (rent/mortgage, medical bills, transportation costs, other bills). Finally the application asks for a brief description for the reason why the applicant is applying along with biographical/family data (Name, age, address, dependants, marital status, age, and etcetera).

Additionally, I am finding that many applicants are not poor but are financially irresponsible. For example, many applicants have credit card debt they are asking help with and others who have nice monthly incomes are living beyond their means. They are literally living day to day with borrowed money. Then there are some who are actually poor and are habitual Zakah applicants. They would come everyday if they could. Some of these poor persons are just not able to hold a job or lost the energy and/or hope to work. Then there are applicants that are in-between the two types described above. It is rather confusing and stressful because we are dealing with Allah (SWT)'s money and we have a responsibility to follow His rules. After discussing the Zakah application with others, I noticed that other Mosques are using the same process as the mosque I normally attend. Can you please provide a guideline for what a Zakah application should look like, whether a personal interview is required, who qualifies for Zakah, does there have to be a separate application for Sudaka so that applicants have a choice, should we give to those who are poor and keep coming back, those who are rich but financial irresponsible, and all other questions that you can imagine that can come up when processing the Zakah applications. In my opinion, the poor in the U.S. are not like the poor in other countries. In the U.S., you can't starve to death. In the U.S., you have access to so many welfare resources that it will make you wonder why we even give Zakah to the citizens of the U.S. Maybe we should just send all the Zakah to overseas people who are in more need.

The point of asking for your help with the above dear scholars is that I don't want to follow my opinion or the opinion of other administrative officials, I want to do it as Allah (SWT) wants us to do it. Please provide details, details, and details. Please describe what should be on the application (questions), how far should we go to prove the information is true (verification over the phone, make them provide proof of their claims), if they can't pay their rent, do we have to give them the money or can we pay the person the rent is owed to. If they can't pay their medical bills can we pay it for them instead of giving them the cash? Dear scholars, there is so much fraud it is unbelievable. Some applicants can put anything on their application and it's based completely on trust. By the above question to you oh Scholars, I will tell Allah (SWT) that I paid the Zakah (His money) based on asking those with knowledge and not based on my own imperfect ideas. May Allah reward you for helping me for Allah's sake! Amen!

Jazakum Allahu Khairan for your constant help

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 anonymous

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

I have many comments on your question and style, please allow me to be fully frank with you before I touch on your query.

1. Your phrase "as Allah should be loved and feared" can't apply to any person including the Prophet Muhammad, pbuh. No one can love Allah and fear Him the way that should be because no one know that way and no one can reach that level no matter what we do... Don't say that again! Instead say "as much as we as human beings can love and fear Him," Subhanahu Wa Ta'ala.
2. At the end you want to throw your responsibility on others! You can't... You are the distributor on behalf of payers then you are the only one who is responsible for what you are

assign to do by the payers. We can help you as much as we can but it is your judgment that finally counts and applies for which you are responsible.

Now your question:

1. I have come across this process of applications many times and in several Muslim countries (knowing the differences between what is available to poor here and in other countries) The most important thing that needs to be changed is: **THE APPLICATION MUST BE SUBMITTED AND SIGNED BY A PERSON WHO RECOMMEND ANOTHER FOR FINANCIAL HELP** not by the potentially deserving person. When a person applies she/he is humiliated whether we admit it or not. An application for a financial help involves humiliation to which the poor must not be exposed. Besides, when a help is recommended by another (who must be a respected member of the mosque, association, or community) a good deal of the investigative work is already done!
2. The application content seems ok, you don't need to ask about gold and silver because nobody deals with them. If the deserving person, for whom the application is filled, is a woman having some jewelry is ok for her and she still may qualify for Zakah. Add questions about credit cards, how many and pattern of use, add also questions about life style and about accessibility to government and other sources of financial help (some people for immigration reasons may not have accessibility). When you address these questions to the recommending person you don't embarrass the poor but you alert the recommender. Remind the recommender of her/his responsibility to make correct info.
3. In the process of reviewing the application, you may interview the recommender and sometimes the potential poor especially for the purpose of helping in finding other sources (whatever you pay as Zakah and Sadaqah is small anyway!) and **MORE IMPORTANT FOR THE PURPOSE OF HELPING TO SOLVE OTHER RELATED PROBLEMS**, mostly psychological, social and spiritual that cause inability to solve financial difficulties. This way, smaller amounts may help a lot. For this purpose, seek help from other local help organizations (There are many such organization in the USA, every where most of them are community based and some of them are by Muslims and for Muslims (like Access in Southern California where I live). There may be a battered women problem associated with financial need, especially among relatively new immigrants, here again there are many Muslim houses for battered women across the US you may like to establish continuous relations with.
4. Leave the decision to give from Zakah or from Sadaqah to the committee (I suggest that you must not act alone, form a small committee by adding two others). Zakah is a little stricter in its distribution than Sadaqah but basically you are given both on Wakalah basis from donors and you must fulfill the implicit requirement of Wakalah. You can't use Zakah to spend on the mosque, center or Islamic school (spending on them is the responsibility of the Muslim community not the poor who is the deserving party of Zakah, and educating children is the responsibility of parents, poor parents may take from Zakah for that purpose).
5. Be wise in distribution: set priority and make a budget to which you stick with approximation, call for more donations and Zakah when you need. Most poor in America do not really deserve Zakah or Sadaqah and there are Muslims and non-Muslims who are dying overseas out of poverty. Of course you must distribute locally to the pressing needs until you find other sources for them but you have to be wise in setting your priorities.
6. You may pay directly to landlord in case of due rent and also similar due bills. Medical bills in America are virtually un-payable by the poor. Medical institutions usually forsake them or

drastically reduce them especially when paid by a third voluntary party. You must negotiate them keeping in mind that if the person is poor medical institutions have no recourse on him/her anyway and that is permissible in Shari'ah and in the law anyway, it is like bankruptcy. Besides, medical bills are abnormally inflated in America because of historical political and monopolistic reasons. Better not to pay medical past due bills from Zakah or Sadaqah.

Please write again if I missed any thing or you need further help.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Options for Distributing Zakah

From: Yaman

Sent: Wednesday, September 20, 2006 10:37 PM

To: 'Monzer Kahf'

Asalamu alaykum wa rahmatullah

There's a lot of talk about giving Zakah in the US to masjids, Islamic schools, or Islamic organizations... not for the purpose of distribution to the poor, but for the administration / activities / operation of the organization itself. Is this a valid category for Zakah?. Specifically, does Zakah "qualify" if it is given to organizations like ISNA, ICNA, MAS, CAIR, etc to put on conferences, distribute Islamic material, pay for staff, etc. Jazakumullahu khayran & salams, yaman

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 Son Yaman

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

The answer is: NOOOOO. All of these do not qualify for Zakah except one: CAIR and CAIR kind of work (defending the rights of Muslims in any country if it is serious and effective). Schools is the responsibility of parents, Other Masajid and Islamic organizations are the responsibility of the communities that should not be taken out of the Zakah that is essentially the right of the poor that we have plenty of and the right of defending Muslims, their religion and their lands and we have plenty of need for it.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Distribution to political parties and organization of Zakah fund

From: Rasha

Sent: Tuesday, August 01, 2006 11:11 PM

Question

Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,

For Muslims God reward is an important feeling for us. Rather when you talk about this issue in front of Non-Muslims, it may be difficult to imagine this idea (I guess).

One more idea crosses my mind:

1-What if I'm a Muslim and I make a donation to a political party in my Muslim country, do I consider this donation as a living expense, or let me put it in another way: what is the Zakah rule for political donations

2--In your opinion and from your experience, does the performance of Zakah fund in North America and other western places are better than the ones in the Islamic world?

Salam for now,

Rasha

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. The distribution of Zakah is subject to strict rules as explained by the Prophet, pbuh, when some one asked him to give him from it and when his two cousins wanted to get some from it (that is by the way a kind of political because they were relatives of the head of state). NO, Zakah cannot be given to political parties even when they say, rightly or not, that they serve Islam and its ideology!
2. The best voluntary performance of Zakah is when it is backed by the government as in Kuwait. The percentage collection to non-oil GDP is about the same as it is in Saudi Arabia where it is obligatory. It is definitely incomparable to countries like North America or South Africa, where the best Zakah fund exist.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Giving Sadaqah at Places That Collect Zakah

From: a Questioner through Islam on line

Sent: Tuesday, July 25, 2006 2:08 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I would like to know if it is permissible to pay money with the intention of ""sadaqa"" at places that collect Zakah money. Jazakum Allahu Khairan for your constant help

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./Sr.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes, it is permissible. The example of it is to put some Sadaqah money in a box written on it Zakah in a mosque. It may sometimes be wise because it amounts to giving a signal to the agent (the mosque management in the example) who administers and distributes the collection that this money should be distributed only to the same kind of Zakah distribution. You know that Zakah can only be spent on the categories that are mentioned in the Qur'an (9: 60) while Sadaqah, like any other donation, unless designated to a specific objective, may be spent at the discretion of the person who manages it.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Giving Zakah to Poor and Needy

Subject: Poor & Needy in Zakah

From: Rasha

Sent: Wednesday, August 16, 2006 10:50 AM

Question

Dear Dr Kahf,

I have read your book: Economics of Zakah, 2 nd edition, 2002

What is the definition of poor and Needy? I know that they maybe very near in the definition, but why am in need of this distinguishing between them are the follows:

1-When i define the Poor, then the wealth or money that are given to them it can stands to be as Health Insurance (if i defined the poor to be people who have lack of resources because of illness, disability,...) in comparable to social security system.

2- if i define the needy: to be people who are willing to earn money but unable because of lack of opportunities of work, then the proceeds of Zakah given for them stand to be as the Unemployment compensations as applied in the secular social security systems. Pease Dr.Kahf i need your help,,,,,,

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. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The fact is that there is a great deal of mingling in the definition of the poor and needy and some scholars take them as one category. Basically the poor is one whose resources are not sufficient for

living expenses (resources in Zakah chapter always means income and what can be liquidated without difficulty of assets), a needy or destitute is one who is deprived (although some scholar interchange these definition because in Surah al Kahf [not my name] the mention of Masakin refers to them as owners of a boat that gives them some income). Definitely you cannot restrict the definition of either of them to health insurance this is very restrictive and unacceptable.

By the way the word Salam is much better than peace, especially from an Arab like you!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Paying Zakah to a family whose income is not sufficient to pay school fees of their daughter

From: Nimr through Islam online

Sent: Thursday, April 20, 2006 3:56 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Thank u for accepting my question. A couple in my family with two children, both work, but their salary pays home mortgage, utilities, daily expenses but no saving, they owed credit cards companies. From this September 2006 they want to register their 13 year daughter in ISNA Islamic school, the monthly fees is about 450.00\$ which they can't afford but still they insist to be in an Islamic school. My question can I pay them some of the yearly fees from the yearly Zakah amwal and or advise them to try with the school board to reduce the monthly fees, which I doubt they will accept jazakum. Jazakum Allahu Khairan for your constant help

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. Nimr

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

School expenses is part of their total expenses and if they believe that a private school, especially, Islamic, is what is suitable to their daughter it is their decision. If you believe that their income is not sufficient to pay for their total expenses you may give them your Zakah, especially that they are relatives, as this is also a kindness to relatives. You should give it to them and it is their decision to pay for the school. In my opinion, ISLAMIC SCHOOLS AND MOSQUES AND CENTERS IN AMERICA DO NOT DESERVE ZAKAH BECAUSE THE MUSLIM COMMUNITY CAN AKE CARE OF THEM NOW, WE ARE NOT IN THE SAME POVERTY POSITION WE WERE IN THIRTY YEARS AGO.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Distribution of Zakah to Relatives and to Non-Muslims

Subject: Zakah to brothers

From: Mohyedin Through Islam on Line

Sent: Wednesday, September 20, 2006 1:01 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I used to write to you in the past, asking for fatwas about certain issues, and always you gave me the proper fatwa, Jazakom Allah Kul Khair. Today i have one question, and hope you will find me a proper Fatwa inshaallah.

Like every year I like to pull out my Zakah in the month of Rhmadan, i am getting ready these days to do the same, as there are some people they owe me certain amounts of money, some big some small, and i know that i have to pay Zakah even on those amounts, however one of those people is my brother, and he has an amount of money for few years, and he doesn't deny that, and now he told me that he finds a hard time collecting that amount, and he said that he asked for Fatwa, and one brother Imam told him this: that if i want I can calculate that amount and include it in my Zakah, so this way he doesn't have to pay, like for example if he owes me 1000 dollar, and my Zakah this year is only one thousand, then i just forgive him that, and i don't pay Zakah this year, and he doesn't owe me any money.

Please i really appreciate your cooperation, and waiting for your Fatwa, as Rhamadan is coming very soon. Wa Kul Am Wa Antum Bikhair.

Jazakum Allahu Khairan for your constant help

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. Mohyedin

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Many thanks for your letter; you are right and wrong in your guess! Right that Zakah can be given to a brother if he is in need, even if the need is for debt payment.

On the other hand a payer of Zakah must not make the process of payment such that she/he will benefit from it (I am not talking about tax deduction from income for giving to charities that exist in some countries, that is permissible) in a way that all of part of what is paid is virtually returned to her/him. You cannot forfeit a debt as a Zakah. There must be complete separation between the giving of Zakah and the repayment of a debt. I hate to say, at this stage of this specific case, that it is ok to pay your Zakah to your brother, knowing that he is going to give it back to you in repayment of the debt. In general, if you give your Zakah to a person in need (say under debts) and that person, on its own initiative and discretion, decided to pay your debt out of what it received from you after actually getting it in its hand, that is permissible.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Money Given to Christian Relatives: Is It Counted As Zakah

From: Ali through Islam on line

Sent: Sunday, December 10, 2006 5:40 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My wife was Christian, now AlhamduLilah is Muslim. Her family is still Christian living overseas but relatively poor. Now they're children going to college and my wife sends them good financial help for college. Does that count as Zakah for my Muslim wife to send needed money to her Christian family? JAK Jazakum Allahu Khairan for your constant help

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

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

No, Zakah of Muslims should be paid to Muslims. Only when a government collects Zakah and it has surplus over and above the need of Muslims, it can give from Zakah to non-Muslims. in today's world, the needs of Muslims are tremendous and no amount of Zakah would satisfy these needs. It is good to help our relatives regardless of religion, Even Safiyyah, May Allah be pleased with her, the wife of the Prophet, pbuh, helped her non-Muslim relatives, but of course not from Zakah bit as a Sadaqah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Distributing Zakah to Persons under Debts

Subject: Giving Zakah to Someone to Pay his Debts to Conventional Banks

From: through Islam on line

Sent: Wednesday, November 15, 2006 12:00 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Can I give a Zakah to someone in order for him to pay his debts to conventional banks. Namely, one of my relatives has borrowed money from conventional bank for business sake. However, as time has gone he was not able to cope with his business. He failed in his business but was not able to pay back all debts to the bank. He sold off his house in order to pay it back. It was not enough and now he is in need to pay it, otherwise he will be taken to the court and subsequently to the jail.

Can Zakah people pay Zakah to him in order for him to pay debt back Salam and thanks in advance. Jazakum Allahu Khairan for your constant help

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.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes, Zakah can be paid to the person you described, who sold his house and still under debts to conventional banks. However, he should be able to declare bankruptcy and could have saved his house and your Zakah too. Persons who are not able to pay debts after they made their honest efforts can't be taken to jail by all laws and in all countries. It is only fraudulent debtors who can be jailed.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: forsaking Debts as a Zakah payment

From: Zainab through Islam on line

Sent: Thursday, October 12, 2006 1:12 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I have two pious cousins (they are brothers) to whom I lent 2 lakh Indian rupees two years ago. Their intention was to repay the debt as soon as circumstances turned in their favour. Unfortunately today they are not in a good position to repay the debt. They have taken Zakah from other relatives. Besides, presently I am in need of the money myself. Can I forgive the debt and account the amount of 2 lakh Rupees as Zakah? Please do pray for them so that Allah may improve their situation. Thank you for your help and time. Jazakum Allahu Khairan for your constant help

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. Zainab,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Of course forsaking these two debts is rewardable from God InShaAllah and is considered a great charity as He Subhanahu Wa Ta'ala told us in 2: 280. But these amounts cannot be considered as partial or total payment of your own Zakah for this year or for past or future years; they cannot be deducted from the amount of Zakah that is due on you. The reason is that giving Zakah can't be effected to your own benefit. Writing off a debt, while a good deed itself, does not relieve you from paying your own Zakah on your Zakatable item, otherwise you are benefiting yourself.

Wa Allahu A'lam

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

Subject: relieving a debtor as Zakah payment

From: Jaber through Islam on line
Sent: Sunday, October 08, 2006 2:52 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
It's been 2 years that I had given a handsome loan to a friend of mine with a written promise of return with in 5 months from the date but in vain, no returns till date. His job is gone and his family is dependent on some small rent from a flat they own. Now that Ramadan is coming and my yearly calculation and distribution of Zakah is due in this month. Can I excuse this full amount or a part of it with the Niyya of Zakah,(as from my knowledge of his current status he is falling in the category of Zakah receiver, but he would not ask for it due to his self respect.) I am confused also,so kindly help me out with the Islamic ruling in this situation.
Jazakum Allahu Khairan for your constant help

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. Jaber

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

You cannot relief your debtor from a debt and consider this relieved amount as Zakah paid because you are like giving Zakah to yourself. On the other hand, since your debtor is unable to pay at the present, you do not include the amount of the debt with the Zakatable funds that you have, this debt has become weak. You still can give part of your own Zakah to this debtor person if he is in need for his personal and family expenses.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Zakah of al Fitr

Subject: Legitimacy of Paying Zakah Al-Fitr in-Kind and not in Cash

From: Samy through Islam on line
Sent: Wednesday, November 08, 2006 1:39 AM

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Many Islamic scholars have legitimized the payment of Zakah Al-Fitr in cash in order to lessen the difficulties that Zakah recipients face with in-kind payments. However, I tend to disagree with this approach in both the Shari'ah as well as the traditional economics grounds. Moreover, instead of only considering the benefit gains of the Zakah Al Fitr recipients, scholars should also pay attention to the consequences of such approach to the general population.

On the Shari'ah grounds, it has never been reported that the Holy Prophet (PBUH) or his Companions ever paid Zakah Fitr in cash even though Dirhams and Dinars were widely used as currencies at that time in Arabia. Furthermore, except Imam Abu Hanifa, the three other Imams or 'Jamhurul Ulama' are of the view that in-kind payment is the only legitimate form to pay Zakah Al-Fitr. Therefore, the Shari'ah is heavily in favor of paying this Zakah in-kind and not in cash.

On the traditional economics grounds, payment of Zakah Al Fitr in cash creates inflation in the economy. This is how it works: when someone pays Zakah Al Fitr in cash, the recipients have now cash in their hand which was not available to them before. This cash is then used for spending on goods and services. What you have then is inflation----so many dollars chasing few goods. This new spending in the economy increases inflation level and thereby decreases the purchasing power of the rest of the population. Therefore, while helping the poor recipients of Zakah Al Fitr, this approach creates problem for the majority of the population. Therefore, the question is whose interest---the recipients' or the public's---- should supersede over the other? In the Shari'ah Principle of the Common Good 'Maslahatu Aam', the interest of the majority (the general population) more than overweighs that of the minority (the recipients of Zakah Al Fitr).

An economic model postulating the above economic explanations was put forward by Ann Katsionis of the University of Toronto, Canada. In her book 'Modern Microeconomics', Anna Kitsionis compared the benefit pensioners gain from cash payments against that of food coupon payments. The model proves that pensioners are better off with cash payments. The model, however, shows that since this approach is inflationary, the general population gets worse off. Furthermore, this economic model clearly shows the miracles of the Islamic Economic System. Even though, there was no concept of inflation in the 7th and 8th centuries, what the Prophet (May Peace Be upon Him) and his Companions were indeed doing was to help the poor with in-kind Zakah Al Fitr while protecting the general welfare of the rest of the population by pre-empting the effects of inflation. How the Prophet (P.B.U.H) who was illiterate 'Umi' could come up with such sophisticated economic policy? As Allah said in the Quran "He does not speak of his own. It is only revelations revealed" (Quran 53, 3-4).

But this is not the only place where Islamic Economics is vindicated. Many Western researchers are finding evidence supporting the basic Islamic Economic Principles. Although beyond the scope of this article, Elizabeth Warner of Harvard University wrote a book titled "The Two-Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke" with empirical evidences showing how two transactions prohibited by Islam namely home mortgage (based-on Riba) and health insurance (based on Bay'a Al Qarar) are destroying the lives of middle class American families.

Coming back to our Zakah Al Fitr, so far the Shari'ah scholars who favor payment of Zakah Al Fitr in cash are basing their arguments on the benefits the recipients of Zakah Fitr gain from cash payments. These scholars, however, have to broaden their perspective in order to include in the discussion the implications of such policies for the general populations.

Abdullahi H. Daud obtained his bachelor's degree in Economics with emphasis in Islamic Economics and Master's in Business Administration from International Islamic University, Islamabad, Pakistan. He is currently pursuing a graduate degree in Information Management at

College of Management, Metropolitan States University, Minnesota, USA. He can be reached at daudab@go.metrostate.edu <mailto:daudab@go.metrostate.edu>. Jazakum Allahu Khairan for your constant help

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. Samy

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

This is not a question but an argument. I refuse to answer it but please notice and have the person who wrote it notice too the following notes:

1. The Hanafites alone are two thirds of the scholars of the Ummah, past and present, they are alone a majority not a minority.
2. Ibn Taymiyyah, the famous revivalist of the Hanbalites, is also of the same opinion.
3. It is wrong to compare the payment of Zakah al Fitr with payments to prisoners. the former is merely a transfer of the purchasing power from one individual to another and it is in very small amounts that don't add much in the few days before Eid. The latter is a pure creation of means of payment, money, because the prisoners don't provide any value added for what they are paid. The former is earned money by the able given to the unable to spend or to be spent by the earners, the latter is not earned by addition to the quantity of money in the economy.
4. The person who wrote the comment on mortgage and health insurance is also wrong in his conclusion! His conclusion could be true is the Shari'ah-based system provide housing and health insurance free of charge but that is not the case. In the Islamic system, you also pay for financing housing and for health insurance. It is not the Gharar that matters not the interest. Islamic financing for housing is not free and health services are not free in the Islamic system. Please ask this man to study more and learn more before he allows himself to speak from a big mouth!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: How much is Zakah-ul-fitr this year

From: Mohiuddin

Sent: Sunday, October 15, 2006 3:31 AM

Question

Assalamulakum, My dear brother

I have heard that you a financial specialist. I live in Frederick, Maryland and would like to know the cost of Zakah-ul-fitr, because some people say that it is \$10 some have other calculations so could you please clarify what is the actual price of Zakah-ul-fitr this year and also maybe explain if there is a misunderstanding in the other calculations and how. May Allah all mighty bless. Thank You very much..... W'salaam

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. Mohiuddin

There is a great mess here in North America about Zakah of al Fitr. It was caused by an old (about 35 years old) mistake that associates it with the Kaffarah/Fidyah. Kaffarah/Fidyah is feeding a poor for a day (two meals and estimated at about 10 Dollars). Zakah of al Fitr is given in the correct Hadith as a Sa' (or one half Sa') of wheat, barley, date, Aqt (dried and then liquefied yoghurt), etc. whatever is the main food (food does not mean meat for the Arabs, meat and other things eaten with the food are called Idam like in the Hadith: Ni'ma al Idam al Khall) of people in the land. In North America the main food is wheat and we are not talking about baked wheat but rather raw wheat. The Sa' is a little less 5 pounds (2.25 KG). I just checked the retail price of wheat, this comes to \$3.30 for the 5 pounds. Keep in mind that this is the good high quality of wheat (al Hintah al Shamiyyah) that the companions, on initiative of Mu'Awyah, considered a half Sa' of it is equal to a Sa' of other wheat, barley, etc. This is the amount of Zakah of al Fitr per person, male or female, young or adult. It is definitely not \$10. One (completely wrongly or rather stupidly) may argue why not taking the date, whose price is five Dollars a pound. The answer is: Date is not the food of people here in America, Muslims or non Muslims alike. Date is a delicacy that we take only a few dates for Iftar in Ramadan and we don't use it otherwise, it is not the food of the land). Finally I suggest to be on the safe side by giving around figure like \$3:50 or maximum \$ 4:00 per person in the household.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf
