

FATAWA ZAKAH 2013-2015

From: Habib

Sent: Sunday, November 20, 2011

Question: Zakah on rental houses and properties

Dear Brother Dr. Monzer, Assalam Alaykum,

I appreciate you help with the following questions:

1- I am a Tunisian living in Dubai where I own a home and which I use for my residence along with my family. In addition: this home is not subject to Zakah

a- I own a home in the US which is being rented; is the US home Zakatable?

Yes, this is subject Zakah at the market value at 2.5% every lunar year since it became an investment property

b- I own a piece of land in Tunisia; I bought it 10 years ago with the intention of using it for building a home; but since I now own a home in Dubai I am not sure what will happen in the future; will it be Zakatable until I use it for the construction of a home; how about if I decide to sell it for a profit sometime in the future; is this piece of land Zakatable between now and then?

This is not subject to Zakah as long as it is for building a home back in Tunis (living in Dubai is by definition not permanent). Once you change your intention and it becomes for sale it is then Zakatable from then. At the end of a lunar year from that moment you are required to give its Zakah at 2.5% every year. You must remember that a person has only one accounting lunar year for all his/her Zakah. When we say end of the lunar year it always means your own already established Zakah year and above statement of end of lunar year are based on the assumption that there are no other Zakatable items. Otherwise you just add the value of the house and the land to your list of Zakatable items.

2- In the future I intend to transfer the US home to me daughter, she will continue to rent it, will the home be Zakatable?

If the US property becomes owned by your daughter and continue being an investment property it remains subject to Zakah at rate and conditions as known.

3- The SU home is subject to state tax; I have received a payment schedule which says that the tax due is about \$2400 and is due by March 31, 2012. If I were to pay the tax by November 30, 2011 I will pay only \$2300. My question is if I have the ability to pay by Nov 30 I will gain \$100, is this Halal or is it considered interest and in if that is the case is it better to pay now and give the \$100 as charity or wait until March 31.

This \$100 is in reality a combination of interest and penalty. I suggest you should avoid it.

Thank you brother and May All SWT reward for helping us with your knowledge.

Wassalam

Habib

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Habib

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answers below your questions

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Dear Brother Dr. Monzer,
Assalam Alaykum wa Rahmatu Allah wa Barakatuh,
Kindly refer below to an early question I have asked you which you kindly provided me with your answer. I have a further query on the same matter.
My home construction is nearly complete, however, upon further considerations, I thought I would want to continue to stay in the current rented home because of convenience, meanwhile I intend to rent my home, please advise if in this case the new home is subject to Zakah knowing it is fully paid up. Jazakum Allah-u-Khairan
Wassalam Alaykum
Habib

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in
Dear Br. Habib
Assalam Alaykum wa Rahmatu Allah wa Barakatuh
If it becomes an investment home, yes it is then subject to Zakah. Let me put it this way: you changed your mind on residing in it and now you want to use it for rent for a whole, short or long, then if you get a good price you will sell it. it is subject to Zakah at market price provided it is realizable quickly (i.e., the price you can get if you decides to sell it quickly). Another scenario is: until a few things happen and for some temporary convenience you decided to stay in the rented place but this is your house to move in once these temporary matters are settled. In this case it is not subject to Zakah. The criteria is: is it really for residence or for investment. Must be for one of them..
Wa Allah A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rahim

Sent: Tuesday, July 31, 2012

Question: Zakah and is salary income tax deductible from Zakah?

Assalam o Alaykum,

Dear Dr. Monzer Sahib,

I am Rahim Khan from Pakistan who usually consult you in case ambiguity and requirement of clarity on Islamic Masaa'il.

Today, I have a few questions in mind, hope you will provide guidance as usual.

Question. 1:

Company deducts 10 % amount of our basic salary per month and add the same amount from their end to Provident Fund Trust in our name. Some percentage is added as interest as well. The amount is paid after retirement or resignation or we can take loan on its basis. 1. Should we pay Zakah each year on Provident Fund being Eligible for Zakah on the basis of

Nisab? I need full description about the structure of the Providence fund. some of them are subject to Zakah and some other are not, the essential point is whether the accumulated funds (deducted + matching + any return) are owned by the individual and then paid back according to a certain system or it is similar to social security in America and many other countries where there is deduction and matching but funds are not individualized in terms of ownership and the benefits depends on a system and criteria established by law, rather than returning the balances in the account itself. with the info you gave I cannot make determination.

2. Or we should pay Zakah when we get the provident fund from the company at end of service?

3. Zakah will be paid on our part of amount or the amount added by company as well.

If Zakah is required it will be on both except for the unvested amount which exists in certain private companies funds that is if you leave the company whatever matching funds given in the last few month will be deducted from you by the employer.

4. (The interest on PF is Haram, it will not be calculated in Zakah., can be paid to needy ones without expecting Ajr or Sawab, thawab etc.

If the interest is specific in the personal account, the pensioner must give it to charity. He is rewarded InShaAllah for keeping his money clean but it is not considered Sadaqah. This is due when you start withdrawing. But if the funds management earn Zakah and the structure is like social security, whatever benefits you get has nothing to do with the interest earned by the government authority that manages it.

Question No. 2:

Should we pay Zakah on value of Shares/stocks in our account?

Yes, Zakah is on the market value of share on the day Zakah is due (the day 354 days pass).

Question No. 3:

1. We pay Rupees 400000 to 500000 as income tax every year. Should we deduct this payable (liability) income tax from our Zakah Calculation.

If you are talking about salary tax, the amount which is subject to Zakah of Salaries is the saved amount not the gross or the take home. If you talk about a self-proprietor business or companies what is subject to Zakah is the total net worth, i.e., balance sheet assets minus all liabilities including due but not paid taxes.

2. Means, is there any exemption of Zakah due to liabilities like income tax given government, deducted from us at source by the company?

3. Can we deduct the amount of Loans (which we receive from others- amount borrowed relatives, banks or company where we work) from our Zakah Calculations (is there any exemption for us)

Business loans are deductible and personal loans which are actually going to be paid from existing Zakatable funds are also deductible but personal debts that are going to be paid from future income (e.g., home or car future installments) are not deductible.

4. Similarly, if we have something receivable from others like the amount of loans given to relatives and friends. We should pay Zakah on it! Right?

Receivable and personal debts on others are subject to Zakah because they are assets of the creditor. There are 2 condition for their Zakatability: the debt must be either secured or the debtor recognizes his liability, the debt is collectible in a sense that the debtor can pay it (not insolvent).

I will anxiously wait for your kind response.

May Allah bless you with Barakah of Ramadan Karim.

Regards,

Rahim

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Rahim

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answers below the questions:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Dear Dr. Monzer Sahib,

I have pasted a copy of Company Provident Fund policy for your reference below. Seems like social securities in USA, you mentioned about. Should we pay Zakah every year or wait till its final withdrawal from the Company in this scenario?

For question-3:

I was talking about Salary Income Tax which is deducted from us at source, on monthly basis. At the end of fiscal year in June 30, all tax is paid by the company from our pay/salary. When calculating Zakah, this paid income tax amount to Govt. Taxes is to be deducted or not? We are actually not paying it from our saved money rather is deducted from gross salary and it continues the whole year on monthly basis. Future tax for remaining months are DUE for payment from future salary. According to the above statement Deduction of income tax paid or to be paid in future is Zakatable or not. Meaning should we pay Zakah on it or that amount is exempt? Regards,

Rahim

B. PROVIDENT FUND

I. Eligibility

All employees in regular employment will be eligible to become members of the contributory provident fund called "EPCL PROVIDENT FUND " from the date upon which the employee executes and files with the Company an application for membership on the prescribed form.

ii. Subscription

Each member will subscribe to the Fund up to ten per centum (10%) of his basic salary every month through payroll deduction. The Company will make a matching contribution every month to the credit of the members account in the Fund.

iii. Management

The Management and control of the fund shall be vested in Trustees appointed by the Company in accordance with the provisions of the law and trust deed of the Fund.

iv. Beneficiaries.

A member must nominate a person or persons who will in the event of his death be entitled to receive payment of the amount standing to his credit in the Fund, subject always to the laws of inheritance applicable to such member. The Trustees will require as a

very minimum an Indemnity Bond signed by all the legal heirs of the deceased employee before payment is made. The Trustees may, in their discretion however require a Succession Certificate or Letters of Administration before payment is made

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Rahim

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

As described this fund is voluntary and run by the trustees to the ownership and retirement benefit of the employee. This is also confirmed by confessing that in case of death it actually belongs to heir and the Trustees need indemnity for them in order to pay it to the named beneficiary.

This kind of fund is owned by you definitely and it is subject to Zakah. It should be added to other Zakatable Assets and if the total reaches Nisab, the Zakah is obligatory on the total of all such assets at the rate of 2.5% every lunar year (354 days).

For taxes deducted at source from Salaries. What is subject to Zakah is the take-home amount not the gross salary. It is not even the take home amount but less than that. This is indicated by the way of calculation of Zakah that is practiced since the time of the Prophet, pbuh. it is as follows: once you have Nisab, you calculate what you have after 354 days and multiply it by 2.5%. this means whatever take-home salaries you got during the year are added and whatever expenses are deducted because this is the calculation which gives you the balance at the end of the Zakah year. In other words, actual personal and family expenses are deducted from take-home salaries for the purpose of calculating Zakah.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Fraz

Sent: Sunday, November 25, 2012

Question: Re: Zakah on investment house

Dear Sir

I want to get your opinion on Zakah on few Assets.

1) I purchase a piece of land in my home city with a view to build a house to live in future. But now I am living out of country so I am not sure now when I would be able to build home or would be able to use this land for some other purpose like just developing into garden/sitting area etc. Do I need to pay Zakah on this plot of Land and at what value? or it is exempt as personal use asset like house ?

In view of the fact that you bought another land to build house, this is definitely not for a house to live on. It is subject to Zakah at the market value each 354 days (lunar year) unless you are using it for your own and family recreation like a personal garden or free of charge for family or poor.

2) I bought another piece of land in another city, my future home would be on this land (I am certain to build house though timing could be different). As this land is my future house, Do I need to pay Zakah on this and at what price?

this is not subject to Zakah provided you are serious (in practical way like start preparing it or financing it) about having it for a future house

3) Can I take exemption of both pieces of land or I can get exemption in only one piece of land?
I would request your views on my above questions.

Thanks and regards

Fraz

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Fraz

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answers below the questions:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

If I have one house investment which is mortgage 80% and also given on rent. Do I have pay Zakah on market value of equity or some percentage of income.

Do I need to deduct mortgage expense from income while calculating Zakah if it's based on rental income. Please explain. Thanks

Fraz

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Fraz

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

This is an investment property. Zakah is due on your net worth on the day of Zakah (the Hawl = passage of 354 days) this means: you take market value and deduct from it all debts, whatever paid expenses are already paid and what is due but not paid is a debt which is a liability and net worth means assets minus liabilities. Whatever rent or revenues is cash inflow, it is either used up for any purpose of included in your cash and bank accounts. then it is irrelevant in regard to calculating this item (investment house).

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ali

Sent: Tuesday, May 21, 2013

Question: Zakah on pension fund

Assalam Alaykum

I have a pension fund which I contribute a third and my employer contributes two thirds. when I retire I can withdraw 25% of the total fund. my question is do I have to pay Zakah on this fund

on a yearly basis or do I pay it when I receive it upon retirement.
your view is much appreciated.

Ali

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ali

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

The Zakah is no doubt on yearly basis including this pension fund. I suppose that this is a private fund in the company and you can carry it with you to another if you decide to change job. This is a property of yours like any other savings. The fact that there are some restriction on withdrawal does not change this ownership. Notice that these restrictions are a result of either tax relieves you are given or employer contribution, they do not remove the ownership character of yours over this property.

Zakah is due on the vested amount (i.e., the amount that is not fully yours yet, that company can take it back of its contribution if you leave the company, is not subject to Zakah). You can delay payment until withdrawal without sin because essentially Zakah on each kind of asset is payable out of it, but you can also pay it from other sources. If you decide to delay you have then to hold a log of the amount due every year and add them together when you make withdrawal.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy

Sent: Monday, July 01, 2013

Question: Zakah on locked investment for 6 years

Dear Dr. Monzer, as-Salamu Alaykum wa Rahmatu Allah wa Barakatuh.

First of all, Jazaka Allah Khayran for your constant help and support in answering these financial questions. May Allah bless you and all your family and grant you more and more success.

Below is a financial question that I received from one of community members in Canada.

Jazaka Allah Khayran.

Imam Samy, Ottawa Main Mosque

1. One of my friend, he has a cash investment of \$50,000 at his home country and this money is frozen for 6 years under one agreement between him and one financial institution. So, He does not have access into this fund for the next 6 years.
2. He can draw this fund but he will lose the benefit of this investment. As well, he will have to go to his home country to draw this money but it is totally impossible for him.
3. He does not have any job at here and he is struggling to survive at here. He has a small amount of money that he is spending to survive at here with his family.
4. He wants to pay his Zakah but his present situation does not allow him to do that.

Could please tell me what is the rules in our Islam in this situation and provide some advice for him. Is he still liable to pay Zakah? If yes, how he will get money, as he is struggling to survive? Is there something else he can do?

Thanks & regards

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Sami

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

The answer to this question is simple. Notice that this person does not have accessibility to this fund at this time. He cannot use it for his own expenses if he wants, this lack of accessibility is voluntary and caused by intended deliberate action on his part; he made the choice.

He is definitely subject to Zakah on the day a lunar year is completed on the first time he got Nisab (most likely before the day of the beginning of this investment) and Zakah should be repeated each 354 days then after. The physical payment of it is difficult for him and creates too much inconvenience. Then he calculate the due Zakah each year, it is a debt on him to the poor and needy, and he get resources to pay it after 6 years or from other sources (say after he find a good job and surplus from its income) he must then pay it even if it accumulate for several year. It is not sinful to delay payment when he has no sufficient liquidity to pay.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Afeez

Sent: Tuesday, July 02, 2013

Question: Zakah on pension funds accounts, Salary, allowances

Assalam Alaykum Sheikh

Please I have the following questions on Zakah

1. Zakah on contributory pension scheme. This is a compulsory contribution by law in which the amount in this scheme is in custody of Pension Fund Custodian and the contributor cannot have access to it until after leaving employment and must reached the age of 50, and the payment is spread over expected lifespan. Is there Zakah on the total amount as years pass by from the time it reaches Nisab?

I need to know all the characteristics of this Pension fund and all rights of contributors: do you have a special account in it? is your money with its return given back to you when leaving employment or only upon retirement or disability you are paid a pensions determined according to certain factors including amount of contributions? Can you borrow from your account? What are exactly all your rights in this money. I need to know that to determine Zakatability. For instance similar fund of the UN is not subject to Zakah but a pension fund in Singapore is subject because of differences which determine whether you own this money or not.

2. Zakah on salary? Where the monthly salary is not up to Nisab, but the total annual salary is above Nisab.

If accumulated Savings after all spending reach Nisab over a period of 12 month, it is then subject to Zakah.

3. Zakah on allowances meant for one year but usually paid upfront to the workers (like housing allowance).

It is added to your other cash and non-cash Zakatable items and on the day of your Zakah (which may be next day or after 353 days) the balance is subject to Zakah.

4. Zakah on income when there is outstanding loan with scheduled repayment period which has been tied to specific part of one's income (like 50% of housing allowance) annually until the loan is liquidated.

Such outstanding loan is not deductible and does not reduce Zakatability unless it happens that you receive an amount today and out of this amount itself you pay an installment of the long term loan while you have no other source coming in next periods of income or allowances to pay from. In other words, future installment are not deductible because they are against future incomes.

5. Zakah on pension which the total amount is known and up to Nisab but it is spread over a period of expected life span (say 18 more years). Will Zakah be paid on outstanding balance of pension or only on savings made from incomes (including pension received) during the current year?

Needs more info to determine; there is no Zakah on people contributions to Social Security in America but personal balances in many Pension Funds are subject because they are really owned by contributors.

JazakAllah Khayran

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Afeez

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answers below the questions:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Hafeez

The pension fund is a statutory contribution and you cannot access the fund until after retirement or if you lose your job. You will be given 20% of it as lump sum, then, the balance will be spread over your assumed life expectancy and be paid monthly. You cannot borrow from the money and you do not have any control over how it is invested.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br.

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I still need more info, what country? Does it have a personal account in which your money is credited and also any return on, is what is given to you based on your account only or on a system of insurance like social security where it give for disability to heir after your, to spouse, it gives health insurance, it has a max and a min no matter how much you contributed, etc. if your account become zero, i.e., you over live the estimation do you still get pension? Or it

stops? Etc. you did not give sufficient info to determine whether you own this money or not.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Muzaffar

Sent: Friday, July 05, 2013

Suggestion: Excel for Zakah calculation...

AauA,

Br Monzer, I came across your paper on the Zakah calculation for Muslims at your website.

Do you have an Excel version to share? If not, I would like your consent to prepare one for my personal use (not for commercial use) and to share this with you as well if you would want it.

JA

Muzaffarr

My Answer:

Dear Br. Muzaffar

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Thank you for the suggestion,

Please do the excel, uses it and send it to me. I will review it and add it to the file on the web, so it can be available to whoever likes to use it.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

From: Samy

Sent: Friday, July 05, 2013

Question: Amount of Zakah of al Fitr this year

Jazakum Allah Khayran Dr. Monzer for your great response. May Allah bless you and grant you more and more success.

I have a question about Zakah al-Fitr this year in Canada or USA. What do you say?

Jazakum Allah Khayran.

Imam Samy, Ottawa Main Mosque

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Samy

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

In my opinion some Imams create a great mess in the US and Canada by stating Zakah al Fitr is approximately ten Dollars. This ten Dollar came from the Kaffarah which is two meals. When this mess started in the late 1970 five Dollar used to give a good two hamburger sandwiches with their coke.

Zakah al Fitr is one Sa' or one half of it on main food stuff in the land (Wheat, barley, dried yogurt, date, etc.). For us in America the main food stuff is wheat and the half Sa' is approximately a few grams above 2.25 KG, take it to be a max of 2.5. You need to check its

price in several retail local super markets and determine the amount, just round it up to the next Dollar. I think our audience are always misled by the ten Dollar they need to learn the Hadith of Zakah al Fitr and need to know separately the verses of Kaffarah of Ramadan. In my opinion it is very necessary to revive the Sunnah of al Fitr, of course it is also better to distribute it in kind unless it is better for the poor (or for the charitable org which transports it to the poor) to make it cash.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Hajara

Sent: Friday, July 12, 2013

Question: Zakah on shares of private non-listed companies

Professor Kahf, I have a question on the Zakah of shares of private companies,. How should it be treated for Zakah?

Is it different for publicly quoted companies?

Hajara

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Hajara

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

If we can know the book value (net equity on the day Zakah is due), this is then the amount subject to Zakah. If book value is not known, we go by original investment plus (minus) any difference based on educated guess.

There is another opinion, which I argue strongly against, that we calculate the net equity invested in working capital only, i.e., cash + receivables + inventories and their likes – short term creditors. This is a view based on classical kinds of assets without recognizing the economic and conceptual development which changed nature and composition of wealth and income. (according to this view fixed assets and real estates are not subject to Zakah although they are part of any business).

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Salaam Alaykum Prof. Kahf,

I was reflecting on the shares Zakah and asking the question: why is it not treated like real estate where on the income is taxed?

One is lucky to get 2-4% dividend yield on shares so if one pays 2.5% won't there be a diminution of capital that is actively employed? Especially when the shares are not easily realizable as in a private company. What if you cannot even liquidate enough to pay the Zakah and you don't have enough cash from other sources?

Is it possible to explain it further please?

I am grateful thank you.

Hajara

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Hajara,

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Zakah of shares according to majority is only on the part used in mobile assets. This is because they believe that fixed assets are not subject to Zakah. This in my opinion is contradictory to general texts of Zakah which do not distinguish between fixed and mobile assets and also to real modern life distribution of wealth in regard to fixed asset intensity in business, would Shari'ah consider such intensity a factor affecting Zakah. I believe there is nothing in Shari'ah to give this meaning at all.

The view that fixed asset, including real estate, are not subject to Zakah but only their return at 5% for gross or 10 % for net has no base at all in Shari'ah. It was rejected outright by the OIC Fiqh Academy. I believe its analogy to agricultural land contains several fundamental flaws.

My view, which I defend as consistent with the texts of Qur'an and Sunnah and realistic and also goes along with the basic principles of Zakah that it is on wealth and on the rich, is that ZAKAH IS ON NET WORTH WITH PERSONAL EXEMPTIONS (BTW, ALL VIEWS DO NOT DISPUTE THESE PERSONAL EXEMPTIONS), which include residence, personal and family transportation, etc. that is all business net worth is subject to Zakah being what represent wealth (defined as not for personal use). This is the whole story in brief.

An owner of shares which give him 4% income is still rich like an owner of real estates which may give him negative net income, like an owner of a shop (containing only inventory for sale) which may give him low or negative income, as long as she/he is within the category of the rich, is subject to Zakah, all alike. When Zakah each most of the income of such an investor, it means a signal to owner that he is not in a good investment!

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Wafa

Sent: Sunday, July 14, 2013

Question: Zakah on 401K

Salam Brother

My daughter friend with yours, she told her that you are Islamic expert on Zakah and gave her your email address. I would appreciate if you can answer few questions for me.

1. I have 401k going way down and then up, I was told by Sayed Kazwini of Costa Mesa Mosque that I do not need to pay Zakah on it now until I take it out. What is your school of thought on that?

This 401K is subject to Zakah every lunar year. You may pay its Zakah out of it or out of other sources. The market value of this fund on the day when Zakah is due is the base and Zakah due

is MV times 2.5%.

The way you calculate Zakah is by adding the MV of this fund to other items which are subject to Zakah and calculate amount due on the total.

2. I borrowed \$10,000.00 from credit card (that I have not been able to pay back yet) to help my dad and he promised to pay it back to me in form of a share of a house he owns in addition to another \$10,000.00 long time ago but he has not put the share of the house in my name yet. Do I pay Zakah for all these years on the first 10k? and how about the second 10K?

The debt on you is deductible from assets you own. In this item you have a debt on your father as part of your assets that are subject to Zakah and the debt on you to the credit card company is deductible, they cancel out.

3. My husband bought 3 houses and put my name and his brother's name on them. I do not benefit from any of the income of these houses and my name is there mainly for credit purposes. Do I have to pay Zakah and how much? 2 of these houses still have mortgages. One house is paid off and we are renting it and I do not benefit from the rent and I have in the title 50%, We bought the house for \$110k, how much I have to pay of Zakah, if I have to? we go about \$6k of rent each year from it, how much, we have to pay of Zakah?

As long as these houses are intended for investment they are subject to Zakah. Net worth of them is subject to Zakah. Either your husband or you is required to pay Zakah depending on who is the true owner, you decide between yourselves. You estimate the market value of these houses minus the amount of debt owed on them, the net amount is the net worth of these investment assets.

Please advise me Jazaka Allah Khayran and I appreciate your confidentiality in the matter.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Wafa

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I believe that the texts of the Qur'an in regard to Zakah especially 9:103 indicate that Zakah is on the rich. Whether this richness takes the form of savings/investments in shares, businesses, real estate, or any other kind of properties. The mercy of Allah also gives relaxation of Zakah on assets used for personal and family purposes such as residence, furniture, home appliances, personal and family transportation and the like. In other words Zakah is on the net worth minus items which are exempt.

Accordingly any properties aimed at investment is subject to Zakah regardless of its nature and objective.

Based on the above please see below:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy

Sent: Saturday, July 20, 2013

Question: Zakah on a flat in other city

Dear Dr. Monzer, as-Salamu Alaykum wa Rahmatu Allah wabarakatu.

I hope this e-mail finds you in the best of health and Iman.

Below are 4 financial questions from a brother living in Canada.

Here are the questions:

1- I have 2 flats in Cairo I don't rent them and I don't finish them for housing and I intend to stay in one of them when I go back to Egypt but I don't know when I will go back the other I will keep it either for 3 my sons or sell it if I need money . I have one flat in kafr elsheikh in my father's house where I will stay if I intend to visit my parents. as I am working as a physiotherapist at ALHUSSEIN UNIVERSITY HOSPITALS IN CAIRO THAT IS WHY I HAVE A FLAT IN CAIRO. Do I have to pay Zakah for any of these flats and if so how much I never pay before Zakah on my properties.

I am definite that two flats are not subject to Zakah because of personal use. One in Cairo and the other in Kafr Elsheikh although apparently you live in another country now but these are for personal and family use.

The other flat in Cairo represent a wealth that is now waiting, I suggest that you be on the safe side and pay Zakah on it because it is anyway an investment property that makes you rich and the rich persons are subject to Zakah. The present price as it is is the amount that is subject to Zakah.

2- I have retained education saving plane (RESP) Bank account it is just a saving account for my kids future education in the university it is free of interest. I accumulate 9000 in this account during 5 years do I have to pay Zakah on this account and if so how much this 9000 is accumulated and I never pay any Zakah for this money .

Yes, if it becomes committed to a specific payment of a given school or university against registration of a child then it becomes exempt from Zakah.

For now and since day one you have to pay Zakah on it, it is your saving which you intend to use for future expenses, this is what we all do with our savings, no difference in reality.

You should have added the balance of this saving account to other funds and assets in calculating your Zakah every year. Since you did not do that let me assume that you have been paying Zakah throughout all these 5 years. Then your calculation becomes easy: on the day of your Zakah for the past 5 year find the balance of these five year, one after the other. Add all these balances together (because Zakah is a yearly obligation) and multiply the total by 2.5%. this is your due Zakah. Better pay it the soonest possible as delaying Zakah is sinful once you know you are required to pay it.

3- My wife Gold is exceeding the Nisab we don't have any intention (neyaah) whether it is for beauty (zeenah) or to keep it just in case we need money no(neeyah) in that case do we need to pay Zakah for it if so how much . I paid already for this gold last year do I have to pay for it every year .

Yes, Zakah is due on it every year, this is a repetitive Ibadah like fasting and prayer and your wife is rich by owning it MaShaAllah. You should look at the price of it on the Day of her due Zakah, then she pay 2.5% of that amount.

4- I have a sister whom husband passed away this year and she has 4 kids very young and she doesn't work she live with my father in our house now and her kids can I pay my Sadaqah and Zakah for her and if so can inform her this my Zakah or can I just give the money without informing her it is my Zakah money.

Technically according to Shari'ah you can pay your Zakah to her and especially her kids. You do not have to tell her that it is Zakah.

But since you are a Zakah payer why not consider your sister as a part of your family and spend

on her, anything you spend to give to her is considered a more than Sadaqah for you as it is also kindness to your close kin. Then give your Zakah to other deserving women and men who do not have a brother like you? I prefer you to do that although it is permissible to give her your Zakah because Zakah is the cleansing tool of yours and you wouldn't like your sister to take the cleansing "dirt" of yours as the Prophet, pbuh, described it.

Jazakum Allah Khayran ustadhuna for helping me answering these financial questions. May Allah bless you and grant you Jannah.

Imam Samy, Ottawa Main Mosque

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Samy

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answer below the questions:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Hasan

Sent: Tuesday, August 06, 2013

Question: Can Zakah be spent on adopted two girls, Zakah on 401k

Assalam Alaykum Dr. Monzer,

Insha'Allah you and your family are having a nice Ramadan. May Allah swt accept all your good deeds.

I got your email address from Baraa, my colleague from the time I worked for CAIR-LA and also we went to UCI at the same time together.

My wife and I have two questions about paying Zakah if you don't mind.

The first one is: My husband and I had a question regarding 401 (k) and paying Zakah. We wanted to know what the right thing is to do Islamically. Right now, we have a 401 (k) and unfortunately with all the expenses, we have been living paycheck to paycheck for quite a while. This 401K is from my husband's previous job that we are no longer contributing to. We were under the assumption that you only pay Zakah if your savings increases from year to year which we have never been able to save money outside of the 401K. Yet the 401K keeps growing from year to year. The problem, as you may know, is that a person cannot take money out of the 401K without being penalized. And we couldn't pay Zakah on it cuz we were living paycheck to paycheck.

We wanted to know, Islamically, how do we pay on our 401K if we don't have cash and can't take out money from the 401k itself to pay the Zakah? Should we just get rid of the 401K (our only retirement savings) and withdraw all the money and pay Zakah on it? Or is there another Islamic ruling specific to 401Ks. Our 401K is halal, not interest bearing investments.

This 401K is subject to Zakah if it is equal to Nisab (# US\$ 1500) or more. There is no doubt about it and it is yearly regardless of whether it is increasing or not and whether this increase is by additional contributions or capital growth and dividends.

You can pay its yearly Zakah from other sources or delay it until you start cashing it and then

you have to pay the Zakah due on all the past years. There is no sin in this delay because of the rule that the Zakah of a Zakatable item is payable from itself.

The second question is: We understand that there are two groups of people: Either people who are eligible for Zakah or people who should give Zakah. Being that we are living paycheck to paycheck (not a lavish lifestyle, but comfortable), we are not eligible to receive Zakah. So being that we fall in the group that should be paying Zakah, what is the best way to meet our Zakah obligations even though we don't have savings.

Most likely you are subject Zakah on some other items too. Don't you have any jewelry, or any small investment?. Anyway throughout the year whatever you pay as contributions to qualified charities including CAIR may be paid with the intention that it is a part of of your due Zakah, as time passes you will find yourselves paying a good part of what is due at the end of the year.

JazaakAllah Khayran. I am sure you are very busy during Ramadan. I appreciate you getting back to us when you can.

Wassalam,
Hasan

From: Hasan

Salaam Dr. Monzer,

JazaakAllah Khayran for your prompt reply. Yes, we are in SoCal now. It would be good to see you and Khala.

My wife, whom I've cc'd here) had a question:

"Does this mean that 2.5% of total 401k and 2.5% of the salary is due in Zakah every year?"

Also my husband and his ex-wife had adopted two little orphan girls (now 12 year olds) and pays child support. Does that factor in anyway in the calculation?

Jak

Hasan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Hasan

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Zakah is due on the Balance of 401k and the amount not used of the income. This means that not gross salary is subject to Zakah but only the part saved. In a simple way, on the day of Zakah we add the market value if the balance in 401k plus what we have in the bank or cash at home minus amount of expenses until next pay check. This means that only the leftover of salary is included not gross or net salary.

For the orphans, it seems to me that we need here to reconcile the American laws with Islamic laws. These were adopted as children and treated as children. Although this is a very good and rewardable action if intended for the sale of Allah, adopted children are not intended as persons on whom you spend Zakah rather they are part of the family. I wouldn't like to consider parts of the family as Zakah recipients! Would you.

If they were brought in for raising on the basis of caring about orphans while keeping their identity, they qualify as Zakah recipients.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam
Prof. Dr. Monzer Kahf

Assalam Alaykum Dr. Monzer, IA the end of Ramadan is bringing more blessings to you and your family. May Allah make all of us among those who are released from the hell fire. Ameen. I wanted to follow up with you about the orphans. It is interesting that you brought up the intention behind adopting.

I wanted to let you know about the circumstances behind the adoption of the twin girls. My ex-wife and I had been foster parents for years, when these two girls (9 months old) were placed in foster care in our home. Their story was that their father was in jail and that their mother was killed so they and their three other siblings were put into the foster care system.

When the state of Florida moved to terminate parental rights, and it was clear that they no longer would have a home anymore and that they would remain in the foster care system, my ex-wife and I were given the first right of refusal and we decided to adopt them rather than have them go back into the state system where as you know many kids are abused and often end up having horrible lives due to the problems within the system. At the time we were living in Florida.

When I adopted the twins with my ex-wife, I remember clearing my intentions to be in line with this Hadith, "Me and the one who takes care of the orphans is like this in Jannah" and then the Prophet (as) put his two fingers together. This was hadith was truly my guiding light.

So for me it was not about "having kids of our own" but rescuing orphans from a potentially and most likely terrible life. I still don't call them my own, but have a clear distinction. Though they do not know that themselves.

Also, when we put them in school, we changed their names to my last name for ease of enrollment in school. According to a local sheikh, it was ok to do that for formalities as long as it is clear that they know their last names and the kids know that they are adopted.

Given all this, I wanted to know if this affects my Zakah payment. Insha'Allah I accept whatever is decreed from Allah. I just wanted to give you the bigger picture so as to help in determining what is my actual Zakah obligation. Currently, as part of child support, about 20% of my paycheck does go to them every month.

I look forward to your answer on this issue. Barak Allah Feekum. Please remember Syria in your Duaa.

Wassalam,
Hasan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Hassan

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I don't feel comfortable with considering a legal obligation (according to the land laws) as a payment of Zakah. I also understand the benevolent side of it and never had any doubt about your intention and keenness to act, in this and other matters, within the Shari'ah boundaries. From this angle you are absolutely clear.

Supporting orphans is definitely fulfillment of Zakah payment, no doubt about it.

If you feel comfortable considering what you give to support them as Zakah payment it is up to

you.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Mohammed

Sent: Wednesday, August 21, 2013

Question: Nisab of Zakah

Assalam Alaykum Wa Rahmatullah,

Dear Dr. Kahf,

I am a Ghanaian Mining Engineer working in Tanzania and a an MBA Student with AIMS and therefore have been using some of your material in my study. I have also taken part in online fatwa that you used to give on Islam online.

I have written a small booklet attached for calculating Nisab of Zakah for my people in Ghana and would be grateful if you could review it for me to improve upon it InShaAllah.

May Allah's peace, mercy and blessings be upon us all and may he crown us with success in our endeavors for Islam.

Malayalam

Mohammed

My answer:

Dear Br. Mohammed

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please receive my comments and corrections on the write up.

I do not agree at all on making our religion subject to the speculators on prices of gold and silver. Nisab cannot be based on these continuously changing prices. I still believe that Nisab should not be more than about US\$ 1500 as calculated 30 years ago. a person in Ghana who owns more than US 3700 is highly rich, and there are not many people relative to population who are then subject to pay Zakah. Even in America a person who has such an amount after paying for all his expenses is very rich.

I don't agree with this approach of changing Nisab every year quoting the prices of gold and silver.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

Assalam Alaykum Prof Dr,

Many thanks for your comments/corrections and suggestions.

So going forward how do you advise that we calculate the Nisab and what is the shari justification that we will put forward to argue our case. I can't agree with you more to allow ourselves to be manipulated by this speculators.

I really want to go into this Islamic economics deeply. Currently I am studying for the MBA with AIMS UK. What advice would you give me?

Malayalam

My Answer:

Dear Br. Mohammed

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I believe this issue must be tackled in a conference not individually. But until then I also believe that the valuation done about 20 years ago (when the ounce of gold was about \$400-500) is still valid. I take the Nisab as about 1500. A person who has about US\$ 1500 at the beginning of a Zakah year and also has at least the same at its end is definitely rich enough to pay \$37.50 as Zakah. This is after he/she paid all expenses and debts.

Theoretically we can measure Nisab in food items (as I suggested in my paper which is published in the journal of King Abdulaziz University in 1989 or so). We have sufficient evidence that one dirham was sufficient to give a good meal (with meat and bread) for a family of four or so provided it is cooked at home. In today's prices in America this may be done in 7-10 dollars.

I still consider the Nisab about 1500 in America and I've been doing this since I raised it from 1000 as I estimated it in 1976 and then was estimated in Saudi Arabia by then a professor named Shahada (who wrote on Zakah several things) at about 4000 riyal which is very close to 1000 dollar.

I wouldn't worry much about Nisab because the difference does not make much effect people who own less than Nisab give also Sadaqah. This means: if the Nisab is considered on the lower end then consider such donations as Zakah by adding intention to them.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

Wa Alaykum Salaam Prof Dr.,

Thank you very much for this insightful response. I am really learning a lot from you. A very quick one at your convenience please.

1. After having paid one's Zakah if some brothers approach you very very pressing needs such as assistance to pay their children school fees, hospital bills, rent advance, etc. can one use part of the following year's (i.e. next year's) Zakah to assist?

Paying Zakah in advance for the current year before its end is permissible with the intention of course to persons/families whose deserving qualification is established.

2. How can I access your which is published in the journal of King Abdulaziz University in 1989?

This Journal is online you can find all its issues available free.

3. Are you still involved in any online fatwa on Islamic finance that one can participate?

Yes, in www.onislam.net

4. How can one enroll in your department in Qatar? Do you have an online/distance courses in Islamic Finance for people like myself? I really want to upgrade myself in that discipline.

I still teach in it and we even have scholarships. You need to check its Website for electronic application. But we do not have any distance learning or courses.

Many thanks and may Allah SWT protect you for the Ummah.

Malayalam

Mohammed

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Mohammed

Assalam Alaykum wa Rahmatu Allah wa Barakatuh
Please see my answers below the questions:
Wa Allah A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Esam, OnIslam.net
Sent: Wednesday, November 06, 2013

Question: Zakah for Son-in Law

Salam Ustazna,

Hope you are well. Could you kindly reply to this question from Baraka As-Salamu `Alaykum. I have some debts and my salary is not enough for my needs, and my wife's father wants to give me some of his Zakah. Is this Zakah acceptable or not?

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Baraka

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Yes, it is permissible because he is not responsible for your living expenses. In-law relationships does not have any financial implications, they are completely independent one from the other.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Mohammed
Sent: Thursday, January 02, 2014

Question: Zakah on 401K

Dear Monzer Kahf

Assalam Alaykum.

I am from Wichita, KS. You came here few years ago and after that I communicated you regarding "last will" over email.

Now I have question regarding Zakah on 401(k). Do I need to pay Zakah on the whole balance of my 401(k) or, only on the net gain and contribution over the last lunar year? From your lecture in Wichita, I had the impression that I have to pay Zakah on the whole balance and that is what I have been doing since then. But now I heard from another source that I have to pay only on the gain and contribution over the last year. Can you please shed a little light on this?

Jazaka Allah Khair

Mohammed

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Mohammed

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

That source is definitely incorrect or you may have misunderstood it. Zakah is on wealth. And all the balance of 401K is a part of your wealth, not only the gain.

Now the contribution of employer which is not yet vested is not yours, as the employer can take it back if you change job. That amount is deductible. But all amounts you contributed, their cumulative gains, and the amount which becomes yours of the employer's contributions (vested) all that is subject to Zakah every lunar year, first your begins when you acquired Nisab (including all your Zakatable assets in any account or investment) for the first time.

You may delay payment of Zakah on the 401k until you start withdraw, but then you have to pay for all past years. The rule is for every kind of Zakatable asset Zakah is paid from it, it can also be paid from other sources, like your income, but delaying it until you liquidate the asset itself is not Haram, I suggest that you better pay it from other sources if you can.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Nassimi

Sent: Tuesday, February 04, 2014

Question: Can Zakah money be used for administrative expenses of a non-profit Islamic Organization

My dear brother, Dr. Kahf:

Assalam Alaykum Wa Rahmatullah,

I hope you and your family are doing fine.

I had the pleasure of getting answer for one of my questions in a very scholarly way from you a couple of years ago.

I was wondering if you can answer another question:

It is the question of Zakah money. Can it be used for administrative duties such as running the office of an Islamic non-profit organization and provide the facilities and infrastructure to run the organization?

And, to what extent can we consider the category of "Fi Sabeelillah" to apply to this kind of need in today's context.

Your scholarly response is needed.

Your brother,

Nassimi

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Nasimi

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

It is a pleasure to receive your kind email.

The category of Fi Sabil Allah applies to defending/protecting Islam and Muslim people and lands whenever/wherever Muslim governments either cannot or actually do not take action of the necessary defense.

Contemporary scholars often express the idea that defense and protection can be by any

means depending on circumstances.

This category does not include general Da'wah, education helping Muslims, etc.

Accordingly my opinion is that organizations which take as issue of their activities defending and protecting the same are included in this category regardless of whether they are registered as charities, lobbying or any other classification according to laws of America or any other country.

Further I also argue that Mosques, Islamic centers and Islamic schools in America do not qualify under this category or any other as recipient of Zakah (although most or all of them did some thirty or forty years ago when their members were mostly students and poor) because of the economic level of their members today. Such institutions are necessary but financed from the able Muslims not from Zakah.

To the best I know is: CAIR and similar organizations qualify for Zakah and Zakah money can be used for salaries as well as other administrative expenses in them. this also applies to any organization whose main function is as mentioned above.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Nassimi

My dear and respected brother, Dr. Kahf:

Assalam Alaykum Wa Rahmatullah,

Jazaka Allah Khairan Katheeran for providing a scholarly and useful answer to my question.

Please forgive me for my delayed reply and expressing my appreciation, but I did make lots of Du'a for you as soon as I received it.

Your answer is great and every appropriate, but what do you think if I add a piece to it?

That many Islamic organizations like CAIR, although their main activity is defending Islam, but they may have many different kinds of activities and departments. So, the Zakah money should be used only for those specific activities and departments that are focused on defending Islam.

Your brother,

Nassimi

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Nasimi

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I rather would say even the servicing activities which help the main departments defending Islam, are also covered by Zakah

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ahmed

Sent: Saturday, February 08, 2014

Question: Zakah on a watch gift

Dear Sir

My employer has recently gift me an expensive watch in long service award. It can be sold in the market so it has value. It is not a gold watch. Do I need to pay Zakah on it? If yes, on which value. Thanks.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ahmed

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

If you intend to sell, the price will be added to your other money and at the end of your personal Zakah year in will obviously be included in the total Zakatable assets then. If you happen to use the money for any consumption purpose, that is ok, it will not then be subject to Zakah.

If you intend to use it personally or give it to another person as a gift, it is not subject to Zakah, Notice God is very Gracious.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Habibu

Sent: Wednesday, April 09, 2014

Question: Nisab of Zakah, in gold or silver prices?

السلام عليكم ورحمة الله أنا حبيب أحمد جبريل قابلتك في كانوا وعبد الله مهرز مع الشيخ عبد الوهاب ودفعتنا إليكم كتابا في موضوع تقويم زكاة عروض التجارة حتى طلبنا منك أن تحضر في ولاية زمفرا وقلت إن شاء الله ستأتي ست عشرة من الشهر حتى أخت من عنوانك وقلت سأرسل إلي

My Answer:

Dear Br. Habibu

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I've read the write up on Zakah of Urud al Tijarah carefully and I am fully aware of the classical Fiqhi writings on the subject as quoted thoroughly in the write up. I also understand the choice made being better for the poor.

You may take it for what it is worth and classically it is worth a lot.

BUT I believe that both are incorrect and unjust. If you take the Nisab of silver, it is about GBP 226.1, this makes almost every Nigerian subject to Zakah including all the poor who in reality deserve Zakah. If you take the price of gold it become GBP 2362 more than ten times, this removes many people from Zakatability. Remember that a few months ago the price of gold was more than US\$ 2200 AN OUNCE AND ABOUT 3 YEARS AGO, IT WAS ABOUT 300 AN OUNCE. These numbers make even fewer number of Nigerian subject to Zakah.

Do you think that Allah makes the Nisab, which is a part of our religion and worships dependent on the speculators in New York, London and Tokyo? Certainly not.

Here is my opinion: alternative one: take the silver price and follow prices of speculators in New York.

Alternative two: there is evidence that a Dirham was about average daily income of a worker in Madinah and it was sufficient to feed a family of four for a day. We then as a government estimate food for a day and wage of a day and take the average of them multiplied by 200, every year declare a Nisab which applies for the whole year. This applies to all Zakatable items other than those whose Nisab is specifically determined by the Prophet, pbuh. this applies to Zuru', An'am, gold and silver. Urud and other Zakatable items their Nisab is what we got as average of daily income and food multiplied by 200.

Hope to see you next week in Kano,
Please give my Salam to sheikh Abd al Wahhab
Best Regards,
Wassalam
Prof. Dr. Monzer Kahf

From: Hossam

Sent: Tuesday, May 13, 2014

Question: 401K question and Zakah

Salamu Alaykum Dr Monzer
hope you are well InShaAllah.

I read your fatwa on the 401K Zakah, but I still have a question.

At the end of the fatwa on whether Zakah needs to be paid on the 401K or not, you mention the following :

"Hence, you have the choice of either pay Zakah on 401k and IRA from your other resources or delay the payment on these savings until you start withdraw, but remember then you have to pay the amounts of Zakah due for all past years. "

If I am not able to withdraw from the 401K (without penalty), until I am 55 ... Then, do I have to pay Zakah on this money each year ?

If I do not have to pay Zakah each year, do I just pay Zakah on it once I do receive it in my retirement? What does "pay the amounts of Zakah due for all past years" mean ?

Thanks

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Hossam

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

It simply means what it says: you calculate the Zakah every year and either pay it from other sources or pay the total of all past year which may become a high 5 of each amount you withdraw when you withdraw it. as amounts (regardless of time element) both ways have same amount either pay it every year or let it accumulate as a debt on you and pay it when you withdraw as you withdraw.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Saher

Sent: Tuesday, July 08, 2014

Question: Zakah to mentally ill brother

Assalam Alaykum wa Rahmatullah wa Barakatuh!

Thanks for this excellent service. May Allah increase your knowledge and Taqwa to help people like us. Please reply to me on all questions if possible. Jazakallh Khair.

I have a few questions on Zakah.

My brother is suffering from schizophrenia (I am sure you know that most cases of this disease are curable). Basically, he cannot shoulder the responsibility of his family. He has 3 small children and a wife. Our mother used to take good care of him and now she passed away recently. Her illness and passing away has deteriorated him so that now he had to be institutionalized.

I don't know how much money or gold or assets his wife has. We had paid for a piece of land for him. Its value now is way over Nisab. But he does not know that and nor is it now available to him yet. We had it in our moms name just to avoid undue advantage from his wife. He has no source of income other than what we brother and sisters pay them.

Can his family and him are eligible to get Zakah from us? (his brothers and sisters)

According to your explanation, he and his children and wife (for whatever a husband is required to spend on his wife) qualify for your Zakah (the brothers and sisters). The wife is not required to spend on him, children or her own living expenses, even if she know that when they got married, and even if she accept to spend on the family at the time of marriage because this is a voluntary contribution on her part and it can be revoked at her desire at any time. A husband obligation toward wife is mandatory by the Islamic law (it is not contractual)

Can we pay for his institution fee from our Zakah?

Yes, as brothers and sisters you are his Shari'ah guardian and you make the judgment regarding what the use of what he receives as Zakah (even being from you) and this is a part of his needs

Is his wife in anyway responsible to contribute to her family expenses? She is physically and mentally fit.

No, especially that she has small kids

(When we had them married, we told her that it'd be her responsibility even though we'd support them)

Recently we got donations that we kept for his family which is a little over \$1000. We did not hand it over to them but kept it for their needs. So now can he still get Zakah?

This is too small to disqualify from receiving Zakah, but use it for him or for the children even as a saving for their future education, as a donation it can be used for that and it does not disqualify the children from receiving Zakah

Can we open an account for his kids and keep depositing Zakah for the future of the kids' education and rearing even when it reaches amount more than Nisab?

Not from Zakah but from other gifts and donations. If this education account is completely locked in that no withdrawal (regardless of penalty) can be made except for education, it does not disqualify them from receiving Zakah even after Nisab. But if withdrawals can be made, they will be disqualified for Zakah once the share of each one of them reaches Nisab (# US 1500)

What % should we generally pay to the relatives and what to other poor in general?

No limit, you can give it all to relatives, rather it is better and more rewarding InShaAllah provided they qualify. Of course keep in mind severity and/or urgency of need

What if you have a lot of poor relatives that should you pay all your Zakah to relatives and not

to other orgs?

Yes, it is OK

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Saher

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answers below your questions

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Assalam Alaykum wa Rahmatullah wa Barakatuh!

JazakAllah Khair for helping me out in the past with questions on my brother.

He is now living with his wife in her house. I send monthly amount for his expenses and medicine etc. His wife is working now (this may be meager on a nurse salary, however, I'm not sure on her earnings.) and also supports their kids.

Given that, are they still Zakatable?

He has received Rs. 100000 recently from sale of our parental property

If this amount is equal to more than US\$ 1500, it disqualifies him and his children from receiving Zakah for the present time

He also has Zakah amount saved for his kids education.

With a new situation where my eldest brother was keeping in charge of this mentally ill brothers finances, now he has become recently incapacitated to hold any responsibility(the caretaker brother had brain aneurysm and now suffering from short term memory loss), can I keep the Zakah that I would give him, with me? I can label his amount and keep cash in say, a locker. I want to put away for his kids education like u suggested before.

This kind of fund is in your hand. Locking it this way means that you did not disburse your due Zakah. A fund that is locked in is like put in a special irrevocable trust with a third person, like a broker or a bank, etc.

On another point, if the family is presently not qualified for Zakah, you cannot give your Zakah to his children. If this amount of Rs 100000 is spent or locked in an asset that they need or use, they may qualify again to Zakah. But you cannot give your Zakah for their future education. In the future you may give future Zakah for their then education when the time comes but not your present Zakah.

It's just unfortunate with my family. Here is the situation:

Oldest brother unable to work due to brain surgery, he has barely some monthly income from property rental. Has sons studying (20 , 17 year old sons). Lot of expenses for education.

I think these two children may qualify for Zakah even if their father has a small income from his rented property. You may give them of your Zakah and advise them to use toward their education.

Sister has 2 kids ,(toddlers)and husband lost job for 2.5 yrs. No source of income

If she does not own properties other than the house she lives in, she qualifies for Zakah according to your statement that she and her husband have no income.

Are these 2 also eligible for Zakah.

Pls. let me know. Jazakallah for all your help. May Allah swt reward you immensely.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Saher (sorry, I am afraid to make a mistake of male or female, are you a brother ساهر or a sister سحر?)

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Ramadan Mubarak to you and all your family,

May Allah be with your family helping all those who need medical and financial support and those who are helping others.

Please see my answers below the questions:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Saher

Just one clarification,

My sister who is pregnant and her husband does not have a job for 2.5 yrs., they own and live in the house. She owns this and also the land. The value of the land may be \$3500. She wants to keep it for her girls' future.

Whether I give to sister or brother in law, the amount is used for paying bills for monthly expenditures, and getting food at the table. As far as I know, he is unable to provide anything. He has been taking loans. He is very actively looking for work. Both wife and husband have been sick on and off. Pls. let me know if they qualify. Jzk

Sister Saher

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Saher

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Although the price of this land is small and there are opinions that lands which are not used for anything are not subject to Zakah, I prefer that you give the Zakah if possible to her husband because I feel uncomfortable with giving Zakah to a person who owns such an amount and leaving it idle. I can understand her concern about her girls' future and this amount is small anyway but to be 100% sure we are doing the right thing I suggest giving the Zakah to the husband. Under the circumstance he is qualified to Zakah although his wife own this land or even much more because spending on her and the house is his responsibility not hers.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

JazakAllah Khair for patiently answering all my questions. May Allah swt reward you immensely

and gives you all the happiness of this life and akhira, may your kids be thawab e jariya for you. May our lord give you health, wealth and wisdom to use it for deen.

I am a working woman with 3 children, youngest is 4 and oldest is 15 Alhamdulillah. I support most my family (brothers and sisters). I also earn good Alhamdulillah and so does my husband. Just wanted to ensure my Zakah obligations are fulfilled correctly. I send monthly expenditures, immaterial to Zakah. Just wanted to see what could be counted towards Zakah.

I also tried calling you on your Qatar number, but obviously I could not reach you as you are here.

Just one clarification,

My sister who is pregnant and her husband does not have a job for 2.5 yrs., they own and live in the house. She owns this and also the land. The value of the land may be \$2500. She wants to keep it for her girls future.

On Jul 13, 2014

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Saher

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I got confused of what is new and what is old of the questions.

Here I may be repeating some question, consider it for clarity:

1. The fund or account for future education of the nephew/kids should not be from Zakah but from donations and other contributions.
2. If this fund/account is locked so that it cannot be used now or withdrawn, by the brother, his wife, or you his brothers and sisters who manages his affairs, then this fund does not disqualify the two children or their father from receiving from family for their current expenses. An account under your control does not qualify for that purpose,
3. Since the amount of Rs 100000 is less than Nisab, be sure always that he does not own Nisab in order to continue qualify for receiving Zakah from family and or others.
4. His wife income and gold and other properties may disqualify her from receiving Zakah but not your brother (her husband).
5. If I said that Zakah can be saved for future education, I was wrong. Not Zakah but donations can.
6. Children of oldest brother (20 and 17 old): they qualify for Zakah on their own provided whatever is contributed toward their expenses (including education) by both parents is not sufficient to cover all their expenses including education. Zakah may be paid to them directly and they may be advised to use it to pay education tuition and other expenses. It doesn't matter that their mom has income or property.
7. A small amount of golden jewelry is part of the normal things any woman, even poor, in the subcontinent may have. such amount does not qualify her or her husband from receiving Zakah as long as it is small.
8. If the husband (who is out of job) of the sister owns the land this may disqualify him to receive Zakah. I suppose you give your sister not her husband on the assumption that he is not able to, or actually does not spend on her sufficiently. If she is the owner of that land in addition to their residence and the land is substantial (although currently does not generate income) it may disqualify her from receiving Zakah unless it is for building their future house. I

suggest that she should be advised to put this capital to a better use. If that land is small or trivial it does not disqualify her from receiving your Zakah.

9. It is certainly a great reward InShaAllah to help and support family members, whether from Zakah or from Sadaqah or through gifts, nothing is lost, rather all are accumulated with Allah Subhanahu Wa Ta'ala, and rewarded with multiples. May Allah reward you and be always with you and your family.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: eniafe

Sent: Monday, July 21, 2014

Question: Zakah computation

Assalam Alaykum w/w Sir,

I am a Muslim based in Nigeria and I have a few confusions about the computation of Zakah. I just downloaded your translation of Dr. Qaradawi's Fiqh Al-Zakah but it is quite voluminous and I have not been able to finish reading. I have also downloaded your computation for North America. Kindly help to resolve my confusions about Zakah.

Background:

I started paying Zakah a few years ago when I was sensitized about it. I chose my Zakah year to be Ramadan to Shawwal so that I can pay my Zakah in Ramadan. I work in an office where I earn a monthly salary and I also joined 2 investment clubs where we pool funds together to start to invest in small business opportunities.

Questions:

1. I was told by a Zakah field officer that the investment club will pay 5% of its net profit as Zakah and that this means that investments of the partners in it will no longer be Zakatable on a personal basis. Is this right? If not how should Zakah be computed for the investment club and/ or its members be computed?
2. I used to compute Zakah on my salary after deduction of living expenses but because of difficulties in arriving at the figure of living expenses for a year, the Zakah officer told me that it could be calculated on the net balance in my bank account plus all my debts and other savings/investments since this represents the balance of my income for the year less my expenses. I have been computing my Zakah like this for about 2 years now. Is this right?
3. Question 2 above popped in my mind because of the \$7500 estimation of living expenses in your leaflet. What is the basis of this figure?

I would really be grateful if you could answer my questions.

May Allah reward you abundantly for your works.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Eniafe

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please note the following points:

1. What you were told about the investment fund is incorrect and has no base in Shari'ah. the

matter is: do you own your share in the fund, yes of course, then you are that much rich and the balance at the end of your Zakah year in this fund falls under the definition of the word properties in verse 9:60.

2. It is fine to make your Zakah year in Ramadan, take a date of it and consider it your yearly Zakah date, to say Ramadan Shawal is inaccuracy that is not suitable.

3. My 7500 US\$ is based on average cost per person in major cities in America in the year of revision, I think it was 1995. This does not apply in other years or other countries.

4. The way you were told about balances is generally correct, please see the next paragraph. Calculation of Zakah is much simpler than you think, especially in your case where what you have is salary, bank accounts, cash and investments. No women jewelry and no livestock and agricultural products. Here is the way:

On the day of your Zakah (the day you elected in Ramadan) add the following together: cash on hand, balances of all bank accounts, balances in all these investment funds and their likes, closing day value of any shares or stocks you may own, debts you may have on other persons (that you believe are going to be paid back to you), any real estate property valued at market price of the day (exclude your residence, any farm land you own for farming, any property you may own for residence of your parents or children for free), net worth of any side business you may own or your share therein. Deduct from this total any debts you owe to others (do not deduct any debt on the residences; yours and parents', etc.). then multiply the net balance by 2.5%.

In this way of calculation, your actual expenses are actually excluded from your Zakatable income because what comes within the balance is only the part of income that is saved. Also any payment you made for installments on your house or parents' house are also taken care of because they are already paid and thus reduced the balances of cash and bank accounts.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Anoop

Sent: Sunday, July 12, 2015

Question: Zakah on residential land

Salam,

We have a land my father bought when I was 10 years old. We started building a house in that and finished the foundation. We were living in rented house. Afterwards, we moved to a new house built in my mother's home town. Two years after that my father died. Now the land with the foundation is not used for anything. Should we give Zakah on that land?

For that land, we are missing the documents of ownership. We are trying to attain them since my father's death. We cannot even pay the taxes for the land. I think we cannot do anything on the land without the documents. Does this absolve us from paying Zakah? Or do we still need to pay Zakah?

Thanks

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Anoop

Assalam Alaykum wa Rahmatu Allah wa

Barakatuh The way you describe this land, being for a house which is not continues and no other objective is assigned to it makes it not subject to Zakah during the father life time. After his death it seems to me subject to Zakah on all the heirs, it is no more for a house and not handing it in any useful manner is matter of negligence on the part of the owners.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Hajara

Sent: Monday, July 14, 2014

Question: Zakah on voluntary retirement plan

Dear Dr Kahf,

Assalam Alaykum wa Rahmatullah wa Barakatuh.

Ramadan greetings to you and your family.

I was asked the following question:

Is Zakah due on statutory pension funds? Bearing in mind that the contributions are compulsory and also that the funds are not available for withdrawal until retirement. Even then, not all the funds can be withdrawn. A certain amount is withheld as an annuity.

I thought it was an interesting question and I look forward to your response.

Ramadan Kareem.

Hajara

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Hajara

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Ramadan Mubarak to you and your family and the family of Lotus.

This question is interesting. Please notice that there is a variety of pension funds with different conditions and regulations. The pivotal point is to determine whether the person owns the accumulated funds in the PF or not. PF where contribution is obligatory, benefits are determined by the system (law) and no choice of investment and no choice of withdrawal for buying a house or for paying medical bills or the like (this choice exists in Singapore). In such PF private ownership of members cannot be established, an extreme form of it is the social security system in America. We don't own it although they send us every year a statement of account. This is not subject to Zakah

The PF as you described it has a partial cash benefit and it is obligatory. As a member of this fund, I will re-express it as follows: I take home my salary after deduction of contribution to PF. In addition to this take home amount my work qualifies me to take an amount X when I retire plus an annuity Y then after until death. Notice that I do not own anything in this fund especially that I cannot make any withdrawals, and I cannot manage my contributions into the PF. This PF is not subject to Zakah being a form of public fund created by law and managed by an institution assigned by law. Individuals do not own anything in it. individuals are also not

subject to Zakah on their contributions or balances in this PF.

In contrast, a 401K, an IRA (individual retirement account) and pension fund of Singapore (where I manage investment and can withdraw for buying a house and the like) are subject to Zakah. (p.n.: in Singapore they have another additional obligatory pension fund similar to yours).

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Dear Dr Kahf,

Wa Alaykum salaam wa Rahmatullah wa Barakatuh.

Alhamdulillah as usual your responses are always detailed and nuanced.

It is clear from your response that the contributory pension scheme (Retirement Savings Account or RSA) in Nigeria would not be subject to Zakah as the beneficiary has no control over the funds or investments and cannot withdraw until retirement.

However, there is another Voluntary Savings Account (VSA) where a worker can save more than the statutory minimum on a voluntary basis. This one can be withdrawn after 5 years though there is still no control over the funds. Would this voluntary portion be subject to Zakah?

I pray you and your family are enjoying the fruits of Ramadan. Please remember me, my family and Lotus in your prayers.

Best regards,

Hajara

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Hajara

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I think this voluntary SA is Zakatable every year. The ban on withdrawal for five year is a right a government may exercise on private properties in view of good public interests. It does not violate the principle of full ownership.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From Esam

Sent: Wednesday, July 16, 2014

Question: Zakah al-Fitr to Gaza?

Salam Ustazna,

Hope you are well. Could you kindly reply to the following questions asap?

As-Salamu Alaykum.. In light of the current Israeli offensive on Gaza that has so far led to killing more than 170 civilians and injuring more than 1000 of them, including women and children, could a Muslim send his Zakah al-Fitr to aid the helpless people of Gaza ?

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Esam

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

It is not that it is permissible to send Zakah al Fitr to Ghazza, it is more than that.

Under the present circumstances Ghazza poor and deprived have priority over all others in giving them Zakah al Fitr and Zakah al Mal too. If any Muslim can reach to send his/her Zakah to help the poor and deprived in Ghazza at this time, it is much more important than giving it to any other person or group.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Shafiqur

Sent: Sunday, August 10, 2014

Question: Zakah Calculation on Non-mandatory Retirement Plans

Dear Dr. Monzer,

Assalam Alaykum wa Rahmatullah wa Barakatuh. Eid Mubarak. Thank you again for scholarly feedback on my paper on "Zakah on Retirement Plans." I have received comments from another brother regarding Zakah on non-mandatory retirement plans. You discussed in your "Fatawa on Zakah," alternative methods of calculating Zakah on long-term investments including 401(k) and IRA. You stated: "I tend to agree with the majority that stocks are Zakatable at 2.5% of the market value" [Email reply on 4/30/2001]. You also mentioned Sheikh Dr. al Qaradawi's opinion of paying Zakah only the "growth" or incomes (including dividends and capital gains) at the rate of 10%. I want to use the following data to calculate Zakah on the basis of these two alternative scholarly opinions.

Item	Date	Cost	Market Value	Beginning Value
	Aug 1, 2013	\$164,407	\$190,004	
New Investment	Aug 2013- July 2014	\$93,225		
Dividends	Aug 2013- July 2014	\$1,050		
Year-end Value	Aug 2, 2014	\$246,438	\$359,509	

Saturna Capital, manager of Shari'ah-compliant Amana mutual fund posted a paper on its website, "Calculating Zakah on your Equity Investments," compiled by Dr. M. Yaqub Mirza, CEO of Sterling Management Group (please click here <<http://www.amanafunds.com/pdf/zakah.pdf>>). The paper shows how to calculate Zakah using Sheikh Dr. al Qaradawi's opinion as follows.

Zakah Calculation for Stocks				
Item	Date	Cost	Market Value	(1) Year-end Value
	Aug 1, 2014	\$246,438	\$359,509	
(2) Less New Investment	Aug 2013- July 2014		- \$93,225	
(3) Plus Dividends	Aug 2013- July 2014		+ \$1,050	

(4) Adjusted Year-end Value	
(1) – (2) + (3)	\$267,334
(5) Less Beginning of Year Value	
Aug 2, 2013	- \$190,004
Zakatable Value	
Adjusted Year-end Value minus Beginning of Year Value [(4) – (5)]	\$77,330
Zakah due = \$77,330 x 10.3%	= \$7,965

In the table above, 10.3% is used to adjust for Gregorian calendar year, i.e., $10\% \times (365/354) = 10.3\%$. Now I want to calculate Zakah on the basis of your preferred view that is compatible with the opinion of other scholars (Shuyukh Muhammad Abu Zahra, Abdurrahman 'Isa and Abdelwahab Khallaf). Personally, I want to use the method that gives me the higher amount of Zakah due so that on the Day of Judgment I'll not be punished for underpaying my Zakah obligation. You stated: "If these shares are purchased for the purpose of making money from capital gain by selling them once a good opportunity exists, they are subject to Zakah at the market value on the day Zakah is due (the 354th day after acquiring Nisab)" [reply to Dr. Salem's Nov 24th, 2002, 6:56 AM] at the 2.5% rate. I fully agree with your opinion of 2.5% Zakah on the value of the stocks. However, I want to find out from you the Zakatable value to which 2.5% [or $2.5\% \times (365/354) = 2.58\%$ to adjust for Gregorian calendar year] rate is to be applied to calculate Zakah due. Do you recommend calculating Zakah @ 2.58% on adjusted year-end balance of \$267,334 [item (4) in the table above]? Your recommendation and scholarly explanation based on your deepest knowledge and understanding of Fiqh of Zakah will be greatly appreciated.

JazakAllah Khairan.

Best regards,

Shafiq

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Shafiqur

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

NO. in my opinion what is subject to Zakah is the amount of 359 509 at the rate of 2.58 adjusted for Gregorian.

I believe that Mirza misinterpreted al Qaradawi. According to al Qaradawi the amount of additional investment is subject to Zakah as income because it came from income earned. You cannot deduct it here and there. I take the opinion of Qaradagi inclusive in mine because he puts Zakah on the saved part of income at 2.5%.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Sondos

Sent: Monday, August 25, 2014

Question: Giving Zakah to Islamic schools in America

Salam

I hope you're doing well. If I remember correctly, you told me that Zakah cannot be used for Islamic education for children of needy families (parents unemployed, no money, etc.); is this correct?

If so, why does Garden Grove/Dr. Siddiqi use Zakah funds for OCS? Please explain.

We don't outsource to uplift, we do all Zakah in house.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sondos

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I believe that Zakah, as the Qur'an says in 9:60, should be made owned by its recipient. It cannot be given to education institutions, mosques, Islamic centers and their like because they are not any of the recipients mention in this verse. It can be given to poor, needy, unemployed whose income is below their needs and they can use it for any of their own objectives including food, clothing, school tuition and school items. It is their choice and priorities not the payer's choice.

Do I need to explain what other people do? It is simply wrong and incorrect and caused by misunderstanding, misconception and taking matters lightly non-precisely scientific as it happens in the time of Fajr and Zakah of Fitr and many other similar issues.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Esam, OnIslam.net

Sent: Thursday, August 28, 2014

Question: Paying Zakah Al-Mal to Gaza

Salam Mawlana, kindly reply to the following question from Hassan

Dear scholars, I'd like to ask if it is permissible to pay Zakah Al-Mal to Gaza people if a person can do so.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. HASAN

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Ghazza now has priority for payment of Zakah over all the poor and needy anywhere in the world except in cases of sever deprivation which may threaten the life of a person. This is because of severe needs, poverty, resistance of occupation and performance of freedom fighters in Ghazza.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Rifai

Sent: Sunday, September 28, 2014

Question: Zakah on Land Sale

Dear Dr Kahf,

Assalam Alaykum Warahmathullahi Wabarakuthu

I trust you are well, Last year I bought a property year with an intention of selling it when I get the right price. I bought it for let's say 1000 USD.

Now exactly after a year I am selling it for 1000 USD+ profit, my question is which amount I should pay Zakah. Is it for my original investment which has matured to a year now or on the total price I am selling now.

Jazakallah, Barakallah feeq,

Rifai

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Rifai

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Zakah is calculated as follows: on the day of your Zakah (completion of Hawl=354 days after having Nisab and every 354 days then after) you add all your Zakatable items, including the land you purchased for sale, and multiply the total by 2.5%, do that every year.

The above means that the value of the land, while in your ownership has entered within the Zakatable items, the amount you got for it has also entered at the end of the 354 days. It also mean that you do not make a separate account for Zakah for this item alone.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ehsanuddin

Sent: Saturday, March 21, 2015

Question: deduction of loans from Zakatable assets

Dear Dr Kahf!

I have the following queries . Please answer them.

a. Student Loan: Student loan is facility granted by banks to students to fund their education. Students from India are funding their expensive foreign education through student loans and most of the students in USA also fund the requirements. Student loan is resorted normally by the parents when they are not able to fund them fully.

A Is student loan taken by the parent deductible from Zakatable assets in his/her hands?

B Will answer change if the responsibility of servicing/repayment of student loan is taken by the student

b. Car Loan:

Is Car loan deductible from Zakatable assets. The car loans are normally taken for 3-5 years.

If no, if the car was purchased for Cash, the Zakatable assets would have been depleted by the car value. Why is the accounting treatment different when his net worth position does not become different.

C .Home Loans:

Homes which are self-occupied are not Zakatable. They are normally purchased/constructed with a long term loan. Is long term loan deductible in the hands of Zakah Payer? It is pertinent to refer Page 68 (Freedom from debt? Fiqh al Zakah by Dr. Yousuf Qaradawi). If the theme of the discussion is followed then it should be deductible. On various occasions it has been pointed out that focus should be on the liquidation of loans itself.

Does treatment of loan payable depends on it being Current Liability (payable within a year) or a long term liability. If yes, I am clueless why this distinction is made.

Does treatment of deductibility of loan depends on it being Zakatable.

Ehsan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. ehsanuddin

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

A: Is student loan taken by the parent deductible from Zakatable assets in his/her hands?

B Will answer change if the responsibility of servicing/repayment of student loan is taken by the student

Any loan, be it short-term or long-term, if the borrower is going to repay it from his present cash/assets that he/she owns which are subject to Zakah now, then it is deductible from Zakatable assets. If he/she is going to repay all or any part of it from his future revenues/income, then it is not deductible. This is a general rule that can be applied to all loans regardless of their objectives and duration.

Keeping this rule in mind, we can say that if the Student loan is paid from the present holding assets, then it is deductible. If it is paid from future incomes, then it is not.

The answer does not change if the debtor is different. This rule is applicable regardless of who is taking the loan, the parent or the student, the adult or the child. According to Shari'ah, a major may own money as well as a minor, and everyone is independent in their ownership from every other. Ownership does not make any difference here. Only the rule mentioned above has to be taken into consideration.

b. Car Loan:

Is Car loan deductible from Zakatable assets. The car loans are normally taken for 3-5 years.

If no, if the car was purchased for Cash, the Zakatable assets would have been depleted by the car value. Why is the accounting treatment different when his net worth position does not become different.

The reply is same like student loans above. The general rule applies here too.

Zakah is not on net-worth. God has not imposed Zakah on things which are for personal use. If you have three cars, let's say, and all of them are used by the members of your family, then there is no Zakah on them. But if you have another car which is not in use, meaning it is in excess and only for show of wealth, then it is subject to Zakah. If you have two houses, one for daily living and another in the Bahamas for summer vacations, none of them is subject to Zakah.

It is the tax systems that look after your net worth even when it is for personal use, not our religion. Zakah is only on assets that are for tradable purposes, and on items that are in excess and a whole year has passed on it.

God is much more gracious than tax system. He exempts all items for personal and family use from Zakah

c. Home Loans:

Homes which are self-occupied are not Zakatable. They are normally purchased/constructed with a long term loan. Is long term loan deductible in the hands of Zakah Payer? It is pertinent to refer Page 68 (Freedom from debt? Fiqh al Zakah by Dr. Yousuf Qaradawi). If the theme of the discussion is followed then it should be deductible. On various occasions it has been pointed out that focus should be on the liquidation of loans itself.

The reply is the same again. The rule above applies here too.

To make it clearer, let's see this with an example:

Say you own a live-in house worth \$1,000,000, but you have zero cash in your possession; then you are not asked to pay any Zakah. Any debts you still own on this house is subject to the rule above. The part that is payable from the Zakatable asset you have on day when Zakah is due is deductible; parts that are to be paid from future income are not.

Say you do not own a house but live in a rented house, but you have \$1000,000 cash or merchandise in your possession; then that cash/merchandise is Zakatable.

Alternatively if you live in rentals and have an investment house whose market value is \$1000,000 it is also subject to Zakah. Here the Zakah is on the investmental net-worth (it is what you own in fact) therefore any debts on this investmental house are deductible regardless of wherefrom are they going to be paid.

The difference between the two houses is because the live in house is exempt from Zakah by the Grace of God as we are informed by the Prophet, pbuh.

Does treatment of loan payable depends on it being Current Liability (payable within a year) or a long term liability. If yes, I am clueless why this distinction is made.

No, as said above in the rule, the matter depends from what asset/property/income you are paying the loan. If from the existing money in hand/accounts/jewelries/shares/assets, etc.? Then this debt is deductible. If from any future salaries/incomes/revenues, then it is not deductible. The loan being short-term or long-term does not make any difference.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

My answer:

BECAUSE THEY ARE NOT GOING TO BE PAID FROM THEM, ISN'T THAT CRYSTAL CLEAR?
IF YOU DECIDE TO THINK OF THE LOGICAL FLOW YOU WILL REALIZE THAT THESE EXISTING ASSETS ARE IN FACT FREE FROM DEBT.

Monzer

From: Ehsanuddin

** How are these existing assets free from debt

From: Muhammad

Sent: Friday, June 05, 2015

Question: Zakah Calculation

Dear brother in Islam Assalam o Alaykum,

I have question about Zakah calculations:

I took some Shari'ah compliant loan from Islamic bank to build a house for me and my family residence and I am living in it. From the same money, I purchased an unconstructed piece of land with the intention to sell it in future for personal use or gift it to my children (especially daughters) on their marriages.

I am still paying back the loan to the bank and will continue doing this for next 2 years until it is paid fully InShaAllah.

I have also some End of Service benefits amount accumulated which I can see while visiting my company profile but it is still with the company and has not been paid to me until now. It is like Provident fund which is paid at the time of retirement or leaving the company.

I am contributing to a saving scheme as well and some money is deposited in that saving scheme (which is also Shari'ah compliant).

My wife also owns some gold jewelry which is more than Nisab limit.

Now I want to calculate my Zakah amount for this year, could you please help and guide me in calculating the Zakah correctly according to Islam.

I would also be thankful if you provide some sahih Ahadith as well in support of your opinions. May Allah Almighty bless you with peace, prosperity and success in this world and hereafter. Ameen. Thank you.

Your brother in Islam.

Muhammad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Muhammad

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

May Allah bless you and me and guide us all to know his religion and follow its guidance. Please note the following:

Islamic banks do not give loans. If you actually took cash from the Islamic bank, this is a loan and the increment on it that the bank took is Haram as the OIC Fiqh Academy clearly stated in its decision in the 19th annual meeting held in Sharjah in April 2009 and reconfirmed in following meetings. Unfortunately some Islamic banks are still rebelling? On the excuse that their own committees approve it. this is wrong. IBs give Murabahah but not cash.

For Zakah, look at the following points:

1. The Qur'an (9:103) clearly mentions that Zakah is on property we own, there is evidence that the Prophet, pbuh, did not charge residences people live in any Zakah. There is not a single Hadith about exempting any other real estate property from Zakah except land that is used in agriculture where Zakah is on the product at 10 or 5 percent.
2. There is evidence that there was Zakah of profit obtained in trade but not used for expenses (this is the increment in trade inventory) also on increment in herds of camels (of course in addition to principal) which was the wealth investment of the Arabs like shares and stocks today as they used to take them for investment.
3. There is sufficient evidence that Zakah is on the rich, can anyone claim that owner of additional land intended for future investment or use as marriage gifts to daughters is not rich?
4. The end of service allowance is not yours until you actually get it, it is saved by the employers to help him when he needs to pay it.
5. The debt on you for the house purchase is going to be paid from future salary not from

existing funds you have on the day Zakah is due on you.

6. The voluntary saving scheme is subject to Zakah, no doubt about it so is the jewelry of your wife if she stores them as a store of value but if she uses them for their normal occasions and they are not in excess of what her peers usually have they are not subject to Zakah except according to the Hanafi school.

7. You may of course pay the Zakah due on your wife, with her knowledge, intention and permission. This is necessary because Zakah is similar to prayer a personal obligation and a worship.

Now the calculation: suppose today is the Zakah day and yesterday you got the Salary (and any other income) add everything as mentioned above (the land should be valued at market price today, the house is not included): cash + bank accounts +land value+ jewelry+ saving scheme+ any other investment property ? tomorrow? S payment on the financing/loan which is due before next salary. This total is multiplied by 2.5%.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Yasir

Sent: Wednesday, June 10, 2015

Question: Zakah on life insurance

Salam baba

I have a universal life insurance policy for myself and Amar. The value of the 2 accounts combined is \$21k. But the cash surrender value if I was to cash it out now is \$10k.

Which value should I use when calculating my Zakah?

Yasir

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Son,

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

If your intention is to cash as a kind of saving plan, it is then subject to Zakah.

But if your intention is to insure for the future, whatever you paid is gone and when you cash anything then you add it to asset of that time and when the Zakah time comes for you you pay it on the balance you have on the day of Zakah.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Jamal

Sent: Thursday, June 18, 2015

Question: Is pension fund Zakatable

Assalam Alaykum wRH wBH,

May this mail find you in the Best state of Being....Insha'Allah.

Prof. we met at the Jaiz bank AGM, Abuja, Nigeria (perhaps you may not recollect, there were many people trying to get your attention)!

Please I need clarification on an issue:

Is one's Pension Funds (before retirement) Zakatable? The reason why I'm asking this is because I heard from someone, who says that its either one pays EVERY Year on the Available balance in one's retirement savings account (RSA) or at retirement, one calculates ALL PAST DUE Zakah on the fund and pay! PLEASE Prof. I need your Fatwa on this.

Till I hear from you,

JazakAllah-Khair.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Jamal

Ramadan Mubarak and Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Pension funds paid by the law of Nigeria (by both employee and employer) is not subject to Zakah. It is a kind of tax that is credited to your account and you will be paid pension upon retirement.

When a person retires for any reason, health or age, periodical amounts received are normally used for personal and family up-keeping. If there is any saving and these savings accumulate over a year period to Nisab or more (# US\$ 1500) these savings, as in case of salaries and other professional income, are subject to Zakah at the rate of 2.5% every lunar year.

There are company pension and retirement funds in some countries, also private individual retirement funds. These are not created or obligated by law but by company systems. They are usually voluntary and tax exempt. The vested balance (that is considered owned by you as some of these system take back employer's contributions during a number of month if one quits before a given number of years) in these private/company pension funds is subject to Zakah.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Sameer

Sent: Sunday, June 28, 2015

Question: Zakah on land for constructing a house

Assalam- Aleikum-Warahmatullah

Dear Brother,

Few years back you helped me resolved some of my Zakah queries, I have couple of queries if you can provide me your opinion on those queries it will be really great

Query 1

I have confusion for paying Zakah for one of the land which I purchased in 2013, actually I paid the X amount in 2013 to purchase a land but with intention to keep it for myself (not for selling) however due to some issue land is still not registered in my name however I paid Zakah for the

land's market values in 2013 and 2014, still land was not in my name.

I have my intention changed now I might want to sell this land in 2-3 years down the line if I didn't save enough to buy a home as I don't have house so I want to purchase a house for myself and family as the land which I purchased is in different city and my job is in different city, still I am not clear whether I will be selling it or not as it depends upon my saving when I will purchase my house

So my question is whether I still need to pay Zakah as land is still not in my name though I have paid full amount and do not know what to do with the land in future

Query 2

I have given loan to my sister , which I am not intending to receive now however may be 2-3 years down the line I might need that money back do I need to pay Zakah on that in current year?

Jazaka Allah Khair

Sameer

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Sameer

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

The second question is more straightforward: yes, this loan is apparently on a debtor who recognize the indebtedness and able virtually to pay it back. It is subject to Zakah every year like your savings in your bank account, i.e., as if it cash on hand.

The answer to the first question needs more details. If you bought the land for the intention of building your own home on it, it is not subject to Zakah since the day you bought it. Whatever you paid in 2013 and 14 with the intention of Zakah does no go wasted it is a very much rewarded Sadaqah InShaAllah.

From the day you change your mind into intention to sell it becomes subject to Zakah which is due on your already established Zakah day regardless of a lunar year passing or not (example: change your mind on Rajab 10 and your next Zakah day is Ramadan 5, on Ramadan 5 you should include its market price in the calculation of Zakatable amount). this applies even if you intend to sell it and use the money to buy a house, it is in fact like your other savings that you will use for buying a house to live in, these savings are subject to Zakah until the day you contract a buy and they become earmarked for payment of the price.

If you still are not sure whether to build or sell keep the original intention of build until you change it definitely.

The fact that land is not in your name doesn't matter for Zakatability except from one angle: if this raises a doubt about your ownership (that is seller making fraud against you and the ownership becomes doubtful, La Samaha Allah). Then you drop from the Zakah a percentage of the market value equal to the % of doubt.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Syed

Sent: Saturday, July 04, 2015

Question: Zakah calculation

Dear Br. Kahf,
Ramadan Kareem,

I have some confusion about calculating Zakah. I did read your article online. I currently have a mortgage (Shari'ah compliant) and I pay monthly profit to the company. This is a 30 year term mortgage. My wife owns Zakatable jewelry and I have cash savings. Please shed light on some questions so I do the right thing.

1) Does mortgage affect the Zakah calculation at all.

The mortgage is on your residence house, it basically has no effect on Zakah calculation because the house is exempt. If it is on an investment property it does because the Zakah is then on the investment net worth.

2) Do I pay Zakah on the ""net"" saving since last Ramadan or on all Cash in bank. I usually calculate Zakah every Ramadan.

Zakah is on what you own as mentioned in Verse 9:103 in the Qur'an. It means on all that you own on the day of Zakah. This also include your last salary or income pay. You add all properties subject to Zakah and deduct any immediate debt and expenses including the next payment of mortgage, family expenses of the period until next income pay. (for this deduction I said above the word basically)

3) Once I calculate it can I pay it over a period of few months or do I have to pay the all same month.

In principle Zakah is due for distribution the day of the 354th. Exceptions are when you want to give it to some distant relatives until you find means to send it or to satisfy continuous needs of poor and needy/ alternatively, give it to a trusted Muslim charity, for it is permissible to distribute it over period according to its plans of supporting the poor on monthly basis.

JAK

Syed

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Syed

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answer below your question:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: anoop

Sent: Sunday, July 05, 2015

Question: Re: Zakah on agricultural land and its sale price

From: anoop

I am asking about Zakah on land which is sold and divided among the heirs only a period after the death of the possessor. I have two scenarios.

1) My grandfather died in 2001. His land was not divided. In around, 2010, some of his land was

sold and divided and my mother received some money. We used the money for buying car etc. and my mother kept aside some for hajj and recently she did hajj with that money also. Now there is no money left of that and I want to know whether she owe any Zakah. How is the Zakah calculated on that, if she owes?

2) My father died in 2010. Some of his relatives died before him. My father has hereditary rights on their property. Some of their properties are sold and divided recently only. Does my father or his heirs owe any Zakah on those lands? If yes how is it calculated?

Thanks

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Anoop

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

1) For grandfather land: please notice that inheritance, in Shari'ah, transfers ownership on the day of death not on the day of dividing the estate. Accordingly your mother owns her share from that day in 2001. This share is subject to Zakah for those years until spent on cars and others.

2) Same applies to the amount left for going to Hajj until spending in for the trip. The rate is 2,5% every 354 days (lunar year). You calculate only full year as for the year during which an amount is spent the Zakah is due on the balance only. 2) Apply same rule on Father's property (inherited from relative) during his life

3) Also apply it on the properties of father's heirs (i.e., you, your mother, your siblings and any other relative who inherited from him). if the amount inherited by any heir is equal to Nisab (a criteria that determines subjection to Zakah, it is approximately about US\$ 1500) or more (either alone or when added to other items of wealth of the person which are subject to Zakah such as savings, investments, etc.) the person is then subject to Zakah every lunar year as mentioned above

4) Please notice that Zakah is a personal worship, like prayers, if a person does not pay it to the poor and need is still due on him/her and Allah only make judgment on unpaid Zakah of a deceased person. In other words heir may like to release the deceased from that duty by paying it from the estate or may opt to get the money and leave the deceased to God? judgment.

5) Zakah is a timely duty that must be given to poor and needy at the end of each 354 days. A living person is still required to pay Zakah due but not paid on time for all past years.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: anoop

Thanks for the answer. Am I right if I say that Zakah is due only on land intended for sale? My father and grandfather used to give Zakah. But I don't know whether they paid Zakah on land. My father didn't want to sell his property except that he sold a property for building house. The fact that his relatives sold property, does it make him also required to pay Zakah on the same property, if it is sold after his death? If my grandfather's property is sold after his death, is he also required to pay Zakah on the same property?

Thanks

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Anoop

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I am Sorry, I should have clarified. If the land is used for agriculture, it is not subject to Zakah, only crops, harvest and fruits, etc. are subject to Zakah. If the land is for any urban use (not used for agriculture) it is subject to Zakah every year regardless of the matter of sale because it is then a wealth item that makes the person rich. Owner of such lands are required to pay Zakah on them every year at the rate of 2.5% or their market value. Of course of this we exclude a land prepared to build a house to live in, being a step toward owning own house, such land is not subject to Zakah because even after building it is not subject to Zakah

.Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Anoop

What if a land with some crop yielding trees which is not used for anything else is sold? In that case, should we count years before selling or calculating just on the money we obtain after selling is enough?

My Answer:

In this case you add the money (proceeds of sale) to other Zakatable items and on day of Zakah it should be calculated on balances on hand then.

Monzer

From: Adib

Sent: Thursday, July 09, 2015

Question: Zakah calculation

Salaam Dr Monzer,

I came across your site and thought to ask you some questions on Zakah.

1) On Stocks: Is it 2.5% of current market value each year? I have also seen a reference to 10% of gains?

This is a wealth and its nature is semi-liquid, regardless of one's intention to keep for long or for short period. it is covered by Verse 9:103. Those who claim 10 or 5% of gain have no evidence whatsoever and their analogy to agricultural harvest has no ground.

2) does it matter if stocks are bought with short term or long term intention?

No, and it does not matter whether for investment or for trading. These are very close to cash by their nature. Imagine a person, at the time of the profit keeping cash for the long future use or for grasping an investment opportunity after a year or two, isn't it subject to Zakah, what is the real difference, a difference that should that should affect the ruling?

3) rental property overseas. Zakah on rent after expenses at 2.5%? Not on the Current value of property ?

Rather Zakah is on the net worth at current value, isn't it the wealth one owns? Net rent, if kept

as cash, goes into the Zakah of cash balances and if it is spent, it is then gone and no Zakah is due because there is no MAL (wealth).

4) Share in private business that pays annual dividends. Shares do not appreciate in value. How is Zakah on this category?

This is not accurate, share appreciate. Zakah is on one's share of the business net worth, it is normally evaluated every accounting period according to accounting standards. The latter aim at revealing the real market value.

5) If one has 401k/ IRA where stocks are held, is Zakah due after subtracting potential tax and penalty.

This subtraction is done only when you liquidate, then you have no tocks but cash (net of penalty and tax). But while holding the stocks, what you own (what you take decision of investment on) is the total with no deduction. This deduction is assumptive and based on future assessment not on the assessment of the day of Zakah. What is subject to Zakah is the market value of the balances the 401K and IRA and their likes on the day Zakah is due. The non-vested part of employer's contribution is deductible because you do not own it yet.

Thanks

Adib

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Adib

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Please see my answer below your question:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: MAHASIN

Sent: Friday, July 10, 2015

Question: Zakah on emergency cash:

Alsalmu Alaykum Wa Rahama Allah Wabarakatho: RAMADAN KAREEM

Dear Sir: I hope that you are well and in good health, wa Alhamdu Allah

I always trust your opinion, I have wrote to you few times for understanding some issues.

If I may ask you!

in order to pay Zakah El mal, we have to have in saving some money equal the value buying 85 grams of 21 carat gold for one full year Hagriah. if so we pay Zakah 2.5% of the value.

My Question is, as example, the cost to buy 85 gram of gold, is a 1000.00, but I have in my saving 2000.00 , do I pay Zakah on only the 1000.00 = 250.00 or on the whole saving 2000.00 ? 500.00 on the 2000.00

Zakah is due on the balance you have on the day When it is due. In your example it is on the 2000. BTW, Zakah on 2000 is only 50 not 500.

I heard too that, if my saving value is more the 85 gram 21 carat, and I get interest on my saving account 1000.00 a year, I only pay 10% of this interest income.

The interest you got is Haram, it is exactly the Riba that is prohibited in the Qur'an (2: 275-279). On one hand interest is not subject to Zakah because being Haram implies that it is not owned by you as a Muslim cannot own a Haram thing. On the other hand all the amount of interest (in your example 1000) should be given away to a Muslim charity and must not be used by you in any of your expense/obligations including paying government taxes.

One more question, if I may. If I owe a mortgage or owe money for some reason.

Mortgage debt of one's residence is not deductible from the cash you have when you calculate Zakah because the value of the residence itself is not subject to Zakah. For any investment property Zakah is on the net worth, i.e., any debt on the property is deductible from the market value.

but , I want make sure there is cash in hand to emergency such as my funeral.

I still have to pay Zakah on this cash in hand?

Cash on hand for any emergency, one it reaches Nisab, is subject to Zakah, notice this is a form of being well to do, compare it with the poor who have no cash for emergency or for funeral! Anyway, the rate of Zakah is very small, just 2.5% anyone who keep a small amount of cash for emergency can afford paying such a small amount.

Also if someone have saving in RRSP, which does not generate any income, they have to pay Zakah,

YES, is it not a wealth, richness?

one more last thing. If someone owe rental property and after paying all related expenses , do they have to pay Zakah on the net. even if they use this income to cover living expenses.

Zakah is on the net worth of the property, not on its income. Its income is either spent or kept and included in the cash balance that are covered by the first question.

It is the market value of the property minus any debts on it that is subject to Zakah. If you do not have sufficient liquidity, then you calculate Zakah and pay all past due, without any sin, when you liquidate the property.

I might sound like I am trying run away from Zakah, that is not at all the case. I just want to understand to do the right thing, as well as explain it to my kids. they are no more kids, MaShaAllah

Wa slamo Alkom Wa Rahmat Allah Wa Barakatuh.

Mahasin

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Mahasin

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

It is nice to hear from you again, Ramadan Mubarak to you and your family, children and husband.

Please see my Answer below your question:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Anoop

Sent: Saturday, July 11, 2015

Subject: Zakah on land to build a house

Salam,

We have a land my father bought when I was 10 years old. We started building a house in that and finished the foundation. We were living in rented house. Afterwards, we moved to a new house built in my mother's home town. Two years after that my father died. Now the land with the foundation is not used for anything. Should we give Zakah on that land? Thanks

Anoop

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Anoop

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

The way you describe this land, being for a house which is not continues and no other objective is assigned to it makes it not subject to Zakah during the father life time. After his death it seems to me subject to Zakah on all the heirs, it is no more for a house and not handing it in any useful manner is matter of negligence on the part of the owners.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: anoop

From: anoop

Sent: Sunday, July 12, 2015

Question: Zakah on inherited land

For that land, we are missing the documents of ownership. We are trying to attain them since my father's death. We cannot even pay the taxes for the land. I think we cannot do anything on the land without the documents. Does this absolve us from paying Zakah? Or do we still need to pay Zakah?

Thanks

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br.

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

You should have given me all the info in one email.

Yes, Zakah is due on each heir but its payment can be delayed without being sinful until you liquidate it. if it turn out that the land is lost for any reason, there will be no Zakah due on past years.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: anoop

Salam, I am asking about the below mentioned land. We got the certificate of ownership for the land this month. We can now pay the taxes also. We are planning to build house on that. In that case should we pay Zakah for the past years? My father died in 2010 July. Thanks.

My Answer:

If the house for your living or family member livings without rent, there is no Zakah. If it is for investment it is subject to Zakah since you owned it regardless of the title.

Monzer

From: Omar

Sent: Monday, July 13, 2015

Question: Zakah Calculation

Salamu Alaykum ammo Monzer,

How are you? InShaAllah Ramadan is going well for you and ame Mayssun. I had some question about Zakah and baba told me to ask you. I really have no idea how to calculate my Zakah. I'm in a complicated situation where I own the dental practice but am still paying my partner off. Where do I even begin to calculate my Zakah? Any help you can offer would be great.

Jazakallahu Khairan

Salamu Alaykum

Omar Mubarak

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Nephew Omar,

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Most likely you are late in this question several years.

You are subject to Zakah the day you had Nisab (approximately US\$1500) and your first Zakah at the rate of 2.5% was due 354 days (354 days) after that day and since then every 354 days. Past due Zakah does not die out with passage of time. It is still has to be paid to the poor and needy. The same applies individually to you and your wife our Niece Nur (she should include any jewelry she owns except those that she wears either always or for their normal occasions such as receptions, weddings even if they are stored between occasions).

How to calculate? On each 354 days: Cash + bank accounts + any investment + any long term saving accounts such as IRA, 401K, and other medical retirement accounts + the net worth of business. You own house and cars that you and your wife normally use and household things and furniture are not included. Any debt or mortgage on these exempt items is not deductible because it is going to be paid out of future income not existing cash on the day of Zakah.

Business net worth = gross market value of the part that you own of it on the day 354th ? (any debt on it + any payment due on you which will be paid from the existing liquidity). I

understand that you may have debt you got for purchasing its first part, then you have agreement on buying more shares from the previous owner; the amount of available cash on the day of Zakah that you set aside to purchase additional shares from the partner is not deductible (because the share you will buy is not included). The cash (of course or any money in the bank) that you set aside as the profit-share of your partner, i.e., the profit on his share that

you did not buy yet is deductible.

Finally, it is easier for you to calculate on solar year (365 days as normal calendars and normal business accounts) you may adjust the difference of 11 days through the rate; then you sue rate of Zakah as 2.578% instead of 2.5%.

If you have any further question, please do not hesitate to ask again.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Sarmad

Sent: Wednesday, July 15, 2015

Question: ZAKAH ON RRSP & GRSP

Assalam Alaykum Brother,

Hope InShaAllah you will be fine.

I have read your explanation (fatwa) on Zakah calculation & payment on RRSP, RESP, GRSP. I need little more clarification on this before I pay my Zakah on GRSP/RRSP.

Following is my scenario:

A. I had total value of GRSP (including gains & losses) in my account in Ramadan 2014 = \$ 71,000

B. The total value of GRSP (including gains & losses) in my account in Ramadan 2015 are = \$ 78,000

An amount of \$71,000 remained in my account for a period of one year (from Ramadan 2014 to Ramadan 2015) where as an amount of \$7,000 was contributed by my employer on equal amounts every month over a period of one year; it means that this amount was growing because of employer's contribution. Since Zakah has to be paid on amount /cash in hand that remains in the account for lunar year; so please confirm that Ramadan 2015 I have to calculate Zakah on \$71,000 after deduction of 30% tax (which I have to pay if I withdraw \$71,000) which is \$21,300. Therefore, my Zakatable amount in Ramadan, 2015 would be \$71,000 - \$21,300 = \$49,700. So payable Zakah would be \$49,700 x 2.5% = \$ 1,242.50.

Is my this understanding correct? My base amount for Ramadan 2016 would be \$78,000,

Please advise. Wassalam,

Sarmad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Sarmad

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

I think you kind of did not got the exact concept and thereby calculation:

Please note the following:

1. There is a great deal of common misunderstanding of the Hawl (lunar year). What matters is that a 354 day period passes after you started being Zakatable. The Hawl needs not pass on every dollar one earns, it is on the original amount. this unanimous and its source is the Zakah collection at the time of the Prophet, pbuh. the Hanafi school goes further to say that once one has a Nisab, it doesn't matter if his wealth goes down to zero during the year , what matters is

that at the end of 354 days he has Nisab or more. This means that Zakah is due on all the 78000 at the end of the year. No deduction of additions as long as you own them. the criteria of Hawl is on the original amount not on addition (think of it, otherwise one has to have several Zakah due dates over the year not only one, it is well established that the Prophet, pbuh, sent his Zakah collectors once a year).

2. Deduction of tax and penalty is not justified by the reality: you own 78000, you invest 78000, this is the wealth that you have now as GTSP. If you withdraw and pay the tax and penalty then you have no GRSP but rather cash. You then pay the Zakah on cash whatever that you then have. if you are not withdrawing why do you deduct that amount on the assumption that you are withdrawing? Don't you give order to your investment agent to invest 78000? Suppose you keep it and only withdraw at the qualified date/time, then no tax paid. What can be deducted from Zakatable assets are confirmed debts or confirmed taxes. This is a potential tax not a tax or a confirmed tax.

3. In my opinion your Zakah on this amount is $78000 \times 0.025 = 1950$. If some of the employer contribution is not made owned by you yet (not vested) that amount is not yours fully yet, that is deductible until the day it becomes yours, i.e., the employer may not take it back.

4. In fact you add all your Zakatable assets together, no segregation, and consider the date of due Zakah on you the day of 354 after you got Nisab in the total for the first time.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Prof. Dr. Monzer Kahf

From: Munir

Sent: Monday, November 02, 2015

Question: Can Zakah be used for Microfinance

Dear Sheik Monzer

Assalamualaykum Warahmatullahi Wa Barakatuh,

I trust that this email finds you and your family very well. We last communicated 3 years ago.

After reading an article from Bank of Khartoum (<http://meglobaladvisors.com/bank-of-khartoum-microfinance-unit-leverages-Zakah-in-islamic-microfinance>

<<http://meglobaladvisors.com/bank-of-khartoum-microfinance-unit-leverages-Zakah-in-islamic-microfinance>> /), I wish to have your justification for the following:

I want to set up similar Zakah fund (as in the article) to disperse as microfinance facility. My query is I need to justify to the Zakah Institutions or Individual Collectors in Mauritius on the followings:

1. Can we use Zakah for this purpose?

My answer is a big NO. Except when it is done within the year temporarily until it is distributed to the needy categories. This is a yearly right of the poor and no one has a right to withhold it from them.

2. Should the recipients be strictly amongst the 7 classes.

YES, definitely. Even more than that when there is no government collection and distribution by law individual Muslims are required to be sure that their Zakah should reach its recipient and if they give to any charity, it is only on Wakalah basis (in contrast to being on authority basis).

Accordingly action of Wakil reflects on principal and there is no more part given to workers on

Zakah because now the worker is the Zakah payer or his Wakil. Furthermore according to Majority there must be no distribution to heart reconciliation because this is also an exclusive authority decision.

3. To preserve the capital - Can I also use Murabahah or Ijarah or Salam or should I use Qard or Qard Hasana as concept?

In as much as Zakah funds are finally distributed and there is sufficient guarantee by whoever takes decision it does not matter whether temporary use of idle Zakah cash is given on loan, Murabahah or otherwise of course provided it is for people who otherwise may qualify for Zakah or at least highly vulnerable families.

Thank you and Jazaka Allah Khair Sheik

Best regards

Munir

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Br. Munir

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

It is good to hear from you again.

Please see my answers below your questions:

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

From: Haseena

Sent: Sunday, November 15, 2015

Question: Zakah calculation

Dear brother Assalam Alaykum:

My name is Haseena. I got your information from my Brother In law.

I need your help in calculating our Zakah. Although we did not have cash in our bank account we have our money in stocks or rental properties. We have several rental properties. How should I calculate the Zakah for them? Is it the amount that we purchased them ?? Or from the rent that we collect during the year??. How about stocks? The value fluctuate during the year.

Thanks

Haseena

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu 'ala Sayyidina Muhammad, wa 'ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Haseena

Assalam Alaykum wa Rahmatu Allah wa Barakatuh

Each one of us should establish own Zakah year: it is a lunar year that begins on the day 354 after one has a Nisab (Zakatability criterion) for the first time and this is the first day one become required to pay Zakah. From then onward, Zakah should always be calculated and disbursed on same day of following years (always at 354 days intervals which is the lunar year).

Of course this is all done by each Muslim, male or female as long as we live in a country that has no laws making its calculation and payment regulated by the country's laws.

The calculation is simple and easy. All what we own (each one of us, husband and wife and children, each alone although it is permissible to combine together and pay together, this does not affect the outcome) except thing that we actually use personally (residence, transportation, cloth, furniture and the like). this means (in relation to your question): all rental properties (the property itself not its rent because the remaining balance of the rent is included in the third item of this equation) at market price on day of Zakah + all stocks at closing market price on same day + all cash and bank accounts (business of personal) + any investment properties ? any liabilities/debt on any of the rental/investment properties and stocks = Zakatable amount X 0.025 (this is the amount of Zakah due on you). In other words, for all investment, rental and business properties we look at the net worth and for personal properties and residence we only look at the use (this is why we include jewelries if they are not in normal use and we exempt residence but we do not deduct the mortgage on it).

Please give my warm Salam to my dear Br. Masud, your husband and your family.

Wa Allah A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Haseena

Jazaka Allah Khair Brother. If I have \$500,000, how much do I have to pay?

Haseena

My Answer:

Simply $500,000 \times 0.025 = 12500.00$ Dollars

Monzer
