FATAWA ON ZAKAH 2000-2021

From: Shakeel
Sent: Friday, July 2, 2021
Subject: who pays Zakatul Fitr
Question:
ASA,
My wife receives social security every month. Who will pay her Zakah Al Fitr me or her.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Shakeel
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
As long as she lives and is married to you you are responsible for her expenses, part of it is Zakatul Fitr. Zakatul Mal is on her property with the known conditions but still it is permissible here that you pay it on her behalf, it is then considered as a gift from you to her. But Zakatul Fitr is on the bread provider, who is the husband.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: HABIB
Sent: Monday, May 17, 2021
Subject: Zakah on investment
Question:
Dear Br. Prof. Monzer,
Assalamu alaikum and Eid Mubarak. I pray you are well and keeping safe.
I have a query on Zakah. Please see the attached document that refers to Yusuf Qaradawi on Zakah payable on investments (p. 5)—it states that Zakah is payable on the profit, not on the capital by referring capital to be similar to land.
One can argue that the appropriate example for investments should be cattle for which Zakah is payable on capital (total stock). Wondering what your views are on the above.
Kind regards,
Habib
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Prof Habib
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
First, Definitely the analogy to land is incorrect and was awfully rejected by the OIC Fiqh Academy.
Second, Zakah is definitely on the investment as valued on the day when Zakah is due. Its profit goes as either retained profit\capital gain or cash distribution and balances of cash are

also subject to Zakah. I strongly argue that all investment and business net worth is subject to Zakah and there is no argument at all for exempting these properties from Zakah. Any property that ismeant to make profit\return is subject to Zakah. Personal and family use properties are not Zakatable.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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From: Rifai
Sent: Saturday, May 15, 2021
Subject: Zakah to non-Muslim
Question:
Dear Dr Monzer,
Assalmau Alikum.
Eid Mubarak to your nd your family.
I am running a software business where revenue comes from selling software and services. In my company mostly non-Muslims are working. I have calculated my Zakah, my question is:

* Can I spend this Zakah for employee wellbeing? if this is not possible.
* Can I use this to build school/computer labs etc. where both Muslims and non Muslims will benefit? if not possible
* Can I use it to help improve Muslim schools?

I am based out of Sri Lanka.
Thank you,
regards,
Rifai
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rifai
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is a form of worship, like Salah, and has to follow the rules set by Allah and His Messenger, pbuh.
In the Qur'an when Zakah is given to poor and needy, it requires making the recipient poor and needy own what they are given. One of the implications of making them owner is that the giver does not derive any direct or indirect benefit from the recipient. Accordingly,

1. you Zakah should be given to poor and needy, priority Muslims because the Prophet, pbuh, advised us to give priority to those who are closer to Allah. There are in Sri Lanka many poor Muslims. Better give them your Zakah. For non-Muslims we give Zakah only in case of emergency life-threatening situations.
2. the condition of making the recipient own the amount\property given as Zakah requires that if we consider that it is more beneficial for the poor to build a school, the built school should be made owned by deserving poor families and we may accept children from poor

families free but we should charge fair tuition then to non-deserving families whether they are Muslim or not.

3. same principle applies for helping Muslim schools. You can give help in form of school items such as books, cloths, food to be given to poor Muslim children and if we other properties including real estate we should make it owned by the poor families as income generating investment for them.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
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From: Hajara
Sent: Wednesday, May 12, 2021
Subject: Zakah for health insurance
Question:
ear Professor Kahf,
Salaam alaykum.l and Ramadan Mubarak.
I received the following question:
Can we use Zakah funds to buy health insurance for beneficiaries?
It is from a Zakah administrator. People have given them Zakah to distribute so, they are wondering if they can apply some of the funds to pay health insurance for poor people.
Thank you for your response.
Hajara
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hajara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This question calls for a daring Fatwa which I will give it with the help of Allah.
Utilities\ usufructs\ services are considered in Shari'ah full fledge properties, and the distribution of Zakah to the poor requires making him\her the owner of whatever he\she is given. Adding to this that Zakah may be distributed to the poor in cash of in kind, whichever is more useful\beneficial to the poor. This decision can be taken by the government authority that is in charge of Zakah collection and distribution, it can be also taken, with some reservation by the Zakah giver or his\her agent (a trusted charity that sets itself to receive Zakah and distribute it).
Accordingly, Zakah may be distributed to the poor in cash or in kind with the condition of ownership fully satisfied, in the form of physical property or definite, determined usufruct\service such as a health insurance policy, a right to a specific education and the likes provided that when it is distributed in usufruct\services the following conditions are fulfilled:

1. the usufruct\service is definitely better for the receiver,
2. this 'better' assessment is done on basis of individualized personalized basis for each receiver according to his\her objective circumstances,

3. the service\usufruct is well defined and specific such as land or air transportation ticket, well defined health insurance policy and the likes,
4. the giver or his\her agent has no benefit\interest in giving it as a service\usufruct (e.g., I give the usufruct of my own house as Zakah so, that I guarantee a lessee, or insurance owner or agent giving own products).

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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Reply

Dear Professor Kahf,
Wa alaykum salaam.
Thank you for the very comprehensive answer. I especially appreciate the listing of the conditions which helps to distil some of the defining principles of Zakah. Would my Understanding be correct if I say the following:
Beneficiaries of Zakah must be those 8 categories listed in the Qur'an to be specific the applicable of them when a person distribute own Zakah directly or through an agent.
It can be a relative but not someone you are responsible for. Here is the nuance I would like clarification. A husband cannot give to his wife or child or descendants or parents or grandparents or uncles. Can a woman or wife give to her husband, child or parent?
Yes to husband because she is not responsible for his living unless when she is considered responsible for his living by court order or by usual and customary tradition (as is the situation in the USA Muslim community in our days, As for origins and descendants she cannot give them her Zakah because she is liable for their living like a male. (we should remember that in most Fiqh issues there is always room for descent) or is it the same. Both man and woman can give to brothers and sisters and cousins etc. if in need. If they are adult, yes. But if they are minors then if falls under responsibility of their parents which is extended to their able adult siblings, of course we are assuming they are in need.
The Zakah should transfer ownership of property/wealth from the giver to the receiver. (This is part of why health policy is grey area? It should improve their condition
The giver cannot get any indirect benefit from the Zakah e.g., paying lease for the receiver when you are the landlord etc (related question: if you were a grains trader, could you buy grains from your own stores to give out as Zakah?) for the inventory (grain) Zakah you can give it in kind as grain, but for the Zakah on other items you have such as investmental real estate or jewelries where the Zakah is in cash you cannot buy your own grain and give it as Zakah.
I am always interested to read your fatwas. I would really like to write some books with you if you would allow. There are some contemporary issues that need exploration. I would love that, please draft some outline and I will review it and expand on them and let us then start
For example: in poor communities where there is little or no government service. Can Zakah be pooled to provide say solar energy for electricity for the whole village and thereby allow them to prosper; or provide internet cabling so, the schools can get remote learning ; or a water project for the whole town? I heard some people are doing this in Asia though it is not strictly the hand to hand definition of Zakah but it may have more impact on getting people out of poverty. What is your view on this.

I am a stong believer in the condition of ownership transfer. For all such project we shall need a legal entity to be in charge of usage and maintenance. Can't we then make this entity owned by the poor families in the community? The normal situation is to have a few persons in each such communities who are not qualified for Zakah, these can be served with reasonable fees which will be used for maintenance and management.
I don't know how to start writing but if you are willing to collaborate and guide me I would like to present short and simple books in English on basic and contemporary Zakah issues, Islamic finance in practice, Islamic wills and inheritance and Waqf.
Let us start with outlines and for all these and get to work on them InShaAllh.
I thank you for always responding so, swiftly and wish you and your family a happy Eid.
Eid Mubarak
Hajara

My Answer:

Dear Sr. Hajara
Eid Mubarak to you and your family,
Please see below for answers in red:
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
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From: Wael
Sent: Wednesday, April 28, 2021
Subject: transferring the Zakah and exchange differences?

Question:

As-salamu alaykum wa rahmatu Allah wa barakatuh
May you kindly help with the following question on Zakah respected Dr. Monzer:

> Aslam alikum,
> Jazakum Allah Khieran for touching on this subject.
> My question is : if we calculate the Zakah here in Canada and want to send it back home that will result in exchange differences, would the Zakah considered short because of losing the exchange differences?
> Also if I am doing the transaction of donating on behalf of parents under my name because they do t have email or know how to transfer. Would that still be considered from them?

Imam Dr. Wael

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Dr. Wael
Ramadan Mubarak and Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please inform the questioner that the answer to both questions is that he shouldn't worry.

Once you calculate Zakah, you can transfer it to any other country and of course you are going to make in another currency and whatever the price of the other currency the bank gives you is what you have to transfer at anyway. Do not worry then as you are still transferring the amount of Zakah that you calculated in your local currency. Further I suggest that you pay the transfer commission from your own not from the Zakah amount because as a payer your responsible to distribute your due Zakah amount to the poor and needy.
Also, it is OKEY to make arrangement of Zakah distribution on behalf of other persons if the other person delegates you to do that. Of course, serving parents in this regard is also rewarded by Allah.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Wael
Sent: Wednesday, April 28, 2021
Subject: RESP & DCPP Zakah
Question:
Salams
Dear Dr. Monzer, jazakum Allah khayran for your help.
May you kinldy help with the following question:

> I was wondering if Zakah applies to RESP and DCPP. And if so, does it apply to the personal contribution or to the overall balance?
> I was not sure since in the RESP case the fund goes for the student, and in the case of the DCPP the fund is not accessible until retirement

Imam Dr. Wael
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Dr. Wael
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Kindly inform the questioner that accessibility is not a consideration of Zakah. Zakah is required on all properties that a Muslim own except things for personal and family use such as personal\family car and residence, etc.
Properties that are owned but locked for a short or long periods are still owned properties you placed them in such locked accounts whether for retirement or fur future education of children or for deposit with electricity and water companies or you decided to keep it in a safe with your uncle in another country, etc. Locking a property by the government for a public interest the government determines does not negate the fact that such properties are still owned by their owners. Accordingly, they are subject to Zakah.
One of the mercies of Allah is that He gave us a choice to pay Zakah from same property of from other source that we have. If you decide to pay it from same property, when you become able to dispose of it you will need to calculate the due Zakah every year and pay all

the Zakah due for past years when the property is unlocked. (Zakah is not due on lost property except when you find it; and there is a big different between lost and locked properties. The latter is known and it is determined as yours and you know where it is and you have choice of its investment although it may be sometimes delegated to a special committee or entity and the government gives you tax privileges on holding it, etc.).

Furthermore, Zakah on such funds is due on the property that you own, I.e., the balance in these accounts on the day when Zakah is due including the employer contributions and any accumulated profit. This is what you own. This means that when you calculate Zakah on such fund you do not make assumption (if I withdraw it there is a tax and penalty) because you are not withdrawing it, rather you are saving and investing it to make it grow more and to become more rich. The only part that can be deducted when calculating Zakah is the unvested part of employer's contribution if there is such part because this part is not yet made fully owned by you.

Also please notice that increments on these accounts are included with no consideration of passage of a year on them because the consesus rule in Shari'ah is that the rule of passage of a year applies only to the balance at the beginning of the year not to any increments as long as the balance at the beginning of the year was equal to the Nisab or more.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Wael

Sent: Wednesday, April 28, 2021

Subject: Zakah on LIRA and RRSP

Question:

As-salamu alaykum

Please Help with the following question too respected professor:

> Assalamualaikum.
>
> I have a question regarding Zakah rules on retirement and pension accounts like LIRA and RRSP. I have searched online but received different answers from different sites, so, I am looking for authentic answer on this matter.
>
> 1. Is Zakah payable on Locked in Retirement Accounts (LIRA)? I am currently 34 years old and I have no access to this money until I reach to a certain age like 55-60. Unlike RRSP, this is pension fund and can't be available even with paying tax or fine for early withdrawal. As this money is not accessible at all, should I pay Zakah on it now? or should I be waiting till I reach 50 to get the access on the account?
> 2. RRSP money is available for withdrawal with paying certain amount of tax to govt. Now my question is, do I have to pay Zakah on the total amount of RRSP or should I pay Zakah on the amount after deducting the tax to make the money accessible now?
>
> I greatly appreciate your time and suggestions on this matter according to the Islamic law.
>
> Jazakallah

salams

Imam Dr. Wael Shehab

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Dr. Wael

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Kindly inform the questioner that accessibility is not a consideration of Zakah. Zakah is required on all properties that a Muslim own except things for personal and family use such as personal\family car and residence, etc.

Properties that are owned but locked for a short or long periods are still owned properties you placed them in such locked accounts whether for retirement or fur future education of children or for deposit with electricity and water companies or you decided to keep it in a safe with your uncle in another country, etc. Locking a property by the government for a public interest the government determines does not negate the fact that such properties are still owned by their owners. Accordingly, they are subject to Zakah.

One of the mercies of Allah is that He gave us a choice to pay Zakah from same property of from other source that we have. If you decide to pay it from same property, when you become able to dispose of it you will need to calculate the due Zakah every year and pay all the Zakah due for past years when the property is unlocked. (Zakah is not due on lost property except when you find it; and there is a big different between lost and locked properties. The latter is known and it is determined as yours and you know where it is and you have choice of its investment although it may be sometimes delegated to a special committee or entity and the government gives you tax privileges on holding it, etc.).

Furthermore, Zakah on such funds is due on the property that you own, i.e., the balance in these accounts on the day when Zakah is due including the employer contributions and any accumulated profit. This is what you own. This means that when you calculate Zakah on such fund you do not make assumption (if I withdraw it there is a tax and penalty) because you are not withdrawing it, rather you are saving and investing it to make it grow more and to become more rich. The only part that can be deducted when calculating Zakah is the unvested part of employer's contribution if there is such part because this part is not yet made fully owned by you.

Also please notice that increments on these accounts are included with no consideration of passage of a year on them because the consensus rule in Shari'ah is that the rule of passage of a year applies only to the balance at the beginning of the year not to any increments as long as the balance at the beginning of the year was equal to the Nisab or more.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Wael

Sent: Wednesday, April 28, 2021

Subject: Question about Zakah

Question:

Salams

Please Dr. Monzer help with the following question on Zakah:

> Asalamu Alaikum
>
> My question is if an employee receives hourly wages and from that some money let's say around 100$ to 200$ (this amount is not fixed, it can vary as everything is in the daily use checking account) remains at the end of each/some month so, if next Ramadan comes and money you possess in your checking account reaches the Nisab do you have to pay Zakah from your this weekly wages ?
>
> NB: but of course one whole year did not pass for what remained from your each pay check but some of this money might have passed the whole year but some might not have as its weekly wages.
>
> I will really appreciate if you will help me with this Please. thank you

Imam Dr. Wael

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Dr. Wael

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please inform the questioner:

This question is a very common question as many for people the issue of Hawl (passage on one full lunar year is not usually explained to them. Here is the clear explanation):

When you receive income, whatever is saved of it will accumulate until it reaches the amount of Nisab (approximately US$ 1500). On the day you have this amount for the first time, you start counting your Zakah Hawl, before that you were not required to pay Zakah. Then after 354 days of that day (and every 354 days then after), you see how much you have (total of cash, bank accounts, other investments and saving accounts, etc.) and pay Zakah (2.5%) on all the balance at the end of your Zakah year. This means that the concept of passage of a full 354 days (the Hawl) applies only to the original amount not to any and all increments added during the year (354 days).

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Wael

Sent: Tuesday, April 27, 2021

Subject: Calculation of Zakah

Question:

Salams Dr. Monzer,

Hope, this email finds you and your family well.

May you kindly help replying the following question that I got from one of my community:

I am reaching out to you because I need to know how much Zakah I should need to pay for the year 2020 (lunar calendar).

I decided to calculate Zakah on first day of Ramadan every year (once a year). On April 13, 2021, I had $30763.27 in my chequing account. Also, I took government loan for study purposes. As of April 13, 2021, I owe $15071.02 to government.

Can you please help me with the Zakah calculation?

Ramadan Began (1442 H) - April 13, 2021, Balance as of April 13, 2021

Balance (checking Account) Student Loan Outstanding Amount

$30763.27 $15071.02

Ramadan Began (1441 H) - April 23, 2020, Balance as of April 23, 2020

$7596.34

Please let me know if you have any questions.

JazakAllah

Salams

Imam Dr. Wael

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Dr. Wael

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Kindly inform the questioner the following:

The info given is not sufficient to calculate Zakah. Here is a list to make the appropriate calculation:

1	Bank current account	$30763.27
2	Any other bank accounts	…..
3	Investments in shares, business, etc.	……
4	Other properties (not for personal and family use, including debts on others, men golden ring and the likes)	…….
5	Total (add all above)	XXXXXXX
6	Installment of debt that is going to be paid physically out of the above [1]	nnnnn
7	Personal and family expenses until you receive next income or salary payment	nnnnn
8	Total deductions (6+7)	NNNNN+NNNNN
Balance of Zakatable properties	(5-8)	MMMMMM
Zakah rate and amount 2.5% =		0.025 (MMMMMM)

(1) do not put here all the debts on you, only the first installment if it is going to be paid out of existing funds, future installments of the debt are going to be paid out of future income or salary.

Also, you may consult the ZAKAH CALCULATION FOR MUSLIMS IN NORTH AMERICA ON MY WEBSITE www.kahf.net

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.com/blog <http://www.kahf.com/blog>

From: A Questioner
Sent: April 24, 2021
Subject: Zakah on equity investment
Question:
ASA,
Is there any Zakah on equity investments? e.g., start-up investments which cannot be liquidated, once you put in the investment, the funds are locked and you have to wait to withdraw when the company allows.
The question is for my daughter. She's is confused with your answer and what she read in a book" 1st ethical trust charitable guide to understanding & calculating Zakah "which says that Zakah is due on any form of investment which can be readily liquidated excluding equity based investments. Please clarify because she has funds in equity investment and she cannot liquidate these funds
JAK
My Answer:
Yes of course, isn't it part of your property? Zakah is on property not only on cash.
Equity investments are definitely subject to Zakah at 2.5 percent of the closing value on day of Zakah. This is a main item of properties of the rich and there is no evidence at all on exempting them from Zakah.
Things of personal use are exempt like residence and personal car.
Sent from my iPhone

From: عبد الرحمن
Sent: Monday, April 19, 2021
Subject: زكاة المال عل المستثمرات
Question:
السلام عليكم ورحمة الله وبركاته....اتمنى ان يصل سؤالي وانت بكامل الصحة والعافية
انا اسمي عبدالرحمن الاسماعيل طالب ماجستير مهني بجامعة حلب الحرة اتعلم منك ومن خلالك الاقتصاد الاسلامي
واشكرك كل الشكر على المجهود العظيم الذي بذلته اثناء اعطاء المحاضرات
دكتورنا الكريم سؤال هو
املك مبلغ من المال اقوم بتوزيع ذكاته في شهر رمضان من كل عام وأقوم ببعض الاعمال التجارية فما يبقي معي من مال كاش أقوم بتوزيع الذكاة عليه كل سنة هل ما أقوم به صحيح أم أوزع ذكاة عن كل المال التجاري كمجموع كامل
مثلا ليكون المبلغ الكلي مما املك 500000 ليرة سوري وقمت قبل رمضان هذه السنة بتجارة ما بمبلغ 300000 ليرة سوري ولم يعود المبلغ ولا الربح الا بعد رمضان ممكن ب شهر ممكن شهرين فهل اوزع ذكاة عن 200000 الباقية ام اوزع على كامل المبلغ وهو 500000 ليرة سوري على الرغم من أن هناك مخاطر لأن التجارة هذه خارج سوريا وهي شراء مجموعة كمبيوترات من تركيا وبيعها لمنظمة تعمل داخل سوريا وممكن التأخير بدفع القيمة وممكن مخاطرة الخوف من فقد المبلغ بطريقة ما مثلا اختلاس من مدير المنظمة التي بعت البضاعة لهم
ارجو منك مشكورا الاجابة على السؤال ولك مني كل الخير والتحية
طالبك المستجد :عبدالرحمن الاسماعيل
والسلام عليكم

My Answer:

يا اخي الفاضل
الزكاة على جميع ما تملك وليست على النقود الكاس وحدها.
والمخاطرة والمتاجرة لا تعفي من الزكاة. ففي المثال الزكاة هي على ال٥٠٠٠٠٠٠ وليست على ال٢٠٠٠٠٠ فقط.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin

Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Wael
Sent: Saturday, April 17, 2021
Subject: Calculation of Zakah
Question:

Assalamu alaykum wa rahmatu Allah wa barakatuh
How are you doing Dr. Monzer? Hope, everyone is doing well in your family.
May you please help by responding to the following question:

> "Asslamu Alakum Sheik. I am writing about a question of Zakah. My normal year end of Zakah time is Ramadan (April this year). I had one property and I sold it in March. That money will be spent again to buy something and it is not in my account for a year (stayed in account for a month). Do I need to pay Zakah on that amount? Jazak Allah."

Salams
Imam

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Dr. Wael
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Kindly inform the questioner that as long as this money is owned by him, it must be included in the balances he owns for the purpose of Zakah calculation and he should multiply the total balance by 2.5% to know the due Zakah. The point that money is placed in different account or in escrow or in Amanah with other entities does not affect the due Zakah because it is based on the fact of ownership.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
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From: Hossam
Sent: Monday, April 12, 2021
Subject: Zakah on 401K
Question:

salams Dr Monzer
is the money in the 401K all Zakah eligible? and if so, what does that means ? for instance :
1- I should pay 2.5% on all the amount in the 401K every year
2- I should pay 2.5% per year but only on the "profit that was made, since 401K money is an investment money

3- I should pay only once I withdraw the money for use
please advise on the details.
thank you

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Hossam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
It is good to hear from you again and Ramadan Mubarak,
Zakah is due on the balance of the 401k as on the day of your Zakah at 2.5% of the declared value on that day. You deduct from the unvested amount only, I.e., the amount that if you leave the job the employer has right to retrieve back. Also, if the remainder, along with other investments and property that you may own which is subject to Zakah is on the day of Zakah equal to Nisab (approx. US$ 1500) or more.
Zakah is repeated on your properties every year, same way as above, it is in reality on your properties (verse 9:103 reads: take out of their properties خذ من أموالهم) not only from their profit. It is out of what you are rich of except things you and your family use.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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Reply

Thank you so, much Dr Monzer. I really appreciate the answer.
Is there some validity to (what seems to me) a different opinion below? Can you help me understand why there is a difference?. Thank you again for your time

فيرى الأكثرية إن مالك السهم يضم ريعه إلى سائر أمواله من حيث الحول والنصاب ويخرج منها ريع العشر (5ر2%) وتبرأ ذمته بذلك.

وهذا يعني أن مالك السهم في هذه الحالة لا تجب الزكاة في سهمه من حيث هو ، ولذلك جاء في قرار مجمع الفقه الاسلامي الدولي الأول (28 (4/3) تأكيد على هذا الرأي ، ونص على : (فإن صاحب هذه الأسهم لا زكاة عليه في أصل السهم، وإنما تجب الزكاة في الريع، وهي ربع العشر بعد دوران الحول من يوم قبض الريع مع اعتبار توافر شروط الزكاة وانتفاء الموانع)[52]

My Anwer:

There is not a single support in shari’ah to this view. The least argument against it is: are you rich by the property or by its dividend only?

From: taqseem
Sent: Tuesday, March 30, 2021
Subject: Zakah on pre-construction condo unit

Question:

Salam Dr. Monzer
We just purchased a pre-construction contract and paid the deposit and the 5% of purchase price.

Is Zakah payable on a pre-construction condo unit. The unit has not begun construction, and will commence next year, and with estimated completion date about 4 years.
Our intention is to sell the contract prior to closing.
Our payment structure is as follows
Deposit Structure
$5,000 on Signing
Balance to 5% in 30 days
5% in 210 days
5% in 460 days
5% on Occupancy.
Do we pay the Zakah after assignment is complete.? Do we still need to pay Zakah on the deposit and our initial deposit of 5%
Your response will be appreciated.
Wasalam.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Taqseem
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The advance payment you made is part of your properties that is owned by you. This is paid for the purpose of selling it, so, you intend to make profit out of it and InShaAllah you will. It is therefore subject to Zakah if when you add it to your other properties (of course keeping in mind that the house you live in is not subject to Zakah so, is the car that you use for you and your family and their likes) the total becomes equal to Nisab or more. Nisab is about US$ 1500. It is an advance on a property intended for sale. This alone makes it part of the items that are subject to Zakah.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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From: Wael
Sent: Thursday, April 1, 2021
Subject: Zakah on RRSP Locked in Mutual Fund

Question:

As-salamu alaykum wa rahmatu Allah wa barakatuh
Hope, this message finds you well respected Dr. Monzer and your respected family.
And, Ramadan Mubarak in advance!
Dear professor, may you help with answering the following questions:
" Assalam O Alaikum,
By the grace of Allah SWT, I hope this email finds you well.
Description (sorry for the long description):

I worked with government for 2.5 years as a fulltime employee (2016-2019) and left the organization to have job in another sector.

As there was a mandatory contribution towards retirement program. Therefore, employer and I (50% each of us) contributed $35000 in RRSP for 2.5 years, this will be my money, but I cannot use or withdraw till I reach to 55 years of age (right now, I'm 50 years of age). Therefore, govt put this amount in "Locked-in RRSP - CIBC Mutual Fund" for that period and whatever the gain or loss would be mine.

As of today (for 18 months since I opened above account) I got the gain in shares value about $2000 but I cannot take it out or touch it till I reach to 55 years of age (right now, I'm 50 years of age) and I have to pay the tax on that amount before withdraw.

Questions:

- Do I have to pay the Zakah on gain for each year going forward (till I reach to 55 years of age)?
- Do I have to pay the Zakah on total ($35000 plus gain/profit) for each year going forward (till I reach to 55 years of age)?

  OR
- I should wait till I get this money in my hand and then pay the Zakah at that time, five years from now (once I reached to 55 years of age).

Your reply would be greatly appreciated.

Jazak Allah"

Salams

Imam Dr. Wael

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Mr. Pension fund owner

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

In your question you said you own this cumulative contributions and your earn the return of investment on it. If so, then aren't you $35,000 rich? Not only that but also by the additional $2,000 income. You are rich so, that the government imposes a tax on you… how about the right of the poor on which the Qur'an (9:103) says that it is obligatory on : "their properties" and the Prophet, pbuh, said that it is on the rich among us.

The exact answer is you are required to pay Zakah on the balance of this fund (which on the day of your Zakah you should add it to your other Zakatable properties) which include principal and accumulated profits. The Zakah rate is 2.5% and this is repeated every 354 days (I.e., lunar year). You may pay it every year so, that the balance of the funds becomes clear of Zakah and you may also delay the yearly amounts due on you until you cash the whole fund and then pay all the accumulated past Zakah. In other word because of this restriction to withdraw the delay of Zakah payment is not sinful.

Beside I am going to complete the story to you and answer another question that you did not ask. you have to estimate the part of Haram within the profit that you receive every year on this fund (the 2000 and its yearly likes) and this part must be given to charity because what is Haram remains Haram all the time and you wouldn't accept to feed yourself and your family from this Haram. The investment in this bank is always mix and it contains shares of banks and other non-permissible companies.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.com/blog <http://www.kahf.com/blog>

From: Mudaser
Sent: Tuesday, March 23, 2021
Subject: Zakah Calculator Application
Question:
Dear Dr. Monzer Kahf,
I hope this email reaches you in the best of health. I'm reaching out to you today regarding a Zakah Calculator App we're developing. The App will be unique and will allow people to calculate Zakah based on the recommendation of multiple leading scholars. We're targeting to have the opinions of prominent and well respected Scholars, like yourself built into the App at launch. Alhamdolilah we already have the recommendations of both Dr. Hatim al-Haj from AMJA, and Shaykh Mustafa from the Fiqh Council of America, but we would love to also have your recommendations.
The App is almost 95% complete and will In-Sha-Allah be launched before Ramadan this year. I have put together a quick three-minute, amateur introductory video to illustrate how it will work and be different from other existing Zakah apps and tools:
https://drive.google.com/file/d/15mmc0HF5x1D-t2og4NZkHfQwpG7D0FtL/view?usp=sharing
The process for having your recommendations incorporated into the App is relatively simple and will hopefully not take more than 15-20 minutes. I would greatly appreciate if you can please share your Zakah recommendations by answering the multiple-choice style questions in the attached excel file.
If you would like to try the App please go to dev.zakatiq.com <http://dev.zakatiq.com> and signup for a free Lite account or a paid premium account using the following dummy credit card number, 4242 4242 4242 4242, and use any number for the CVV, expiry & zip code. If you have any difficulty in this process please let me know.
I want to thank you in advance for your assistance and cooperation. Jazak Allah Khairan.
Kind Regards,
Mudaser
My Answer:
May your work be accepted by Allah without any backfire…
I do not accept to put my name on this app. and I do not agree with its fundamental idea of choice and selection of alternatives. alternatives are never equal especially in matters of right and wrong…
I made a few corrections in the first few pages in order to shou you some of the drowbacks of such an approach.
Wassalam
Best Regards
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From: Sharafe
Sent: Monday, March 15, 2021
Subject: Zakah on Iana Reserve
Question:
Salams,
Iana currently endeavors to have all funds in the hands of borrowers and almost zero funds in the credit union account; however,, the team is considering long-term investing/storing a very small amount, (e.g. 1 - 10% of the Iana owned funds (I.e. not savings of lenders)) into silver and keeping the silver bars in a safety deposit box as a small reserve in case of currency collapse or other emergencies.
One of the arguments for NOT having a reserve in silver is that the benefit of keeping funds in the hands of borrowers is greater than having a reserve - as the needs for loans as very high and the funds are limited. Another is that the loan agreements with borrowers have a clause that basically states that in the event of a currency collapse, the borrower is to repay their loan based on the value of silver at the time of the loan (see Reliance of the Traveller), so, in effect, the loan is as good as silver.
At some point these reserve funds, or new donations/gifts, could be invested into land and property.
What are your thoughts about this and if you concur how much do you suggest Iana keeps as a reserve?
Duah.
Was'salam,
Sharafe
My Answer:
Dear Br. Sharafe
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I do not see any need for reserves in your organization. Better give loans as the need for them is high and when you have any emergency call for donations and deposits. This is the business model of an organization that have such glorious altruistic objectives.
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Masud
Sent: Monday, March 8, 2021
Subject: RE: ZAKAH FAQ
Question:
Dear Professor,
We would like further clarifications on the following:
1. Question 11- Pensions and retirement plans- is Zakah payable even as the saver does not legally have access to the savings until the attainment of retirement age
In pension systems which preserve ownership of contributed funds by employees (and of employer with a vesting period) to him, Zakah is due every year on all funds that are transferred to ownership of employee even with restrictions on disposition for a period of time. Such restriction are there usually to protect the objectives of privileges given such as tax

exemption and the matching contributions. They do not disqualify funds from being owned. So, one is rich by this ownership.

2. Question 15-Zakah on landed properties- is the Zakah payable on the rental value of the property or the value of the property

Isn't the real estate property part of wealth? Then its value is subject to Zakah, received rent may be used for any objective, but what is saved of it is also subject to Zakah under the cash or bank accounts items

3. Question 16- Zakah on business-is the Zakah payable on the value of the business or dividend from the business or sale of the business

If business is a common stock company, Zakah is on market value of shares, if it is a partnership it is on one's share of the net worth (with some minor adjustments such as deduction of all initiation expenses that are usually amortized or inclusion of some provisions). If business is proprietorship, Zakah is on its net worth applying best practices accounting judgements and standards

Thank you

My Answer:

Dear Br. Masud,

Please see my answers below your questions in red:

From: Masud
Sent: Friday, March 5, 2021
Subject: ZAKAH FAQ

Dear Professor Kahf

Assalaam Alaekum Warahmatullah.

I hope this email finds you well.

We have prepared the attached 20 FAQ on Zakah with most of the information extracted from your website on the subject. We intend to upload it on our website to serve as a simplified information on Zakah.

Kindly find attached for your review and sign off.

Thank you.

Kind regards,

Mas'ud

My Answer:

Here are a few improvements on it in red, please see them in red below, this makes it OK now to publish.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

ZAKAH FAQs

1. **Q- What is Zakah?**

   A: Zakah is the third pillar of Islam. It is a form of charity-giving treated in Islam as a religious obligation. It is a religious duty for all Muslims who meet the necessary wealth criteria.

Q- Who is liable to pay Zakah?

A. A Muslim who ~~is a) sane b) adolescent (usually above the age of 13)~~ possesses the minimum amount of wealth, Nisab. (The Guardian of Muslims below puberty age or insane, who own Nisab, are required to pay Zakah on their behalf).

Q- What is the minimum amount of wealth (Nisab) I should have before I am required to give Zakah?

A. The Nisab was set by the Prophet Muhammad (peace be upon him) at a rate equivalent to 87.48 grams of gold and or 612.36 grams of silver. The monetary equivalent varies yearly. For 2020, it was about N1,200,000. Please check with your local Islamic organisations or authorities before paying.

Q-How is Zakah calculated?

A. Once a person owns Nisab for the first time, then after a lunar year, I.e., 354 days from the day she\he owned Nisab, she\he should add up all owned properties (except things used personally or by the family, also except for obligations that will be paid out of said properties) For individuals, Zakah is calculated on wealth that has lasted for a lunar year at and multiply by the rate of 2.5%, same is to be repeated every 354 days (linar year) of theindividual's net worthat the end of the lunar year

B. For agricultural output and livestock, check with your local Islamic organization for Nisab and rate of Zakah.

Q-When is Zakah payable?

A. Zakah is payable on the last day of the anniversary of ~~every lunar (Islamic) year~~ owning Nisab (354th day). So,, if that happens on 20th Rajab, your next Zakah will be due 20th Rajab of the following year.

B. You may change your Zakah due date, to make it in Ramadan or to make it consistent with your business and accounting cycle. This is done by calculating the number of days difference and pay their Zakah separately.

Q-Can I use solar (Gregorian) calendar as my base year for Zakah?

A. Yes, but you will have to adjust it by 11 days difference between the lunar (Islamic) and solar (Gregorian) calendar for ~~the next~~ each Zakah period. This adjustment is done by multiplying the rate of Zakah which is 2.6% by 1+ 11/354. The rate then becomes 2.578% for the solar year.

B. Please note however, that all Schools of Fiqh agreed that it is preferable to use the Islamic calendar.

Q-Do I have to include monies/assets that have not stayed with me up to a lunar year in my Zakah calculations?

A. Yes, on a Zakah due date, you value all your assets including any income or asset you acquired even a day before the Zakah due date and apply 2.5% on their value, this is within the context of the answer of question No. 4 above.

Q-Is Zakah payable on my bank savings or investments balance?

A. Yes, Zakah is payable on your bank savings and investments balance at the anniversary of your Zakah date.

Q- I have money, I am saving for a project which has not taken off. Is Zakah payable on the savings?

A. Yes, the savings is part of your wealth and Zakah is payable on it.

Q- I have shares in a number of companies, is Zakah payable on these shares?

A. Yes, Zakah is payable on the shares. Obtain the market value of the shares in all the companies on a Zakah day and apply 2.5% on the value.

11. Q-Is Zakah payable on my pension plan, retirement plan, child education plan and similar plans?

A. Yes, Zakah is payable on your retirement plan, child education plan and similar savings or investment plans. Obtain your balance on the Zakah day and apply 2.5% on the value. It does not apply, however, on social security whereby deductions made of your salary are gone and treated as taxes (in contrast to savings) by the law.

Q- I have earned interest on some of my investments. Is Zakah payable on the interest?

A. Interest earned from investments such as bonds, shares of conventional banks and insurance companies, interest-earning deposits in conventional banks, etc. are not subject to Zakah. However, the principal investments earned from permissible source are subject to Zakah.

B. Such interest (or other Haram) earning should all be given to ~~Muslim~~ charity not as Zakah because Allah does not accept non-tayyeb (non-pure) but as purification and expression of repentance from the sin of Riba.

Q- Is Zakah payable on salaries and wages?

A. Yes, Zakah is payable on the saved part of incomes including salaries and wages. There is no condition of passage of a lunar year on that income before Zakah is payable on them. You can either wait till the anniversary of your Zakah period and on the Zakah day apply 2.5% on your savings from the salaries and wages ~~on the Zakah day~~ or estimate the amount of periodic savings and pay Zakah periodically subject to adjustment at the anniversary of your Zakah period.

B. Same applies to other professional incomes such as income of lawyers, doctors, musicians, accountants, etc.

Q- Is Zakah payable on the money I have given out as loan before repayment?

A. Yes, Zakah is payable on monies given out as loan in so, far as the loan would be repaid. The loan that you gave still forms a part of your wealth.

Q- Do I pay Zakah on my land properties?

- If the lands are used for agriculture purposes, they are not subject to Zakah. The produce is subject to Zakah at the rate of 5% or 10% depending on irrigation.
- If the property or land is acquired for resale or rent or any other investment, they are subject to Zakah at the anniversary of your Zakah year at the rate of 2.5% and it is calculated on the market value of the property on the Zakah day.
- A property you live in or a land acquired to build your residence or residence for your parents is not subject to Zakah even if you did not yet start the construction.

Q- How is the net worth of a business calculated for Zakah payment?

A. Business assets, whether mobile or fixed, net worth are subject to Zakah on the day 354th – (you should consider the net worth of the business as being what you really own in it. Any debt on it + any payment due on you which will be paid from the existing ~~liquidity~~ net worth are either already deducted and paid or deductible from the existing net worth, if not already deducted).

Q-Who are the beneficiaries of Zakah?

A. **Eight categories are mentioned in the Verse 9/60 of the Qur'an, these are** the following (Priority should be given to the poor and needy):

- The poor (Faqir/Fuqara)
- The needy (Miskeen)
- The administrators of Zakah (Amil)
- Those whose hearts have been (recently) reconciled (to Truth) such as recent converts to Islam (Muallaf qulubuhum)
- To free slaves (Riqab)
- Those who are in debt bondage (Gharimin)
- For the cause of Allah (Fisabilillah)
- Those who are stranded during a journey (Ibnus Sabil).

B. Of course, when a person distributes own Zakah, the category of administrators does not apply.

18. Q-What are the criteria for selection when there are too many people qualified as needy and poor?

- The degree of need.
- The degree of nearness. Strat the Zakah payer's relation (family but not direct dependents or parents) then, neighbors and community ~~or otherwise the payers of Zakah~~.
- The degree of religiosity of the receiver
- Availability of other sources for a specific poor/needy

19. Q- Do I pay Zakah on personal items such as clothes, cars, jewelries?

A. Personal items for everyday use are not subject to Zakah. Jewelries stored as items of wealth are subject to Zakah.

From: Omer
Sent: Monday, March 8, 2021
Subject: Re: Question on Zakah and Will
Question:
Hi Prof Monzer,
I read your articles and I am impressed with your work on Zakah. I have two questions.
1) If I have land investments which I plan to keep and use to sell in the future (may be 10 years from now) and from its money purchase a land at some other place and construct a house. Do you believe I should be paying Zakah on its market value every year?
These investments whether in land or any other constitute a wealth of yours, even though you intend in the future, long or short, to use them and their potential profits for personal use. Accordingly, they are wealth that is subject to Zakah which is literally the right of the pour and needy. What can be exempted is any contract obligation that is obviously going to be pid out of existing properties.
2) In Islam what is the value of Will in the case once a person dies the Will is considered null and void and only Laws of inheritance as mentioned in Surah Nisa. During a person's life one can give Hiba to anyone any amount no will is required for that, then what is the relevance of Will?
Here in fact we need to go back one step to understand the property right in Islam. Property all belongs to Allah and He gave each one of us whatever we own. Our ownership is only on vicegerency basis in its true meaning. It lasts only for the span of our lifetime. The moment one dies, the property goes back to its True Owner. This means there is no even authority to make a will because one cannot dispose of a property that is no more one's property. Allah distributes it the way He chooses and out of His mercy, he gave to our closest kin. This is very clear from the meanings of the closing phrases of Verses 11 and 12 and from Verses 13 and 14 of Surah 4. He could have done otherwise! However, a will is permissible as mentioned in the Sunnah (what is mentioned in the Qur'an came before the Verse of inheritance and was for special cases). Abu Bakr, with his deep association with the Prophet, pbuh, explains that permitting a last will is a grant from Allah, a form of a charity on us as He exceptionally allows us an authority of a max 1/3 of these properties to fulfill a last wish, be it distribution to charity to gain more rewards or to express kindness to a person or objective. The last will works only within this context, this is why it is limited to one third and prohibited to heirs.
Regards,
Omer
Canada
My Answer:
Bismillah al Rahman al Rahim
Please see my answers below your questions in red.
Best Regards
Dr. Monzer Kahf
Reply
Wassalam dr monzer, I read the eight categories upon whom. Zakah needs to be given. One category is the people who collect Zakah, but this category does not exist anymore what is your view ? Secondly another category is to give money to keep hearts in contact with Islam,

but hazarat Umar stopped paying Zakah to this group by saying that Islam is strong now and we don't need support from such groups.. both these cases suggest that the categories are changing and situation based . Lastly nowhere in these 8 categories it's mentioned that Zakah can only be given to Muslims so, can we give to non-Muslims too because I did not see any distinction where specially Muslims are mentioned ? fi Aman Allah GOD bless you for taking your time to answer my questions. Jazak Allah

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Omer

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

My dear, you are raising old issue that are settled years ago.

1. what Omar, the Khalifa did was a temporal decision not cancellation of the text. It relates to application at his time. The text is still alive and can be applied when circumstances allow it. Of course, this cannot be an individual decision but a collective one. It is been activated in Malaysia and in the USA by Muslim Orgs.
2. share of management may also be applied in some organization and it is also applied in Sudan by the Dept of Zakah.
3. It is not Haram to give it to non-Muslims in cases of emergency. But in normal situation, it is very reasonable to give Zakah to Muslims because it is meant to mend social relations as verse 9:103 mentions about its aims (purify and uplift).

I suggest that you may like to consider checking my website on more details and Fatawa on these issues.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

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Reply

Thank you for your email one last question, what about taxes if we are paying taxes from our income can we adjust them from our Zakah because the taxes are also essentially being used in providing public service.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Omer

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Zakah is a worship similar to prayer. Accordingly, even if an amount of charity is given directly to the poor does not relieve from Zakah. Let alone that taxes are collected for different reasons and used for different purposes while Zakah is only for the 8 categories mentioned in the Qur’an 9:60.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Rifai
Sent: Tuesday, December 8, 2020
Subject: Paying Tution Fee with Zakat Money
Question:
Dear Dr Monzer,
Assalamu Alikum.
Hope you are well.
I have friend who lost his job a year ago, he had a well paid job in the past and during this time his daughter passed with very good results and applied for Medicine, she has now got admission to the medical faculty. However, with his current job due to market condition he can't afford the tuition fee. He has to take care of two other daughters tuition fee as well.
I have my Zakat due in January. Is it allowed to pay his daughters tuition fee from my Zakat.
Thank you,
regards,
Rifai
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rifai
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Under the circumstances in the world today and not knowing where you are and having this person being able to pay for his other daughters and probably for this too in other than medical school, it seems that this case does not qualify for Zakah at this time that there are tremendous needs among Muslims under severe sufferance.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Dr. Asfour
Sent: Tuesday, August 25, 2020
Subject: Zakah on retirement accounts
Question:

سعادة الأستاذ الدكتور/ منذر قحف
طلب منى صديقى وزميلى السابق الإستاذ الدكتور أحمد أن أرسل لسيادتكم الخطاب المرفق لكى تبدوا رأيكم في مسأله فقهيه أرجو أن تتفضلوا بالإجابه عنها ويمكنكم أما ارسال الرد لى على عنوانى للبريد الإلكترونى هذا أو التواصل معه مباشرة

على عنوان بريده الإلكترونى الموجود في الخطاب المرفق وفى حالة طلبكم لأى معلومات اضافيه يمكن التواصل معه مباشرة على رقم الواتس آب الموجود في الخطاب المرفق مع مراعاة فروق التوقيت.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Brs. Drs. Asfour and Ahmed

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

الأموال التي نضعها جانبا للمستقبل بما فيها التقاعد هي جزء من ثرواتنا ومملوكة لنا لذا هي خاضعة للزكاة مثل أية أموال أخرى نملكها. ألم يكن الناس يتقاعدون في الماضي قبل نظم التقاعد المعاصرة وكانوا يستعملون أموالهم الخاضعة للزكاة أيضا.

اللبس نشأ من وجود أنظمة عديدة للتقاعد أبسطها وأقدمها أن يوفر الإنسان قرشه الأبيض ليومه الأسود كما كان يفعل الناس خلال التاريخ. ثم جاءت نظم تقوم على مبدأ الضريبة كما التأمين الاجتماعي في أمريكا وفي الدول العربية: هي ضريبة تقتطع من دخول العاملين وتعطى للمتقاعدين حسب أصول محددة في القانون، وتعطى أيضا لورثتهم وقد تشمل أيضا مدفوعات أخرى مثل نفقات الدفن وغير ذلك. وما تقتطعه الدولة من الدخول غير خاضع للزكاة لأنه غير مملوك لصاحب الدخل (كونه يؤثر في حساب مقدار المرتب التقاعدي لا يعنى ملكيته أبدا). وكثير من الدول ومنها أمريكا عندها إضافة لهذا النظام برامج تقاعد إضافية مثل ما يسمى آي آر إي وهو حساب التقاعد الفردي الذي تكون الأموال فيه مع وديع أمين تعفى من الضرائب ولا يجوز سحبها إلا في سن التقاعد وإلا فرض على السحب غرامات. هذه كلها خاضعة للزكاة لأنها مملوكة لمودعيها وإن كانت لدى الأمناء. وهي تشبه ما يسأل عنه الدكتور الخولي، هي مال مملوك لك وضتعه جانبا للمستقبل، وهذا هو عين المال الخاضع للزكاة!

أما عدم استثماره فلا يؤثر في الزكوية أبدا. ولكنني أنصح باستثماره في صناديق الاستثمار الإسلامية فذلك أفضل من التعطيل كالذي يضعه تحت الفراش.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Said

Sent: Tuesday, August 25, 2020

Subject: Zakah on money to pay for a house

Question:

Assalamu Alaikum Dear brother Dr. Monzer

I hope you are doing well. I will appreciate if you can answer the following question.

If I sign a purchase agreement with a builder and the money to buy the house is in my account and it will be due once the builder finishes the house ,do I have to pay zakat on this money?

Said

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. said

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

If this house is to live in, I.e., will going to be exempt from Zakah, the amount you commit to its purchase as described is no subject to Zakah. **I**f the house is for investment, this amount is

subject to Zakah and the value of the house, in process and after completion, is also subject to Zakah too (of course without any duplication, I.e., whatever you own for investment is Zakatable).
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Nursath
Sent: Saturday, May 30, 2020
Subject: Are we still subject to Zakah after a huge loss?
Question:
Asalamalikum.. My question is related to zakat. My husband was running a business because of some crisis he lost all assets and we mortgaged my whole gold. Now we are in huge losses and we took loan for our new business. So my question is We are in debt and I don't have gold. Only 3 tolas is left with me. So, Should I need to pay zakat on it... Please reply to my message soon...
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Nusrath
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
InShaAllah Allah will compensate you in plenty and He will give you to make your prosperous. According to your explanation the amount of gold you have is below the minimum exepmt (Nisab) and you are otherwise under debts. You are not subject to Zakah.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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FATAWA ZAKAH 2019

From: Shakeel
Sent: Thursday, December 26, 2019
Subject: Zakah calculation on business
Question
ASA,
My daughter has a business in partnership with someone. Is there any zakah on her share of funds in company's bank account?
Jazak Allahu Khairan
My Answer:
Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Shakeel
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
There is Zakah at the rate of 2.5% on her share of all the assets of the company cash and bank and otherwise. This is repeated annually.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
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From: Questioner
Sent: Sunday, December 7, 2019
Subject: Zakah
Question:
Assalamu Alaykum, whenever I'm giving zakat to the poor, there's always this sudden though of "showing off" even though my intention is pure and that just come in my mind unintentionally. What is this?
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.\ Sr.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Don’t worry and don’t give any thought, Shaitan always likes to divert us from the main objective of goodness, just: Ista’idh bi Allahi mina al shaitan al rajim.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
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Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: Majd
Sent: Friday, November 29, 2019
Subject: Hiring Zakah recipient in the Zakah management

السلام عليكم ورحمة الله وبركاته
هل يجوز توظيف مستحق للزكاة في عمل والدفع له من أموال الزكاة بحيث يصل له المبلغ كراتب ويتحصل على وظيفة وخبرة بمعنى زيادة في مصلحته.

My Answer:

الأخ المكرم مجد
السلام عليكم ورحمة الله وبركاته

نعم يجوز توظيف مستحق الزكاة في عمل والدفع له من الزكاة. ولكن إذا كان هذا العمل مما يفيد شخصا ما أو شركة ما فعلى المستفيد أن يدفع من الأجر بمقدا ما ينتفع وإلا فتكون فعلا قد دفعنا جزءا من الزكاة لهذا المنتفع. أما إذا كان العمل ذا نفع عام كأن نشغل المستحق في بيت الزكا فيصبح من العاملين عليها أو في مدرسة خيرية فيمكن ألا تطالب الجهة المستفيدة بشيء.
والله أعلم
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف تمويل واقتصاد إسلامي

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

From: majd
Sent: Wednesday, October 23, 2019
Subject: Zakah on long term investment
Question: Zakah on long term investment

شخص معه 100 ألف دولار
وضعها في استثمار على أن يكون الاستثمار لمدة خمس سنوات أي يعود مع الأرباح بعد خمس سنوات.
كيف تكون الزكاة في هذه الحالة؟ فإذا كان الجواب أن يزكي على 100 ألف كل سنة فكيف يعمل إذا لم يكن عنده فلوس إضافية وإذا كان الجواب أن يزكي بعد وصول المبلغ والربح بعد خمس سنوات
فهل يزكي على السنوات الخمس أم مرة واحدة على الذي يصل بعد خمس سنوات؟

My Answer:

الأخ المكرم مجد
السلام عليكم ورحمة الله وبركاته
أسئلة التمحك ومحاولة التهرب من الزكاة ليست من العلم ولا من الأدب، أخبر السائل ذلك...
تجب عليه الزكاة بنسبة 2.5% كل سنة قمرية (أي كل 354 يوما) . والأصل أن يدفعها كل سنة ولو من مصادر أخرى، فإن لم يستطع فلا حرمة في التأخير حتى يقبض المال كله بعد خمس سنوات لوجود قاعدة أن كل مال تدفع زكاته منه نفسه.
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف
تمويل واقتصاد إسلامي

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
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From: yasir
Sent: Sunday, October 20, 2019
Subject: Living trust and zakat al uruud
Question:
As salaamu alaykum Dr.,
2 questions:

#1. If having stock in a company signifies part ownership, are we required to pay zakat on inventory (the amount equivalent with our ownership) of the business, if so, how does that look?
#2. Is it against Maqasid al shariah to set up a trust, intending that their wife will not get a lump sum (as in a will after probate), because of fear that she will spend the lump sum poorly. Rather, the husband wants the wife to get money over a period of time thru the trust.

Shukran

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. yasir

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. For the Zakah on shares (tradable stocks of companies). Yes it I partial ownership of the company but since the share itself is traded and treated as quasi-liquid, the value of the share itself is subject to Zakah not only the inventory component of this value.
2. Having a trust, for Muslims who live under non-Muslim family law like our case in America, is a must in order to implement the Islamic inheritance law which is obligatory for Muslims. The state laws in all American states permit such trusts if the trust is worded appropriately (for a sample see my website).
3. Our trusts must not include any text that imposes any restrictions on the heirs, whether a spouse or children or parents or others, except in case of minors. This means a text like what you said in the question must not be in an Islamic trust.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

www.kahf.net <http://www.kahf.net/> ; www.kahf.com/blog <http://www.kahf.com/blog>

Reply

Shukran for answering! To follow up:

The only thing we can put in a trust are assets. Therefore, if the trust has to reflect Islamic inheritance law, then are you implying that one cannot put any asset in a trust unless it reflects Islamic inheritance law?

I guess my limited understanding was that before someone dies they can do what they wish with their money/assets. Hence, since the trust was started (out of their name) before the person passes away, the amount after death would not be considered inheritance. It would be more like a gift.

Nevertheless, who pays zakat on trust?

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Yasir

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Apparently you got things mixed up. Let me explain and please read carefully, then ask again for anything that may be ambiguous.

1. There are 2 kinds of trusts in the American system: revocable living trust. It is used forthe purpose of inheritance but can be annulled at any time by the founder and, although it has a legal personality, it is still considered you from the point of view of tax system and relation with creditors and debtors, even if you name a trustee other than the founder of the trust. This kind of trust changes nothing from Shari'ah point of view. In other words, it remains you who is the owner and you who take action (even when action is taken by your agent\Wakil whom you appoint as trustee and can remove and change anytime, etc.). whatever properties you transfer to the name of trust is not gifts to the trust but it is still yours. Hence it can be used to implement the Islamic inheritance system simply as a document that is better than las will. This trust does not change anything in regards to Zakah, it is still subject to Zakah because the trust is nothing but you and you pay the due Zakah whether from within or without the trust..
2. The second kind is IRREVOCABLE TRUST. Properties transferred to this trust goes out of your ownership and becomes assigned to the objective that you set for the trust. This trust is not considered you according to state laws for taxes, creditors\debtors, etc. It may even become tax-exempt depending on its objectives. Also it is advised that you do not make yourself the trustee because creditors and tax and other authorities may argue that although you called it irrevocable and did not use the word living in it but it is in fact you and you used the word irrevocable wrongly to avoid taxes etc. From Shari'ah point of view, a true irrevocable trust is considered Waqf and the properties in it cannot be distributed to your heirs as they are to be used only for the benevolent objective that you set for the trust. This irrevocable trust, depending on nature of its objective may be not subject to Zakah.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
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Reply

Shukran,
So revocable trust (in general) need to be according to Islamic inheritance law, while irrevocable trust (in general) need to be handled according to Islamic waqf law (no waqf to islamically legal heirs). Is that accurate?

My Answer:

Close but not exactly.
A waqf(trust) can be for benefits of heirs but not for property distribution to them. Like a house to remain for their use over generations in cases of celebrations and gatherings.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: مجد
Sent: On Sep 29, 2019
Subject: هل على هذا المبلغ زكاة خلال هذه المدة كوني لا أستطيع التصرف فيه؟
السلام عليكم، تقدمت للحصول على الجنسية التركية عن طريق ايداع مبلغ مالي في احد البنوك، وقد اودعت المبلغ في بنك اسلامي في حساب جار وتم تجميده لمدة ثلاثة سنوات، سؤالي هل على هذا المبلغ زكاة خلال هذه المدة كوني لا أستطيع التصرف فيه؟
وفي حال كان عليه زكاة: هل يجوز تاخير دفع الزكاة لحين الغاء تجميد المبلغ؟
جزاكم الله خيرا .

My Answer:
بكل بأكيد تجب عليها الزكاة كل حول قمري منذ دفعها. ولو كان السائل سوريا فبسبب ظروف السوريين في المخيمات لا أرى جواز تأخير دفعها فلا شك أن من يجمد هذا المبلغ لهذا الهدف قادر على دفع الزكاة على وقتها.
يمكن القول بجواز التأخير عموما لجواز دفع زكاة كل مال منه نفسه. ولا أرى ذلك لسوري يضع تلك الوديعة. يضاف الى ذلك ان هذه الوديعة اذا وضعت في بنك تشاركي لها عائد فهي استثمار ولو كان بعائد قليل.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Dr. Mohsen
Sent: Tuesday, September 24, 2019
Subject: How much is the zakah due on a rented house?
Salam dear Prof. Monzer,
Please take the time to answer this question:
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
On the value of the property on the day when Zakah becomes due (completion of a lunar year after first time you acquired Nisab and every lunar year, i.e., 354 days then after).
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Dr. Mohsen
Sent: Tuesday, September 17, 2019
Subject: Zakah Calculation

Salam dear Prof. Monzer,
Please take the time to answer this question:

Anoop

Assalamu alaikum,
My question is about Zakat on land when sold after a few years.
I understand that Zakat is due on the land for each year in such a case.
If we take 2.5% of the selling price for each year, and if it is 40 years we give the whole money as Zakat as 2.5 * 40 is 100%. At the same time if we take 2.5% of the initial year I think it is not sufficient as Zakat since the price of the land in subsequent years will be higher.
My question is that whether we can assume a steady constant rate of price hike for each year and if that is the case we need only to know the price in the initial year and the current year and thus we can calculate the rate of hike and thus the price of each year from the initial price and the final year price.
Can we assume a fixed rate like saying that the price of the land increases every year at a constant rate as 10% for example?
Jazak Allahu khayran

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Anoop
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This question is purely theoretical and as such does not call for an answer. İn real life people do not leave real estate for a long time with no objective, decision or action.
Real estate that is not used for personal and similar use of natural-person owners is subject to Zkah. In principle, Zakah is due every lunar year, delaying it is sinful, it due Zakah need not be paid from its sale price, rather it may be paid from any other source. When payment is delayed for valid reason the amount due is the amount assessed for that year itself, then if the delay happens to be for more than one your the total amount due is the total of the yearly dues. A rational person would keep yearly records of what is due on him\her, and when they neglect that they maket he best estimation they can. This is the answer.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Harun
Sent: Friday, August 23, 2019
Subject: Request for Zakah Nisab opinion
Salam alikum professor,
Sorry to disturb you at this hour. I am writing from Ghana. Yesterday, I had an encounter with a cocoa farmer who demanded some specific answers from the following questions. I was not sure of the difinitive answers to provide and I decided to seek your rich opinion. Some of the issues that came up for discussions were as follow;

1. Is he requıred to pay his zakat with a raw cocoa beans or pay out of the sales revenue from the sale?

Zakah is a right of the poor in the wealth and income of the rich. Richness is defined, in regard to Zakah by having Nisab.
It s in agricultural on whatever one hearvests. Be it cocoa, then from it, and if one sells it then from the sale revenue. Historically, Scholar argued that you look at whatever is better for the recipient poor. You may give it in kind from the output itself or from other items such as wheat or cloth or in cash, either way is OK as long as we look at what is more convenient for the poor.

2. If he is required to pay out of the raw beans, what will be his nisab?
   The Nisab is five Wasq, which is equivalent to about 653 kilos, more or less. Of course is the product is sold then the revenue from that much.
3. If he pays out of the revenue, how much is required of him to pay and what will be the basis for paying from cash instead of the harvested crop?
   The rate of Zakah is 10% (assuming that this agricultural activity is watered by rain as usual). Same rate applies whether payment is in cocoa or in cash.
4. Must he factor his operational cost before arriving at the payment of the zakat or just the gross harvest in the case of raw beans or gross sales in the case of payment out of sale of the cocoa beans?
   Operation cost, as such, is not deductible. However, the farmer is permissible to deduct any debts on him, whether for operation cost or for any other reasons, that are payable at hearvest or shortly after (i.e., before new fresh revenues come from which he pays these debts)
5. There are two annual crop seasons in ghana for the harvest of the cocoa beans. What happens to the farmer in the event that, each season's harvest on its own does not meet the nisab for the payment of the zakat?
   The total harvest is subject to Zakah and the Nisab applies to the total. İf the total hearvest throughout the full calendar year is eqal to or more than Nisabe the total (not only what is above Nisab) is subject to Zakah

NB; the guaranteed commercial price of cocoa per 64 kg is 90 dollars.
I anticipate your response.
Best wishes.
Wasalam.
Harun

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Harun
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answers below the questions in red:
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Majd
Sent: Thursday, July 4, 2019
Subject: الزكاة على طالب جامعي

طالب جامعي يدرس وليس عنده دخل ويحتاج لمساعدة مالية ليتم دراسته والداه مستوري الحال ويرسلون له عوناً لا يكفيه ...

هل تجوز الزكاة عليه الى ان يتم دراسته؟ ...

My Answer:

الأخ المكرم مجد
السلام عليكم ورحمة الله وبركاته
تجوز له الزكاة إذا كان نوع دراسته لا يسمح له بالعمل مع الدراسة أو كان في بلد ليس فيها فرص العمل مع الدراسة.
أما إذا كان في بلد فيها مثل ذلك (أمريكا وفي معظم الاختصاصات إلا ما ندر منها) فلا تدفع له الزكاة إلا إذا وجد سبب آخر يجعله غير قادر على الكسب مع الدراسة. إي في مثل أمريكا تدرس كل حالة حسب ظروفها .
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف تمويل واقتصاد إسلامي

Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Douglas
Sent: Friday, June 28, 2019
Subject: Question in regards to zakat for 2017
ASALAMU ALAKIUM BROTHER KHAF MY QUESTION IN REGARDS TO THE CALCULATION OF ZAKAT FOR 2017 IS THE FOLLOWING
IF A PERSON HAS 2000 IN HIS ACCOUNT AND IT COVERED THE WHOLE YEAR BUT IN 2018 WAS JOBLESS DUE TO HEALTH REASONS HOW DOES ONE REMOVE THE ZAKAT UL MAAL FOR 2017 IN THIS CASE?
YOUR ASSISTANCE IN THIS MATTER WILL HIGHLY BE APPRECIATED JAZAKALLAHU KHYRAN
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Douglas
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Delaying payment of an amount due as Zakah after the date when it is due (completion of 354 days after the day when the person obtained Nisab and every 354 days then after) without a good reason is sinful. This required correction through repentence, Istighfar and quick payment of the due amount to deserving poor and\or other legitimate objectives. Being unemployed does not necessarily mean he is poor.
Accordingly, if he is not poor (in terms of Zakah, i.e., he can afford payment of the due amount of Zakah for the year 2017), he must pay that as soon as possible. The same also applies on any Zakah that may be due for 2018. But if he is poor now and cannot pay the past due Zakah, he should make repentence and Istighfar and pledge to Allah within himself to pay that already due but-not-paid Zakah when he can in the future. Due Zakah amount is not whiped out by passage of time, it remains as a debt on the person.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Hadia
Sent: Tuesday, June 11, 2019
Subject: Zakat questions
Salam Amo Monzer,
I pray you are doing well. If you don't mind, I have two zakat questions I'd like to ask:

1) if we gave out a loan, but don't have any hopes of receiving it back for at least another year or much more, do we have to include it in our zakat?

İf you are sure the loan is going to be paid in the future, it does not matter how long, it is subject to Zakah. But if you have doubt, ful lor partial, you may deduct from the amount of loan the percentage of doubt and include its remaining balance (the non-doubted portion) in the calculation of Zakah.

2) should we count our children's ESA (education savings account) as zakatable?

The ESA and any saving or retirement plan are subject to Zakah at the balance of market value on the day when Zakah is due. This is because all these are owned wealth saved for future use. When a child is committed to aspecific schooling program which requires payment from this fund, the actually committed amount, although not paid yet but it is going to be paid before next Zakah year, may be deducted from that balance.

Thanks,
Hadia
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hadia
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answers below your questions:
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Habib
Sent: Sunday, June 9, 2019
Subject: Zakat questions
ar Brother Dr. Monzer السلام عليكم ورحمة الله وبركاته
Can you please advise on the following questions:

- Considering nowadays life expenses, is a person possessing the NISAB considered poor?

Possessing Nisab (# US$ 1500), above paying all expenses, does not make a person poor definitely. This is because all one's normal and exceptional needs are satisfied by the definition of having Nisab above

all such needs, how can such a person be poor, especially if we take the Nisab to mean that is available over a period of time, a lunar year? This makes a person in the center of middle class in today's world (income is sufficient for expenses and above that having $1500 as a reserve fund).

- In view of the above; is there a limit to how much I can give to a person in the form of Zakat; what if I give an amount such that:
  - The amount is more than the NISAB
  - The amount I would give makes the net worth of the person zakatable

This is not only permissible but rather recommended as the \Prophet, pbuh, suggest that when we give zakah (or Sadagah) we better render the person rich by our giving (إذا أعطيتم فأغنوا). Especially when you give in kind as assets that either fulfill basic needs like housing or make adequate capital for rendering the recipient efficiently a producer and payer of Zakah in the future.

On the other hand, a reminder: not all net worth is Zakatable, consumable assets that are used acuallly for the person and family such as housing, home appliances and furniture are not subject to Zakah.

جزاك الله خيرا وعيد مبارك

Habib

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Habib

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below your questions in red:

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Dr. Mohsen

Sent: Monday, June 10, 2019

Subject: giving Zakah in kind as gold jewelry

As-salamu alaykum dear Prof. Dr. Monzer,

Wish you had a nice Eid vacation.

Please take the time to answer this question:

Zakah adeeb taqui

Assalaamu alaikum

Dear Brother, my wife is asking if she can give as zakah, some of her gold rings/bangle equivalent to total zakah amount due on her to a needy relative who wants money/jewel for his daughter's wedding

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes she can give golden jewelry as payment of Zakah at the fair market value on the day Zakah is due.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Omar
Sent: Wednesday, May 29, 2019
Subject: RE: zakat questions
Salamu alikum amo monzer,
How are you? Inshallah Ramadan is going well for you and ame maysoon. I had some question about zakat and baba told me to ask you. I really have no idea how to calculate my zakat. 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 zakat? Any help you can offer would be great. Jazakalllahu kahiran
Salamu alikum
Omar
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Nephew Omar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
First I apologize for the delay, I got busy with a few timed issues.
The principle is that "the value on business net worth on the day when Zakah is due" is what is subject to Zakah, you make your best judgment of this value without going out of your way to hife an external evaluator. Make your own estimate and keep in mind that you are dealing with God. Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog
From: Omar
Salam amo monzer,
Hope you are doing well inshallah. This is the email that you sent me 4 years ago that I keep referring to. I have one more question, and it is in regards to how to calculate the business net worth. I own a dental office; not the actual physical building (I rent the office space). How do I calculate the business net worth? Is it simply the value of everything inside? Or is it what I think I can sell the business for? Thank you for any clarification on how to calculate the business net worth, jazakallah

Omar

My Answer:

Bismillah al Rahman al Rahim

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

Dear Nephew Omar,

Assalamu Alaykum wa Rahmatu Allahi 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 deductibe 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 Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Dr. Monzer Kahf

From: Omar

Salam amo Monzer,

Jazakallah. So are you saying to pay zakat on what I think the practice is worth? So if I think I can sell my practice for $1 million I would pay $25k in zakat every year?

I was told by the local Imam to pay zakat on what I have left in the bank account at the end of the year. To pay zakat on what is left over after all expenses and salaries are paid. So if the business has $200k in the bank at the end of the year I pay zakat on that. Does that make sense?

Thank you very much

Omar

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Nephew Omar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
First I apologize for the delay, I got busy with a few timed issues.
The principle is that "the value on business net worth on the day when Zakah is due" is what is subject to Zakah, you make your best judgment of this value without going out of your way to hife an external evaluator. Make your own estimate and keep in mind that you are dealing with God. Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Dr. Monzer Kahf

From: Razana
Sent: Saturday, May 18, 2019
Subject: Giving Zakah without telling the recipient it is Zakah
Assalamualaikum
Is it possible for me to give my gold zakaat to my sister in law when she is in need without her knowledge through some other family member?
Is this way allowed in Islam
Jazakallahu Khair
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Razana
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The way you described it, YES it is permissible if she is really in need and your siste in law needs not know that it is Zakah or from you. You will InShaAllah be rewarded twice; as Zakah and s kindness to kin.
But this question raises anothe issue in my mind: if she is not married or if her husband does not support her. Her brother (your husband) might be required to help her out of his own income not out of his Zakah payment if he is able. This matter does affect my answer above.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: fahmy
Sent: Monday, May 13, 2019
Subject: Zakath payment
Dear Monzer,
I would like to know all the criteria for zakath payment and also do we need to pay for gold and shareholding in a company?

Looking forward to hearing from you in sha Allah.
Thank you, Fahmy

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Fahmy
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Ramadan Karim,
Please ask a specific question and i will be glad to try to answer it as much as I know. If you want general info on Zakah please take a course in one of the universities that teach it. For Zakah on gold and share in companies, yes both are subject to Zakah along with all other savings and investments. The Zakah is a right of the poor and needy in the wealth of the able. İt is yearly at the rate of 2.5%, its year is a lunar one, i.e., 354 days. Personal things like residence and its furnitures, transportation, personal gloth and books, etc. Are exempt.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: مجد
Sent: Thursday, May 9, 2019 1:33 PM To: undisclosed-recipients:
Subject: الزكاة على مال في أمريكا

السلام عليكم سؤال شرعي انا موجود في المملكة ممنوع من السفر وفلوسي في امريكا هل يتوجب علي زكاة عنهم

My Answer:

وهل ذلك من شك ونحن عهد الاتصالات؟

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: مجد
Sent: Thursday, May 9, 2019 1:33 PM To: undisclosed-recipients:
Subject: الزكاة على المال الموقوف

أسعد الله أوقاتكم بكل خير رجل أوقف مبلغا من المال ليستثمره و ينفق ريعه على الأيتام . . . هل تجب الزكاة على المبلغ الموقوف؟

My Answer:

الأخ المكرم مجد
السلام عليكم ورحمة الله وبركاته لا تجب الزكاة على المال الموقوف بمجرد انفصاله عن مال الواقف .

مع أسمى التقدير وأعز التحية
أ. د. منذر قحف
تمويل واقتصاد إسلامي

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: مجد
Sent: Thursday, May 9, 2019 1:33 PM To: undisclosed-recipients:
Subject: إنفاق الزكاة على برامج تربوية للسوريين المهاجرين إلى كندا
جمعية خيرية تريد عمل برامج تربوية وتنموية للفقراء المهاجرين الى كندا من أموال الزكاة هل يجوز؟
My Answer:

الأخ المكرم مجد
السلام عليكم ورحمة الله وبركاته
الجواب: دفع الزكاة لتعليم وتثقيف الناس لا يجوز لشرط التمليك. الزكاة تملك للفقير ثم هو يستعملها لما يشاء .
والحرمة أشد فيما يتعلق بالمهاجرين السوريين إلى كندا، أكاد أقول إنهم كلهم فوق حد الفقر الذي تسُتحَق به الزكاة. وليس صحيحا الزعم بأنهم فقراء مهاجرون!
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف تمويل واقتصاد إسلامي

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Ammar
Sent: Thursday, May 2, 2019
Subject: A breakdown of RRSP Zakat
Salam alykum Dr. Monzer,
Pray you are well. You are a great source of knowledge for Islamic finance issues and have read your opinions on various matters, including zakat.
http://monzer.kahf.com/fatawa/2004/FATAWA_2004_ZAKAH.pdf
This is in particular regarding the zakah on RRSP. The explanation you have provided is on the 'safe' side as it suggests to pay Zakat on the entire RRSP amount. However, I would advise you to take into account the current taxation model into account as that plays into the 'zakatable' amount. This was identified to me by a teacher of mine and it makes perfect sense and people can benefit from it if you tweak your answer on the above page.

Here goes the explanation: Say you have a total RRSP of $10,000 and you make $80,000/year. Assuming you have had this RRSP for a full year, Zakat is due on the $10K-tax%. This tax% is calculated based on the tax of the state/province. For example, in Ontario, the graduated tax bracket has a tax of 31.48% on income over $75K-$90K. This implies if you were to withdraw the RRSP this year, you will end up paying 31.48% on $10K. So you would never own $10K in actual assets.
Upon withdrawl, the government holds back a tax amount automatically and it gets adjusted based on the above explanation. Since Zakat is owed on the amount of money one owns/ have access and not on the 'paper' value of the assets, zakat is to be calculated on the actual value.
One can add that it maybe better for one to pay the zakat on the entire amount, but it should not be required.
And God knows best. Keep up the great work.
Jazakumallahu khairan,
Ammar

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina
Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ammar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The issue of penalty and tax if one withdraw the funds saved\invested in the RRSP and similar retirement and education accounts is well known and thought of. İt is only when you withdraw or use funds in education plans for noneducation purposes.
The questin in regard to Zakah is that you are not withdrawing now, you intend to keep it until retirement and the funds you keep to retirement are the total balances without any deduction of tax or penalty. This is what you invest, this is what generates profit to you and this is what you may use for emergency (if the law allows some emrgencies without penalty) and this is what you jugle and move from one depository broker to another. This means this is your money that you own now as saved and kept in your investment acount. This is what is subject to Zakah, not the net amount if you assume that you withdraw it on the day of Zakah, but you are not withdrawing it then! Why making an untrue assumption? Wa Allahu A'alam
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: Ammar

Walaikum salam wrb,
Jazakaumallahu khairan for taking time to respond to me. Part of it does make sense, i.e. the entire money belongs to me in the bank account. Question here is whether I own the money.

- I won't have access to RRSP funds in their entirety even in case of emergency (no such provision of taking out the entire amount without the tax penalty)
- I won't have access to the entire funds even after I retire as they will be subject to taxes based on my then income situation.

What I am struggling to grasp and need your help is with the definition of Zakat amount. What I understand is Zakat is due one the money we own (after reaching nisaab for over a year etc). Technically speaking, I don't own that amount, no matter how I try to take it out, I will be taxed a significant chunk on it. So the question is not about assumption of withdrawl, rather what portion is truly mine (vs the government's). Thanks,
Ammar

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ammar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The issue of tax applies to everything, your investments in shares are taxed, and your income. İt is simply because they exemt you now when you save in the RRSP and similar education saving plans that you are going to be taxed later. But this tax is a matter that relates to when you withdraw in the long future and its amount or rate cannot be predicted now.
For now, what you own is the whole amount and this is what you invest and this is what generates profit. When you withdraw the likelihood that whatever you withdrow is not subject to Zakah at all is very high because then you withdraw what you need to spend.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Razana
Sent: Thursday, May 2, 2019
Subject: Zakah to help parents
Assalamualaikum
I would like to know if I can pay zakaath to my sister's wedding purpose to help my parents...?
Should Zakah be given only in the form of money?
If I earn 1000 dirhams in a year what should be my zakaah amount?

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
DearSr. Razana
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh Ramadan Mubarak to you and your family.

1. Helping parents is always one's obligation and cannot be made or counted out of Zakah.
2. Zakah is not on the total income, rather it is on the save amount of it. Suppose you work in Emirates and your monthly salary is 10,000 dirham. After spending on personal and family expenses, helping parents giving charity to poor gals, giving gifts to family members and friends, etc. You find at

the end of the 12 month that 40,000 is left with you. This amount is subject to Zakah at the rate of 2.5% and it is due at the end of a lunar year (354 days from the day you get the first salary). Of course if you already have other Zakatable items such as savings or jewelry, this 40,000 will be added to them and then the lunar year begins fro the day you acquired an amount called Nisab whic is approximately about US$ 1,500.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: مجد
Sent: Saturday, April 20, 2019 4:24 PM To: undisclosed-recipients:
Subject: دفع الزكاة للمدين المعسر
السؤال: أحدهم قليل الرزق ضيق الحال، يتقلب عليه الحال بين أن يعمل فترات ويبقى بلا عمل أغلب الأوقات، والحال هذه من سنوات طويلة. ولكنه مع ذلك يحاول مجاراة مستوى المعيشة لأقرانه وأمثال طبقته (بالحد الأدنى). فلا يظن فيه الناظر من الخارج الحاجة. وصاحبنا عليه الكثير من الديون ولم يتوقف عن ذلك. ومن الدائنين على صاحبنا رجل كبير كان عنده
بالماضي عملا وحسابا بنكيا وكفل صاحبنا في شرائه بيت بالتقسيط. وأصبح الحال أن هذا الرجل الكبير أصبح هو الذي يدفع أقساط بيت صاحبنا. وهو (الرجل الكبير) قد تراجعت أموره وانتهى عمله ، وأصبح يعتاش على راتب تقاعدي ضئيل يذهب كله (أو جله) تسديدا لقسط صاحبنا. الوضع ا ن صاحبنا معسر وغارم. والرجل الكبير دائن ويعيش الكفاف، وما زال دينه يزيد ووضعه يزداد ضيقا. السؤال : هل ينطبق صاحبنا على "الغارمين "في آية مصارف الزكاة، وهل يتم صرف مال

My Answer:

الأخ المكرم مجد السلام عليكم ورحمة الله وبركاته
من الوصف الذي ذكرت يبدو لي أن الدائن والمدين فقراء فيستحقان الزكاة لفقرهما.
والمدين المعسر يجوز دفع الزكاة له لسداد دينه، ويجوز أن تدفع مباشرة للدائن. التمليك ضروري في الأصناف الأربعة الأولى وليس في الغارمين والثلاثة الأخرى التي سبقُت في الآية الكريمة بـ في .
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف تمويل واقتصاد إسلامي

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Dr. Mohsen
Sent: Wednesday, April 10, 2019
Subject: Zakah on 401K savings
As-salamu alakum dear Prof. Monzer,
Hope you are fine.
Please take the time to answer this question:

As salamu Alaikum, My company allows to put money in 401K retirement plan. Do I have to give Zakat for this 401K deposited money? if yes then how I can calculate this 401K deposit for Zakat.
Jazaka Allah khayr.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Savings in 401K account are for retirement like any other money one saves. They are definitely subject to Zakah every year similar to money you save under the mattress at home. They are part of your wealth and the restrictions on them imposed by government do not make them not owned by you in any way. The total amount that is invested.
Calculation way: on day of Zakah take the balance of this account, add it to your other Zakatable assets\funds and multiply by 2.5%. as simple but many companies have a condition that amounts contributed by the company (the matching employer contribution) is yours as long as you do not leave the company and when you leave within 5 years from employment date the company takes bach its contribution for the last few months or years. This amount that the company has right to take back is called “non-vested.” Non-vested amount is deductible from the balance when you calculate Zakah because you ownership over it is not final and definite.
İf you pay the Zakah evey year from your other sources the money in the account stay Zakahfree. But you have a choice to delay until yoou withdraw from this money at retirement age. İn such a case you have to keep record of the due Zakah for every year and when you withdraw each amount you pay its accummulated Zakah for all past years. Of course we are talking about lunar year, i.e.,354 days from the day you have Nisab in your total Zakatable items.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Majd
Sent: Wednesday, March 20, 2019 5:48 PM
Subject: الزكاة لدفع ضريبة نقل الكفالة في السعودية

السلام عليكم شيخنا الفاضل سؤال شيخنا ..
شخص معسر ولا يعمل ومضطر الى نقل كفالة في السعودية تكلفه ٢٢ الف مع التجديد.. ولا يملك كامل المبلغ فهل يجوز الدفع له من زكاة المال؟

My Answer:

الأخ المكرم أبو أحمد
السلام عليكم ورحمة الله وبركاته
إذا كان هذا المسلم مضطرا للبقاء في السعودية لأسباب حقيقية يعرفها وقد يعينه في تقدير ضرورتها أحد العارفين بأحواله فتجوز الزكاة له ليدفع هذه الضرائب .
مع أسمى التقدير وأعز التحية

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Usman
Sent: Wednesday, February 20, 2019 4
Subject: zakaat on savings

AOA,
How are you sir?
I have a question regarding zakaat on savings.
I have 80.000 NOK (Norwegian krones) in my account at the time i have to pay Zakaat.
So this is my case:
I need to save minimum 50.000 NOK until summer 2020. This is an amount that i need for leasing a new car.

1) So this year (2019), will i pay zakaat for 80.000 NOK or 30.000 NOK (80.000-50.000) ? I'm asking you because 50.000 is future costs that i know will appear.
2) So, how's zakaat on savings actually calculated?

Let us say i pay zakaat every 1st month of Ramadan. At that time i've got 10.000 NOK in my savings.
But i know my future costs will be 8000 NOK, but they will be reduced from my account 10th of Ramadan.
Shall i then pay zakaat of 10.000 NOK or 8000 NOK?
Usman

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Usman
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh Here are the rules in regard to savings and debts:

1. Of course savings are subject to Zakah, they are the main flow that adds to wealth. All additions to wealth during the year (this means the 354 days after the day one had Nisab and and its repeate there after).
2. Debts that you own on other are considered, as the reality is, part of your existing wealth and subject to Zakah. Part therein that is not expected to be recovered is deductible. This is every year as at the end of a year you addt all that you own.
3. Debt that are on you may be sorted in two categories in regard to payment's source. Those that are going to be paid out of the existing Zakatable wealth are deductible regardless of whether they are due the following day or any time even after next year as long as they are to be paid out of existing weath items.
4. Debts that are going to be paid out of future income (e.g., monthly payment of the house that is planned out of future salary\income) are not deductible, all of the debt is not deductible.

5. Expected expenses: if they are definite (e.g.,you have contracted a company to make repair or renovation of your residence) we treat them as in 3 and 4.
6. İf expected expenses are not definite (I may or may not lease another car, as I may renew the existing one, then do not need this payment!)when there is a chance I may not need to pay these expense we better take side of the poor and do not deducted thes doubtfully expected expense.

If I did not answer fully your querry please write me anytime.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Irfan
Sent: Sunday, February 17, 2019
Subject: Zakah while under debt
Dear Shaikh,
Assalam-u-Alaikum!
I hope for your welfare and pray for your good health.
This is Irfan from J&K State under Indian control. I received a question yesterday pertaining to Zakaah. A brother told me that he has gold worth 8,00,000 Indian Rupees as saving. I enquired whether it is his or his wife's. He replied that the gold belongs to both. He then said that he had debt worth 10,00,000 INR. This was due on him since 2014, the year he got married. Since then he has been paying off the debt in installments. He has paid the whole debt just sometime back, but his gold is still like that. He meant that he did not touch gold for paying off his debt, instead paid it from his monthly salary in installments. if he paid off his gold by selling his gold, he would not have it now. His question is whether he has to pay Zakaah on gold for past years as well or only for one year. I could not answer him. I advised him to pay for one year, and will enquire about the rest of the years. Kindly guide me by letting me know whether he should pay Zakaah for all the past years, or last year is suffice? His doubt is as he was under debt, which was more than the value of his gold, he should not be liable to pay for all the past years. But he is ready to pay the Zakaah for all the past years, if it is what Shari'ah requires of him. I would be obliged by your kind and prompt reply as always.
Wassalam
Irfan

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Irfan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is a right of God to be given to the poor and needy and the rest of the 8 categories mentioned in the Qur'an (9:60). IT DOES NOT HAVE A STATUTE OF LIMITATION. This mean it is not wiped out by any passage of time.

Hence, any Zakah that is due but not paid must still be paidregaardless of how many years. For the debt that is on a person: any debt that is going to be paid out of the amount one has on the day of Zakah calculation (regardless of when during the year they are paid as long as the source of their payment is the existing Zakatabke amount) is deductible. But debts that are to be paid out of future income are not deductible.
Apparently, applying this rule we note that the past amount of debt that is already paid was not paid from the existing Zakatable gold and the existing balance balance of the debt is alos planned to be paid out of future income not fron the gold. The amount of gold is all subject to Zakah from the day when 354 days passed afte the day when it was acquired for the first time until now.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@kahf.com; www.kahf.net; www.kahf.com/blog

From: Dr. Mohsen
Sent: Tuesday, January 22, 2019
Subject: Payement of Zakah
Dear Prof. Monzer,
As-salamu alaykum
Hope this message finds you in the best of health and Iman.
I am wondering if you have some time to answer this question:
I am facing issues in payement of Zakah.
hazdar@live.com
Salam Alaikum,
I am Hazeem Azam, a Pakistani born resident of KSA.I found out about your website from a post by Kaighla Um Dayo on quora. I started earning income last year and i have money over nisab threshold. Unfortunately i didnt understand the zakah calculation process so i have questions now.

1) I have a bank account. My father used to put money in there just in case i have some need and i always 'FELT' that money belonged to him not me. I did not earn that money and i 'Believe' it wasnt a gift. I didnt do with it as i liked, i used to inform my parents and will almost always use it for some serious need after talking with them. Do i have to pay zakah on that amount too?

İf you strongly feel that funds in this account really your father's and intend to return them to him, they are not subject to Zakah on your part. But you should inform your father because for him they are part of his Zakatable items and he is required to pay their due Zakah from day one within his own due Zakah. May be he always thought that he gave you that Money. Any wan one of you should pay the due Zakah on these funds, of course provide when added to your father's they are part of his Nisa bor more and if determined thay are yours, your Zakah begings 354 days after you got in the a Nisab.

2) If the amount in question 1 is not counted, then i became eligible for paying zakah, february 2018. at the moment i have about 3,500 Saudi Riyals. Between when i became eligible for paying zakah and now, there used to be time when i used to have close to SR 20,000. if my time of payment

for zakah is next month February and my bank balance decreases, do i have to pay on that new amount or am i missing something?

Keeping in mind solution of question 1 (because it affects the day your Zakah year starts), your Zakah becomes due 354 days afterhaving the Nisab, it is OK to consider end of Feb. 2018 (on the assumtion that previous funds are Zakatable by father). 354 days after that date you pay 2.5% of the total amount you have in bank and cash in pocket, your watch and similar personal properties are not subject to Zakah (there are no silver watches in the World to the best of my knowledge)

3) I am Pakistani living in KSA and i am very secluded. i dont know many miskeen. I do not know who qualifies as miskeen or poor. I used to think that cleaners on that road who i am told have a monthly income of less than US$200 but now i heared on a news website that some people pretend to be cleaners because they get charity from people passing by. If i give them will it become accepted by Allah.

The idea of paying your Zakah in Pakistan where there aree many poor, especially people you personally know is better than giving it to cleaners in Saudi Arabia. İt is even more better if you have any poor repative (of course be sure that they are really deserving Zakah) as the Prophet, pbuh, adviced that giving it to such poor relatives will have double reward, being a Zakah paid and being a kindness to kins.

4) My parents say that pay the zakah when we go to Pakistan to people we know. Actually, there are people there whom i can actually find that are poor and miskeen. I actually personally know one. We intend to go in May or June. Is that okay or should i pay as soon as possible.

This is already answered but there is no need to delay payment until you travel back if you can send it to somebody there, like your father, and have him pay it on time whic is about Feb. 18, 2019 if we assume that funds in point one are your father's.

5) Finally, i don't have any gold or silver jewelry, i used to have a watch that may have silver or maybe it was stainless steel, i havent seen it in so long and i don't know its worth now anyways. What else am i supposed to include in my zakah calculation.

Any investments that you may have or make shouldbe included at the market price of the due day.

I am very glad i found your website.

Best Regards,

Hazeem

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Hazeem

Please see my answers below your questions in red.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

Professor, Islamic Finance & Economics

monzer@kahf.com, www.kahf.net; www.kahf.com/blog

FATAWA ZAKAH 2018

From: Imaam ……
Sent: Thursday, December 27, 2018
Subject: Fwd: Zakat Al-maal
Respected Dear Prof. Monzer, As-Salamu `alaikum.
I ask Allah SWT that you are enjoying good health, allahumma aameen.
Below is an important question we need your answer to. I am sure you will send us the relieving answer once you are able.
Sincerely,
Imam …….
---------- Forwarded message ---------
From: Ahmed
Date: Fri, 21 Dec 2018
Subject: Zakat Al-maal
To: imam…….
Asslamu Alaikum Shaikh Sayed,
Further to our discussion after Aljumaa pray, below is my situation and question about my Zakat:
I opened my pharmacy in 2016 and the first year of operation of-course I incurred some loses then, Last year (2017) I had a profit of around $74,000. Actually my bank account doesn't reflect the profit as I have a loan that I pay and I used all of the money to add some more inventory to the store. So, at the end of 2017 I actually have negative $ 10,000 in my bank account.
The question is: Should I pay Zakat on the profit I gained last year? And generally how should I calculate my due Zakat for last year and for coming years?
Regards,
Ahmed

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Brs. Dr. ……. and Ahmed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please convey to our brother Ahmed the following:

1. Zakah is on assets and net profit not only on profit. This means that in the year 2016 he started the pharmacy with some money, we go back to when he acquired Nisab (about US$ 1500) then his Zakah year begins and Zakah becomes due every lunar year then after.
2. For simplicity let me assumed he became an owner of US Dollar 1500 for the first time om Jan 1st 2016, then during the span of that year he acquired the pharmacy. At the end of 2016, he made his accounts and balance sheet of the pharmacy and any other businesses he may own. From the balance sheet (which is made according to known and best accounting practices) we take the net worth, i.e., the balance that he actually owns, i.e., total assets minus total liabilities regardless of whether he incurred a loss of profit during the year. As long as the net worth is above US Dollars 1500, the total net worth is subject to Zakah at the rate of 2.5778%.

3. This must be repeated om Dec, 31, 2017 and then 2018 and so forth.
4. Of course there are some explanations and adjustments:

a. we made the rate 2.5778 to make up for the difference of 11 days between the lunar and solar years: 0.025+0.025X11\354= 2.5778

b. any provision for end of service of employees or for any cost that is not yet due with be cancelled and the amount added to net worth.

5. Of course to the net worth he must add any other assets, accounts, investments personal or in name of any business, shares, etc. At the market price on Dec. 31 of each year, all that is subject to Zakah.

6. Notice from the above calculation that any amount he withdrew during the year for family expenses or business expenses is removed from the calculation of Zakah, i.e., it gone and not included in the balances at the end of the year (we did not take profit\loss account) as we only took the balance sheet.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor
Islamic Finance & Economics
www.Kahf.net; www.Kahf.com/blog

From: Ahmed

Assalamu Alaikum brother Monzer,

Thank you so much for the clarifications. I just have couple of questions if you don't mind just to be in the safe side.

1) I had a net-worth in 2016 of minus $17,537 (total assets - total liabilities) and a net-worth in 2017 of $44,223. While my net income in 2017 was $62,060, so I deducted the losses of 2016 from the net income of 2017 to get the net-worth of $44,223. Is that right? or should I pay the zakat on the whole $62,060?

2) I have a bank loan, so in the liability I deduct the interests I paid in this year and the total loan principal remaining. Is that right?

Attached is my FS for 2016 and 2017 for your reference

Jazak Allah Khair,

Ahmed

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ahmed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

We need to add together any personal income\wealth with the net worth of the business. If your only income is from the pharmacy and your only wealth is what is in it (of course not counting what is used by you and the family which are not subject to Zakah such as house, personal and family cars, etc.) then, there is no Zakah due for 2016 and Zakah of 2017 is on the $ 44223. How about income of 2016? İs the

income from the pharmacy or from other sources? What about other assets and investments in both years?
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
www.Kahf.net; www.Kahf.com/blog

From: مجد
Sent: 4 Dec. 2018
Subject: the Hawl for Zakah

السلام عليكم ورحمه الله وبركات
معظم التجار لايعرفون ماذا يملكون حتى يخرجوا زكواتهم إلا إذا قاموا بالجرد السنوي،وهذا لا يفعلونه إلا بمناسبة رأس السنة الشمسية.وهم في الغالب لا يعرفون متى ملكوا النصاب أول مرة أي لا يعرفون متى يكون حولان الحول.بعضهم يرى أن يعتبر رأس السنة الشمسية هو بداية الحول،وبما أن السنة الشمسية أطول قليلا من السنة القمرية،فيخرجون نسبة 2،6% وهم لايقصدون التحايل بل التيسير،ومثل هذا الفرق لا يؤثر على مقدار المطلوب منهم إلا في حالات نادرة كأن يكون قد دخل في ملكهم قبل حولان هذا الحول مبلغ ذو شأن، أو خرج منه مثل هذا المبلغ. هل يجوز لهم ذلك؟.

My Answer: الجواب
بل صدرت فتوى الهيئة العالمية للزكاة بجواز اعتبار السنة الشمسية لمثل هؤلاء واعتبار السعر 2.5778% لأخذ فارق الأيام
Monzer Kahf
From my Iphone

From: Sharafe
Sent: Sunday, November 25, 2018
Subject: Zakah on Loans of IANA
As-salamu Alaikum wa Rahmatullah wa Barakatahu Dr. Kahf,
Allah bless you and increase you for your great works.
Question: if an Iana supporter gives Iana a loan for a number of years, are they liable to pay zakat for each year the loan was outstanding when it is repaid? Or may they simply pay for one year when the loan is repaid? (e.g. if Iana receives a $10,000 loan for 10 years, when the loan is repaid, does the lender need to pay 2.5% for each year - a total of $2,236 - or simply a onetime $250?)
For reference, please provide the math-hab and source text as this is a major question for Iana supporters as to whether or not or how much to lend Iana.
Allah reward you in abundance.
Was'salam,
Sharafe
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sharafe
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

My opinion is that such funds (loans given to Iana so that it can give interest-free loans to other people) are not subject to Zakah neither by lenders/depositors nor by IANA. These are similar to temporary Waqf (in fact, they are a form of temporary Waqf). Waqf is not subject to Zakah because it is assigned to objectives of charity. When the loan is returned to its depositor, she/he will add it to other properties and on the following day of Zakah it shall be included and becomes subject to Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@Kahf.com; www.Kahf.net; www.Kahf.com/blog

From: Sharafe
Ameen; Masha Allah, many thanks. We appreciate this, Dr. Kahf.
Since we have a number of supporters from different backgrounds, is it possible to provide a reference for this opinion (e.g. a school of law and source text)? Many thanks.
Was'salam,
Sharafe
My Answer:
Dear Br. Sharafe
This is in analogy to Waqf because funds given to Iana are meant for repeated loans to beneficiaries from the lending facilities of IANA. This is not a simple debt from one person to another. Waqf, even temporary is exempt from Zakah because it is meant for repetitive acts of benevolence. (many fuqaha may argue, rightly to a large extent, that family Waqf is not exempt. But this is not a family Waqf).

From: Alexei
Sent: Wednesday, July 25, 2018
Subject: Zakat on Sukuk Fund?
As-salaamu 'alaykum,
How is the yearly zakat to be paid for money invested in a Sukuk fund? Is zakat to be paid on the earnings only, or on the entire amount of the investment plus the earnings? And what is the rate (percentage) of the zakat? Specifically, the fund being discussed here is the Amana Participation Fund (please see the link below for details):
https://www.saturna.com/amana/participation-fund#/overview
Many thanks,
Alexei
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Alexei
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is on what a Muslim own. It is on your Properties as the Qur'an

(9:103) says. If it is on properties one owns, then this covers both wealth and earnings as long as any of them is not gone out, i.e., spent out before the day when Zakah is due. Zakah is due once a year (lunar year), the first of such year is on the day when a Muslim owns an amount called Nisab, in my opinion the Nisab is estimated at about US$ 1500 in our time. Sukuk represent owned share of properties under the management of some other persons so are shares and units in Mutual fund.
The amount that is subject to Zakah is what a person owns on the day of Zakah including assets, original amount invested, earning, additional savings and what not. All that are covered under the word "their properties which is the literal translation of the Arabic word أموالهم". Of course, any property that is not yours such as trust deposits with you or that is committed to be paid for personal or family expenses (such as funds assigned for expenses until next amount of income, e.g., salary, is received or funds assigned to pay debts which are either already due or will be due before sufficient amount of revenues come to you for their payments). Further, the Prophet, pbuh, added that any property assigned for personal use or for family use (such as personal transportation, housing, clothing, and the like) is also exempt from Zakah.
In brief: Sukuk and other investments and saving accounts used in share, funds, etc. are all subject to Zakah at the market value on the day of Zakah, any earning is either taken as cash (this if not already spent will be counted under the Zakatable item of cash and bank accounts) or added to the investments, in both cases it comes under the Zakah. The rate on such properties is 2.5% every year. The rates on livestock and agricultural products are different.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@Kahf.com; www.Kahf.net; www.Kahf.com/blog

From: Dr. Mohsen
Sent: Monday, July 16, 2018
Subject: Zakah money to clear off some of parent's debts
As-salamu **alaykum** dear Prof. Monzer,
Hope you are fine.
Please take the time to answer this question:
Assalaamu alaikum.
My father took upon himself several loans in order to buy a car, apartment etc. He intended to pay off the loans after selling a land that he owns. However, so far he hasn't found a buyer and even the couple of prospective buyers he met offered an amount much less than what he would need to pay off all his loans and interest. We aren't sure when this land will be sold and the loans and interest have piled on.
My father has a pension that he uses for his necessities and to pay off some part of the loan. He owns a car but it was bought on loan. He no longer owns any apartment/house and is living in a flat that belongs to my sibling. Almost all of my mother's gold is in the bank (lent to the bank in exchange for money).
He owns two plots of lands. One is in his name and ready to be sold.
The other is under dispute in court.

We are unsure of when these lands can be sold to pay off the loans. My father is in his late 70s and the pension is just enough to cover monthly expenses and a little part of the loans.
Given all the above information, I want to ask if I and my siblings can use our zakat money to pay off some of the debts.
Thank you for your time. JazaakhAllah Khair.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Although children are not literally responsible for the debts of their parents, they are definitely strongly responsible for keeping them happy and preserve their dignity and respect. It that requires paying their debts, then let it be. Additionally, paying Zakah to one's parent is exactly similar to paying Zakah to oneself because children are responsible for the needs of their parents similar to their own selves. Definitely one cannot use one's Zakah money to relieve one's parents from the stress of their debts although one is not legally, from the Islamic law point of view, for the debts of one's parents.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@Kahf.com; www.Kahf.net; www.Kahf.com/blog

From: Majd
Sent: Monday, July 9, 2018
Subject: زكاة الزروع المسقية بوسائل أرضية

زكاة محصول الزيتون
شخص عنده أرض مزروعة زيتون في الباب بحلب وضع عليها شخص لسقاية الزرع وهي تسقى بوسائل الري الأرضية لكن بعض الأحيان تسقط الأمطار فهل تكون الزكاة 10% أم 5 %أم 7.5%؟ هل يخرج الزكاة نقدا بعد بيع المحصول؟ هل يتم إخراج الزكاة بعد توزيع المحصول بين الطرفين أي كل واحد من الطرفين يخرج زكاة حصته نقدا بعد بيع حصته؟

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

الأخ مجد المكرم
إذا كان سقي الأرضي بمضخات مائية تعمل على الكهرباء أو البترول فرأيي أنها مثل سقي السماء لأنها تزيد في المحصول أكثر بكثير من الزيادة في التكلفة فهي برأيي لا تقاس على السانية التي كانت على عهد رسول الله صلى الله عليه وسلم. ومثل ذلك السقي بماء الأنهار والسواقي والينابيع فهي أرضية ولكنها تعامل معاملة ماء السماء. أما إذا كان يعني بالسقاية الأرضية السقي من أبار قديمة باستخراج الماء دلوا بعد دلوٍ بواسطة دابة مثل السانية فالزكاة هي 5 .%
وأرى أن زكاة السائل هي العشر وليس نصفه لأنه لا توجد الطريقة القديمة في الباب في أيامنا هذه. والأفضل التعجيل بإخراج الزكاة ولا بأس بالتأخير لإخراجها نقدا. وعلى كل شريك زكاة حصته من المحصول.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
Professor, Islamic Finance & Economics
monzer@Kahf.com; www.Kahf.net; www.Kahf.com/blog

FATAWA ON ZAKAH 2017

From: Hossam
Sent: Thursday, December 07, 2017
Subject: Re: Question on zakah
Question:
Salamu aliukum dr Monzer.
Thank you so much for the answer. It seems there may be difference of opinion related to zakat eligibility for mosques and some other Islamic organizations. Is that a fair statement? May Allah accept.
My answer:
But there is no supporting evidence for the other view, the internet Fatawa are old and do not take the changes in realities in the American seen.
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Hossam
Sent: Wednesday, December 06, 2017
Subject: Question on zakah
Question:
Salamu aliukum dr Monzer
Hope you are well Insha Allah. I would like to ask you if it is permissible to pay zakah approximately 6 month ahead of its time if there are reasons to do so that would benefit both the Islamic organization needing the funds and the donor.
I can provide more details if you like.
Thanks.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Hossam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
It is nice to hear from you again. YES, it is permissible to pay Zakah in advance if there is a benefit to the recipient, even if it were six month or a year or more, of course this will be advance payment subject to exact calculation and adjustment on the due date except when the government implement it and ask for advance payment, then it is not subject to adjustment, i.e., the government may consider such payment final.
But you kind of alarmed me by saying ‘to the organization.’ Under normal situations paying Zakah to finance activities of Islamic centers, mosques or schools in America does

not fulfill the conditions required for Zakah. Such organizations normally do not deserve Zakah, which is the right of the poor and needy. Such organizations may be very legitimate and glorious destinations for donations and other charities but not Zakah. Establishing such organizations and spending on their needs may also be Fard Kifayah on the able among us but should not be taken from the share of the poor, the Zakah proceeds. There are very exceptional cases, and only on case by case basis that any of such organizations may qualify for taking Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Friday, December 01, 2017
Subject: Zakah
Question:
As-salamu alaykum dear Prof. Dr. Monzer
Hope you are fine.
Would you please take the time to answer the question?
Syed from India
Dear Scholar,
My question is regarding, if i purchase and save gold for the marriage of daughters, which will be after 15 years Insha Allah. Do i have to take out Zakah on that gold every year.
Regards,
Syed.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Syed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes, of course. Isn’t that property you own that you are saving and do not need for any immediate need and your are rich by that much. Of course Zakah is at the rate of 2.5% every year and it begins to be due one lunar year after the total of the Zakatable assets you own (not only each item, e.g., the gold alone). Besides this gold for your daughters will be given as gifts to them because there is no legal requirement so that Zakah continues until you actually give it, so you deduct the amount of gold you give to each one of them only the day you give so that that much will not be included in the calculation of due Zakah of that year.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin

Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Friday, December 01, 2017
Subject: Property division
Question:
Shaheen from India
As salamu alaikum - My father during his life time puchased a house but due to some genuine reason registered the house in the name of my younger brothers and we all used to stay in the house (4 brothers and 2 sisters)now we all decided to sell the house my sisters are demanding equal share. Is this permissible per shariah? Please advice.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Shaheen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This is not legitimate in Shari'ah unless all other heirs voluntarily agrees to give them some of their shares so that they get equal shares.
The division according to Shari'ah is (provided your father is not survived by any of his two parents): if you mother survived your father she takes one eighth, the remaining, after this one eighth, should be distributed between the brothers and sisters at the rate of one share to the girl and two shares to the boy. This becomes as follows: if mother is alive she takes 10/80, each of the four sons takes 14/80 and each of the two daughters takes 7/80. If the mother passed away before the father, this house or its value should be distributed as follows: 1/10 to each of the daughters and 2/10 to each of the four sons.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

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From: Dr. Mohsen
Sent: Saturday, October 28, 2017
Subject: سؤال بالعربية
Question:

السلام عليكم دكتور منذر
جاءنا هذا السؤال من أحد الزائرين
يبدو أنه يفضل العربية

لدي بعض العقارات بفضل الله تعالى أقوم بتأجيرها وأصرف منها على أهلي وأولادي وهي كالتالي:
شقة قيمة تأجيرها 1000 جنيه مصري
شقة قيمة تأجيرها 1600 جنيه مصري
محل قيمة تأجيره 1500 جنيه مصري.
هذه الإيجارات جزء من مصدر الدخل حيث أصرف من الإيجار على أهلي وأساعد أبي وإخوتي و أهل زوجتي.
هذه الإيجارات يحول عليها الحول.
فهل عليها زكاه وكيف تحسب؟

My answer:

الأخ المكرم
السلام عليكم و رحمة الله و بركاته
فرض الله سبحانه وتعالى الزكاة على أموال الأغنياء ولم يفرق بين عقار وغيره، ولكن النبي الكريم عليه الصلاة والسلام أن الزكاة على الأغنياء لتعطى للفقراء، ولم يفرق بين غني بعقار أو غني بمنقول. ولم تكن العقارات تشكل غنى في عهد النبي صلى الله عليه وسلم وهي تشكل في عصرنا أهم أشكال الغنى.
أنا أرى أن العقارات المؤجرة تجب الزكاة عليها نفسها حسب ثمنها السوقي يوم الحول بنسبة 2.5% من الثمن المقدر للعقار ويرى كثير من العلماء الذين ينظرون لما كُتِبَ في أزمان سالفة في كتب الفقه أن لا زكاة عليها.
أما الأجرة فتدخل ضمن مالك من نقود وتجب الزكاة على الرصيد من النقود (مجموعا مع غيره من الأموال الأخرى) إذا بلغ المجموع النصاب في أول الحول وآخره.
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف
تمويل واقتصاد إسلامي

Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: shanu
Sent: Saturday, October 21, 2017
Subject: Zakat on women’s jewelry
Question:
Assalamu alaikum
Questions
1.Is music Halal or Haram in islam?
2. Is zakat due on women's jewelry?
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Shanu
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please ask another scholar about Music, it is not my specialty.
For Zakah on women jewelry, it is exempt from Zakah if two conditions are satisfied: 1) they are normally utilized (in contrast of being stored), and 2) it is not more expensive than her peers around her.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam

Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: M. Shakeel
Sent: Wednesday, September 13, 2017
Subject: Question on Zakah
Question:
Assalamu Alykum,
Once you advised me that I can pay my zakah in advance. If I pay in advance, then that amount will be short when I calculate my zakah at the end of the year which will result in less zakah. Is this okay?
Jazak Allah
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Shakeel
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
What you said is correct accounting-wise. Better avoid deducting this advanced amount from the total Zakatable balances at the end of the year (or added it back). I also suggest that when you calculate the amount of Zakah you should always add a small amount to repair any possible mistake in your calculation, you shall get the Hasanat for it anyway..
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Monday, September 04, 2017
Subject: Zakah on gold jewelries
Question:
As-Salamu alaykym dear Prof. Dr. Monzer,
I wish you and your family had a nice Eid al-Adha.
I am wondering if you have time to answer the attached three questions.
Kind regards,
Dr. Mohsen
Zakat
Questioner: SA
From Pakistan
I have received 10 tola gold from my parents on my marriage. similary 5 to 8 tola from my in-laws. The whole gold that is being given me on my marriage is with my husband I

have just used it once on time of my wedding. After that, my husband took over it and put it in a bank locker for safety and as I am having three daughters so my husband is of view that the same will be used for the daughters on their marriages. I want to ask what will be the disposal of zakat. In such a situation where husband takes control of all the gold and put it under his own custody and do not let the wife to use at functions, who will be responsible for paying of zakat for gold. AM i or my husband. thank you

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. SA

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I suppose you are still the owner and his hand on it is only an Amanah hand to keep it safe for use as you agree to. In this case you are responsible for the Zakah payment, it is every lunar year, the first year began on the day of your wedding, it is due at the rate of 2.5% on the 354 day after your wedding and every 354 days then after. Your husband may volunteer to pay the due Zakah on your behalf.

However, if you feel that the husband in fact took it over from you and he keeps it for your daughters no more for you and you in fact surrender any authority over this gold, then he becomes under the obligation to pay its Zakah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Professor Dr. Monzer Kahf

Islamic Finance & Economics

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Dear Br. Dr. Mohsen

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please receive my answers above.

Wassalam

Best Regards

Professor Dr. Monzer Kahf

Islamic Finance & Economics

From: Ali

Sent: Friday, August 04, 2017

Subject: Question about invsstments

Quesstion:

AmssalamuAlaikum Brother Monzer

Hope you are in good health. Please can you advise me on the following matter as I have so far got some conflicting information on the internet.

My wife has invested money in Shariah compliant funds with the intention of keeping it for many years (10yrs+) unless an emergency crops up. There is no expectation or intention of receiving dividends. Does she pay zakat on the whole amount every year or does she pay it on the zakatable assets of the funds?

Also I have invested money for my son (now 8) in shariah compliant childrens isa. The money cannot be withdrawn till he is 18. The itention is that when he is 18 the funds will grow in value and he can withdrawit to fund his studies. When he is of the age to pay zakat, would he pay it on the whole amount, the zakatable assets, or not at all?
Like always your expert advice is greatly appreciated and acted upon.
Ali Ahmed

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ali
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The Qur'an stated that Zakah is to be on the proper a Muslim own. Are such investment, wife long term investment and funds kept for future use and any other similar funds? Also the Prophet, pbuh, repeatedly said that Zakah is on the rich among us, are we rich by these funds?
Please let us try to understand it directly from the original text not from what some people say on the internet or otherwise. In the Sunnah we have clear text about what is exempt from Zakah, such properties are not of them (what is exempt are the house we live in, the horse [or car] we use for transportation, or any amount specifically committed (not expected or planned) to pay a debt or an expense).
The balance of all these funds on the day when one's Zakah is due, is subject to Zakah at the rate of 2.5% and this is repeated every lunar year, i.e., every 354 days since the day one acquires the amount of Nisab for the first time.
For the age of duty, Zakah is not like Salah (prayer) requires adulthood. Zakah becomes obligatory on the day 354th after one have owned a Nisab which is in my estimation about US$ 1500. If a child or a baby owned such an amount, a gift or an inheritance, or given by a parent, as in this case, the child is required to pay Zakah (to be implemented by his guardian, i.e., you) every year as long as he/she owns an amount of Nisab or more.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Tuesday, July 11, 2017
Subject: Zakah on gold that is to be sold to buy a house

Question:

As-salamu alykum dear Prof. Dr. Monzer,
Hope you are fine.
I am wondering if you have time to answer these question

Kind regards,
Dr. Mohsen
About the gold zakah Fahad from India
لس الم عليكم
My wife has some gold around 350 gram. But we don't have own house InShaAllah we just plan to build house in future. So we just plan to sell gold and build house or buy a land.
So is it necessary to give Zakah for this gold?
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Fahad
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
As of now and until you start building a house this gold is owned by you wife, it is above Nisab, it is not yet committed to construction because you did not contract a purchase and become under debt for a payment, therefore this gold is subject to Zakah at the rate of 2.5% every lunar year, the first begins 354 days after she acquired it, you may pay the due Zakah on he behalf if you like.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics
==========

My answer:
Dear Br. Dr. Mohsen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please receive the answers above
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Tuesday, July 11, 2017
Subject: Zakatul fitr
Question:
As-salamu alykum dear Prof. Dr. Monzer,
Hope you are fine.
I am wondering if you have time to answer these question
1: About the gold zakah Fahad from India
لس الم عليكم

Kind regards,
Dr. Mohsen
Question
mohammed shahriar from the US
as salamualilikum Mufti saab
I have started a divorce proceeding from my wife. I have two children with her and she has the custody of my two children. I am paying child support and wife maintenance according to the judgement from the US family court system. I am paying 1600 for the two children and 1200 for the wife. The divorce is still not finalized and I am fighting custody for the children. Can you tell me according to Islam Should I pay zakatul Fitr for the wife and the two children? who are no longer part of my household .. ? I only paid Zakat ul fitr for myself this Ramadan, and I am being told I should have paid for all of us. however, I can certainly pay for all of us, but does the situation and the circumstances according to Islam commands me to pay for all of us?

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Shahriar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
From your explanation and the stage of the proceeding that you mentioned (you are fighting for their custody and meanwhile paying for their support), it seems that both children and wife are still on your expenses although they live away from you. This implies that you are responsible for their Zakah of al Fitr.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

My answer:

Dear Br. Dr. Mohsen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please receive the answers above
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Imam
Sent: Sunday, July 09, 2017
Subject: Zakat question for RRSPs

Question:

Dear Dr Monzer, Assalam alaykum warahmatu Allah wabarakatu

I hope this message finds you in the best of health and iman.
I will highly appreciate it if you can help us answer this question below on Zakah on RRSPs.
Thanks.
Imam Samy
Here is the question:
My questions is regarding tax deferred savings. I know Zakat is due on them when they exceed nisab, but the question is whether the zakat is on the whole amount. The way RRSPs work is that you take money from your paycheck and put it in a special account and essentially do not pay taxes on that part of your paycheck. You do however have to pay taxes when you withdraw the money, typically when you retire. If you take it out before you retire, you still pay taxes, but potentially more percentage.
So the question is since you owe the government tax on this money, is it all zakatable or do you deduct the tax due on it and then pay zakat on the remainder? It gets a bit complicated since the tax is variable depending on when you take it out, how much you make a year, etc.
There is another similar savings program called TFSA. The difference is that you only need to pay taxes on the increase in the amount of your savings, not the initial amount that you put in. But as before, you owe taxes on some of that money no matter what, so is it all Zakatable?
JAK
Salam
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Imam Samy
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please inform the questioner that as Zakah is in our properties (the Qur'an 9:103), we need to address this point of what is our property on the day of Zakah. Funds in the RRSP and TFSA are money we invest and earn profit and capital gain, we can take money from them for permitted reasons such as buying a house or medical expenses and the like. it is true that government made some restrictions on withdrawals (tax and sometimes penalties) on them against the privileges it gave us (tax deduction and tax free increments).But until withdrawal, we own the whole amounts/balances and we dispose of them, all, as owners. This whole is what is subject to Zakah on the day when it is due. If we withdraw an amount, this amount reduces the existing balances and its Zakatability depends on how we then use it (or keep it) and for how long.
Accordingly on the day of calculating Zakah we add the balances in RRSP, TFSA and their likes to the list of Zakatable assets and multiply the total by 2.5%.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards

Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Wednesday, June 28, 2017
Subject: Zakat ruling in Islam
Question:
As-salamu alaykum dear Prof. Dr. Monzer,
I wish you had a nice Eid vacation.
I am wondering if you have time to answer this question:
Shakeeb Ahmad from India
AssalamoAlaikum,
First of all I would like to thank aboutIslam.net for its great work for Islam and Muslims.
As per my knowledge if a person possesses money equivalent to 87 grams of Gold or 612 grams of Silver within one Lunar calendar he needs to give minimum 2.5% of that money as Zakat. Please correct if I am not.
My query is, in our country India we give zakat in Ramadan. My father has bought some gold for my sister which exceeds the Nisab during the period of previous Ramadan and current Ramadan. But one lunar year has not passed yet when he bought that gold. Do we need to give zakat for that gold this year ?
Also, can I pay zakat on the behalf of my sister since she doesn't earn or possesses any amount of money except that gold.
JazakAllah khair.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Dr. Mohsen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please inform the questioner, Mr. Shakeeb the following:

1. He is generally correct on the requirement of one lunar year passage and the rate of 2.5%, although there is a need for more details some of them are in the other points;
2. The passage of one lunar year applies to the original amount of Nisab but not to any additions during the year;
3. Each person owns his/her property independent from others and called on by the Zakah requirement on his/her own.
4. Accordingly, if the purchased jewelries were given as a gift to you sister, she is called upon in matters of Zakah and then from the moment she gets this gift she will start her own Zakah Hawl (lunar year); i.e., after 354 days she is required to pay Zakah. This is of course on the condition that she did not have other Zakatable properties. But if she already had other Zakatable properties she should add the value of this gift to them and her Zakah becomes due on the 354th of these other properties. In

calculating the amount of Zakah due, she includes this newly owned gold even if only one day has passed;

5. Of course, anybody may volunteer to pay the amount of Zakah due on her such as you or her father or mother or husband if she is married provided she knows that the Zakah is due on her and is paid by the other person.
6. But if your father bought the jewelry with the intention that it is for the daughter but did not yet give it to her as a gift, he should add the value of this jewelry to his own other Zakatable properties on the day when his Zakah is due and then he is required to pay the Zakah on the entire total properties he owns.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: badi-uz-zaman
Sent: Friday, June 23, 2017
Subject: Zakat calculation
Question:
Assalamo alaikum Br. Monzer
I would like to ask a question about whether I have calculated my zakat correctly.

- In my chequing account on 1st Ramadan this year (the date from which I calculate zakat every year), I had $6000. For comparison, on 1st Ramadan the year before I had $5000 (I am using round numbers). I calculated my zakat amount as $6000 * 0.025 = 150.

This is almost OK; the reason almost is: you may deduct your expected expenses until the next pay check.
Also, you should have added other investments, savings, 401K, 529 education, other properties, business net worth, etc. (of course, not the house you live in, not your personal and family means of transportation and the likes)

- During Shaban this year, I changed employers. The company I left gave me an end of service payout that I was not expecting to receive in the amount of $20,000. As I have not had the money for a whole year (for only a couple of weeks in fact), I did not calculate zakat on this amount. An additional piece of information is that if I had not changed jobs, I would not have received anything (not sure if that's relevant, but just wanted to mention it).

This is not OK; the rule is: once you have Nisab for the first year, you calculate all that you own on the day when Zakah is due. Additional amounts to previous holdings need not have a 354 days passage on them, even if you get the addition the day before, it is your property and it becomes subject to Zakah. The Prophet, pbuh, made the instructions this way for the gold and silver and for livestock; including all additions and new-born babies.
Is my calculation correct?

Wassalam and I wish you and your family Eid Mubarak.
Respectfully,
Badi

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Badi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answer below your calculation:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Majd
Sent: Thursday, June 22, 2017
Subject: زكاة العقار
Question:

وضع مبلغاً في استثمار عقاري يتوقع أن يبيعه بعد ثلاث سنوات بربح 20% مال
هل عليه زكاة المال خلال هذه السنوات؟
وشكراً لكم

My answer:

الأخ الكريم أبا أحمد
السلام عليكم ورحمة الله وبركاته
بل تأتي كل سنة حسب التقييم وما يستحق من زكاة، أليست عروض تجارة وملكه قاصداً التجارة؟
مع أسمى التقدير وأعز التحية
أ. د. منذر قحف
تمويل واقتصاد إسلامي

From: Hajara
Sent: Monday, June 19, 2017
Subject: Zakah question
Question:
Dear Dr Kahf,
Salaam alaykum.
Thank you for all your counsel on the structuring.
I pray you and all members of your family gain the blessings of Ramadan and witness laylatul Qadr.
I was asked the following question on zakah:
If I have a debt and I have zakah to pay, which one takes priority? The debt or the zakah? Especially if I cannot afford to pay both?

As always, I look forward to your answer and the wisdom behind it.
Jazak Allah khair.
Hajara Adeol

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hajara Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Thank you and Ramadan blessing and Happiness of Eid be on you and your family.
The question looks contradictory if I am talking about Zakah due for the current year because due debt is deductible from the total of Zakatable assets before calculating Zakah. In other words, you make provision for the debt then you calculate the amount of Zakah for the year.
However, there are two cases of validity: 1) if liquidity is the issue, when one has an amount of cash that is exhausted by either of the Zakah or the debt; priority is given to the debt and Zakah may be given in kind if possible and if not, delayed with no sin until liquid becomes available, and 2) when Zakah is due for past year but not paid and the person is now under debt with an amount of assets that is exhausted by either: priority to the debt also here, being Huquq al Ibad and Zakah is delayed until one has assets to give as Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: MUHAMMAD
Sent: Sunday, June 18, 2017
Subject: Zakat on credit card cash back

Question:

Assalamu alaikum,
1.I have lot of credit cards and some friends are using my credit card for their purchases. So last year I got huge amount of cash back. It's not more than "nisab" amount. How much percentage I want to give zakat?. is it coming under category of "treasure"?
2.profits in Islamic bank account also come under treasure?

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Fahad Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Cash back you received from credit cards and profits on deposits from Islamic banks and salary and cash gifts you may receive from any sources and all other cash in you get go

into you cash holdings from which you spend your expenses and Sadaqat and gifts to other persons, etc.
At the end of your Zakah year (354 days after the first time you had Nisab and every 354 days then after) you add total cash you have in bank accounts and on hand in your pocket and home plus other deposits, investments, shares, business net worth, etc. and you pay Zakah on the total at the rate of 2.5%. if you have any livestock or agricultural products the rate of Zakah on them is different.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Dr. Mohsen
Sent: Saturday, June 17, 2017
Subject: 2 questions n Zakah
Question: receiving Zakah to pay debts
As-salamu alaykum dear Prof. Monzer,
May Allah accept your good deeds during these blessed days.
I am wondering if you have time to answer these 2 questions:
Question 1
Can a person pay his loan from the money of Zakat, even if he can earn, but his earning is not enough to pay loan.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Questioner,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you earn an income sufficient for your expenses but not enough to pay the loan you owe, it is permissible to receive Zakah, if given to you, to the extent of paying the loan and supplementing your necessary expended needs. This Zakah receipt fall under the heading of people under debts "al Gharimin الغارمين" which is one of the eight uses of Zakah proceeds.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics
==========
Question 2: Does my mother deserve to receive Zakah?
Muslimah from MAURITIUS

Assalamualaikum..my question is concerning zakaat. My mother is a widow and she get her pension from government and she lives with my bro who works and look after her. They are quite well off, i mean they got everything a home, food, cloth etc. my brother got a loan which he pays and from time to time and i do help them financially (am married) when needed... For ramadan there are some people who give my mother zakaat as she is a widow. Should she accept the zakaat (note she herself give zakaat to other even though a very small amount) and if no, how should we tell person who want to give her zakaat that we can't accept.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. from Mauritius

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

As you described, definitely your mother should not accept Zakah especially that she is well off and a Zakah payer herself and surrounded by good son and daughter who take care of her needs.

She, and you all, should refuse accepting Zakah from anyone. Of course very politely, kindly and humbly. For those who insist to give her Zakah, she should inform them that she will accept to give it to some deserving persons on their behalf (of course provided that she knows some deserving persons).

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Professor Dr. Monzer Kahf

Islamic Finance & Economics

Kind regards,

Dr. Mohsen

My Answer:

Dear Br. Dr. Mohsen

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh and Ramadan karim

Please see and answers above

Wassalam

Best Regards

Professor Dr. Monzer Kahf

Islamic Finance & Economics

From: Imam

Sent: Saturday, June 10, 2017

Subject: Question about zakath

Question:

Dear Dr Monzer, Assalam alaykum warahmatu Allah wabarakatu

I hope this message finds you in the best of health and iman.

I will highly appreciate it if you can help us answer this question below on Zakah.

Thanks.
Imam Samy
Here is the question:
1) Should I pay zakath on RESP student education plan? For example if I have $22,000 RESP how much zakath will be?

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Imam Samy
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

These are funds that you save voluntarily (with encouragement and tax and other incentives from government) for the education of your children. This is definitely a glorious thing to do for every Muslim family. But these characteristics do not eliminate the right of the poor on our properties which Allah prescribed in the Qur'an 9:103 "TAKE OUT OF THEIR PROPERTIES AN 'OBLIGATORY' CHARITY خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً" even if they are saved for a good cause as long as they are still ours (An amount of money becomes not ours if it is contracted to a third party and we become under debt to pay it in a given future time). And government restrictions imposed against the incentives do not dint our full ownership of these funds

Accordingly, these funds are subject to Zakah every lunar year (354 days) at the rate of 2.5%, the first year begins on the day our total Zakatable properties, including these funds and the likes, reach Nisab which is approximately USD 1500. Of course if there are any matching contributions from government or any third party which have certain conditions to become fully yours, i.e., <u>non-vested funds</u>, these may be deducted for the purpose of calculating Zakah.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Majd
Sent: Wednesday, June 07, 2017
Subject: دخول زكاة المال مع صدقة ثانية
Question:

عندي سؤال حول جواز دخول زكاة المال عند الحول في اشتراك مع نوع صدقة ثانية مثل كفالة اليتيم أو إطعام المساكين أو غيرها بحيث يدفع ما زكاة مال ويضعها في مصارف الصدقة

My answer:

الأخ المكرم مجد
السلام عليكم و رحمة الله و بركاته

أما أن يضع هذه في مصارف الصدقة على عمومها فلأن من عموم الصدقة كسوة الزوجة كما ورد في الثوب الذي تصدق به عبد الرحمن بن عوف على أهله. وأما في كفالة اليتيم وإطعام المساكين (بمعنى إعطائهم الطعام تمليكاً!) فهذا من مصارف الزكاة أيضاً فلا بأس من الخلط ولو وجدت نيتان صدقة وزكاة فالكل آيل إلى مستحقي الزكاة.

مع أسمى التقدير وأعز التحية
أ. د. منذر قحف
تمويل واقتصاد إسلامي
كلية الدراسات الإسلامية
جامعة حمد بن خليفة
الدوحة - قطر

Best Regards
Professor Dr. Monzer Kahf
Islamic Finance & Economics

From: Basem
Sent: Saturday, June 03, 2017
Subject: Question regarding Zakah calculation
Question:

Assalamu alaikum sheikh Monzer,

Ramadan Kareem and insha Allah you're doing well. I have a couple of questions regarding zakatul mal calculation and I hope you can enlighten me with the knowledge Allah has blessed you with:

1) for home mortgage which I use as my primary residence, shall I deduct the outstanding principal amount and treat it like a debt (دَيْن)?

2) for 401k plans, is the whole entire amount zakatable even though I'm not allowed to use it until I become 59 1/2 years old? Also do I treat what I contribute to 401K differently from what the company contributes? I ask because I may not be 100% vested and could lose what the company had contributed if I don't stay long enough with them? How does zakat apply in this case?

Finally if there's a good resource you recommend I read to educate myself more about modern issues and how zakat applies to it please share that with me

JAK in advance for sharing with me your knowledge and may Allah reward you for your guidance.

Basem

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Basem Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1) Zakah on real estate properties: a property that is used for own residence or residence of members of your family, e.g., parents or others free of any charge, is not subject to Zakah. The debts (mortgage) that may be on such properties is not deductible from other Zakatable assets except for the amount you are actually going to pay out of those Zakatable assets. Example: on the day when Zakah is due, (every 354 days after having the Nisab which is approximately $ 1500) one has $ 100,000 in cash and other

investments/savings of which the day before one receives pay check of 7000, but before the next pay check (assuming this is the only income) one has a mortgage on the residence 4000, for the purpose of Zakah calculation, this amount of 4000 is deductible from the total of 100 K. and Zakah is due only on 96,000. This is in spite of the point that the total amount of mortgage debt that is due monthly for the next 27 years may be a lot more than the amount of Zakatable assets today.

Investment real estate property is subject to Zakah on the net worth (market value minus all debts and charges on the property). This is similar to other investment properties, e.g., shares, funds and businesses.

2) 401 K and similar optional retirement/ saving/education funds: the vested amount in them (your contribution + vested amount of employer matching + funds' earnings) is subject to Zakah although there is some restriction on use and withdrawal. These are your properties and you are rich by owning them, you have limited freedom for investing them through channels determined by the government (in Shari'ah government have such rights especially that you are given certain privileges such as tax exemption from income and on all earnings) but such restrictions do not dint the ownership rights that are exclusively your (of course your ownership of non-vested employer contribution is not stable and this is why we exclude non-vested amounts from Zakatability). Zakah is due on the market price of these funds on the day when your Zakah is due because you are then that much rich (remember the Qur'an placed the obligation of Zakah on all properties and the Prophet, pbuh, said that it is on the rich among you, he also made some exemptions) and repeated every lunar year (354 days from the day you acquired Nisab). When you calculate Zakah you do not deduct any presumed tax or penalty (see brother: when you invest you invest the total amount not the net after potential tax and penalty..) and this is repeated every year.

For the Zakah payment you have a choice of either paying the amount due from other sources or postpone payment, without being sinful because it is due on access-restricted funds(this is the effect of restrictions), until you start cashing these funds. But in this case you are required to calculate the yearly Zakah and pay for all past years out of each withdrawal which may become a considerable % of the amount withdrawn. Taking this option also requires that one puts details of it in one last will to be given away in case of death. (Please note that due amounts of Zakah do not die out with the passage of time and they become due on the estate in case of death).

Finally, the treatise on Zakah of Shaikh Yusuf al Qaradawi, which I translate to English many years ago is a great book to read also the Fatawa on Zakah on my website give a lot of info.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Professor Dr. Monzer Kahf

Islamic Finance & Economics

From: Imam …….. Mosque

Sent: Sunday, May 28, 2017
Subject:
As-Salamu Alaykum Dear Prof.
Happy Ramadan to you and family.
Could you please answer this question below for us?
Thanks
Amin

---------- Forwarded message ----------

From: Fereshta

Salamu Alaykum,

I wanted to know how to calculate my zakat, Sadaqah and Ramadan Fitr payment. I know zakat is 2.5 % of my income, but do I use the part of income that is shown on my tax assessment? or is it just my salary after taxes? How much is Fitr payment and do I pay for my kids too (ages 13, 12 and 9 years old).

Also can I give my zakat to family members back home? I am planning to give a portion to Mosques in here , a portion to family in need and a portion to Islamic organizations such as IFSSA and Islamic Relief.

Please advise me as it is my first year after a divorce that I am going to do it.

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. Dr. -------
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Let us begins with Zakah of al Fitr (Ramadan Fitr Payment). It is a kind of required giving to the poor by the end of Ramadan as a way to purify the fasting and close up for any shortcoming in performing it and a celebration of successful completion of its fasting by attempting to make the poor happy at the end of it. in specific, the Prophet, pbuh, stated that it is an amount of one Sa' (a measure of that time that is equal to # 2.25 Kilogram) of main items of food stuff such as wheat, parley, date, raisin, etc. the way we apply it now in to consider wheat in most countries, rice in south east Asia. If we assume that the price of wheat or flour or bread is about 3-4 Dollar the amount due as Zakah of al Fitr be a little less than 10 Dollar. This is per each person in the household, young or old. If your household consists of 4 persons you will be on the safe side considering the amount of Zakah of al Fitr is 40 Dollars. This amount is due by the end of Ramadan, specifically must be before the Eid Prayers on the morning of the Day of Eid. However, if you are giving it through an organization you should give sufficient time for it to distribute it on time, you may give it to the organization as early as the middle of Ramadan. Zakah of al Fitr should be distributed to Muslim poor/needy, may be relatives (of course not to include parents, children, spouses, grandparents and any person for whose living expenses you are responsible). If you are a female head of household and receive payments from the father of the young children for their expenses, the amount

of Zakah al Fitr for the children is an obligation on their father (but if he cares not about paying it you better pay it!).
For the Zakah on wealth and income: we should know that it is on wealth and income not only on income. But there are exemptions. It is rightly as you said 2.5% per lunar annum. It is repeated, like Prayers, once every year. What is subject to Zakah is all what a Muslim person owns on the day when it is due (except residence, income that one already spent, personal properties one uses in one's daily life such as furniture, transportation, books, home hardware, and the like,. also exempt any fund that is committed to pay debt or living expenses.
How does this work?
You add together all that you own outside the mentioned exemption, deduct from them any amount committed for debt or living expenses and multiply by 2.5%. example: on the day when your Zakah is due you do the following: cash on hand + current account + any saving accounts +saving funds in RESP, any voluntary retirement fund and the like + share, stocks, investment fund (at market price on same day) + debts on others + any business net worth – any debt that is actually going to be paid out what what you have – living expenses until your next pay check. Then multiply by 2.5%.
The day when your Zakah is due is: same day every Lunar year and for the first year it is the day you had an amount of approximately US$ 1500.00 for the first time, then it is every 354 days (lunar year) then after.
Note: please notice that by adding all that you have in banks and in hand and in investments and savings, we have actually included the part of your income that you saved. The part of income that you already spent is of course exempt.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: Habib
Sent: Friday, May 26, 2017
Subject: Zakat on stocks
Dear Brother Dr. Monzer Kahf,
May the Blessings and Mercy of Allah be bestowed on you and on your loved ones at the eve of the blessed month of Ramadan.
Can you please help me with the following query:
1. I intend to invest in stocks; are you able to share with me one of your papers addressing question of Zakat on stocks. Is the total stock value Zakatable or only the appreciation of it and the income it would generate?
2. How about investment in Islamic banks certificates of deposits (Wadi'ah)?

Jazakum Allah 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

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I don't think I have a paper on stocks 'Zakah in specific. But the issue is repeatedly comes in many of my Fatawa and in the calculation of Zakah in America (which is on the internet).

Stocks are subject to Zakah on lunar-yearly basis at the rate of 2.5% every year on the market value of the shares (or fund units) on the day when Zakah is due. It is definitely not on the appreciation or the dividends or increments alone. The calculation is as simple as: market value on on the closing of day when Zakah is due X 0.025. The same applies to Any permissible other investment including Islamic banks deposits, Sukuk, Islamic banks' deposit certificates and the like.

Any cashed (I.e., not reinvested) incomed or dividends from these permissible investment are included under the cash money one has and the balance of cash money on the day when Zakah is due is subject to Zakah.

Non-permissible investments such as bonds, shares of conventional banks and insurance companies, interest-earning deposits in conventional banks and the like are also subject to Zakah on the principal only (presumed from permissible sources); any interest (or other Haram) earning should all be given to Muslim charity not, certainly, as Zakah or charity because Allah does not accept non-tayyeb (non-pure) but as purification.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

From: Mosadeq

Sent: Sunday, May 14, 2017

Subject: Use of Zakat for Da'wah

Dear Brother,

Assalamu Alaykum

You may remember me; I am one of the founder members of SIM. We met over lunch during your visit in Mauritius. I have been copied your exchange of e-mails with Br Imran Abdool, who is involved in Da'wah to non-Muslims within an organization called CII. There are three similar organizations in Mauritius, called CDD, CDI and Maison Da'wah; the two last being offshoots of CII.

These organizations run Da'wah offices around the island, these are manned by a small staff that, in addition to office duties, carry out activities such as door to door invitation to non- Muslims. They are, to a major extent, financed by Zakat, which they collect. SIM, who also collects Zakat, provides assistance to two of these organizations (CDD and CII) from its Zakat fund to a maximum of Rs 200 000...

Furthermore, twice a year, SIM runs a major activity targeting non-Muslims. This activity, called Nou tou frère (we are all brothers), is held in a public place where we

give freely clothes, and many other objects to non-Muslims. We also give out freely cakes and Muslim delicacies to lead non-Muslims to discover Muslim culture. The event also comprises of small talks on Islam and on social issues such as drug addiction. Actions relative to this event such as publication of posters, banners, leaflets are funded from our Zakat fund, deeming the event to be a Da'wah activity. Rs 25000 are dedicated to this.

We have also initiated, since last year, the observance of the World Quran Day. It is observed on the 15th Ramadan. The theme for this year is The Miracle of the Quran. The objective is to sensitize Muslims to come back to the Quran. Different activities are held over the island culminating to one main national event. This year we have planned a Quran Conference at the ICC and an exhibition on the Quran at the Municipal Hall. Expenditures ice this event, such as posters, banners, renting of venues, are funded from our Zakat fund (Rs 25000).

We informed you last time that we had initiated an activity to renew contacts with the Muslims in rural areas. In the course of this activity, we have seen it a priority to launch anti-drug campaign in four targeted villages. This campaign consisted of a poster campaign, as well as the distribution of leaflets door to door to Muslims and non-Muslims. We have used funds from the Zakat fund to print posters and leaflets.

We have now been made to understand that spending Zakat fi sabeelillah does not include Da'wah.

Can you confirm if it is permissible for SIM to use money from its Zakat fund to 1) finance Da'wah originations, 2) fund a Da'wah activity targeting non-Muslims (Nou tou frère) 3) provide for expenses on logistics pertaining to Da'wah activities related to World Quran Day and 4) provide for expenses relative to an antidrug campaign.

Thank you for responding asap.

May Allah guide us and help us.

Mosadeq

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. Mosadeq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

After visiting Mauritius for several times, especially last January when I spent more time discussing with people, I believe that the Da'wah work in Mauritius is very important and is a duty of the community together and individually for each capable person but it is not the duty of the poor alone. It should not be financed on behalf of the poor. Zakah is essentially for the poor inside Mauritius and outside Mauritius. I do not believe that it is permissible to take Zakah for Da'wah at a time there are real destitute inside Mauritius and outside Mauritius especially in regard to the desperate needs of Muslims dying of lack of food and medicine all around us.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Best Regards
Dr. Monzer Kahf

From: IMRAN
Dear Dr. Monzer,
Sent: May 13, 2017
Assalamu Alaykum.
Can Zakat be used to pay the salaries, rent, etc. of the staff of an Islamic center which is involved in the propagation of Islam?
Jazaka Allah for your early response.
Imran

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. Imran
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I distinguish between Da'wah and management of Islamic centers on one hand and defending Muslim communities and Islam on the other hand. I believe that the first is the duty of all Muslims similar to building mosques and should be taken from Muslims at large but not from the share of the poor and needy. Accordingly it must not be paid for from Zakah. Mosques unanimously in our classical Fiqh cannot be financed from Zakah.
While the latter is an essential part of "Fi Sabeel Allah" or Jihad to defend Islam and Muslims, defense through legal methods depending on the situation. This can be paid for from Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: IMRAN
Dear Dr Monzer,
Wa Alaykum Salaam Wa Rahmatullah wa Barakatuh.
Pleasure to hear from you, however a bit confused hence asking the question in a more direct form.
Our Islamic center is involved in Da'wah activities only and all expenses (staff, rent, etc.) are paid from Zakat collected. Is this acceptable in Islam?
Jazaka Allah to once more clarify.
By the way, I am a Naturopath by profession and treat patients with herbal remedies. If ever you or any of your family members need advice or treatments you can contact me, but then use the following e-mail address: elixircustomers@gmail.com
Imran

My Answer:
In my opinion this is not permissible.
Best Regards
Dr. Monzer Kahf

From: IMRAN
Dear Dr Monzer,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Your answer is in contrast with that of Dr. Yusuf Al Qaradawi (as attachment also):
http://monzer.kahf.com/books/english/fiqhalzakah_vol2.pdf
FIQH AL ZAKAH (VOLUME II) age 24
The collection function is similar to that of taxation officers. It certainly includes gathering statistics of Zakah payers and their Zakatable items, the actual collection of Zakah, in money or in kind, and keeping payments in suitable storage facilities. One can divide this function into several sections:
A. Rikaz and minerals.
B. Grains and fruits.
C. Livestock.
D. Money and business assets. As for the distribution of Zakah, many of its activities are similar to the activities of social insurance or welfare departments in modern state. Workers in this section must be trained to exert their best efforts to seek out deservants, discover the degree of their need, and assure that the distributed Zakah reaches them quickly. Al Nawawi says "The state and its Zakah distribution officers should keep records of deservants, their number, and their individual needs, so that their due Zakah can reach them quickly, especially since some collected items may be perishable."
This function may be divided into several sections:
A. The incapable poor and needy, which include the elderly, orphans, widows raising children, handicapped, and retarded persons.
B. The needy who can earn.
C. Those burdened by liabilities.
D. Refugees, street people, and persons seeking asylum.
E. Funds used to help the message of Islam be known in non-Muslim countries and to help liberate Muslim lands, etc.
The distribution of total proceeds of Zakah among the different categories of recipients is subject to the discretion of the state and its Shura council [parliament], taking the local, national, and global interests of Muslims as one people into consideration.
HENCE, I WOULD BE MOST GRATEFUL IF YOU COULD CONFIRM YOUR OPINION AGAIN DUE TO THE SERIOUSNESS OF THE MATTER, SINCE WE SHALL SOON BE COLLECTING ZAKAT.
May Allah bless you & your family for your effort & time imparted in disseminating Islam and gives you all Janaat-ul-Fildosh.
Bets Regards.
Imran

My Answer:
I don't agree with your understanding of al Qaradawi. What he said applies to CAIR and Muslim defense league activities, not to what Islamic centers make and call Da'wah.
Best Regards
Dr. Monzer Kahf

From: Yaqub
Sent: Tuesday, May 02, 2017
Subject: Zakah on the estate
Br Monzer, it has been a long time! We hope you are all doing fine!
Here is an email I sent to Muzammil. I would appreciate your analysis to this question?

> **From:** Yaqub
> I hope you are well. I am sorry I missed you during your visit to IIIT.
> I need your opinion how to treat for Zakah purposes the death proceeds from an insurance policy. Please see page 142. I understand there is cost in buying insurance and maintaining the policy.
> Shall we say that death proceeds less the cost of buying and maintaining insurance, the net amount will be subject to 20% Zakah? Many 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. Dr. Yaqub
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
My opinion (and I believe this is also the majority's) is that this money should be added to the beneficiary's (or beneficiaries) property and at the Zakah-year end of the beneficiary she/he should pay the Zakah on all the net-worth owned by him/her after deducting residence and other personal properties used by the Muzakki and his/her family.
If the beneficiary is designated as the deceased or his/her estate and his/her Zakah happens to become due on the day the insurance money becomes due or before and he/she did not pay it yet, the due Zakah becomes on the estate before distribution. Otherwise whatever the heirs get becomes their's and added to their own Zakah year and Zakatable wealth.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: Imam …… Mosque
Sent: Tuesday, April 25, 2017
Subject: Zakat questions
Respected Prof. Monzer,

As-Salamu `Alaykum Wa Rahmatullah Wa Barakatuh.
With reference to our conversation before about having an Islamic Economics workshop for your eminence for MAC in Edmonton, it would be much appreciated if you could tell us your preferred dates and times in the coming months. We are thinking of conducting a "Specialized Business Zakah Calculation" Workshop for owners of Muslim businesses in the City.
We just need to know your availability and whether you will come alone or with Madame as you kindly did for MAC Masjid Toronto last year.
Having said this, it will be much appreciated if you could have some time to answer the urgent questions below. These are typical questions which we may have to deal with in the upcoming workshop, InShaAllah.
Baraka Allahu Feekum
Wassalam
Imam Amin

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. Dr. ----------
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
These are very important questions; please see my Answers below the questions:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf
---------- Forwarded message ----------
From: Issam
How are you? It was nice seeing you yesterday! Here are my inquiries about my business zakat:
I own a home building company which has land, houses at different stages (being constructed, sold completed houses and un-sold completed houses) Up to my last fiscal year, zakat has been paid on the entire value of the company even though some of our products were not sold and we were sitting on raw land. Going forward, I would like to be more specific on the followings:
What you have been doing is the closest to the right way and probably the correct way.
For business, Zakah is on the net worth, as calculated according to be accounting standards with the following few changes:

a. you value existing assets (equipment lands, building completed and under construction and all other assets and inventory of materials materials, etc.) at your estimation of fair market price (if you assume you intend to liquidate quickly) and if this is difficult then at cost. this is instead of cost minus amortization allowance. No difference between assets for use or assets for sale.
b. you do not deduct accumulated end of service allowance of workers,

c. you deduct in the year they are paid all paid expenses that are according to tax and accounting systems amortized over a number of years.
d. cases in courts and doubtful debts are as dictated by accounting standard,
e. if you use solar calendar for your accounts, add the Zakah of 11 days by adjusting the rate to become 2.5778%.
f. all valuation should be on the day Zakah is due.
g. You may pay Zakah during the year in advance gradually and make final adjustment at the end of the year and you may adjust your Zakah year to become say Jan 1 to Dec. 1 and still make the bulk of payments in Ramadan or the first 10 days dhu al Hijjah with adjustment as mentioned. Delaying Zakah payment beyond the yearly due date with no valid reason is sinful.
h. The yearly rate for all the above is 2.5% every year.

1. I have a commercial land and I would like to build a commercial plaza and rent it, in this case do I pay Zakat on the total value of the building yearly? Or on the income that the building generates yearly? Once we sell the building, do we pay Zakat on sale price for that year or for the years that we owned it?

Zakah is on the net worth as mentioned above, if you consider this project as a profit center accounting wise, or if it is within other projects, apply same rules above. If you include personal assets, investments, savings, etc. with such projects then you apply the same on the different categories of assets, (e.g., end of year balances of cash from rent and the like goes to be considered with other cash, savings, etc., and so on).

2. How do I calculate the Zakat on land that I haven't built on?

Exactly as mentioned above, this land is acquired for sale after building, it is considered as any commercial goods that are bought for sale and you take its value on the day when Zakah is due.

3. How do I calculate the Zakat on houses that I have built but not sold yet?

Same rule as above, they are part of your inventory ready for sale.

4. Should I continue and pay Zakat yearly based on the accountant's value of the company, financial statement?

YES, as mentioned above.

Having land and houses at different stages throughout the year makes it difficult to have a clear cut of the year end as many products (unsold and Unfinished) carry on for the following year. (their evaluation is always at the stage they are in) Your help with this matter is greatly appreciated.

Issam

From: Arshad
Sent: Saturday, April 01, 2017
Subject: Zakah on vacant plots of land

Assalamu Alaykum.

I came across your site and had some questions in regard to Zakah on plots of land which are vacant. Meaning: there is no activity on them just being held.

Is there an annual Zakah on that land or is it payable once only on the sale of the land.

If this land is held for building a residence for the owner or members of his/her close family not on sale basis, it is not subject to Zakah. But if it is held for the purpose of selling it in the future, it is then subject to Zakah every lunar year (354 days) starting from the day of obtaining it at the rate of 2.5% of its fairly estimated market value on the day when Zakah is due (upon completion of the 354 days).

also money invested in a business or real estate which does not generate revenue is that Zakatable.

Yes, it is subject to Zakah on same basis as long as it exceeds the amount of Nisab (criteria of Zakatability # USD 1500). Does that make the owner rich or poor? Of course rich. Suppose one owns one million and he/she lost ½ of it, is s/he still subject to Zakah? Of course YES.

is there any evidence for this basis for land that you can please share.

The General qur'anic Verse []9:103: "take from their property Zakah…" and the known Tradition of the Prophet, pbuh, and his Zakah Officers, that he never included residence in calculating due Zakah.

Is there any indication in the texts saying that Zakah should be given to an individual only not an organization and that Zakah should be given for feeding the poor only?

All texts of the Qur'an address individuals. Organizations are not going to be questions on the Day of Judgment! But their managers and owners do. We have a case as an example when the Prophet, pbuh, said about owners who mix their sheep in grazing and caring, that the Zakah will be taken on the total, then owners divide the charge proportionally. This gives indication of how we treat companies and similar organizations. Of course organizations whose properties are designated for charity are not subject to Zakah, and such organizations, unlike companies, have no owners.

Verse 9:60 of the Qur'an "Sadaqat (Zakah proceeds) are (to be given) to the poor, and the needy, and those employed to administer the (funds), and those whose hearts have been reconciled (to Truth), and for those in bondage, and for those in debt, and for the cause of God; and for the wayfarer: (thus is it) ordained by God, and God is full of knowledge and wisdom" these are eight categories some of them can only be implemented by a government (employees for collections and distribution) not by the Zakah payers individually as those are required to be sure that their Zakah is given to deserving persons/causes as mentioned in the Verse. Notice that the first 4 categories should be given the Zakah while Zakah may be spent for the benefit of the last four.

if you are available for consulting on this matter and others I will be willing to pay for your time.

I am available for consultation on any matter in the area of Islamic economics and finance. I charge fees when the consultation is for business. Consultation for performing one's Ibadah (such as questions on Zakah) and consultation to the benefit of the community are always free and if you insist on paying you add the fees to the amount of Zakah you pay as charity on my behalf but I do not accept to take any money, only you Du'a.

Shukran, Wassalam

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. Arshad
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answers below the questions:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: Hajara
Sent: Thursday, March 02, 2017
Subject: Zakah distribution question
Dear Dr Kahf.
Salaam Alaykum wa Rahmatullah wa Barakatuh.
Today I was asked a question by a wealthy individual regarding zakat. Their zakat is large so they have an institution that helps to distribute it.
Here are some of the questions for clarification.
THIS IS IN THE CONTEST OF NIGERIA SO MY ANSWERS ARE FOR NIGERIA.
Beneficiaries of zakat:
can it include building of mosque:
NO, not within the 8 categories mentioned in the Qur'an 9:103, all schools agrees to this. Building of schools:
making the recipients owner of what is given is important, in Hanafi it is a definite must, and it is also consistent with text of the Qur'an. Can we build schools and make them owned by the poor (even as shareholders and give them rent, then YES.
Building of hospitals:
Similar.
The schools and hospitals would be for the public. In some cases rehabilitation/upgrade of public facilities). This definitely can't be from Zakah. If restricted to poor some argue for permissibility, but majority including me insist on the principle of Tamlik.
Feeding:
as package giving, but spreading a table and inviting poor to eat is controversial because if the requirement of Tamlik. Give packages of food stuff this is not disputed.
Education grants:
yes to the poor and needy only
Medical grants:
to the poor only
Time to disburse:
Is it acceptable to disburse over the course of one year. (it would be difficult to disburse everything immediately).
Is it acceptable to disburse over the course of one year. Yes, (after discharging of the amount due on the day before) I mean that for distributing the Zakah due on April 30

the following year. In other words, start distributing in advance on the account of the Zakah that will be due after 354 days.: If you start from beginning of Zakah year, YES. Why doesn't he start paying from beginning of the year and at the end, I.e., on the day 354 pay the balance. Delaying it after it is due is not permissible except out of necessity which include for finding the deserving person.

What is the maximum time allowed?

Not that I know, but any delay with appropriate excuse is not sinful.

Is it acceptable to invest the portion not distributed until ready for distribution? The return would also be distributed as zakat.

Yes, but what if there is a loss, the investor is charged to restore the right of the poor.

The return would also be distributed as zakat.

One important thing to notice: when a Muslim distribute own Zakah, he/she is required to be sure he/she gives it to a deserving person, if one asks a voluntary charity to do that on one's behalf, he is still required the same because the charity acts as own personal agent, his/her responsibility is not discharged of by simply giving it to a charity.

I look forward to your response.

Thank you.

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

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below the questions:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

FATAWA ZAKAH 2016

From: Shamim

Sent: Wednesday, December 28, 2016

Subject: Zakah calculations of shares and others

Assalam Alaykum Dr. Monzer,

I hope my email finds you well

I wanted to seek some clarification on a few matter in regards to Zakat calculations.

1) In an instance where I own some shares in a particular company. I own these shares for the intention of earning yearly dividend income;

A- How do I calculate the 'Zakatable' amount from the company's financial statements?

My opinion is: in application of the Verse 9:103 Zakah is on all wealth that is intended for growth (investment) and generated income. What are exempt are only properties intended for personal and family use. Accordingly these share are subject to Zakah every year at the market value on the day Zakah is due and a the rate of 2.5%, the point that they are for income generation or for long term wealth accumulation does not affect the fact that they are wealth not designated for personal use.

Whatever income obtained from them is added to the cash flow. Cash flow is not subject to Zakah, what is subject to Zakah is the amount (balances of cash on hand+ bank accounts) of cash you have on the day of Zakah (you can deducted from it any amount committed to debt or other payment if the debt or expense will come out of these balances themselves).

2) In the case that I own and run a business;

A- what is the correct treatment on this in terms of business profits?

B- what is the correct treatment for stock?

C- what is the correct treatment for 'dead' stock (damaged etc?)

Again here apply the same principle. Zakah is on the business net worth (total assets minus total liabilities on the day of Zakah) and please notice that Zakah is on the properties (Amwal as mentioned in Verse 103) one owns on the day of Zakah and Amwal includes assets and profit. Accordingly, profit is included in the net worth.

There may be a need to make a few adjustments from regular accounting procedures, for instance:

- Establishment expenses are all deductible (because they are actually gone) although accounting systems allow, for tax and other purposes, amortizing them on a few years.
- Provision for end of service allowance of employees should be added back to profit because although they are required by law, they are not due now as they only become due when an employee actually quits.
- Inventory (stock) should be evaluated at fair purchase market value (replacement value) on the day of Zakah, not at cost or lowest of them.

Doubtful debts and damaged inventory are treated exactly in accordance with accounting principles, I.e., by estimating fairly the amount of loss or damage and charge it to the profit and loss account.

Thank you for your help, Jazaka Allah Khair

Regards,

Shamim

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. Shamim

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I don't remember receiving any question from you recently and I am sorry for that as I usually answer question within 2-3 days only. Please see my answers below the questions:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: Douglas
Sent: Monday, December 05, 2016
Subject: Money donated in a fundraiser, can it be considered as Zakah?
Salam Alaykum brother Kahf my question is
If a certain amount is donated at a fundraiser can the money donated be considered as the Nisab of 2.5% which is due in zakat on wealth every lunar year for the profits made during the year?
Your assistance in the matter will highly be appreciated Jazaka Allahu 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. Douglas
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
There are several important points in your question that deserve some details. Please note the following:

1. Zakah is on both wealth and income (profit).
2. Once a person have an amount of Nisab (which merely a test of Zakatability, it is about USD 1500) as a total of all the items that are subject to Zakah which are generally all cash, bank accounts, investment properties, investment accounts and shares and the like (I.e., items of wealth used by the owner or family are not subject to Zakah such as residence, transport means, cloth, furniture, books and their likes), then 354 days later this person is subject to Zakah on all such total value then (I.e., at prices/amounts on the day 354th) of Zakatable items at the rate of 2.5%. This is of course if the value then is equal to the Nisab of more.
3. The amount due of Zakah must be given to the poor and needy as soon as this possible, any unjustified delay is sinful.
4. This exercise is to be repeated every 354 days then after unless the said total is found to have declined below Nisab. In such a case this exercise starts again when acquiring Nisab anew.
5. Zakah may be paid during the year, I.e., before it becomes due date wise. This advance payment is calculated out of the amount due on the 354th day and the balance only becomes obligatory.

6. Payment of Zakah requires intention that it is a discharge of the pillar of Zakah. Payment without such an intention makes whatever is paid normal charity not Zakah. This intention needs not be known or informed to the recipient.
7. Zakah can be given only to recipient categories mentioned in the Qur'an, [9:60] giving to others makes the giving a voluntary charity not Zakah. When you give Zakah to a deserving person you must know that he/she is a deserving person and when giving to an organization you must know that it deserves to receive Zakah itself or you must have full trust that it is going to distribute it to deserving persons on your behalf.
8. I come now to your question: if you know that this organization deserves Zakah and have that intention when you gave it during the fund-raising, it can then be considered a payment of Zakah. Otherwise no. to make things easier for you here is my opinions of who deserves Zakah in America: CAIR and all its local chapters can receive Zakah, Muslim Legal defense organization also deserves Zakah. Both on the basis of being in defense of Islam and human rights of Muslims as individuals. Islamic Relief International may receive Zakah provided you tell it when you give that it is Zakah because this organization has several other projects than are useful but not within the limits of Zakah. Also all Islamic schools, Islamic centers and mosques in the US and Canada DO NOT DESERVE ZAKAH. THAT IS MY VIEW.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Best Regards
Dr. Monzer Kahf

From: Amjed
Sent: Sunday, November 27, 2016
Subject: Zakah on Rental Property that has an Islamic mortgage

Assalamu Alaykum Sh. Monzer Kahf,

Please inform me of Zakah due on rental property that has an Islamic mortgage. My payment is 1800 and I take 1400 in rent at a loss. Also I don't really know what the property value is other than Zillow.com but in my opinion, it is not sellable for the amount I purchased it 9 years ago without major repairs that I don't have the money for now Alhamdulillah.

Jazaka Allah Khair,
Amjed

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. Amjed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Zakah on this property is: reasonable estimation of its value on the day of your Zakah (your Hawl regardless of date obtained, and you do such reasonable evaluation each 354 days then after) - amount of the balance of the Islamic mortgage on that day, the

outcome of this subtraction is to be multiplied by 0. 025 which is the rate of Zakah. Of course the result of subtraction may be negative then there is no Zakah on this property. Of course whatever monthly payment you make increases you equity in the property. In other words, only net equity that you in reality own, to the best of your estimation, is subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

From: مجد

Sent: Wednesday, November 23, 2016

Subject: توفيت وكانت تضع مالها بالربا و تفع زكاة

نرجو افتاءكم مشكورين في المسألة التالية: سيدة عملت شهادات ادخار نظام الثلاث سنوات تجدد بمبلغ 300 ألف جنيه وكانت تصرف العائد كل شهر من اجل ان تصرف على نفسها وكانت تخرج كل شهر مبلغ 400 جنيه وقالت: أنا اخرج المبلغ هذا كل شهر من اجل الفلوس التي في البنك.

ولما توفيت السيدة أحد الأولاد قال الشهادة هذه لها 6 سنين يجب علينا ان نخرج الزكاة عن الست سنين الباقي وقسمه لأن المبلغ ال 400 جنيه الذي كانت الحاجة تخرجهم كل شهر لسنا عارفين هل كانت تخرجهم على سبيل الصدقة أو الزكاة ونعمل بالأحوط ونخرج الزكاة عن المدة التي فاتت فهل المه صحيح أم لا ؟؟ وإذا كان صحيح فما هو مقدار الزكاة؟؟

وفقكم المولى ورعاكم وعلى طريق الخير والحق وسدد خطاكم

My Answer:

الأخ المكرم مجد

السلام عليكم و رحمة الله وبركاته

يبدو لي أن ما كانت تدفعه كان بنية الزكاة وكان يجب عليها 7500 جنيه في السنة ولكنها كانت تدفع 4800. الآن بعد موتها ماذا يُفعل؟

1. رحمها الله كانت تتكسب بالربا وتعيش عليه فهذه الشهادات ربوية رغم أن بعض الشيوخ أفتوا بإباحتها. وقد أفتى مجمع الفقه الإسلامي الدولي بحرمتها. الآن يجب على الورثة أولا الخروج من الربا بأسرع وقت ولهم راس المال وأي زيادة تعطى للفقراء والمساكين وهي ليست صدقة ولا زكاة.
2. الزكاة التي كانت تجب عليها يستحسن إخراجها خروجا من الخلاف ولا تجب على الورثة ولهم عدم الإخراج. وإن أخرجوها فيجب الفرق وهو 2700 عن كل سنة.
3. من تاريخ موت المرحومة إن شاء الله تعالى تنضم حصة كل وارث لأمواله وتجب الزكاة على كل منهم حسب سنة زكاته وحوله ونصابه.

مع السلام والتقدير وأعز التحية

أ. د. منذر قحف

From: Shakeel

Sent: Wednesday, October 12, 2016

Subject: question on Zakah

Assalamu Alaykum,

I have borrowed $35,000 from my son. At the time of calculating our Zakah, neither one of us have these funds. I need to know the following:

Does anyone of us have to pay Zakah on that amount?

Should I deduct that amount from my Zakatable amount? Jazaka Allahu Khairan
Shakeel

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. Shakeel
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Your question is very simple. Think of it this way:

1. For your son, the creditor: he owns $35000 and certainly you are going to pay it sometime in the future (if you are bankrupt or in denial of indebtedness, the answer differs), he is 35000 dollar wealthy, so he is subject to Zakah at the rate of 2.5% every year.
2. For you: suppose you have now (on the Zakah due date) in the bank $20000 or 200,000, ask yourself this question: Am I paying the debt of 35000 out of this money? Is yes, deduct it and pay Zakah on the remainder if it is Nisab or more. Of course for the 20000, you pay nothing and for the 200,000 you pay on 165,000. But if you are not paying it from this money (I.e., you pay it from future revenues as in the case of house mortgages) you pay Zakah then on the 20000 or the 200,000.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Wael
Sent: Tuesday, August 16, 2016
Subject:
As-Salamu Alaykum
Dearest Dr. Monzer,
Please help replying the below question:
Dr. Wael
---------- Forwarded message ----------
From: Kuriat
Question:
Salam Alaykum, I believed I have met all the 4 of the five pillars of Islam except the Zakat. I make around 50 grand a year and my acct is overdrawn all the time. Is there any way I can still make my Zakat? how can I calculate the amount of Zakat to pay? Jazaka Allahu Khayran.
Kuriat

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. Dr. Wael

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please inform this sister that the matter is much simpler than she may think.
Just add together: cash + all bank accounts + any shares, stocks, mutual fund, etc. + any retirement and education plan accounts + any other investment properties. Multiply the total by 2.5% every year. Notice the following:

1. Amount of income doesn't matter, what matters is the amount save out of it. this is included in one or more of the items mentioned.
2. The year is a lunar year, 354 days. First year begins on the day when the total above is equal US$ 1500 for the first time and every 354 days then after.
3. Past due but not paid Zakah does not evaporate, it is still a must to be paid.
4. You always take the market value on the due day of Zakah for all non-cash items.
5. Properties in use by you and your household are exempt. These include residence house, cars, jewelry (provided in use and not exceptionally higher than what your peers usually have), household items and furniture and the like.
6. Mortgage on the residence or personal cars or the like is not deductible because it is against future income.

Please if you feel in need of any further clarification do not ever hesitate to ask.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: AboutIslam.net
Sent: Wednesday, August 10, 2016
Subject: Zakah When Buying a Flat
As-Salamu Alaykum. Usually I pay Zakah after Ramadan. This year in March I bought a flat, according to the agreement I paid 30%, and I have to pay the entire amount in September. So should I pay Zakah from that money which I still have to pay for the flat if I have had them in my hand for the whole Zakatable year?
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.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If the flat you contracted (bought) for your residence it is not subject to Zakah and all funds that you are saving and putting together to pay the remaining 70% of its price is also not subject to Zakah because they are prepared to pay the debt that is now on you.
But if the flat is for investment, its market value on the day of Zakah is subject to Zakah and you deduct from the market value the amount of debt that is still on it (the 70%), I.e., you take the net equity only and that is subject to Zakah. Of course any funds you have cash and accumulate until September or any other date will also be subject to Zakah as cumulative cash Notice we did not do any double Zakah or any double deduction.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Habib
Sent: Wednesday, July 13, 2016
Subject: shares of poor, needy and worker of Zakah

Dear Dr. Monzer, Assalamu Alaykum
Can you please help me with the following questions?

1. I have entrusted a person with managing my Zakat back in my home country, this involves managing a bank account reserved for Zakat proceedings and its distribution based on my instructions, also involves advice from him on the verification of people eligibility for Zakat entitlement which may change with time, I mean someone who is deserving of Zakat may not be eligible in the future, also new needy one may be discovered. In this situation is the person managing this account for me eligible for Zakat for the work being done for me under the category of: العاملين عليها Or does this apply only to the collectors of Zakat. If the answer is yes, how does one determines the compensation noting that this person is not eligible for Zakat to start with; can it be percentage based?
2. With reference to the category of فقير and مسكين is it acceptable or reasonable to assume that each person who is not able to pay Zakat because his net worth does not reach the نصاب is eligible for Zakat.

Jazakumu Allah Khairan
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
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. When the government does not collect and distribute Zakah, each one of us is required to calculate his/her due amount and give it to deserving persons. This is our personal responsibility according to the many verses in the Qur'an that mention making the Zakah reach its deserving persons يؤتون الزكاة Accordingly whenever we appoint another person (individual of legal person such as a charity) this appointment means a Wakalah (Agency) to do our duty, not the duty of a government employee (collection and distribution of Zakah). Accordingly whenever the government does not undertake its job, the item of "worker on it العاملين عليها" becomes inapplicable and it is your responsibility to have it reach the poor and needy.
2. Poor and needy are generally people whose available resources do not satisfy their needs. Of course if a person owns Nisab he/she is excluded but that alone is not a sufficient criterion. There are many people who do not have Nisab but their income is reasonably sufficient for their expense, with or without cutting some edges. These

kinds of people may be the majority of lower middle class, but they do not qualify as recipient of Zakah although they do not own Nisab.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy
Sent: Saturday, June 25, 2016
Subject: Zakah on RESP

Dear Dr Monzer, Assalamu Alaykum wa Rahmatu Allah wa Barakatuh
I highly appreciate it if you can answer the below financial question that I received from a community member here in Canada.
Salam,
I just want to clarify the Registered Education Savings Plan (RESP) zakat question.
First of all, the RESP is a way to save for a child's post-secondary education. Whether one wants to save for her/his own children, grandchildren, a niece, nephew, or family friend.
RESP offers flexibility, tax-deferred investment growth and direct government assistance to help someone saves for a child's education.
Secondly, the Canada Education Savings Grant (CESG) **matches 20%** on the first $2,500 contributed annually to a maximum of $500 a year ($7,200 overall) for a child under the age of 18, plus possible catch-up grants.
My question is how zakat on RESP works?
Jazakumu Allah Khayran
Samy

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
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The matter is much simpler. Think of it: these are funds saved for future possible use. There is no definite commitment (e.g., contract that requires you to pay a given amount at a given time). Add to it that the government gives certain facilities and enhancement for such savings (government also give enhancements to saving for retirement which has similar concept, I.e., funds saved for future potential use with no definite commitment as mentioned above).
These funds are part of the wealth of the owner, whoever it may be, and the saver of the child. This wealth is covered by the text of the Qur'an that requires Zakah to be on "the properties they own" [9:60].
Zakah is on what is owned in this account. It covers the savings one puts and any grants added provided the latter is vested (becomes owned completely with no recourse by the account owner). It is annual every year at the 2.5%. It can be calculated and paid

from other sources so that funds in the plan become Zakah-free. Alternatively it can be calculated annually and payment of all past years be done upon liquidation in as much as being liquidated every month or period. (Suppose the total saving when the child become in the university reached 50,000 and the total of accumulated yearly unpaid Zakah since the start at the year 1 is 17,000, then when you withdraw any amount you give to Zakah recipients 34% of the liquidated amount). of course the first alternative is easier. We must remember that yearly due but unpaid Zakah remains a right of God (payable to the poor) until it is paid off; it never dies out with passage of time.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Carrim
Sent: Thursday, June 16, 2016
Subject: Zakah on net or gross income?
Assalamu Alaykum Dr. Kahf,
I hope you remember me. I was Imam at ICSB when you visited as Khateeb. I hope Ramadan is keeping you and your family well.
I have a question regarding Zakah. When one has income property when does one pay Zakah- on the gross amount or after deducting expenses? I mean expenses like repairs, broker's fees, property rates and taxes, etc. I anticipate your reply.
Shukrun
Carrim
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. Carrim
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I believe an income property is like any other investment is subject to Zakah on the basis on net worth. Net worth means the amount of wealth the person really own. That is all assets minus all liability this is of course on the day when Zakah is due. It means we add together all assets at market value (investment properties including cash) and deduct all liabilities to reach the exact net worth. It also means that any income has already entered as an item of the cash and any expense, if paid has already gone and reduced cash accordingly and what is due to be paid is part of the liability.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Majd
Sent: Wednesday, June 15, 2016

Subject: سؤال في حساب الزكاة عند انتقال المال من شكل لآخر

أنا أملك عقار لغرض الاستثمار وتنمية الاموال وبعد فترة بعت هذا العقار واستلمت قيمته مال ومن ثم وضعت هذه الاموال مساهمة في مشروع تجاري

فكيف يتم حساب الزكاة وهل يزكى المال من المساهمين أي يزكى جميعه من قبل صاحب الشركة ؟

وجزاكم الله خيرا

My Answer:

الأخ المكرم مجد

السلام عليكم و رحمة الله و بركاته

الزكاة فريضة شخصية كالصلاة، لها ارتباط بالمال وبالزمن.

فسنة السائل مستمرة من العقار الاستثماري إلى الشركة في يوم زكاته عند تمام الحول يحسب الثمن السائل لديه في الشركة ويدخله ضمن مجموع ما تجب في الزكاة وهي على الميزان السابق ولكن بنسبة 2.5%.

ولو اتفق الشركاء على أن تدفع الشركة الزكاة وكالة عنهم فلا يدخل ماله من حصته في الشركة فيما تجب فيه الزكاة وعليه أن يخرج زكاة فرق الزمن بنسبته لو اختلف حول الشركة عن حوله هو. (تحسب بنسبة الأيام إلى الحول، 354)

مع أسمى التقدير وأعز التحية

أ. د. منذر قحف

From: Wael

Sent: Friday, June 10, 2016

Subject: Nisab of Zakah, does it change every day?

Assalamu Alaykum wa Rahmatu Allah wa Barakatuh

Dear Dr. Monzer, the brother whom you sent a reply to his question few days ago, sent the below question: Please, help reply him.

Jazakum Allah Khayran.

Salams

---------- Forwarded message ---------

From: Gias

As-Salamu Alaykum wa Rahmatu Allah wa Barakatuh brother.

Thank for clarification about Zakat

I think Nisab amount changes every year. What is the Nisab amount this year.

Regards, Gias

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. Wael

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please inform our dear brother of the following:

Nisab is set by our beloved Prophet, pbuh, in terms of what was available during his times. For agricultural products, it is 5 wasq (Wasq is a volume measure that is equal 60 Sa’ which takes approximately 2.2 KG of wheat grain) which is equal approximately 643 KG of grain (notice transformation from volume to weight). Gold, silver and other Zakatable assets are estimated by gold and silver. (They had fixed relation at the time of the Prophet, pbuh (1 Dinar=40 Dirham). Now prices of gold and of silver have become

subject to speculation in the regulated currency and commodity markets. Silver went down a lot relative to gold, and gold fluctuated over the last few years between a few hundreds and more than twenty six hundreds.
In the early 1980 I wrote an article which was published in the Journal of King Abdul Aziz University about relative prices at the time of the Prophet, pbuh, in Madinah and then concluded that normal man hour income was one dirham and also one dirham was sufficient for one day food for a family of four. If you want to take the price of gold or that of silver, the quantity of Nisab (# 85 grams of gold or 582 grams of silver) will have different daily prices.
What I mean to say is that: I do not believe that Allah made our application of religion dependent on the actions of speculators in New York! I calculated the Nisab in the early 1980 and compared it to the amount of daily food or daily income of unskilled labor, My opinion is that Nisab in gold value is about US$ 1500. I still believe that this number is still reasonable. Of course an Islamic government that applies Zakah, collection and distribution, by law has the right to set the Nisab under the guidance of the several Ahadith, it may change it every year, quarter, month or several years as studies find fit.
For now I still think the amount of US$ 1500 seems reasonable.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Wael
Sent: Friday, June 10, 2016
Subject: Can donations to Ramadan baskets for Syrian refugees be from Zakah?
As-Salamu Alaykum wa Rahmatu Allah wa Barakatuh
What do you think of this question dear Dr. Monzer about giving Zakah to projects that help Syrian refugees in Canada.
As you know dear Dr. Monzer thousands of Syrian refugees have arrived Canada recently. Some of these refugees are sponsored by the government and others by Canadian people. The government and the people financially support them.
However, some of the Syrian refugees may still be in need as they cannot well manage to meet their needs by the government's or sponsors' financial support.
Salams
-------- Forwarded message ---------
From: Waqqas
Salaam Dr. Wael,
A quick question, if I may trouble you, my brother in-law is asking me the question below. Would you be able to give an answer from a Fiqh perspective? Jazaka Allah Khair
Salaam,
Waqqas
---------- Forwarded message ---------
From: Ahmed
Assalamu Alaykum Waqqas,

Would donations for the http://theclothingdrive.org project where they create Ramadan baskets of food for the recent Syrian refugees considered as zakat? Thanks,
Ahmed

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. Wael
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
There is no doubt that poverty and need is the criteria for deserving Zakah, add to this other situations such as being displaced from home/land, having suffered a period of distress and violence, etc.
But also in many of these Syrian refugees have similarity with other Muslim refugees from Iraq, Afghanistan, Chechnya and other countries.
Let us set the criteria: 1) they are poor, and 2) the channel is trust worthy. If these two conditions are fulfilled, then giving to person who needs more care because of their other circumstances is better than giving to only poor.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: rila
Sent: Thursday, June 09, 2016
Subject: Zakah on rental property, business, jewelry, etc.
Dear Dr. Monzer Kahf, Assalamu Alaykum
I would like your short answers on these following matters
1. My daughter has a house given on rent and she has got an advance or key money equal to one year rent as deposit against damages in addition to getting the the rent monthly.
This is an investment property. My opinion is that any investment property, regardless of its kind is by definition beyond the need of the owner, therefore all the net worth (according to accounting meaning in general) is subject to Zakah, I.e., the market price of the house itself and any related cash or other assets on the day when Zakah is due.

a. Is she liable to pay Zakat on the advance amount after one year, less any repairs if effected during the tenancy?
   This is, as describe, a security deposit, it is owned by the lessee not the owner of the house. The lessee is required to include it in his Zakatable items not the owner as it is in his hand as Amanah.
b. Is she liable to pay Zakat on the rental income from the property?
   This issue is very often misunderstood. When we say Zakah is on the net worth of the day when Zakah is due, net worth includes any cash left over; otherwise any received rent that is already spent on repairs, family, etc. does not exist of the due date. Definitely you do not include amounts of cash that are gone!

2. In a business what is taken for Zakah Calculation?
   a. Value of the Business stock?
   b. Annual profit less expenses?

It is net worth on the due date. There are minor adjustments from the accounting concept. For instance, you do not take into account any provisions of end of service of employees and items like it that are in fact not due on the owner but may become due in the future.

3. Gold ornaments subjected to Zakat?
   a. Total Current value of Gold in position less allowable ..... grams per person?

      This is incorrect there is no less… the amount of about 85 grams of gold (the Nisab) is a criterion of being subject to Zakah not a minimum deductible, if you have 85 grams of gold, you have to pay Zakat on all that you have.

   b. Can same rule above be applied if someone has 2 dependent daughters and deduct what is due for 2 daughters and pay for the rest as Zakat? If a mother is allowed 10 grams can she set aside 20 grams for the two daughters and pay zakat on the balance?

      Again here, Zakah is on the owner whether adult of minor. If the mother owns the golden ornaments and they exceed the Nisab the total is subject to Zakah. If the minor (or adult but still dependent) daughter is the owner and what she owns reaches Nisab or more, she (not the mother or father) is required to pay the due amount of Zakah although it is permissible for the bread winner to pay on her behalf whether the bread winner charges the amount paid to the minor of not.

4. If someone has lend money to someone as loan without expecting any return, is that amount be liable for Zakat by lender?

In normal cases YES provided the debtor is able to pay back and not denying his indebtedness. But if someone say devoted a large sum to be given as loans to others (of course loans are without any increments) continuously, this sum is not subject to Zakah except once when he decides to retrieve it. Also when the loan is kind of problematic (default, inability to pay, denial, etc.) it is then subject to Zakah once it is retrieved.

5. If I have someone's cash is in my custody for safety, who is liable for Zakat?

The owner of the cash not the depositee, I.e., not you.

6. If I am receiving a return on my investment monthly am I liable for Zakat on the on the total annual return, even if I have already expensed that amount monthly. I know I am liable for the invested amount.

Here is the concept of net worth. It means only possessions on the due date, what is expended is gone.

7. Is it ok to do the following during fasting time?
   a. Putting eye drops or eye ointments
   b. Injections such as Insulin, antibiotics etc.
   c. Pricking finger for blood samples
   d. Taking blood thru syringes for blood tests
   e. Nasal sprays provided one spit out whatever comes to the throat of it.
   f. Ear drops.

h. Medical inhalers. Controversial because it has substance (usually liquids) entering in the body through the throat. I say if it is necessary for any sickness, e.g., asthma, it is permissible as it in fact does not go the stomach.
All other are permissible
8. I have some vision problem in reading Holy Quran and therefore I substitute listening to recitals in the internet? Will I get the same reward or less?
Yes InShaAllah, because you are doing what you can.
Thanking you for your kind reply,
Yours sincerely brother
Rila
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. Rila
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
You asked too many questions and some of them need a lot of explanation.
Anyway, please see below the questions for very briefs answers.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Wael
Sent: Tuesday, June 07, 2016
Subject: Zakah Calculation
Assalamu Alaykum wa Rahmatu Allah wa Barakatuh, Ramadan Mubarak!
Dear Dr. Monzer,
may you kindly help in replying the below question:
Salams
---------- Forwarded message ----------
From: Gias
Dear Brother Assalamu Alaykum,
If I understand correctly, I have to pay Zakat on my saving if the amount is unutilized for a year.
I have an account where I am contributing on monthly basis. Today's balance of that account is $17,000.00 and but June 15, 2015 balance was $12,005.00
In that case, I am considering the $12,005.00 is being unutilized for more than a year. So I have to pay Zakat on $12,005.00. Please confirm that my action is correct.
In this I am afraid you are incorrect:
First, non-utilization is not at all criteria of condition. Rather the clear criteria are: 1) having an amount of at least Nisab at the beginning of the year, so you start counting days, in your example June 15, 2015, and 2) having a Nisab at least at the end of a lunar

year, I.e., June 4, 2016. Even if the amount drops below Nisab during the year, it is still subject to Zakah as long as the amount at the end is Nisab or more.
Second, the calculation should be on the amount you have at the end of the lunar year as long as it is above Nisab. Considering the passage of a year is on the original amount not on the additions. This is not disputed as it is based on the instructions the Prophet, pbuh, gave to the Zakah collectors at his time. The base of Zakah is in your example is $ 17000.00
Secondly, I am paying every month around $69.00 to two poor kids in Bangladesh [one through ICNA Relief fund and other one through PLAN Canada]. Can I consider this $69.00 as my Zakat?
Here you come correct. If you are sure that these kids deserve Zakah, (most likely they are especially if they are orphans) they can receive your Zakah. Please notice that Zakah is Ibadah, worship like prayers. It requires intention when you pay it. If you did not have the intention to pay Zakah when you paid these amounts those payments may not be considered as part of your due Zakah. At least you can make the intention now so that any future payment can be considered as partial discharge of the due Zakah. It is permissible to pay Zakah during the year on installments before the end of the year which is the normal due date.
I will appreciate your kind answer on above two issues.
Regards, Gias
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. WAEL
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Pease see my answers below the questions:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rizwan
Sent: Monday, June 06, 2016
Subject: Spending Zakat money on Da'wah
Respected Scholar,
Assalam Alaykum WRB, Ramadan Kareem.
Hope you are doing well.
As you have promptly answered my couple of questions before, this gives me confidence that you will guide me on the below as well In Sha Allah.
My question is regarding Donating Zakat money to a local Jamaat that will utilize this money in propagation of Islam among Muslim and non-Muslim brothers. Money will be spent on conducting various programs on different subjects like speeches on different

significant Islamic Occasions, Da'wah Topics, sometimes activities like blood donation & medical camps etc. on media, publicity & other logistical requirement.

In order to become a member of this Jamaal, a member is required to contribute 2% of his monthly income. My question is: can this amount be counted towards my annual Zakat amount payable. Please guide me in this regard. Jazaka Allah Khair.

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. Rizwan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

According to your description of the activities of this Jamaat I consider its work very important but it does not make it under the recipient categories of Zakah. Such activities should be financed from donations and pledges other than Zakah. The Zakah amounts must be spent strictly according to Verse 9:60 of the Qur'an and this organization does not fall under any of them. The work of Da'wah is important and necessary but it should not be done at the expense of the right of the poor. Besides, the item of "Fi Sabil Allah" means fighting for the sake of God, whether physically by arms of defending Islam and Muslim as in organizations specialized in following up on any and all incidences of aggression/prejudice against Muslims or defaming Islam and attempting to correct them politically, legally and through public media (e.g., CAIR in America and legal defense organizations) Da'wah is general not specific in defense of Islam and Muslims.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Majd

Sent: Friday, June 03, 2016

Subject: الوكالة في الزكاة

سائل يسأل:

خالي رجل كبير في السن يصر على ان تكون زكاة ماله لجهة حددها هو وقد تكون غير موجودة في قريتنا ، وهو لا يقر بوجود حاجات في الاصناف الثمانية لا من بعيد ، هل لوكيله ان يتصرف في جهة أكثر احتياجا واستحقاقا؟

My answer:

الأخ المكرم مجد

السلام عليكم و رحمة الله و بركاته

تقصد لوكيله،

ما دام في قريته من الفقراء ممن هو مستحق للزكاة فليس له التصرف بل ذهاب زكاة هذا الرجل لمن هو أبعد. أما إذا لم يوجد في قريته من هو مستحق للزكاة برأي الوكيل فللوكيل أن يعطيها المستحق في مكان آخر. إذ الوكيل أمين في أن يحقق المقصود من وكالته وليس له التصرف برأيه إلا إذا انعدم المقصود. والله تعالى أعلم.

مع أسمى التقدير وأعز التحية

أ. د. منذر قحف

From: Majd
Sent: Sunday, May 08, 2016
Subject: في زكاة البيوت المعدة للتأجير

شيخي الكريم

السلام عليكم ورحمة الله وبركاته

عمارة اكتمل البناء فيها وأصبحت سلعة معدة للبيع، ولكن الطلب عليها ضعيف بسبب ضعف السوق. ثم نوقف بيع الشقق الى الانتعاش لوضع السوق حاليا.

متى تجب فيها الزكاة ؟

هل تجب عند سنة كاملة من انتهاء البناء بحيث نزكي كامل قيمة العمارة بعد انقضاء حول على تمام بنائها.

ام تدخل مباشرة ضمن اموالنا التي نزكيها كل عام في بداية رمضان ؟

ام نزكي الاموال التي تحصل لنا عليها من الشقق التي تم بيعها فقط بحيث تدخل ضمن اموالنا التي نزكيها مع بداية رمضان ؟

افتنا جزاك الله خيرا 🌹

My answer

هذه عمارة قصد بناؤها الإتجار فهي عروض تجارة من مبدأ العمل ببنائها بل ومن ذات التخطيط لها بثمن العمارة مقدرا بسعر السوق والمبني فيها من الكلفة تخضع للزكاة من المبدء، أي أن هذه الشركة أفرادا (التاجر) تجب عليه الزكاة في جميع أمواله المخصصة لأعمال تجارته ولو تنوعت فإن كانت سنته في أول رمضان في كل سنة فبذلك التاريخ يضيف جميع أموال تجارته بما في ذلك من نقود وعروض ومباني قيد البناء أو مكتملة أو في مراحلها الأولى قبل البناء وينزل من ذلك ما على تجارته من ديون أي أنه يحسب فقط ما صافي ملكه وتكون الزكاة المتوجبة هي 2.5% من هذا الصافي. وبذلك يكون ثمن ما باعه داخلا في بند النقود وثمن ما لم يبعه داخلا في بند أموال التجارة. أي يزكيها مع أموال تجارته الأخرى بسنتها (كما يقول في أول رمضان). والله أعلم

Prof. Dr. Monzer Kahf

From: Majd
Sent: Friday, May 06, 2016
Subject:إسقاط الديون واعتبارها من الزكاة

جواب احمد الكردي

بداية الرسالة المحولة:

من: Ahmad Hajjy

التاريخ: ٦ مايو، ٢٠١٦،

عامة الفقهاء على عدم صحة إسقاط الديون عن المدينين بنية الزكاة، والبديل أن تدفع الزكاة للمدين الفقير من غير شرط أن يفي بها دينه، ثم يطالب بالدين فإن وفاه مما أخذه من الزكاة جاز، وإلا فلا يخسر المزكي شيئا.

من: Majd

تاريخ الإرسال: الخميس 5 مايو،

الموضوع: إسقاط الديون واعتبارها من الزكاة

سؤال:

هل يجوز إسقاط الديون غير المرجوة بنية الزكاة ؟ وهل صحيح ما يقول أئمة اهل العلم المجيزين لذلك كالحسن البصري وعطاء رضي الله عنهما ؟

My answer:

أوافق تماما على الرأي المذكور وأضيف أن في ذلك انتفاعا للمزكي من زكاته انتفاعا ماليا وهو ينقض عطاء الزكاة لثواب الله وحده. أما سهم الغارمين فيمكن منه سداد ديون من يعجز عن سداد دينه ولا يكون ذلك بفعل المزكي أو بقرار منه بل بقرار صندوق أو جمعية الزكاة.

Prof. Dr. Monzer Kahf

From: Mansoor

Sent: Thursday, April 21, 2016
Subject: Fixed deposit account and its Zakah
Dear Dr. Kahf,
Please see the following links which provide the details of al-Rayan (UK) Bank's savings account:
http://www.alrayanbank.co.uk/savings/fixed-term-deposits/36-month-fixed-term-deposit/
http://www.alrayanbank.co.uk/savings/compare-al-rayan-bank-accounts/a-guide-to-expected-profit/
The account is fixed term which means that no money can be put in or taken out during the term period. Also, the money in the account is invested by al-Rayan during this term period in order to generate profit which is then shared with the customer.
My question is, is such a fixed account permissible? Also, if the money in this account is being invested in order to generate a profit, would the customer be expected to pay zakat on this money during its investment period in the account? Thank you,
Mansoor
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. Mansoor
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Fixation of the term of Mudarabah-based deposits is permissible rather it is an important condition that should exist as a matter of principle according to the Fiqh rules of Mudarabah. If this account shares the actual realized profit generated from Halal transactions, it is definitely permissible.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mansoor
Dear Dr. Kahf,
Thank you very much for your response to my question. Could you please explain how the issue of zakat should be dealt with during the period of investment?
Is zakat due during the 36 month period that my money is being invested considering that I do not have access to it? Is the responsibility for zakat upon me or the *Mudarib?*
Thank you
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. Mansour
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Zakah is annual obligation on the owner. Its year is lunar, I.e., 354 days. Any owner who have at least the amount of Nisab (# US$ 1500) is required to pay his/her own Zakah every 354 days on the total amount that is owned.
A property you choose to tie into an investment for a period of time is still yours (in fact the Mudarib is considered purely an agent in this regard) you own this deposit and you bear its losses and deserves its profit. Even funds you tie as a deposit with the power or phone companies as a deposit for receiving the service is still owned by you and subject to Zakah. There are cases of funds that are owned but not subject to Zakah, e.g., a lost property. This is not in your hand even if it were that you hid it somewhere and then forgot that for years. this property is not subject to Zakah although it is theoretically still yours. But if you find it the majority of scholars argue that because it was yours during all that period you have to pay Zakah on all previous years and also there are scholars who argue that you pay only one time for when you find it and from then forward you resume the annual payment every 354 days.
This deposit is subject to Zakah and it is your property and your responsibility to pay its Zakah not the Mudarib.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Wael
Sent: Thursday, April 07, 2016
Subject: when is Zakah due and on what does it apply to?
As-Salamu Alaykum
Dear Dr. Monzer, please help replying the below question on Zakah:
Salams
Wael
---------- Forwarded message ----------
From: **Sabeeh**
Salam Sheikh. I wanted to know when the right time to pay Zakah is, and what the 2.5% should be calculated on; I.e. only Nisab amount, or of all my current assets, or only assets I've had for one year? If it's 2.5% of assets I've had for one year, then which date should I calculate the 1 year period from? Jazaka Allah Khair,
Sabeeh
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. Wael
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please inform the questioner of the following bullets:

1. Nisab is about 85 gram of gold or 455 grams of silver. I think consider an amount of $1500 is reasonable because we do not change our religion to follow the speculative prices of Now York speculators every day.
2. Nisab is a criterion of Zakatability; it is not a minimum exempt. This means the total amount of Zakatable items is what is subject to Zakah.
3. Zakah on other than agricultural products and livestock is at the rate of 2.5% every lunar year, I.e., 354 days. It is repeated every year.
4. The first year begins on the day you acquired $1500 for the first time.
5. Zakatable items include: bank accounts, shares, any investments, any saving plans including saving for education, retirement and others (e.g., providence funds, business net worth, investment properties).
6. Exempt items: residence, means of transportation, clothing and house furniture and other personal things, men golden jewelry.
7. Women jewelry is included according to Hanafi. According to most other may be exempt if they are actually used and within the limits of her peers.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Azhar
Sent: Tuesday, March 08, 2016
Question: Use of Zakat by an NGO
Dear Sir
Assalam-o-Alaykum
I am Azhar Nadeem contacting you on behalf of Human Development Foundation (HDF), a not for profit organization working to bring about a lasting change in the lives of poorest of poor people at selected geographic locations of Pakistan.
For the past 17 years, HDF has been fighting extreme poverty through a unique holistic model of development focused on lasting change. The cornerstone of HDF's efforts is our commitment to working directly with communities through our social mobilization program. In this, HDF facilitates the formation of democratic community organizations which empower individuals to have a say in the decisions that affect them. The HDF Holistic Model? includes programs in 5 key areas. Social Mobilization, Education & Literacy, Primary Health Care, Economic Development, and Sustainable Environment.
We are currently planning to run Zakat campaigns to finance three of our core programs I.e. Education, Health, and Poverty Alleviation. But before we launch a campaign, we want to educate ourselves regarding delicacies of matters related to Zakat collection and disbursement.
One important thing to note is that overall look and feel of the communities we work with is poor.
Education Program
Question No. 1: Is it permissible to finance our education program through Zakat including payment of teachers? salaries and other overhead expenditures.

My answer is NO except if the whole school/program addresses the definitely poor only in such a way that the service of education is categorically handed to them as a group.

Question No.2: Is it mandatory to particularly identify students coming from Zakat eligible families or Zakat financing can be used as blanket cover to finance the whole education program?

This relates to the previous question, it can be a blanket only if exclusively all students come from Zakah eligible families. Otherwise, have tuition for the school and give these families Zakah and they may at own discretion register their children in this school.

Question No. 3: What precautions to ensure the validity of Zakat (payer)?

These vary depending on the community. In each community there are people who are ok, normal, they meet ends even with some difficulties, and families below that level in such a community are likely to deserve Zakah. In the context of poor rural or urban areas in Pakistan (based on my old observations of the past centuries) those who do not have adequate food and closing and shelter and ability to send their children to public school for any reason and at least one cup of tea with milk a day deserve Zakah, also the homeless, etc. but a person who work as a servant or driver of a middle class family may not qualify?

Question No. 4: Can we use Zakat fund to establish assets like building, computer lab, science labs, libraries, etc.?

NO. you can use Zakah fund to give away teaching materials to the poor

Health program:

Question No. 1: Is it permissible to finance our Health Program through Zakat?

Apply the same rule above: medicine can be part of it, a clinic that only see the poor exclusively can be financed by Zakah, payment for medical surgeries and procedure given to the poor can also be from Zakah. But not general community health services in generally poor areas because these generalities may include non-deserving families/persons.

Question No.2: Is it mandatory to particularly distinguish patients coming from Zakat eligible families or Zakat financing can be used as blanket cover to finance the whole health program?

My answer is exactly as above in education.

Question No.3: Is it permissible to finance services like free provision of medicine and diagnostic tests from Zakat funds?

YES to poor persons/families.

Question No. 4: What precautions to ensure the validity of Zakat (payer)?

For Zakah payee as I mentioned above.

For Zakah payer, anyone who has approximately the equivalent of US$ 1500 and has such an amount after 354 days, whether in cash, bank accounts, jewelries, investments, retirement saving accounts, business net worth, etc. you take total of all these not each item alone.

Question No. 5: Can we use Zakat fund to establish assets like hospital building, purchase medical equipment, establish laboratories, purchase ambulances, etc. to serve poor communities?

NO.

Economic Development:
Question No. 1: Is it permissible to use Zakat funds for poverty alleviation?
Need to be more specific, it depends on the program and observation of the Tamlik principle.
Question No. 2: Is it permissible to finance the provision of technical and vocational skills training to Zakat eligible persons?
Yes, as long as it is specific to the poor and especially if you add to it giving them tools and raw materials of the craft they are taught.
Question No. 3: Is it permissible to finance the provision of economic assets like toolkits, livestock, and sewing machines to Zakat Eligible people for their economic rehabilitation?
Yes, and this might be the best but you should have consciousness of justice between poor persons/families in each area, e.g., you should not give one of them a cow if you cannot similar cows to similar families in same area.
Question No. 4: Is it permissible to establish a microfinance fund to provide working capital loans to Zakat eligible entrepreneurs from Zakat funds?
Yes provided on short term basis, that is by the end of the year you spend all the Zakah collected that year. Always better call for cash Waqf donation for building microfinance equity.
Thanks
Kind Regards
Azhar
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. Azhar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Kindly notice that I am a strong believer in the principle of Tamlik when it comes to distribution of Zakah to the poor and needy. They must own what is given to them and have the choice to used, on their own discretion, for whatever they are advised to by educators/organizations. Then please see below your questions for my specific answers.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Azhar
Dear Dr. Monzer Kahf
Assalam-o-Alaykum
I have one more question. Can Zakat be spent on non-Muslims since our beneficiaries also include non-Muslims who are even poorer than Muslims?
Jazaka Allah
Azhar

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. Azhar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The principle is: Zakah should only be spent on Muslims who qualify under one of the categories mentioned in the Qur'an (notice that some of them apply only on governments such as workers in Zakah departments, slave liberating and to some extent heart reconciling). The exception is when you (as a decision maker in an Islamic charity in charge of distributing Zakah on Wakalah basis from the payer) are faced with an emergency case on a non-Muslim in a dire immediate need for help (as in situations of natural catastrophes or wars) then you save his life and basics of survival. When you look at large the needs of Muslim poor and deprived are much more tremendous than can be taken by the collected Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rahman
Sent: Sunday, February 21, 2016
Question: Zakah on women jewelry
Assalamu Alaykum
my question: Is zakat due on women's jewelry?
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. Abdur Rahman
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes, certainly by the words of the Prophet, pbuh. He told a lady to pay Zakah on two bracelets in the hands of her minor daughter. Of course Zakah is due of women gold and silver jewelries if they reach Nisab and 354 days (lunar year) pass. The rate is 2.5% and this is repeated every 354 days.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rifai
Sent: Saturday, January 30, 2016
Question: Zakah on real estate properties
Dear Dr Kahf,

Assalamu Alaykum
I have following question. I have 3 properties

* I built a house some time ago, which is in my name, legally I own it and my mom is living in it? I don't pay Zakat
* I bought another land; legally I am not the owner, which is in my wife name? I don't Pay Zakat
* I have a 3rd property which I use for buying and selling? I pay Zakat for the money involved in this business.
* I have been paying Zakat only for my 3rd item; however I am told recently I should be paying for the item 1, 2 as well. Could you please shed some light on it?

Jazaka Allah, Baraka Allah 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
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
You are perfectly right in paying Zakah on the amount of net worth at the end of each accounting cycle of 354 days. This is always at the rate of 2.5% and repeated every year on the net amount on net worth in the business and any property meant for profit.
The house in which your mother lives (I am sure you do not charge her any rent!) is considered similar to a house you live in it with your family. Mother is the dearest person in the family. This house is not subject to Zakah as long as a member of the family lives in it with no rent payment, I.e., it is not for gaining rent.
The land that is in wife's name may be subject to Zakah or not depending on the objective. If it is for building own house to live in, it is not subject to Zakah. But if it is for sale sometime in the future when its price increases, it is then subject to Zakah on yearly basis as in property No. 3.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Shakeel
Sent: Thursday, January 14, 2016

Question: Zakah is due but I am short of cash

ASA,
My Zakah is due, but my funds are invested in a mutual fund and if I sell now, it'll be at a loss. Can I borrow money from my son to pay my Zakah?
Jazaka Allah 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. SHAKEEL
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes, as long as you believe you are able to pay it back, in fact it is better to do that because delaying its payment with ability to pay through this means is not permissible.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

FATAWA ON ZAKAH 2015

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 500,000X0.025 = 12500.00 Dollars
Monzer

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 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: 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 = $49700. 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 Haw 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 78000X0.02.5=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

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. Jazakalllahu 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: 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: 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: MAHASIN
Sent: Friday, July 10, 2015
Question: Zakah on emergency cash:
Alsalmo 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: 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 grapping 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: 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: 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: 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: 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: 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: 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 in 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: 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 S1000,000 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

FATAWA ON ZAKAH 2014

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: 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: 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 pour, 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: 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% x (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% x (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 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: 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: 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: 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 find 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 wa 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, banks 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: 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 decease 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 سـا هـر or a sister سحـر?)

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: 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: 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 كانو وعبد الله مهرز مع الشيخ عبد الوهاب ودفعنا 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 3OO 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: 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: 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: 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

FATAWA ON ZAKAH 2013

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: 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 tacked 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 $37.50as 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 9r 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 names 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 on line 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: 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: 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: 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 you 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: 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: 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: 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: 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: 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 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: 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

FATAWA ON ZAKAH 2012

From: Ahmed
Sent: Thursday, November 29, 2012
Question: Zakah on Mortgaged rental property
Dear Sir
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
Ahmed
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ahmed
Assalamu Alaykum wa Rahmatu Allahi 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 Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ahmed
Sent: Thursday, November 29, 2012
Question: In calculating Zakah, do we use market value?
Dear Sir
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
Ahmed
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ahmed
Assalamu Alaykum wa Rahmatu Allahi 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 Allahu 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: Rizwan
Sent: Tuesday, November 20, 2012
Location: Canada

Question: Zakah on investment property

We have an investment property on which we still owe the mortgage amount. Currently, it is on rent. Please, suggest how we should calculate Zakah in this case? Thanks.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rizwan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
You evaluate the fair market price of this property every year on the day your Zakah is due which is end of Hawl (354 days) after obtaining a Nisab which is approximately US$1500 (as Zakah is on the person for item one owns and you may have an established Hawl), deduct the amount of debt on the property and include this net amount, along with other Zakatable items in your calculation of the total which is subject to Zakah. Zakah is at 2.5% every year. Whatever rent you get throughout the year is cash and whatever is left of it in of course included in the cash and bank accounts items of Zakatable assets.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ahmed
Sent: Tuesday, November 20, 2012

Question: Zakah on land for a 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 ?

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?
I would request your views on my above questions.
Thanks and regards
Ahmed

My Answer:

Bismillah al Rahman al Rahim

1) 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) 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

Prof. Dr. Monzer Kahf

From: Imtiaz
Sent: Wednesday, September 12, 2012

Question: timing of distributing collected Zakah

Assalaamu Alaykum Professor
Can you kindly assist with this?
I know you're on an important mission but I would really like to get your advice on a contentious matter re Zakah. To make a very long story short, some members of our ladies group are saying that they got 'fatwas' from learned Muslims that Zakah collected does not necessarily have to be disbursed within the next year, that it can be rolled over and distributed over a 'reasonable time' which could be much longer than the year after it is given to an institution to be disbursed.
Based on my limited knowledge, this is not so. I have always known that e.g. if someone gives his Zakah at Eid 2012, then all this money should be given out not later than Eid 2013 when he will again calculate his Zakah for that past year. In other words, one year's Zakah should not meet with another year's.
Can you please enlighten me on this?
Jazaka Allah

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Imtiaz
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I fully agree with you that it should definitely be even much sooner than a year.
If government is collecting and distributing Zakah it is responsible to distribute as it sees fitting even after a year, it can also collect it in advance for a year or two and keep it for distribution for a year or two.

Distribution of Zakah by organization is founded on another basis: agency from the Zakah payer. This means that an organization cannot apply the principle of workers for Zakah because the payer has no right to deduct anything as a worker for Zakah and the org is the payer's Wakil or agent. They cannot delay its distribution also because it is sinful for the payer to delay its giving except reasonable for better use such as giving it to relatives who are poor and you will see them or travel to them next month. An organization may delay a little, like that, for better use. There is no limit for this delay but it is little can't be a year or even several month. Moreover, today's needs for Zakah everywhere in Muslim communities and societies are much more urgent than delaying for even weeks!

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy

Sent: Monday, August 13, 2012

Question: IANA Donations Zakatable?

Salam,

I've been approached by a local mosque: can donations to Iana Financial be considered Zakah al-mal, I.e. under the category of fi-sabeel-Allah?

Please advise.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Brothers Samy and Hassan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Funds which you and your wife and any member of your family deposit in this RESP account are themselves subject to Zakah. These are for future education of the children and they are part of your wealth although you wanted to assign them for the education of your children. The only amount that may be deductible from the Zakah obligation is an amount that is due on you, for tuition or any other commitment, in a specific date and the only source to pay it is your existing balances.

The vested part of government contribution into this account is also subject to Zakah on you. Being vested means that you become the owner of it. Any part which itself can be claimed by the government if you stop depositing in this account is deductible.

The amount which is subject to Zakah is the balance of this account on the day of your Hawl (the passage of one year on the amount you saved provided it reached, along with your other Zakatable assets, the value of Nisab which is approximately $1500). You just take the balance of the account without deducting any penalty or tax because you are not going to withdraw it.

Finally, the amount contributed by your wife cannot be considered Zakah because Zakah is to be paid to the poor and needy not yourself or your children. Further Zakah in to be

physically given to the poor and needy not saved in an account under your and your children ownership and authority.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ammar
Sent: Tuesday, August 07, 2012
Question: Zakah on rented house
Salaams,
What is the latest fatwa regarding Zakah on my house since I'm renting it now, though I am not making money just paying expenses and the intention is not as an investment or business venture?
Sincerely,
Ammar
My Answer:
This is not subject to Zakah, it is still your own house and you are only renting it until you come back.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Hasan
Sent: Tuesday, July 31, 2012
Location: Egypt
Question: Zakah distribution to Myanmar Muslims
Salam Ustazna,
Could you kindly reply to this question?
One More Question
I read about the oppressed Muslims in Myanmar or Burma who live a terrible catastrophe now. Can I send Zakah Al-Fitr to the Muslims there? Also, I see people in Egypt slaughtering sheep for aqiqah, can I tell them send the cost of this aqiqah to the Rohingya Muslims there?
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Hassan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah of al Fitr can be sent outside its area when there are urgent needs in other places as in the Case of these Nyanmar Muslims. This fulfills the obligation of Zakah of al Fitr

because it is to the poor and needy and its priority is determined by the level of urgency before any other criteria (like geographical location).
Aqiqah (not aqiqiah) is a general Sunnah which falls under general charity is itself an act of celebration of a child birth, the money of it can be sent for such objectives as general Sadaqah and may be more rewarded too, God knows, but the Sunnah of celebrating a child birth by slaughtering a sheep, shaving the head of the new born and distributing some money to charity and inviting people to eat with you, etc. all that is not fulfilled if you just send the money to satisfy more pressing needs in some other places.
Wa Allahu 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: A.
Sent: Monday, July 30, 2012
Location: Pakistan
Question: Zakah on providence funds balances
Assalamu 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.
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?
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.
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.
2) Should we pay Zakah on value of Shares/stocks in our account?

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?
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)
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?
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 Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rahim
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1) 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.
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.
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.
2) Yes, Zakah is on the market value of share on the day Zakah is due (the day 354 days pass).
3) 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.

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.
Receivable and personal debts on others are subject to Zakah because they are assets of the creditor. There are 2 conditions 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).
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rahim
Assalamu o Alaykum,
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?
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

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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.
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 Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Rahim

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

As described below 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 Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Saeed

Sent: Sunday, 29 Jul 2012

Question: Zakah on RRSP and LIRA

Assalamoalikum:

Could you please advise if Zakah is applicable on retirement's funds such as RRSP (Retirement Saving Plan) and LIRA (Locked in Retirement)? These are common retirement funds. Usually, people draw money from RRSP when they retire. A certain

percentage can be withdrawn from LIRA depending upon age. The objective is to have money when you need during retirement years.
One knowledgeable person has told me that there is no Zakah on LIRA as it is locked-in-plan and the money is not accessible until you reach a certain age and then you can withdraw. However, Zakah will be paid on the amount that you withdraw.
The same situation applies to RRSP although funds in RRSP are accessible unlike LIRA I.e., Zakah should be paid when the RRSP money is withdrawn.
I would appreciate your learned opinion about applicability of Zakah on RRSP and LIRA.
Another question is Zakah on rental property. Is it applicable on net profits (rent minus expenses) or on equity?
Also, please indicate if according to you there are different acceptable opinions on this as it is common on a number of Fiqh questions.
I offer financial help to my uncle (father's brother) from time to time as he and his family cannot meet expenses. Some years ago, I paid $25,000 as down payment for his home so that they do not have to continually pay rent to someone else. Since he does not have any credit history and bank will not approve mortgage, I became joint owner so that bank can advance mortgage based on my credit rating and financial standing. I do not wish to take any money from my uncle and plan to transfer my ownership as soon as his son is able to obtain mortgage on next renewal. To our satisfaction, my uncle has handsome equity in the house and paying mortgage much less than what the rent would have been.
Now, that I am recalculating my dues on Zakah on RRSP and LIRA for the past years, can I consider financial assistance to my uncle as part of Zakah?
I also send money to my cousin who is Imam in our village mosque to pay for his salary. Can this donation be considered as Zakah?
When I include RRSP amount in Zakah calculations, which amount I should use I.e., the accumulated RRSP amount or the net accumulated RRSP amount after deducting income tax. The income tax rate could be in the range of 30-40%. It seems that the net amount after tax deduction should be used as this the amount that I will receive.
May Allah reward you
Wasalaam

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Saeed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Both funds and other retirement and education accounts are subject to Zakah every Lunar year because they are parts of your property that you own and you decide on your own decision to lock in these schemes in order to get more benefits from taxes, matching funding or other benefits. The point that there are certain restrictions on them does not negate the complete ownership of these accounts. Compare it with owner of sheep and camels a t the time of the Prophet, pbuh. Isn’t his wealth the thing he keeps for retirement? Is the idea of retirement a new one or as old as humanity? All people

knew that they will grow old and may not be able to earn then while they still need income and the keep part of their wealth be it sheep, camels or trade inventory for retirement but all that was subject to Zakah. Remember that by having these saving accounts/schemes you are rich and have more wealth than many others and these are part of your wealth and consequently they are subject to Zakah. The amount which is subject to Zakah is the total balance of the account (unless there is some matching amount that is not vested yet, I.e., you still do not have complete ownership on it and if you leave the company before passage of the vesting time this amount will be taken away). Zakah is required every year and must be paid either from other sources or from the same. However, if there is any penalty or other restriction on withdrawal and you cannot pay it from other sources you may delay it but this means that when you have sufficient funds you have to pay all past due Zakah for all past years.

Investment properties, real estate or others, are subject to Zakah at the market value every lunar year at the rate of 2.5%. The equity itself not the rent or profit.

I know there are many other opinions. And I know that many of them are based on asking short questions that do not give sufficient details, many other are based on lack of understanding the full meaning of these schemes and nature of investment and wealth items in modern economies. Many other are based on applying Fiqh textbooks on environment that is quite different from the time when these books were written. MOST IMPORTANT I KNOW THAT NONE OF THESE OTHER OPINIONS STAND ANY CONSISTENT LOGICAL SHARI'AH ARGUMENT.

Do you think you can change your intention in a retroactive manner? What you spent in the past for helping family members or local Imam was Sadaqah and InShaAllah it is fully rewarded by God.

What you pay from now on you can make the intention of Zakah for it provided you give it to a deserving poor and needy, if this deserving poor is a relative that will be double reward InShaAllah as we are told by the Prophet, pbuh because it is also kindness to kinder.

The amount which is subject to Zakah is the total balance including any vested matching amount. You do not deduct tax or penalty. You can only deduct the unvested amount because it is not yet fully owned by you.

The total is what you own and invest in this scheme. It is the amount that you are saving for the future. When you withdraw at retirement or payment for education you will not be taxed and the idea of the plan is not to withdraw now. Making deduction on the assumption that you withdraw now is incorrect because that is against the idea of saving for retirement. You are now rich by the total balance without any deduction for a tax that may have to be paid if you decide to withdraw not nut you are not doing that, it is purely an assumption.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

FATAWA ON ZAKAH 2011

From: Habib
Sent: Monday, November 21, 2011
Question: Real Estate Zakah Question
Dear Bother Dr. Monzer, Assalamu 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 my daughter, she will continue to rent it, and 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 Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Habib
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answers below each question
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Habib
Sent: Sunday, November 20, 2011
Question: Zakah on rental houses and properties
Dear Bother 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: Saud
Sent: Sunday, September 25, 2011
Question: Zakah on orphan's cash
Dear Brother Nassimi
Assalamu Alaykum,
I have a question about Zakah and it is regarding my nephew's (Awesome) money.
Awesome got some cash from his mother side after his mom past away. This money is saved in a bank until he becomes an adult. I am the only person who has access to his money. My question is do I need to pay Zakah from this money yearly?
Thank you for your answer.
Aisha Hashimi
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Saud
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
There is Zakah due on this money if the conditions of Hawl and Nisab are fulfilled. That is if the amount is about US$ 1500 or more and more than one lunar year (354 days) have passed since he became owner, the death of his mother.
There are two opinion of who is required to pay it: the majority views it is required from the guardian (I suppose in this case the person who asked the question because she said she is the only one who has access to this money), the other opinion (some of the Hanafi scholars) requires the guardian to calculated it and when the minor becomes an adult (puberty) the guardian should inform him of all past due Zakah and tell him that it is obligatory and he must pay it to avoid being sinful of the delay.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Daoud
Sent: Sunday, September 25, 2011
Location: VA
Question: Zakah *on orphan's wealth*
My dear and respected brother, Dr. Kahf:
Assalamu Alaykum Wa Rahmatullah,
May Allah (SWT) continue to shower His blessings on you for sharing your useful knowledge!
I have been benefiting from your wealth of knowledge on the Islamic economic system.
Can you kindly answer the following question about Zakah?
Related to this question, I also heard that there is a Hadith that says something like the following:
"Invest the orphan's wealth so that it is not used up by its Zakah"

First, do you know if this Hadith is authentic?
Second, if the guardian does that as a result, if the wealth gets diminished/lost which would be a huge loss for the orphan, would that be ok?
Wa Jazaka Allahu Khairan,
Your brother,
Daoud

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Daoud
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
There is Zakah due on this money if the conditions of Hawl and Nisab are fulfilled. That is if the amount is about US$ 1500 or more and more than one lunar year (354 days) have passed since he became owner, the death of his mother.
There are two opinion of who is required to pay it: the majority views it is required from the guardian (I suppose in this case the person who asked the question because she said she is the only one who has access to this money), the other opinion (some of the Hanafi scholars) requires the guardian to calculate it and when the minor becomes an adult (puberty) the guardian should inform him of all past due Zakah and tell him that it is obligatory and he must pay it to avoid being sinful of the delay.
The Hadith is not correct but it is not that weal to an extent that makes is refuted. It is considered as a general advice giving an idea that Zakah is still required.
If the guardian loses in good faith, it is a risk which everyone should carry including orphans. But guardian should be extra careful in investing orphans funds. It is so to an extend that many Shari'ah court judges do not allow guardians to invest and some of them allow to place funds on interest being secured income although it is a prohibited Riba.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Kashif
Sent: Thursday, September 22, 2011

Question: Zakah on bank accounts

As salaam Alaykum
Dr. Kahf,
I hope this email reaches you in the best state of emaan and health. I had some basic question in regards to my Zakah payments this year and I wanted to ensure I give this obligation its haqq. I was wondering if you could help me clarify some things.
Bank Accounts:
I currently have three bank accounts A,B,C

A) This account is used to deposit my cheque from work and is used to pay my usual expenses (Rent, Gas, Grocery, and Basic Life Expenses)
B) This account is used for my 'personal savings'.
C) This account is a joint account between myself and my wife.
The first account A is pretty much down to zero at the end of a two week cycle and I use this account to pay off all expenses. I understand that anything in this account isn't Zakatable because it's used to pay for my expenses. I have about $1,600 approx. (Canadian Funds) in account B and we have a few hundred in account C.
Question 1:
I have heard that 'one of us' my wife or myself has to pay on Account C. From my understanding one of us is responsible to ensure the wealth in that account was accounted for in one of our Zakah payments. Can you confirm this is correct from a Fiqh aspect?
(This is in contrast to both of us trying to divide the funds and pay via our own Zakah payments).
You see for us people who live under different kinds of laws we should look exactly at the legal aspect in addition to our intention: in America, and I suppose Canada is the same, all these accounts are considered community property owned by both of you, husband and wife, together. If so then Zakah is due on the total balance of all three minus the amount you expect to need for spending until next pay check. Of course, the first Zakah payment is due 354 days after you got Nisab (# US$1500) for the first time. Either of you can pay it or once paid both of you are considered to have fulfilled your obligations.
Question 2:
We have some more funds in US CURRENCY. We plan to keep this in US FUNDS in the event we travel to the States. Do we pay Zakah on the US VALUE or Cds Value in relation to those US FUNDS?
These are subject to Zakah, just add them to the other cash, and it doesn’t matter which currency it is paid by, take the market price of the currencies.
Question 3:
I recently bought 1oz Gold Cds Coin and I'm assuming I pay the 'Market Value' on that wealth when my Zakah is due is this correct?
Yes it is the market value on the day of Zakah, just add it to the balance of all others.
Question 4:
I contribute a monthly amount to RRSP's through my work. At the end of the year I have a decent amount of savings in the RRSP's. My company contributes and matches my contributions. From my understanding only the 'vested' portion is Zakatable and the 'unvested' portion isn't Zakatable until I access the funds when I re-tire.
Vesting is usually a matter of a few months not until retirement. That is if you leave the company say today what do you get transferred to your personal RRSP or to your account with the new employer, this is the amount that is subject to Zakah, just add it to the balance of everything above.
Or is the entire amount non-Zakatable because its funds I won't access until some later time (retirement, if I leave my company, dire need).

Delayed accessibility does not make it not yours, it is yours and you can borrow from it and use it for certain emergencies, depending on the laws, or even take it all out with penalty caused by the tax exemptions of the contributions, all these DO NOT MAKE THE FUNDS NOT OWNED BY YOU, then all the balance, within what is mentioned earlier, is subject to Zakah.

Question 5:

I also contribute to company shares and the same concept of 'vested' and 'none vested' applies to these shares. I understand I only pay on the 'vested' portion when my Zakah is due.

Yes but with the exact definition of vesting.

Now recently we purchased a car from a family friend. The car was 12,000K (Cdn). We (Wife & I) have paid $8000K of the initial amount. The understanding between the seller and myself is that we would 'attempt' to pay him $1000 a month until the debt is paid. Now since the seller is a close friend is very relaxed about payments. We have paid him lump sums of $3000 after three months and he is ok with us taking some time to make payments. Due to this I bought some gold with cash that I had in Account B. I guess I should have used those funds to pay back the debt right away put I invested it in gold.

Anyhow my question pertains to paying Zakah while in this kind of debt. How do I proceed forward?

* Should I reshuffle my wealth and pay off the debt right away (sell gold, tap into RRSP's etc. etc.)

* Does Islam give me the leeway to simple deduct the monthly car payment as an expense and move fwd.?

* Do I really need to pay Zakah since I'm actually in debt?

No, you do not deduct the debt from the balance of Zakatable total because you are not going to pay it out of this total. Apparently you are paying it out of your future income in a relaxed way.

Please advise & Jazaka Allah Khairan for Your Help

Kashif

My Answer:

Dear Br. Kashif

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers in red below your questions:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Elmi

Sent: Wednesday, September 07, 2011

Question: is Zakah on the gains or on the principals?

ASA Dr Kahf:

I have two questions being asked by my colleagues as follows:

1. In light of what has happened in the stock market for the last decade or so, we see that stock portfolios are having very little return on investment or none (and in some cases negative returns). The result is going to be minimal or very little return especially those who are saving for retirement. While stocks and related items are assets of growth or have the potential to grow, one cannot see the growth in them anymore at least near term. The long term outlook is unknown as well. The question is with paying 2.5% Zakah on what remains keeps diminishing its return (if any) or actually reducing the actual investment amount so that over years (until retirement) there will not be much left. Do we pay Zakah on the return (gains through dividends and increase delta in value)? Or do we pay Zakah on the total value at the time Zakah has to be paid regardless of gain or loss in value? In other words is the purchased price paid for the stock treated like a land and we pay only on the gain, or do we pay the total value? If the answer is the total value, then my colleagues say there won't be much left for retirement and also the criteria that says the item of wealth must be of growth itself or have the potential to growth has not been met.
2. By the same token, what about a rental property? Suppose you have a condo that you are renting out. Of course you pay Zakah on the rent (less expenses), but since the condo is an asset by which you are making money, do you still have to pay Zakah on the value? Again this is an asset that is most likely not growing itself (with today's real Estate market) and in fact it could be declining in most areas. Do you still pay Zakah on the value even though it is not growing? In fact assuming the inflation rate and real Estate decline, you are losing money on the property value; hence on your initial investment indefinitely. Suppose if the condo is worth $100k and you pay $2500 Zakah this year, plus the inflation and the percentage of real Estate decline, you are basically paying on an asset with negative growth, and over years you have paid/invested more on the property than it is worth it. What is the recommendation in this case?
On both cases above neither look like a sound investment, but it is today's reality, and if you are already in the situation what is the consideration? And how does it implicate your Zakah?
JAK
Elmi

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Elmi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. Let us begin with an example: a person owns one million dollar in form of a store (for simplicity and to reduce the argument all of it inventory merchandise). A fire wiped out half of the inventory. Is she still subject to Zakah at the end of the year? YES, because she is still rich, owning more than a Nisab and a Hawl has passed.
2. Take another example from the time of the Prophet, pbuh: a man owns 50 camel which he keeps for his retirement at old age and for educating children. Is he subject to Zakah every year? YES although these 50 camels are kept in a 401 K

account or in a 529 accounts and the government tells him that if he sells any camel before the age of 59.5 he has to pay tax and penalty. . .

3. A third example, this man was faced by a hurricane which killed 30 of his camels, is he still subject to Zakah at the end of the year? YES. Same answer if he lost the 30 camels for a disease, would he still be subject to Zakah on the remaining 20? YES.
   These 3 examples answer your concerns: what matter is: on the day of the Hawl is this person rich (owns Nisab or more)? If yes, he is subject to Zakah. Moreover he is much better off than more than 50% of people on this planet and there are many people who deserve Zakah and are waiting helplessly for a meal a day.
   If stocks is a wrong investment, change it and take another one that is not a bad investment, and if there is no good investment on this earth invest with God, it is definitely assuring a high return.
4. A fourth example is from our times: a man all he owns is a 2 billion Dollar refinery. He owns the buildings and structures, no inventory. His daily income is one million Dollar which he immediately uses, within days to buy other real estates for lease or rent. Is this man subject to Zakah, he doesn't keep cash and always increases his real estate's holdings. Is he subject to Zakah on the rent or the total value and rent together that is total net worth at the end of each Hawl?

I believe that this man is worth at the end of the year 2.365 billion not 365 billion and his Zakah is 2.365X0.025= 59.125 million not only 9.125. Assuming no expenses at all. Zakah is on the business or investmental net worth not on the net return. Net worth (with the generous Islamic exemption of residence and personal transportation and the like which are taxable is all systems) is what define richness, it is what is Amwalhim which is mentioned in the verse 9:103 and it is what defines who is rich and who is not, not only income alone.

Yes, the owner of stocks kept for old age is subject to Zakah at the market value every year repeatedly and at the rate of 2.5%.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Azam

Sent: Friday, September 02, 2011

Question: calculation of Zakah

Assalamu Alaykum Sheikh,

Jazakallahu Khairan for your reply and hope you had a wonderful and blessed Eid....

I'm sorry that I couldn't provide any information about his savings.

If we are to calculate Zakah on 31 August 2011, his gross savings (subject to the said commitments) are as follows:

Cash

Cash in hand as at 31 August 2010 USD 580.00

Cash in hand as at 31 August 2011 SD 3,600.00

Accumulated savings during the year USD 3,020.00

Investments (Quoted shares)
Market value as at 31 August 2010 USD 0.00
Market value as at 31 August 2011 USD 1,700.00
Investments during the year USD 1,700.00
Further the estimated expenses for his Nikkah is approximately USD3000, which will have to be incurred from the above savings, in addition to the debt commitments.
Given these facts, please explain his liability of Zakah.
Jazakallahu Khairan...!!!
PS: I have copied this mail to my brother as well.
Salam & Regards,
Azam

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Azam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
From the numbers you just gave and adding to them the amount has had already settled of the fraud debts we find some little in accuracy in number which will make me make some assumptions;
During the year he saved 3020 + 1700 investment = 4720/12 =# 400 USD a month, can he really save that much out of the QR 2180? Suppose it is correct
On Aug 31, 2010 he did not have Nisab (# $1500) but assuming he is saving 400 a month on Nov. 30 he must have accumulated S1780. Today he is not yet subject to Zakah.
Then on Nov 19, 2011 (notice passage of a lunar year) he is required to calculate and pay Zakah at the rate of 2.5% on the following amount: 1780 + 400X11 (savings of Dec through Oct.) + 1700 (investment, assuming no change in market price) – 3000 (marriage expense) = 4880. (I did not consider the remainder of the debt on the assumption that it is going to continue been deducted at the rate of QR500)
The above calculation may have a mistake of including the past investment in estimating the monthly saving. A better and simpler way is: Cash on Nov. 19 + market value on Nov. 19. As by then expenses of marriage and others would have been already paid. If you use a solar year you have to adjust the rate to %2.5778.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Assalamu Alaykum Sheikh.
Jazakallahu Khairan for your reply.
I'm sure that he can save up to $400 a month out of his net salary of QR2180, because the QR2180 is net of accommodation expenses and all he has to bear from his net salary is his meal and other miscellaneous expenses (as he is a bachelor at the moment).
Sheikh, I'm unclear as to how you arrived at $1780, would you mind clarifying it?

Another matter I need to clarify is that, I understand that Zakah is a collective obligation and preferred to be given collectively (Institutional Zakah). In Sri Lanka, we do have some sort of a regional arrangement to collect and distribute Zakah in the respective areas. This arrangement normally takes place during Ramadan (or soon after Ramadan) every year. In such case, do you think it's better for my brother to calculate Zakah in advance and give it during this period or to wait till November till he reaches Nisab? What is your kind advice in this regard?
Apologize for any inconvenience caused by my continuous mails.
Jazakallahu Khairan...!!!
Regards,
Azam

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Azam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The 1780 is savings for 3 month plus the 580 that was on Aug 31, 2010.
Your brother can adjust his Zakah year next year after he pays the first time on Nov. 19. So that he becomes required to pay Zakah (now the full year since he had Nisab did not pass yet). It is of course better to pay it in Ramadan because the rewards will be more multiplied InShaAllah. Of course it is also permissible to estimate and pay in advance.
Next year in Ramadan he should calculate Zakah in Ramadan and pay a proportion of the calculated amount that fits the part of the year. In other words pay Zakah say for 9 month so that his Zakah year becomes say middle of Ramadan
Example: take Nov. 19, 2011 to Ramadan 15, 1433 (= August 4). This is 260 days out of the lunar year which is 354. His Due Zakah on Ramadan 15 is: Z X 2.5% X 260/354.
Z is the total of cash on hand and in banks on Ramadan 15 plus investment at market value plus jewelry and any other Zakatable items
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ali
Sent: Monday, August 29, 2011

Question: Zakah on gold

Assalamualaikum dear brother
I need to know at what rate I should pay Zakah on gold. My family pay it at the price a jewelers is willing to buy the gold at, as this is used gold the price they are willing to pay is approx. 20% less. But I have seen on the internet that it should be the current market price of gold. Which view is correct?
Wassalam.
Ali

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ali
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
It is at 2.5% every lunar year at the price you can sell it for on the day when Zakah is due. If jewelers in your area give 80% of the international price, the price for calculation is what you get from these jewelers.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rifai
Sent: Tuesday, August 23, 2011
Question: Zakah on land for house construction
Assalamu Alaykum warahmathullahi wabrakatuhu
I have a land on which I have started to build my house, this is primarily for me to move in, at the same time, at some point in time if I get a good offer I might sell it. Do I need to take this in to Zakah calculation?
I have some cash balance in my account, does this have to complete 1 year? Or can I just take a balance as of a particular day I am intending (Last week of Ramadan InShaAllah) to calculate?
Barakallah feeq
Rifai
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rifai
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The house you are building for your residence is not subject to Zakah even if you may sell in the future. We all may sell our houses if we find good deals.
Zakatable assets, in general including money and jewelry, the condition for them is that once Nisab exists at the beginning of your Zakah year, it does not matter if it is gone during the year, you look after 354 days (lunar year) if you have an amount equal to Nisab or more you pay Zakah on all assets that you have at the rate of 2.5% and repeat the same every year.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Dr. Ibrahim
Sent: Thursday, August 11, 2011
Question: Zakah calculation on cumulative savings
AsalamoAlikom brother Monzer, hope you would help me with this question. June, 2010 I started saving 5000 SR every month, in May 2011 I collected 55000 SR. How do I pay Zakah for this money? May God bless you.
Regards;
Ibrahim
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Dr. Ibrahim
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you have other Zakatable assets on which you pay Zakah, you just add these amounts to these assets and on your Zakah date that is already established you calculate your Zakah as 2.5% of that balance. Example: suppose you have investment in the finance market of US$ 10000 on which you pay Zakah every year and your last Zakah wa due on July 30 2009 which you paid it then. On July 19 2010 you find yourself having US$13,000 (the balance of the investment is $11500 and the savings of end of June $1500 which is equal to the SR5000) you calculate the due Zakah as 1.5% of 14,000 I.e. US$ 350.
If you do not have any other asset which are subject to Zakah and this is the first time you pay Zakah, assuming that the SR5000 is equal to US$ 1500 which I approximate to the Nisab (I do not accept the insanity of the gold exchange market in the past few years but I took the decline in dollar price relative to consumption goods and services), the first savings on June 30 starts your Nisab. Then on June 19 2011 you pay the Zakah on the total savings until then which is SR 60,000. The amount due on you is SR1500.
Notice that there is no consideration of Hawl for each amount saved but only for the point when Nisab become there. This is the way the Officers of the Prophet, pbuh, used to calculate Zakah on people and it is the way that is mentioned in the decisions of the International Shari'ah Board of Zakah that is established by the Zakah House of Kuwait. It is simple and straight forward, isn't it?
Let me assume that
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rahim
Sent: Monday, August 08, 2011
Location: Pakistan
Question: Is a down payment on a house subject to Zakah?
Assalamu-o-Alaykum,

Dear Monzer,
I have completed a deal of house purchase about two months earlier. The party told me that they will hand over the house to me after three months.
They took about 10 percent of the total amount (Pakistani Rupees: 22,00,000) advance from me through Estate Agent. Remaining amount is PAYABLE to them when they hand over the house with documents to me after agreed period.
I have reserved this amount aside for payment to party.
Please, advise whether Zakah is payable on this amount which has been specially reserved /allocated for this payment in time.
I am bound to pay this amount in time due to sale/purchase agreement.
Hope to receive your kind response and guidance on the issue very soon.
Best Regards,
Rahim

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rahim
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If the house is for your residence, this amount put aside for payment on it is not subject to Zakah. But if the house is for investment, the value of the house, all of it is subject to Zakah. This means the total of the amount you already paid and this amount set aside for completion of its price.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mushtaq
Sent: Sunday, August 07, 2011

Question: Is investment in a printing press Zakatable?

Salam Doctor.
Praying for your health
I have a small doubt. My friend is investing some money in a printing press which used to buy machinery for the press.
No return started yet. Now is he supposed to give Zakah for that money? Main reason is for 'NO' answer is that it is used for machinery.
Your immediate reply awaited.
Thanks and Best Regards
Musthaq

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Mushtaq
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Isn't it invested for the purpose of making profit? Then what is the difference between this investment and investing in stock or with a shop keeper who is at the corner of the street having all in goods for sale placed on the shelves? The fact is: this is Maal (property) that is beyond the consumption needs of the owner placed for the purpose of making profit. it is covered by the Verse 9:103 "take out of their properties . . ." Being invested in a machine or building or goods on the shelves does not make a difference (although some traditional bookish molwees this it does." This invested property is subject to Zakah every year at 2.5% regardless of whether it makes a profit or not as long as its value is not less than the amount of Nisab.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sameer
Sent: Saturday, July 16, 2011
Question: Is Zakah repeated every year?
Dear Brother Imran,
I am not an Imam, just a specialized scholar
I live in India. I've some doubts about Zakah, please provide your valuable inputs so Insha-Allah I calculate my correct Zakah amount.
1.I've some cash in bank which is there for more than one year period, in last financial year I paid Zakah for that cash, do I have to pay Zakah in this year for this cash ?
Yes you have to pay Zakah this year. Zakah is due as long as you own the amount of Nisab (approximately the equivalent of USD 1500) or more. It is due every lunar year I.e., each time 354 days pass.
2. I am a salaried employee so amount comes and goes into my bank account, I don't have any idea how much cash was there in my salaried account for a whole year period how to calculate Zakah in such case, is it like I just check how much cash is there on the day of calculating Zakah and pay it.
This is the way you calculate Zakah, it is on the amount left of the income not on the total. What comes and go during the year is out of question. You just look at your balance at the end of the Zakah year.
3. I've some money invested in mutual funds, this was done for tax saving purpose (I know it is haram and insha-Allah I'll get rid of them ASAP) however the amount I've invested is from my salary, when should I pay Zakah on the amount invested on these mutual funds, when I encash them back or even they are not encashed I should pay Zakah on these funds.
First investing in mutual funds is not Haram. It requires details depending on shares the management of the fund invests in. if it invest in Indian companies and avoid the Haram businesses (such as banks and breweries) and avoid companies that are heavily indulged in interest or any other Haram, it is OK provided you estimate the amount of Haram and

give it to charity. There are in India a few Shari'ah compliant mutual funds which fulfill these conditions and calculate for you the amount of purification.
Then Zakah, it is on the balance, every year, at the market value on the day when Zakah is due, you just add it to the cash.
4. I've given some loan to my relatives however their financial condition is not good and I don't want to ask them for my money so I don't know whether I'll get that money back should I pay Zakah on that money ?
Only debts which are expected to be recovered are subject to Zakah and calculated as above by adding the amount to cash and investment. Debts which are not expected to be recovered are not subject to Zakah, and debt in between are Zakatable on the percentage expected to be recovered.
5. I've some market linked insurance plan again which were done for tax saving where all the funds are invested in equity (as I cannot govern the insurance company to invest only in halal funds I know there is some haram portion in it) I cannot calculate the haram portion invested. I don't know when and how to pay Zakah in this type of money, is Zakah paid when I actually receive amount after surrendering the policy or is it paid annually for the premiums I've paid till year in these policies.
Amounts in insurance policies are subject to Zakah on the surrender value on the day when Zakah is due. If the policy does not have a surrender value except on its maturity, then upon getting its benefits from the insurance company.
6. There is also a provident fund where employee and employer make a contribution to these fund, when and how should I pay Zakah on these funds. Whether on actual receipt of the amount or on the contributions I've made till date?
This depends on the nature of the PF. If it similar to social security in America or Europe, I.e., you do not own funds in your account but your benefits are retirement are calculated on the basis of contributions. There is no Zakah on contribution or on the amounts mentioned in your account. If funds in your account (your contributions and the employer's) are actually owned by you but you do not have easy access to them (including penalty on withdrawal) the balance of this fund on the day of Zakah is subject to Zakah. This balance includes your contributions, vested contributions of employer plus returns on them if any.
Thanks and Regards,
Allah Hafiz,
Sameer
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sameer
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answers at the questions,
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam

Prof. Dr. Monzer Kahf

From: Ansari
Sent: Tuesday, July 12, 2011

Question: Zakah on funds in RRSP or 4O1k

Asslaamu Alaykum Dr, Monzer
I have read your Fatawa regarding Zakah on Retirement funds, but still not clear
If Zakah is due on funds in RRSP or 4O1k every year or only once at retirement
What I understand, if individual is in control and fund is not locked then it is Zakatable, otherwise
If individual is not in control of the fund then it's not Zakatable.
But RRSP is kind of both since even though you are in control, but you cannot use it at your will because of tax penalty.
In Canada and US each year employee can deposit money in RRSP or 401 K accounts. People even take loan to contribute to RRSP since that is the only way to avoid large tax penalty. You can take money out from RRSP, but withdrawing money from your RRSP can be extremely painful from a tax perspective, if you take money out usually in case of EMERGENCY then it became taxable (20 to 39%) depending on your income for that year.
Do I need pay Zakah on money in RRSP accounts each year?
OR
Zakah is only due when account is matured that is at the time of retirement, at retirement age you can make a lump-sum withdrawal, but most people at retirement because of tax penalty converted RRSP into other type of account I.e. RRIF or annuity to get monthly pay
If Zakah is due each year how to calculate Zakah since the real cash value of funds in RRSP is much less than the actual value because of tax penalty
Example funds in RRSP $100,000, TAX penalty 35% cash value = $65000
Zakah due 1625
Then for next year subtract 1625 from cash value and then calculate Zakah
Is this method correct for calculating yearly RRSP ZAKAH?
Please provide the detail answer for this issue since this applied to most of Muslims working in USA and Canada
Regards,
Ansari

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ansari
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This is a repeated question as if people like to bargain with the rule/principle.
Zakah is on funds you own, in your example you own 100000 not 65000 because this is the amount you invest and this is the amount you saved (deposits in these accounts plus

their revenues). The tax penalty is irrelevant because you are not withdrawing. BTW, the tax penalty is a procedural matter between government and you because the government gives you a tax break when you deposit in these accounts. What is not subject to Zakah is deduction of social security in the USA. These deductions take the form of taxes although they are counted for you in a special account on which basis (in the USA) your pension and other benefits are calculated, and in other countries theses deductions and the employer's contribution and their revenue make the basis of your deserved pension and benefits.
In brief: RRSP, 401K, IRA and the likes are subject to Zakah at market value (balance of the Zakah day) each year like all other investment which one owns. Potential tax penalty does not matter. Whatever one actually withdraws becomes a part of one's cash and if it exists on the day of Zakah it should be included in its calculation.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Essam, Onislam.net
Sent: Sunday, June 26, 2011
Question: Giving Zakah to a relative
Dearest Dr. Monzer,
Hope you are well and at the best of health and faith.
Could you kindly reply to this question?
Zakah Money:
As-salamu `Alaykum. I am really happy that I find your site, which is a great source of knowledge, peace and service. I want to give thanks to all of your team for your work. Can I collect Zakah money from my all relatives and give the money to one of my relatives who is a cancer patient and she needs money for better treatment and everyday cost? She is a widow also.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Essam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The Criteria in distributing Zakah in our time is twofold: 1) poverty and need; and, 2) the priority of needs and what is worst sufferance that can be relieved by Zakah money. Of course if this woman is poor and in need for treatment and other expenses she qualifies on poverty basis. Being a relative is an added point for reward.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Nayyar
Sent: Friday, May 27, 2011
Location: Canada

Question: Giving Zakah to relatives

Dear Sir, I would like to ask one question: can I give Zakah to my sister's son for his education? Actually he went to UK for engineering and is becoming little bit hard to afford the fees. He belongs to the mediocre family, not poor and not so rich. Please, guide me properly according to Islam. If I can give him, then should I have to tell him that this money is from Zakah or hide it? Thanks.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Nayyar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
No. Zakah cannot be given for education of such family. It can be given to poor fathers/mothers and they may use part or all of what they get for educating their children as per their own decision.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sherif
Sent: Friday, May 27, 2011

Question: Spending Zakah money on student accommodation

Assalamu Alaykum Dr Monzer Kahf. You have helped me in the past with answers to questions on Zakah, and I would like to get one more opinion from you.
We are conducting special residential coaching in India to help Muslim students get into institutes of excellence (starting with IITs). We conduct tests in various locations and then select the students according to their ability to learn and pass the exams. It is a very tough competition, where it is extremely difficult to clear without special coaching (Less than 1% make it without targeted coaching)
The students we select are from a mixed background - some from rich families, some from very poor ones, but the majority from middle class families. These families are rich enough to take care of their normal expenses, but cannot afford the special coaching. The children from rich families pay the expenses, but for others we ask them how much they can afford and take only that. The difference we try to make up with donations. The students are "Baaligh" or "adults" as per Shari'ah, being more than 16 years old, and they join this because they are interested in pursuing this.
Can we use Zakah to fund their accommodation and coaching fees?
Jazakallahu Khairan.
Sherif

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sherif
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I wouldn't say that Zakah in India can be given to the middle class students who cannot afford part of the cost of this tutoring. The poor students can be given the total cost.
I believe this is a very glorious endeavor and must be supported from other funds including Sadaqah and Islamic Development Bank.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Dr. Monzer Kahf

Subject: Deducting Zakah from monthly salaries
From: Suriani
Sent: Friday, February 18, 2011
Question:

السلام عليكم ورحمة الله وبركاته,
فضيلة الأستاذ الدكتور منذر قحف
عن أسئلة مهمة عن الزكاة التي تتعلق بيان المكتوب في كتاب الفقه الزكاة للشيخ القرضاوي, وهو كما يلي:
وعلى هذا الأساس نستطيع أن نقول: إن السنة تُعتبر وحدة في نظر الشارع -وكذلك في نظر رجال الضرائب الحديثة- ولهذا كان اعتبار الحول في الزكاة.
والمعروف أن الحكومات تقدر رواتب موظفيها باعتبار السنة، وإن كانت لا تدفعها إلا مجزأة على دفعات شهرية نظراً لحاجة الموظف المتجددة.
وبناء على ذلك تؤخذ الزكاة من صافي دخل الموظف وغيره من ذوي المهن الحرة في سنة كاملة إذا بلغ الصافي نصاباً (فقه الزكاة للشيخ القرضاوي ج-1)
القضية المتعلقة بالبيان السابق:
" فالبرنامج دفع زكاة الرواتب الشهرية عبر برنامج خصم الرواتب الشهرية في دولة ما. علماً بأن هذا البرنامج يحسب نصاب شريكه من إجمالي الرواتب السنوية التي ستدخل في ملك المشترك أو العامل كلها أو بالكامل في آخر السنة. ثم سيعد من هذا الإجمالي النفقات المقدرة السنوية المحدودة من قبل هذا البرنامج (علماً بأن النفقات المسموحة للتعادهي ما توصف بالأساسية أو الضرورية فقط) والباقي إن كان يساوي أو فوق النصاب السنوي سيخصم منه 2.5% ويوزع هذا القدر إلى إثنا عشر شهراً ليتمكن من الشريكين أن يدفعوا هذه الزكاة الموزعة في كل شهر من أول شهر الاشتراك على سبيل التقسيط ويتم الدفع على أنها زكاة في آخر السنة. عندما سألت مسؤولي هذا البرنامج عن المرجعية الأساسية في تطبيق هذا البرنامج قال أحدهم: هم تماسكون بقول القرضاوي المكتوب في الأعلى.
السؤال:
هل حضرتكم ترى أن المشيخ القرضاوي السابق يبرر مثل هذا البرنامج؟ 1-
هل يجوز في اسلام أن يحسب النصاب من إجمالي الأموال الذي لم يدخل كاملاً في ملك العامل؟ 2-
هل يتحقق فيه شرط النماء والملك التام؟ 3-
هل يمكن أن تبعد النفقات السنوية المقدرة وليست النفقات الحقيقية؟ 4-
هل يصح أن تبعد النفقات الأساسية فقط بغض النظر عن الحاجيات والتحسينيات علماً بأنهما أيضاً من كليات الخمس ومن مصالح العباد في الدنيا والآخرة؟ وإن كان, أهذا يبلغ مقاصد الشريعة التي تراعي هذه الأمور الثلاثة, ومن حقوق المسلمين في أموالهم أيضاً أن يستهلكوها كما يشاءون ما دام لا يجتاز الحدود الشرعي؟

وشكراً على حسن الاختيار
سوريانى

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Suriani

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

You seem to refer to the practice in Malaysia, but it also exists in Sudan. The answer to all questions is yes, this is permissible for the government to do, not for an organization that collects and distributes Zakah. This makes its payment permissible.

However a couple of improvement can be added: 1) refund of deducted Zakah in case there is interruption of employment or reduction or loss of income; 2) refund of Zakah in case a payer proves certain necessary expenses like medical or residence expenses.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Newaz

Sent: Tuesday, February 01, 2011

Question: Misunderstanding Zakah calculation

Assalamu Alaykum,

Scenario below is approximating my dilemma.

I reached my Nisab on Dhull Hijjah 25, 1415

And every year since then I have calculated the lowest amount of savings I had in my account (and accounted for loans I gave out). Basically, I tried to ensure I paid Zakah on money that I had for a duration of 1 year. I did not do this to avoid Zakah but that was my understanding that Zakah is due on wealth that you have with you for 1 year.

So if I had 4000 at the beginning of my Zakah year. And during the course of the year I saved an addition 3000, I will pay Zakah on 4000. Next year I will start with 7000 and pay Zakah on that...

I have now come to understand that is not the case. And that the year rule applies to Nisab and on the day of your Zakah, you pay for the full amount of wealth that you have.

Is my understanding correct?

Regardless from next year, I am going with the new understanding. But I wanted to know if what I did in previous years was completely wrong. If so, I will have to calculate the amount due.

Wassalam

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Newaz
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
You current understanding is correct and your previous one is absolutely incorrect. You may hear differently from a mosque Imam somewhere because he does not know the details of the issue and how it was calculated during the Prophet, pbuh.
You need to recalculate Zakah on past years any pay it as soon as you can, May Allah bless and help you
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

FATAWA ON ZAKAH 2010

From: Essam, OnIslam.net
Sent: Wednesday, December 29, 2010
Question: Zakah on money received in advance and on property under installments
Dearest Dr. Monzer,
As-Salam `Alaykum,
Hope you find time to reply to the following questions
1) We receive house rent in advance as part of our salary package. Is Zakah payable on such advance amount (because it needs to be returned if one leaves the job)?
2) Is Zakah payable on land for which we are still paying installments? The intention is that we shall sell it in the future after paying all the installments due if we get good price?
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Essam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. First question is not clear to me. Is it monthly or yearly? And what is it used for? Also does the employer give an amount for the employee assuming the latter to rent a house in the location or city of work. If it is paid by employer to employee, any part saved of it, after actual payment of rent if any, is subject to Zakah along with other savings. This is to be added to whatever other Zakatable properties one owns and Zakah should be paid on the day of one's annual Zakah.
2. This land is purchased for the objective of sale for profit. It is subject to Zakah, the calculation is as follows: market price on the day of end of Hawl of your Zakah minus the amount that you still owe that is the future installment that you are required to pay.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin

Wassalam
Prof. Dr. Monzer Kahf

From: Brother/sister
Sent: Saturday, December 16, 2010

Question: Is Zakah on net equity or net earning?

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

My Answer:

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

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

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

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

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

during the month of Ramadan until next pay is received. This person is not subject to Zakah.

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

Wa Allahu A'lam
Your Brother
Dr. Monzer Kahf

From: Morad
Sent: Saturday, December 16, 2010
Question: Zakah on Business income
I have a business of clothing manufacture. How to calculate the Zakah in this kind of business and what is the Nisab in the US? Thank you.
My Answer:
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah,
According to the majority's opinion, Zakah is only on the net mobile assets. It is calculated as follows (in brief because we are not going to take complicated case of assets): cash + bank accounts + inventory of ready to sell goods + goods in process + raw materials to manufacture goods in process + receivables - short term accounts payable = amount subject to Zakah.
Zakah is due annually on lunar year basis, at the end of a lunar year that begins from the day you got Nisab, and at the rate of 2.5% of the amount subject to Zakah. If it is difficult for you to calculate the amount on a lunar calendar, you may use a solar one, I.e., the Gregorian that we use in the US, and multiply the amount by 2.5% X 365/354 which is 2.577% instead of 2.5%. Also if you have to calculate Zakah for a part of a year so you can make your Zakah year conform with your accounting year you may calculate the Zakah for part of the year on the same basis, I.e., 2.5% X number of day/354.
For your second part of the question, Nisab is the value of 2.99 ounces of gold on the day Zakah is due. You may take approximately as only ONE THOUSAND US$ for this year. To be Zakatable, you have to at least own Nisab at a point of time and then own that much at least a full lunar year from that point. You do not include in the Nisab any money you appropriate for immediate expenses or payment of debt. an example clarifies this : a person who gets his/her income (US$ 2000) monthly and had 1000 dollars in the bank on Ramadan 1, 1421, and 900 on Ramadan 1, 1422, and the salary received on Sha'ban 29, 1422 is all needed to spend during the month of Ramadan until next pay is received. This person is not subject to Zakah because the 2000 salary she received is preoccupied by her monthly expenses and what is left is less than Nisab.
Wa Allahu A'lam
Your Brother
Dr. Monzer Kahf

From: Tarek
Sent: Sunday, November 07, 2010
Question: Zakah on women jewelry
Assalamu Alaykum Dr. Monzer
I hope all is well InShaAllah
Dear scholar, Please clarify the following in light of Quran and Sunnah:
A woman has both gold and silver jewelry which she wears. Let’s say she has 60 grams of gold and 120 grams of silver. None of them reach the level of Nisab for Zakah separately. If it is based on gold and silver has to be converted to price of gold, still it does not reach the Nisab of gold. If it is based on silver and gold is to be converted to price of silver, in this case it will exceed the level of Nisab for silver and she will have to

pay Zakah. In this situation will she pay Zakah based on gold or silver? Please clarify the issue. Jazakumullah Khairan
Tarek
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Tarek
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Sunday at 12 noon should be ok. We are going to be in Concorde hotel in Dukki (I think it is 146 Tahrir St.). we can come to you there if you like.
Housing mortgage is good for a question not for a full interview. It is better to talk essentially about Islamic fiancé itself.
For the question on Zakah, this is a question that is intended to be argumentative. My answer is to see first if this owner is rich or not. If we decide she is rich then she is subject to Zakah. I believe a person who owns, in addition to what is sufficient for all her needs' expenses, one half Nisab of gold and one half Nisab of silver is rich enough to be required to pay Zakah.
If she is exactly on the limit as the question is meant to be tricky, we take our best judgment, which is in this case to consider the Nisab in proportion to her property. This is: 60/85X100 + 120/450X100.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rahim
Sent: Friday, September 10, 2010
Location: Karachi, Pakistan
Question: Zakah to sisters and brothers
Dear Dr Kahf,
Assalamu-o-Alaykum,
Can we give Zakah to our needy poor sisters or brothers?
I pay Zakah for the golden Jewelry / ornament of behalf of my wife. Can she give that amount to my poor sisters on her own?
Regards, Fi Aman Allah!
Rahim
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rahim
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Yes if they are adult for the brothers and if the sisters are married. If the sisters are not married or the brothers are not adult you may be required by the Shari'ah system to take charge of their expenses. In this case you or your wife may not give Zakah because it amounts to giving to yourself. Please notice that if you were in need your wife can give you her Zakah regardless of whether you spend it on her or on your own siblings or children because your wife is not responsible for the expenses of the family.
Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Abbasi
Sent: Wednesday, September 08, 2010
Location: Shorewood, Illinois

Question: Zakah on cash while under a loan

Dear Dr. Kahf, assalam Alaykum!
On the subject of Zakah, some graduate school students have cash in the bank, no current income (no job), and have student loans they are paying off now or will be paying in the future. If the loan amounts exceed their current worth, will these students be exempted from Zakah? What's the formula they should be using for annual Zakah calculation?
I'd appreciate your response.
I. Ali Abbasi

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Abbasi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The criterion for deduction from Zakatable assets (in this case, present cash at the time of Zakah Hawl) is: whether debts, expenses and any other commitments/obligations (e.g., taxes alimony) are going to be paid from the existing Zakatable assets. If any of the above are going to be paid from future income they are not deductible when we calculate Zakah for the present year.
Examples from you question:
If this student has say $10,000 in the bank on the day when Zakah is due on him, say Ramadan 20, 1431, and has no expected income for the coming year and his expenses being a student and his expected expenses for the year are $9000. He is not required to pay Zakah because his cash that is not committed to expenses is below Nisab.
If under all other assumption his expenses are only 7000, he is subject to Zakah on 3000 (I consider Nisab about US$1500).
If he has zero expenses for the coming year but he had a debt due during the year of 9000 that has only the existing amount to be paid from, he is not subject to Zakah.
Wa Allahu A'lam

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

From: Haq
Sent: Saturday, September 04, 2010
Location:

Question: Middle Man fees in Zakah channeling to charities

Asalamu'alaykum,
Dear honorable Sheikh,
I know you're incredibly busy but I would be grateful if you could answer this question. My heart finds an acceptance for your answers, and hence I would really be happy if you could answer.
A company acts as a middle man and accept payments from donors, and then forewords those payments to the specified charity organizations. They do not actively distribute the charity to the poor, but only to organizations like Muslim schools etc... Can then:
a) Have a set charge in terms of percentage on the donations. Is there a difference between Sadaqah and Zakah?
This fee/charge cannot be deducted from Zakah. Because the cost of making Zakah reach its recipient is on the Zakah payer not on the poor and this company is a Wakil of the payer.
It can be charged on the donation and Sadaqat because it amounts then to giving donation or Sadaqah the net amount after the deduction of the fee.
b) In the UK, when a tax payer makes a donation, the government adds 28% which is known as gift aid. Some companies acting as the middle man:
(I) Charge a set percentage on the gift aid only without taking anything from the actual donations (Zakah & Sadaqah). Is this allowed? Would there be a difference between the gift aid of Zakah and Sadaqah or is a general ruling of ibaaha?
This is permissible on both cases of Zakah and Sadaqat because this gift aid is added to the donation and the result is factually: the added amount is smaller
(ii) Whilst others charge a set percentage on both the donation (Sadaqah and Zakah) + the gift aid.
It must not be from the amount of Zakah, notice the gift aid that is added to Zakah is not a part of the due Zakah. This means that charging the fee reduces the amount of Zakah reaching the poor by the Wakil.
Also note that the charge on is not only to cover costs, but is also going to be profit after the company meets its costs. However the company does let the donors know of this charge on its website,
It doesn’t matter because a Wakil may charge more than the cost as long as the two conditions are fulfilled. A Wakil who is paid more than actual cost becomes effectfully an Ajir for an agreed compensation or Ajr.
Do you find questionable from the Shari’ah point of view of any of the above transactions? If so, what are they and why? (I'm a student and only asking to learn and in no way to argue, barakAllahu feek)

Please notice that some Fuqaha (I personally hesitate about this matter) allow Muslim charities to use a part of no more than 1/8th of Zakah for their own expenses of managing the operation. This Fatwa is based on the recipient item of workers on it that is mentioned in verse 9:60 and on the assumption that such Muslim charitable organizations takes the job of government when government do not take charge of collecting and distributing Zakah.
JazzakAllahu Khair. You have previously answered my questions and Allah knows make dua for you.
Please also make dua for me.
Wassalam
Haq...

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Abdul Haq
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This company acts as a Wakil of the donor to make her/his donation reach the appropriate charity. It is a private entity (not a part of a Muslim Government that assigns it the duty of collecting Zakah and other Sadaqat and channel them to charities). According to Shari'ah its work can only be based the contract of Wakalah. As such it must fulfill two conditions: 1) full transparency of amounts received, fees and amounts channeled to charities; and, 2) full implementation of instructions of donor regarding choice of charity and info/instructions that accompany funds sent to charities.
With this in mind, please see below:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Munir
Sent: Saturday, 4 September, 2010

Question: Zakah calculation

Dear Prof. Dr. Monzer,
Assalamualaikum Warahmatullahi Wa Barakatuh,
Thank you for your last email.
Regarding CSR fund, can we treat it as follows for the Zakah computation (applying FAS 9)

1- Can we apply FAS 9 other than Islamic Banks?
2- Are we allowed to deduct the 2% from the current assets (or adding the liabilities section) in the adjustment section?

Current Assets – Current Liabilities = XXX +/- (Adjustments) * 2.5772%.
CSR (Corporate Social Responsibility) – is a mandated policy to pay 2% on books profit (Profit after TAX).

From the Finance Act:
As from 1 July 2009, every company must set up an annual CSR Fund equivalent to 2% of its book profit derived during the previous year. Book profit is defined as the profit after tax computed in accordance with International Financial Reporting Standards after adjusting for profit/loss on disposal or revaluation of fixed assets. We understand from the Mauritius Revenue Authority that fixed assets include investments that are classified as non-current assets in the financial statements. Where the amount accruing to the Fund is not wholly spent during the year, the unspent amount must be paid to the Mauritius Revenue Authority at the time of submission of the income tax return. The payment made from the CSR Fund is not an allowable deduction for income tax purposes.
FAS 9 (AAOIFI Financial Accounting Standard 9 - Zakah). When I read through the FAS9, I wanted to know if the standard is applicable only for IFI. At the same time, I obtained a copy of the attached file from the website of Singapore Islamic Religious Council. (This is where the confusion arises).
For the accounting treatment: The 2% will be reflected in the cash flow statement (in the same accounting year). Therefore, the cash balance is net (minus the 2 %.).
I referred to Shahul Hamid (2009) book in Accounting and Auditing for IFI. For the computation of Zakah base, both Net Asset Methods and Net Investment Fund Methods produce the same results due to the equivalence of the assets and the liabilities side of the balance sheet.
According to him, net invested fund method where the retained earnings would be net. Therefore this means that deducting (CSR 2%) from net asset method is a double deduction and would thus not be valid (a reply from his email).
My conclusion is that the 2% is a liability on book profit, whereas Zakah is based on assets values. The 2% is taken into account in the cash flow statement, while taking these figures for the cash flow statement for computation, the 2% is not included.
I hope that my explanation is right. Please kindly advice.
Jazakallah Khair,
Regards
Munir

My Answer:

Dear Br. Dr. Munir
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
My views on Zakah calculation are made clear on my website through the “calculation of Zakah for Muslim in North America.” I believe that Zakah is on all the net worth and the exemptions are only the personal/family items as known in the literature. Besides the rule for deducting any debt or appropriated fund is if it committed (in contrast to expected) and will be paid out of existing cash (in contrast to future cash flow). I do not go by most of the rules in the AAOIFI on Zakah.
Wa Allahu A’lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Taufic
Sent: Tuesday, August 24, 2010

Question: Zakah on 401K and rental property

Asalam Alaykum Dr. Monzer Kahf:

I attended your Zakah meeting on Saturday and got very good information about Zakah.

I have three questions:

1) I had 401K account with my employer from 1983 to 1988 and they gave me lump sum in 1988 when I left the Job.

I do not remember if I took out the Zakah each year on that amount between 1983 and 1988. Should I calculate now and give the Zakah for each year 1983 to 1988?

I think you should do that, make your best educated guess estimation for each year.

2) I had a rental property for 15 months in 1989 and it was rented only for 3 or 4 months before it was sold. I did not know I was supposed to pay Zakah on equity. I suppose I will have to pay Zakah now? Secondly how should I calculate Zakah? It should be for 12 months and then 3 months (total 15 Months) or just one calculation of Zakah for the equity I received after the sale of rental property?

The matter is simple. Try to remember your Zakah year in those days, it may be sometime in Ramadan. Then take Ramadan that came in 1988, did you have that property? If yes make your educated guess about its value then of take the sale price, repeat the same exercise for Ramadan 1989 and for Ramadan 1990. The 15 month period must fall in two of these three years. Whatever income you got must have entered in your cash flow and if you paid Zakah on your cash, it must have been taken care of in the calculation of Zakah.

3) What price of gold should I use? E.g. today it closed around $1225 per ounce? You were saying on Saturday those prices are speculative? Please advise.

For Nisab I still consider US$ 1500 as a reasonable amount. This is the amount I calculated on the basis of gold price some 3 years ago and I find no sufficient reason to change it. If you have gold jewelry and want to pay Zakah cash on it check on like with any jeweler for the price it purchase golden jewelry at and take that price, it must be considerably lower than the gold price in speculative exchange markets.

Thank you

Taufic

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Taufic

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see below:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Masoud
Sent: Monday, August 23, 2010
Question: Distributing books as Zakah
Dear Dr. Monzer, As Salaamu Alaykum Warahmatullahi Wa Barakatuh
A friend of mine has printed 15000 books of Duaa to distribute free of charge in different Masajid. He was asking me if he can deduct the cost of these books from his Zakah.
Can you please answer his question? I was not completely sure about it.
Jazakullahu Khairan
Masoud
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Masoud
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The cost of these books cannot be deducted from due Zakah. Giving to Masajid here in America does not qualify as Zakah (the old Fatwa was under different circumstances) and distributing books is very much rewarded but does not qualify as Zakah either. (Who can determine that this is really a form of Jihad with words and info? Is it he that decides? Besides even if we accept Jihad by words and info the books of Duaa do not fall under that. And there is priority of people who die of hunger)
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sara
Sent: Saturday, August 21, 2010
Location: Pakistan
Question: Giving Zakah to charitable organization
Assalamo'alaykum,
I want to know if we can give our Zakah money to the various organizations helping out Pakistani flood victims. Please Reply.
Sara
My Answer:
Dear Sr. Sara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes of course, Provided you trust the organization that you give to.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mev
Sent: Saturday, August 21, 2010
Question: **Zakah Al Mal calculation and loan**
Asalaam Alaykum Dr. Kahf,
My husband and I have just purchased a 2nd car using a loan that is to be paid back within 3 years. Is this considered a short or long term debt? Do we consider the amount as a liability when we calculate Zakah al Mal?
Thank you for your help.
Mev
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please note:
1. Purchasing a car on interest-based loan is forbidden in Shari'ah, I hope you did not do that especially that there are many opportunities here in America to buy at zero interest.
2. In Calculation of Zakah, what matters is not the accounting definition of short/long debts but whether a debt is going to be paid out of the Zakatable amount that one has on the day of completing the lunar year (354 days after one has a Nisab). Example: your monthly payment of 1000 is due on the 6th of the month. You have $50,000 on hand and got your monthly Salary of 7000 on the 30th. You have no other source of income. Your normal expenses for the month are 4000 and your Zakah due date is the 3 rd. of the month.
The Zakatable amount is: 50000 + 7000 - 4000 - 1000 = 52000. You do not deduct next month installment because it is going to be paid out of next month salary.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sajid
Sent: Thursday, August 19, 2010
Question: Zakah Calculation
Assalamualleykum brother Dr Monzer Kahf,
Ramadan Karim, I would like to get an answer regarding Zakah.
I want to build a house for my family and land price in my town is very high. Because of this reason I bought a cheap price land in another place in order to sell at high price in future (if it is possible InShaAllah) and to buy the land for house in my town. So my question do I need to pay Zakah on this land which I bought to get more price in order to buy a land in my town for the house.

Regarding Zakah matters always I get different answers from different teachers. Recently I attempted a class on Zakah in which teacher explained that Zakah on land (real estate) is only at the time of selling. Means if I buy this year and if I sell after 3 years, I need to pay Zakah after 3 years at the time of selling .So If that land is under Zakah, do I have to pay every year? means if buying price is $10000 , next year price $13000 , after two years $ 15000 , so do I need to pay 2.5% of $10000 , 2.5% of $13000 , 2.5% of $15000 ...each year? . or I have to pay Zakah at the time of selling ?

Another thing this land is with full of plants (agriculture) on which I got fruits in bulk quantity each year and I gave contract to a person for selling all fruits and I get some profit on these fruits. But farm is not maintaining as plants don't need maintenance as it goes naturally. Does this land come in agricultural land even though I purchased not for agriculture.

One more thing some of them have lots of inherited land from their parents. They don't give Zakah and they are telling it is not needed. What is exact ruling?

I hope you can give me answers for above in detail.

May Allah bless you

With prayers

A brother in Islam

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br.

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

First please try to understand that the Islamic Fiqh is a process of understanding. This may differ from one person to another. Also unless it is legislated by appropriate authority in a country everything remains subject to human opinion and may vary according to how good and valid the argument of each scholar. I can only give you my opinion and my evidence and it is up to you to take or leave it. It becomes a matter between you and God only. After all there is no law that forces you to pay Zakah and you want to pay it out of faith only.

Your stated objective of purchase of this land is for selling it in order to increase your financial ability and ultimately buy or build a house. Please notice that this is what every merchant also does, isn't it? Some to buy a house, some to get married some to become richer etc. Dear Brother, you are, in regard to this transaction, a trader, you purchased a thing in order to selling it for a profit. This land is subject to Zakah at the rate of 2.5% each year, in a way of being added to the other Zakatable items that you may own, the price is the market price on the day of Zakah.

Further, since you are trading agricultural land, if the total produce, fruits and others, during the year adds up to the amount of Nisab (# 653 kilos) then you are subject to Zakah on the produce at 10% (remember you said they grow with very little maintenance to me this means that you do not buy water for it).

Agricultural land is not subject to Zakah, on it only produce is subject. We have for this a lot of evidence from the practices of the Prophet, pbuh. Remember you are not a farmer but a trader of agricultural land.
In my opinion, except for agricultural land, all other items of wealth, included inherited lands, are subject to Zakah provided they are not assigned for personal and family usages. This is because Allah says in the Qur'an "take out of their properties . . " and the Prophet, pbuh, only exempted items used by the person and family and did not charge agricultural land any Zakah. I know there are people who give other views but I argue that theirs are inconsistent with texts of Zakah, both general and specific and also they are not coherent with the change of wealth items overtime.
Finally nothing in Shari'ah support a claim that Zakah is only when you sell an item.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rauf
Sent: Friday, August 13, 2010
Question: channeling Due Zakah to our defaulting clients
Assalaamu Alaykum Dr. Kahf,
I am working on a Murabahah Financing model and am looking at Zakah and defaults. In order to mitigate default risk as well as ensure Zakah dues are paid InShaAllah, could Zakah funds be channeled to our defaulting clients since Zakah could be given to those in debt. This will ensure default risk is mitigated and Zakah is paid as well.
I wonder if special attention should be given to those who simply procrastinate vs. those in genuine hardship and are in a defaulting position.
Jazaka ALLAH Khayr.
Was-salaam
Mohammad A Rauf
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The answer is no under all circumstances.
1. This matter is discussed at length in classical Fiqh. The payer of Zakah must not, in any potential way, derive a material benefit from paying its due Zakah. While a person under a burden of debt may deserve Zakah (it is one of the broad headings of recipient) the Zakah of the creditor must not be a means for paying this debt as this brings a material benefit to the payer. Similarly a father who is in need, the Zakah of the son cannot be paid to the father because that relieves the son from the obligation of paying for his father's needs, and so on.

2. The distinction between a debtor under hardship and a delinquent but able debtor is there also in the classical Fiqh. From the point of view of Zakah the first one only can be helped. And from the point of view of collection the second may be charged fines in addition to all additional costs caused by delinquency. Fines will not be pocketed by creditor in order to avoid Riba, they rather are given to Muslim charity. A debtor under hardship should be given extra time with no additional charge [Verse 2; 279]

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Yusuf

Sent: Wednesday, August 11, 2010

Location: Bangladesh

Question: Zakah on investment

Dear Dr. Kahf

Assalamu Alaykum wa Rahmatullah.

I have invested some money in purchasing Pre Placement shares of a company. There was a lock down period of one year which is not over yet, so I cannot trade them yet. My question is: Do I include this investment while calculating my total Zakatable income this year? If yes, how much should I include, original invested amount or current market value of these shares?

Jazaakallah Khair

With Regards

Zubayer

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Yusuf

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This amount is subject to Zakah and the restriction on its sale does not matter in regard to the Calculation of Zakah. You must include it at market value on the day when Zakah is due.

Further, please notice that Zakah is on items of wealth, and agriculture products and the saved part of income. You word (Zakah on my income) is not accurate.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Yusuf

Dear Dr. Kahf

Assalamu Alaykum wa Rahmatullah.

Thank you for your answer. JazaakAllaah Khair.
Your answer has put me into some difficulties here. Other than this investment I have very little cash or other assets. The cash that I have is much less than the due Zakah. Had this investment not been under restriction, I could have sold some of it to pay the Zakah. What can I realistically do now?
JazaakAllaah
Zubayer

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Yusuf
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
A small correction please, it is not my answer but your late asking about it, you should have asked a year ago not now, so that you place your action appropriately.
Anyway, the rule is when you have Zakah due on you and you do not have cash to pay it, it is permissible to delay it until you manage to have sufficient cash for it and try to plan better next year. InShaAllah this delay of disbursement is not sinful because of this excuse.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Saher
Sent: Sunday, August 08, 2010

Question: Giving Zakah to mentally ill brother

Assalamu Alaykum wa Rahmatullah wa Barakatuh!
I have a few questions on Zakah.

1) My brother is suffering from schizophrenia (I am sure you know that most cases of this decease 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)
2) Can we pay for his institution fee from our Zakah?
3) Is his wife in anyway responsible to contribute to her family expenses? She is physically and mentally fit.

4) (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?
5) Can we open an account for his kids and keep depositing Zakah for the future of the kid's education and rearing even when it reaches amount more than Nisab?
6) What % should we generally pay to the relatives and what to other poor in general?
7) What if you have a lot of poor relatives that should you pay all your Zakah to relatives and not to other orgs?

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Saher

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1) 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)

2) 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

3) No, especially that she has small kids

4) 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

5) 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)

6) 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

7) Yes, it is OK

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Rifai
Sent: Saturday, August 07, 2010
Question: Zakah to a poor relative
Asslaamu Alaykum Dr Kahf,
I have some amount of money as Zakah. There are no committee or organization in my home town. I know one Islamic organization which collects Zakah and distribute. At the same time one of my relative is there with 4 children, her husband is not supporting her well and she might divorce him as he is having extra marital affairs and seems like he is not changing his way of life.
In this case whom should I give the Zakah, can I give the Zakah to my relative to support her children for education?
Baraka feeq
Jzakallah.
Rifai
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rifai
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you are sure she is in need for financial support (can't she sue him for child support?) the answer is yes, but if you are not sure better give the Zakah to people who know the Shari'ah rules of distributing it.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rauf
Sent: Saturday, August 07, 2010
Question: Zakah on Murabahah financing
Assalaamu Alaykum Dr. Kahf,
I pray that you are doing well, InShaAllah.
I had a question in regards Zakah payable on Murabahah financing. For example, we finance a used vehicle for $5,000 on Jan 01, 2010 with a fixed mark-up of 5% and sold to the client for $5250 + applicable fees for a fixed monthly installments of $380 or so for 16 months. Assuming that financing will still be in place on Jan 01, 2011, how much Zakah is payable on this transaction and how is it calculated?
A related question:
- In case of Murabahah financing, does the financier pay Zakah on the collections received during the year? Or it would just be paid on the "mark-up" amount, like in our example above Zakah payable on $250 (mark-up).
Jazaka ALLAH Khayr Dr. Kahf for your help on this.
FiAmanALLAH

Rauf

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Rauf

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I like to look at your question from a different angle. You start your business with a given equity. It is above the Nisab amount. One lunar year after that (if this is not convenient you can use a solar calendar and apply the rate of 2.5778% to make up for the 11 days difference) you look at your balance sheet total assets that you are sure you own (I.e., you may deduct the percentage of doubtful debts) minus liability you owe to others (I.e., including investors with invest with you in this business) and this gives you the amount that is subject to Zakah.

To answer your questions directly. Zakah is on the wealth, I.e., (assume you have only one Murabahah transaction and no expenses) the total amount of the Murabahah finance (balance of principal and profit) as on the day when your Zakah year ends. Of course you add to it whatever cash you have (this is amount collected out of the original amount of debt of Murabahah).

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Kashif

Sent: Thursday, July 22, 2010

Question: is Zakah on the book value or market value?

(Company Shares)

I work in a company and I purchase shares on my bi-weekly cheques from which I contribute $100.00 to buy that share. The company matches my contribution by 40% and adds $40.00 to the pool of money for shares. The shares are purchased at $35.00 a share for the most part but have recently gone up to $41.00 a share. I have the following Zakah questions

1) Do I pay Zakah on the Book Value or the Market Value? Zakah is on market value, it is what determines how rich you are.

I also wanted to point out that the Company Contribution cannot be accessed by me until one calendar year comes to pass. Allow me to give you an example:

Jan - $100 (My Contribution) + $40 (Company)

Feb - $100 (My Contribution) + $40 (Company)

Mar - $100 (My Contribution) + $40 (Company)

Apr - $100 (My Contribution) + $40 (Company)

May - $100 (My Contribution) + $40 (Company)

June - $100 (My Contribution) + $40 (Company)

July - $100 (My Contribution) + $40 (Company)

…..aug-dec
Jan - $100 (My Contribution) + $40 (Company)
* I can access my employers contribution and sell the shares that were purchased with their contribution
2) So in terms of Zakah the full contribution is under my name but I'm restricted from accessing a large percentage of those funds. Do I pay Zakah on the portion that I cannot access (non-vested) or am I excempt from that because I cannot spend it.
The non-vested part is not subject to Zakah. This means on the day of Zakah you add all shares purchase by your contribution and all shares purchased by the employer's contribution on which a year passed, take their market value (or course, add other assets, savings, investments, cash, etc.) and calculate Zakah
(RRSP's)
I contribute $100.00 per pay cheque into my RRSP's and the Company Matches the $100.00 Alhamdulillah. At the end of the year I have $4800.00 in the RRSP pool. I can access my portion at any time BUT the company portion can only be accessed once I leave the company or retire.
There are details here: if you can invest it any way you like, you can borrow on it provided you return (even with payment of interest to your own account), you can withdraw with penalty, then the restriction of full access does not matter because these factors establish ownership you are then subject to Zakah on the total. If you're right to the employer's contribution does not create ownership such as you cannot carry it with you to another employer if you change employer, or it is given to another fund like the social security contribution, then that is not subject to Zakah. In other words, restriction that do not violate the essence of ownership do not affect the Zakatability.
Clarify the Islamic position on this matter. Do I pay Zakah on the company portion even thought I cannot access it at this point. If I am exempt from that portion when do I pay Zakah on that?
Kashif Malik

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Kashif
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see below:
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Yusuf
Sent: Thursday, June 17, 2010

Question: Who can received Zakah and for what purpose?

Assalamu-O-Alaykum Br. Monzer Kahf!

I hope you and your family are keeping well by grace of Allah. It has been long I communicated with you, we last met at IMO in Etobicoke, Ontario.
I wanted to find who can receive the Zakah and for what purpose?
With last year's Zakah, I established a small business selling footwear (hawker) for my relative (55 years old), who is very poor, now he is earning sufficient to carry his family. My friend has done similar establishment with his 3 poor relatives. I called this as sustainable charity as my Zakah keeps giving him money every month now.
I plan to create this mode of sustainable charity (MY Charity) in India.
Sustainable Charity Concept:
Zakah payer (North America & Europe) picks his own relative/neighbor/friend (within INDIA) at the lowest strata (poor) to receive the Zakah. I will establish a small business for the Zakah receiver a recurrent earning (approximately Rs 3000) through my business skill help. No money comes to me. I will establish a team to provide the technical help needed to establish different types of small businesses (selling footwear, under garments, fruits etc.) for the poor to earn monthly earning. When the business is established, the Zakah receiver may pay Rs 100 (+Rs25 increment after every two years) every month rest of his life as his donation to the MY charity to cover further technical help to him and others.
What are your thoughts? Any suggestions or comments?
Regards,
Yusuf

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Yusuf
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is basically for the poor and needy> Of course Verse No. 9:60 mentions eight categories that may be given Zakah, and poor and needy are the first two of the same. In America I believe Zakah should not be given to schools or Islamic centers. Teaching children is the responsibility of their parents and should not be financed from Zakah. Islamic centers and mosques are the responsibility of the community and again should not be given from Zakah. In the past there were some Fatawa to that effects but these are outdated because they were rightly issued at a time when the Muslim community in America was very poor and unable to sustain the religion of its own members, then it goes under the category of in the sake of Allah (for preserving the religion of Muslims). Now Muslims are not in that kind of situation and Muslim community can sustain mosques and Islamic centers, parents and families can also sustain schools. Schools and Islamic centers are necessary community needs that must be paid for by Muslims but you should not take this support from the share that is assigned to the poor and needy (which is the Zakah).
Besides at this time there are certain priorities that must be observed like poor people who are under siege and occupation in Philistine and family and relatives in your own

home country who may be poor. Giving priority to such needs is of course better than other uses of Zakah.
Regarding your business, It is an excellent idea, please do it on a larger scale if you can. And let us create an institution for it that will grow beyond personal abilities after we are gone. I support it fully. I like it to be fully purified, so let us eliminate the 100 monthly and its increment. We'll replace it by becoming a member of the supportive non-profit association and this association will decide its membership dues. It is even better for you and for the institution that you create (and I am with you in it) to avoid any imposition on beneficiaries, we need them to become self-sustained and independent and that is our pleasure.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sarah
Sent: Wednesday, May 26, 2010
Location: Canada
Question: Giving Zakah to an Islamic school in Canada
Assalamu Alaykum Wa Rahmatullah Wa Barakatuh
Dear Dr. Kahf.
I would like to thank you for the time you have taken to educate Muslims on the issue of Zakah and other financial issues. This question was sent to me by my brother who is interested in teaching in an Islamic school in Canada. He wants to know the ruling to this question before making his decision InShaAllah. Is it permissible to use Zakah money to build Islamic schools in the west and pay its employees?
The Imam came on the Minbar and said based upon the situation of the school (I.e. one of gross poverty), and based upon the fact Islamic schools are few and very necessary in North American society (specifically theirs), it is in fact permissible to supplement school fees with Zakah money to help offset the deficit. He said in many cases the parents are not able to pay the school fees.
So now my brother is asking, knowing this does the equation change, would it be permissible for the employees to accept such salaries that "may" contain Zakah money to offset the deficit created by the Islamic School (a necessary entity in a North American society) funded by no other means. Because he knows, money becomes "filtered" once it passes from one hand to the next. Example if a known drug dealer buys a book, the money now possessed by the bookshop is halal, regardless of how his/her customer acquired it. Similarly (and this is my brother using his own Ijtihad), regardless of how the money was acquired by the masjid, he would be earning an honest pay by teaching. Is this so?
JazakaAllah Khairan.
Sarah
My Answer:
Bismillah al Rahman al Rahim

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

Dear Sr. Sarah

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The answer is a PLAIN NO. This is despite of the many old Fatwa that you may find on the internet by big names. These Fatwas were given under very different conditions in the 1970s. We Muslims in America were poor, mostly students and Afro Americans. Now we are not under those conditions. Schools and mosques are the responsibility of the parents and the rich among us not the responsibility of the poor. You can't give Zakah to finance schooling for children whose parents make 40, 50 and 100 K Dollars while there are people dying under siege or out of famine because someone said in the past, when we were poor, that mosques in America may spend Zakah on their own expenses. The case of schools is even worse as Islamic schools and teaching are responsibility of parents. Zakah has its own objectives that are essential to help the poor and needy especially at a time that there are much too many of them all over the world and to defend land people and religion too.

Youth centers and Islamic centers and Schools again are responsibility of parents of children brother or any other person works in the school he gets InShaAllah Halal income once he fulfills his contractual obligations. Whether they use Zakah money or not. What the Imam said is the same misconceptions many people have. Once again teaching children is the responsibility of their parent not the poor among us and Zakah cannot be spent on Islamic schools in America Muslim parent are required to establish Islamic schools for their children from outside the Zakah money. Besides if there are people to pay Zakah there are then rich people who are required, from outside Zakah and in addition to it, help their community for the general requirements like mosques, youth centers and Islamic centers. Schools are responsibility of parent not Muslims who have no children, being rich or poor.

Now, another point, a poor family deserve Zakah if it is in a situation that makes it deserving Zakah, such a family may use Zakah money to pay school fees of their children, no doubt about that.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Rad

Sent: Monday, April 12, 2010

Question: Zakah on Dividends Received from Investment Restricted to Real Estate

As-Salam `Alaykum,

I am interested in investing money with UM Financial (which provide Shari'ah Compliant Mortgages).

"UM REI collects funds from its investors and operates as a fund manager, restricting investment to real estate. After ensuring mortgage security on real estate profits are

made by collecting rentals on properties and fees. Collected funds will only be invested in properties that can provide a minimum rental return of approximately 8%."
http://www.umgroup.ca/um_investment.aspx
UM Financial makes dividend payouts 3 times per year. From looking at their website there doesn't seem to be any appreciation in the shares (e.g. buy for a low price and sell for a higher price). There only appears to be a dividend payout.
I was reading in your translation of Fiqh Al Zakah (volume I) it states the following (page 271):
" If such a distinction is to be made, I suggest that we treat corporations like individuals, whereby Zakah is imposed at the rate of ten percent of the dividends of industrial shares, while it is imposed at the rate of 2.5 percent on the market value of trading shares, certainly after deducting the percentage invested in fixed assets, I.e. treating trading shares like we treat trade inventory."
Question 1:
has shares from UM Financial every two months for $2000 for 20 years, and three times per year I would receive a dividend from them, then I would pay 10% on the dividends and not the productive capital, I.e. not the total amount invested with UM Financial. Is this correct?
I was reading in the RESOLUTIONS AND RECOMMENDATIONS OF THE COUNCIL OF THE ISLAMIC FIQH ACADEMY - 1985 2000, RESOLUTION N° 28 (3/4) CONCERNING PAYMENT OF ZAKAH ON COMPANY SHARES on page 58 it states:
“If he had invested in the company to benefit from the annual dividends of his shares, and not for trading purposes, then the owner of such shares will not pay Zakah on the market value of shares, but only on the basis of the dividends, at the rate of 1/4 of 1/10 (2.5%) after the elapse of one year from the date of the actual reception of the dividends, provided that all other conditions are met and no impediment exists. This ruling is in conformity with resolution 2 (2/2) adopted by the Council of the Academy at its 2nd session, with respect to Zakah on the rented real estates and non-agricultural leased lands."
For reference you can see the attached document I found online (I did not confirm the accuracy of this information)
Question 2: After reading this, it seems that Zakah would again be payable on only the dividends and not the total amount invested with UM Financial however this time it is 2.5% of the dividends and not 10% of the dividends.
Is there a difference of opinion in this matter? Are both opinions valid?
Jazakallah Khair.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
In my opinion, there is only one view on this matter that is valid and I shall meet Allah believing this view: Zakah is due on your total investment at 2.5% every lunar year, this

is along with other assets that you own except the personal and family exemptions (personal residence, transportation, furniture and the like). Additionally when you get the dividends they will add to your cash and on your Zakah day the balance is subject to Zakah along with other assets.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: RIFAI
Sent: Sunday, January 31, 2010
Question: Calculating Zakah on Property
Assalamu Alaykum Dr,
I bought a land in June 2008 and built a house which was completed in May 2009.
When I built the house I had partly business intention as well, i.e., if I get a good buyer I'll sell it or keep it for my living.
I have few questions, Do I have to pay Zakah for this property?
If yes,
1. What's the percentage I have to pay?
2. Do I have to pay on profit of the house sale or the value of the house?
3. From when do I have to pay Zakah? After sale or from May 2009 as completed the house in May 2009.

Barakallahfeeq.
Rifai
My Answer:
Dear Br. RIFAI
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If this property is bought with the intention to live in (moving from one house to another or from not-owning a house to an owned house) it is not subject to Zakah even though you thought that if you get a good price you would sell it. We all have this kind of thought, don't we? This does not change its nature as a house to live in. The moment you determine in your mind that you are using it as an investment or trade asset it becomes subject to Zakah from that moment. Then you do NOT start a new year for each item that is Zakatable. You rather add it to your other items and pay its Zakah on your Zakah date (end of your Zakah lunar year). What is subject to Zakah is the market value on the day when Zakah is due, neither the profit nor the increment because that is your property and that is your richness. This is the meaning of verse 9:103 and the practice of the Prophet Pbuh and all schools of Fiqh (regarding Zakah being on the Zakatable asset not its profit or increment).
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: A.
Sent: Saturday, January 09, 2010
Location: Germany

Question: Donations to Non-Muslim Charities

Dear Amo Monzer,

Assalamu Alaykum,

InShaAllah you and your family are well and in the best of conditions. I heard from Ammar during his stay that you were recently in Saudi-Arabia for a few days. InShaAllah you had a wonderful time!

I am e-mailing with a specific question regarding donations to non-Muslim organizations. Though I have read a number of Fatawa on this, I wondered whether the fact that most charities work on the basis of trust-funds makes a difference here.

What I mean is that that these charities take the money people donate to them and invest it in interest bearing financial accounts. Thus, they use the interest proceeds to finance their activities, and not the donation itself.

Given that I could not find any information in this regard, I would be most grateful if you could clarify. Does the usage of interest bearing trust funds by non-Muslim charities make a difference on whether or not it is halal to donate to them?

Jazakumu Allahu Khayr and very kind regards from Germany,

Wassalam Alaykum Wa Rahmatu Allahi Wa Barakatuh,

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. A.

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

While it is not Haram to give donations to non-Muslim charities, I wouldn't call it Halal. It is just permissible. Not all trust work on interest although many do and what they do is their business not yours. I know that most charities accept special conditions in donations. One can specify that one's donation should all be distributed not put in trust funds. But assuming that the charity does not accept and that you know that it deposits all donations on interest and only spend the interest on the given cause I would argue that this situation makes it non-permissible to donate to this organization, whether it is registered in a Muslim or non-Muslim country and run by Muslims or others. My reason is: under the said circumstances, you are in fact donating to this interest baring fund not to the charitable objective itself. I also hate seeing Muslims donating to charities run b non-Muslims because they know little about the Shari'ah conditions in distribution such as defining deserving persons and families, how and what they are given and what priority you apply in distribution.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Tahir
Sent: Tuesday, January 5, 2010
Question: Zakah on minerals
Dear Dr. Kahf, Wa Alaykum Assalamu wa Rahmatullah wa Barakatuh
JazakAllah Khayr for sparing your precious time and taking the trouble of giving a detailed answer.
By minerals or mineral produce I meant ore, oil, etc., that are lying under the ground like Rikaz. When someone excavates these things and tries to bring them into his ownership, he is required to pay 20%. This is just like Rikaz. The only difference, perhaps, is that one may come across Rikaz accidently, while there are proven oil reserves, etc. From the first few sentences of your kind reply I guess you also mean this. If I understood you wrong, please correct me.
Once again, my thanks and regards.
Sayyid Tahir
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I know that some schools of thought takes it like that but I do not go along with it for two reasons: 1) minerals should be exclusively the property of all the society as represented by the state. It is not subject to Zakah because it is to the benefit of all and poor and needy included. 2) mineral industry is like other industries requires cost, under all normal circumstances this industry does not give more than the profit that other industries may give, there is no reason for singling it out for 20%! Minerals in this matter are not similar to found treasures. Found treasures are pure windfalls. lf they are found while I am doing some other thing and they do not make industries and businesses (I am aware that there is today a remote industry to find lost treasures in the ships that sank in the past but this is a rare industry and does not make any real effect. In fact If I want to give a ruling on it I say that since these were lost only a few centuries ago they are still owned by the descendent of their real owner on analogy with treasured from Islamic era as treated in some schools). In other words I find no reason why minerals should be treated under Rikaz rather they are either exempt or under Zakah (2.5%).
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

FATAWA ON ZAKAH 2009

From: Siddiqi
Sent: Friday, December 22, 2009

Question: Zakah on investment money

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

The three questions you forwarded to me are tough ones, though the No. (b) Is the most difficult. Here are the questions:

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

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

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

My Answer

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

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

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

Allow me please to settle question (c): In principle, Zakah is due in kind, from camels, sheep, grain, grape, gold, silver, etc. If you pay in cash, the price you consider for Zakah

must always be the price of the due day and the place where the Zakatable item exists. A point arises if a person delays the actual disbursement of due Zakah and prices went down! In this case, if she/he is delaying sinfully, I.e., without acceptable excuse the Zakatable person guarantees the payment at the due price even if prices go down; but if the delay is caused by an excusable reason such as shortage of liquidity when it is necessary for disbursement (e.g., Zakah on jewelry or stocks that cause loss if sold and Zakah on strong receivable debt with no sufficient cash available) the guarantee is relaxed and he/she can pay at the price of the day of actual disbursement. If prices go up, I should say that the Zakatable person is recommended, but not required, to make actual disbursement according to the new higher price, but she/he can always make payment in kind.

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

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

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

Contemporary Fuqaha are faced with many question and unfortunately most of them are traditionalist and do not realize the deep effects of the change in the economic system, ways of income generation and forms of wealth holding. That is why we find the majority’ opinion on the side of exemption of all kinds of investment in fixed assets in any business, and the few who dared are only minority such al Qaradawi who argued for

Zakah on income and on the rent or return of investment in fixed assets. There are some Fuqaha who tend to open their minds to the new realities and accept the argument of equalizing all investment that are intended for their profit such as business fixed assets (in contrast with those intended for personal and family use such as residences occupied by owners and personal transportation machines).

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

The counter argument goes as follows: business fixed assets are in fact intended for business and to make profit, they are very similar to business inventory and to livestock that are kept for breeding. They are in that sense intended for sale and consequently covered by the mention Hadith because those fixed assets are amortized through time and each unit of production is made to carry the financial burden of a minute portion of the fixed assets. They are a new form of assets that did not exists on any substantial scale in the past and they represent today the highest level of richness so if you exempt them you are slicing out the richest segment of the society and thus creating tremendous injustice with owners of small amount of inventories like retail shopkeepers, If you do not impose Zakah on these kinds of wealth in any contemporary economy, the amount collected of Zakah becomes negligible to the extent that makes Zakah economically and socially ineffective and not worthy of being the third pillar of this great religion. These kinds of wealth are huge while the tools of craftsmen and little containers of date sellers are trivial and practically worth very little. Investment in fixed assets and investment in mobile assets both together contribute to production and employment and Shari'ah has no intention (that can be substantiated by any evidence) that it favors projects that have higher ratio of fixed to mobile assets over projects that have lower such ratio. Agricultural land, and land in general, was almost free at the time of the Prophet, pbuh, or at least it had very little prices, so were palm trees, their value was a lot more in their products than in the fixed assets and their products are subjected to Zakah, and there was no incidences of known investment in rentable buildings at the time of the Prophet, pbuh, although such renting have existed later but it remained exception and far from being a mode of investment in the traditional economies of those times.

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

Wa Allahu A'lam,

Sincerely,

Dr. Monzer Kahf

From: Mohi El-din
Sent: Friday, December 22, 2009

Question: Money saved for buying a house

Asslamo Alaykum, I have saved amount of money to enable me buying a house on cash in USA and avoid using "Reba". I am in the process to buy this house now (within 2 months).Do I have to pay "Zakah El-maal" for this amount? Asslamo Alikom.

My Answer

Dear Br. Mohammad
Assalamu Alaykum,
My answer: The money you saved is subject to Zakah at 2.5% every lunar year from the day you accumulated Nisab (approximately US 1000). If, before the end of the year, you committed an amount to paying a debt that is due shortly after the end of the year and the debt has no other means for payment, that amount committed for the payment is not subject to Zakah.
In your case, you are still searching and you did not enter into a contract before the end of the year. Accordingly the whole amount is Zakatable.
Wa Allahu A'lam,
Dr. Monzer Kahf

From: Raihana
Sent: Friday, December 22, 2009

Question: Lacking cash to pay Zakah on due date of jewelry Zakah

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

My Answer

Dear Sister Raihana:
Assalamu Alaykum and thank you for your sentiment and Prayers.
My answer: If you have gold bullion or pieces whose total weight is at least 85 grams (# 3 ounces) You are required to pay Zakah on it at the end of each lunar year (the first lunar year begins from the day you acquired the amount of Nisab (20 Dinars = 85 Grams). The yearly rate is 2.5%. And yes, you have to sell some of it if you do not have other means to pay from, but if you expect other sources in the future and your jewelry is dear to you, you can delay payment of Zakah until you either sell or get other income.
If the gold you have is in the form of women jewelry, and is at least Nisab, there are two conditions for Zakah to become obligatory if any of them is not satisfied: 1) it must be kept for storage not for normal use. And 2) its value must be above the normal jewelry of other women with whom you usually associate, such as your family members, neighbors, etc. The rate and lunar year are the same as above. If you do not have other

means to pay Zakah, here again you have to sell some of your jewelry unless by doing so you are going to suffer big losses, because you are also required to protect your wealth from erosion and losses. In this case the amount due in Zakah becomes a debt on you and you have to pay it as soon as you become able to. Remember it is due next year and every year.

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

Wa Allahu A'lam.

Dr. Monzer Kahf

From: Ingrid,

Sent: Thursday, December 20, 2009

Question: Zakah on income

My Answer

Dear Sister Ingrid,

Assalamu Alaykum,

Thank you for your email and Eid Mubarak to you too, I also learned a lot from you and your paper in the Zakah conference.

I am sure we will have, InShaAllah more chances to meet in the future.

Zakah on income:

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

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

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

Sincerely,

Monzer Kahf

From: Faysal
Sent: Thursday, December 20, 2009

Question: Zakah on jewelry and Gold

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

My Answer

Dear Br. Faysal
Assalamu Alaykum,

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

Certainly gifts between husband and wife are not only permissible but encouraged, and if a husband chooses to pay the Zakah due on his wife on her behalf, that is a good gift to her.

Wa Allahu A'lam,
Dr. Monzer Kahf

From: Mohamad
Sent: Thursday, December 20, 2009
Location: USA

Question: Zakah on funds for buying a house

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

Notes

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

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

My Answer

Dear Br. Mohammed
Assalamu Alaykum,

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

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

B) Your rented store is subject to Zakah, and I leave it to your own conscience. There are three opinions.1) the traditional, no Zakah at all. While you add the rent you get to other cash, inventories and receivable you may have and at the end of the lunar year you pay Zakah at 2.5%. 2) you pay Zakah on the rent you get at 10% of the net (after taxes, insurance and maintenance), 3) you are required to pay Zakah on the market value of the store (real estates) plus whatever is left with you of the rent at the end of the lunar year.
C) The house in Lebanon was originally for residence but not anymore. If you keep it and you intend to use it as a residence when you visit there, it is not subject to Zakah , but if you rent it, then from the day of renting count one lunar year and apply (B) above.
wa Allahu A'lam,
Dr. Monzer Kahf

From: Haneef
Sent: Sunday, December 17, 2009
Question: Zakah on salary
Asalamu Alaykum, (Zakah) I am an employee in a company and getting my salary in every month. It is the only income that I have to spend for all my expenditure and some time it is not enough too. I would like to know that from this money do I have to give Zakah? If so, how many percentage I have to give. And can you explain more about this subject? Awaiting for your detailed answer, with thanks Haneef
My Answer:
Dear Br. Haneef
Assalamu Alaykum,
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah,
According to His Eminence Shaikh al Qaradawi, there is a Zakah of salaries and professional income provided two conditions are fulfilled: 1) the amount saved over a period of twelve lunar months, after expenses are paid, reaches a Nisab (# US$ 1000.00, one thousand only). 2) Expenses including personal, family, and business and office expenditures are deductible.
If what you earn monthly is almost sufficient for your family expenses, and you do not save such an amount over a lunar year, you are not subject to Zakah as long as you do not spend on prohibited purchase or services.
Wa Allahu A'lam,
Dr. Monzer Kahf

From: A Brother
Sent: Saturday, December 16, 2009
Question: Can I give my Zakah to my siblings
Assalamu Alaykum, I am descendant of Prophet Mohammed SAS. Can I give Zakah money to my sisters and brothers, who are also descendants of Prophet Mohammed SAS? Please reply as soon as possible. Jazaikumullah Khairan. Your brother in Islam
My Answer:
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah,

If your sisters are not married, you are responsible to spend on them and you cannot give them from your Zakah. If you do it means you are giving Zakah to yourself. According to some Fiqh opinion, even if they are married, but their husband are poor and similarly your brothers if they are poor, you are also required to spend on them, Hence you cannot give them all or any from your Zakah.
I really suggest that if you can avoid that in all cases it is purer to you and your family.
It is true that descendants of the Prophet, pbuh, may take Zakah if they are poor and the government does not give them what satisfies their needs, as is the case in our times.
Wa Allahu A'lam,
Dr. Monzer Kahf

From: Fadi
Sent: Saturday, December 16, 2009

Question: Zakah on inherited property

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

My Answer:

I just gave a reply to another person, see if it satisfies your question:
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah,
The issue of Zakah on real estates is one of the toughest issues in Zakah because it is controversial with the arguments of each party seeming to have certain flaws. The following points are helpful:
1 - The residence you use for self and family is unanimously not subject to Zakah.
2 - There are opinions that anything you inherit, I.e., you do not buy, is not subject to Zakah. These are really not substantiated by any evidence in Shari'ah because there is no difference between wealth you inherit and that you earn. Both make you rich and Zakah is on the rich.
3 - The majority's view is that real estates are not subject to Zakah at all unless they are taken for trade, I.e., a person who buys and sells real estates for profit. In this case they are subject to Zakah unanimously. The majority usually adds that whatever is left of the rent you get, after paying all expenses, is subject to Zakah if it is at least Nisab and it remains with you for a full lunar year. But it may be argued that every amount you have regardless of its source, whether from rent or not is subject to Zakah with these two conditions.
4 - Land, if agricultural has no Zakah. Zakah is only on the products if they reach Nisab. It is at the rate of 10% or 5% depending on whether it is irrigated by water taken of wells with animal and/or human power or by rain/ rivers, etc.
If it is not agricultural, it is then like other real estates.
5 - the al Qaradawi's opinion is that rent is subject to Zakah upon getting it at the rate of 10% of the net, I.e., after expenses or 5% of the gross, I.e., before deducting expenses .

The problem with this opinion is two folds: a) it is based on analogy to agricultural land and its product. It is very far fudged analogy. building are not like lands and rent is not like produce and expenses (maintenance + tax + insurance) are not like cost and effort of getting water by animal/human power from wells.

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

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

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

WA Allahu A'lam,

Sincerely,

Dr. Monzer Kahf

From: Amine

Sent: Friday, December 15, 2009

Question: Zakah on salary

It will be 21 month that I touch a fixed salary, please inform me how make the [Zakah] on this salary knowing that I made monthly some expenses? Jazaka Allahu Khairan.

My Answer:

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

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

Al Qaradawi believes that salaries are subject to Zakah because that condition is not on all items of what one owns and he also quotes some incidences from the time of the companions that indicate taking Zakah on earned income (salaries and professional income). This view of al Qaradawi is supported by the point that richness is not only manifested by how much one owns but also by how much one earns, and Zakah is on

the rich. I go along with this view. However, According to al Qaradawi, there are conditions for this obligation of Zakah on salaries: 1) personal and family deductibles. These include any other expenses even for leisure and Shari'ah permissible entertainment; 2) after and above expenses there must be an amount saved that accumulates to a Nisab for a whole lunar year, the Nisab is about $ 1000.00, at the prices of gold these days.

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

wa Allahu A'lam,

Monzer Kahf

From: Haji Huzaifa

Sent: Sunday, December 13, 2009

Question: : Zakah on Real Estate

Assalamu Alaykum Wa Rahmatullah Wa Barakatuh

Dear Dr. Kahf

Hope this email finds you and your family in the best of health and utmost happiness.

Once again I am in need of your valuable advice.

In light of Islamic Law. Would it be acceptable to invoke a penalty / loss of income clause upon the defaulter in a contract?

The detailed scenario is as follows:

An investor purchased a piece of real estate from a developer with the intention of renting it out after completion. It was the developer's responsibility to complete construction of the development and hand it over to the investor within 2 years from the date of purchase. The developer was given an additional 6 months as a grace period (free of liability) if needed as an extension to complete the development. So all in all he was obligated to complete construction of the development in a time span of 30 months max to prevent being in default according to the agreement. The investor had paid the developer the purchase price upfront at the time of purchase with full faith that the developer would perform as per his promise. 2 years have now passed by and the developer hasn't even started on the groundbreaking. The additional grace period of 6 months has begun and will expire March 2010. As per the contract, the penalty that the developer would have to suffer is an amount that is close to what the rental return on the property would be. This would have to be paid to the investor as a compensation for the loss he will suffer. The developer would have to pay this amount until he completes the property. Or to prevent paying the amount he must buy out the investor’s interest (share) at a mutually agreed price.

Please do let me know your answer.

Jazakallahu Khayran

Huzaifa Hafiz

My Answer:

Bismi Allah al Rahman al Rahim
Alhamdu Lillahi Rabbi al Alamin, wa al Salatu wa al Salam ala Sayyidina
Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Contractual determination of delinquency penalty is not permissible in Shari'ah because it becomes a form of interest. After all what is interest other than a contractual consensual giving for delay of payment! When delinquency happens the person who is hurt by it should be compensated by the injurer of the exact amount or cost of the harm caused not for presumed lost income or opportunity. On the other hand there is a merit of having a high contractual penalty (by the way it is permissible by Western laws) for lack of fulfillment of contract as a deterrent so make the person keen to fulfill. Any amount of such a contractual penalty that is above the amount of actual damage (out of pocket expenses) should be given to Muslim charity not pocketed by the other party.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Aziz
Sent: Thursday, November 26, 2009
Location: United States
Question: Calculating Zakah
Salaam Alaykum,
My friends and I have been really trying to figure out the correct ways of calculating Zakah dues.
It seems that every year we go through this and we just estimate a figure (InShaAllah) more than what we are really supposed to pay but now with the whole economic situation we feel our calculations will differ .my colleague from the board and friend gave me your name and told me not to go anywhere else for advise, please help us and, or guide us to correct our problem
Salaam
Aziz
My Answer:
Dear Br. Aziz
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
My Answer:
Bismi Allah al Rahman al Rahim
Alhamdu Lillahi Rabbi al Alamin, wa al Salatu wa al Salam ala Sayyidina
Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
You question is a little general. Of course I can InShaAllah help in this area but if you ask me a specific question I can do that better.
Practically all properties of a Muslim, male or female are subject to Zakah and it is due for payment after 354 days of owning an amount equal to Nisab (# US$1500). 401K accounts, IRA, educational IRA, business not worth, etc. are all subject to Zakah too on the balance with no deduction except the unvested amount in 401k.

Residence, furniture, books in home library, car or cars that are used by family members and the like are exempt from Zakah and not included in any that relates to it.
I suggest that you and your colleagues take a quick look at my "Zakah for Muslims in North America" on my website www.kahf.net and then come back to me or be specific with any question.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ahsan
Sent: Thursday, November 26, 2009
Location: Canada

Question: Zakah on jewelry

Assalamu-u-Alaykum Dr. Monzer,
I am in Canada and was asked to find out answer to this particular question. I could not find an exact match on your website or Google, therefore writing in person to you.
Jazakumullah Khairan for the time you take to answer this.
"A woman has pre-owned Jewelry which is over the Nisab and is Zakatable. She has two sons (ages 16 & 15) and she plans to split all the jeweler and put aside for their future wives.
In this way, who will be considered the owner of this jeweler and does any Zakah has to be paid in this situation.
Please answer according to Hanafi Maslak,
Jazakumullah,
Ahsan

My Answer:

Dear Br. Ahsan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
My Answer:
Bismi Allah al Rahman al Rahim
Alhamdu Lillahi Rabbi al Alamin, wa al Salatu wa al Salam ala Sayyidina
Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
These jewelry that exceed Nisab are subject to Zakah. Once they are handed to her sons as gift they become owned by these two sons. If the total properties of a son (jewelry + other gold = silver + money + saving accounts + etc.) is equal to Nisab or more, he is subject to Zakah for the total every year at the rate of 2.5% as long as he owns Nisab or more. The due date is not a year from the day of giving the gift but the lunar year of his other properties if he is already subject to Zakah.
If the son does not have other properties and the amount of the gift given to him is Nisab or more the day of handing over the gift to him begins his Zakah year and he becomes subject to Zakah after 354 days provided he still owns a Nisab.

If the amount given is not equal to Nisab but when added to other properties owned by the son becomes a Nisab or more the day of handing over the gift becomes the first day of his Zakah lunar year.
Finally if the amount of the gift is less than Nisab and added to other properties still does not become Nisab he is not subject to Zakah until he owns a Nisab and Zakah becomes due 354 days after that.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mukkaram
Sent: Wednesday, November 11, 2009
Question: Zakah on a publicly listed company
Assalamualikum brother,
I am running a public listed company. The share holding pattern is, I hold 70% and the public holds 30%, know the company has SUBSTANTIAL ASSETS.
My question is can I remove Zakah from this company if so do I remove it on my 70% shareholding or on the entire asset of the company after removing the liabilities.
Kindly reply
Mukkarm
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Mukkaram
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is due on the market price of the business as derived from its balance sheet. With very minor adjustments that include: take the shareholders equity, add provision of end of service of employees (because this is still owned by company unless employees are terminated before the day of calculating Zakah) add/deduct any difference between book prices and replacement market prices of inventory, add/deduct any difference between book prices and replacement market prices of machines and other fixed assets (especially that usually capital amortization do not follow the marking to market in the assets status quo as is)
You are personally required to pay your share of the due Zakah 70% (you may consider paying it along with Zakah due on you for other assets) and only inform other shareholders of the amount due on them and advise them to pay it their own way.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Waqas

Sent: Monday, October 19, 2009

Question: USHER (Zakah on agriculture produce)

Bismillah al Rahman al Rahim

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Dear Brother Monzer,

I trust this mail will find you well and you will be enjoying blessings of God.

I got your address from one of my friend who shared your fatwa on Zakah.

I have a question on USHER (Islamic tax on agriculture produce). Details of are the following;

I own some agriculture land inherited from my father, who passed away about three years ago. We have given this land on lease on a fixed rentals, there is no clause of usher in the contract, and however, some govt taxes are paid by lessee. We have no control / benefit from its produce. I WANTED TO KNOW USHER IS APPLICABEL TO WHOM 1) ON OUR FAMILY OR 2) ON PERSON WHO IS CULTIVATING ON LAND.

My second question is, we have joint family system but I am living alone (out of country) I do not take my share of revenue from this land. It's being used to meet needs of my Mother and sibling. If, as per above question, our family has to pay usher then should I also have to pay whereas I am not taking any share from the land revenue.

Best regards,

Ahmad Waqas

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Waqas

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Zakah (called Ushr in this case of agriculture) is due on both the landlord who receives rent and the farmer who owns the produce.

For the farmer he should deduct the amount of rent paid as a part of his cost and pay Ushr on the remaining amount. In fact he can also deduct other out of pocket payments due on the farming operation and pay only on the net.

For your family, the rate that is due as Ushr is 5 or 10 percent of the amount of rent received depending on whether the land is irrigated by rain/rivers or by animals carrying water to it or extracting it from a well. BUT TAXES AND LIVING EXPENSES OF THE LANDLORD FAMILY ARE DEDUCTIBLE FROM THE AMOUNT RECEIVED AND USHR IS DUE ONLY ON THE NET AMOUNT THAT IS LEFT AFTER LIVING EXPENSES.

Consequently, if the all rent received is spent on the living expenses of your mother and siblings, they are not required to pay any Ushr (Zakah). You are not required to pay anything because you gave it all for family expenses of mother and siblings. If they have any left over, Ushr should be paid on it by those who own the saved amount at the rate mentioned above.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Yasser
Sent: Saturday, October 17, 2009
Location: United States

Question: Zakah for UMMA Clinic

Assalamu Alaykum Dr. Kahf,

InShaAllah you are well. An opportunity presented itself yesterday for UMMA to purchase a church across the street from our current facility. This property will be a perfect opportunity to expand UMMA's services. Can UMMA use its Zakah funds towards the purchase of this property? Thank you.

Yasser

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Yasser

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I don't think so. I believe that Zakah money cannot be used at all to buy real estate facilities unless they are exclusively for an identified recipient such as buying a home to be given to a poor person/family for residence. Besides my opinion is clear on the point that Ummah Clinic can use Zakah only for one kind of its activities that is providing poor Muslim with purchased medicine. It must not use Zakah for paying cost of services even those offered to Muslim poor, this is because of the requirement of Tamlik. Not talking about other uses of funds for non-Muslim or non-poor, etc. BTW, the poor means who deserves Zakah according to Shari'ah definition.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Fadi
Sent: Saturday, December 16, 2009

Question: Calculating Zakah on gain or principal or both?

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

My Answer:

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

Your Zakah is due at the rate of 2.5% at the end of each lunar year from the day you acquired Nisab. Assuming you already paid the Zakah of last year, for this year 2000, which is 1420/21 in Hijri, your Zakah is due on Ramadan 24 (corresponding to DEC 20

which is a full lunar year from Jan 1) in the amount of Saudi Riyals 2625 (= 2.5% X 105,000).
wa Alllahu A'lam,
Your Brother,
Dr. Monzer Kahf

From: Elmi
Sent: Wednesday, October 14, 2009
Question: Zakah on gains or principals?
ASA Dr. Kahf:
I have two questions on Zakah due from Real Estate and stocks. I looked over your translation volumes but could not find anything related to real estate ownership.
Here are my questions:

1. If I have a house that I purchased for investment (after my residential house), after first year anniversary of paying the Zakah on its value, do I pay Zakah on the house value every year after? Regardless of rent (I know separate Zakah exists for rental income)

a. What if the house value does not appreciate or depreciate based on real Estate market?

b. What if the house appreciates, but by the time I pay the 2.5% of its value there is no longer growth for me (or I may even loose) from the cost basis (my original purchase price)?

2. Along the same line above, on the stock market and stock purchase, after paying full Zakah on the first year anniversary, for the years after, what if there is no gain in the stock value or even loss if it is sold today. Do I still pay Zakah on the value regardless?

Thanks and JAK for your response. These questions are for me and few of my friends.
Elmi
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Elmi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
First please notice that Zakah is a yearly obligation, once a year like prayer is five time a day. The evidence of this is overwhelming in the Sayings of the Prophet, pbuh. He used to send his officers to collect Zakah every year for eight year from the second year of Hijrah when it was obligated until He died. He gave clear and direct directives about Zakah collection and distributions.
Second It is obligated on the rich. Let us take an example. A person who owned a million but for some reason his property declined to one half mission, is he still rich? Yes, he is, then he is obligated to pay Zakah now on the half a million. Does this answer all your questions? Appreciation or depreciation of one's property is considered only from the angle of whether she/he is still rich (I.e., owning an amount of at least Nisab = approx.

US$ 1500). As long as a person owns Nisab he is required to pay Zakah, it is the right of the poor. (BTW, can you imagine how rich you are if you think that every day about 35000 child die out of hunger!).
Zakah is not on the extra or surplus or growth in one's wealth, it is rather on all of it. Same applies to stocks, it is on all stocks one owns at market price and every lunar year and at the rate of 2.5%.
Finally, Zakah is not on the rent itself, rather on the amount saved of it. That is it is on the part that is added to wealth. But if a person uses all the rent in maintenance, taxes, living expenses, these are not subject to Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassal
Prof. Dr. Monzer Kahf

From: Elmi
JAK Dr Kahf
I fully understand and basically you have confirmed what I already knew but could not articulate. I do have one last related question which I know I will be asked and I want to be prepared (few have already asked). This is more of philosophical but real economic question and will be posed as following:
Islam is pro investment, but anti hoarding the money. So if you have cash, Islam encourages you to invest, rather than letting your cash sit in the bank. As such I go and invest in a real property, hoping the value will appreciate and I will make x% when I sell the property. Here comes the question; if the property on the average appreciates 2-3% a year (and sometimes less or none, but we are averaging over several years, plus the inflation). If I have to pay 2.5% Zakah every year on the value, I will never get ahead (might even loose) in this investment project over its life. This goes against Islam's pro investment (Tejarah) philosophy. How do I answer this?
BTW, I have already gotten a question on interest which says if the bank pays you 1-2% interest on your long term CD or savings account, this interest hardly qualifies as Riba, because over reasonable time it compensates for inflation. Is this argument valid?
Can you point me to a material that lays out and explains how an Islamic financial system would work and prosper?
I get this argument all the time (even from my financial management prof. When I did my MBA) that an interest free economics could not exist today, and that without interest the whole global economy would collapse
I appreciate your counter argument on these
JAK
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Elmi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Let us suppose you buy this real estate in America, you have to pay tax on it about 4-7% whether it appreciate or not!
The point is: are you rich or not, a rich who invest becomes richer and Zakah gives him general guidance to invest at high rate of return otherwise you may lose. This is even said by the Prophet, pbuh, when suggest to invest the funds of orphans so that the continuous payment of Zakah does not wipe it out.
A small rate of interest is a contractual increment in a debt, it is exactly the Riba that is prohibited in Shari'ah. Inflation is a different matter, do banks compensate for inflation? The real answer is NO, it is a myth to think that way.
That was a wrong impression many economists had before establishment of Islamic banks. The rise of Islamic banks showed that it was only a metaphysical believe not a scientific perception! Add another fact: it is proven historically that trade across the Mediterranean used to be finance through Shari'ah contracts for centuries, please read the AEJ for articles on this matter.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rajack
Sent: Tuesday, September 15, 2009
Location: MAURITIUS
Question: distributing Zakah as books and materials to poor students
Dear Prof.
Assalamoaleikum WRWB
I take this opportunity to wish you Ramadan Mubarak and hope you are in excellent health by the BLESSINGS of ALLAH.
I hope you still remember me. I am the President of Albarakah MP Coop's and was the treasurer when you were in Mauritius for the seminar on Islamic Finance.
I shall be very grateful if you could advise us on the following:
(1) There is a madrassa in my village teaching Islamic studies and receives Zakah. The students are of different financial background, some come from affordable families and others from poor families.
My question is whether the Zakah collected can be used to buy materials, books, etc. and distributed to all students or to the poor students only?
(2)About 10% of the net profit of Albarakah Coops are transferred to a Dividend Equalization Reserve every year as required by the Cooperative Act. Should Albarakah pay Zakah on that reserve?
I am aware of your tight schedule, Please treat the above as urgent due to the question of Zakah.
With thanks.
Regards to all.
My Answer:
Bismillah al Rahman al Rahim

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

Dear Br. Rajack

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1) Zakah should only be given to the poor children. This means that (if you trust the management of the school in following instruction) you may give the Zakah to the management provided it is going to actually distribute it either cash or school materials to the poor only. The rich children should pay for their own materials. Alternatively you can give the Zakah to the parents of the poor children and they may use it in full or in part to pay tuition to the school. In brief, Zakah must be handed over to the poor either in cash or in kind.
2) This amount remains as a property of the Cooperative, it is not subject to Zakah. But every year it is better that you inform your members that whatever shares they own and distributed dividends are subject to Zakah and they should pay Zakah on their own.

Please see my answers below:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Mohamed

Sent: Monday, September 14, 2009

Question: Paying Zakah on shares

Assalamu Alaykum

What is the Ruling in relation to paying Zakah on Shares, Funds, Money Market, Bonds, Stocks, Unit Trusts known that such Investments were bought for their Income not for ongoing Trading?

Jazakum Allah Khayran

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Mohamed

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Shares are assets and part of wealth by which one is defined as rich. They are investment property that is intended to create more wealth. More so is the fact that regardless of your practice and intention these are very liquid assets. Zakah on shares is at the rate of 2.5% on the market value on the day when Zakah is due. Zakah is due on you after 354 days (a lunar year) of the day you acquired Nisab (# Us$ 1500) for the first time, Zakah is further due every 354 days afterword.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Faisal
Sent: Friday, September 11, 2009
Question: Zakah to relatives
Salam Dr Monzer.
I want to take out my Zakah,, I want to make sure that I can give it to my relatives directly..
I have a couple of relatives that there financial situation is really bad.
Is it correct to give them all the Zakah or I need to spare some of it for other people as well... (Another Islamic communities)?
Thanks
Faisal
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Faisal
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you are sure they deserve Zakah and they are not part of the relatives that you are required to spend on them (parents, grandparents, uncles, minor brothers, female relatives to them you are the closest able man) then giving them your Zakah, all or part it does not matter, gives you InShaAllah double reward, As our beloved Prophet told us, because it will be a payment of Zakah and kindness to kindred.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Radi
Sent: Friday, September 11, 2009
Question: Zakah on to 401k
Assalamualaikum, dear Br. Monzer:
I have been reading your answers to all the questions about Zakah on 401(k), and I am in general very satisfied and am able to put your answers to practice. I recently come into question myself about 401(k) investment that I have from my work place, which has employer matching contribution to it. It's now 100% vested.
Here is the technical question. I contribute 8% of my total salary to company-sponsored 401(k). Company matches this amount with 7% contribution. I usually do Zakah payment on 15th of Ramadan every year. Let's say, last year, on Ramadan 15, 1429, my total ending balance market value of the 401(k) is X. This year, by Ramadan 14, 1430, my total market value ending balance is Y. Irrespective of what happened between those period of time, I.e. market values ups or downs, I start questioning myself how is the Zakah calculated.

Most Zakah calculator only gives spot time, I.e. pick a date your Zakah is due, then input the market value of your 401(k). Is this how it's supposed to work?

I personally feels I should look at my market value on previous year Ramadan 15, 1429, e.g. X, then compared with its value in Ramadan 14, 1430, e.g. Y, then whichever is less, that is my Zakatable investment, not just one time spot as what most Zakah calculator does. Of course, this assumes that either X, Y, or both are above Nisab limit and they usually are. My opinion is based upon my still-needed-to-be-improved knowledge about the fact that in order for a wealth component to be Zakatable, it must be above Nisab _and_ it must pass through 1 complete lunar calendar year continuously above Nisab.

In conjunction, I would like to ask shouldn't that Zakatable portion of investment 401(k) be the lowest market value at any time during the 1 year lunar calendar? I can easily pull up my daily statement from the 401(k) custodian and find out what the lowest market value would be. I understand the nature of the market being ups and downs even by split of every seconds. I take daily because I think it's enough detail. Please give me enlightenment on this issue, and your reasoning for your answer. Jazakumullahu Khayran, thank you.

Wassalam,

Radi-

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Radi

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please notice that Shari'ah applies to simple persons as much as it applies to sophisticated ones. In plain English how rich are you on the day when Zakah is due? This is defined by the market value on that day not by any past amount.

To the above we have also to add that the Sunnah has plenty of evidence that once a person has a Nisab, additions during the year do not require the fulfillment of the condition of Hawl "passage of one lunar year". This condition applies only to the original amount, I.e., the amount of Nisab. This means simply that if you have Nisab or more, at market value at the end of the lunar year you pay Zakah on the amount you have on the due date. Of course provided that the employer contribution is vested as non-vested amount is only conditionally owned by you and its condition is not yet fulfilled. This means that most internet calculators are correct on this point, for a change!

All other propositions that came to your mind are simply fantasies that do not determine how rich you are on the due date!

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ghauri

Sent: Tuesday, September 08, 2009

Question: Rate of Zakah on savings

Respected sir Assalamualaikum

I am 30 yrs. old married women .Recently I was shown a lecture online by an acquaintance which has confused me regarding the percentage of Zakah to be given. I have always given Zakah at 2.5% of my annual savings .According to this lecture Zakah is 20% of annual saving based on Ayah no 41 of surah no 8 (Al-Anfal).Can you kindly tell me from where this figure of 2.5% has been derived for Zakah on annual savings from salary.

I will be grateful for your assistance. May Allah give you jaza -e-Khair for your effort.

Ghauri

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Mrs. Ghauri

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

It is unfortunate that such an article is written, or could it be a mis-reading on your part?!

This verse of Surah 8 does not talk about Zakah, it rather talks about war booties. The rate of Zakah is correctly 2.5% on saving and similar assets as you've been doing it all this time. It is not mentioned in the Qur'an but in the Saying of the Prophet, pbuh. It came is several very authentic Saying reported by Bukhari and Muslim. The rate on agriculture produce and fruits is 10% when watered by rain or rivers. And the rate is 20% of found treasures. All these came in the Saying exactly like the number of Rak'ah of prayers also came in the Sayings but not mentioned in the Qur'an

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Amjed

Sent: Tuesday, September 8, 2009

Question: Real Estate and Mortgage Zakah

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh,

I hope you and your family are doing fine in this blessed month.

Please help me with two questions.

For rental property, I understand that your view is to include the market value of a rental home with the other Zakatable wealth one has; cash, gold etc. Where the market value of homes are high because of the availability of interest based loans, a landlord that owns a property 100% might be in debt if he does not collect the same or more in rent than the Zakah that is due on the market value of the home.

Also, I know someone that purchased a vacant land for about 20,000 maybe 20 years ago, and now its market value to about 600,000. This person does not collect enough

cash to pay 2.5% of it in Zakah. He also does not want to sell the property yet. Can he wait to pay Zakah?
For each year only after selling it, even if after many years?
I'm currently renting a property to tenants but I plan to live in the home in the future maybe after I get married and when these tenants leave; I don't know when this is. I purchased this home through Guidance Residential. Do I have to pay Zakah on this property? If so, do I pay it on my ownership percent or the amount that I own after Guidance's ownership amount? In the contract, I am liable for losses in cases of market downturn.
One more question. My parents bought a second home that we live in on the weekends. The plan is for me to rent it from them once I get married InShaAllah. Is this property exempt from Zakah and will it continues to be exempt when I start renting it from them?
Amjed

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina
Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Amdad
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The principle is that one is not required to pay Zakah from other resources.
Yes you can delay the payment of Zakah until liquidation without sin. But it remains due. Please remember that when a person hold on to an investment that is not giving sufficient revenue plus capital gains to pay its expenses and its due Zakah it means that this person is in the wrong investment, payment of due Zakah can be delayed until liquidity is available and that may require liquidation of the asset at some future point of time.
Rental property is an investment property but when you change its use to personal it goes out of the obligation of Zakah at that time. It doesn't really matter who is the creditor or partner since if the property in for investment you only take the net worth.
Mortgage debt is not deductible from present Zakatable assets when calculating Zakah because mortgage debt is not going to be paid from these assets. Debts that can be deducted are only debts that are going to be paid from present assets not debt that will be paid from future revenue.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Amjed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh,
One more question. My parents bought a second home that we live in on the weekends. The plan is for me to rent it from them once I get married InShaAllah. Is this property exempt from Zakah and will it continue to be exempt when I start renting it from them?

Amjed
JazakAllah Khair
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Amjed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
A second weekend house or vacation house is still a house and therefore it is exempt from Zakah. If it becomes an investment property, I.e., rental house it goes into the Zakah basket like any other investment property on the net worth of the market value. (The market value is the value you expect to realize if you want to sell quickly when the market becomes a buyer's market).
But if you do not rent it from them and keep living in it as one family member without rent it becomes not subject to Zakah as a residence of a family member. That does not mean that you may give your parent money or spend on them, etc., because those givings become a part of kindness to parents (birr al walidayn).
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on investment Real Estate
From: Amjed
Sent: Monday, September 08, 2009
Question: Mortgage and Zakah
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh,
One more question, do people that take out conventional mortgages\home loans have to pay Zakah if they come out negative after subtracting out the total value of their other assets? Does the same ruling for this apply to those who purchased their home through Guidance Residential?
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Amjad
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Mortgage debt is not deductible from present Zakatable assets when calculating Zakah because mortgage debt is not going to be paid from these assets. Debts that can be deducted are only debts that are going to be paid from present assets not debt that will be paid from future revenue.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam

Prof. Dr. Monzer Kahf

From: Afeez
Sent: Tuesday, September 08, 2009
Question: Zakah on Fish pond
Asalam Alaykum
I have a fish pond which I operate and sell the stock as soon as they mature. I want to find out how Zakah is going to be calculated on it. The fish currently are not going to be ready for disposal until after Ramadan and I pay my Zakah in Ramadan.
I have one more question on this. As it stands now, it means I have to pay Zakah on the balance sheet value. I do not have the cash right now until I sell the fish, as the Zakah estimate I have to pay is more than the cash at hand. Can I borrow to pay the Zakah and return the money after the sales? This is because I have been paying my Zakah in Ramadan and the sales is going to be after Ramadan.
Ma Salam
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Afeez
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This is a business property from which you derive profit. Zakah is due on the net worth as it is in your balance sheet. We should remember a few points as follows:
There are some adjustment to the balance sheet because usually balance sheets are done with an eye on the tax regulations. Depreciations of assets should be fair so that all assets, fixed or mobile, should be priced at fair market value (basically replacement value), provisions for doubtful debt should also be based on the real expectation of collectability of debts, provision for end of service payment should not be deducted from the assets because it is only expected but not due at the date of the balance sheet. Amortization of establishment expenses should be done on the first year in full not over a few years.
If you want to pay in Ramadan you may borrow, yes it is permissible. You can also delay payment until you have liquidity without committing the sin of non-payment on time.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rehan
Sent: Monday, September 07, 2009
Question: Zakah on a vacant land
Dear Dr. Kahf,
Assalamualaikum

Like most Muslims I usually pay Zakah during the holy month of Ramadan. I have a question regarding Zakah on land:
I have held a vacant plot of land since a few years. Originally my plan was to build an office building on this site and lease it out, eventually to sell at a profit as an investment that could provide fixed rental returns to the buyer. Since this was a clear intent, I have been paying Zakah on the value of the vacant land even though I have not been able to construct the building yet.
This year though, my intent has changed and although I still intend to construct an office building on this land sometime in the future I have decided that I would like to retain the building so I could enjoy the rental returns. Do I need to pay Zakah on the value of the vacant plot of land this year?
Thank you in advance. Jazakallah Khair!
Best regards,
Rehan

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rehan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
YES because it is still an investment property. If you decide to build it as home for your residence, it becomes not subject to Zakah
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sherif
Sent: Sunday, September 06, 2009

Question: Zakah on rental properties

Assalamu Alaykum.
I saw your answer to question on this regard at
http://www.quranforall.org/fatawaa/zonrentalproperty.htm
I think there is one additional factor to consider here, if you consider it appropriate. The analogy of investment asset should also consider if the asset is liquid or fixed. In the case of livestock it is liquid, and can be disposed of piecemeal. (Sell or give away any one out of 40) Whereas, agricultural land cannot be easily sold off like that. Rental buildings are hence more aptly compared with agricultural land than livestock and Allah knows best.
Jazakallahu Khairan for taking time to read my submission on this.
Sherif

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sherif
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I don't agree with you because of the change in the composition of wealth people hold. Investment real estate and business fixed assets are a major item of wealth in our age, agricultural land was not of any eight at the time of the Prophet. Besides, the Prophet obligated Zakah on two large golden bracelets although they cannot be divided. Zakah is obligatory on the rich, be he rich by owning inventory or real estate, other investment or business fixed assets. Because these are the rich not anymore the owner of 40 sheep! As for payment, it can be delayed until liquidation and it can also be a factor in liquidating unproductive fixed assets/investments.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Alam
Sent: Saturday, September 05, 2009
Location: Bangladesh
Question: Zakah Calculation
Dear Brother,
I want to know the calculation of Zakah of a share, price of which was Taka (Bangladeshi currency) 100.00 at the time of buying. But now market price is Taka 1000.00. I am not person who lives on buying & selling share/bond. This share is remaining with me for years. Regards.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Alam
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is due on the market price on the day of end of Hawl of Zakah. It doesn't matter high or low.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Wael
Sent: Saturday, September 05, 2009
Question: building a house to sister from Zakah
Salaams
Dr. Monzer, pls. help replying the following question:

Assaalaamu Alaykum. My sister with her 7 family members are not earning any income except very little. I have been supporting them but now I am retired. Rent is a big burden for them & I am planning to build them a house next to mine to rent it or live in it. Is there any way I can deduct the cost of the house from ZAKAH ALMAL? Or at least can I give them this year's ZAKAH & they can give it back to me to cover some of the cost of building their house. Gazzakum Allah Kheir.
Salaams
Wael

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I do not recommend tampering with Zakah (pay it to them, then they give it back to me!) as Zakah is a sacred pillar of our religion and must always remain in its purity and sanctity.
Zakah can be paid in kind, not necessarily in cash. You may use your Zakah money to build the house provided that you are going to give it, all or the part finance by Zakah to the family of you sister. You must transfer ownership formally. The transfer of ownership to your sister's family represent your payment of the Zakah. Besides if the cost of building the house is more than the amount of Zakah that is due on you this year you can either transfer a part of the property to the poor family, the equivalent to the amount of Zakah, or transfer the whole property and consider the remaining as advance payment of Zakah for future years, then next year you calculate your due Zakah and deduct it from the advanced amount and continue doing so until you amortize the advanced payment in full. Of course you always have the alternative to consider any extra amount as Sadaqah in addition to your Zakah payment.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Hussan
Sent: Saturday, September 05, 2009
Location: Manchester, UK

Question: Zakah Calculation

Dear Dr Monzer,
I pray that this email finds you in the best of health and Iman.
I am the Managing Director of a property development company and also a clothing wholesaler and manufacturer based in the UK and I have a number of questions relating to Zakah calculation. I'd be most grateful if you could oblige by answering them.
1a. The clothing business rents a number of premises for the purpose of storing and selling its items. Should the rent be deducted? If so I presume one year's rent?

1b. In the same manner how should other expenses (e.g. monthly salaries, tax) be treated? Should they be treated as liabilities? I know for personal wealth one can deduct one's expected expenses (e.g. education, travel, food, water, electricity etc.) for the coming year. Should this not also be the case with a business as the principle is the same?

1c. How should work in progress (clothes which are being manufactured for us by other companies) be treated? Raw material (cloth) is provided by us.

2a. The property company is currently carrying out a development on a piece of land it acquired a couple of years ago. The intention is to sell or rent the units once completed, how should the development (which is still work in progress) be treated? I have come across a fatwa on the Zakah.al-islam.com website that suggests that construction projects are not Zakatable if unfinished. However I have come across another fatwa which suggests that construction projects are Zakatable and that the amount should be calculated as land + value of raw materials + other costs (e.g. accountant's fees). I attach for you both fatwas. Also on Islam online there is a fatwa by Sh Qaradawi in which he mentions that if a piece of land had been bought for the purpose of development/construction it is not Zakatable until constructed.

2b. The same construction project as I have mentioned is incomplete. We have signed a contract with the construction company that means we will be paying them around £800,000 over the next four months. Some of this money will come from a sale of another property (contracts have been signed but completion is yet to take place and therefore money will come in upon completion), the rest will have to be raised by the sale of either future income from the clothes company or the sale of another one of our properties which is still on the market. How should the £800K be treated; as a debt or not?

I'd would appreciate your help as soon as possible and may Allah reward you abundantly in the blessed month of Ramadan.

Jazakallahu Khairan

Kind Regards,

Hussan

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Hussan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

My view on Zakah takes into consideration the real facts on the ground and does not depend only on the traditional theoretical books of Fiqh. Therefore I look at what is prepared for sale as being the business that intends to make profit from sale of its products/services. Consequently I take the accounting net-worth of a business without any deduction of fixed assets or focus on inventory alone. My justification is that Shari'ah does not intend to differentiate between businesses according to fixed/mobile capital intensity and richness or wealth is measured by the amount one owns not by its composition.

The first point that you need to realize is that Zakah is on the owners of the business not on the business itself. In other words, if these business are owned on shareholding basis, the shareholders are addressed with Zakah. Of course they may agree to delegate authority of payment to the company's management. Otherwise the company should only provide them with info.

So let us start from a balance sheet assuming it is done on the day Zakah is due (of course you may adjust your Zakah year to coincide with the day of your balance sheet by calculating and paying proportional Zakah for a partial year on the basis of number of days to 354 day that is the days of a lunar year. You can also use a solar year by adjusting the rate of Zakah for the 11 days difference, I.e., use the rate of 2.577% instead of 2.5%)

Adjustment needed to the balance sheet:

1. Pricing at minimum market prices, in your case replenishment prices. Any item that you don't have a market price for it you should price it at cost, as long as you think it is fair.
2. As long as depreciations are made according to the accounting standards, there is no need to adjust them unless you think they are not fair (keeping an eye of the tax purpose of them compared with the market fairness required in Zakah)
3. Any initial or large sums of expenses that are amortized over a number of years should be deducted in full because these are in fact not assets.
4. You do not include any estimation of good will or other intangible asset unless it is actually acquired and paid for such as a purchased patent or right to publish.
5. Any provisions taken for end of service compensation for employees that are still working should be removed from the liability (added to Zakatability)
6. Fair provisions of bad and doubtful debts are permissible as long as they are intended to take the expected payability of receivables.
7. Any long term loans (definition of long term is those that are going to be paid from future revenues compared of being paid from present assets) should be removed from liability (I.e., you do not reduce Zakatable amount by these loans).

This seems to be about all adjustment to balance sheet unless you have any other question. This shall apply to all businesses as long as we are talking about business that aims at making profit, including the clothing business and the property development business. I find no logical or Shari'ah reason why we should exempt from Zakah any work in progress, any land for development or any machines and other assets as long as they are part of the business.

This above statements apply to both the business of clothing and the business of land development the same way.

To come to your questions:

· Please notice that paid rent and other expenses go into the profit and loss account and only the final result of this account goes into the balance sheet. This means that they are already deducted and not subject to Zakah. Hence, when you deal with the balance sheet, do nothing about these rents and other expenses.

· Work in progress is included in the asset side and Zakatable at market prices and if there is no known market prices then at cost.

· The amount due for payment to the contractor the 800K is still an off-balance sheet item. It is does not affect the Zakatability of the development company. Once it is paid it will affect the composition of the assets but not their value unless the market price of the work in progress becomes more that the amount paid for it.

Finally, I am aware that there are many Fatawa given by people who lack the combination of knowing accounting, assets kinds and structures and economics of modern companies. And I noticed that all these Fatawa lack consistency and make views that add or remove from Zakatability on the basis of what they read in classical books without appropriate application to existing realities. This is unfortunate but it is a thing we have to live with.

For more info I may refer you to my study on Zakah on business fixed assets that is on my website, www.kahf.net.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: P. R.

Sent: Sunday, August 30, 2009

Question: Zakah on debt

Assaalaamu Alaykum,

Please e-mail me the response to this as soon as possible as I wish to pay Zakah as soon as possible. Please also keep this private and do not post this or my information online.

I gave $10000 to my non-Muslim mother in the summer of 2007. She told me she would use it on stocks and that she would give me more than the $10000 back because she said she was skilled in the stock market. She also assured me that she would give me the $10000 back any time I wanted, so I trusted her and felt safe in giving her the money.

In the summer of 2008, one year later, I asked for my money back. She told me that she did not have it and that it was no longer in the stock market. She was vague on where the money was, but I believe she spent all of it on her house and on my non-Muslim brothers. Since that time, she paid me back $7500. I did not pay Zakah on the $7500 when I received it because I do not know whether that is required or not. I am uncertain on whether she will ever pay me the remaining $2500.

In the past, I would always pay 2.5% of my total wealth every year for Zakah. As of today, I have $12000 in total wealth under my control. How much Zakah should I pay?

First, I do indeed pay Zakah every Ramadan. Second, my total wealth comprises all the cash I have in the bank as well as the cash in the house. I do not own any stocks, 401K, or anything complicated like that.

In any case, here is a timeline of what transpired according to the best of my recollection, Insha'Allah:

August 2007 - I gave $10000 to my mother. The intention for this act of giving was that she would increase the money through the stock market and then give me the money back in full plus whatever she earned.

Ramadan 2007 (October?) - I paid Zakah normally, WITHOUT including the missing $10000.
May 2008 - I asked for my money back, but my mother told me she did not have it. She said something about it being in a "money market account", which I believe involves haram interest. She also told me that she earned only about $40 (I think) in the stock market. I forgot to tell you this in the earlier question.
Ramadan 2008 (September/October?) - I paid Zakah normally, WITHOUT including the still missing $10000.
December 2008 or January 2009 - My mother gives me $5000 (50% of the $10000). I did not pay Zakah on this when she gave it to me, because I don't know if that is required and because I normally pay Zakah during Ramadan.
Spring 2009 (May?) - My mother gives me an additional $2500 (I therefore have $7500, or 75% of the money she took from me). Again, I did not pay Zakah on this when she gave it to me, because I don't know if that is required and because I normally pay Zakah during Ramadan.
Ramadan 2009 (the present day, August 2009) - I have a little under $11500 in total wealth (see above), but for the purposes of Zakah I am rounding this to $12000 just to give extra in charity for Allah's reward, Insha'Allah. According to my calculations, this yields a payment of $300 in Zakah (2.5% of $12000).
Therefore, based on your earlier response, the TOTAL amount of Zakah I have to pay this year is the $300 plus between 0-100% of the 2.5% of the final $2500 that she has still not given me (again, I am uncertain if she will do this).
Please tell me if this is correct, or if your answer has changed in light of the new information. Furthermore, if my mother DOES give me the $2500 at some future date, do I have to pay Zakah on that (I.e., $62.50) and, if so, when should I pay it?
If I can, I'd like to ask you two more questions.
1) I paid Zakah al Fitr ($10) to the charity box after Friday Prayer (last Friday). I later found out that some scholars say that Zakah al Fitr should be paid one or two days before Eid, not many days before as I did. Is my payment of Zakah al Fitr valid?
2) My father is a retired, non-Muslim physician. He has provided me with two credit cards with my name on it. He tells me it is okay for me to use those credit cards and that he will pay for it (the billing address is his address). I requested a credit report and the report shows that he pays on time. I have refrained from using the credit cards for many months now because they might be impermissible. Is it permissible for me to use these cards? If so, in what way can I use/not use them?
Please answer in simple terms, as I have limited knowledge of many financial and some Islamic terms.
Many thanks...

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The RULE of Zakah on debts that other persons owe you is: if you believe that the debt is payable back to you (the debtor is able to pay it and does not deny the legitimacy of her indebtedness) then you must include the total amount of the debt as a part of your Zakatable assets on the day of calculating your Zakah.

Applying this rule means the following: last Ramadan (assuming one of the days of Ramadan is your Zakah day) you should have included the $ 10,000 in the Zakatable assets and paid its Zakah. Whatever you get back of it has become a part of your cash unless you used it for some payments. In other words, you pay Zakah this Ramadan on the amount you have now of Zakatable assets. If you doubt that you will recover the remaining amount of the debt (the 2500) you include only the amount you think you will get back (I.e., a percentage ranging from 0 to 100 percent of this 2500 depending on how do you see the situation now).

Your sentence "total wealth under my control" raises certain points in my mind I thought better mention them to you. Savings in IRA, 401K and other saving/education funds, etc. are subject to Zakah although some people like to think they are not "under control". So are investment assets such as brokerage accounts shares and stocks, etc.

On another point, you may be responsible for the living expenses of your mother although she is not Muslim, and your non-Muslim siblings if you are able and they have no other resources. You may like to consider this matter when you give a loan to your mother and she may use it to spend on her household!

I am going to apply what I mentioned in my previous email to these details:

1. In Ramadan 2007, you underpaid your Zakah by the amount of $250. This is the Zakah due on the debt that was at the time when Zakah was due a strong debt to the best of your knowledge. This amount you still owe and has to be paid as soon as you can.
2. In Ramadan 2008, you also underpaid by the same amount. Same reasoning. May be a doubt about her ability to repay you your money started but not confirmed as there was a delay in payment after you asked for it. Notice that in the first two year you had no doubt that a part of this debt may not be paid back to you. But if you want to outsmart the Zakah (which I suppose you don't like to do) you may argue that since I did not pay it then and now it is past due but now I realize that a certain percentage of this debt became week , you may then deduct this percentage from the due Zakah for these past 2 years. But I don't advise to do this because suppose you knew the rules of Zakah you would have paid it then in full because then you believed that all this debt is strong and recoverable.
3. This Ramadan 2009, you have to pay Zakah on the approximately 12000 plus also on the debt she owes you (2500). However, if you believe, now, that you may not recover this debt in full or in part, you pay Zakah only on the amount that you believe you are going to get back.
4. In total: you own now: 250 arrear of 2007, 250 arrear of 2008 and 300 for 2009 plus 2.5% X m(2500) where m is the percentage of expected recovery of this debt. It is sinful to delay Zakah payment from its due date unless with excuse such as innocent ignorance as it seems in this case.
5. There is not Zakah due when a debt is paid back because repayment of debt only changes the place on the amount in your Zakah balance sheet from being debt on a

person to being cash on hand. This does not create any change in the amount of your net worth, does it?

As for the last two questions:

1) This is Ok. Zakah al Fitr is due by the prayer of Eid on the day of Eid. It should be paid with sufficient time to reach the poor. If you pay it directly then in the last few days in Ramadan, but if you pay it through an organization (as in this case) it should be with sufficient time for the organization to make it reach the poor by the Eid prayer. I always send mine 10-15 days before Eid because I ask Islamic relief to reach out to Muslims in poor countries. Just be sure that the mosque committee is really functioning, some mosque don't have it functional and they neglect these boxes!
2) If your father likes to give you and be kind to you why don't you accept his kindness and maybe someday you will also be kind to him for anything he may need especially as an old man? One should be kind to parents whether they are Muslim or not.

   This is a gift from your father, use it reasonably as much as you think he intended you to use, it is permissible to accept his gift and use these cards whether he pays on time or not because even if he pays interest, this does not affect you since he is not Muslim and he is not required to abide by the rulings of Shari'ah. There is no prohibition of credit cards in Shari'ah provided that a Muslim does not pay interest on them and any use that may end up requiring you to pay interest is prohibited (e.g., if the card is yours and you withdraw cash from a bank machine, this charges interest from the day of withdrawal until it is paid, in this case you do not use your own card).

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Wael
Sent: Saturday, August 29, 2009

Question: Purity of gold in calculating Zakah

Salaams
Dr. Monzer, pls. help replying the following question:
Dear scholar my question is about Zakah of Gold Jewelry. Is the purity of gold considered in determining the Nisab for Jewelry? For example if a woman has Jewelry which is 80% pure and the gross weight is 85 grams, will she pay Zakah for this? On the other side if a woman has pure gold jewelry which is 80 grams and she is not paying Zakah because it does not reach the amount of Nisab, how do you compare it to the first one? In case the price of the second one will be much more in market. Please give detailed explanations
Wael

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
In principle, yes, what matters is the amount of pure Gold in the jewelry not the gross weight. At the time of the Prophet, pbuh, gold was used as currency and it was used in different forms: at least three or may be four forms are reported: fine powder-like, irregular pieces like small rocks, regular bullions and minted currency. Comparing them together puts the Nisab in pure gold because the dinar was a weight as much as it was a minted coin.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Fajid
Sent: Sunday, August 23, 2009
Question: Zakah calculation on land and others
Assalamualleykum brother Dr Monzer Kahf,
I am confused about calculating Zakah. I hope you can help me with right answers
1) I have land bought one and half year back, which I paid Zakah last Ramadan by calculating price of land on that time. Do I need to pay Zakah for same this Ramadan? I bought this land for keeping some years without selling. And I may sell it if I get good price after one year. Some of them tell for land, Zakah not applicable if it keeps for year without trade. And also I bought this land to sell within 3-5 years' time to buy another property with a house in good location for my personnel purpose. Please clarify
2) I have another land purchased after last Ramadan and sold before 2 months. And I have cost and profit in my hand from this land in the form of cash. Somebody told Zakah applicable if certain amount of money stays one year. Otherwise that money has to be with me one year .please clarify
3) Some of them tell, if I buy land for long term with no intention of selling soon, then there is no Zakah. Please clarify
4) And my mother is asking me.....She has so many lands in so many places. And she tells no need to pay Zakah as she has no money to pay Zakah and it is not correct to sell land to pay Zakah. Mother is telling Zakah only when she sells and gets money .please clarify
5) I have some company's shares , I bought with long term intention not to sell and for the purpose of my children . Do I need to pay Zakah for these shares every year. Please clarify please give me correct answers.
With lots of prayers
Brother in Islam...
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Fajid

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I am quite aware that there are many people who tell all kind of things about Zakah because it is one of those areas about which classical Fiqh has little help and it creates a lot of inconsistency when it is applied out of context and on economic environment that is different from the part.

Zakah is mentioned in the Qur'an as to be charged on Amwal (take out of their Amwal [Verse 9:103]). The Prophet, pbuh, in several very authentic Sayings said that it is on the Rich. If you are rich you have to pay Zakah on your Amwal. Amwal means wealth and income. Of course there are exemptions that are mentioned in the Sayings and in the practice of the Prophet, pbuh. There are also conditions such as the passage of a lunar year, I.e., 354 days and there is a criteria that defines who is rich and who is not. Taking all these together and without being inconsistent in a way that creates prejudice to or against certain wealthy people by discriminating according to the item one owns make us reach the conclusion that Zakah is in fact on NET WORTH. On the day When Zakah is due (defined as 354 days after one owns Nisab which is approximately US$ 1500, and every 354 days then after), you must calculate all assets that you own. Do not include any thing that are devoted for personal or family use such as your means of transportation, house you live in or any house you give not for income purpose to family to live in and the like, do not also include any amount committed to paying a debt or to pay for due expenses. In other words, any wealth (meaning net worth) of any kind that is intended for investment, for future retirement, for future education of children, for children to inherit, etc., is subject to Zakah and this is repeated every year.

1. Specifically, the land you bought with the intention of selling after a few years is an investment property and is subject to Zakah, the money of the land you sold is subject to Zakah on the day of your Zakah although only days may have passed on acquiring it because you are established as a Zakah payer by the fact that you owned a Nisab 354 days ago (the condition of Hawl, the 354 days, applies only to the fist amount not to any additions to it).
2. Further, it does not matter whether an investment property is intended for short term or long term. But a land you buy to build your own house (or a house for your parent or a vacation house for either) on it is not subject to Zakah on the ground of being not for investment but for personal and family use.
3. The shares you mentioned are also investment property that is subject to Zakah at the market value on the Zakah day.
4. Payment of Zakah may be delayed until one has liquidity. (If we take a scenario of a person who does not keep liquidity and every time she gets some cash she buys another investment item, land or otherwise, then this person must liquidate to pay Zakah because she must not be exempted because she does not keep liquidity, this is not a valid reason to discriminate in Zakah as long as she is rich!) But if a person has due Zakah and genuinely has no cash, this person should either give a physical items to the value of 2.5% of the value of Zakatable items or wait without sin until she liquidate normally and then Zakah of all past years must be paid.

Wa Allahu A'lam

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

From: Amina
Sent: Friday, August 21, 2009
Location:

Question Giving jewelry as Zakah payment

Assalamu 'Alaykum respected brother,

I understand you are really busy but please if possible answer my query. It has been bugging me. JazakAllah Khair

I have gold that came into my possession in November/December 2008. I know it's not Zakatable as of yet since one lunar year has not passed, however, once it becomes Zakatable (I believe end of October or early November) I want to sell it and give the money in Zakah. I live in USA and there are some shops that buy gold and give you money for it in return, however, the money that they give (even if it is according to market price fluctuations) is not closer to the money that was spent in buying it. Instead, it is much less amount maybe one third of the price it was bought for. My question is:

1) Can I still engage in this transaction even though I would be getting a much lesser amount? Please note money is not my main concern I just do not want to be sinful in not paying the Zakah.

2) Is this transaction Islamically valid? Are there any procedures from an Islamic point of view that needs to be followed? If yes, please advise me.

3) Are there any organizations that take the jewelry itself instead of cash if somebody wants to pay the Zakah?

4) How much should the total Nisab value be of the gold for it to become Zakatable?

Please, if possible, answer all my question. JazakAllah Khair for your precious time

wa 'Alaykum assalam

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Amina

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Is subject to Zakah at the rate of 2.5% every lunar year provided they reach the amount of Nisab that is 85 grams (Nisab of cash and other items like trade assets is approximately US$ 1500) and of course after the passage of 354 days when acquire them for the first time. If the amount of gold in your jewelry is that much or more Zakah will be due on you and:

1. You don't have to sell the jewelry or pay a piece of it. You can pay it from any other source that you may have. Your due Zakah can also be paid by any other income earner around you (husband, father, mother, sister, etc.). Also if your Zakah becomes due and selling will cost you a loss as you said you may calculate the amount of your Zakah and delay its payment without sin until you have liquidity.

2. I don't know of any Muslim charity that takes a piece of Jewelry for Zakah payment and then distribute the same for needy families (like at marriage of daughters). I know that all Muslim charities in America accept jewelry for Zakah payment but they sell them for cash (and they make the same loss that you may make when you sell!). Therefore unless you want to get rid of some of them as Zakah payment I suggest that you either pay from other sources or delay until you have cash.
3. If you decide to sell any golden jewelry, you should remember that this sale must be only for cash paid at the time of Sale. The Prophet, pbuh, said that when we sell gold or silver (the same applies to currencies) the delivery of both the sold item and its price must be at the time of the contract. No delay is permissible and any time difference makes the transaction Riba=based.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Haji Huzaifa
Sent: Tuesday, August 04, 2009
Question: Zakah on Real Estate
Dear Dr Kahf
Hope this email finds you in the best of health.
My name is Huzaifa Ismail. I was a classmate of your son at Bolsa Grande High School. Also I am sure you remember me from my family's business "Al Madinah Market". You use to shop with us quite often. I need your assistance in the following.
How would one calculate Zakah on one's real estate investments in the following cases?

1 Invested in off-plan real estate (real estate projects launched but yet to be developed) in different countries with the intention of selling them in a short while. Before they would be completed. Unfortunately due to the market collapse the properties couldn't be sold.
2 The properties have dropped drastically in value some as much as 50 - 70% from the purchase price.
3 Out of the various properties the investor had the intention to rent out some, once they would be completed.
4 Due to the downturn in the market, the developers of the projects have not yet started working on the respected projects. They won't be completed for another 2 - 5 yrs. So they only exist on paper.
5 If the investor bought land with the intention of constructing an apartment building on it. With the intention of selling the apartments. Once again due to the market condition, he has decided to put off the project and just sit on the land until the market improves. The value of the land is no longer what it was.
6 If a person resides permanently in one country but has homes in other countries as well. In which he lives when he visits. Otherwise they are left empty awaiting his return. Also if he intends to move his permanent residence from the current

country to the other in which he has a home. However still one or more of his secondary homes will be left empty.

7 If a person invested in a company and became a shareholder of that company. Now as a return the shareholders will receive ownership in a property that the company will be awarded as a commission. From the date of the last incremental investment roughly 9 - 12 months later the company will be awarded the ownership document. At present the company is going through the waiting period after which it will receive its commission (document of ownership). However the property itself won't be completed until another 2 - 3 years from the date of the receipt of the document. The person had the initial intention of renting his share of the property after it would be completed. Due to the current financial climate the person is undecided whether he will sell his ownership deed before the property is completed or rent it out after it is completed.

I would highly appreciate your advice in the above matters. I live in your area and can meet you in person to discuss the above mentioned issues if needed. I was very much planning on attending your seminar this week at Masjid Al Rahman, but am leaving town due to work.

Jazakallah Khairan

Huzaifa

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina

Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Huzaifa

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Of course I remember you. Here is my answer:

Properties and other real estate investment intended for sale or for rent are subject to Zakah at the rate of 2.5% every full 354 days (Lunar year).

What is subject to Zakah is the NET WORTH VALUE ON THE DAY ZAKAH IS DUE.

This applies to all cases mentioned below.

For homes intended for residence, fully or partially, there is no Zakah due if the home is used for what it is intended for. A home in country of origin or any other country is not subject to Zakah if the person uses it for the summer or winter vacation or if some family member or friends use it in absence of the owner without rent, this continue the exemption as long as it is kept empty with the intention that it is a residence place. Once the intention is changed from residence to investment (for rent or for sale) it becomes subject to Zakah after 354 days.

Wa Allahu A’lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Faisal

Sent: Friday, July 24, 2009

Question: Zakah while under debt for personal car

Respected Dr. Monzer Kahf,

Assalamu O Alaykum

Can you please provide your fatwa on following situation I am facing regarding Zakah?

"I have total assets worth $20,000 apart from a $10,000 car (the only car I have got and I use it for my day to day use). I have taken this car on lease and the outstanding liability of $8,000 stands against this car. I have been suggested that this car is exempt from Zakah and I do not need to pay Zakah on it, but the outstanding liability can be deducted to get my net asset on which I have to pay Zakah and I have been told that I should pay Zakah on $12,000 ($20,000 - $8,000 of outstanding lease liability)"

Can you please comment on the issue?

Jazaka Allah,

Faisal

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Faisal

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The rule is simple: if you are going to pay the debt out of existing assets you deduct it from them and pay Zakah on the balance because an amount of the assets is "pre-occupied by or designated to" the debt.

But if the debt is going to be paid, as often is the case, from your future salary there is no justification to deduct this debt from it. Any amount that is going to be disposed of out of the existing asset (for payment of a debt, personal or family expenses, or due to other persons like if it is held by you as Amanah) is deductible from Zakatable assets. But any amount that is not going to be paid out of them must not be deducted.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Hasnaa

Sent: Thursday, July 23, 2009

Location: US.

Question: Zakah on property, shares, 401k

Assalamu Alaykum Dr. Monzer,

I have questions related to the calculation and payment of Zakah. For info, my husband and I live in the US.

1. You said that Zakah is mandatory on rental properties on the value of the asset (and rental income). Regarding the Zakah on the property value, how can we pay that amount when we do not have it in cash? It would be about $4000. I mean a house is not like gold that one can sell part of to pay the Zakah. Let's take the example of a person

who owns a rental house (in addition to his main residence), he works and lives off his salary. He has no other savings or other cash. Let's say he pays Zakah on the rent income because it puts him about the Nisab and he can pay the Zakah because that is cash he gets. Where can he get the money to pay Zakah on the value of the house?
An asset that does not give 2.5% net income per year is a wrong asset. It means you are making a wrong investment decision. But even with that, think of a trader who makes a loss at the end of the year but he is still above the Nisab, wouldn't he be still subject to Zakah.
Also Zakah on rent (or any other income) is not simply on the gross but it is on the left-over of the take home. That is Zakah is only on the amount you add to your wealth. You can use the rent to pay Zakah due on the asset and when you are short of liquidity delaying Zakah until you have liquidity is not sinful. This is a legitimate excuse for delay. But you should keep in mind that time does not wipe out the indebtedness of Zakah, it is due to the poor even after a long passage of time. This is why you find Islamic Jurists considering the poor a partner in ownership with the rich who did not pay the Zakah yet.
2. We have a second rental house with 4 apartments. We live in one and we rent out the other three. Would the value of the asset to pay Zakah on be ¾ (three quarters of the house)?
Yes
1. Regarding shares and the 401K, the same question holds. How can we pay Zakah if we do not have enough cash? Do we have to sell some of the shares to pay Zakah?
You don't have to, but when you liquidate or have cash from other sources you pay your due Zakah I am not sure if we can sell some of the shares from the 401k. if it is indeed not possible, do we wait until we retire and have access to the account to pay the Zakah for all the years that it was due? Yes, with no sin in the delay What if the value of the shares (total account) at that time is lower than the current amount? Do we have to come up with the difference? No, you are not responsible for this kind of change in the value of the due Zakah because essentially you can pay Zakah in kind (as shares)
2. I had a business in the last 2 years (that I closed unfortunately) and I had inventory in the warehouse. I read on your website that one has to pay Zakah on the inventory at its market value (not the cost). But here is my question and concern: the value of the inventory is not money that I have. It is money that I MAY have in the future (I am not talking as if I still have the inventory to be able to explain myself). So I am not sure if I will actually be able to sell the items or not so I am not sure I will ever get that money. Here are some examples that actually happened: I had items that I wanted to sell for $200 but ended up selling for $80 and I had extra expenses of shipping because I sold them on internet. So if I had paid Zakah on $200 but in reality only got less than $80 for them, I feel it is not right / fair to pay Zakah on $200, which was my asking price to start with (and this price is actually what others charge as well so I am not above the market but I had to liquidate my inventory before closing so I sold them for as much as I could get). There were other items that I sold and that broke in shipping so I had to refund the customer and bear all the costs myself. So in this case, I did not even get the $80 as in the first example, I actually lost a lot of money. So how can it be fair to pay Zakah on

inventory that I am not sure to sell or even to benefit from although I was always hoping and working hard to be able to sell it?

Apparently you are Zakatable in the sense that you own Nisab, so all the value of the inventory is subject to Zakah even when it is at lower than cost. Suppose a normal inventory of an ongoing business, it is so easy to determine the realized market price. Realized market price is the price you get when you want to sell under pressure. In case of your inventory there is no market price because you were liquidating. Suppose you made this liquidation in a quick way through an Auction, then you get a definite market price that way. This is what is subject to Zakah (BTW, according to all views, no difference). In your case, I would suggest to wait and look at the actual price you sell for, and when the time of Zakah comes while still have certain item I would make a rough estimate subject to review, after all, the amount of Zakah is very small relative to the price of items, just 25 for each 1000, even when you pay a little more, it is not wasted with God!

3. I find the rule of paying Zakah on inventory and on houses to be a burden. I prefer the classical opinion that no Zakah is to be paid on land and houses (I am not sure about the classical opinion on inventory). Not that I am trying to avoid paying Zakah but from the point of view that I do not see how one can pay it in these cases.

Of course it is you who decide what to do, but I believe that the classical view is incompatible with the kind of wealth we have today, it is not from a Hadith or a Verse, and it is opinions of people like us who simply lived under different Economic circumstance. Their views were relevant to their situations but they are not relevant to ours. In our world today, we need to look at who is rich and who is poor, aren't rich by owning 3 apartments and a house in addition to one you live in? This is where Zakah comes in.

JAK for your continuous help to the community!

Hasnaa

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Hasnaa

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers in red below the questions:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Sumera

Sent: Thursday, May 14, 2009

Location: United States

Question: Payment of Zakah on pension funds

Assalamualaikum,

Thank you for your answers. Could you send me the living trusts document? Also, I have the following question too:
Regarding my previous 401k account, like I told you in my previous email, I recently transferred it to an IRA investing in Shari'ah compliant funds and I intend to give to charity all the profit I had received before moving it to the IRA. My question is regarding the Zakah. Our masjid's imam had told me to give it only after I start receiving from the plan, hence I had not paid anything for it. My question is a bit complicated. I transferred all the money into the IRA last year and have had no profit on it so far, only losses. If I intend to give the Zakah for every year since the beginning of the time I started to invest in the 401k, how do I calculate the amount (since I am giving away all the profit) on which to give Zakah?
Can I just take the amount which I and my company had contributed each year and give Zakah accordingly (2.5% of the amount contributed)?
Please let me know.
Thanks,
Sumera.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Sumera
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is due every year on 401K balances at the end of every Zakah year (354 days from its beginning because every one of us who has 401k usually has some other funds and cash in bank of Nisab as the Nisab is only about $1000-1500 at the most). It is permissible to delay its payment (but not its calculation) until you start liquidating after the age of 59.5. Then you have to pay all past Zakah as you make withdrawals.
Whatever you give away for purifying your assets cannot be considered as Zakah payment and also itself is not subject to Zakah.
You can always pay the due Zakah on 401k from other resources and you do not have to wait until you start cashing it. Also what applies on 401K also applies to IRA.
Now for calculation of past year, look at balance of the statements you receive at the end of each calendar year, Dec 31, deduct from it the profits that you intended to give away as purification (BTW, if because of this crisis you ended up with net losses over the year you do not have to give up anything because your cumulative shares in 401k and the employer's contributions do not need purification but need Zakah) and multiply the net balance of Dec 31 of each year by 2.5778% (this is to make up for the difference of 11 days between the Solar and Lunar year), add all past years, that is it!
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Abulezz, OnIslam. net

Sent: Tuesday, April 14, 2009
Location: Morocco

Question: Deducting the amount of debt from the annual Zakah

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
I have lent my brother 40000 Dirham. In view of his current financial standing, it is clear that he doesn't have the capacity to pay me back. Can I consider this money as a Zakah and deduct it from my forthcoming Zakah budget? With my kindest regards
Jazakum Allahu Khairan for your constant help
Yours,
Abulezz

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Abulezz
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
One of the conditions of Zakah distribution that it must not be tied with any condition that may benefit the payer. This is because it is a pure obligation for the sake of Allah. Considering a debt due to the payer on the recipient as settlement of Zakah payment is not only not permissible because it gives a direct financial benefit to payer, it is rather not considered payment to begin with because there is no actual handing over to the recipient in a manner that makes the latter an owner of the amount paid him. Zakah payment means that a deserving recipient must become the owner of the amount given and has full freedom, unconditionally, to use it the way he pleases.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Roomana
Sent: Friday, April 03, 2009

Question: Reward of Zakah payment if deducted from taxes

Respected Sheikh Monzer:
As 'salaamu Alaykum wa Rahmatu Allahi wa Barakatuh
I had a tax question related to Zakah. I wonder if you could help me resolve it. JazakumAllahu Khayran wa ahsanul jazaae Khair fid darain!
I know that it is permissible to deduct out of pocket expenses incurred for charitable purposes. However, the charity in question is an Islamic organization related to dawah. I was wondering, could I deduct those expenses but also get a reward for it in the hereafter as Sadaqah? Or even Zakah? I'm confused.
Barak Allah feekoum
Was'salaamun Alaykum wa Rahmatullah!
Roomana and Hussain

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Roomana
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes of course InShaAllah you will get the reward from Allah and the tax deduction or refund from the government together. The tax relief is intended to encourage people to donate to these tax exempt/deductible organization and you have the full legal right to use it for the donations, charity, and Zakah you give to such organizations. The more the government gives you tax relief the better everything is, what is wrong is reducing taxes?! On the other hand, you are helping a glorious cause, the Cause of Allah, He will reward you many folds InShaAllah as He promised in the Qur'an. Please do not worry, getting more tax relief helps you give more charity and get more rewards.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Barry
Sent: Monday, 30 March 2009
Question: Zakah on saved cash
As salamu Alaykum ya Shaykh,
I did read some articles in your website, especially those dealing with Zakah. I have a question: My wife and daughter both have 4,400 euro, do you know how much, do they have to pay for the Zakah? Barak ALLAH fikum.
By the way, do you know any trustworthy banks or financial institutions where I can deposit my money or invest it in the halal way?
Wa salaam.
Br. Barry
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Barry
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The Zakah rule is: a Muslim, female or male, who owns a property (that is not for personal or family use) that is worth an amount called Nisab (in our currencies today it equals about Euro 1000) or more and this property (being money or otherwise) is not required for a committed payment (such a debt that is due soon) or needs (such as being the only source of the person's living expenses until new income comes) and this property stays for long, it becomes subject to Zakah at the rate of 2.5% upon the passage of 354 days (that is a lunar year) from the day she/he had a Nisab for the first

time and every 354 days then after. Zakah should be given to the poor and needy and their like.
All the above means that you are subject to Zakah (unless this amount is committed for a payment of need) since the first time you had one lunar year passed on your ownership of it for all past year since failure to pay Zakah on its due date for any reason does not wipe out the obligation.
For the second question, if you need to keep it quasi liquid, the best way is to deposit it with an Islamic bank in your area if there is one, there are Islamic banks in UK for instance.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Raffick
Sent: Saturday, March 28, 2009
Location: Africa

Question: Zakah on the cooperative

Dear Br. Monzer
Assalamoualaikum wa Rahmatullah wa Barakatuh
I wish that things are going on well by the Grace of Allah. On our side Alhamdulillah we are fine and always busy with Al Barakah. I wish to inform you that we had our AGM on 08/02/09. Alhamdulillah we have been able to declare a dividend of 7.5%. We are also growing in terms of capital, membership.
We are introducing deposits, new scheme for land & property, a Hajj savings Fund , and building a Takaful Fund. I am preparing the necessary documentations for it.
I & Br... Rajack had a good internship in Malaysia at the Cooperative Muslimin, formed by the Ulemas of Malaysia in 1984.
I need your advice on the following:
1 Question at the AGM- Do we have to pay Zakah on our Reserve Fund/Statutory Reserve (a minimum of 10% which has to be transferred from the surplus). Actually Our Reserve Fund is Rs170, 000- about US$ 4000.
2 A member of Al Barakah is a goldsmith/jeweler and he wants to have a Murabahah to purchase gold for his business. Is it permissible?
Jazaka Allah & Doa for us.
Best Regards
Wasalaam
Br. Raffick

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Raffick
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The cooperative is not subject to Zakah in my opinion. Individuals are subject on their balances including distributed profit, of course with the conditions of Hawl and Nisab.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rubeena
Sent: Tuesday, March 10, 2009

Question: Zakah on inherited land that gives no return

As salamu Alaykum wa Rahmatullah wa Barakatuh.
Dear Dr. Kahf, I searched a lot on the net but couldn't find a satisfactory answer. My question is: a housewife inherits or owns a plain piece of land, and she just holds it without doing anything to it, intending to just leave it like that or sell sometime in the future, if necessity arises. Should she pay Zakah for it, every year? If yes, how should she pay Zakah, when she has no other form of income to pay for the land Zakah amount? I do not think it is feasible to sell a part of that land every year to pay off the Zakah.
Is it enough to pay the Zakah just once when that land is sold for good?
Please advise, looking forward to your reply,
Jazak'Allah Khairan
Rubeena

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Rubeena
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
You question is important and needs a little more of details and thinking. Let me please make several scenarios: Let us assume that this land is worth a hundred million Dollars. Is this woman rich or not? Then she is required to pay Zakah and if she has no liquidity, she can delay payment, without sin, until she has liquidity or sell this land. We assume here that keeping this land just like that for years does not give her any income or capital appreciation. Don't you see lack or rationality on her part? Should we give privileges to persons who take irrational decisions? Zakah may accumulate for several year until the property is liquidated then you pay all past due Zakah.
Now let us take another scenario. Suppose this lot is worth a small amount, only a Nisab (say US$ 1500), its Zakah is only 37.5 every year, is it difficult to apply the same rule? Can we claim that Zakah payment will be difficult for this woman, it is evident that she can spare this amount from any other source and she does not need to delay payment until she sells!
Suppose that this land is valuable, its Zakah is a large sum and the woman cannot spare it from other casual sources. I argue that it is subject to Zakah just like in the previous case because we have to be consistent in treating the rich same way and not give any

concession to a person who, for any reason may have made a bad investment decision. Otherwise we create many loopholes in the system.
A more difficult scenario is when this property is valuable and owned by a widow with children, rented and it is the only source of income that is barely sufficient to provide them with minimum living. Is this property still subject to Zakah? I argue: YES, and Zakah is delayed with no sin until they liquidate it, just like in the first case.
I think as long as a person is defined rich by owning a property (that is not used for personal and family purposes), this person must be subject to Zakah, and liquidity matters can be handled by delay of payment.
I may add that whenever delay of payment is needed the price that is subject to Zakah is the liquidation price and one has to pay for all past years.
I say that knowing that such matters really puzzled classical scholars and some of them argued that Zakah is only due for one year once sold and some others said that it is not subject to Zakah. I think there must be consistency in Zakah Fiqh especially if we expect it to be collected and distributed by governments as part of the law.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Hajar
Sent: Tuesday, March 03, 2009
Location: Portugal

Question: Zakah on Bank account funded by gifts

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh! Respected scholar, I have a bank account since a toddler. All the money people gave me as gifts or similar situations, my parents would put in that account. Although married, I'm still unemployed and I don't own any sort of properties.
Sometimes I spend some money from that account when the money I have with me at the moment (given by my husband) isn't enough to pay whatever I have to pay (usually supermarket goods or subway tickets). But, since I don't know when will I'll be able to restore the money I spent, I try to avoid using the money from the account. Also because, from time to time, my father, who has access to that account, deposits some money in order to counterbalance any expense I might have done (without me asking him). My question is, should I pay Zakah? I could say that at least half the quantity of money there, I don't use for a year. Unless, a big unexpected thing would happen like a car accident or something. Jazaka/I Allahu Khayran!
Visitor Notes:
I don't know if it is relevant for the fatwa, I'm a converted Muslimah and all my family are not, including my father. Thank you.
Jazakum Allahu Khairan for your constant help
Yours,
Sami Ahamd

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hajar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Since you are the owner of this account, If the balance in it is more than the amount of Nisab (that is the test of being subject to Zakah, it is equal to approximately Euro 1000) you are then subject to Zakah. Zakah is due on the balance in this account at the end of each lunar year (354 days) since you became Muslim, the first such year begins on the day the balance was Euro 1000 or more. If the balance at the end of each 354 days is Nisab or more the total balance is subject to Zakah at the rate of 2.5%. This should be repeated every 354 days. For the past period you should make your best estimation. Zakah should be given to Muslim poor and needy, the closest to you (family, relatives, neighbors, local Muslim community) the better and of course the more pressing need the better.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sumera
Sent: Friday, January 16, 2009
Question: Calculating Zakah on 401K for past years
Assalamualaikum,
My question is regarding the Zakah. Our masjid's imam had told me to give it only after I start receiving from the plan, hence I had not paid anything for it. My question is a bit complicated. I transferred all the money into the IRA last year and have had no profit on it so far, only losses. If I intend to give the Zakah for every year since the beginning of the time I started to invest in the 401k, how do I calculate the amount (since I am giving away all the profit) on which to give Zakah?
Can I just take the amount which I and my company had contributed each year and give Zakah accordingly (2.5% of the amount contributed)?
Please let me know.
Thanks,
Sumera.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Sumera
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is due every year on 401K balances at the end of every Zakah year (354 days from its beginning because every one of us who has 401k usually has some other funds and

cash in bank of Nisab as the Nisab is only about $1000-1500 at the most). It is permissible to delay its payment (but not its calculation) until you start liquidating after the age of 59.5. Then you have to pay all past Zakah as you make withdrawals.
Whatever you give away for purifying your assets cannot be considered as Zakah payment and also itself is not subject to Zakah.
You can always pay the due Zakah on 401k from other resources and you do not have to wait until you start cashing it. Also what applies on 401K also applies to IRA.
Now for calculation of past year, look at balance of the statements you receive at the end of each calendar year, Dec 31, deduct from it the profits that you intended to give away as purification (BTW, if because of this crisis you ended up with net losses over the year you do not have to give up anything because your cumulative shares in 401k and the employer's contributions do not need purification but need Zakah) and multiply the net balance of Dec 31 of each year by 2.5778% (this is to make up for the difference of 11 days between the Solar and Lunar year), add all past years, that is it!
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

FATAWA ON ZAKAH 2008

From: hatimu
Sent: Wednesday, December 10, 2008
Question: About Zakah calculation
Respected scholars, Assalamu Alaykum! Eid Mubarak
I am a Chinese Muslim, my name is hatimu. My question is about Zakah. I have a job, every month I can take my salary. Can this income count my net income? What is the full money for pay Zakah? What is the standard? Us dollar, how much at least? Two examples:
1: 1 year my income is 50,000rmb (about 7200 dollars), but in period I bought a house, first pay is 40,000rmb, at the same time, I owe bank the money, they agree with me give back for a long time. Please explain to me that in this instance from the last 10,000rmb I need to pay Zakah or not? Or pay from 50,000 rmb. Am I an obligor?
2: 1 year my income is 50,000rmb, I lent 45000rmb to my friend, in my hand is just 5,000rmb, I need to pay money for it or not?
Salam!
My Answer:
Bismillah al Rahman al Rahim
AL Hamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Hatimu,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Zakah is required on the savings and wealth, with certain exemptions. This means that when you apply it to your income, you need to deduct all living expenses any payment you make toward buying or renting your residence (because residence itself is one of these exemption, also exempt are home furniture, home appliances, cloth and other personal things, a car that one may have for personal and family transportation, and the like). If you find yourself, throughout a whole year (normally in Shari'ah we take the lunar year according to the Islamic Calendar) having saved an amount of approximately US$ 1500 (this is a kind of minimum saving/wealth that is assumed needed by everybody for emergencies and unforeseen expenses, therefore anyone who has less than this amount is not required to pay Zakah), you will have to pay Zakah on that amount at the rate of 2.5%, that is repeated every year on all the wealth that you have (of course you do not include items that are exempt).
If we take the examples that you mentioned:
1. in case 1, you are not subject to Zakah because what is left, the 10,000 is less than the minimum that makes one subject to Zakah. But I like to ask if all your income is 50,000 rmb and you pay of it 40,000 for down payment on the house (of course I assume that this is a house to live in not for investment, houses for investment are subject to Zakah), would the remaining 10,000 be sufficient for living expenses? where do you get your living expenses from, (if you have other resources, in addition to your salary, all resources should added together, deduct from them all your expenses and if the total of saving plus all your previous wealth is US$ 1500 or more you are then subject to Zakah).
2. Debt on other persons that is due to you is considered a part of your wealth as long as you expect it to be paid back to you. It is subject to Zakah provided the total of debt plus other savings plus previous items of wealth is equal to the US$ 1500 or more. The rate is always 2.5% per year and repeated every year.
Wa Allahu A'lam
Wa AL Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mohammad
Sent: Monday, December 01, 2008
Question: Giving Zakah money to a student loan fund
Assalamu Alaykum Wa Rahmatullah WaBarakatu Sh. Monzer,
Insha'Allah you and your family are doing well!
Is it permissible to allocate some capital from a Zakah Fund to an interest-free student loans fund? The student's loans fund would essentially issue student loans on an interest-free basis to Muslim students only and would be done on a non-profit basis. The administrative expenses would either take up by the fund OR a few would be charged to students.
Jazaka Allahu Khayran.
FiAmanAllah,
My Answer:
Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Mohammad
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The answer is a plain NO. Zakah is the right of the poor to be given to him/her in a way that he/she becomes owner of what is given. Loans are usually given to persons who can pay back or for objectives that are not covered by the definition of needs of the poor. Tow principles would be violated if Zakah is given to a loan fund: The Tamlik principle (Tamlik is to a natural needy person not to a legal entity) and exclusiveness of the poor and needy. Of course the item of for the sake of God does not apply to giving to such a fund.
Wa Allahu A'lam
Wa Al Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Sunday, November 30, 2008
Question: Persons for Whom I Can Give Zakah
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
1) Zakah is obligatory for me. If I want to give money to poor people which one is more preferable for me? To make a neeyya for Zakah or Nofol charity? In my opinion at first I have to finish all of my Zakah and then nafal charity? Because Zakah is Faraz for me. Am I right? 2) Now I am studying in Japan. Here we Bangladeshi members attend a program that celling of BD food to Japanese people in their many festival. The total income which we earn there I want to give that as Zakah. Is it acceptable? So, what is the protocol for this? Thanks
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Lolo
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is of course obligatory and one of the basic pillars of our religion Islam. It has priority over any other charity or gift giving. You can pay it to Muslim poor and needy back home in Bangladesh or in Japan. If you have any distant relatives, cousins and farther who are poor it is better to give it to them and you do not need to tell them that it is Zakah. Charity can be given to Muslims or non-Muslims depending on the need.
If the income from the food sale you have does not have any value of alcohol or pork you can use that income to pay the Zakah that is due on you, any price of alcohol or pork should be given away to Muslim poor and needy but not calculated as a part of the due Zakah, finally Zakah is due on all your wealth and savings
Wa Allahu A'lam

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

From: Samy, Islam on line
Sent: Thursday, October 30, 2008

Question: Zakah on Savings

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
Scholars, my question is about ZAKAH. I have an account which has approximately 13 - 14 thousand US Dollars. This amount is my savings from past a decade. Each year in the month of Ramadan I calculate & pay Zakah of this amount in addition to my other Zakatable such as Gold and other account balance. This year in July 2008(month of Rajab), I urgently needed some amount of money which I was unable to withdraw it instantly from my overseas account. The solution was that I borrowed an amount of 10,000 Dollars from my friend to overcome my financial problem at that time, though I was having that amount in my overseas bank account. I will be clearing my debt soon in this month (Oct-Shawaal) by the amount in my overseas account. Because of this debt this year I was unable to pay my Zakah in the month of Ramadan. Therefore I would like to know; Do I have to pay Zakah on my full amount in my bank account as it is & was in Ramadan, the month which I calculate my Zakah or Do I have to pay only on the remaining amount in my account I.e. 3000 - 4000? Please do let me know as soon as possible as still I am indebted and I will clear my dues soon with the amount in my bank account. Wa salaam

My Answer:

Bismillah al Rahman al Rahim
Al Hamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br./Sr.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you are going to pay the debt (the $ 10,000) out of this saving that you have, then the amount subject to Zakah in past Ramadan is only the balance after you set aside an amount sufficient to pay the debt. The reason is that debt is an obligation and must be paid to its owner, this makes the amount set aside to pay it pre-occupied by an obligation. But remember your overseas account is also subject to Zakah on its balance of the day Zakah is due on you.
Wa Allahu A'lam
Wa Al Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy. Islam on line
Sent: Tuesday, October 21, 2008

Question: Paying Zakah on Tola Gold and Silver

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
Islamic method to pay Zakah is on 7.5 tola gold and 52.5 tola silver. So if I have e.g. 10 tola gold then will I pay Zakah on 10 tola gold or on 10-7.5 = 2.5 tola gold. There is another question on the same topic that is if I am using some gold I have like I am wearing 10 tola's gold then will that used gold will be exempted from Zakah as I am using it?
Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Madiha
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I don't know what a tola is! But I understand your two questions and here are the answers:
1. If you own an amount of Nisab or more of gold, silver (or other Zakatable assets such as debts on others, business assets and merchandize, etc.), you calculate the Zakah on the total, for these kinds of assets the rate is 2.5% so if you own 10 and the Nisab is 7.5 the due Zakah is on all the amount of 10 not only on the difference. You are 10 tola rich and this is what you pay Zakah on.
2. The Hanafi view (since most Muslims of the sub-continent are Hanafi) is that Zakah is required whether you wear the jewelry or not. Other views are that jewelry is not subject to Zakah. The view of Our Sheikh Yusuf al Qaradawi stands in the middle as a good compromise, it is that if jewelry fulfills two conditions together it is not subject to Zakah: 1) it is used normally for what it is for (this is in contrast of being stored and saved for the future); and, 2) its amount is not big so that it exceed the amount usually owned by the owner's peers
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From From: sherif
Sent: Sunday, October 19, 2008

Question: Payment of Zakah as education fees

Assalamu Alaykum Dr Monzer Kahf.
First of all, may Allah reward you amply for putting informative material on your website.
I downloaded the translation of Dr Qaradawi's Fiqh al Zakah and had a doubt. If I pay Zakah to a poor student in the form of the tuition fees (paid directly to the institution), will that suffice? There is a discussion on giving food as Zakah, which seems to indicate that unless it is given in a form that gives the recipient complete control (and by inference, I gather, can dispose of in any fashion - like give to his parents, neighbor, sell

it off etc.) It is not valid. Tuition fees paid to the institution cannot be disposed of in this fashion. But, on the other hand, in the Indian situation, most of us feel that coaxing them to gain proper education would be one of the best uses of Zakah money. Please give your opinion, as well as the opinion of other Fuqaha on this.
Jazakallahu Khairan

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sherif
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I don't accept paying Zakah to a school as fees on behalf of a poor student. Zakah is meant to be owned by the poor and she/he should be left free to choose how to use it. This is the requirement of the principle of Tamlik and I like to abide by it.
Wa Allahu A'lam
Wa Al Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: sherif
Jazakallahu Khairan.
I had a couple of follow up questions. I hope you don't mind answering
As I have the responsibility of disbursing Zakah of others too.
a) If the child is a minor and does not have parents, then can we directly pay for the child's expenses including school fees?
b) If the parents approach us specifically for help in paying fees, and are eligible for Zakah, can we pay the school directly? (I ask this as schools sometimes reduce the fees when an organization approaches them and agrees to pay directly. Also, it is easier for us to reimburse by cheque and many parents do not have bank accounts)
Wassalam

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sherif
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. For the first question, a child must have a guardian to whom Zakah payment may be done. But if there is an added advantage in paying directly to the school, such as you may not trust the guardian or you get discount, etc. you may then pay directly to the school.
2. This is a form of Wakalah that the poor parents give you agency to make this payment on their behalf, it is of course permissible and sometimes you can manage, through this approach, payment to school on behalf of all poor children (reference to your earlier

question) especially in cases where you may doubt that the parent may use the money for other uses that may not be desired (like buying cigarettes) instead of paying tuition.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

: Samy, Islam on line
Sent: Thursday, October 09, 2008

Question: Sending Zakah to Zanzibari People

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
My husband and his family were all born in East Africa, (Zanzibar Omanis) and they have a lot of relatives and friends in Zanzibar, for years I have known for them to send Zakah or any other donations to their own people, to me it seems like they are being nationalistic, not spreading their Zakah to Muslims or even non-Muslims who are need all over the world. shukran

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Vijitha
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
In fact, if one has poor relatives who deserve Zakah, it is much better to give one's Zakah to them if it is possible because this will be Zakah payment and at the same time kindness to relatives. Of course one's relatives deserve one's benevolence much more than others. This is neither nationalism nor tribalism or familism! It is priority to give to those who are close to you provided they are within the criteria of being poor or needy. Of course if there are urgent needs outside one's family such urgent needs must be responded to first.
Wa Allahu A'lam
Wa Al Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Yaman
Sent: Tuesday, October 07, 2008

Question: Zakah recipient eligibility

Assalamu Alaykum. InShaAllah all is well with you, mama and Noma.
First question about the recipient eligibility for Zakatul-mal versus Zakatul-Fitr: If an individual or family is Zakatul-mal eligible, does that make them automatically eligible for Sadaqatul-Fitr? When I paid Zakatul-Fitr this year, I was told "all of our recipients are Zakah-eligible" (meaning Zakatul Mal). As the person paying Sadaqatul-Fitr, my

understanding is that I am responsible to know that the end recipient is indeed qualified.
Second question: Who is required to pay Zakatul-Fitr? I recently heard that you only pay Zakatul-Fitr if you meet the Nisab qualifications for Zakatul-Mal. Is that correct, or does anyone (who is not an eligible Zakah recipient) need to pay Zakatul-Fitr?
JazakumAllahu Khairan & Salaams,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Yaman,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. In principle, a person who qualifies as poor or needy for Zakah distribution is qualified for receiving Zakah of al Fitr. Remember qualification for receiving Zakah of Mal is not being an owner of less than Nisab. It is rather either having no resources at all or having resource less than needs for reasonable expenses. (Resources always mean wealth and income). This means that there are many people who are neither payers nor recipients of Zakah of Mal. However, because Zakah of al Fitr is required from a larger number than payers of Zakah of Mal, it should be given to persons with more acute needs because it does not make sense that a person may be required to pay Zakah of Fitr and yet he/she should also pay it.
2. Also the payers of Zakah of al Fitr are not required to have Nisab. Rather any head of household who has an amount sufficient for paying Zakah al Fitr (for the number of persons in his/her household) above the food and other basic need's requirement for the day of Eid (I.e., for only one day) is required to give away Zakah of al Fitr. This makes almost everybody subject to Zakah of al Fitr including many of those who may qualify, on a yearly basis, to receive Zakah of Mal. This also makes Zakah of al Fitr only to those who are in most dire needs.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: hajara
Sent: Monday, October 06, 2008

Question: Is Zakah on jewelry payable every year?

Dear Dr Kahf,
Salaam Alaykum wa Rahmatullah wa Barakatuh.
We have a client who has asked us about calculating Zakah and we have referred her to your calculator.
However she has two questions:
1) Is Zakah on jewelry paid every year or once. We told her that our understanding is every year but we ask you to please confirm.

2) She has not paid Zakah in the past even though she was eligible. She is asking if she has to go back and pay Zakah for previous years and how to go about this. We have told her to start paying this year but that we would ask you for a ruling on this issue.
Thank you for your usual guidance InShaAllah, best regards wa salaam.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hajara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. You are perfectly correct on the first point. Zakah is due every year on all Zakatable assets unless the amount of the Zakatable assets go below the Nisab (approximately Euro 1000). However for jewelry we need to determine what is subject to Zakah (because all items of personal use are exempted). Two conditions must be satisfied together for jewelry to be considered for personal use and then exempt: 1) it must be in practical use in such a way that it is normally for use not for storing value. You know that no woman uses all here jewelry together. The normal use means using the jewelry for its normal occasions even though it is stored in a safe place for the rest of the time; and 2) the value of the jewelries owned must be within the range of her peers. Her peers are people with whom she normally associates such as relatives, neighbors, co-workers and the like. If these two conditions are satisfied together such jewelries are not subject to Zakah otherwise they are subject to Zakah every lunar year at the rate of 2.5% of the realized market value (based on educated guess without formal at-cost appraisal).
2. Of course from a Da'wah point of view, we may tell a person who has not been paying Zakah: go ahead and pay it for this year and we may find it appropriate to remain silent on the rest of the matter for a little while. Once this person finds in her heart the sweetness of faith and obedience to God, we then give the whole story. The whole story is that Zakah is a yearly obligation that does not die by the passage of time. It rather remains a debt on the person until she pays it (a debt that does not generate interest but the more it is delayed from its due date the more sins it accumulates!). According to many Scholars any due but unpaid Zakah should even be given away to its appropriate recipients out of the Estate of a person before distribution to heirs. How to calculate it: best educated guess + certain amount in order to be on the safe side. This is for every single past lunar year since the day a person owned Nisab for the first time.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Zuhdi
Sent: Sunday, September 28, 2008

Question: Zakah on cash while under debt

Assalamu Alaykum Ammo Abu Yaman,

Ramadan Kareem/
This is Zuhdi, one of Yaman's friends. I met you couple of times at Yaman's house.
I have a Zakah question, and I wonder if you can help me with the answer. I have some money on hand in cash and I owe people and companies the same amount that I have. Do I pay Zakah? The debit I owe is not due, and I do payments on some of it, and I am careful not to fall in the interest. jazkum Allahu Khairan

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Zuhdi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If the amount of money you have along with other Zakatable items (such as bank account, investments, etc.) equals Nisab or more and one lunar year passed on it and YOU ARE NOT DESIGNATING IT TO PAY THE DEBT THAT YOU OWE (I.e., the debt is been paid from your regular income and other cash flow), then the existing Zakatable item are subject to Zakah. In other words, you can deduct from the Zakatable balances the amount of debt that is going to be paid out of them but not that which will be paid from future incomes.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ameenudeen
Sent: Sunday, September 28, 2008

Question: Zakah on Salary Bonus

Dear Scholars in Islam,
Assalamu Alaykum, May Allah pour his mercy and grant countless reward for your service.
I would like to clarify the following questions:
1. Is Zakah obligatory on Salary bonus (performance linked award)?
2. If it is obligatory then how to calculate and when to pay it?
Jazakum Allahu Khairan,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ameenudeen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is obligatory on the saved amount of work compensation and of all other incomes regardless of the name this compensation may take. This means that whatever is saved out of this bonus is subject to Zakah.

The way of calculating it is so simple, please don't think of it as difficult at all. On the day when your Zakah is due (the day a lunar year, I.e., 354 days, passes on the first time you owned Nisab and every 354 days then after) you just add what you have of cash, bank accounts, investments, shares and the like, debts on others, if you own a business its net worth, etc. and multiply the total by 2.5%. That simple because the moment you receive the bonus and any other income what will happen to the saved amount of it? It will end up as an increment in one of these assets. That is it! And the amount that does not end up as an increment in one of them it is not saved but consumed and therefore not subject to Zakah!

Wa Allahu A'lam

Wa AL Hamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Nadia

Sent: Saturday, September 27, 2008

Question: Zakah on pensions

Salaam. I have a few very important questions regarding Zakah that I'm confused about. I hope you can help me understand it. My mom and I got you're information and contact from ISNA.

First,

1) Regarding Zakah on the IRA- pension plan: Do we owe Zakah on our pension plans if it is through a company? For example my husband works at Whirlpool and they have set up a 401 K retirement fund that they will take a portion out of his check and match it. But he can't receive it unless he's been there 3 years. (He's only been there for 6 months.) Should we include that in our calculations for Zakah?

2) Also, how about if we have our own pension plan set up- for example- for me, I work as an independent contractor and am setting aside money for my own pension plan. Do we owe Zakah on that even though I believe we are not allowed to touch it until 65?

3) My mom has a pension plan from when my father deceased that he had set up enabling him to utilize it when he turned 65. Now, since he's been gone she has been told that she is able to withdraw money from it now or later with a 35 % tax hit. Is there Zakah on that money? Is it minus the 35% tax hit?

4) Is there Zakah on educational funds for our children which again we are not allowed to use or touch unless for education at a certain age for our kids- without a big penalty, is there Zakah on that?

5) Is there Zakah on our checking accounts? I have a certain amount of money now, but a few months ago I had nothing in there, do we count whatever is in the checking account in our Zakah calculations?

I hope you can help us understand this because we are so confused and eager to find out what the right answers are!

Thank you so much for listening. Please get back to us as soon as you can!

Wasalaam,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Nadia
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Let me please make a brief but necessary introduction. Zakah is on the rich to the benefit of the poor. The rich may have wealth in different forms and for different purposes; the poor normally have nothing. Rich and poor are terms that have always and in all society relative meanings that vary from one society to another, these meanings are important but also the Shari'ah (and for this matter any law) while considering the social meaning and the circumstances has to make its own definition within a global picture and for a wider purpose that very often go beyond narrow boundaries.
Let us now make a mental exercise by imagining the behavior of rich people at the time of the Prophet, pbuh. They have wealth in the form of business inventory, gold, silver, livestock, etc. and we can imagine them planning for educating their children and for keeping something for retirement by thinking to themselves that they will use a part of this wealth for these purposes. All people at all ages think about their future needs and make planning for that. Yet, the Prophet, pbuh, considered all these items of wealth as subject to Zakah. We also notice that the Prophet, pbuh, made certain exemption such as an amount that is set aside to pay a debt or the house a person or family live in or a horse or horses they use for their own transportation, etc.
Let us now come to our age and see that we make savings out of our income (that is wealth) and we designate a part of it for retirement and future children education, the government helps and encourages us to set a part of our wealth for these purposes (because it saves the government form needing to support us in the future) by giving tax relief (and of course it is going to penalize us if we withdraw before reaching the objective of the tax relief!).
Are these IRA, 401K and children education funds ingredients of our wealth (the poor doesn't have them normally) Let us now come specifically to your question;
1. There are two kinds of pension systems: the example of the first is the social security where you pay a tax and you own nothing and you manage nothing (personally or thru a committee that acts as you de facto agent in case of 401K). Paying this Social security tax only gives you the right for pension (call it salary) during retirement or disability, certain benefits to spouse and minor children etc. Under this system you do not own the fund that accumulate from the amounts deducted from your pay checks. This is not subject to Zakah. There are non-government organizations that have similar system companies' banks etc.
2. The second system of pension plans in which you make payments from pay checks to an account that is yours (with certain restrictions related to tax regulations) you manage it and decide its use yourself or thru a committee that acts as your agent. Very often you can withdraw money from these accounts with or without penalties depending on the purpose of withdrawal, each period you get a statement and you make decisions of investment. IRA and 401K are of this kind of plans. MONEY IN THESE ACCOUNTS ARE

YOURS FOR ALL FACTS AND REASONS. These are subject to Zakah at the face value that is the balance of these accounts. (When you invest or transfer from one depository to another you invest the whole amount not the amount minus potential penalty or tax and when you get profit or loss on investment it is also on the whole amount). We only deal with penalty and taxes if you actually withdraw, then for the actually withdrawn amount that goes into your cash and no more a balance in the pension plan account, penalty and tax are deductible.

3. In many 401K accounts, money comes to the account from two sources: deductions from your pay checks and contributions from employer. The employer contribution very often has certain restriction regarding what is called vesting. Vesting means that employer's contribution becomes yours only after a period of time so that if you quit the job the non-vested contributions are not transferred with you and the employer takes them back. Non-vested amount is not yours and is deductible from the balance for the purpose of Zakah calculation (this is what you mentioned in your letter of the 3 years)

4. Savings/investment for children education are yours and part of your wealth. The balances in these accounts are subject to Zakah.

5. Pension of your mother: if the money is legally transferred to her ownership (please check on this in the document of that pension plan), then the balance in that account is subject to Zakah, penalty is irrelevant because for now she invests the whole balance and she gets profit/loss form all of it. If ownership is not transferred by law and she has only a right to a pension at a certain age and a right of early withdrawal with penalty, the balance in this case is not subject to Zakah and whatever she withdraw comes under cash on hand or in banks.

6. Cash on hand and balances in bank accounts (both saving and checking): These are subject to Zakah. Of course for persons and families, who get their income periodically, say every month, and pay checks are added these balances they deduct their bills and expenses until the next pay check from the existing balances on the day when Zakah is due.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ayaz

Sent: Saturday, September 27, 2008

Question: Zakah on 401k question

Asalaam Alaykum

Jazakum Allah Kheir for your wonderful website. I read through some of your papers.

I live in the US, in San Diego and have no finance knowledge or experience, I wish there was a Quicken (Zakah and Sadaqah edition), as calculating Zakah seems to be overly complicated.

I had a specific question on 401k and IRAs, I have seen some opinions form Sh. Yusuf Qaradawi that say that you only pay 10% on the gains of such accounts, basically treating them business investments and only paying on capital gains.

I was wondering what you thought about this vs. paying 2.5% on the whole amount of your 401k?
I ask because it is easily foreseeable to have someone in their late 40s, with an average job making $80k/year, and having $500k in a 401k, having to pay $12,500/year for Zakah would seem like an unruly hardship, since take home pay after taxes is maybe $65k/year, so the Zakah would be ~20% of take home pay!

My Answer:

Dear Br. Ayaz
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please read below my recent answer to a similar question and allow me to add an answer to your word that "Zakah would seem like an unruly hardship," Zakah of 12500 is not a big amount for a person who owns 500 k, but its payment out of present income may be hard. A person is not required to pay the Zakah of an item from other resources. Zakah on each kind of wealth is obligatory in payable in principle out of that item (take the case of camels, cows, sheep, gold silver, wheat, date, etc.). However a Zakah payer may pay it from other resources or wait until liquidation and pay all past due Zakah out of the same item. Of course the accumulated Zakah would become a larger sum and when one start withdraws should make the withdrawal big enough to pay for Zakah in addition to needed amount.
Sincerely,
Monzer

My Answer to a similar question:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Let me please make a brief but necessary introduction. Zakah is on the rich to the benefit of the poor. The rich may have wealth in different forms and for different purposes; the poor normally have nothing. . . Rich and poor are terms that have always and in all society relative meanings that vary from one society to another, these meanings are important but also the Shari'ah (and for this matter any law) while considering the social meaning and the circumstances has to make its own definition within a global picture and for a wider purpose that very often go beyond narrow boundaries.
Let us now make a mental exercise by imagining the behavior of rich people at the time of the Prophet, pbuh. They have wealth in the form of business inventory, gold, silver, livestock, etc. and we can imagine them planning for educating their children and for keeping something for retirement by thinking to themselves that they will use a part of this wealth for these purposes. All people at all ages think about their future needs and make planning for that. Yet, the Prophet, pbuh, considered all these items of wealth as subject to Zakah. We also notice that the Prophet, pbuh, made certain exemption such as an amount that is set aside to pay a debt or the house a person or family live in or a horse or horses they use for their own transportation, etc.

Pet us now come to our age and see that we make savings out of our income (that is wealth) and we designate a part of it for retirement and future children education, the government helps and encourages us to set a part of our wealth for these purposes (because it saves the government form needing to support us in the future) by giving tax relief (and of course it is going to penalize us if we withdraw before reaching the objective of the tax relief!).

Are these IRA, 401K and children education funds ingredients of our wealth (the poor doesn't have them normally) Let us now come specifically to your question;

1. There are two kinds of pension systems: the example of the first is the social security where you pay a tax and you own nothing and you manage nothing (personally or thru a committee that acts as you de facto agent in case of 401K). paying this Social security tax only gives you the right for pension (call it salary) during retirement or disability, certain benefits to spouse and minor children etc. under this system you do not own the fund that accumulate from the amounts deducted from your pay checks. This is not subject to Zakah. There are non-government organizations that have similar system companies' banks etc.
2. The second system of pension plans in which you make payments from pay checks to an account that is yours (with certain restrictions related to tax regulations) you manage it and decide its use yourself or thru a committee that acts as your agent. Very often you can withdraw money from these accounts with or without penalties depending on the purpose of withdrawal, each period you get a statement and you make decisions of investment. IRA and 401K are of this kind of plans. MONEY IN THESE ACCOUNTS ARE YOURS FOR ALL FACTS AND REASONS. These are subject to Zakah at the face value that is the balance of these accounts. (When you invest or transfer from one depository to another you invest the whole amount (not the amount minus potential penalty or tax and when you get profit or loss on investment it is also on the whole amount). We only we deal with penalty and taxes if you actually withdraw, then for the actually withdrawn amount that goes into your cash and no more a balance in the pension plan account, penalty and tax are deductible.
3. In many 401K accounts, money comes to the account from two sources: deductions from your pay checks and contributions from employer. The employer contribution very often has certain restriction regarding what is called vesting. Vesting means that employer's contribution becomes yours only after a period of time so that if you quit the job the non-vested contributions are not transferred with you and the employer takes them back. Non-vested amount is not yours and is deductible from the balance for the purpose of Zakah calculation (this is what you mentioned in your letter of the 3 years)
4. Savings/investment for children education are yours and part of your wealth. The balances in these accounts are subject to Zakah.
5. Pension of your mother: if the money is legally transferred to her ownership (please check on this in the document of that pension plan), then the balance in that account is subject to Zakah, penalty is irrelevant because for now she invests the whole balance and she get profit/loss form all of it. If ownership is not transferred by law and she has only a right to a pension at a certain age and a right of early withdrawal with penalty,

the balance in this case is not subject to Zakah and whatever she withdraw comes under cash on hand or in banks.
6. Cash on hand and balances in bank accounts (both saving and checking): These are subject to Zakah. Of course for persons and families, who get their income periodically, say every month, and pay checks are added these balances they deduct their bills and expenses until the next pay check from the existing balances on the day when Zakah is due.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Ayaz
Jazakum Allah Kheir for your email.
I was wondering what is the criteria for judging 401k funds as personal assets vs. business assets where Zakah is paid on capital appreciation only. The example I have heard is the analogy of the crops being irrigated by rain water vs. well water. I think this is the core difference of opinion between the 2 opinions.
Jazakum Allah Kheir again, sincerely.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ayaz
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is on the wealth, it is never on increment. At the time of Prophet, pbuh, He imposed it on the wealth of His time. These were: livestock, gold and silver (money), trade inventory, and agricultural products. What is left? In fact if we look at the economy of His time we will not find any other item of wealth that is left outside Zakah.
When a few years ago the Fiqh Academy of the OIC (Organization of Islamic Conference) discussed the analogy between business fixed assets and real estates on one hand and agricultural land on the other they unanimously found no basis for any kind of analogy between them.
Zakah on business is on the rich in their wealth. This means it is on the amount of wealth as defined in the net worth that is assets of the balance sheet minus liabilities. This is what is subject to Zakah because this is what measure wealth in business. There is no analogy between crops and business!
Rather the analogy is between trade assets, herds of livestock on one hand and business assets or rather net worth on the other hand.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Aiysha
Sent: Thu, 25 Sep 2008
Question: Zakah on loans to others
Assalamu Alaykum,
Insha'Allah, you are well overseas. This is only my second year to pay zakatulmaal. Ezzat always handled this and even though he did explain some to me, I never knew the details.
First of all, if I loaned a friend and non-Muslim family member money, do I have to pay Zakah on that even though the money is temporarily out of my possession? Wouldn't those people with the loaned money have to pay the Zakah? (Except for the non-Muslim)
Also, can the taxes due on my house which are due payable in Dec. be deducted from the Zakah total? I see on the spreadsheet that income taxes are deductible, I think?
Lastly, how does one decide who to give the Zakah to? I know about the eight groups of people, but I also read that you should ask many questions before giving away money (integrity of organization, legitimacy) and that it's preferable to give first to poor family members and then those in the community. What about groups like Hidaya Foundation, MAS, Islamic Relief, and Life for Relief and Development? And can Sadaqah Jariyah count as zakatulmaal? What if I calculated my zakatulmaal incorrectly last year? Can I deduct/add for this year or do I just ask Allah (SWT) to forgive my ignorance due to my circumstances?
I find myself unsure whom to ask about these issues. Most sisters don't know or give incorrect info. And with the brothers, there's the issue of who to trust, awkwardness of asking, not wanting to share personal finances with anyone. However, I feel that you are trustworthy and definitely knowledgeable (I remember you and Ezzat sharing intellectual jobs through e-mail). I think that Ezzat would approve that I ask you for advice.
Jazaka Allah Khairan
Your sister in Islam,
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Aysha
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. Zakah is on the wealth. Allah made it obligatory on the rich Muslims to give to the poor Muslims. Once this is clear we can then apply this principle on all items of wealth keeping in mind that Allah, through the Sayings and application of His Messenger Muhammad, pbuh, gave us certain exemption as a kind of mercy for us and to make its payment easy and convenient. These exemptions apply essentially items used by the person and family. Loans (and debts in general) that you give to other persons, Muslims or non-Muslims, are part of your wealth as long as the debtor recognizes this indebtedness (does not deny it) and is able to pay them back because they are an item of your wealth, you own these debts.

2. As for the debtor, we again look at her present wealth (of course for Muslims alone). Received loan may have been already used for consumption or for buying a needed item (that is exempt from Zakah) or a part of it may still exist as cash, If the debtor has Zakatable wealth and she is going to pay that debt out of the existing items that are subject to Zakah, then the amount of debt can be deducted from these items and the only the balance is subject to Zakah. On the other hand, if this debt is going to be paid out of future income (such as mortgage debt) it cannot then be deducted from the present Zakatable items.

3. The issue of residence taxes, income taxes and other taxes: Since Zakah is on the wealth, we always look at the present wealth on the day Zakah is due (the day Zakah is due is on the completion of a lunar year, I.e., 354 days after one owns Nisab, that is # US$ 1500, for the first time and every 354 days then after). This means that whatever exists on the due date of cash + debt on others + investment items, properties and net worth + bank accounts + jewelry within its conditions + etc. are subject to Zakah. And it also means that whatever is going to be paid out of them is deductible but whatever is going to be paid out of future income or future revenue is not deductible (actually, it will be reducing the amount of cash that we have next year because the amount of cash at any point of time equals the cash inflow minus the cash outflow). Consequently, if you are going to pay any tax out of the present Zakatable items, you may deduct it from the Zakatable balances that you have now (of course, not from the amount of Zakah due).

4. If you believe you overpaid Zakah last year, Allah will count it for you as Sadaqah InShaAllah and make it a habit always when you pay your Zakah that you pay some extra with the intention that if My calculation is short that true this extra make up for it and if my calculation is more make the intention that it is Sadaqah. Remember please that nothing is wasted with Allah even minute small Sadaqah Allah will even make it grow for you. On the other hand if you believe that you underpaid any past Zakah, you should make additional payment when you come to know that. Unpaid Zakah remains as a debt on you due to the poor and needy, it is called the Right of Allah SubhanahuWaTa'ala.

5. To whom do you give your due Zakah? Giving Zakah and reaching a deserving recipient is your responsibility. I usually do not give names of organizations and do not recommend any organization. But please ask a trust worthy person on this matter and remember always to mention to the organization that this is Zakah. Trustworthy organization usually has special account and special treatment of Zakah different from other donations and Sadaqah. Besides, I can mention to you organizations that do not deserve Zakah to spend on their activities because these activities, important they are, are the responsibility of the Muslim community to finance not the responsibility of the poor, Zakah is the right of the poor. Organizations that do not qualify are: Mosques, Islamic centers (unless for their special fund of Zakah and you trust their knowledge of who deserves it and their reach out), Islamic schools, general Da'wah and community and educational activities org such as ISNA, MAS, ICNA and the like (unless again they have special fund for Zakah and you trust. . .). All these organizations do excellent and marvelous work that MUST be financed by the Muslim community from its own resources not from the share of the poor that is Zakah.

6. On the other hand, organizations specializing in defending Muslims and Islam in America, such as CAIR, MAS Freedom and the like, may qualify as Zakah recipient under the heading of "in the cause of Allah"
7. Of course if you personally know a deserving Muslim family, especially relatives giving them is better than giving to others because that makes it Zakah plus kindness to kin.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Wednesday, September 24, 2008
Question: Zakah on Shares
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
Many years ago I bought 300 bank shares with my own money Ksh.3000. When I bought the shares I had no knowledge that bank shares are haram. Over the years the bank has awarded me with bonuses of about 18000 shares. I now have a total of 18500 shares including the 300 which I initially bought. The market price of the shares now is Ksh.1,500,000. My questions are: 1. Do I have to pay Zakah on these shares? 2. I am thinking of selling the shares and use the money to help construct a mosque and Quran teaching class (me and my family have started construction of a mosque in our land, but have run shot of funds). Can I use the shares for this purpose?
Jazakum Allah Kheir, Shama.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Shama
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Indeed buying and owning shares of conventional bands is Haram because the main line of business is prohibited as it is lending for interest. If we go ahead and apply the rules of Shari'ah we have to say that you own in fact only you're original KSH 3000, being your principal, all extras are prohibited. Further, we treat such prohibited increment to principal as being not owned by you and deserve to be given away. Since there is a long period of time I suggest that you take into consideration the decline in the value of money. This means the following:
1. Check official statistics for inflation and take an approximation of effect of inflation between the year you bought these shares and now, when you want to liquidate. This should not be a difficult exercise if you find out the difference in the value of money between the year of purchase and now.
2. The amount that represents the real value of your original principal is yours and you can use it for anything including building the mosque and distributing copies of the Qur'an.

3. If the original investment was about Nisab (which used to be about US$ 400 in those past years), this amount is subject to Zakah since the first year and the amount of Zakah that is due on it every year is still a debt on you personally until you pay it. This is the right of the Muslim poor and needy. You are then required to make an estimation of the due Zakah for every year of all these past years and give the total to Muslim poor and needy in your area or to Muslim charitable organization that distribute to the poor and needy (not any other good cause).
4. The remainder of this amount after paying Zakah can be given to the build a mosque or to Qur'an studies and distribution.
5. The rest of the proceeds of sale (that is after deducting the amount that is determined as the real value of your original principal of KSH 3000) is the Haram money. This must be given to the poor and needy. It is always said in the Fiqh writings that interest money must not be used for noble cause related to mosque construction or to the Qur'an because this money is dirty not pure and mosque and Qur'an must be kept pure always. We have an ancient story in the history of the life of the Prophet, pbuh, that the unbelievers of Makkah when they rebuilt the Grand Mosque there avoided using any money from Riba (interest) in its building. Please do not put this money in mosque construction and give it to the poor and needy in your area along with the due Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Investing Zakah money
From: Reema
Sent: Sunday, September 21, 2008
Question: Investing Zakah money in the name of the needy
As salaam Alaykum Brother Monzer,
Ramadan kareem to you and your family. I had contacted you a couple of years ago regarding wills, I am sure you do not remember but Allah reward you for the help and advice you gave me. Now I had nowhere to turn regarding Zakah so I thought of you. Please let me know if opening a halal Mudarabah fixed deposit savings account with Zakah money in the needy person's name for them to get a monthly income is allowed. I would appreciate your answer and if not at least someone that you feel may be able to answer. Jazaka Allahu Kheir.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Reema
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh and Ramadan Karim,
I am sorry that I did not remember you unless you are the one in Irvine area and you also spoke to me on the phone about the will. Yes, it permissible to deposit the Zakah

money in the name of a deserving poor provided the bank recognizes it as owned completely by the poor person and ultimately, say after a period of time, the poor can withdraw it or use it for good purpose of her/his own. This is because the Zakah distribution requires that the poor become owner of what she/he is given.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Reema

Dear Brother Monzer,

As salaam Alaykum. Jazaka Allah Khair for your help with the Zakah question I had. We opened a Mudarabah 5 year fixed monthly income account for the person in their name and it will Masha Allah give them a monthly profit but after the fixed five years they can do what they want with the money. I am now writing to you regarding having to pay Zakah on an Islamic account. Since it is a partnership and the money is I believe not just sitting but invested in projects do we have to pay Zakah on it? Once again I am bothering you for your advice. If you feel you can answer by e-mail it is fine because I think I have misplaced your number from 3 years ago.

Jazaka Allahu Khair

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Reema

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. First, excuse me for observing that according to Shari'ah the condition of fixed return in Mudarabah is null and void. In Mudarabah you cannot provide a fixed monthly return for any period of time, not for one month or one minute! Whatever amounts paid must be considered advances on the account and subject to settlements in the light of actual results of the investment. If the principal of the investment in guaranteed, the investment becomes a loan and investor is not entitled to any profit whatsoever.
2. Zakah is on the wealth a person owns. It does not matter whether this wealth is invested or not. This means that if you own any wealth, whether hidden under the mattress or invested in any project, it is subject to Zakah because Zakah is the right of the poor in the property of the rich. Of course, the Shari'ah, being considerate to the needs of every one, provides for exemptions of personal property such as residence, transportation, home furniture, personal books, cloth, etc.
3. Specifically, Islamic accounts are subject to Zakah if they reach the amount of Nisab and one lunar year (354 days) passes.

Wa Allahu A'lam

Wa AL Hamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Hussein
Sent: Monday, September 29, 2008

Question: Does supporting father in law family qualify as Zakah distribution

Assalamu Alaykum Dr. Kahf:

A brother directed me to you for help in answering 2 questions regarding Zakatul-Mal calculations:

1. In the past few years we (me and my wife) have been supporting my father in-law's family under the obligations of Sadaqah. After my father in-law died, Rahmatu-Allah alieh, we looked after his medical bills, paid his debt and covered all the family's expenses and continued to support them to this date. Does this action falls under Zakah or Sadaqah?

2. During the year we bought a new home under construction and placed a down payment on it. The balance of the purchase price to be paid upon completion. Is this transaction considered in calculating the Zakah?

Your guidance is very much appreciated.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Hussein

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. If your wife has her resources of her own (like a salary a wealth) she may be required to spend on her parents and minor siblings. In this case, her spending on them is in discharge of her financial responsibility toward them. This is of course rewarded by Allah because the best charity, as we are told by our beloved Prophet, pbuh, is the penny you one spends oh self and family. But technically this cannot be called Sadaqah or Zakah.

2. But if she does not have resources of her own and spending on her family is done from your own resources, these expenses are considered general Sadaqah/gift unless two conditions are fulfilled: 1) they are really determined as poor or needy; and, 2) when you gave money you had a clear intention, within yourself only, that what you are giving is Zakah. Zakah requires intention because it is worship like prayers and giving without intention cannot be in fulfillment of the obligation of Zakah. Intention must be either before giving or at the time of giving but cannot be after giving. Your intention does not have to be revealed to the recipient or to anybody else. Of course, if you did not make the intention for past giving you may make it for future giving provided they are really poor or needy.

3. The house under construction if it is for residence, it is not subject to Zakah so you don't need to include the amount you paid on it in the Zakatable items, but if it is for investment, Zakah is required on it at the rate of 2.5% of the estimated market value on the day when Zakah is due.

Wa Allahu A’lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Thursday, September 25, 2008

Question: Giving Gold as Zakah for Gold Jewelry

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
I would like to ask if it is permissible to give GOLD as Zakah for GOLD JEWELRY. Example: If I have some pieces of jewelry like rings, earrings, bracelet, etc., weighing 200 grams of pure gold (stones and alloys excluded), is it acceptable that I give a ring or earrings which weighs 5 grams as Zakah? Thank you in advance. Wassalam.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Aisha
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes, it is permissible as long as you give 2.5% in weight.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sara
Sent: Monday, September 22, 2008

Question: Giving Zakah for patients

Assalamo 'Alaykum,
I would like to know if Zakah money can be paid to help people in hospitals?

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Sara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
2) Zakah should be given to poor and needy, etc. If patients in hospital are really poor it can be given to them as cash or as medicine and other supplies, it should not be paid to the hospital because Zakah distribution requires satisfaction of the condition of Tamlik (making the poor recipient the owner of what she/he is given as Zakah). The objective of this condition is to maintain the freedom and dignity of the recipient, why should the payer or anyone else decide for him?
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: hajara
Sent: Friday, September 19, 2008
Question: Zakah distribution to poor Muslim prisoners
Salaam Alaykum,
Does paying a medical bill or feeding the poor/Muslim prisoners during Ramadan qualify for Zakah? For real estate (not your residence): is Zakah paid on the value of the property or the rent received on the property?
Thank you and Ramadan Kareem to you and your family.
My Answer:
Bismillah al Rahman al Rahim
AL Hamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hajara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1) I Go along with the overwhelming majority of Shari'ah scholars throughout time that Tamlik (making the poor owns it) is a necessary condition in Zakah distribution. Accordingly, making food available to prisoners or paying a medical bill to the creditor does not fulfill this condition.
Giving a food box, however, to a needy hungry prisoner and giving the poor an amount of money that she/he may use for paying the medical bill or other kind of expenses is the way Zakah should be given to the poor. This means you cannot pay bills on behalf of the poor recipient.
But if a poor person is under heavy debt, he/she may qualify for the category of Gharimin (person under overwhelming debts). Distribution of Zakah to this category can be made to creditors on their behalf of the debtor. The conclusion is: if debts are large and the debtor cannot pay them from his/her own available resources, Zakah can be then given to the creditors (provider of medical services) directly on behalf of the poor person.
2) Zakah on investment property: My opinion (that I am very strong about it!) is that the net worth based on the market value of these property minus debts and expenses is subject to Zakah because such assets (including business net worth, rental buildings, industries, etc.) make the major kinds of wealth of the wealthy person in our days And Allah imposed Zakah on the wealth of the wealthy. These cannot be excluded. The majority classical opinion (that has no real basis in my opinion) is that rental properties are not subject to Zakah at all. What is saved out of rent is subject to Zakah by virtue of being cash along with other cash provided the Hawl passes but not as being a rent.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: hajara
Wa Alaykum salaam wa Rahmatu Allahi wa Barakatuh,

Thank you for your detailed response.
Lastly, what about paying the school fees of orphans as qualifying for Zakah? There is so much confusion about Sadaqah and Zakah.
Thank you for renewing your Advisory contract. We have agreed to your suggestion on the fees and look forward to doing many exciting things together.
The current financial market crisis only highlights the need for Islamic Finance to become mainstream. We intend to send a few staff to your upcoming course in Dubai (Nov on Islamic Funds etc.). InShaAllah.
Best regards wa salaam,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Hajara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Thanks for your kind consideration. . .
If it is possible to pay the Zakah to the orphan's guardian or through an agent who supplies the orphan with food and other items, that is better because it fulfills the condition of Tamlik, Also the condition is fulfilled if these orphans are in orphanage and that provides them with their needs including education directly or by hired education provider because the orphanage takes then the role of guardian. If all the above is not possible and it is considered necessary to give these specific orphans that specific paid-for education in the judgment of a third party (e.g., a charitable organization in the area) other than the payer himself, then I go along with paying it for school fees directly to the school on a necessity case-by-case basis not as a rule.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Wednesday, September 17, 2008

Question: Zakah on additional Jewelry

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
I have given Zakah for my wife's jewelry last year. I bought few new once during the year. Do I have to pay Zakah for the entire quantity or only to the new addition? I have read some article saying that Zakah is only on time for a thing and you do not need to pay Zakah for what you have paid previously. Is this correct? Jazaka Allah

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Irfan,

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you own Nisab then Zakah is due every Lunar year at the rate of 2.5% and all additions that are added to the Zakatable assets during the year are included in the calculation and Zakah is payable on them even though they may have been added only a few days before the end of the lunar year. No one can hold a separate fiscal year for each or every item one obtains and people get items added every day.
Further, where did you get this idea that Zakah is only once in a life time? it is absolutely wrong and no Shari'ah scholar would subscribe to such an idea that contradict all reports from Prophet, pbuh and the similarity between prayers and Zakah as they are considered twins in the Qur'an.
Wa Allahu A'lam
Wa AL Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Nazmul
Sent: Wednesday, September 17, 2008
Question: Zakah on checking account
Assalamu Alaykum Dr. Monzer:
Alhamdulillah I have found your webpage today and was eagerly going through your fatwa pdf files. I truly admire your devotion to Islamic finance and your efforts. May Allah grant you Tawfiq to do more for the Ummah?
I will appreciate if you clarify my following concern.
Regarding Zakah, in context to your book, it seems to me that I should pay Zakah on my checking account balance on a particular day (I.e. the Zakah due date, which I decided to make the 15th Ramadan of the lunar year from last year). Nowadays, we can download the bank balance of everyday for last couple of years. In that case, isn't the Zakah due on the amount that stayed in the account for full lunar year, I.e. the minimum amount in the account within the lunar year? Or, should it be on the account balance at 15th Ramadan?
I will appreciate your feedback on this.
Wassalam,
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Nazmul
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is due on your balance or rather balances by adding together all items that are subject to Zakah such as current accounts, saving accounts, investments with brokers, etc., that is as long as you had a Nisab at the beginning of the Hawl and you have a Nisab or more 354 day later (passage of Hawl). Otherwise, it is impossible to maintain a different Hawl for different amount, you will need to higher an accountant to keep track of it. At the time of the Prophet, pbuh, he used to send Zakah collectors who used to

count all camels, sheep, etc., including the new born, this is specifically mentioned in the reports. Besides, please notice that one is now wealthy by the amount one has now not by the minimum of what one had during a year, imagine who could maintain such info on the minimum at that time!?
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: H.T
Sent: Sunday, September 14, 2008
To: living.shariah@iolteam.com
Question: Zakah on savings
Asalamu-Alaykum.
Dear Sir/Madam,
I have a question about Zakah. I used to work before getting married and have saved an amount of $5,500. This amount has not increased since I got married since I am no longer working and don't have a source of income aside from what little my husband gives me for my personal expense. I also have gold that amounts to almost 750 grams, all of which is 21 karat gold. I used to pay Zakah while I was working but then after I got married and stopped working I was told that I no longer need to pay Zakah since I do not have a source of income. I have been reading about Zakah and it's very confusing because some ulamaa seem to be of the opinion that Zakah is mandatory while others say it is not, yet some others say that Zakah in such cases is payable once in a life time. I also want to ask, if people in my position have to pay Zakah every year, how are we to ensure that our children have good education or that we can deal with an emergency if it arises, etc. particularly since life these days is very difficult. My last question is can we pay Zakah money towards the building or the renovation of a mosque? Please advise as soon as possible since I must pay before the end of Ramadan.
Lastly, I kindly request that my e-mail address not be listed anywhere.
Walaikum Al-Salam
Concerned
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sister
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is on those who are rich. Of course richness is relative and there are always persons who are richer than others. This is why the Shari'ah defines the meaning of richness by owning an amount that is called Nisab or its equivalent. The amount of Nisab is approximately 452 grams of silver or 85 grams of gold. These two quantities were equal in value to each other at the time of the Prophet but they are no more! Therefore I consider the amount of Nisab in currencies the equivalent of the price of

gold but I take it before the price hike that happened over the last three years because it was kind of abnormal. The Nisab to me is now about Euro 1000.
This puts you in the category of rich by owning the amount of money and the amount of jewelry that you mentioned. (Remember that while such amounts may not be sufficient for college education for your child, there are several at least 4 billion people who own nothing! and for them you are very rich!
Further, Zakah is a very small amount just 2.5% of what you own and if you invest your money they would normally give you better than the amount that is due on you as Zakah. (This is yet another objective of Zakah: push people to invest rather than keep their money idle). Zakah is also a yearly obligation; there is no Muslim scholarly or not, who may claim it is not an obligation because the text of the Qur'an [9:103 and about other 28 Verses] makes it obligatory. It is repeated every year as long as a person owns the amount of Nisab or more whether you have income or not. but there is a nice relaxation in the rule of jewelry: if the amount of jewelry is not more than what your peers normally have and it is used in your normal live (in contrast to being stored or kept as stored wealth) it is not then subject to Zakah, but if one of these two conditions is not satisfied then jewelry is subject to Zakah.
Your savings are subject to Zakah every year and for all the past years that you did not pay (as you said since you stopped working) and your jewelry may be subject, wholly or partially. Depending on the satisfaction of both conditions together and this is repeated every lunar year.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Nassimi
Sent: Sunday, September 14, 2008
Question: Zakah on rented house while living in a rented house
Dear Dr. Kahf,
Ramadan Kareem,
I pray this email finds you and your family in the best of health and Iman in this blessed month of Ramadan. I had a question regarding Zakah calculation. If someone owns a house and is renting it, while the owner of the house is living somewhere else and renting himself another house, would he have to pay Zakah on the house that he owns. Let's assume that the house has no mortgage but some personal loans were taken to pay it off.
Your Brother,
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Nassimi
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

May Allah give you the blessing of this glorious month.
It depends on whether this house is meant essentially for investment or it is for residence but happens to be rented for certain reason.
If the owned house was meant for residence but because the owner moved to some other place, or the rental period where she/he lives did not end yet, or accepted to stay temporarily in a small place until she/he pays some of its loans out of the rent, etc. Then this owned house is not subject to Zakah because it is rented only out of these temporary circumstances.
On the other hand, if it meant for investment whereby the owner takes a deliberate decision of investment and decides to live in a rented house based on this decision, then the net present value of the investment property, be it a house or any other thing, is subject to Zakah. This of course means that debts on the property are deductible from the market value on the day Zakah is due.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Khalid
Sent: Thursday, September 11, 2008
Question: : Zakah on 403 B
Dear Br. Monzer Kahf Sahib,
Assalamu Alaykum,
Is Zakah due on 403 B retirement funds? In my plan, my employer contributes ~ 7 % of my salary into the said plan each year, as they have been doing this for the last 3 years. I don't put any of my own additional money into the account.
Please advise. May Allah reward all your efforts, Jazaka Allahu Khairan.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Khalid
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please explain to me this 403B, I am not familiar with it. The rule is non-vested money (out of the contributions of employer) is not subject to Zakah because you actually do not own until it is vested while money that your own and decide on its investment is yours and subject to Zakah on the balance on the day when Zakah is due (completion of 354 days after owning a Nisab and each 354days then after) even though there are certain restrictions on withdrawal and investment because these restrictions do not negate your ownership. But give me please more info about this plan and I will give you my opinion.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam

Prof. Dr. Monzer Kahf

From: Khalid
Sent: Friday, September 12, 2008
Dear Prof. Dr. Kahf sahib,
Assalamu Alaykum,
Thank you for the prompt and detailed reply.
Below are the details of my Retirement 403-B plan, to which only my employer contributes, without me adding any of my own money?
EMPLOYEE BENEFITS
Retirement
Non-Contributory Plan
More house School of Medicine is pleased to be partners with you in providing a designed plan that will help make your retirement comfortable and secure. With our Defined Contribution Retirement Plan, the institution puts pre-taxed dollars into your account on a tax-deferred basis until you retire.
Contributions to your retirement account are made by the institution in an amount equal to seven percent (7%) of your base salary.
Effective Date: Regular employees are eligible for retirement contributions upon the completion of three (3) consecutive months of employment.
Vesting: Contributions are fully vested after twenty-four (24) months of continuous employment.
If an individual resigns or is terminated from the institution before the 24-month time frame for vesting, all institutional contributions will be rescinded.
Contributory (SRA)/Tax Deferred Annuity Plan
We also offer eligible employees the opportunity to contribute to a voluntary 403(b) tax-deferred annuity through TIAA CREF, as well as, other vendors (I.e. VALIC, Equitable, Lincoln). The maximum limit allowed under law is $12,000 per calendar year. Contributions are made through salary reduction, and therefore made free of current federal, state and local income taxes. Contributions, interest and earnings, accumulate tax-free until received as retirement benefits. No service requirement is required before contributions can begin in this plan.
Jazaka Allahu Khairan,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Khalid
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If vesting means that you become the owner, so that you select investment (of course within the limit of funds and assets contracted by the plan's committee), borrow on it like in 401K and carry it with you when you change employment, all the balance (contributions + returns and dividends) in this account - the non-vested contribution is subject to Zakah.

Voluntary 403B is all subject to Zakah from the day you own Nisab and 354 days have passed.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Khalid
Respected Prof. Dr. Kahf sahab, Asalamualeikum,
Thank you again for the detailed reply and your taking time in the month of Ramadan to reply my emails.
May Allah reward all your efforts.
I have a little bit more information about my 403-B retirement plan.
Firstly, some differences between a 401-K and 403-B. 403-B can be sponsored by Non-Profit organizations/Educational Institutions, whereas a 401-K is for private employers and could be for profit company.
A 403-B plan is 100% vested after 2 years of service, and I have already completed 3 years with my current employer. My 403-B plan doesn't allow money to be borrowed or loaned; whereas a 401-K plan may allow one to borrow/loan money. I am allowed to carry the amount and select the investment (with limited choices) when I change employment or rollover to another Retirement plan or carrier.
There is, however, a 10% Tax penalty for early withdrawal of money and also it is subject to 20% Federal Tax and applicable state (GA) tax withholding.
Other than not allowing one to borrow/loan money before age 59 1/2 years of age, 403-B looks very much like 401-K.
I will take your advice and pay Zakah on my 403-B retirement plan.
Jazaka Allahu Khair
My Answer:
Dear Br. Khalid
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Thank you for the info, it does not affect my Fatwa, it is still as it is.
Best Regards,
Wassalam
Monzer Kahf

From: zaid
Sent: Wednesday, September 10, 2008
Question: Zakah on rented land
Dear brother, I have an important question regarding Zakah for which I have not got any answer from the local imams in Bangalore as well I am also in a state of confusion after reading some texts about Zakah on Mining.
My Question is: I have a rented land for the purpose of mining for Iron ore for trading only. Now does the income from this trade fall under the Rikaz where I have to pay 20% Zakah? And should I pay Zakah out of my profits or the total value that I have extracted?

Even though I don't own the land? Now what if I don't own nor rent the land but just as a dealer I am buying iron ore and selling it like trade? Which category of Zakah does it fall under?
I request you to please answer these questions as I don't want to be held accountable in the sight of Allah swt.
May Allah bless your Ramadan.
Thank you,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Zaid
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Here is my opinion:
1. If you extract the iron ore simply by cutting from the surface of the land Using only simple machines with negligible cost, the amount of ore extracted is subject to 20% Zakah as Rikaz. Because it has common similarity with found treasure and the concept of Rikaz applies to it.
2. But if you excavate and dig deep at a high cost, relative to the value of the ore extracted, I even dare suggesting numbers such as if the extraction cost (excluding marketing, sale and administrative expenses) is 50-60% or more, then this is an industry like other industries and the business net worth at market value is subject to Zakah (by adding it to your other Zakatable assets such as personal cash, investments, bank accounts, Zakatable jewelry, etc.) at the rate of 2.5% on the day on completing the 354 days after owning a Nisab for the first time and each 354 days then after. In this case all expenses including rent of the land are deductible and only net profit, even after deducting family and household expenses, is added to previously owned assets, as known in the normal procedure of making balance sheets.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sajid
Sent: Tuesday, September 09, 2008

Question: Zakah calculation

Assalamu Alaykum brother,
I read so many articles on Zakah. But real time situations are not explaining. I need Zakah calculation in below situation I gave Zakah on last October/Ramadan. From October 07 to April 08, my saving $30000. In April I bought land at $30000 now this Ramadan I have $10000 savings and that land. And land now cost $50000 how I calculate Zakah somebody told Zakah for land is from April 08 to April 09. So it is only coming April 09 is it correct I hope you can give quick answer in your precious time for this brother in Islam with prayers

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Sajid
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Since you are subject to Zakah from the past, your Zakah year is one year and no one maintain different Zakah years for different items of wealth.
If this land that you purchased is not for building your own residence, meaning it is for sale either as it is or after building it, it is then subject to Zakah as a part of your Zakatable wealth. Accordingly this Ramadan you add together, the market value of the land + cash on hand and in banks + any other investments in shares, etc. + business net worth + any debts you have on other persons and pay Zakah at the rate of 2.5% and repeat the same every lunar year in the future. Of course, if you owe any debts to other persons and these debts are to be paid out of existing Zakatable items (in contrast to the case when debts are to be paid out of future income such as home mortgage), these debts are deductible from the amount of Zakatable items before you multiply by 2.5%.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Fatima
Sent: Monday, September 08, 2008
Question: Zakah on rental property and others
How could we calculate Zakah?
We have a house which initially was bought for ourselves and later is on rent and we intend to sell this off. We still have a debt on this property we have another house in partnership and is on rent. We have some amount in bank. And I have some jewelry for my own use we have paid an amount to buy some plots of land but it's still not been handed over to us.
Please answer my problem so that we could pay our Zakah on time.
Thank you. maasalam…..
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Fatima
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
All real estate properties that are intended for investment or for making profit by selling them later are subject to Zakah at their market value on the day Zakah is due, the rate is 2.5% per lunar year. This applies to the rented houses and the lots of land (land that is intended to build your residence on it is excluded); from the total of market values you deduct any debts payable on these investment or for sale properties. Jewelry is also

subject to Zakah at market value so is cash in banks or on hand. Your residence is not subject to Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Comments from Wael on Zakah on Jewelry
From: Living Shari`ah
Dear Dr. Monzer,
As-salamu Alaykum
I just want to ask your eminence about your sentence "Jewelry is also subject to Zakah at market value" in your reply. You dear Dr. used to say that jewelry are Not subject to Zakah as long as it is for personal use and within the limits that a woman peers owns.. Did you dear Dr. adopts another view now??
Thanks
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Wael
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I did not change my view on this matter and the correct answer is as you stated it. It did occur to my mind to make this reservation but I noticed that the questioner is Hanafi and for her the matter is settled that jewelry is subject to Zakah without this reservation, I simply did not want to disturb a quiet mind so I kept the Fatwa in accordance with the Hanafi school.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Nusry
Sent: Monday, September 08, 2008
Question: Zakah on Property for (Resale & Rent)
Dear Respected Scholar,
I am living in Sri Lanka; I need to clarify a small doubt with regard to Zakah payment.
Last month we bought a House (Our intention was to rent it out and sell it after maybe in few years) we normally fulfill our Zakah in the month of Ramadan and we already have a residence where we currently live. As I can see we have to pay Zakah on the House we purchased please correct me if I am wrong.
My Next question is, do we need to give Zakah on the Rental Income and Market value of House both, since we have not still given it for rent InShaAllah maybe from next month we will be renting out the premise, then do we need to take into consideration

the rental income for Zakah next year, And also since in few years' time we might sell it do we need to consider the market value and calculate Zakah on that also for next year.
Our intention of buying another House was because we didn't want to keep money in conventional banks (We calculate the interest of any money kept on such and give it away to the needy) We thought it would be good to invest in a house and rent it out and in the future if necessary to sell it off if a need arises or if we come across a better option otherwise.
Could you guide us on the Islamic Ruling on this matter?
Expecting a reply from you Jazaka Allahu brother.
Regards

My Answer:

Bismillah al Rahman al Rahim
Al Hamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Nusry
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Let me assume that today is your due Zakah day, here is the way to calculate Zakah on your properties: The market value as of today of this house + any other investments + business net worth + any cash you have on hand and in banks + any saving accounts, etc. + any debt you own on other persons - your personal any family expenses until next time you get income (suppose you are salaried on monthly basis) - any debts that you think are not going to be paid by your debtors - any amount due on you for business expenses, maintenance of building (including this house and your residence) provided they are going to be paid out of existing Zakatable assets as of today (I.e. not out of future cash flow/income).
Please notice that rent of this house if any or any other property and profit of investment, etc. all have entered in this calculation because these rent and incomes are either cash or debt on others or already spent (so they are included in not spent).
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Yaman
Sent: Sunday, September 07, 2008

Question: Giving Zakah to an Islamic center in America

Asalamu Alaykum. InShaAllah all is well with you and Mama and Noma.
Regarding Zakatul mall, I know you mentioned that many Islamic organizations no longer qualify for Zakah. I have been paying it to Islamic Relief, but just recently MAS-Orange County opened a Center finally Alhamdulillah. It is a leased space located on Brook Hurst, just north of Tayyibat. Before opening to the public, there is some renovation that needs to be done like minor construction, new carpet, paint, and of course furnishings and equipment -- part of the basic establishment phase, before operation. I am wondering if this Establishment phase is qualified for Zakah. I am asking

for me personally, not a general question. If you do not see it clearly okay, then I will give to Is Relief or CAIR because I want to make sure Zakah is paid appropriately of course.
Jazakumullahu Khairan and best regards to.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Yaman,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I don't see a center like this one fit as a Zakah recipient and more so for its equipment and remodeling expenses. I think the best way is to give it the way I usually give it to deserving persons known to your in-laws, I am going to Jeddah and intend to do similar thing like previous years. I believe this is better than Islamic relief and CAIR of southern California although these also qualify with specific note that you are giving Zakah.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Yaman
Sent: Tuesday, September 09, 2008
Today, I received an email with this link to sheikh Qaradawi's Fatwa. Do you recognize it? I am wondering if this is very old. If he does not hold the same opinion any more, then you may want to suggest that he publicize an updated opinion. Whether right or wrong, it has become an unquestioned corner stone of Islamic organizations in the west that they qualify for Zakah funds... I am not saying this to be argumentative (I understand and agree with your point of view) but only to point out the prevalence ... meaning that if an opposing opinion is publicized without full detailed explanation from Qaradawi, it may not viewed as believable.
Salaams,

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Yaman,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I can't do anything for people who like to fool themselves and rely on outdated ideas and Fatwa. The point is: this Fatwa and another by Bin Baz are not wrong, they are correct for their own circumstances. But circumstances now are different so that such Fatwa do not apply any more for the present day circumstances. I have once discussed it with Sheikh Qaradawi and he agreed that the Fatwa must change for the change of circumstances. Of course all Scholars would agree to that. My argument is focused on

changes in circumstances that make it not permissible anymore to use Zakah for Mosques and Islamic centers and Schools in USA and Canada.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Affan
Sent: Saturday, September 06, 2008
Question: Zakah on CDs in Islamic banking
Salam Brother Monzer,
I am disturbing you once again to understand how my investment in COD's in an Islamic bank are Zakatable. Is the Zakah on the original amount or only on the profit earned per the course of maturity? The bank assures that the investment is done based on Islamic rulings.
Jazaka Allah,
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Affan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
An Islamic COD is available in several Islamic banks and it is permissible in Shari'ah if it is based, as usual, on the principle of Mudarabah. Some conventional banks that are not subject to strict supervision from their respective central banks may issue COD with an Islamic claim that are not based on Mudarabah, these are fake, and they are not Islamic in reality!
An Islamic COD is subject to Zakah, along with other Zakatable items on your Zakah due date (I.e., it does not have its own Hawl or fiscal year), the Zakatable amount is the balance you have on the due date, if its profit is cumulative, it is then included in this balance and if it is paid separately it is then included in the cash that you have on the due date (of course unless you used it for any consumption purposes then it has gone and no Zakah is due on gone money!).
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Abdul Mohsen
Sent: Thursday, September 04, 2008
Question: Zakah on shares
I need answer for full:
1. I have shares in The Saudi Stock Market. I don't sell and buy as Mudarib. I keep for price increase and sell only if I find another investment opportunity such as good real

estate. Or if the stock proved not viable say dropping in price or not improving so I sell to buy an alternative stock that is better in improvement. Also to go on dividing, as those companies do give Zakah, do I have also to give Zakah?
2. I have some lands that I purchased long time ago for future sale, not in the near future, I did not offer them for sale. Do I have to pay Zakah on their yearly value?

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Abdul Mohsen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Everything you buy for the purpose (your intention) of sale is considered trade inventory. Be this shares or lands. So you are subject to Zakah on all these shares and land investment every lunar year at the rate of 2.5% of the market price on the day of completing a lunar year. Being not a Mudarib does not affect the matter of Zakah. I suppose you mean by Mudarib buying and selling in short period, but you are a trader though no speculator!
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Isa
Sent: Thursday, September 04, 2008

Question: Zakah on shares

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Sir I have a question regarding Zakah on shares. Is one expected to give Zakah out of the market value of his portfolio, or out of the purchase price?
Or is it to regard like real estate where the Zakah is to given only after sale?
Bissalam kindest regards to your family pls.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Isa
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Since Zakah is on wealth, it is then on the amount that you own on the day when it is due (completion of one lunar year, I.e., 354 days, since the day you become rich by owning a Nisab which is equal to approximately Euro 1000). This means that we must calculate the Zakah on the market price of the portfolio on the due date.
Please notice that Zakah is due every year on all properties that you buy with the intention of selling them to make profit. In other words, Zakah is due on real estates purchased for sale and on share purchased for sale the same way, every year and every year at the rate of 2.5% of the market value on that date.

However, due Zakah on any property may be paid out of other resource that you may have or delayed to be paid when you liquidate the Zakatable asset itself, if it is not appropriate to give away a part of the property itself (for instance when you own sheep you may give one of them to the poor but if you own 200 shares it may not be appropriate to give 5 of them to the poor). But when you delay in this manner you must pay the Zakah due for all the past years during which you owned the property when you liquidate it.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ahmed

Sent: Monday, September 01, 2008

Question: Zakah on savings and jewelry while under home loan

Dear Sir,

Assalamu Alaykum,

I have some savings in banks as long term fixed deposit. Recently I have bought a home from bank's loan. The amount of my home loan is much higher than the savings I have plus the worth of gold ornament of my wife. Due to some reason I cannot get my savings in near future. If I deduct my savings plus worth for gold of my wife from my bank loan I still owe lots of amount to bank. My question is do I still need to pay Zakah from my savings plus worth for gold of my wife?

Many thanks and regards

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Ahmed

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

First, please you need to realize that taking loans from banks on interest is not permissible in Shari'ah, whether for buying a house to live in or for any other reason except in the case of necessity or its like. Interest is one of the worst sins a Muslim may make, it is a serious transgression against the principles That Allah laid in the Qur'an, please refer to verses 2:275 - 2:279. Also notice that the same applies to deposits, short or long term if they are interest-earning. Interest earned on deposits is not yours according to Shari'ah and cannot be used buy you for any purpose including paying interest due on you to a bank that you contracted a loan with. Earned interest MUST be given to Muslim charity to distribute to poor and needy and this is not considered a charity to you, it is only for keeping your own money clean. Now we come to the question of Zakah. If the amount of savings that you own and the amount of gold jewelry that your wife owns exceeds Nisab and a lunar year (I.e., 354 days) has passed since the first time you have these assets, Zakah is due on them at the rate of 2.5% every year regardless of whether you are under a long term debt on your house or not.

This is because the only debt that can be deducted from present Zakatable items is the debt that is going to be paid out of them. Are you using any part of this savings/jewelry to pay any installment of the debt? If the answer is negative, the balance or price of these items on the Zakah due date is subject to Zakah. Please notice that the long term debt is in fact a debt against your future income not present savings and jewelry!
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Affan
Sent: Saturday, August 30, 2008
Question: Zakah calculation on land
Salam,
I traditionally do my annual Zakah calculation every Ramadan. Since the holy month is fast approaching I have to ask you a question that I hope you can answer.
In that last year I came into some inheritance by which I bought a residential land worth 42 217.6 USD. I am not currently living on this land, but have bought it so that I can construct my home in the future.
I want to understand what if this land is Zakah deductible based on the purchased value, its current value or even at all?
I am currently a student (with a wife and 1 daughter) pursuing PhD. and have very small yearly income (approximately 22,000USD/annum).
My gut feeling, based on my fleeting understanding of Zakah's Nisab, is that I should pay 2.5% of the plot's current value (since the land is not in current use), even if my earning is not too much (if the Nisab is too difficult for me to provide I should simply get a lower value land).
I would appreciate if you can remove this confusion before the end of Ramadan.
Thank you.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Affan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If this land is purchased for the purpose of building your own home on it is not subject to Zakah on the ground that personal residence is exempt from Zakah. But if you purchase it for the purpose of selling it when the price is good for you, it is then considered a trade inventory aimed for making money and it is subject to Zakah at the rate of 2.5% every lunar year. However you may pay its due Zakah from other resources when it is due or you may delay it until you liquidate this "business" asset and pay then from its proceeds all past accumulated Zakah until the date of sale. In this case you calculate Zakah on the lowest estimate of market value on the due date every year.
Wa Allahu A'lam

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

From: Samy, Islam on line
Sent: Tuesday, August 26, 2008

Question: Paying Zakah by Installments

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
It's regarding my Zakah, I had a sum put aside for about three years now (for the sake of argument we say 14.000) I work and I can hardly put aside and I want to buy a house or an apartment for my family (wife and two kids so far) the question is that I pay Zakah each year and the money will be less which will make it harder to find anything as times goes. I am still paying the Zakah by installment (money I put aside from my work) but I am asking what would be the case in such circumstances? I am also studying and with regards to my parents I feel like I have to help (they never asked for anything at all) them but I cannot, what should I do, shall I give them from the money I saved and I try to buy a house? Whatever I earn I spend it, this is my situation and Alhamdulillah Jazakallah

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Salem,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please notice that you are much better off than billions of people around the world, at least you are able to save some part of your income after you pay all your expenses, this makes you in the top richest 5% of humanity!
Yes, Zakah is due on your saved funds even if the intention is to use them in the future for buying a house. The reason is simple: you have savings above your actual expenses and a lunar year have passed. If you sign a house purchase contract and you need that money to pay a due amount of that contract, then only you are permitted to deduct this debt from Zakatable amount because it is then exempt from Zakah being assigned to pay a debt on you. Also please notice that we all as rational persons, when we save, we save for purposes like buying a house, future children education, future precaution of some need and the like. But all these savings make us richer still, don't they? This makes us subject to Zakah too. Further, the Zakah amount is very small; it does not even make a burden. Taking your example of 14,000 it is only 350 that may not be any more than the cost of buying a new suit or dining outside a couple of times! Finally, the Prophet, pbuh, advises that we should invest our savings so that the Zakah does not wipe them out over time because Zakah is a yearly duty and I advise you to invest your savings, say with an Islamic bank, so that you can pay the Zakah from their income.
On the issue of helping parents if they need, I suggest that you should help them if they live below your standard or if they are in need, do not wait until they ask, it is wrong to

wait until they ask because that may scratch their feelings. Rather you should also be generous with them even if they do not need, even if it were to come from money you are saving for buying a house, so what God knows what will happen tomorrow, you may get a raise in your salary or find a better paying job.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Rizwan
Sent: Monday, August 25, 2008
Question: Zakah on funds deposited in my brother's name
Dear Scholar
Assalamu Alaykum,
Hope this email finds you in good health.
Last year I had posed a question regarding using the Zakah & Interest money for my brother's treatment & future treatment, which you can find in this mail's history along with your reply to it. Alhamdulillah, so far I have been able to stick to what you guided in this regard I.e. take care of my brother on my own and not from Zakah or interest money and InShaAllah I intend to do so as long as I am capable of it or until I find a halal investment plan to support his medical care .
I have few questions which are relevant to the scenario explained before. Recently after disposing some ancestral property we accumulated some money. I decided not to take any share in it as I felt my brother and my sister are more deserving of it. Since I am the only bread earner in the family, last year I paid the Zakah on this amount from my earning not from the amount deposited in my brother's & sister's name. Am I being right in doing so?
And as my responsibilities are growing, I sometimes get distressed at the fact that I have to pay a big amount from my savings towards Zakah on funds deposited in my brother's name and my sister's name and jewelry bought for my sister who is yet to get married. Always I get questions in my mind that, are these amounts really Zakatable? As neither my sister nor my brother are earning.
Please Guide me in this regard, to have a firm and the right opinion in my mind....
Warm Regards,
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Rizwan
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. It is permissible to pay the Zakah due on another person, especially brother, sister and spouse, on behalf of that person, it is InShaAllah rewardable to both of you. If you are the guardian of both of them and they are either minors or in a mental position that does not make them fit to make financial decisions you need not inform them about the

Zakah payment on their behalf, but if they are fit to make financial decisions you must inform them before you pay it because Zakah is a personal worship that requires intention on the part of the owner.
2. The funds and jewelry of your brother and sister are subject to Zakah if they reach the amount of Nisab and a lunar year have passed regardless of whether they are earning any income or not because Zakah is on these wealth items. They are considered rich in the EYES of Shari'ah and they are in fact rich in the eye of every one, imagine that there are people in the world that don't have even a bite to support their stomach! Zakah, being a personal duty, is obligated on the owner. If the funds owned by your brother and the funds and jewelry owned by your sister reach Nisab (About Euro 1000 or equivalent) and 354 days passed on the first day they own Zakatable property they are subject to Zakah at the rate of 2.5% every year (that is why guardians are advised by the Prophet, pbuh, to invest such funds on behalf or orphans so that Zakah does not wipe them out through time). Moreover, if the ancestral properties that you liquidated were subject to Zakah, Zakah is due on your brother and sister from the moment they owned shares in those properties because they became owners on the same moment the previous owner, from whom they inherit, died.
3. You are not required to pay the Zakah on the properties of brother and sister. If you are their guardian you can pay it from their own accounts and if you are not their guardian you should advise them to pay it. What I suggest is: make the deposits in an Islamic bank so that they generate some income from which you pay the due Zakah. You do not need to burden yourself with the Zakah that is due on your brother and sister.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Sharaf
Sent: Saturday, August 16, 2008
Question: Zakah on land while having a debt
Assalamu Alaykum, Kindly answer the following questions:
1. I have purchased a real estate (land for building house) with the intention of giving it to my daughter to build house when she grows up. The reason to buy early was the prices of land were going up every year. Do I have to pay Zakah for that every year? If yes, is it 2.5% on that property's market value at the time of assessing each year?
2. I have some land inherited. The income out of it is meager (only very little agricultural crops). The market value of that property is very high. Do I have to pay Zakah every year for that property from the income from other sources? What is the rule if I do not have money left after my necessities?
3. Do I have to pay Zakah when I have debts to repay? Debt was incurred to build a house.
Jazaka Allah Khairan
My Answer:
Bismillah al Rahman al Rahim

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

Dear Br. Sharaf,

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. Please notice that Zakah is on the rich and it is a Divine right of the poor. This means: whoever is rich is subject to Zakah.
2. Allah exempts from Zakah personal and family things as a mercy on us, otherwise many of these things are also items of wealth. He also lets Zakah on agriculture be on the produce and harvest and left the agricultural land out of being subject to Zakah.
3. Consequently, any piece of land that is meant for personal or family use is not subject to Zakah and any lot that is used for agriculture is also not subject to Zakah. What is left subject to Zakah are lands that are for investment or for sale. Very often this becomes only a matter of intention. If the land you bought for is for building a house for daughter, it is not subject to Zakah, and if the other land is used in agriculture, it is not also subject to Zakah but your share of the produce is subject to Zakah at the rate of 10%. But when you sell this high-value agricultural land (of course it will not be then agricultural because its high value comes from other potential uses) you add its value to other items of wealth that are subject to Zakah.
4. There is a rule of Zakah that implies that the due amount of every item is essentially payable out of the item itself and you are not obliged to pay it from other sources (even if you have) although it is permissible and very often easier to pay it from other sources. This means if you choose to pay the Zakah of an item from itself you have to calculate the due amount every year and when you liquidate the item you pay all past accumulated amounts of Zakah. This is no sin in this practice, otherwise under normal circumstances it is sinful to delay payment of the due amount from its due date that is after a lunar year is completed.
5. For debts, we need to distinguish between debts that are going to be paid out of the existing items and those debts that are going to be paid out of future sources. This applies especially on long term debts like house mortgage. Suppose you have $ 10,000 on your Zakah due date, but you have a payment coming next day of 3000 this payment is deductible and your due Zakah will be on 7000. But if before the debt is payable after 20 day and you know you are having a new income or revenue 5 days before it, that will cover that debt payment in addition to your normal expenses, then you do not deduct the 3000 from the Zakatable amount and you then calculate Zakah on $ 10,000.
6. Finally, the rule is, Zakah is due on savings and wealth and agriculture products, if your income is such that you don't have savings and it covers your necessities and other normal expenses you may not be subject to Zakah at all but if your income is less than necessities you may qualify to receive Zakah. On the other hand, if your income is sufficient for your necessities and other normal expenses but you have other wealth items that are Zakatable such as a land you bought for sale when its price goes up, this wealth item (that is intended for sale as investment) is subject to Zakah every year at 2.5% but you may delay its payment until you actually sell it because you are not obligated to pay its Zakah from your income.

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Yasser
Sent: Monday, August 04, 2008

Question: Zakah distribution to Muslim and non-Muslim patients

Assalamu Alaykum Dr. Kahf,

InShaAllah this message reaches you in the best of health and Iman. I believe we have spoken about UMMA and how it should handle Zakah donations in the past but the board is formerly requesting opinions from experts such as yourself regarding our Zakah policy at UMMA. I attached a background and a list of questions that I would love to see if we can get your guidance regarding these issues. We realize you get these requests often from all over the world and that we appreciate any available time that you can give. Please let me know the best way to work with you on our request. May Allah reward you.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Yasser
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please see my answers below and also attached
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Re: Zakah Collection and Distribution for UMMA Clinic

Assalamu Alaykum,

InShaAllah you are well. Per your request, I am submitting this written formal request regarding our questions around Zakah collection and distribution for the University Muslim Medical Association (UMMA) Community Clinic. UMMA is currently developing its own Zakah policy that will require sound Fiqh opinions to support it. We are specifically looking Islamic scholars to answer specific questions with appropriate references.

Below you will find a very brief description about UMMA followed by a list of questions that we hope you can shed some light on.

Mission and History of UMMA (University Muslim Medical Association)

UMMA's mission is to promote the well-being of the underserved by providing access to high quality healthcare for all regardless of ability to pay.

UMMA was established initially as a student organization based at UCLA by medical and graduate students at UCLA and Charles R. Drew University with the purpose of establishing a clinic.

UMMA is not a religious organization. Rather, it was conceived as a vehicle for the Muslim American community, as well as people of all backgrounds, to provide community service to the public at large. It sought to do this by collaborating with other institutions and organizations. The group of students garnered the administrative and logistical support of the UCLA and Drew schools of medicine as well as LA City Councilperson Rita Walters. The clinic has now been operational since 1996.

Located in the heart of South Central Los Angeles, the clinic serves an impoverished but culturally rich population comprised of 73% Latinos and 25% African-Americans. The clinic serves the unemployed, working poor who do not receive insurance or qualify for Medical, and the homeless. It is one of the poorest and most medically underserved areas of the region

Services We Provide

An average of 170 patients are seen weekly and the clinic now has a patient population of over 15,000 individuals who have logged over 25,000 visits.

We are the regular family doctors to over 15,000 adults and children. For them, the UMMA Community Clinic is the only source of healthcare and without us, many diseases would go undiagnosed or untreated. The clinic places an emphasis on regular visits, which incorporate screenings, immunizations and patient education as well as lifestyle modification. When a disease/illness is diagnosed, we provide regular treatment with appropriate medications and lab testing.

Community We Serve

Ninety-eight to Ninety-nine percent of UMMA's clients are not from the Muslim community. UMMA Clinic seeks to improve access to health care and the health status of the multi-ethnic, economically disadvantaged community that it serves. We serve a population with the highest uninsured rate in the region.

The UMMA Community Clinic serves a population with the highest uninsured rate in the region.

* Latinos comprise 73% of the population, while 17% are African American.
* Over 90% of the clinic's adult patients have very low income or meet federal poverty criteria.
* Estimated employment rates for the area have hovered around 15%.

Funding UMMA is a non-profit organization with a $1.4 million dollar operating budget. UMMA receives its funding from various sources. Its revenue streams include, private donations (including Zakah and Sadaqah), government contracts, and grants from charitable foundations. UMMA recently qualified for Federal Qualified Health Center status, which will make it eligible for special government funds.

Governance

The clinic is licensed by the State of California. There are 13 members that serve on the Board of Directors, a majority of whom are users of the clinic's services (patients). Three of the Board members are not of the Islamic faith.

Questions section

1. Is the UMMA Community Clinic (as an organization) eligible to receive Zakah funds?

My answer:

No. Although its services are humanitarian and sometimes necessary, Zakah basically requires distribution to Muslims and the condition of Tamlik applies as much as possible. Besides, UMMA provides services to person who need medical help in a rich environment that has many sources other than Zakah, while there are many desperate Muslims within America and outside it who are in much more dire need and who live in environments that do not and cannot provide them with basic survival need, their children are dying in thousands every day in Africa and Asia. Zakah distribution should always observe necessity priorities especially of needy Muslims.

We know that Zakah can be given to any poor regardless of faith when it is a matter of saving life of essential needs, we also know that many of the medical services, important as they are, do not make or break on saving life. Saving life services that qualify for Zakah for any poor are the same that all hospitals and medical providers are required by laws to give when faced with them. We also know that many patients of UMMA may have other sources of medical services that the community provides and UMMA, by the same token, has other sources of funding outside Zakah, from both Muslims and non-Muslims

However, donations, other than Zakah, Should be encouraged and given to this one of the noble causes. Not qualifying for Zakah does neither reduce its importance or the importance of the role it plays in the community.

2. For the past 1-2 years, UMMA has not been actively soliciting Zakah. However, individual donors nonetheless send in donations intended as Zakah. If it is determined that UMMA is not eligible to receive Zakah, what is our obligation with respect to Zakah funds received unsolicited by us?

My answer:

Zakah collection and distribution, when not collected and distributed by a forceful governmental authority, is performed on the basis of Wakalah (agency). A Zakah payer is appointing an organization to distribute her/his Zakah. If the agent does not do this function in the appropriate manner to the best of its knowledge the due Zakah would still be unpaid until it is given to any of the deserving categories mentioned in the Qur'an [9:60]. Consequently, you must return the amount of Zakah given to you, unless you believe you can fulfill the trust of the giver, and inform her/him that you do not qualify for Zakah. You don't need to put a banner on the door that this org. does not qualify for Zakah!

3. The majority of the recipients fall below or near the federal poverty status level. However, most of the patients are working poor. That is, they are able to meet their daily food and shelter needs, but do not have enough money for medical care. In this context, do these recipients qualify as "poor" for the purposes of Zakah?

My answer:

Technically and under normal circumstances and from the point of view of poverty, yes they may be qualified as poor if you know for sure that they really cannot meet the two ends with their income. However, knowing the American seen and the patterns of

spending of American poor, they most likely can be classified as rich or may be subject to Zakah if we apply the Islamic criteria of extravagance and poverty! Although I may argue that this may not be the pattern of spending of immigrant Muslim poor families (in other words, Muslim poor families in America are most likely still qualify for Zakah).
But more important is the fact that the normal poor in America has no priority for Zakah because of three main reasons: 1) being non-Muslim; 2) having other sources for help; and 3) presence of extreme dire poverty among Muslims overseas, they are literally dying out of hunger!

4. Since UMMA primarily serves non-Muslims, can UMMA use Zakah funds to pay for services benefiting non-Muslims, who meet the Zakah recipient criteria?

My answer:

NO, for reasons mentioned above.

5. How long may UMMA hold Zakah/restricted funds before distributing them?

My answer:

When it uses Zakah money for Muslim poor and destitute, it may keep Zakah funds for the expected needs for spending in a way that it synchronizes the Zakah inflow with the Zakah outflow, but I hate to see it kept until next Ramadan that is the more generous time for receiving Zakah funds

6. What are the Zakah disbursement restrictions? (I.e. Medical supplies, medications, payroll?).

My answer:

The principle of Tamlik is very important in distribution to the poor and destitute. It is meant to protect the sanctity of Zakah from potential abuse or lousy use. Although there are minority views about violating it, I see such violation as must be very restricted to very exceptional cases. Hence I argue that in case of UMMA we must restrict distribution to giving medicines, supplies and the like and avoid any use for salaries of other UMMA expenses. However, medicines and supplies, etc. that are obtained free of charge by UMMA may not be given as part of Zakah payment to the destitute Muslim families.

7. Can Zakah funds be invested by UMMA?

My answer:

NO. UMMA, in relation to Zakah, is an agent of the payer. The payer has no right to withhold Zakah and invest it even with the pledge to give it along with its return to the poor later. In fact, if a loss happens the payer would be required to guarantee the principal amount of Zakah. Besides, Zakah is a renewable source of help to the poor. It is the right of the poor to receive it as soon as it is due for payment by the rich.
I am aware that there is a fatwa for investment of Zakah fund given to the Kuwait Zakah House but the circumstances are very different and the conditions of that Fatwa do not apply to UMMA.

8. If UMMA gains on its investments, is that gain Zakatable and conversely if UMMA loses on its investments, is that loss now owed back to the Zakah account?

My answer:

If you make gains it is not subject to Zakah because all of it is Zakah, the return of investment of Zakah fund is also Zakah and must only be used like the principal of

investment. It is not only a part of it (that is equal to the Zakah rate) that is subject to Zakah but all the return on investment is Zakah.
If you make losses, you guarantee the loss from other sources of UMMA to the Zakah funds it has because this investment is not authorized by Shari'ah as mentioned earlier.
9. If any, can the scholars provide the differences of opinion among the recognized schools of thought regarding their recommendations? This will be important for UMMA to make an informed decision and assist with communicating our rationale to potential donors.

My answer:

We are more than willing to provide additional information or to help assist with the recommendation. We believe that these questions have national implications for Muslim Americans looking to support an evolving model of Muslim institutions helping others who are not from the Islamic faith. In our opinion, the Islamic scholar's opinions regarding this matter will set a clear picture for all social service endeavors and institutions that will require the support for the Muslim community. This is an opportunity to educate both Muslim obliged to pay Zakah and the organizations that are entrusted to disburse funds according to Islamic principles.

We are looking forward to initiating a dialogue and hope that you may help us with this endeavor. May Allah guide and reward you.
Sincerely,

From: mahmoud
Sent: Monday, August 04, 2008

Question: Zakah on salary

Assalmu Alaykoum Dr. Monzer,
It is my pleasure to write an email to a great scholar like you. My name is Mahmoud. I got my PhD from UK and I am working as a lecturer in Al-Azhar University.
We would be very thankful if you could give us an answer to the following question:
Salam. I am a 17 year old college student who recently had a paid summer work placement. I only worked for a month and I recieved around £915. I am not working anymore (work was only for a month) Do I have to pay obligatory zakah on that money? When do I have to start paying zakah, and how do I pay it. Does a 1 month paid work placement mean I should pay zakah?
Jazakoum Allahu Khayran.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Mahmoud,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1) Zakah on earning: If this amount earned during your summer work your first money you got and is going to be used for your expenses during the school year, it is not subject to Zakah.

You may know that Zakah is due on amounts that are not designated for normal expenses provided that they, over a period of year exceed the amount of Nisab (which is a minimum amount that determines whether an owner is subject to Zakah or not. In other words, if your savings over a full lunar year (354 days) reach or exceed the Nisab (now I should say approximately about Euro 1000 or GBP 750) you will be subject to Zakah that is due at the end of the year (and of course can be paid earlier) at the rate of 2.5% of the total amount of savings. Therefore, if your parents finance your living and education and this money is going to be saved (you may already have some other savings) add this amount to these other savings and check the day when you accumulated GBP750 for the first time, then Zakah is due one lunar year from that day.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Wednesday, July 30, 2008
Question: Subtracting Money One Owes to another before Zakah
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
Dear Sir, I owe a sum of money and I make monthly payment on it. There is no interest on that money I owe. Now I got some money from someone and I wish not to pay off all the money I owe and (continue) to make the monthly payment. The question is after one year to make Zakah can I subtract the money I still owe form the total money I had for one year. Thank you very much for your time.
My Answer:
Bismillah al Rahman al Rahim
AL Hamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ali,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The principle is: On the day when Zakah is due (354 days after you have Nisab that is about Euro 1000) you can deduct any debt on you that you expect to pay it out of the Zakatable assets you have on that day. If you expect to pay the debt from other sources (like future monthly income) you should not then deduct the debt.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mulham
Sent: Thursday, July 17, 2008
Question: Zakah calculation on bought investment land
Dear Mr. Monzer,

As-Aalamu `Alaykum

I'm from Jordan but I live in Turkey for more than 20 years. I have two questions regarding to Zakah that I need your advice regarding to it please.

The First Question

1) This is my first time I'm buying properties. In 2006 I bought a land for investment purpose (since I'm not planning to settle in the land). There are four payments should be done during each six months. Therefore the last payment was done after the second year from the date of buying the land. Finally the land was registered in my name after approx. 5 months from my last payment. This delay was some part from my side and some time from the seller side.

During the two years and five months. The market land price 50% increased. Therefore my question is as follow

1) From what date should I start to count to pay Zakah since I have two different periods mentioned below

a. First period starts from the time I intended to buy the land till I finished paying my last payment after two years.

b. Second period is the time I got the land registered which is five months starting from my last payment till I got my land registered officially.

2) Please advise what land price should I use for each period to pay Zakah? Is it market price or initial buying price?

3) After I got the land registered what price again I should use to count to pay Zakah.

The Second Question:

My mother died 8 years ago lifting behind 2 flats. We are three kids and a father.

The first flat was used only for few days per year by my father and I did not use it at all. Then it was sold two years ago and everybody took his share. Whereas, the second flat was used by my sister all the times until today. Due to my respect to my father and sister I did not mind in letting them using it. Although I pay for rent. This year my dad died lifting behind one house. So I gave my part from my mother flat to my sister and she gave me her part fairly and we settle down the difference. Both of us were happy.

Unfortunately I did not pay any Zakah against my mother two flats maybe because I did not use them. So The question is should I pay Zakah for the whole 8 years period for the first flat and 6 years for the second flat. Please advise.

Thank you for efforts and advice. Jazakum Allahu Khairan.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Mulham

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1) The first question is easy: whatever you paid for that land is subject to Zakah (because it is purchased for the purpose of selling it later) as follows: I suppose you started from a point where you had some savings and you were paying Zakah on your cash and savings, etc. This means you have already established a Zakah year for yourself. Let me, based on this assumption, start from the first day of your Zakah year.

Whatever market value of the land you purchased (since purchase transfer ownership not the registration) must be added to other Zakatable assets and you deduct the amount that is unpaid of its purchase price until the end of your Zakah year, that is the Zakatable amount when your Zakah is due for the first year after you purchased the land, this amount is subject to Zakah at 2.5%.
Next year you should repeat the same and for the current year you wait until the end of your Zakah year and repeat the same (notice, now there is nothing to deduct because you paid all the price). Please notice that by taking the market value each year you have in fact taken into consideration the price valuation of the property you own (for sale being an investment property). If you don't know the value at the end of each Zakah year, make estimation to the best of your educated guess. Also the market price means the net amount (after deducting any possible commission) that you believe you will surely get if you decide to sell very quickly on the day of the end of the Zakah year.
2) For the second question, you confused me because you said that your mother left 2 flats in one of them your sister lives but you pay rent! If you mean that you pay rent in Turkey while you own a property in Jordan and you do not collect any income from it because your sister lives in it, I can understand that and proceed on this assumption (otherwise please explain): The 2 flats are not subject to Zakah, one is a family residence although it was not used fully but it was not rented either (I suppose) and the second is devoted for family member use as residence.
Now this house that you settled on taking it (and your sister took the flat), if it is used by any family member or you keep it for yourself to go to Jordan and live in, it is not subject to Zakah also.
But if you intend to treat it as investment property for renting and getting income from, it is subject to Zakah. My view on this is that the value of the house is Zakatable at 2.5% (you should add it to the amounts mentioned in answering the first question) and whatever is left of rent will normally appear as a part of your cash and savings at the end of each Zakah year. The view of Sheikh Qaradawi is that only the rent is subject to Zakah at the rate of 10% when you collect it (of course you deduct taxes and other expenses if any).
Please come back to me if I made any wrong assumptions or if there is any ambiguity in the above.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mulham
Question:
Dear Dr. Monzer,
Jazakum Allahu Khayran for your quick and detailed reply. That was nice of you.
All the assumptions you made were correct. Things are clear to me now and I'll act soon to close my old and current Zakah payments.
May I just ask another two questions please?

1) Regarding to the Zakah payments, since I have some saving this year I'll be able to close all my payable Zakah. However I'm planning to buy a residence flat which required certain advance payment and the remained part will be paid by monthly payments terms for at least six years. Therefore I won't be able to pay for next year land Zakah since I have limited monthly income. Therefore my question is in case I should pay my future land Zakah how this payment should be done since I won't be able to pay this amount annually? I'm still not sure whether the flat buying issue is for residence purposes or investment purpose since it's only a general project without knowing the flat, location, and etc. details.

2) Since I'm a foreigner here in Turkey it's very hard to obtain a bank loan from an Islamic bank to buy a flat in long terms. There are huge residence complex project is done by the Turkish government for low and intermediate income people. However the payment should be done through contract with non-Islamic governmental bank. Via this bank I can make my payment terms six years but based on interests (Riba). I really do refuse this step despite that there are Turkish Fatwa people (Alem) agree to get such a loan using the evidence that buying first residence is a necessity to get out of rent.

Any way my question is there are few people who took a loan from that bank but they couldn't continue paying their monthly payments. Therefore they decide to sell the flat again to get rid of its monthly payment. If I buy this flat then I should pay certain cash payment to the owner and I will continue paying to the bank the rest of the loan. In this way there are only two parties involved in this contract me and the seller. The bank would not charge me any interests and the price is already fixed from the owner regardless to the bank loan is buying such a flat in this manner is halal? This will be my first owned flat. Please advise.

Thank you again for your efforts. Jazakum Allahu Khayran.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Mulham

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. Zakah on each item is presumed to be paid out of that item itself. If the item is not liquidated it is permissible to delay the Zakah due on that item until its liquidation provided you make yearly calculation and record it in your own record so that when you liquidate that item, you have to pay all past due Zakah without committing any sin of delay. This means that you may delay the disbursement of the due Zakah on the investment land until you sell it, then you pay for all past unpaid years. Of course it is also permissible to pay the due Zakah on an item from other sources if you have liquidity available from other sources.

2. Interest is prohibited and it is one of the gravest sins in our Shari'ah. I don't go along with the Fatwa you mentioned because you are in a Muslim majority country where Muslims can create institutions that help them financing in accordance with the Shari'ah.

3. The way of buying that you mentioned may work to avoid interest if it is worded correctly and done carefully. Usually banks may accept transfer of debt they own on a customer to another person If you make the purchase contract with the person that you are buying his flat so that you buy at the total of the amount you pay him plus the face value of the remaining installments to the bank that may make it right and then you take charge of continuing payments to the bank instead of him. Here is an example: suppose the remaining installments are from 40 month and payment is 2000 TL every month. And suppose the buy the house from him for 200,000 that consists of 120,000 cash payment you give the seller + you pay on his behalf the debt he owes to the bank in the amount of 80,000 on 40 monthly payments of 2000 each. You must be careful that the bank accepts this transfer of debt while your right to own the flat is preserved. Also be careful that the sale price should not be 120,000 + the present value of the future payments to the bank (that may be about 65,000 because for the bank the remaining 15,000 is the interest on that principal.
4. Finally, if this purchase is for investment purpose it is subject to Zakah even if you decide to live in it temporarily.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Noor
Sent: Monday, July 14, 2008
Question: Zakah distribution
Assalamu Alaykum, I am a Muslim living in Egypt. I would like to know if there are any places where Zakah can be given, where? And who is eligible for Zakah...how can I tell that they are eligible? Please answer soon, I need to give Zakah in this month and don't want to be overdue. Jazaka Allah Khairan
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Noor
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is mainly to the poor and needy (please look at verse 60 of Surah 9 al Tawbah and you notice that all deserving categories are kinds of poor and needy except for the workers on its collection and distribution and that does not apply to a person who pays her/his own Zakah). If you any relative of yours who cannot meet the two ends that person/family is then deserving of Zakah and better to give it to a relative than others. You do not need to tell them that it is Zakah because many people may not like to accept it from a relative!
If you don't know of any poor or you cannot make judgment on this, give it to a trustworthy Muslim charitable organization in your area, Egypt has a lot of poverty and

a lot of deserving persons, charitable organizations usually have lists of such deserving families.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Mohamed
Sent: Tuesday, June 24, 2008
Question: Paying Zakah for debt on a friend
Dear Dr. Kahf
Assalamu Alaykum Wa Rahmatullah
We pray that you and your family are in the best of health and highest of Iman, InShaAllah.
On behalf of Br. Nazar, he is enquiring if it is permissible for someone to use his/her Zakah money for the payment of another brother/sister debt; so that the later (brother/sister) can be freed from the debt in this world and in the hereafter.
Thank you for taking time out from your schedule to respond.
May Allah (swt) continue to bless you with knowledge and increase you in Iman, Ameen
Was salaam
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Husain
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Thank you for your email, please give my sincere Salam to Br. Nazar and his family. We are all fine. If that person is a Muslim who cannot pay the debt that is on him, it is permissible for Br. Nazar to pay his debts out Nazar's Zakah. However if the person is dead already, I don't suggest that to be considered out of Zakah because he is already in the Hands of His Lord and InShaAllah He may forgive him. Also if any of these debts is to Br. Nazar, Br. Nazar's debts cannot be paid out of Nazar's Zakah because that will be benefiting yourself out of your own Zakah.
Wa Allahu A'lam
Wa AL Hamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Hamidullah
Sent: Thursday, June 05, 2008
Question: Zakah on money saved for buying a house
Assalamu Alaykum,

A Person who don't have Residential house which is a major need of life and he is trying to save money to provide a house, should he pay Zakah? Please explain give me Islamic decision with evidences

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Hamidullah

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Of course it is subject to Zakah. It is savings, I.e. wealth that is not specifically designated to pay any specific obligation, debt or expense. It is like all other items of wealth. What do people, all people, save for? They save for future needs, future use by themselves or by their descendants. If you remove such savings from being Zakatable what is then left? savings or items of wealth that can be deducted from Zakatability are those that are committed specifically for an expense or need, such as if this person contracts buying a house with periodical installments then all savings designated to pay the upcoming due payment is not subject to Zakah. Of course here again there is more explanation: if a future payment is going to be paid from future income not from existing asset today (the day Zakah is due) this future payment cannot be deducted from existing funds but if the payment is due in a short time and it is going to be taken out of the existing assets, it is then not subject to Zakah.

By the same token, a salaried person who gets his/her salary at the beginning of each month and his/her Zakah become due on Sept 4 he/she can deduct from existing funds that are all subject to Zakah, the amount that is set aside for his/her expenses until the next salary is received.

The evidence: it is wealth owned by the person and there is no evidence to exempt it! It is not a house that you live in?

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy, Islam on line

Sent: Tuesday, April 15, 2008

Question: Zakah on 401K

Dear Dr. Monzer,

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

I have two questions please: 1) what's the portion of the 401K I should pay Zakah on? 2) I have a 36 years old divorced sister, who's not working and living with my parents who have a limited income. Can I give my Zakah to her? If yes, I sent her some money two months before the due date of Zakah with the intention of counting it part of Zakah (she was very sick and needed to see a doctor. Is that possible? Jazakum Allah Kheir and thank you very much

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Mohammed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1) Zakah on 401K
The amount of 401K that is subject to Zakah is the balance in the account minus the part of the employer contribution that is not vested. The reason is that this non-vested amount can be taken back by the company if the employee who owns the funds in the 401K left the job on the day of Zakah.
On the other hand, the rest of the balance in the 401K account is owned by you and you can invest it as you like, keeping in mind that the minor restrictions that the tax system and its privileges impose do not negate the fact of your ownership to this balance.
2) Payment of Zakah to sister.
It seems that a rich person (at least rich enough to be subject to Zakah) is required to spend on his parents and divorced sister (without even thinking that she must work and spend oh herself, although if she has skills and work and earn her living that would be good and fine). Your parents and non-married sister are your responsibility if they are in need because an unmarried woman is not required to work to feed herself; this is one of the virtues of our religion!
I believe that you must not count what you spend on your unmarried sister (it does not matter divorced or not!) as part of Zakah because you are responsible for her expenses including medical care. Counting this money as part of your Zakah is equivalent to giving the Zakah to yourself.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Tuesday, April 15, 2008
Question: Zakah on assets While Having a Loan
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
My question is on the applicability of Zakah when one has a loan. I have assets in the form of residential plots (land), some cash, stocks and my wife's jewelry. In addition I have a house in which I live and have taken a loan to pay for the house. The value of the loan far exceeds by the value of all my assets other than my residential property. Should I paying Zakah and on which assets? I have gotten my conflicting views and am confused.
Jazakum Allahu Khairan for your constant help
My Answer:
Bismillah al Rahman al Rahim

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

Dear Br. Osman

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

You must realize that while you have assets and properties you live rich by their use and virtue, you cannot claim that you are poor because you have a long term loan on your residence. You must realize that having these plots (investment land that you are rich by owning), jewelry, bank account, stocks and share in companies, etc. Masha Allah and May Allah give you more and more, but please think aren't you rich? Don't you live rich with all these properties? How do we then reconcile these two sides of the issues together?

Here is the solution: On the day of your Zakah, the Hawalan of Hawl, all those assets that are going to be used to pay any part of the long term loan on the residence is deductible from the total that is subject to Zakah, that much can be considered as assigned for loan payment and therefore it is not subject to Zakah. On the other hand the part of the long term loan that is not going to be paid from assets existing on the day of Zakah, but rather from future incomes and revenues cannot be deducted from the riches you have on hand now.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy, Islam on line

Sent: Thursday, April 03, 2008

Question: Zakah on Invested Gold

Dear Dr. Monzer,

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

Salaams, I have two questions regarding Zakah. I have been working for 18 months now and managed to save up some money. I have done two things with this, 1) Invested in gold and 2) Invested in the stock market. My first question is about the gold - I bought a small amount of gold about two months ago. I am looking to sell it when I think the price is a good selling price. Once it is sold, I may keep that money and look to buy more gold should the prices come down. However my intention is not to trade regularly, but to only sell in a few months' time without necessarily buying back in. Which amount do I pay Zakah on, is it the amount I initially invested, after a full year? Or possibly the higher (or even lower) amount at which I intend to sell it at? And is this is still 2.5%? Secondly, I opened a trading account in May last year. Since then I have bought and sold shares in various halal companies. I have bought and sold at a loss, and also bought and sold at a profit. Recently I have not held that many shares and most of the money has been sitting in the account, until I see a good buying opportunity again. My question is again, which amount do I pay Zakah on? I would say I am certainly trading rather than holding for long term appreciation, so my thinking was I should pay only on the net profit? At

the same time, given that the money sits in my account for a few months, I'm not sure whether that means I should pay Zakah on all of it?
Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Siraj
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The answer to all your questions is one!
You are subject to Zakah according to the info you gave. Your Zakah due date is one lunar year (354 days) after you had acquired a total (of gold + cash + share at market value + any debts you may have on others + any 401K, IRA or any similar saving account) that is equal to Nisab (we used to consider Nisab as US$ 1000 but with the tremendous decline of the Dollar I should say it is now about 1000 Euro or about $1500). Please remember that Zakah is not on the profit, it is rather on the total assets that you own whether for the purpose of trading or for the purpose of just saving with or without investment, with or without profit and even with losses as long as on the 354th day you own a Nisab or more. In pricing you always take the market price on the due date.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Wednesday, March 19, 2008

Question: Paying Zakah on Very Expensive Suit

Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
Sir, Q.) If one buys a very expensive suit for personal use whose amount limit exceeds the quantity of NISAB, should ZAKAH be paid on it? If one buys such suit with intention of personal use; but wears it once or twice and then does not use it, can he give it in ZAKAH at full or half price or he can give him as Sadaqah? ALLAH blesses you. Jazaka Allahu.

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Afaaq
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This suit is not subject to Zakah unless it is bought for sale. As long as it is for personal use, even a little, it is not subject to Zakah. You can give it as Sadaqah, it is InShaAllah highly rewarded. But giving it as Zakah requires fair market pricing and finding a poor who needs to use such an expensive suit!

Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Using Zakah Money for Islamic Centers and Schools
From: Khader
Sent: Tuesday, March 11, 2008
Question: Zakah for Masjid or Islamic centers
Assalamu Alaykum, Can Zakah money be given for the construction/remodeling/paying bills of Masjid/Islamic center in a non-Islamic country (e.g. North America)?
Jazakum Allah Khair
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Khader
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Certainly NOT in North America.
The issue is that in the past some thirty years or more ago, when Muslims in North America were very poor (students and poor Afro-American reverts) the Fatwa was that using Zakah for mosques and Islamic centers here helps preserve their being Muslims in this ocean of non-Islamic values and behavior. Now Muslim in North America are not poor and they can afford the cost of building mosques and Islamic centers and maintaining them. This a Fard Kifayah (obligation on all able until it's satisfactorily fulfilled) of able Muslims in the community to do and the fact now is: they can do and they are doing it well, therefore IT IS HARAM TO DEPRIVE THE POOR OF HIS NEEDS FOR THE SAKE OF RELIEVING THE CAPABLE ONES AMONG US FROM THIS OBLIGATION.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Wednesday, February 20, 2008
Question: Zakah on Wife's Money and Jewelry
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
I have three questions to ask. 1. My wife inherited around £15000 GBP and just over $23000 from her late father. Now these funds were in the hands of her uncle for almost 9 years and as he said he paid Zakah for 6 years but hasn't paid any Zakah on the money for the past 3 years. How many years of Zakah does she need to pay from this money? 2. My wife also have more than a kilo of gold, she uses some to wear on weddings which come once or twice in a year, how can we pay Zakah on it and at what percentage? 3.

Can she give the Zakah from her inheritance and gold to her sisters in the Middle East and Africa who are in need of it? Jazaka Allahu khairaljaza'

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Saeed

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. If the funds that are in her uncle's hands are fairly expected to be given to her in the future, Zakah is due on them every lunar year. The first such lunar year began on the day she had, for the first time, Zakatable items (such as gold, cash, jewelry that she spares, shares and stocks, etc.) in an amount equal to the Nisab (# USD1000) and then after upon the passage of 354 days repeatedly. In other words, if her uncle paid on her behalf due Zakah on cash (GBP23000) and inherited jewelry (the 15000) for the first 6 years, she is required to pay for the remaining 3 years. This payment is already due on her but she is not required to make it from other sources. This means she has the option of either pay it from other sources (including a gift from you if you accept to pay on her behalf) or wait until she gets her properties from the uncle and pay Zakah from it, or ask her uncle to resume Zakah payment on her behalf.
2. Jewelry that she has with her is also subject to Zakah. A part may be excluded on the basis of the satisfaction of these two criteria together: 1) jewelry is usually used by her (e.g. usual and customary use of an item that is suitable for wedding is only a few time a year while a regular ring is normally worn every day, both are considered usual use); and, 2) its value is not beyond the approximation of what her peers have. Clearly, both conditions are subjective and you apply them in a way that your heart feel comfortable with. Zakah is also repeated every lunar year.
3. Rate of Zakah is 2.5% on all items mentioned in your question.
4. Your wife's Zakah can be paid to her sisters as long as they are poor that they deserve it on poverty ground. The principle is that if you are not responsible for the living expenses of a relative, you can pay her/him your Zakah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: shaazi

Sent: Tuesday, February 12, 2008

Question: Zakah calculation on beginning or ending balance?

As-Salam `Alaykum!

I wanted to ask you that if a person's savings is based on salary then what would be the Zakah. If on 1st Ramadan he has 1000 dollars and saves 500 dollars every month and reaches to 7000 savings at the end of the year. Still he has to pay Zakah on 7000 even though that amount wasn't in the savings throughout the lunar year but only in the end.

My Answer:

Wa `Alaykum As-Salam wa Rahmatullah wa Barakatuh.
In the Name of Allah, Most Gracious, Most Merciful.
All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.
Dear brother Shaazi,
YES. Zakah is on the amount you have on the day a Hawl (a lunar year, I.e., 354 days) is completed on the original amount of Nisab. The first year begins on the day when you had Nisab for the first time. In your example Zakah is due on the $ 7000 and it is at the rate of 2.5%. The source of additions does not matter; it may be salaries, gift, profit, inheritance, etc.
Allah Almighty knows best.

From: Mahr through Islam on line
Sent: Tuesday, February 12, 2008
Question: How to Calculate Zakah?
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
Dear brothers, I'd like to pay Zakah but don't know how to calculate it exactly. Here is an example; Two years ago I had $10000 as saving so I paid $300 as Zakah and kept the balance ($9700) for myself. Last year I didn't save more money but still kept the same $9700 in the bank. Now should I pay Zakah from this amount? If yes, for how many more years should I calculate Zakah of the rest of the amount? Thanks and god blesses you.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Mahr
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is due on you on the day a lunar year passes on the first time you got an amount equal to Nisab (# US$ 1000). I assume you accumulated your savings gradually, let us say that on Sept. 7, 2006 you had 1000. Then on August 27, 2007 you are required to give as Zakah 2.5% of the balance you have on Aug 27. Then on Aug 16, 2008 (each time after 354 days) you also pay 2.5% of the balance you have on this date. Zakah is on whatever one owns on the due date regardless of its source end regardless of when did one added each addition to the balance (one may have added a sum just a few days before the due date so that on that sum no 354 days passed yet, this sum must be included as long as you started with the Nisab on the first day of the current 354 days). Zakah is repeatable every lunar year just like Prayer is also repeated every day. And it is due on the wealth one has on the last day of the year as long as this wealth is equal to Nisab or more. In other words, if you do not invest your money and get it to increase, it will otherwise decline by the repeated Zakah payments year after year until it reaches below the amount of Nisab. This is why the Prophet, pbuh, recommended that orphan guardians should be keen to invest the money of minors under their guardianship so

that it will not "eat up" by Zakah. As an adult, you should know better to invest your own wealth so that it will not decline by the effect of repeated Zakah payment.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Samy, Islam on line
Sent: Monday, February 11, 2008
Question: on funds invested until they are needed to pay for a house
Dear Dr. Monzer,
Assalamu Alaykum wa Rahmatullah wa Barakatuh,
I have a question regarding Zakah to which I hope you can advise me. Please feel free to reply in Arabic if you wish. I am only submitting in English because I don't have an Arabic keyboard. Jazakum Allah Kheir in advance. My Question: I own the house I live in. Since the house is getting small, I put a down payment on a bigger house that should InShaAllah be completed by mid-2009. I have already paid 30%. I have one 10% payment in July 2008 and the balance 60% in July 2009. I have some cash in the bank and I am an employee so I am saving from my income until the final payment arrives. Knowing that my income does allow me to save enough for the final payment, I am investing the cash I currently have in the bank in real estate. The way I invest is that I buy property and sell it. The purchases are usually off-plan (I.e. I purchase before completion and I usually sell before completion as well). My main questions are: (1) how do I pay Zakah on the profit I make from my property sales? Should it be 2.5% of the net profit paid immediately upon receiving the money? (2) How do I pay Zakah on the cash remaining in the bank? Do I have to pay Zakah on it knowing that I have a huge payment coming up in July 2009 on which I am liable (I.e. it is like a debt)? I hope you can answer me or give me the number of a scholar to call anywhere in the world? Preferably Arabic speaking.
I appreciate your response because I am in a hurry to pay my Zakah and I am late already. Jazakum Allah Kheir.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Ammar
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Funds you are designating for payment on the residence you purchased on installments are not subject to Zakah because they are already engaged for debt payment. This definitely applies to the payment of July 08. In principle, it should also apply to the balloon payment of July 09; my only hesitation is because you use this money in real estate trading (or any other trading for that purpose). If I put it in other scenario or words: let us assume you are a trader (you actually assume a personality of real estate trader) and you decide to buy a house to live in, the natural thing is you make payments

to this house as they are due from the cash flow you have. Does that exempt your inventory and your trade from Zakah, It does not. If I apply this picture of your situation according to this scenario I would say that cash in bank plus any property you bought for the purpose of selling it at a higher price minus any amount you set aside for debt payment (please notice that funds you use in your trade are not set aside for payment of debt, they are you trade principal that you are trying, through your business, to maximize, and later you will pay future payment from them) is subject to Zakah. Hence, I suggest, at least to be on the safe side, to include the amount you are using for trading plus the cash in the bank and deduct only amount you set aside for debt payment, I.e., you do not use in the trade, in the calculation Zakah on the date of your Zakah year (354 days after you got the Nisab [# USD 1000] for the first time) and the rate of Zakah in 2.5%. Each lunar year.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy, Islam on line

Sent: Monday, February 04, 2008

Question: Giving Zakah to a Poor Student

Dear Dr. Monzer,

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

Am I allowed to give my Zakah to a poor student who is unable to pay his college fees or other expenses related to his study?

Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Samy, Islam on line

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Yes, it is permissible as long as the student is poor as described. It is up to the poor person to use the amount of Zakah given to him/her the way she/he likes. We have an example that a poor woman was given some Sadaqah and she used some of it as a gift to the Prophet, pbuh. The student can use the amount given him/her for study expenses or any other use. The criterion is that she/he is poor when given the Zakah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Zakah date of due payment and distribution

From: Samy, Islam on line

Sent: Monday, February 04, 2008

Question: When We Should Pay the RRSP Zakah?

Dear Dr. Monzer,

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

When we should pay the RRSP Zakah? Is it once every year or at the end when you get this money back?

Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Samy

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

RRSP is a saving for retirement plan known in Canada. Funds in the account are owned by the person with certain restrictions on withdrawal. It usually has matching money paid by the government but only vested after a period of time. The part that is not vested yet is not technically owned by the person because it can be recovered by the government under certain circumstance. It is of course subject to Zakah and it is due each lunar year on the balance amount of the fund (keeping in mind the non-vested part) since the restrictions on withdrawal do not rise to the level that makes it un-owned by the person. The principal rule in Shari'ah is that the Zakah due on each asset is payable out of the asset itself unless the payer chooses to pay it from other resources. Also we have another rule that it is sinful to delay payment of due Zakah from the due date without Shari'ah acceptable reason. Putting these two rules together means that there is a good reason to delay payment until withdrawal of funds from the RRSP unless the owner select to pay it every year from other resources. This delay is not sinful but one has to pay all accumulated Zakah for past years on the amount withdrawn each time a withdrawal is made.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: sherf

Sent: Tuesday, January 15, 2008

Question: Zakah on inherited land property

If I have inherited land property, do I have to pay Zakah on the estimated value (market price) every year? If I buy land property for sale later, do I have to pay Zakah on the estimated value every year? Appreciate your response

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Sherf

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

For the second question the answer is unanimously (agreed on by all scholars) YES. Any property, real estate or otherwise, you buy for the purpose of selling it later is a property that is subject to Zakah because it is like mobile merchandise you purchase for sale. Of course you add the market value of this land to other Zakatable assets on the day of your Zakah, your Hawl, and pay Zakah at 2.5% on all. For the first question of inherited land, or real estate, I argue that it must be treated the same like any other properties that makes a person rich. Accordingly, if this property is designated for personal use such as a residence or vacation house or farm, it is not subject to Zakah but if it is designated for sale or for investment/business use, it is then a part of the Zakatable net worth and you apply what is mentioned above. Many scholars differ with me and argue that real estates and other fixed assets that are not specifically designated for sale are not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Calculation of Zakah

From: Samy, Islam on line

Sent: Thursday, January 03, 2008

Question: Calculating Zakah and the Method of Paying It

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

Here is a financial question from Ahmed

Dear Imam, I wanted to ask about the method of paying Zakah on money I have used in buying and selling shares in the stock market in the UAE. I did not pay Zakah on the money from 2005 and wanted to ask you how to pay it, I give a brief explanation of the situation below. I first started in April 2005 with an amount of money (200,000) and during the next two months I made a profit of around 25% to 250,000. Then I added more money (180,000) to invest in the stock market, and after another six months added another (260,000). Therefore from April 2005 to June 2005 I have put 640,000 in the stock market at different times. During the first six months I made big profits but then I lost a lot of money. By April 2006 (1 year form initial investment) I lost a lot of money from the stocks and the amount I had was 320,000. From April 2006 to March/April 2007 I lost more money in the stock market and I had 205,000 left. From March/April 2007 until now I have made a big profit of around 95% and my money is 400,000. I want to ask you how do I pay Zakah on the first two years (2005 and 2006)? I input money at different times of the year and my money was decreasing so how should I calculate my Zakah? And for the third year should I also increase my Zakah by 95% since I did not pay Zakah for the first two years?

Thank you, Ahmad

My Answer:

Dear Br. Ahmad

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Bismillah al Rahman al Rahim

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

The matter is simple! Let me play two scenarios: 1) assume you had no other property that is subject to Zakah and the only thing you have is what you mentioned in the question. Say on April 14, 05 you put the first amount of 200,000. You Zakah is due on April 3, 06 and the amount is 0.025X the balance you had on this date at market value. Your next Zakah is due on March 23, 07 calculated exactly the same way. And next Zakah will be due on March 12, 08 InShaAllah. 2) You have other properties subject to Zakah (Zakah in fact is on your total properties that are not for personal and family use) such as bank accounts, businesses, and other investment properties. This means you must have an established Zakah date (that is determined by the passage of one lunar year, = 354 days, on the day you got Nisab (# US$ 1000) for the first time. Let us suppose that date was Feb. 20, 2005, and you paid your Zakah on that date, then you did not have any such investment. Then on Feb 9, 2006, you add up all you Zakatable properties, include in them the market value on Feb 9 of all your investment in the UAE market, and multiply the balance by 2.5% to get the amount of Zakah. You do the same on Jan 29, 07 and then on Jan 18, 08. These investment that you put in the stock market did not come from the air, they must have come either from some other property that was already subject to Zakah, then on your Zakah date you include the market value of the stocks instead of the previous property; or from loans or property that was not subject to Zakah (like selling your residence or

Personal car), then this is a new property that is subject to Zakah, you just add it to the previous Zakatable properties on your own Zakah date(Feb 9,06 in the second scenario) regardless of the date you acquire it. In other words, you do not segregate your properties and Zakah dates for each item alone. Some people think, wrongly, that Zakah is segregated in the case of properties that are subject to the rate of 2.5%!

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Samy, Islam on line

Sent: Thursday, January 03, 2008

Question: Zakah on privileged money

Dear Dr. Monzer,

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

Please explain the issue. 1. Privileging residential houses is common in our country. Some Islamic Scholars are saying that it can be permissible that If they pay a few amount of money additionally to owner of the house as a rent. Is it correct? 2. These questions are about Zakah: a. Should we pay Zakah of the privileged money? b. A man who don't have Residential house which is a major need of life, should he pay Zakah? Please explain with evidences c. usually house women have some jewelry for their own uses. Should they pay Zakah of the jewelry? d. If someone pays Zakah to his Brother, is it correct?

Jazakum Allahu Khairan for your constant help

My Answer:

Dear Br. Hamidullah

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Bismillah al Rahman al Rahim

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

1. I did not understand the meaning of privileging please explain it with an example so I can give you an answer.
2. Women gold jewelry is subject to Zakah with the conditions of Nisab and passage of one lunar year according to the Hanafi School. Other schools have different opinion. Our dear respected Sheikh al Qaradawi reconciles these view by arguing that when women jewelry is used normally and does not exceed what her peers have it is not subject to Zakah; but if one of these two conditions is not satisfied the jewelry becomes Zakatable provided, of course, the Nisab and Hawl conditions are satisfied.
3. Zakah can be given to a poor brother of the payer; it is even double rewarded as we are told by our Dear Beloved Prophet, pbuh. It is then a Zakah payment and a kindness to a kin.
4. Finally, a residence of a person and one's family is not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

FATAWA ON ZAKAH 2007

Subject: Zakah and Charity Distribution in General

From: Samy, Islam on line

Sent: Sunday, December 30, 2007

Question: Zakah to Relatives

Dear Dr. Monzer,

Assalamu Alaykum wa Rahmatullah wa Barakatuh,

I'd like to ask about Zakah given to member of wife's family. Last month, my father passed away and left us with lots of debt, incl. trade loans and mortgage, while my mom will retire from work next year. Is it permissible to give my husband's Zakah, to my widow mother to pay for those debts including incurred hospital costs? If it's permissible, how many parts of the Zakah can be given? (I usually set aside 2.5% of his monthly gross salary for Zakah to be given out yearly to orphans in our hometown) Can his Zakah be paid for my youngest brother's education? Are they (my mother and my little brother) now eligible for receiving Zakah although they can live modestly (basic needs will be covered from mother's pension fund). Sorry for the many demanding question and thank you for your help.

Wassalam Alaykum

My Answer:

Dear Sr. Zahira

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Bismillah al Rahman al Rahim

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

1. Your husband's Zakah may be given to any of your family members (of course except you because your expenses are your husband's responsibility) provided they are poor that they deserve Zakah. Being under debts that one can't pay them from one's own resources is a part of being poor. In this specific case you need to really be careful that your mom and other family members are really in need for this help (for instance, did your father leave any property that put the rest of the family outside poverty?). If you give Zakah you may give as much as needed to pay the debts or to relieve the recipient from the hardship that Zakah is given for. In this case for instance you may give for payment of all the debts.
2. I don't consider payment for education as important as payment to relieve people from hunger. Hence, where ever you are from there is a great deal of hunger in our Muslim countries and in non-Muslim countries that makes education a kind of luxury under these circumstances. Please do not give Zakah for education leave it for stomachs and other pressing necessities at this time.
3. If the pension of your mom allows her and her child to live modestly, they are not eligible for Zakah (it is then only for debt payments) especially that we live in a time when there are about thirty five thousand Muslim children who die every day out of hunger.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Tawhidar-Rahman

Sent: Wednesday, December 26, 2007

Question: Zakah on debts given to others

Salaam

I have a question on the issue of Zakah.

Can you please tell me if I need to pay Zakah on the money I lent to friends and family on understanding that they have to pay back when they can? If yes, (I do need to pay Zakah) what if this person can't pay back for some reason after I have to pay Zakah on the moneys for years after years. Also I was on the understanding that I don't need to pay Zakah on the moneys I lent to people. Now I'm told I have to, by my local imam. If I do have to pay Zakah on that money do I have to pay back those years I have not paid Zakah on lent amount?

Please also give me any references as to how you came to your answer.

May Allah guide us He is the best guide. Ma salaam

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Tawhidar-Rahman
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If these are debts, given on the understanding that they will be returned, then they are a part of your wealth and consequently subject to Zakah. For all times and since day one.
At any moment, in your best judgment you think that any amount of these debts is not going to be recovered, that amount ceases to be included in the Zakah because it is no more a wealth of yours, it is in your best judgment lost money!
Zakah is due for the past years all.
But if these debts are given as gifts or charities disguised in the name of loans in order to dignify the feeling of the friends. I.e. in your own heart and judgment you do not intend to recover them, they are not in this case subject to Zakah and if they happen to be paid back in the future you consider them like a windfall money (al mal al Mustafad) that is subject to Zakah once when you get it and if it remains with you in the future it is a part of your cash that is Zakatable.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on Gold Containing Artificial Pearls
From: Afaaq through Islam on line
Sent: Tuesday, December 11, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
As-salaam-u-Alikum, If gold is mixed and also contains impurities (artificial pearls etc.), then should Zakah be paid on the amount that accounts for gold or zakat will be paid on gold as well as impurities? When we go to a gold-maker, he also demands money for the artificial pearls but when we sell it he does not count pearl and give us the value of gold and mixed impurities dissolved in gold? Is it HARAM? Jazakallaah.
My Answer
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Afaaq
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The Zakah part of your question is simple: if the quantity of gold in jewelry is of the amount of approximately 85 grams, the jewelry is then subject to Zakah according to the Hanafi School. I go as long with the Qaradawi reconciliation that if jewelry is used normally and its value is not beyond what peers have, it is then not subject to Zakah. If

any of these two conditions is not satisfied the jewelry is then subject to Zakah. According to this opinion when Zakah is obligatory the amount that is subject to Zakah is the market value of the jewelry as it is on the day when Zakah is due.
The issue of fake pearls and whether their price is recognized in sale and buy is a market matter. If the jeweler buys it for the purpose of melting the gold and re-manufacturing it, it will of course not take into consideration the fake pearl, so if it can get away with this claim it will use it. If jewelries are rare and the fake pearls add value the seller can impose a higher market price on the jeweler! This is a market matter that is permissible in Shari'ah as long as there is no fraud or cheating involved.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Using Zakah money for digging a drinking water well
From: Nafeezeh through Islam on line
Sent: Thursday, December 06, 2007
Question
Salams dear Dr.
I would like to know if one can use his/her zakat money to build a water well, where there is a possibility that some non-muslims will also be using the water well. Shukran
Sr. Nafeezah
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Nafeezeh
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If it is for extremely poor and dry areas where water is a line of life I would says yes ZAKAH MONEY CAN BE USED FOR A DRINKING WATER WELL. IN SUCH AREAS although there is no Tamlik (making a specific person owner of the distribution) and non-Muslims will also use its water. The issue of non-Muslims is even easier because when it comes to basic needs that make a substantial effect in survival matters Zakah can be given to non-Muslims too.
Although whenever is possible I prefer that Zakah money be used within the principle of Tamlik when the target is poor and needy and the like and use Awqaf and other charities for water wells. Water wells are a property of the whole community and need continuous maintenance. WE MUST REMEMBER THAT THERE ARE OBLIGATIONS OTHER THAN ZAKAH ON CAPABLE MUSLIMS AND THESE OBLIGATIONS COVER ALL HUMANITY NOT ONLY MUSLIMS.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on women jewelry

From: Afaaq through Islam on line

Sent: Thursday, November 29, 2007

Question

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

Q. Should zakah be paid on the jewelry that ladies wear commonly at home in routine or should it be paid on the jewelry that women wear sometimes on special occasions like wedding, party etc.? Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Afaaq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Seeking a Fatwa is not a matter of entertainment, my dear young man. You hare most likely still a student not married and you are asking about women jewelry!

According to Hanafi school, all gold and silver jewelry is subject to Zakah if it is Nisab and a lunar year passes. According to other schools, Jewelry that is used routinely and/or occasionally as you described are not subject to Zakah.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Are Islamic banks chatging higher rates?

From: Barakat

Sent: Wednesday, November 07, 2007

Question

Alsalm Alekom wa rahmato Allah Wa Barakatoh

Dear Dr Kahf:

I am a moslem living in London and want to buy a house. I understand that there is a fatwa by Dr Karadawi to allow non Islamic mortgage if the hose is to be used for living in to for trading. but I have been told that sheikh Karadawi restricted this only to the absolute emergency where there is no islamic mortgage.

There are four banks offering islamic mortgage in London, but they are more expensive than non islamic mortgage. Also I contacted them and what they told me was that they acctually borrow money from the Bank of England to buy the house in their name and rent it out to the client and that the rent is based on a profit margin above ther Bank of England base rate or above LIBOR (London InterBank Offered Rate). So in reality they are a middle man between the client and a normal non islamic bank. the take a non islamic loan and charge the client for the interest rate plus an additional profit for themselves.

As I see the situation now, the islamic banks are more expensive than normal banks. and they actually purchase the money from the market i.e. non islamic loans and charge an extra fee. Plese advise, what should I do. Thank you

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Barakat

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. I like you to kindly notice that Islamic banks in UK and otherwise are not simply middle men . CATEGORICALLY, THEIR SOURCES OF FUNDS ARE NOT ON INTEREST AND THEY DO NOT FIVE FINANCING ON INTEREST. whatever you were told is either plain incorrect or misunderstanding or sometime out of ignorance of bank employees and others. Islamic banks get funds from shareholders, Mudarabah-based depositors and also from reassignment of properties they own that is bound to lease contracts for housing and other fixed assets and real estates. This re-assignment of properties leased to persons like you is permissible in Shari'ah because it amounts to sale of what the bank owns.
2. It is possible that an Islamic bank may have a higher rate than other conventional banks for its financing. But usually Islamic banks are within the range of other banks in their rates and charges because they live in the same market and every person does exactly.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Barakat

Question

Dear Dr Monzer alsalamo aleikom wa rahmatu Allah wa barakatuh

Thank you very much for having the time to reply to my query but i wanted to inquire thoroughly about my personal situation. what i understood from some scholars is that fatwa Alsheikh AlKaradawy doesn't apply to Muslims who live in England as there are about four islamic bodies that do islamic home mortgage. the point is after checking with them i found out that they are charging higher rates than other conventional mortgage suppliers. to give you average figures so you can understand the situation, having a mortgage with HSBC amanah will make me pay 547000 sterling pound for the house purchased at 282500 with me keeping some cash in the bank for my personal use. However, if i paid that cash that i am intending to keep, as an offset type of conventional mortgage i will be paying the total price of the house of less than 370,000 pounds with a difference of about 170000 plus, from the islamic mortgage. as well as reducing the payment term. me and my wife donot want to go for something that has a shobhaa in sharia. we are afraid of haram and Ribba as we cannot afford a war from Allah and the prophet. we need a fatwa Is it halal to take normal mortgage if

the islamic ones are of a huge difference than the normal ones or is it not, as long as islamic ones exist even if they are much more expensive Barak Allah feek wa Jazak Allah Khair

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Barakat

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

You need to compare apple with apple (with SHBC you keep some money in the bank and with the other you use this money.....). It seems you are not doing it. And with four Islamic banks I am sure there cannot be such a difference. Another point, you also know that the market of house financing does not have a universal rate all over UK, rates differ from one provider to another. When you get a quotation from someone and go for more search, you will always find some other who can beat this quotation. that is not really comparing. It becomes Haram to take conventional if the Islamic contract is within the range of the variation in the market and this range may differ for one eighth or one fourth maximum. such a variation does not create 170,000 for a house price of 282,500. Please reassess your search, rates, compare equal conditions in every thing and you will never find such differences as you thought. But if the difference is as you mentioned, I consider the Islamic as non-existing and apply the Fatwa because the Fatwa does not intend to charge Muslims higher rates. Please do your homework right and I am confident you will find one of the Islamic offers as competitive as conventional banks.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Should Zakah Be Given Only to Muslims?

From: Amina through Islam on line

Sent: Wednesday, October 24, 2007

Question

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

Is it compulsory for me to pay zakat though i am not working (housewife only). Once in a while i do deposit some cash in charity boxes in malls and other places. Also please tell me if we can give money to beggars on streets whether 'muslim' or 'non-muslim'. And should Zakat be given only to muslims? And if we help family members financially can in huge amount can we consider that as Zakat? Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Amina

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. If you own properties that are subject to Zakah in quantity that is equal or more to Nisab you are required to give Zakah on these properties even if you are not working and only a house wife. you have to find sources to pay the Zakah from, from what your husband give you or from other people or even if you have to sell parts of these Zakatable assets. Example, gold jewelry that is 85 grams or more according to the Hanafi school, properties for investment and making profit, etc.
2. What you put in charity boxes can't be considered out of the Zakah that is due on you unless you are sure that you put it in a Zakah box and you know the charity organization that collects these boxes and you trust they distribute it according to the Shari'ah regulation. These conditions are not usually fulfilled in such boxes even when the word Zakah is written on them. However what you give in these boxes is a general charity (Sadaqah) and it is InShaAllah rewarded from Allah.
3. It is permissible to give general charity to beggars and other persons in need regardless of their religion. Rather such a giving for needy persons is a Shari'ah obligation especially if you are the person who comes across such needs and especially if the needs are real and drastic, it may even becomes an obligation on you when you save that person or family with your giving regardless of religion because saving human life and dignity is an obligation on Muslims.
4. On the other hand, Zakah should only be given to Muslims whom you know they deserve it or through Muslim charitable organization that you trust they know and fulfill necessary Shari'ah rules in distribution. This is more so in out time because there is tremendous need among Muslims all over the world.
5. Zakah can be given to some relative and cannot be given to others. Any person for whose living you are responsible cannot be given your Zakah and you are required to spend on that person from your own funds other than Zakah, because if you give from Zakah it amounts to giving it to yourself. But Zakah can be given to poor uncles and aunts, cousins, etc. Such giving of Zakah to relatives for whom you are not financially responsible is even more rewarding than giving it to strangers as the Prophet, pbuh, told us since it is a payment of Zakah and a kindness to a relative.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Adding items together in Nisab

From: Sara

Sent: Monday, October 22, 2007

Question

Assalamoalaikum,

If i have some gold whose value does not reach the nisab level plus some money which when added to the monetary value of gold together they still do not reach the nisab level, is zakah due on me.
Also the nisab level defined for gold is 85gms of gold to the best of my knowledge. Now the monetary value of this gold varies depending upon the country, the time etc. So if I have e.g. 32 grams of gold and its value is huge e.g. 40000 rupees so do I still pay zakah on it even though this doesn't reach the nisab level. Regards,
Sara

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Sara,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
For your first question the answer is that you are not subject to Zakah as long as all you own is an amount of golden jewelry plus an amount of money, the total of them both does not make it for the Nisab.
For the second question, I believe that you are not required to give Zakah on the value of gold that you own as long as it is (alone or with the amount of money and silver you may have) less than the Nisab. You are not required to take its value and make calculation of transfers back and forth between gold and cash. However, if your property is in cash, any currency or combination of currencies, I believe that our religion does not require us to follow the currency exchanges and violently changing prices of gold in them. I still argue that when it comes to cash and assets other than gold and silver (I exclude them because they are named in the Ahadith with defined quantitative Nisab) the amount of Nisab is still reasonably the same as I estimated it three years ago even with the gold price now is three times than it was then. I think the Nisab is still reasonably about US$ 1000.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Using Zakah for Mosque Carpet
From: Khalid through Islam on line
Sent: Thursday, October 18, 2007

Question

Salam
I want to ask if we can use zakat to repair mosque carpet wasalam /
khalid

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Khalid
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Using Zakah for building mosques is not permissible because building mosques is the responsibility of the community itself and the government in Muslim countries. Carpeting mosques is yet a luxury, is it not a luxury even if you live in the Northern and very cold part of Canada? Still carpeting mosques is a luxury. ZAKAH CANNOT BE USED FOR CARPETING MOSQUES ANYWHERE IN THE WORLD even in those areas where building a mosque means defending the religion of a threatened Muslim community.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Paying Zakah to Parents
From: Shabana through Islam on line
Sent: Thursday, October 18, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
1) CAN ZAKAT BE PAID BY A DAUGHTER TO HER OWN PARENTS WHO ARE LIVING SEPARATELY AND HAVE LITTLE OR NO MEANS OF EARNING AND ARE OLD AND HIGHLY INDEBTED. THE PARENTS DO NOT SHARE ANY INCOME OR EXPENSE OF THE DAUGHTER. 2) IF A GIRL WHO IS SINGLE, EARNING ALONE, LIVING ALL ALONE, HAS PARENTS / SIS ESPONSIBILITIES, HAS TO BUY A HOUSE CAN SHE GO FOR A BANK LOAN, BANK INTEREST IS FORBIDDEN, BUT IN THIS CASE A PERSON WHO HAS NO SUPPORTER & IS IN NEED OF A ONE HOUSE TO LIVE, SO THEN TOO IT IS HARAAM? 3) CAN OLD COUPLE WHO HAS NO SOURCE OF INCOME, NO SON, NO SAVINGS, BUT IF SOMEBODY WISHES TO KEEP A FIXED AMOUNT IN THIER NAME SO CAN THEY LIVE ON THIS INTEREST AMT THAT THEY WILL GET ON THE FIXED DEPOSIT?? PLS ADVISE. THANKS. Jazakum Allahu Khairan for your constant help
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Shabana
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I am going to answer one question and please resubmit the other questions each one alone. Zakah CANNOT BE GIVEN TO PARENTS UNDER ALL CIRCUMSTANCES. In your case you are responsible for the living expenses of your parents if you are the only child they have even if each one of them live alone, whether divorced or not and you are required to spend on them so that they live at the same living standard of yours or better. If you have other siblings, females and males, you share this responsibility in proportion to your financial ability (financial ability is defined in both wealth and income not in income alone) but if one sibling does not shoulder her/his responsibility and there was no

possibility of forcing her/him to do so, other children must take up what is needed of their parents expenses.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Raffick
Sent: Thursday, October 14, 2010 7
Location: Mauritius

Question: Zakah on reserves of cooperatives

Dear Br. Dr. Monzer
Assalamoualaikum wa Rahmatullah wa Barakatuh
I got a question from a member about Zakah on our reserves - At Al Barakah we have a statutory reserve where it is mandatory to transfer about a minimum of 10 % of the profits (when profits are made) on each accounting year. Is that Statutory Reserve or any other reserve such as profit equalization reserve Zakatable.?
Best Regards
Wasalaam
Br. Raffick

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salam ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Raffick
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
For Zakah on reserve: it is a very valid question> let us first determine who owns in finality these reserves. If in case of dissolving the coop and after settling all its liabilities, these reserves are to be distributed to members, then you should inform members each year of the amount of these reserves per share, calculate the amount of Zakah on this share and tell them that they are required to pay Zakah on their own because it is a personal worship.
If the net amount in case of liquidation is not going for distribution to members but to charity or any other public use, there is no Zakah on them. Corporations and institutions may have to pay Zakah sometimes but only as delegated by their members directly or by law.
Wa Allahu A'lam
Wa Alhamdu Lillahi Rabb al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: deducting home mortgage debt from Zakatable assets

From: Uroosa
Sent: Thursday, October 11, 2007

Question

I hope your Ramadan is going well…Eid Mubarak!

I've had the following question from a lot of people this year…Do I subtract the entire amount of the mortgage on my personal residence from the amount I owe zakat on? If so, then most people who own houses will end up not paying zakat-ul-maal. This is somewhat confusing, can you please clarify? Thank you,

Uroosa

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Uroosa,

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

It seems that you must know the answer as you mentioned that such a deduction from Zakatable assets would make most people not pay any Zakah.

You are perfectly correct. The rule is: you deduct from existing Zakatable assets only these DEBTS THAT ARE GOING TO BE PHYSICALLY PAID OUT OF EXISTING ZAKATABLE ASSETS. Other debts, namely those that are to be paid from future income or from other sources such as a promised loan from a friend or sale of existing residence or personal car, etc. must not be deducted from existing Zakatable assets when calculating Zakah on personal items.

For Zakah on business items, I go for the view that all the net worth is subject to Zakah. This means that we include all business assets, fixed and mobile, and we deduct all debts, short and long because net worth, at market value, defines what one owns, i.e., how much rich one is and that is the meaning of Zakatability.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Uroosa

Sent: Tuesday, October 16, 2007

Question

In the short form that we pass out each year during Ramadan line 10 says to deduct all personal loans including mortgage. I looked into the source of this deduction, and Ahmed says that it was taken directly from the full version which was written by you. However I was not able to find a similar deduction in the full booklet. Regardless, ISNA has been mailing out the same calculation for at least several years during Ramadan, so whether the mistake was because we used the wrong authority (someone other than you) or that someone decided to change the short form, I don't know. I do not see the same issue in the long version of the Zakat Calculations, so I don't think there is a mistake on your part.

In any case, both forms are somewhat confusing…We should look into making a version that is easy to use for the non-scholar. Thank you once again,

Uroosa

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Uroosa

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

It must be a mis-quotation of mine. Someone confused business loans with personal home mortgage and personal loan. What is quoted applies only to business because Zakah there is on net worth. Here we have personal exemptions that have different treatment. Please do the job right next time!

Is that mistake in the form I made? or is it done by someone there without consulting?

The answer is: in the case of home mortgage, most likely there is no deduction al all. take these two examples to clarify:

Example 1: one has 10,000 cash and nothing else, his/her Zakah is due on Ramadan 28 = Oct. 10, 07. has received the every-two-weeks salary on Sept 28 (1900) out of which paid 1000 the mortgage due on Oct 2 (next payment is on Nov 2), next pay check of 1900 is due on Oct 12: Zakah is due on all the amount of 10,000, i.e., 250 Dollars.

Example 2: exactly same conditions but mortgage payment is on Oct. 11 and the next is on Nov 11. Zakah is due on 9000 is 225 Dollars.

In both examples please notice that all mortgage payments for the Nov thru next Sept are going to come out of future pay checks not from the existing 10,000.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Shares

From: Ahmed through Islam on line

Sent: Wednesday, October 10, 2007

Question

Salams dear Dr. Eid Mubarak!

Is there a Zaka due on global traded shares, and how is it calculated.

Ahmed

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Ahmed

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Shares in our time are, as you described them, globally traded. This makes them tradable items and are subject to Zakah at their market price on the day of your Hawl (when one lunar year passes on your Zakatable assets) at the rate of 2.5%.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Does Investment in Company's Shares Attract Annual Zakah?
From: Amino through Islam on line
Sent: Tuesday, October 09, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I have two questions. First I want to know whether investment in companys' shares attracts annual Zakkat. Two we are compel by law in Nigeria that every worker has to contribute to his retirement benefit on monthly basis and this amount is invested in the Banks on interest. Before we retire it will takes us almost 20years to come. How can we purified this money after retirement? Jazakum Allahu Khairan for your constant help
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. amino
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1. Shares are subject to Zakah at market price on the day when your Zakah is due, the day when a Haw (one lunar year) passes on the Zakatable items that you own. the rate is 2.5% and this is repeated every year.
2. Investment in retirement funds are also subject to Zakah. But what you pay as a social security tax is not subject to Zakah although that gives you the benefit of a pension late at retirement. The difference is: Money is your retirement fund account is yours and you are rich by it although the government puts certain restrictions of your accessibility, while in a social security system you do not get your money back but you are paid according to the law a pension or family members are paid death benefits.
3. If you are not given any choice to invest funds in your retirement account other than just placing it on interest in a bank, you may do that but all interest (you do not deduct anything to compensate for inflation or taxes you pay to government) must be given away to Muslim charity or directly to poor and needy when you withdraw money from the account, this is why you need to keep record of this interest that accumulates on this account.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: how do I calculate my Zakah on property?
From: Kamal through Islam on line
Sent: Thursday, October 04, 2007

Question

Salams dear Dr.

I would like to know how and at what rate do I calculate my zakat if I am a jewelry seller (Gold) and i want to calculate my zakat will it be on value of the stock i have presently or on the profit I realize on its sales over one year. Secondly i have many Landed properties which i earn rent on them will my zakat be on the rent icollected or the values of the properties

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. kamal,

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

In principle Zakah is on the net worth of your business plus the non-exempt personal items such as jewelry (that fail either of two conditions: being in normal use or beings within the amount range of the peers), cash, saving accounts and the like.

Net worth is to be estimated at market value on the day of the Hawl (passage of one lunar year, i.e., 354 days, the first such year begins once the total of Zakatable items you own is equal to Nisab) and Zakah is at the rate of 2.5% of the market value and repeated every lunar year then after. Net worth means assets, at market value, minus liabilities. (with some adjustments related to some provisions, prepaid bills, advances from customers, etc.).

Other investment properties, including commercial and residential lands, buildings, stocks and other investments are also subject to Zakah at their market value on the day of Hawl at the same rate and repeatedly every lunar year.

You can adjust for a lunar/solar year through the rate. so if you use a solar year in your accounting you may use with it a higher rate instead of 2.5% you should use (2.5% + 2.5% x 11/354 = 2.5778%). If you own agricultural land that is given to a farmer on crop sharing, you pay Zakah on your share of gross value of the crop at the rate of 10% if the land is watered by rivers, power pumps, or rainfall or 5% if it is watered water pulled out of wells by animals. If a farming land is rented to farmers for cash, you apply the same rates of 5 or 10% on the rent you get from the farmer.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Zakah on child benefit and Savings

From: A brother through Islam on line

Sent: Thursday, October 04, 2007

Question

Dearest Dr. As-salamu alaykum

We receive child benefit and we have savings for the kids and we do spend also and we want know do we have to pay zakat on this money

My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Yes, on your savings if you have a Nisab and after one year of having it for the first time. The source of money is immaterial in regard to Zakah (of course as long as it is Halal. Haram money must be returned to its true owner). What matters is being rich as defined in regards to Zakah. This definition is having the amount of Nisab (approximately the equivalent of US$ 1000) in excess to your normal expenses and whatever money you need for a future due payment (out of the existing savings) for a debt or expenses. Zakah is due one lunar year (i.e., 354 days) later and every lunar year then after on the balance that you have on the 354th day provided it is equal to Nisab or more. You should also remember that Zakah is also due on other properties such as jewelry, investments, retirement accounts, etc.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on rented house
From: A Brother through Islam on line
Sent: Wednesday, October 03, 2007 4:37 AM
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
LAST YEAR WE PURCHASED A HOUSE (first home) on both myself and wife's name . In February the home loan and complete finalisation of the transfer took place. LOAN AMOUNT FROM BANK - R600 000 CURRENT REPAYMENT R7100 CURRENT BALANCE - R324 000 INTEREST FREE LOAN FROM FAMILY-R180 000 THE PROPERTY IS CURRENTLY LET OUT WHAT WILL BE THE ZAKKAT RULING. Jazakum Allahu Khairan for your constant help
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you purchased this house, as you said, as a residence to you and your wife and you are renting it temporarily for certain reasons, the house is not subject to Zakah and what you get as a rent will obviously add up to what ever other income and money you have, from which all you pay your expenses and the house payment, etc. if the balance becomes equal to Nisab or more then this balance is subject to Zakah at 2.5% per lunar year and the from then onward the balance every year will be subject to Zakah as long

as it is equal to Nisab or more. The first time Zakah is due is after passage of a lunar year (354 days) on the first time what you have is equal to Nisab or more.
If your house is purchased for renting, you add the net worth you own in it (i.e., deduct from its current value all loans on it on the day Zakah is due) to the amount that is subject to Zakah.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on increments to savings
From: Sara
Sent: Saturday, September 29, 2007
Question
Assalamoalikum,
Thank you brother for your answer. I just want to confirm like for example if i have 30,000 rs after adding everything at the beginning of the year and this is nisab value let suppose then after 354 days i have 100,000 rs then i pay zakaat on 30,000 that i had at the beginning of the year?Also i want to know that is it mandatory to give zakaat to the poor and needy people in your area only or can i give it to hospitals etc which provide for the medical facilities of poor people. If i give it to the hospitals will my zakaat be valid.
Thank you and may Allah bless you for your help.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Sara
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
1) In the example you gave you must pay Zakah on the 100,000 definitely because the Hawl condition is not on the increment but on the original Nisab: You had a Nisab on Say Ramadan 10, 1427 and on Ramadan 10, 1428 you find that you have 100,000. Zakah is due on the mount you have now, the 100,000 although the increments during the year, the 70,000 in this example did not have a full year passed on each on them. This is the Zakah on income or salary as you clearly see it.
2) If you don't give your Zakah directly to a deserving person/family, you must be sure (as it is your responsibility) that who ever you give it through (as a fact your agent in this case) is going give it exactly the right way. Very often hospital management don't make exact distribution to deserving patients!
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on gold and jewelry and on Salaries

From: Sara

Sent: Friday, September 28, 2007

Question

Assalamoalaikum,

I was wondering if you can help me with my zakaah calculations:

(1) I have 32 gms of gold saved up which amounts to 41,600 in Pakistani rupees.

(2) I also have 46000 rupees of cash saved up from last year.

(3) I also have a jewellery set which is not completely gold but has little amount of gold in it, I don't think that that value of gold is significant in any terms.

(4) I have read that zakah is not due unless you have 85 gms of gold saved up or 595 gms of silver. If I add the monetary value of the gold that I have plus the cash saved up from last year it equals 87600 in Pakistani rupees and if I add the estimated value of the gold in the set the total would be no more than 95000 in Pakistani rupees which is again less than the amount of 85 gms of gold that is the Nisab level of everything totaled.

(5) I want to know if I should pay zakah on this if I am not mistaken about the 85 gms of gold thing. And if I should, it would be 2.5% of the total (i.e. gold + cash) or should I pay separately (i.e. 2.5% zakah on gold and separate 2.5% zakah on the cash).

(6) And one last thing I found this question /answer on a website can you please clarify it and give fatwa based on it all.

My Answer:

Bismillah al Rahman al Rahim

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

Dear Sr. Sara

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. You should add together all items of gold, silver, jewelry that is made of precious metal (like platinum or palladium, not false jewelry that is plated with gold or silver), cash, debt on others, investment in stocks and others securities, checking and savings bank accounts accounts, retirement accounts, business net worth and any other items that are intended for sale, etc minus debts on you that are payable out of these mentioned items. If the total is equal to or more than Nisab, you are then subject to Zakah and your Zakah is at 2.5% of the total balance on the day of completing the Hawl (354 days after having Nisab for the first time).

2. Zakah on Salaries is calculated on the saved part of it only. This means once you make the calculation as mentioned in number 1 above such savings are automatically included because they are used in the form of additions in one or more of the mentioned items, then you do not need to pay any other amount as Zakah. I don't agree with the rationale that is mentioned in the response of the question that you quoted from some other website at all. there is a tremendous difference between land produce and human services, and salaries cannot be, by all means, considered similar to agricultural output. The fact that you get salary periodically does not make it subject to 10% rate. Salaries are basically used for living expenses and if a part of them is saved

then it is simply cash (or it may be saved in any other form of wealth but in all cases it is subject to Zakah as mentioned above), it is no more salary!
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: ZAKAT on companies and investment properties and rental property
From: A Brother through Islam on line
Sent: Wednesday, September 26, 2007
Question
As-salamu Alaykum Dear Dr. Monzer,
1. How do we account for the Inventory of a company for ZAKAT - IS THE INVENTORY (GOODS) AT COST OR MARKET VALUE
2. If i have a house for living and i have another house for rent and I spend the rent every 2 or 3 months- do i have to pay from that Rent - JAZAKUM ALLAH KHAIR
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is on the net worth of the company as shown in its balance sheet, including its inventory and other assets. You will need to make a special balance sheet (or adjust yours) for Zakah because of the following: 1) pricing is at market price that you expect to sell at on the day Zakah is due not cost or any historical value; 2) there are adjustments needed in some other items such as initial expenses that are amortized over several years should be reduced from assets, provisions for expected future obligations like end of service compensation in some countries.
All investment properties are subject to Zakah at the market value of the property. the rent is irrelevant as you said you spend it and any left over of it will appear as a part of your cash balances on the Zakah day. There is a classical opinion that excludes all real estates and machines and other fixed assets from Zakah, but I think that does not suit the contemporary life in which these are major item of wealth of the rich.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on land purchased for development then sale
From: Hoosen
Sent: Wednesday, September 26, 2007
Question
As-Salaamu Alaikum

Someone buys land with the intention of developing it into apartments ... right now he does not have development rights but it won't be a problem ... he intends selling the apartments (with land) when developed ... does he pay Zakah and on what value ...
Was-Salaam
Hoosen

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Hoosen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This is a typical classical case. Zakah is of course obligatory on the land, unanimously (though this is not known by many Molwees!) because the land is purchased for sale, it is simply a trade merchandise! Inspite of the development in between. This development is merely to add value and profit when sold!
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Hoosen

Question

As-Salaamu Alaikum
Land purchased for development and reselling is similar to raw-material purchased for making some or other goods that will then be sold as a product of sorts ... therefore Zakah is payable on the current market value of the land purchased with the intention of reselling (albeit as part of a development project) ... the land is one of the 'raw material' or input factors for the final product ...
NOTE: for as long as the development is not complete (say two or three years) then zakah is payable on the value of the land every year ... assume the development is completed and the houses are not sold, then too Zakah is payable on the market value of the final product (i.e. land + building +) and NOT only on the land ...
PS! if you are NOT liquid currently (or even in the future until such time that you sell the completed project) you are allowed to delay the distribution of the Zakah until such time that you are liquid HOWEVER you will calculate the Zakah due every year until then (even over years) ... and you can then pay Zakah for all the preceeding years ... THIS allowance is only for NON-LIQUID assets although you are encuraged to discharge the Zakah as quickly as possibly ... IF you choose to delay the disbursement of Zakah until then it is strongly advisable that you record such amounts in some formal way, either in the company records or in your will so that people after you can fulfill your obligation, insha-Allah! Was-Salaam
PPS! I don't want to take advantage of the fact that you called us or advise on matters relating to Zakah, but I would greatly appreciate an opportunity to meet with you to

discuss possible other ways that you may be of assistance to SANZAF, insha-Allah .... if possible please avise for a suitable date and time and I will come to see you, insha-Allah!

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Hoosen

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

You are perfectly correct. I may add that during the construction, it is treated like merchandise in process (on the production line). They are subject at market value on the day of Zakah and in their status at that day, if there is no market value that can be estimated, then we take the cost.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Zakah on land purchased to build own house

From: Musa

Sent: Tuesday, September 25, 2007

Question

Alsalamalaikum Dr. Monzer Kahf, How are you?

May i get your opinion on another Zakah related question: if someone bought a piece of land for the purpose of building a family house, but house not built yet (even for several years), does he need to pay Zakah for the land (according to the price of the land)? i think he desn't need to pay Zakah for the land.. want to get confirmed, corrected from you.

JZK. May Allah (SWT) accept and reward your and your family's all fasting and prayers.. Ameen. Wasalam,

Musa

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Musa

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This land, being purchased for the purpose of building a house for yourself, is not subject to Zakah on the ground that it is the first step in having a house that is itself not subject to Zakah as long as it is for residence, not for investment.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Paying Zakah on Money Given by Non-Muslim Grand-mother
From: Nadia through Islam on line
Sent: Monday, September 24, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I have been given a large sum of money by my late non-Muslim grandmother to use for university and graduate school. The money is held in a trust. I do not have control over the money until I turn 30 years old. The current trustees who do control and manage the money are not Muslim. I do have access to the money for school- or medical-related expenses. I am currently a student and do use some of the money to pay for some expenses each semester. Do I need to pay zakat on this money? Jazakum Allahu Khairan for your constant help.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Nadia
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The way I know these kinds of trust makes me assert that you are not yet an owner of this money. It is a gift to you suspended on a future date.
For now, whatever you withdraw from this money becomes yours upon withdrawal and you said you can only withdraw to pay for necessary expenses like tuitions and medical bills. When the money is turned to you after the age of 30 you become an owner then only and you will have to include that money in the calculation of your Zakah. As for now your Zakah covers other funds and properties if you have any that is equal to
Nisab (approximately US$ 1000) or more and a period of a lunar year has passed.
As for the source of the money (a gift from a non-Muslim relative), it really does not matter as long as it comes to your ownership in a legitimate manner. On the other hand, any money that may come to a person through a non-legitimate manner, is not considered a property of that recipient person and if its owner is not known or if it is wrong to return it to its owner (like interest earned from conventional banks) must be discharged of by giving it to Muslim charities.
Meanwhile, if you can influence the trustee to invest the money (that is in trust to your benefit) invested in Shari'ah compliant investment instead of earning interest you should do that.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah Calculation
From: Zulfiqar through Islam on line
Sent: Sunday, September 23, 2007
Question

Salams Dear Dr. Mozer,

1- Before three years, I used to calculate my zakat account based on what was the cash in hand upon completion of one full year (which used to calculate every Ramadan).

2- Since there are different opinions related to zakat calculation, and in order to have a better transparency in my financials, I thought to follow based on the following aspects:

Since the last two years, I calculated my zakat based on what I have in hand after my basic expenses.

Like, my income is SR 8000 per month, deducting SR 3000 as expenses.

Then the net cash in hand SR 5000 x 12 = SR 60,000.

Note: the money actually not in hand always, however I calculated in that way.

Also, I added my incentive which is almost SR 10,000. So, the total net is SR 70,000 per year.

I paid zakat @ 2.5% SR 1750 (its value equivalent in Indian Rupees).

Please note that part of the above money I have invested in 2 - 3 small scale projects which contribute a nominal profit from one and no profit from the other two.

I will pay zakat @2.5% from the nominal profit I get from the profitable project mentioned above.

1- I sold ornaments of my wife (ornaments worth SR 16,000) and spent that money for something including some of the investments I made. And I have been doing so. I have promised my wife that I will pay to her a nominal money every month as a profit share to her in view of the fact that I spent her money.

Also, I have promised her that when I reach into a good situation, I will buy a land or anything that worth the money I took from the sale of ornaments.

Now my question is:

1- Since I have liability for SR 16,000 related to the value of ornaments sold,

Can I offset it from my net income mentioned above SR 70,000 and calculate zakat accordinlgy.

2- Similarly I have rent income, for which I am paying zakat. But there is cushin money (security deposit) from the tenants and I used that money in my nvestments or I spent it fully, no money is in hand from that money.

Since I have liability for those security money, can I offset it from my net income and calculate my zakat accordingly provided that the security money is subject to return back to the tenant whenever they vacate the shop room.

Appreciating your valuable reply. Jazakallah khair

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Zulfiqar

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I am not going to comment on what you did but I will suggest to you what you should do (and should have done): on the day of your Zakah in Ramadan, make the following equation: balance of cash on hand and in banks + investments (at market value on the

day of Zakah) + any saving plans, accounts and the like + rental property (if it is purchased for renting it but if you are renting your house back home until you go back from Saudi Arabia you do not include its value; this is at market value on the day of Zakah) + any other properties that are not for personal or family use + any debts you have on others - all debts on you including the 16000 of your wife. You then multiply the same by 2.5% and that is your Zakah.

Your wife is required to pay Zakah on her jewelries + the debts she has on others including the 16000 that is on you + any other properties she has that is not for personal or family use. This way you have included all the Zakah on your salaries because any amount of salaries that is not spent is already included in any of these items that are mentioned, also the earned rent is included.The rental property is subject to Zakah in my opinion and I know there is a classical famous view that it is not subject but I believe that view cannot be substantiated with sufficient evidence in our modern contemporary wealth structures and economic life.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Zakah on promoter holding

From: Tariq

Sent: Sunday, September 16, 2007

Question

Dear Brother Monzer Asalamualikum:

My question is regarding Zakah. In case of person who holds promoter stake in a publically listed company ,what is the ruling of Zakah. Eg a person who is promoter of company holds 40% stake in that company. The market capitalization of the company is say USD 500 million. That means the value of the promoters stake is USD 200 million. He does not trade in these shares and neither intends to sell this stake. He is getting yearly dividend on this holding . Is zakah payable only on the dividend income in his case?

Wasalam

Tariq

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Tariq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Is this holding represented is shares that the owner can sell at any time in the market, at market price? if it is so then it is like any other shares, they are subject to Zakah at market price on the day of Hawl (passage of lunar year) at the rate of 2.5% repeated every year. Whatever dividends acquired during the year is a part of the cash flow and at the end of the Hawl, the cash balance is added to other Zakatable items, including the promoter holdings, and then Zakah is calculated. BUT if the promoter’s holding is not

represented by any shares that can be disposed of presently or in the future. Rather they are only a right to a part of the distributed dividends (as in your example of 40% if the promoter's holding means only a right to 40% of distributed dividends) then there are no shares owned and whatever cash received is a part of the cash flow, Zakah of the balances one owns at the end of the Hawl.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: ZAKAT DEDUCTION
From: Khurram through Islam on line
Sent: Sunday, September 16, 2007
Question
Subject: FW: ZAKAT DEDUCTION
Salam dearest Dr. Monzer,
Can you tell me please the exact percentage of zakat on jewelry and can we pay zakat step by step during the whole year or we must pay total zakat during Ramazan. Thanks,
Khurram,
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Khurram
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah becomes due on jewelry and other Zakatable items upon the passage of 354 days (one lunar year) on the day when you acquired Nisab (Approximately US$ 1000) for the first time and each 354 days then after. This means that each person will have his/her own Zakah year depending on when she/he acquired Nisab for the first time. Of course this day (mark it as the fiscal year of Zakah) can be adjusted to Ramadan or any other day by calculating and paying for the proportion of the lunar year of the adjustment. This means that Ramadan is not an obligatory time for the payment of Zakah although if one makes necessary adjustment giving Zakah and other charities in Ramadan will have higher rewards from Allah InShaAllah.
The rate of Zakah is 2.5% on jewelry, cash, investments and similar items. This is of course due every lunar year.
Finally while it is sinful to delay the payment of due Zakah beyond its due date, it is permissible to pay it in advance. Hence, paying during the year, gradually, with the intention that it is Zakah that will be due by the end of the year is permissible and very often may be advisable as the needs of the poor are usually spread over time.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Giving Zakah to In-Laws, Zakah on Jewelry, etc.

From: Tariq

Sent: Saturday, September 15, 2007

Question

Dear Brother Monzer Asalamualikum

I have a few questions regarding Zakah and I hope you will answer them:

1. Can son in law give zakah to his mother in law?
2. A lady who has no source of income has got some amount which is more than the Nisab. The amount is approximately USD 7000.00. She lives in a leased house where this amount has been kept as security deposit. So practically she can not use it. She gets some small monthly amount from her relatives for her daily needs. She is divorced and also has a daughetr living with her. Can zakah be paid to this lady?
3. Some amount has been given to the landlord as security deposit in a rented house. This amount remains with the landlord till the tenency. IS Zakah payable on this amount? If yes is it payable every year or only once?
4. What is the ruling of Zakah incase of jewelry?
5. In case of shares/ mutual funds, how is Zakah calculated? Is it payable on the total value on the day of calculating Zakah or is only the capital gains and the dividend amount used for Zakah calculation?

Tariq

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Tariq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1. ZAKAH TO IN-LAWS:

1 The principle is that there is no financial responsibility of any kind (and no inheritance) between in-laws. accordingly, if they are poor a person may give one's Zakah to one's in-laws. This is the position of Shari'ah that applies under the Shari'ah rule of separation and total independence of the property of husband from the property of wife.

2. BUT FOR MUSLIMS LIVING UNDER COMMUNITY AND JOINT PROPERTY SYSTEMS (most or all of us who live in the West) there is a discussion in regard to the effect of these system. Here we apply the assumption that whatever properties (including any Zakatable assets, such as a business, bank accounts, other saving schemes, investments, etc.) recorded in the names of the two spouses together is actually owned on the basis of half/half regardless of who earned them unless there is a clear evidence otherwise (on the basis that such recording amounts to giving gifts between the spouses).

3. Accordingly, if there is no evidence otherwise, the living expenses of the parents of say the wife may be her responsibility and she is rich by the fact that she owns half the community/joint Zakatable properties SHE IS THEN REQUIRED TO SHOULDER THIS

RESPONSIBILITY AND CONSEQUENTLY THE HUSBAND MAY NOT GIVE THE ZAKAH OF HIS HALF TO HER PARENTS BECAUSE THEY ARE RICH BY HER.

4. The same applies to minor siblings who may also be the responsibility of one's spouse.

5. Yet, even under the said assumption, Zakah of the husband (wife) may be given to adult siblings of his (her) wife (husband) because she (he) is not financially responsible for them.

2. In this example, the money she owns, though above Nisab, is pre-occupied by her basic needs (she needs to rent and this is a requirement for it), she still can be given Zakah for her sustenance/living expenses.

3. I know that there is an opinion that suggest having Zakah on such security money only one time when it is cashed/retrieved. But My opinion is that it is Zakatable every year but its Zakah, accumulated year after year, may be delayed without sin until it is cashed/retrieved. My argument is that the owner of this security money is rich (though has no temporary access to dispose of it and that is the basis of the answer to No. 2) not poor, she must pay Zakah but she is not required to effect the payment from other sources, as the principle is that the Zakah of every item is due from it, she may delay, unsinfully, payment of cumulative Zakah until liquidation.

4. What seems an excellent reconciliation between the different views and Ahadith is that of Shaikh Qaradawi:

1. If tow conditions together are satisfied, women golden jewelry are exempt from Zakah, 1) the amount is not beyond what her peers have; and, 2) it is in actual use for what it is for, in contrast to being stored for time of need.

2. Men gold jewelry is always included in the calculation of Zakah because gold is forbidden for men.

3. In application to Qaradawi's view, all non gold jewelry, for men and women, are subject to Zakah if they fall in the level of extravagance that is prohibited. The definition of extravagance is by applying the peers condition as mentioned above. Of course if these jewelries are stored and not in use they also become subject to Zakah on the ground of being used as a pure item of wealth not a personal item. Thus we end up applying the same two conditions of women gold jewelry.

5. Zakah is due on share and mutual funds on the total market value (closing price) on the date of your Hawl and every year. I am aware of the view that it is only on the gains, but this view can't be substantiated by any sound evidence or analogy. These are wealth, easy to liquidate even when you keep them for long term, didn't people in the past keep gold for long term and for old age, in fact there not a slight difference.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Paying Zakah ul Fitr in the First of Ramadan

From: Sami through Islam on line

Sent: Wednesday, September 12, 2007

Question

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

Should a fasting Muslim from Canada pay Zakatul Fitr in the first day of Ramadan and how much it is this year? Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Sami

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Zakah of al Fitr is due in the last few days of Ramadan, not the first few days. It is intended to reach the needy just about the beginning of the day of Eid to introduce happiness to their hearts on the day of Eid. This is of course when it is paid directly on individual basis. In our time these days, there is a great advantage in giving Zakah of al Fitr through professional Islamic charitable organization who can assess the needs of poor persons and make sure that money or other materials like food or cloth reach them on time to celebrate the Eid. This means that WHENEVER WE GIVE OUR ZAKAH OF AL FITR THROUGH ORGANIZATION (OR EVEN THROUGH GOVERNMENTS AS THE PRACTICE IN SOME MUSLIM COUNTRIES) WE SHOULD GIVE IT TO THE ORGANIZATION AHEAD OF THE LAST FEW DAYS OF RAMADAN. The number of days before the end of Ramadan depends on the organization we select. Many Muslim charities ask for at least 15 days before the end of Ramadan so that they can make it reach the needy on time for the Eid. and I think we should give our Zakah of Al Fitr to Muslim charities no later than Ramadan 15.

The amount of Zakah of al Fitr depends on the country you live in because the Prophet, pbuh, made it in terms of main food items that were most common in his society (wheat, barley, date, raisin and dried yogurt). And there is almost unanimous agreement among all schools of Fiqh that it should be in terms of the main food items common in the society you live in. The quantity of it is one (Sa') of wheat, rice, date for each person in the family, provided it is a common item of food in your society. For America, Europe, Northern Arab countries and Turkey the common item is wheat from which we make bread that is normally taken with all foods. For many areas in South and South East Asia, it is rice and for some countries it is corn.

The one Sa' is approximately equal to 2,25 Kilo grams or 5 pounds. For America this year the retail price of 5 lb of wheat is about US$ 3.50-4.00. I should say that the Fitra per person is that much and if we take it on the high side allowing for price variations between different locations I should say that the Fitra in the USA is maximum US$ 5.00 per person (that includes young and adult, male and female).

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Should Zakah be paid every year on the same asset?

From: Siraj through Islam on line
Sent: Monday, September 10, 2007

Question

As-salamu Alaykum How are you dr. Monzer?
Suppose, I have a sum equivalent to the value of more than 85 grams of Gold and paid 2.5 as Zakat last year... Do I still need to pay zakat this year and the years to come if I still hold the said amount with me? If yes, please let me have the Qur'anic proof or evidence of Prophet's (PBUH) Hadeeth on this. May Allah's mercy be upon you all....
Siraj

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Siraj
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is a yearly obligation, repetitive like prayers and fasting. There is overwhelming evidence that the prophet, pbuh, used to send his Zakah officers every year to collect Zakah from all items of wealth of his time every year. Instructions given to them were to collect Zakah on all items they find with no exemption of those that were subjected the year before. Besides, there are several Ahadith on the Hawl, all of them point to the requirement of passage of one year, they mean repetition not once in life time. This is the meaning of passage of one year. Finally, This is the understanding of the text that is agreed upon by all Muslims, it is an 'Ijma', are we going to re-invent the wheel?
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Estimation of Zakah proceeds

From: Zeinoul
Sent: Thursday, September 06, 2007

Question

Slm. Your views on below questions:
I was asked
1) Do we have to pay zakaat on unused plots/land where no income is being earned from them? If so, does one have to pay 2.5% on the original purchase value or on current estimated value?
Zakah is only paid on unused plots/land in the case when such land is definitely for the purpose of re-sale. In such a case, the land is classified as an asset acquired for re-sale and possible profit. If the land is used as a trading asset than 2,5 % is due on the present value/current estimated value.
If the land was initially acquired for re-sale but was subsequently used for other reasons with an intention to later possibly sell it than no Zakaah will be due.

If the land was acquired with no intention to immediately or later re-sell it, and was subsequently used for various reasons, or left unattended, but you later intend to definitely sell it (due to which it is then considered as an asset for sale), then it would be included in the Zakaah calculations.

Suppose you own a car which you regularly use, but intend to sell it due to some fault or to acquire another car, then Zakaah will not be due since although it is for sale, it is still used as a utility asset by the owner. Similarly, if you living on the land, or have a shop on it or a warehouse etc and is used in some sense or the other, then even though you intend to sell it, it will not be Zakatable. Zakaah will only be due if, after adding the proceeds of its sale, to all your other assets, the total Zakatable amount (after deduction of all liabilities) is beyond the Nisaab (The value at which Zakah is due).

2) On properties that have rental returns, again do we have to pay Zakaat on the value of the property or on the rental return? If only on rented returns, then do we then pay zakaat on the net return (profit) after expenses and corporate tax or on the gross returns?

Zakaah is due on rental returns and not on the property value.

Deduct from rental returns, all maintenance expenses, taxes, other associated costs (e.g. legal, accounting etc and even any costs incurred to extend the buildings of the existing property). The net return will then be added to your other Zakaatable assets. (Liabilities will then be deducted from the Zakaatable assets).

3) In a trading concern, does one have to pay Zakaat only on the net profit of the company or additionally do we have to pay 2.5% on the stock holding value?

Zakah is to be paid on (Stock holding value) less (liabilities of the business) + (net profits after taxation)

4) What about personal salaries/income? Do we pay on gross/net salaries or only on savings we have made (after deducting all personal expenses) in the year?

You neither pay Zakaah on the net salary nor on the gross salary. Whatever is left at the end of the year from such income, is added to your other Zakatable assets (Liabilities will then be deducted from the Zakaatable assets).

5) In respect of jewellery, is Zakaat only payable for gold we are holding or also on stones such as diamonds?

In terms of Hanafi fiqh, Zakaah is due only on the gold, unless of course if the jewellery is not used at all and is kept for sale. In such a case, Zakaah is due on the total value of the gold and diamonds. However, it is better to give on the diamond value as well even if the jewellery is for personal use.

6) How are loans balanced in terms of our Zakaat accounts? If part of our income is used to repay a loan, is this amount is still subject to Zakaat or not?

Any amounts you use from the various and diverse types of income you have (salaries included) in order to pay loans, will not be subject to Zakaah if such amounts have been used to payoff debt on a regular basis in relation to the times and periods in which the income was earned.

However, if you, for example earned one million. You had then placed aside 200 thousand to pay a debt, but have not physically or otherwise (e.g. electronic banking)

transferred the 200 thousand to your creditors, in such a case the 200 thousand will be added to your list of Zakatable assets (from which all other liabilities will be deducted.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa alSalatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Zeinul

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Sorry Brother I do not agree with all your answers, and I invite you to think about it without being simply influenced by "someone says so"

1. Aland that you acquire to build a residence for yourself or family is not subject to Zakah, being a residence in process. On the other hand, all other lands are either part of business net worth or for sale or an item of wealth that is not for personal or family use, They are therefore all subject to Zakah. Such lands that are not for personal use are not like a personal car that you decide to sell. It remains personal until you sell it and then it depends on what do you do with the money? It is then a matter of money, no more a personal car. A business car, that is a part of business net worth is subject to Zakah because it is an item of wealth that is not for personal use (this exactly like the camel herds of the Arabs at the time of the Prophet, pbuh). The rate here is 2.5% every year repeatedly.
2. Zakah is on the asset itself. It is an item of wealth. There is no evidence whatsoever to talk about rentals because it is just money treated as a part of the money item one may have. You are wealthy by the asset itself. That is what is wealth and what distinguishes poor from wealthy. The rate here is 2.5% every year repeatedly. (your answer misses the rate and what rate can you apply and by what analogy and there are no bases of any analogy!).
3. In business concerns, Zakah is on the net worth nothing else, as adjusted for items that are either fake (like establishing expenses being amortized on several years) or undue deductions (like provision for employees' end of service compensations). The rate here is 2.5% every year repeatedly.
4. The Salary question is inaccurate but essentially correct: whatever is been saved out of salaries and professional income by the end of the year is already included in cash and other Zakatable items, you may deduct out of such items only those liabilities that are to be actually paid out of them (e.g., you don't deduct liability for mortgage!).
5. Women gold and silver jewelries are exempt if two conditions are together satisfied: they are within what peers have and they are in actual normal use. Men gold jewelries are subject to Zakah because they are forbidden. By analogy other jewelries and gems, for men and women, are subject to Zakah is they are only a store of value, not in actual normal use or exceed what peers have. The rate here is 2.5% every year repeatedly.
6. The rules for personal loans is: any amount due on you is deductible from existing Zakatable assets if it is going to be paid out of these existing assets, otherwise it is not deductible. Business liabilities are taken care of when we say Zakah is on business net worth only.

Br. zeinoul, I want to convert you to my view, I invite you to read my paper on Zakah of investmental fixed assets (although in Arabic). and read my answers to objections aired by some scholars.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Zeinoul
Question
Salaam and Shukran. Br Monzer
My concern is primarily regarding the issue of capital / productive assets. I liked your last line that you want to convert me to your view! InShaAllah.. Who knows?
I am attaching my booklet and I think would make for some interesting debate. Would you like to read it? Also I would like to read your Arabic version. Perhaps you can send me a PDF version. In view of the importance of this subject, I suggest that you render it into English. This is indeed revolutionary. Wslm
Zeinoul
My Answer
Dear Br. Zeinoul,
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I will read your paper as soon as I find a slot of time InShaAllah. But I really urge you to think outside the box without being other than a main streamer!
It is really difficult for me to translate it because of time limitation. If you can read it in Arabic it is on my website but I may mention that you will also find it on the web of the Journal of King AbdulAziz University, Jeddah and there in another issue you will find comments of Muhammad Zuhaili and The late Shaikh Mustafa Zarka on it and my reply to their comments. I really believe the issue is very important and this is the reason why Zakah is not effective in our societies, even when it is applied in full (classical) as in Sudan or almost in full (also classical) as in Saudi Arabia. Changes of circumstances and effect of time are not considered in the classical application. Another reason that discourage me from translating is that all, almost, English speaking generally agree with me and many take it for granted when they talk about Zakah as covering all wealth items in a society. Look for instance at their estimation of Zakah proceed in several papers and at their talk on Zakah being of sizable collection. It can't be of any sizable collection under classical assumptions. Add to it that the Qaradawi Zakah on rent can't be substantiated, impractical in implementation and no body agrees with him on it!
Do you have any volunteer who can make the translation with the comments and reply and I then would like to review it and add a few pages on why this did not attract the attention of our Ulama in the past: main reason was the stagnant economy they lived within and the continuation of agriculture being the main source of income and wealth for at least a thousand year, followed by inability of Fuqaha of the late four centuries to think out of the box.
Best Regards,

Wassalam
Monzer Kahf

Additional Answer

Dear Br. Zeinoul
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
I took a quick look at your book. It is good, There are many writings and development in Arabic that are all not considered, especially decisions and Fatawa of the International Shari'ah Board on Zakah and studies related to its 10 or 12 annual meetings by now.
Additionally, all these arguments of yours, and me and all writers about importance of Zakah in our religion is suspended on the relative magnitude of its proceeds, if it is not substantial you can't do any thing with it anyway, no empowerment, no poverty alleviation and no nothing as long as what you collect is meager! Hence, you implicitly imply that it must be an amount that deserves attention and that deserves to be considered a tool of redistribution and enrichment! In a changing world where the weight of assets shifted, a restrictive definition of Zakatability may bring even zero Zakah in some cases (take a very restrictive definition that Zakah is only on the items mentioned in the Hadith, only 8 items and an economy like Bahrain or Dubai, Zakah would literally be ZERO) (by the way this restrictive definition is adopted TODAY by a good number of Shi'ah and Sunnah traditional scholars! O am not joking at all). Additionally any nonrestrictive definition MUST BE CONSISTENT IN TREATING THE EQUAL EQUALLY or else it would be unjust!
Best Regards,
Wassalam
Monzer Kahf

From: Zeinoul

Question

Slm and Shukran Br Monzer
Unfortunately very few English resources at the time I wrote. I use whatever I could and of course the Qaradawi translation done by you was a great help...probably the only substantial writing. Also what I found is that a lot of the writings are based on Muslim majorities and agricultural economies. However, keenly awaiting the translations from Br Hoosen. I can see your point. Are there any studies on how much Zakah is collected in Gulf Countries? Wslm

My Answer

Dear Br. ZEINOUL
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
In one of my papers that is in the cd of Zakah workshop there is some info about 5 of collected Zakah to GDP it ranges between 0.3 and 0.3%. It includes Saudi Arabia and some others too. Other Gulf countries have no formal collection and what is been distributed is not estimated to my knowledge, it is very meager anyway. There is an estimation for Bahrain that I need to dig deep to find its whereabouts.
Best Regards,
Wassalam

Monzer Kahf

Subject: Zakah on Investments

From: Jareer through Islam on line

Sent: Monday, August 27, 2007

Question

Dear Dr. Monzer, As-salamu alaykum

What is the Zakat Ruling on Investments, like Funds, Shares, Unit Trusts Invested for their Dividends not for Trading.

Thanks

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Jareer

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

All these investments are subject to Zakah on the value of stocks, units, etc. as valued at the closing of the day that precedes the due date of your Zakah (Hawalan al Hawl). I am aware that there are opinions given otherwise but there seems to be no foundation for such opinions. These are assets that represent wealth and not devoted for personal and family use. They make a big and often the biggest difference between the rich who is able to pay and the poor who is deprived. Of course whatever dividend obtained during the year must have already (during the year) either used for personal and family expenses and the like or added to Zakatable assets

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Giving Zakah to mosques, Dawa and Islamic magazines

From: Musa

Sent: Sunday, August 26, 2007

Question

Alsalamalaikum Dr. Kahf,

May Allah (SWT) reward you for your informative sessions given in ICI, which benefit brothers and sisters here. I got some questions about Zakat (acceptors), may i get your opinion / answers for them:

1. Can we give Zakat to volunteers who use the money to pulish Islamic magzines / books? Those volunteers have worked years dedicated to edit Islamic periodicals and books, and they use Zakat only for this purpose, not for themselves. They have been accepting Zakat for sometime and that maybe their most important fanancial source.
2. Can we give Zakat for building mosque in poor area? I remember that you mentioned Zakat should not be used for building mosque, but how about if Muslims in that area have financial difficult to build the mosque by themselves?

3. Can we give Zakat to Dawa center / office for covering Dawa expenditures?
4. Can we give Zakat for general Dawa / spreading Islam knowledge purpose? For example, if a Islam knowledge billboard was established on highway, can Zakat be use for establishing this billboard?
5. If a poor has a responsible person (in Shari'), can Zakat be still given to the poor?

May Allah (SWT) reward you. Ameen. Wasalam,
Musa

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Musa
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Sorry for the delay, you put too many points together that made me feel I need a lot of time to study and answer them.

1. I don't think that Zakah may be given to the volunteers that you described. What is in publishing magazines, the best is general Da'wa and general Da'wa is not a part of the use of Zakah. If a magazine is specialized in directly taking actions on helping Muslims or others who are under unjustified political and other pressures caused by transgression against Islam as a religion and Muslims as a community, then they can be given Zakah for the publication under defending Muslims and Islam.
2. Building mosques in poor areas is the responsibility of Muslims around them who are able to help, Zakah cannot be given for this purpose. On the other hand, if such poor Muslims are threatened in their religiosity because of the lack of mosque as in the case when they are under pressures from missionaries of other religion and it is determined that a mosque is essential to defend their religion, Zakah can be used for it.
3. General da'wa activities must be financed by the able persons from donations and other charities, from Awqaf and similar sources but not from the right of the poor. Zakah is not for general Da'wa or Da'wa centers.
4. Billboards on highways cannot be charged to Zakah if their nature is general Da'wa. Billboards that aim specifically at defending a general Islamic issue when its misunderstanding by general public causes aggression against Muslims at large, Muslim community or Islam may be financed from Zakah.
5. A poor person who has a rich relative who is, Shari'ah wise, responsible for the poor's sustenance may be given from Zakah if the relative does not actually discharge of his responsibility, and we must follow, legally or at least socially and morally, the relative for refund of what is paid and its administrative cost provided Zakah fund does not pay extra money for this follow up on the rich relative.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Where does the rate of Zakah come from?

From: Naveed
Sent: Wednesday, August 01, 2007
Question
As-salmu-ale-kum: Brother Monzer:
Where does 2.5% come from? It this mentioned in the Hadith or Quran? Thanks in advance for your help.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Naveed
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
This number came in correct authentic Ahadith, several of them. The prophet, pbuh, sometimes mentioned ""one quarter of tenth"" and sometimes ""in each forty one"". This rate came also in writing dictated by the Prophet, pbuh, in his last few days to his Governor of Bahrain (the governor actually left to assume his post after the death of the Prophet, pbuh). You realize that idea of any thing the prophet, pbuh, says, does or approves is a revelation from God as the Qur'an tells us although the words are the prophet's.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: When should I give away Zakah?
From: Khurram through Islam on line
Sent: Thursday, July 26, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
When should I give away Zakat? I have just recently completed 12 months as an employee in a Company. How much minimum amount should I have in my savings so that Zakat is obligatory on me? And on what items is Zakat due? And what is the best time and method to give away Zakat? Please reply me in detail regarding my above queries. Jazak-Allah Khair.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Khurram
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Zakah is an obligation on every Muslim. It is required on assets and agricultural harvest. Zakah on assets is due upon the passage of a full lunar year, the first of such years begins on the day you have accumulated assets to the equivalent of Nisab (a criteria of

Zakatability that is approximately equal to US$ 1000). Hence, you are required to calculate all your assets including: cash on hand, bank accounts, investment accounts with banks and brokers, if you are in business you business net worth, and all debts you own on other persons (there are assets that are exempt, mainly: residence house, furniture and other appliances, etc., personal books, cloth and the like, personal mean of transportation, debts on others that you don't expect to recover them and any amount you have that is devoted to pay a debt on you or living expenses until the next pay check). This Zakah is due at the rate of 2.5% every year upon the passage of a lunar year (= 354 days). It must be given away to the poor and needy and you may give it through Muslim charitable organizations in your area that you trust. Zakah on agriculture is due upon the harvest if it is equal to 2 Wasq (a measure that was at the time pf the Prophet, pbuh, that is equal to 653 KG).

In your case, you need to go back in your memory to determine when did you have the equivalent of US$ 1000 for the first time and after 354 days of that day you add together what is mentioned above. If the total is equal to US$ 1000 or more you have to give 2.5% of that total as your due Zakah. It does not matter if the last patch of saving was added a few days before the passage of the lunar year.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

Subject: Tax refund received on paid Zakah

From: Khizer through Islam on line

Sent: Sunday, July 22, 2007

Question

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

I have a question regarding interest accrued from bank deposits. I have read in previous fatwas which mention that such interest should be given away. In my country, i can give away this money to a charity (could be a muslim charity too) and avail of certain benefits in income tax. 1>Can i avail of such benefits by giving away the interest money? 2>Also if i give zakaat, sadaqah etc to an Islamic charity and avail of similar income tax benefits, will that be allowed 3>while calculating zakat, should the interest money accrued on bank deposits be also included in the total sum? May Allah reward you for your patience

Jazakum Allahu Khairan for your constant help

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Khizer

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Since you've read the relevant Fatawa and got their rationale, I am going to briefly mention the points directly:

1. Tax refund is a right to you that is not affected by its cause. If you get a tax refund because of interest, sadaqah and Zakah you give to Muslim charities that is well and good, the refund is yours and you don't need to worry about its cause. Anyway that encourages you to give more charity, and please give it to Muslim charities because of their tremendous needs and the marvelous job they do. Any way whatever refund you get will be a part of your income for the period during which you get it and whatever you save out of it to come under the calculation of Zakah for next lunar year.
2. Interest you get is not considered yours from a Shari'ah point of view and you do not own it. That is why you give it to Muslim charities. This means that you don't include it in the calculation of zakatable assets because you are required to pay Zakah on properties you own.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah calculation
From: M. Hoosen
Sent: Monday, July 02, 2007
Question
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Br. Hoosen
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
Please find my answers on your letter below each point:
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf
As-Salaamu Alaikum
I had organised an 8 person workshop this weekend, and we had read through all the papers from the Bangladesh conference on Zakah, Awqaf and Micro-finance as well as your papers on Zakah (from your web-site).
Alhumdulillah, it not only expanded our minds and knoweledge base, but in many cases it endorsed our opinions, views and modus operandi.
Also, we endorse and accept that a lot more work and education needs to go into promoting concepts of Social-Justice and we accepted the responsibility ... alhumdulillah, your paper on this theme was indeed valuable!
Furthermore, and as I indicated in an earlier correspondance, we need some clarity and explanation as to how/why some items in your Zakah Calculation For Muslims in North America (Revised Edition (Electronic) January 2001) was arrived at. We have listed several points that require clarity and we first ask for your patience and understanding

as we attempt to put accross what for the learned might come accross as obvious and silly questions ... please forgive our ignorance ...

A) Does intention play a role in determining the Zakaatability of an item, i.e. if I purchase something for personal use or benefit, will it automatically exclude it from our Zakah balance sheet.

i) If YES how does one define personal use / benefit

My answer is: YES AND NO. It is YES because there is no doubt that items appropriated for personal use are exempt from Zakah. This is evidence in the Hadith that exempts for a Muslim "his slave and his horse." Besides there is not a single Saying that imposes Zakah of houses in which owners live (that was the normal practice during the time of the Prophet, pbuh and there is not a single Saying about renting residential houses, renting came later about at least a hundred year after the death of the Prophet, pbuh, i.e., during Imam Malik's time!)

No, when the government applies it by law through appointing collectors and aAdministrators because the government can set objective criteria that may not consider intention as it is difficult to, in all cases, uncover the intention of an owner. Hence, the Zakah administration can set such criteria and apply them regardless of intention. We have an example in the opinion of Shaikh Qaradawi on Zakah on women jewelry that is in fact a reconciliation of different views: If jewelry is greater than the peers' (a criteria that does not consider intention!) and if it is not intended for normal or regular use (intention).

B) On page 12 you list NET SALARY and PROFIT as potentially Zakaatable items and it is determined after deducing a living allowance ... how would one go about determining a living allowance?

Living allowance can be set by the government (on objective criteria, even if some persons actually spends more) and may differ from one city to another even within the same country. But when Zakah is applied voluntarily by individuals and organizations, we look more at the actual. In the Booklet, I argue that role of organizations and experts in this regards is to suggest to users certain numbers from time to time and also educate them at that so they can apply the actual expenses as long as they are not extravagant. This boils down to looking at actual savings at the end of the year and sometimes add to them whatever the person feels that was an extravagant spending.

C) Ownership and accessibility are closely associated, for example if something you own is held as security (e.g. collatral) by another you do not pay Zakah on it.

1-In South Africa, we have something called a Retirement Annuity Fund, which are monthly deposits a working person makes into a regulated fund, which funds condition stipulate how and when your deposits can be accessed ... for example, the rules of the fund stipulate that one has access to the funds under on of three onditions/circumstances:

i) On reaching maturity age (typically 55)

ii) On disabiliy (if before age 55)

iii) on death (if before age 55)

RAF's are Tax-savings schemes ... and are voluntary usually taken out by professionals and businesspersons, and generally not by employees of companies or state employees

2-SIMILARLY, we have a State Pension Fund (for people in Civil Service). These people have moneys "forcibly" saved on their behalf (i.e. monies are deducted at source before they receive their net salary). Generally and typically persons do NOT have access to these funds while employed.
3-Then there are - so to speak - private pension funds which we call a Provident Fund ... these are also regulated by an act of law, etc. etc. Generally and typically, a salaried person is required by some companies (as a condition on employment) to have a Provident Fund ... both the employee and employer contribute towards the fund ... the money is generally not accessible to the employee while he is employed and when it is, it is usually under very strict conditions and sometimes penalties, etc. Usually these funds are not voluntary - although they can be!
Considering that only (3) above would SOMETIMES be accessible, which of these three are Zakaatable ...
ALSO is there a time consideration when one talks of accessibility ... i.e. If I have a bank account I can access my account immediately or atleast withing 48 hours and thereby become liquid ... however with respect to the Provident Fund the time frame to access the funds could be 3 months or more! Does it matter how soon I become liquid?
This is a long issue and very confused, and also confusing. We need to understand the idea of Mal al Damar first that determines the accessibility that is meant in Zakah. Mal al Damar is money or a property hidden by its owner and he lost the direction to finding it,
The same concept applies also money that is Maghsub, technically it is still owned by its true owner but the owner has no accessibility.
A security for a loan or debt (Rahn) is definitely Not Damar and it is subject to Zakah although the owner has no accessibility. We need to apply these criteria to these types of funds and we have to realize that their conditions differ from one country to another and from one fund to another:
Social security, or an obligatory pension contribution in a private company, that you cannot use and you have no choice to increase or reduce, although you receive at the end of each period a report of "ownership" in one sense or another of a the contributions.....is not subject to Zakah.
Funds that you have limited access such as choice of investment in which funds or which stocks, or under certain conditions such as when you buy a house, you can borrow from it, or accessibility with penalty such as paying past taxes and a fine, etc... These funds are definitely subject to Zakah and on the whole amount (no deduction of potential penalty or taxes) because these limitations do not violate the basic characteristics of ownership rights and government have the rights to impose such restrictions. Of course contributions of employers that are not vested (e.g., you can't take until after six month of employment) are not subject to Zakah until they become owned by the employee.
In other words, I will need more details about the right of and restrictions on accessibility to determine the zakatability of each of these funds.
D) Potential duplication in the payment of Zakah in salary, professional earnings and business profit ...
i) Page 18 (item 2-7) - I assume that these are both for perosnal as well as business bank accounts ...

ii) Page 19 (line 18 and/or 19) - I will assume that to determine Business Net Worth, one would read the business balance sheet and that this would include the bank accounts
In the case of business profit ... this means that the bank balance (or the money in the bank account) is taken into account twice ... once at line 2-7 and once at line 18/19
It is not meant to duplicate payment of Zakah on same item, it is either a mistake on my part or one for individual and one for business, most individual proprietors have a business bank account and a personal one.
SIMILARLY ... A professional would read his practice balance sheet to determine his business NET WORTH and would by necessity consider his bank balance when detemining this ... he would also potenially duplicate the money in the bank account if he were to insert the figure in (line 2-7) and (line 18/19) ...
Same as above
ALSO, when one determines Yearly Net Income (line 51) is he not in effect working out a personal balance sheet ... i.e. income less expenses.
ASSUMING hypothatically that a person does not have any expenses whatsoever (he lives with his parents who buy him everything he needs) and such a person saves ALL his income (after taxes) in a bank account, and assume that the ONLY items on your schedule that affect him are line 2 and line 51 then certainly there is a dublication on Zakaatable assets.
As above, duplication is not meant here also.
E) Line 15 - 17 & 30: I have been taught that Gold and Silver are calculated on the value of the weight of the item ... it appears from your calculation sheet (line 15 - 17 & 30) that you only consider the value of the item (which potentially is higher then the weighted item) BUT this is also a subjective value left to the discretion of individual jewelers. For example my wife has a 22ct gold necklace which she bought for R2000 ... TODAY the value of the necklace at Shop A = R2500 and Shop B = R2250. However, the value of the weight of gold is R2300.
It is ok just take it as reasonable approximation
F) Line 21 and Line 22 - You have allowed for deduction of the full value of the monies owing, even longterm liabilities No I did not, otherwise it is a mistake that need correction. The rule is: any liability that is normally payable out of the present asset on which we are calculating Zakah.
Line 49: What liabilities am I allowed to deduct: My understanding is that one woud prefer to have people deduct only:
i) Liabilities that are due and payable (on Zakah Valuation Date) - One view of the Hanafi Madhab (revised)
ii) Liabilities against Zakaatable Assest - According to Maliki Madhab
by allowing deduction of ALL liabilities (even for personal expenses) could potentially make a person non-payer as his personal liabilities exceed his Zakah assets.
Yes, you are right
AND why in the case of Mortgage on Personal Residence (page 15 - item 10) is the criteria of deduction limited to one year.
I suppose there is a need for revising some of the things in that booklet

G) Line 27 & 31: Individuals are going to have difficulty in determining and establishing what are Extravagant Excess in Personal Residence ... for example is a 72inch Television extravagant or is a 52inch television of higher quality and costs more, extravagant!

How practical is it to determine a minimum or normative amount? Only a government can make a determination. Otherwise, yes of course it is individual personal judgment that varies from one person to another, there is objective non-personal definition of extravagance in Shari'ah or in any other moral system. Of course it is obvious when you deal with large magnitudes (a house/residence of 365 rooms is extravagant and a person with family may have an independent entertainment room while for me personally I find it extravagant although I have a family too.

H) Line 39: How do we limit or identify the type of animals to be included in this lest, for example should we levy Zakah on all pets or only on exotic / almost extinct animals that are kept as pets ...

The idea is: any item that is considered by the owner as a wealth item (i.e., attitude of "I'm keeping it for the time of need," I can then liquidate it when needed, I am a collector of precious items, etc.)

I) Line 42 & 45: Are these assets not alredy considered when I did my calculation on Business Net Worth (line 18) and potentially a duplication.

These are at the personal level and the others at the business level. If duplicating the previous items you leave them blank here as duplication is not intended.

J1) Page 15 - How do we determine annual Net Income:

i) Is it take home pay (i.e. Gross salary less deductions)

ii) Is it take home pay less living and other expenses?

J2) I remember reading about it, but could not find how that value $7,500.00 was derived ... (page 15 - item 9)

You should consider take-home income because deduction of family expenses are deducted in the next line. The source of $7500 is the data on the average cost of living in the US at that year.

I thank you for all these comments, would embark on updating it and revising it to suit South Africa? If you do I offer to review it.

Hoosen

Subject: Spending Zakah and interest money on a sick handicapped brother

From: Rizwan

Sent: Saturday, June 23, 2007

Question

Dear Brother in Islam, May Allah reward you in abundance for all the good work you are doin...ameen

From a long time I have one question which needs to be answered. I needed an answer from an authentic source. I searched for your email on net since I couldn't pose my question on Fatwa session of IOL.I am mailing you with lot of hope that my question will be answered.

Question : I am a web developer working in Kuwait. Alhamdulillah Allah has given me enough means to carry out my responsibilities and to make the ends meet. I have my family back in India and is comprising of my Mother, Elder Brother and a younger sister. We lost our father last year, he died of Lokemia.

I have the complete responsibility of my family on my shoulders now, as my elder brother is schizophrenic. We as a family alhmadulillah are trying to keep ourselves as much away from INTEREST [i,e riba] as possible. We dutifully discard all that interest that gets accumulated in our savings bank accounts [which is inevitable since India lacks islamic banks] and try to keep away from all that which involves interest. We usually give away the interest amounts to the poor or the needy within the family and sometimes outside family as well.

Out of introspection once I thought why not keep this amount in a separate account which can be used to take care of my Elder brother. During every visit the psychiatrist who is treating my brother reminds me to keep a certain amount aside every month so that it can be helpful when he is sick or for his future. Psychiatrist always reminds us that eventually my brother would become complete insane [god forbid] and may have to be sent to the rehabilitation center. He always reminds us to prepare for that day.He also mentions that once I get married and have a family I wont be able to look into this regard as much I am doing now.

So my question here is ....is this acceptable within the frame of islam or will it be haram to use this amount or even a part of the Zakath amount.Please guide me in this regard.

With immense hopes of getting a reply .... Warm Regards

Rizwan

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Riswan,

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

If your brother has inherited any wealth from his late father (of which I suppose you would be the guardian), you may not assign any of your Zakah money to his care because he is rich.

If he does not have any wealth of his own you may assign your Zakah for his present of future care and maintenance and also you may assign the interest money for that purpose too.

But I have the following to say: Interest money is not pure and Zakah money is money that cleans your sins InShaAllah too.

I wouldn't like you to spend dirty money on your brother especially that there is an opinion that puts you responsible for his care because you may inherit from him should he die. I suggest that you should keep on with your good and rewardable deed of supporting him as much as you can and in the future if you need you can use your Zakah money and interest money to pay for his medical care and maintenance, try to delay this as much as you can, who knows may be Allah will give you plenty that you will never need to do that at all.

Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Giving Zakah to One's Handicapped Sisters
From: Bahia through Islam on line
Sent: Tuesday, June 12, 2007 5:37 AM
Question
First of all, thanks a lot for helping brothers and sisters to know more about their religion.
My question concerns zakat. Can I give my zakat to my two handicapped sisters who are about 40 years of age and not married because of that handicap (for example, one of them is mute). They live in Morocco with my father, who is old and can no longer work for all the family. So it is my brother who has to provide for them all and his own wife. Can you please help me? Thanks very much and kazakoum allhou kheir. Wa salam.
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Bahia
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
If you are rich, of your own income or wealth not of your husband, you are required to spend on your needy father and his household (unmarried sisters of yours) and whence we establish that you are required to spend on them, you cannot use the Zakah for that because it then amounts to using your Zakah to discharge of your own responsibilities. By the way, your brother's wife is absolutely not required to spend on your father and sisters, not even to help her husband in such spending. You are the daughter and sister of them (i.e., you are their kin) who is REQUIRED TO SPEND ON THEM IF YOU ARE ABLE considering your wealth and income together.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Bahia through Islam on line
Question
What about the brother? Is he required to spend on them (not his wife)? And is he (brother) or the daughter who is responsible for providing for her father and sisters? Please clarify! Jazakum Allahu Khairan for your constant help
My Answer:
Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Bahia
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh
The principles are as follows:
1) Father is financially responsible for his children until adulthood (marriage in some opinion), for the female children, who have no wealth/income of their own certainly until marriage.
2) Husbands are responsible for their wives regardless of their income/wealth. No service is required from wives. any financial contribution or service is voluntary unless specified as for pay or a loan.
3) No financial responsibility between in-laws. social mutual curtsey is required from every body.
4) Financially able children are required to spend on their parents, to the children's own standard of living, each in accordance with his/her financial ability. A boy is not more required than a girl. What matter is their respective financial ability (of course we do not consider that of their spouses). Children are also required to serve their parents if service is needed in addition to the general obedience in fairness (al Ma'ruf). Male and female children responsibility toward parents and toward the financial responsibility of the household of their fathers (that may include sisters and step mothers) is equal and depends only on their respective financial ability (physical ability for service when personal service is needed) and in proportion to these abilities. There is no evidence in Shari'ah that boys are more responsible than girls in this regard.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Estimation of Zakatul Fitr in money
From: Muhammar through Islam on line
Sent: Monday, June 04, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
May Allah bless you, My name is Muhammar, came from Indonesia . I'm right now living for a temporary reason as a Student in Germany. I also active in a Indonesian Muslim's Community Organization. We, Indonesian Muslims, in such along time have a dilemma to do our duties as a Muslim in this country,especially Zakat. We were usually paying our Zakat in a conventional way in Indonesia . We usually counted the amount of Zakat from the measurement of rice (class A, the expensive rice) in cash, especially Zakat Fitrah (1 sa' = 2.520 kilograms of rice), Zakat of Income/ Salary (Nisab from Qiyas of Zakat of Agriculture/ Plants = 524 kilograms of rice, payed every month), Fidyah (0.675 kilograms of rice), and Kaffarah (40.5 kilograms of rice). It much base on Syekh Yusuf Al Qardhaway's Fatwas of Zakat. But we are right now in other country. The germans always consume a vary of common foods, some of beans, rice, wheat, potato, etc. But the muslim immigrants (almost from Turkey) always consume bread and rice. Especially by Indonesian Muslim, we consume almost rice in general. Our embassy does not have a

branch, that manages a religious problem, because that is so personal. Well, we have such a secular government. The Islamic Center in Koln-Germany always announce every year the ammount of Zakat Fitrah in cash. The amount came from the assumtion, the ability of consuming from a person in one day and one night. But sadly, there is no information about how much the Fidyah and Kaffarah is. They also said, that the Nisab from Zakat of Income/ Salary came from Qiyas of Zakat of Gold (85 grams of Gold) and the zakat must be payed every year. Is it okay, that we don't follow that? Because it's very different from our custom way (see top).

Our organization have made some survey about the price of rice in every market in German . And we found that, the price from the expensive rice is seven time expensiver than the cheap ones. And this expensive one is very rare to consume. In a future we have plan to make the next survey, which rice, that indonesian muslim almost consume, and which one is the expensiver, that indonesian muslim almost consume. But the question is, is it possible that we have such a power to make this such decission? We don't have any 'ulamas/ mufti or scholars to ask Fatwa for, and we are just an ordinary student and residence in Germany, that don't have enough islamic thoughts. Is it possible, that we form such a Majlis Syura for Zakat with that conditions? Another question: Is it ok, that our organization also organize the bank interest (riba) and distribute this fund to Indonesia, especially for new infrastructure caused by earth quake and tsunami, and for medical research (such as: AIDS, Cancer, etc,) ? Cause in Germany, there is no Islamic/ Shariah Bank, and we don't have any clue how distribute this money in this Land. Would you please help us? To let us out from this very urgent dilemma? It would be kind, that we have the answer a soon as possible. Because we have to execute that very soon. Jazakumullah Khayran Katsiran, Wassalaamu'alaykum warahmatullaahi wabarakaatuh Muhammar

My Answer:

Bismillah al Rahman al Rahim

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

Dear Br. Muhammar

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The amount of Zakatul Fitr is determined in the Hadith. It is one Sa' of any of the main six food items that were common at the time of the Prophet, pbuh, and their similar items such as rice. The principle is to made distribution in kind unless when it is more convenient to the poor.

You take the average kind (quality) of food item that is used by Muslims in the area, in your case wheat or rice. You don't need scientific surveys to pay the Zakah. It is always by approximation and understanding. This is very easy to reach even if there are small differences between us on such estimation. You can distribute it in Indonesia or in Germany if you find poor deserving Muslims.

The amount of Kaffarah is the food of sixty poor normally two meals a day. It was approximated by the Prophet, pbuh, as 15 Sa' (the Sa' is approximately 2.55 kilograms). The principle remains food of two meals.

This is around 420-600 Euro in Germany and must be calculated on the standard of Muslims in Germany. The Fidiah is one day food that is 7-10 Euro in Germany today.
Zakah on income cannot be taken by analogy to agriculture, Qaradawi does not do that, because you take your salary in money and the multiplicity of production in agriculture (one grain gives 700) does not exist in salaries. It is the closest to trade because in trade the trader spends his time to buy and sell and then Zakah is calculated at the end of the year on what is left, never on the gross amount of merchandise he bought and sold. What is left means after spending all personal and family expenses, including payment for the residence whether it is installments or rents. The Zakah here is on the savings if they reach Nisab over the period of a lunar year, the Nisab is approximately Euro 1000.
Interest earned from banks may be spent back home in Indonesia on the poor and needy and sick persons and those who became poor because of Tsunami and other calamities.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah Calculation
From: Aadila
Sent: Tuesday, May 22, 2007
Question
Dear Dr Monzer, Assalaamu'alaykum Wrt Wbt.
Please help by giving a simple explanation on how one should calculate zakat of a islamic bank where there are both muslims and non-muslims shareholders. The 2 volumes of books which you had translated may take a long while for me to digest and would appreciate you help by zooming in the method to calculate the zakat.
Q1) Do I calculate zakat on net profit after payment of corporate tax to inland revenue? That is the corporate tax would be the tax on chargeable income after tax computation base on local IRAS requirement of allowable and non-allowable?
Q2) If answer to Q1 is yes, to calculate zakat after provision for income tax, then do I take the net income after deducting the provision to compute as follows:
Only applicable to muslim shareholders:
Net income after provision for income tax e.g $X
Total shareholders - 5 non-muslims and 5 muslims = 10 shareholders
Therefore, only the muslim shareholders are subject to zakat payment - $X * 5/10 * 2.5775% (base on gregorian calendar month) = $Y
So each muslims shareholders would have to pay $Y divide by 5?
Q3) Besides the net profit that is zakatable, assets less fixed assets should also be subject to payment of zakat? Can you explain on this as I cannot understand the AAOIFI method of net investment or net assets method. Can you use simple layman language to explain?
Q4) However, if all the above are wrong, please guide me. like what to less out or add in and the period on balance brought forward amount and current revenue etc. what

about the share capital which the shareholders injected as paid up capital and its reserve in the owners' equity account - are they subject to zakat and taking into consideration of 50% of shareholders are non-,muslims.
Thanks and best regards, Jazakallaahu
Aadila

My Answer:

Bismillah al Rahman al Rahim
Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in
Dear Sr. Aadila
Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

1) Zakah is not on income but rather on balance sheet items. This means that you don't look at all at the profit and loss account.
2) In a bank, balance sheet items that are subject to Zakah, according to majority including Qaradawi, (I argue for the net worth) are: receivables + cash + investment assets acquired to be sold.
3) Deductible items include: all confirmed obligations that are going to be paid in the coming year including current accounts deposits, investment deposits, the part of loans that is payable during the coming year, provision for taxes,
4) For detailed, item by item, approach please check the Zakah House of Kuwait, I know they have a publication for companies and banks, most likely they have it on line or at least order it from them.
5) You are correct on the proportion of Muslims/non-Muslims and on the Gregorian rate.
6) Of course you can arrive at the same figure if you take total equity minus fixed assets and similar items that are not intended for sale (e.g., supplies of work materials like paper, pens, etc.)

AAOIFI method does not go outside this. Please ask again for any details.
Wa Allahu A'alam
Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

Subject: Zakah on gold
From: MOHAMMAD
Sent: Monday, May 14, 2007

Question

Asalam-e-ilaykum Dear Brother,
I have a question regarding Zakah , I do have lot bills to pay which will take me 6-8 months time to finish pay off my bills ,besides that i have some assets like some gold from my marriage , do i have to pay zakah for that even though I have some big bills unpaid yet , if i do have so than how many percent of that . Thanks Shukran

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohammad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If you are not using the gold to pay your bills, it is of course subject to Zakah. Here are the details:
1. Here you have an asset (that makes you rich in the definition of Zakah) that you are not using for any need of your or your family. Paying debts is of course a need, but you are not using this gold to pay the debts.
2. I suppose you are a male and this gold is yours. Female's golden jewelry is exempt if tow conditions are fulfilled together: 1) the value is not too high that substantially exceeds her peers' jewelries; and 2) they are actually used for their suitable occasions (to exclude jewelry stored for value only).
3. Zakah is due on gold of it reaches the amount of Nisab that is about 85 grams and after the passage of one full lunar year that begins on the day its reaches the Nisab.
4. Zakah is due at the end of the first year (i.e., on the 354 day after having it) and every lunar year then after.
5. The rate is 2.5% every year as long as what you have is not below the Nisab.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Giving an Equivalent Amount of Zakah in Dollars
From: A person through Islam on line
Sent: Wednesday, May 09, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I have a question... If i vow to give let's say like Rs. 1000 in zakah , is it ok if i give the equivalent amount in dollars? Jakallah Khairun
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. / Sr.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes it is permissible. Why not, there is no reason to say it is not permissible unless it is bad for the recipients, the poor and needy. For instance, if your Zakah is due in Pakistan in rupees and you distribute instead in a village in Pakistan US Dollars, who is going to benefit from these Dollars, they may not even know what they are! But if you distribute them in a country that can use them, of course it is permissible.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Plants
From: Usman through Islam on line
Sent: Monday, April 23, 2007 8:44 AM
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
In the Philippines the main source of income is agriculture. May I know how zakah from plants like rice, corn or coconut are calculated? Jazakum Allah khairan
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Usman
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
It is so simple! you take the total sold harvest, cumulative throughout a full lunar year, do not include what is actually consumed by the family, guests and the like during the year; If this total is equal to 5 Wasq (this is approximately 654 KG) you must distribute 10% of it to the poor and needy as the due Zakah of this product. Most Scholars argue that you count each item (such as wheat, rice, coconut, etc.) alone but really there is no strong evidence to support this separation. You must add all products together. If you irrigate your farming by using powered machine you apply the rate of 5% instead of 10% but you must not deduct the cost of powered watering from the value of the sold products.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Nisab of Zakah in Germany
From: Michael
Sent: Sunday, April 15, 2007
Question
Dear Brother, as salamu alaikum,
The following case I was asked myself:
German student receives state alimentation (family below certain income levels), but on credit with interest. There is an amount of about 3000 Euro in savings. The outstanding debt is substantially higher than this amount but not yet due.
1. Can the debt be deducted if not due? Is such a debt deductible at all?
2. What are the opinions about Nisab in the West? Still 85 grams about in Gold? Then maybe 1600 Euro would be zakatable - But 3000 Euro is Germany is close to poverty.

In my understanding the maximum due Zakat would be 2.5 % on about 1600 Euro. The ongoing debt every month is not zakatable in my view, as it is not earned income and even if it would be it is at the poverty line in Germany.
Any overview about arguments is welcome but not urgent. Best regards,
Michael

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Michael
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Your question is a little vague. What is the 1600? Any way here is a generic answer.
1. The Nisab will remain only the value of 85 grams because this is the 20 dinar unless a government authority decides to accept an income equivalent equation (which is anyway very difficult because with the world becoming a small village you need to take a world measure with not much localization as what is called "poor" in certain areas actually enjoys much more than a "rich" in some other areas. However, we do not fluctuate the Nisab with price changes in NY exchange, we take it a stable for a few years. I argue that the Nisab is still about US$ 1000, you may take it as Euro 1000 but I don't think it is any higher in spite of the rise of gold price over the past two years.
2. Zakah is not on income but on savings plus previous wealth.
3. The amount of Nisab is only a standard of measurement not a minimum exempt. Hence whoever has a Nisab or more is subject to Zakah at 2.5% per lunar year (i.e., every 354 days from the day Nisab is obtained for the first time) ON THE TOTAL AMOUNT OF ASSETS ON THAT DAY. You do not deduct the Nisab from this total.
4. Liabilities, whether due or not, on Zakah payers are deductible from Zakatable assets if she/he is going to pay them from the present assets (in contrast to future earnings) while debts on other persons are included to the extent debtors are able to pay them back when due.
If this is not sufficient please give the numerical example in details.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Michael
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Please see my answers below your points:
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

From: Michael
Question
Wa alaikum as salam,
1600 would be the 85 grams at current value in Euro.
1. In any case 3000 Euro is above the Nisab level following the 85 gram Gold definition
2. At the moment I cannot check the book you translated, but Zakah Calculation, M. Rahman, The Islamic Foundation, UK: Earned Income should be subject to Zakah according to this booklet: p.37/38, citing page 328 Fiqh Zakah, Qaradawi - reason given is similarity to agricultural output; p. 38 mentions that you yourself consider earned income as Zakatable.
If he said so, this is a misunderstanding from him of both Qaradawi and me. We both say income is subject to Zakah but you deduct from it expenses, this means only savings are subject not total income and we both emphasize that money needed for expenses is not subject to Zakah!

3. Thanks for clarification, so a wealth of 3000 Euro is Zakatable every lunar year if not debt could be deducted.
4. The student's loan is subject to be paid back, once income is generated with a regular work. The question is, whether they would be deductible still or not. If they are deductible, then negative wealth does not result into Zakah.
Students loans are going to be paid from future income not from present assets, they are not deductible from present asset when you calculate Zakah. In other words, present assets are Zakatable and the owner is rich although she/he is under future debts, like house mortgages.
5. If negative wealth is stated, does the person herself qualifies for Zakah, even thought the debt is not due?
If a person is under debts that will be paid out of existing assets and the debts exhaust her/his assets, she/he qualifies to take Zakah to help paying debts ""al Gharimin"". Of course there are priorities that depend on other circumstances and urgency of other needs and nature of debt and who whom it is due, for instance debts to government may not have priority over poor in other countries unless if there is jail sentences for them!
Similarly, a person may qualify for Zakah if her/his income is below his/her needs for expenses including education expenses.
Best regards,
Michael

From: Michael
Question
as salamu alaikum,

1. Page 44 net earning versus gross earning is specifying this point. I would have appreciated to read this in the same chapter to avoid the misunderstanding.
2. Finally it can be said: the whole savings are zakatable with 2.5 % as the debt has to be paid from future income. Nisab is exceeded and gets not deducted. Allah yubarik fik,
Michael

My Answer

Dear Br. Michael
Assalamu Alaikum wa Rahmatullahi wa Barakatuh
I don't know this Rahman who is he and what authority he has and what is his calculation of Zakah. Please refer to my "Zakah Calculation for Muslims in North America" that is on my website, the first publication of it was in 1977 and since then it has the same view on this issue! Same for Qaradawi and my translation of his book.
Best Regards,
Wassalam,
Monzer Kahf

Subject: Paying Zakah for each past year and life insurance

From: Azdin through Islam on line
Sent: Wednesday, April 11, 2007

Question

Subject: Paying Zakah for Each Year
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Jazakmu Allahu khaira for your help and support. Following with our case, reference number B97EQp, the building saving contract is coming to an end and my wife will get back an amount of money. She will get rid inshaAllah from the interest side as mentioned earlier. The question now is about the zakat. This account has been alive for five years, does she have to pay the zakat for each year? Or just for the final sum?... Almost same question on the insurance part, my wife wants to cancel it though she will loose the amount that it has been sent for two years. May Allah accept from her. Is she obliged to pay zakat for the amonth that was sent the last two years? If yes, how? Knowing that each months an X amount was payed. Knowing that all these money has been paid by her father. May Allah accept from You! Wassalam
Below is the previous question and the answer given to him under the reference number B97EQp

Question

Assalamu alaykum, May Allah accept your help. My wife is Muslim almost five years, around the time she entered Islam, her father (non-Muslim) created a Building Saving account for her in a Bank and during this period, he was the one sending a fixed amount to her account. The Building Savings is a government-subsidized product (donation) designed to support housing needs. So there is a State allowance plus a 2% interest from the bank itself. The Interest from the bank we believe it is harram and we will get rid of it inshaALLAH. The question is about the state allowance, what is its status in Islam? Today, alhamdulillah we are not in an urgent need to buy a house, we are planning to move to another country next year inshaALLAH, could we use this money for housing

purposes then? An other issue with her father :-), from her birth he is having for her a life insurance so if anything happens to her, her parents will receive some amount of money. As I got to know, interest is associated with it, what do you recommend in this case? I believe that her father has been having good intentions when he created such contracts. However, my wife wants to be in the safe side. We are planning to go to Hajj inshaALLAH this year, please make duaa for us! Thank you! Wassalam

Date 03/Dec/2006

Name of Counsellor Monzer Kahf

<http://www.islamonline.net/servlet/Satellite?cid=1119503614801&pagename=IslamOnline-English-Ask_Scholar%2FFatwaCounselorE%2FFatwaCounselorE>

Answer

Wa `alaykum As-Salamu wa Rahmatullahi wa Barakatuh.

In the Name of Allah, Most Gracious, Most Merciful.

All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.

Dear questioner, we would like to thank you for the great confidence you place in us, and we implore Allah Almighty to help us serve His cause and render our work for His Sake.

In his response to your question, Dr. Monzer Kahf, a prominent economist and counselor states:

"Dear brother Azdin, first, may Allah accept your good intention and your coming Hajj, both of you.

1. Just as you said, the interest the bank gives on this saving account is Riba and it is Haram because it is her account and a Muslim must not earn any Riba. What you do with it, give it to a Muslim charity to be spent on the poor and needy, it is not Haram for them because of their need. (If the account is in her father's name and at any future point of time he gave her a gift, say the total money in such an account, we don't go into what details it consists of, and she can take the gift of her father without asking him about the source as long as it is legal according to the prevailing law in his land).
2. The government subsidy is HALAL, it is permissible because it is given according to law. Any government may give some one some amount of money, as long as it is not a bribe or not to tame an action that hurt others like retention that is done by American CIA, that giving is permissible and accepting it is also permissible in Shari'ah. That is you can use this government subsidy for any purpose, of course within the law.

The insurance policy: Most life insurance policies have interest element in them that make them not permissible for Muslims. In the case of your wife, it is not her policy, she is not the owner of the policy nor the beneficiary. It is her family's policy, and her parents are not required to follow the terms of our religion. Your wife has no sin at all in regard of the interest element in this life insurance and she does not benefit from it any way as the benefits will be received if she dies. This policy may have a clause, that is typical in many insurance policies that says: should the insured stay alive after a number of years, the face value of the policy will be paid to her. If the policy has such an article when your wife receives the amount of the policy she will then be required to give away to Muslim charity the accumulated interests in this amount (this is easily known and you get this info from the insurance policy, it may also be mentioned in the contract itself.).

In other words, she can take the amount paid by her father plus the return on it if it was invested in permissible manners."
Allah Almighty knows best.
Jazakum Allahu Khairan for your constant help

My Answer

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

1. Zakah is due on every rich Muslim, female or male, major or minor every year on all the wealth she/he owns including savings and debts on other persons. If the building saving account is in your wife's name, she is required to pay Zakah on its total balance, minus the amount of accumulated interest, effective from the day a lunar year (354 days) is completed on either the date when she became Muslim if the amount of this saving was then equal to Nisab (approximately US$ 1000) or the date when she owned this amount for the first time. The rate is 2.5% and this is a yearly obligation, i.e., it must be repeated every year. Normally delaying Zakah payment, with no valid excuse, from its due date (the 354th day) is sinful but in this case there is no sin because she is not required to make payment for any year from other resources and she can delay payment until she liquidates the Zakatable asset itself, in this case the Building Saving and pay the due Zakah on past years together. Obligated Zakah for all past years becomes due upon liquidation. Of course you can make an educated estimation for every past year and add may be add a few extra dollars to be on the safe side of the estimation.
2. As you rightly said, interest accumulated over all past year, SINCE SHE BECAME MUSLIM, must all be given to the poor and needy or to Muslim charitable organization in order to keep her own money pure and clean. This is why this amount is not subject to Zakah, it is not considered her money and it is wrong to return it to the bank that paid it because of its interest practice, you then give it away to the poor for whom it become Halal. The same thing applies to interest accruing to life insurance.
3. The government contribution into the building saving is Halal, it is a government grant by law, we deserve it by law because we are a part of the society and tax payers.
4. I don't know why does your wife want to liquidate the life insurance? I believe it is Halal for her, even according to the most rigid view (my personal view is that life insurance is permissible anyway as long as interest is not a major component of its contract. In your wife's case, she did not buy the insurance and she did not contract it and she does not pay for it! it was given to her as a gift from another person and if there is any prohibition she did not commit it! This means that if she decides to keep this contract and leave it until death where her children will benefit from it, it must be permissible, you don't ask about whatever interest involved in it because she did not contracted it. It is simply a death benefit that is deserved upon death. But if she liquidates this insurance policy, whatever interest accumulated since she became both Muslim and owner of the policy must be given to Muslim charity.

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

Subject: Giving Zakah Money to Brother
From: Ahsan through Islam on line
Sent: Sunday, March 25, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My brother is not in need of zakat but he can not afford private university tuition fee for his sons education. Can I send zakat money to my brother for his son?s university fee; and also can I not let them know that it is zakat money. Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahsan
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The answer to the second question is affirmative, yes. You don't need to inform the recipient of your Zakah that it is Zakah. But I have doubt about the first question> It seems to me that getting children in a private university in Pakistan must not have a priority over the millions who suffer mal nutrition and poverty in Pakistan and in other countries. It seems to me in the context I know about Pakistan that being in a private University is a luxury that is available to a very small number of people where as about one forth of Pakistanis live under poverty and a good percentage of them under severe poverty!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on company stock options
From: Habib
Sent: Friday, March 23, 2007
Question
Dear Dr. Monzer Kahf, Assalamu Alaikum,
Please allow me to seek your help to know Zakat status of socks granted by companies as part of their compensation programs. They are of two types:
1- Stock options. These options got no voting power and do not earn dividends. In my situation I am granted stock options and are not part of my contractual agreement with

my company. These are granted at the sole discretion of the company and are meant to incentivise employees to stay in the company for the long hauls. I do not own the principal of these stock and would benefit only form the appreciation of the stock over a fixed period of time. These stocks are granted every year.
I would like to give you a specific example:
- I am granted 1000 stock options, the value of the stock is $40, a total of $40,000
- I am allowed to sell 250 stocks after 1 year, 500 stocks after 2 years, 750 over 3 years and starting year 4, all 1000 stocks are vestable.
- These stocks will expire after 10 years if not sold.
- If for instance, the stock appreciate to $42 after 1 year, my own benefit would be $2000 but can only sell 25% of the stocks and thus my benefit would be $500.
If the stock appreciates to $50 after 4 years, my benefit would be $10,000
- My question is whether I have to pay Zakat every
year on the outstanding benefit value or only when I sell the stocks at any time during its 10 years life span and what would it be.
2- Another type of stock I am granted is called restricted stock, this one has also got no voting power and does not earn dividends. In the above example, the 1000 stock plus whatever appreciation will be mine, however, I am no allowed to sell any of these stocks in the first 3 years. By year 3 the these stocks change to common stocks and I can then sell them at any time; if after 3 years the stock value becomes $45, the total value of $45000 would be mine and then they start having voting power and would earn dividends. What is zakat status of this stock before the end of year 3.
Jazakumallahou Kahiran for your help, Wassalamu Alaikum
Habib

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Habib
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1) You did not explain what is the 40 in your example and I assume this (although may be the market price at a certain time) is the price of exercise. That is the price you can buy at when these options become vested. This is why you earn only the difference. I am afraid these option cannot be traded from Shari'ah point of view. This means that you may not sell these options although they are permissible to be given to you by the employer and it is permissible for you to accept and own them. When they, or any part, become vested, you can exercise your right to buy or assign this right to another person for consideration (this amounts to selling them for the price differential). These stock options are not subject to Zakah at all. It is only when they turn into reality (stocks) the stocks become Zakatable. That is only when you buy the stocks for the price of 40 and then you may sell and gain the difference or keep and become a share holder. In either case, the kept share or the net money you gain becomes a part of your Zakatable assets and should be included with your other Zakatable assets in the calculation of Zakah and subjected to the same already established Zakah year.

2) The second kind of option is new to me and I thank you for explaining it. Let us examine this option. . Is it any thing more than a promise that if you stay with us for three years we'll give you stocks that may be then worth of so and so? It seems to me from your explanation that this option is only a promise. If it is a promise it is not subject to Zakah and only when you actually earn these stocks that you add them to your other Zakatable items as mentioned above.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Retirement Fund
From: May through Islam on line
Sent: Thursday, March 22, 2007
Question
ar Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Dear Scholars I have two accounts that I will collect on upon my retirment. One is my hospital's plan that both I and the hospital pay into which is invested and gives me dividends, legal interest, not haram. And the other is a ROTH IRA, a retirment fund that I invest in annually. My question is when I pay Zakat should I pay on the total amount of the both accounts or just on the earned money from the accounts, i.e. the halal interest during the year. additionally can my husband on her own open an Individual Retirement Account, i.e. a ROTH IRA? jazakum Allah khairan
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear May
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. First I am not aware that is is a ""legal interest"" or ""Halal Interest."" I know very well that all interest is HARAM except when you borrow from your IRA,Roth, 401K or the like and the law requires you to pay back the loan with interest. This is in fact not interest but additions to your account although the law calls it interest. But any thing that you earn from other persons on a loan (an amount you give to be returned to you at a later date whereby its principal is guaranteed to you) is interest and this is the same as RIBA that is mentioned in the Qur'an and this is what is Haram.
2. If one earn a Haram money, one must give it all to Muslim charity in order to keep one's own property pure and clean. This giving is not considered Sadaqah nor Zakah. and of course when it is all not yours and due for giving away there must be no Zakah on it.
3. Assuming that all return are Halal, Zakah is due on all the balance that you have in all these accounts (principal plus revenues) every lunar year at the rate of 2.5%. the first lunar year begins when you first acquired Nisab (# US$ 1000). The same is repeated

ever lunar year (i.e., every 354 days thenafter). You may deduct the not-vested-yet amount that is contributed by the employer (the amount that if you quit on the day Zakah is due the employer will take it back). All other funds in these accounts are yours and you normally invest them at your choice. they are all subject to Zakah.

4. Zakah id due for payment on the day you pass the lunar year. but essentially Zakah is payable from the same Zakatable asset and it can be paid from other resources too. This means you either pay the Zakah from other resources or calculate it every year and delay the payment until you start withdrawing. of course in this case the amount that will then be due for payment may make a high percentage of what you withdraw. But what I meant to say that is not sinful to delay payment in this case otherwise delaying payment from the due date with no valid reason is sinful.

5. Finally, your husband can make a separate account for himself in any of such manners. The reality is according to Shari'ah the properties of the husband and wife are completely separate from each other and one has no authority nor any claim on the property of the other (except that the wife can take from her husband's properties what is needed for household expenses if he does not spend on his family). The only property that is recognized in Shari'ah as owned by them together is a property that they choose to put it in both names and then unless there is evidence to the share owned by either of them such property is considered owned half/half (this becomes important in case of death of one of them).

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

Subject: Nisab and other matters of Zakah
From: Mason
Sent: Tuesday, March 20, 2007

Question

salam,

How much is the nisab that should last for one year? The 2.5% is it from the nisab amount or only from the rest above the nisab? Or from the whole money ?

If the nisab is 1000$ which means ca. 800€, and I had 800€ that last for the whole year, 2.5% of the 800€ or 2.5% from the 300€ I have over the 800€? or 2.5% of the 1100 that I have now? what if I have more than 1600€ (2x nisabs), do I calculate only on the first 800€ ? wassalam!

My Answer

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

I hope every thing is fine with you down there. I have a course in Dusseldorf at the end of May, how far is it from you? I also have a nephew near Dusseldorf in Duisburg?
Here are the answers to your questions:
1) The Nisab is a test or criteria of Zakatability, it is not a minimum deductible or exempt. Hence, once you have 800 Euros your Zakah year begins and after 354 days you are requires to pay Zakah on all that you own unless it is less than 800.
2) The Nisab is of course in gold (20 Dinar) or silver (200 Dirham). These were equal at the time of the prophet, pbuh but they were not at all times after him. Therefore we have to estimate what is reasonable, keeping in mind that the religion does not change every second with the changes in the International Gold market. The Nisab is meant to be stable. And until we have a collective Ijtihad to determine its amount with a formula that applies to all cases, in all countries and all currencies, we have to count of the price of Gold (or silver but it is very cheap that makes the Nisab redundant). My estimation, three years ago was US& 1000 (25 years ago I estimated it at 400) and I don't feel that there is a substantial change in prices that warrants changing this figure until now. Some people may argue that we should adjust it with the rise in the prices of Gold over the last tow years but I feel this rise does not reflect a rise in prices of goods and services and therefore does not require a change in the estimation of Nisab. But if someone wanted to make it 1400, I wouldn't quarrel with him!
3) All additions during the lunar year are added and subject to Zakah although no full year may have passed on them. This has been the practice of the Prophet, pbuh, and the unanimous agreement of all Fuqaha. The idea is how much you have now, when Zakah is due for payment. This is how much you are rich now and Zakah is on your wealth, not on the past wealth of a year ago!
4) of course any amount that is allocated to pay debts or for living expenses is not included. The example: suppose you have 2000 Euros and on March 1 you got your monthly salary, 1500, your Zakah date is March 3. Theoretically on this date you have 3500. But you know that you have rent to pay on say March 12 and living expenses until next month pay, the total is 1300, then the amount that is subject to Zakah is only 2200. (this also answers your question of double the Nisab!)
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Giving Zakah Money to Flat-mate
From: Naseema through Islam on line
Sent: Wednesday, March 07, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My flat-mate became Muslim 2 years ago. She is returning to her country Portugal very soon and needs to ship her things to Portugal. At the moment she is in difficult financial circumstances. She has no money to send her things, she currently has no income and

even though she has some support from her family, who are not Muslim, it is not enough. At the moment she is asking people for help to ship her things, to help her pay her airfare and for some money to sustain her for at least 6 months, while she looks for a job.
I have been given zakah money to give to whoever needs it. I would like to know if I can giver her the money or not? Jazakallah khairan for your help
Naseema

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Naseema
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
According to your description and explanation, this woman seems to be deserving help from Zakah, and I think you may give her from the Zakah money entrusted to you for paying for her travel including shipping her books and other thing, debts and living expenses until she finds a job.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Earnings
From: Salman through Islam on line
Sent: Thursday, March 01, 2007

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My question is about zakat.do one have to give zakat on what he earns or what he save?I earn weekly, so should i give zakat on what i earn? Jazakum Allahu Khairan

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Salman
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is on the part you save. If your income is more than your expenses plus what you pay for debts that you may have and any other obligations such as helping parents. If you use up all your income there is no Zakah on savings. Additionally Zakah is on wealth items such as previously accumulated savings, bank accounts, investments and other properties you may own, keeping in mind the personal exemptions such as residence, means of transportation, furniture, etc. Remember also that Zakah is a yearly worship/duty that means it is repeated every lunar year (= 354 days) on the same assets

plus any additions acquired during the year. Of course Zakah applies one lunar year once one acquires the amount that is equal Nisab (# US$ 1000).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Pension and Rent Income
From: Hicham through Islam on line
Sent: Wednesday, February 21, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I am a retired civil servant. I have a pension of 900 USD and a rent income of 500 USD. However, I have a loan to honor and these revenues do not suffice me. Therefore, I could not save money. my question is: Do I have to pay Zakat? JazakomoLLAHO Khayran.
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Hicham,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is on the part that is saved of your income. If your income from all sources is barely sufficient to maintain you and your family and to pay the due part of the debts that are on you, and therefore you do not save any part of it there is then NO ZAKAH required on you. When you have income and you save out of it the amount of Nisab that saved part is subject to Zakah provided other conditions (of Nisab and Hawl) are fulfilled.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Paying Zakah on same wealth every year?
From: Imran through Islam on line
Sent: Sunday, January 14, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
About Zakat can you please clarify a point. If you pay Zakat on $10000 your left with $9850, will you have to pay zakat on that amount next year, or only pay zakat on new savings? Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Imran
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is essentially on the wealth. If you pay Zakah on your wealth on say Ramadan 12, 1426 and your wealth was then
10,000 you are left with 9750 and if there were no additions, on Ramadan 12 1427 you were required to pay Zakah on 9750 the amount of Zakah will be 243.75 and you will be left with 9506.25. The same thing must be repeated every year. This will actually diminish the wealth to the amount of Nisab if there are no additions! The Prophet, pbuh, suggested that we must invest the property of orphan (because their property is managed by guardian who may neglect or not give sufficient attention) SO THAT [the repeated payment of] THE ZAKAH WILL NOT EAT IT UP [with time].
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Giving Zakah for Indebted Family
From: A brother through Islam on line
Sent: Sunday, January 07, 2007
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh
I gave zakah to a family who represented themselves as very needy and not having any money and being in debt. They are in big debt but they still have money(much less than their debts) that they are living on since the husband cannot get a job. Is the Zakah valid or do I need to repay it?
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If the situation is as you described it to the best of your knowledge (good educated guess or estimation) It is InShaAllah valid and this family deserves Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

FATAWA ON ZAKAH 2006

Subject: Refund of Value Added Tax on Zakah fund purchases from Zakah money
From: Essof
Sent: Sunday, December 24, 2006
As-Salaamu Alaikum
I have tried several times to submit questions on Zakah matters, even at the suggested time (14:00 GMT) and still no luck. Would it be OK for me to send questions via this link. See below:
Respected Aalim. As-Salaamu Alaikum Warahmatullahi Wabarakathu
May this letter find you in good health and high Islamic spirits. Ameen
We would like to request your input and guidance on how to treat VAT refunds that SANZAF now receives from SARS. We have taken the liberty of outlining the processes involved in us being able to access these funds. Please feel free to ask clarity on any matter.
Introduction:
SANZAF is a registered as a Public Benefit Organisation (PBO) and about a year ago received a favourable S18A tax status from the South African Revenue Services (SARS). Sanzaf has also registered for VAT purposes with SARS. These among other things affords Sanzaf and donors special benefits, such as a reduction on the taxes our donors pay and tax exemption for a number of taxes in South Africa for SANZAF, whilst VAT registration allows Sanzaf to claim VAT input credit refunds, respectively.
Sanzaf Scenario:
Prior to registering for VAT with SARS, a donor to SANZAF would say donate R114 in Zakah or non-Zakah funds. SANZAF would either give the needy recipient R114 in cash or R114 of goods which is made up of R100 good plus R14 of VAT. (This example ignores the cost of administrating the collection and disbursement of money and goods). SANZAF has for all intents and purposes discharged the obligation that the donor has made.
As regards SANZAF's current status, our VAT registration affords us an opportunity to get a refund on the VAT we paid on the goods SANZAF purchased from VAT registered suppliers (and also other administration overheads) that SANZAF in turn has distributed to needy recipients. SANZAF is of the view that the VAT input credit refund that SARS has given SANZAF is as a direct result of the non-profit and charitable nature of SANZAF and that this favourable tax status is to contribute to the resources of SANZAF to further facilitate poverty alleviation in South Africa and hence this is for the benefit of administration overheads of SANZAF.
SANZAF issues needy recipients vouchers to purchase groceries. The shop owner charges the recipient an amount inclusive of VAT and gives the recipient groceries to the full value of the amount stipulated on the voucher, inclusive of VAT. For example when we issue a voucher of R114, the shop keeper issues groceries for R114 - R14 being the VAT on the items purchased. The recipient benefits for the entire R114.

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

Question:

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

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

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

Essof

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Essof

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

On the other hand remember that as a voluntary Zakah organization, you work on the principle of agency. You are not a government that collects Zakah by the force of law or authority. The implication is important because you represent the payer in distributing the Zakah; the payer cannot charge any percentage of Zakah for the cost of its distribution as his obligation is to be sure that her/his Zakah reaches it appropriate destination otherwise she/he would have not been considered fulfilling what is

required. HE DESERVES NO REWARD/COMPENSATION ON HIS EFFORT AND COST INVOLVED IN DISTRIBUTING IT. For an organization like yours, I argue, it is permissible to charge the Zakah account (i.e., you take part of the R114 given to you as Zakah in your example) for its administration and distribution because you partially plays a role of a government in the Muslim community but I put the two conditions for this behaviour: 1) YOU SHOULD INFORM YOUR ZAKAH DONORS OF THE APPROXIMATE PERCENTAGE IT COSTS YOU TO EFFECT THE DISTRIBUTION; AND, 2) THE AMOUNT OF ADMINISTRATIVE COST SHOULD NOT BE HIGH TO AN EXTENT THAT MAKES THE PROCESS DEFEAT THE OBJECTIVE OF ZAKAH, you may be aware that the Shafi'ites makes this share no more than 12.5%.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah jewelry while under debt on our residence
From: Ibrahim
Sent: Wednesday, December 13, 2006
Question
Assalamalaikum Dr. Kahf
I would like to know if I and my wife would be obligated to pay Zakah. We currently borrow money from her parents the amount being over Nisab, for the purchase of an apartment. However, she currently has gold in her possession that is over Nisab, and that she has not liquidated (Though, I don't understand why women like to keep gold even though they never use, anyways that's another story). Are we then obligated to pay Zakah on the gold, even though we have a large debt to pay? Also, would we have to do qurbani.? We follow the hanafi madhab. If you need more info, I would gladly forward it to you. Jazakallah
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ibrahim
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
As long as you do not intend to pay the loan from this amount of gold that she has, she is required to pay Zakah on it. (If the gold is assigned for the full or partial payment of the debt then she is not obliged to pay Zakah on the gold). Zakah on gold jewelry is required every lunar year at the rate of 2.5%, you may pay it from other sources or liquidate part of the gold for payment.
The Qurbani is Wajib in the Hanafi school as long as you have income from which you can spare money for the price of the Qurbani or savings sufficient to pay for it. Of course Wajib is a little less than Fard; Wajib is required but not very strongly.
Wa Allahu A'lam

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

Subject: Deduction of Long Term Loans from Zakatable Items
From: Ahmed through Islam on line
Sent: Tuesday, December 12, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Some people take long term loans, which are paid back in installments. They generally offset the whole loan amount against the Zakatable assets and say the do not have any Zakah to pay. However in practice they only pay off the loan in small installments every year. We understand that the current installment amount can only be offset against the Zakatable assets and not the whole loan amount every year. Please enlighten us and guide us. With best regards. Allah Hafiz.
Ahmed.
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Komoruzzaman,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Only the amount of debt (loan) that is going to be paid from the present Zakatable assets is deductible when we calculate Zakah. The rest of the loan is not against these assets but against future earning and it therefore not deductible from Zakatable assets.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Money Given to Christian Relatives: Is It Counted As Zakah
From: Ali through Islam on line
Sent: Sunday, December 10, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My wife was Christian, now AlhamduLilah is Muslim. Her family is still Christian living overseas but relatively poor. Now they're children going to college and my wife sends them good financial help for college. Does that count as Zakah for my Muslim wife to send needed money to her Christian family? JAK Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ali
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
No, Zakah of Muslims should be paid to Muslims. Only when a government collects Zakah and it has surplus over and above the need of Muslims, it can give from Zakah to non-Muslims. in today's world, the needs of Muslims are tremendous and no amount of Zakah would satisfy these needs. It is good to help our relatives regardless of religion, Even Safiyyah, May Allah be pleased with her, the wife of the Prophet, pbuh, helped her non-Muslim relatives, but of course not from Zakah bit as a Sadaqah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Question regarding Zakah al-mal while under debt
From: Amir
Sent: Sunday, December 10, 2006
Question
Dr. Kahf; As-salaam alaikum.
I am a medical resident with approximately $48,000 in medical school student loan debt that I am actively repaying. My wife and I paid a full Zakah al-mal last year; however this year the question arose as to whether we would be excluded from paying due to the fact that we still have this debt that we are repaying. What do you think? Thanks
Amir
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Amir
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Debt and more so interest-bearing debts have to be paid back the soonest possible. If this debt is interest bearing you should use all your savings toward paying it. Hence, if you don't have savings there is no Zakah due on you. Since Zakah is not in fact on income itself but on the left over (savings) part of it. But if you are under debt, that you are not paying it because it is not due now (e.g., a mortgage debt) and you have savings accumulating during a year to an amount that exceeds Nisab, you are then subject to Zakah on these savings although you are under long term debt because the existing saving are not assigned for payment of the said debt. Please if you need any further explanation, give me exact details and I will InShaAllah help you further.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Paying Zakah from investment revenue
From: shams
Sent: Tuesday, December 05, 2006
Question
Dear Dr. Kahf, Assalamualikum wrb
I am anticipating my Zakah will be twice my annual personal expenses after I retire inshallah currently I pay my Zakah from my income which will not be there upon retirement 15% of my portfolio is to go to charities listed in my bequest upon my death is it possible (allowed by Shari'ah) if I put 15% of my portfolio into a tax exempt investment so the income is tax free and use that income to pay Zakah while I am alive and allocate the investment to be given to charities listed in my will? I will appreciate your advise. jakamullah khair
Shams
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Shams,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Let me please settle this matter as I understand it and please correct me if I am wrong:
1. You are free to do what you like with your property, any item and all of it, while alive and capacitated. Of course investing in stocks of companies that makes Haram activities is also Haram because this investment makes you a partner in the decision making. So is investment in bonds because they are interest-based.
2. Whatever you bequeath in a last will to non-heirs is permissible and rewarded by God InShaAllah, it is limited by one third. Whatever you bequeath in this way is still owned by you while alive and you can invest it any way you like within the limits mentioned above.
3. Zakah is a religious obligation on rich persons (of course Muslims). The criteria is owning an amount of Nisab (# US$ 1000), provided at the end of a 354 days the person owns that amount at least. The rate is generally 2.5% per lunar year, 354 days and repeated every year. Items exempt are those of personal use including residence, transportation vehicle(s), furniture, books, etc.
4. Due Zakah can be paid from the same item or any other source one may have; it is ok to pay it from your income and it is ok to pay it from return on investments and it is also ok to pay it from the principal of investment, it is an obligation and is due even when your investment make losses as long as on the 354th day you own an amount of Nisab.
5 Accordingly, it is ok to pay your due Zakah (that is on your assets) from your income that is generated from work at the present and/or from your income that is

generated from investment now or in the future. But you still have to pay it even if there is no positive return!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Jewelry

From: Dr. Ilyas through Islam on Line

Sent: Sunday, December 03, 2006

Question

Dear Dr, Monzer, Assalamo Alikum Wa Rahmatullahi Wa Barakatuh

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

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

Dr. Ilyas

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Ilyas

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

This is a typical example of those matters that are subject to Ijtihad. Of course we will have different opinions and it is up to you to select what seems most consistent with the spirit of Shari'ah. Zakah is on he rich. in the final analysis, if having a given amount of jewelry makes a given woman rich compared to her peers, she must take that opinion

which imposes Zakah on that amount even if it were for wearing it. But if she feels that whatever jewelry she has is been used like she uses her cloth (some of them may even be more expensive than jewelry) she would then select an opinion that does not impose Zakah on jewelry that is in use. Of course you must keep in mind the area of agreement: when jewelry is taken for business or stock keeping it is subject to Zakah. The Hanafi school argues that jewelry, whence it reaches Nisab, is an evidence of richness and it is therefore subject to Zakah, and the hanbalites argue that as long as it is there for the intention of using it, it is not subject to Zakah> I don't think that there will be a time in which we will reach an indisputable position no matter what argument I can give you because the matter itself is open to opinions, so what is the problem in not having a final word? I respect all other views but I still argue that if the amount of jewelry is beyond the usual and customary amount that her peers have, it is subject to Zakah even though it is been used on daily basis. Moreover, using jewelry is normally not daily, most expensive pieces are usually worn only on occasion, therefore for jewelry this occasional use is what is meant by the word ""use"". I go along with the idea that when jewelry is for keeping only or for trading it is subject to Zakah but it is also subject when it is for use but substantially makes a clear expression of richness.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on profit or principal or both
From: A Person through Islam on line
Sent: Thursday, November 23, 2006 2:28 AM
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Assume there is a merchant who buys cars worth of 100,000 USD. Having sold all the cars, he counts his money and notices that he has now 150,000 USD. On what amount should he pay the Zakah? Should he pay the Zakah on 100,000 USD, 150,000 USD or 50,000 USD? W'Salam.
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear unknown person
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The assumption is incomplete and the answer is so simple. Add to the assumption: the 150,000 were with him 354 days (a lunar year) after he acquired the 100,000. The amount subject to Zakah is 150, 000. That is the principal and all additions to it regardless of their sources. Your man is a 150,000 rich on the day when Zakah is due. Of

course the rate is 2.5% repetitive every 354 days (lunar year) for as long as he still owns a Nisab (# US$ 1000).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Processing Zakah Applications
From: A Person through Islam on line
Sent: Sunday, November 19, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Dear respected Scholars who love and fear Allah as Allah should be loved and feared: I have questions that involve issues of Zakah and Sudaka. Just recently I was nominated to the Zakah committee of a local Mosque in the U.S. My duties involve processing Zakah applications. These duties include approving Zakah applications and approving the amounts that I think the applicants are entitled to according to our Zakah resources. Admittedly, I have very little knowledge about the criteria that is involved in deciding whom amongst the applicants qualify according to the standards set by Allah (SWT) in the Qur?an and Prophet Muhammad (SAW) in his teachings. In processing the applications that came before me, I was relying on the application itself, which sets out the criteria. Although, the former Imam was using the same application, I noticed that the application has many deficiencies. For example, the only application we have is the Zakah application. When a person applies for financial help, nowhere on the application does it give the applicant a choice to apply for Zakah versus Sudaka. Also, in order to qualify for Zakah, the applicant must confirm and sign a preprinted statement affirming that s/he is a Muslim and believes in Allah and His last Messenger. After performing routine information verification/confirmation, I learned that some applicants were actually not Muslim and just signed the statement without regard to the truth. Maybe this is because the only application for assistance is the Zakah application. Another issue that I am concerned about is the fact that the Zakah application looks more like a welfare application for the West and not a Zakah application for Muslims. For example, the application doesn?t ask specifically about gold/silver. It asks about Monthly income (from all sources), net assets (value of your possession), monthly expenses (rent/mortgage, medical bills, transportation costs, other bills). Finally the application asks for a brief description for the reason why the applicant is applying along with biographical/family data (Name, age, address, dependants, marital status, age, and etcetera).
Additionally, I am finding that many applicants are not poor but are financially irresponsible. For example, many applicants have credit card debt they are asking help with and others who have nice monthly incomes are living beyond their means. They are literally living day to day with borrowed money. Then there are some who are actually poor and are habitual Zakah applicants. They would come everyday if they could. Some

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

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

you for helping me for Allah?s sake! Amen!

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear anonymous

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

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

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

1. I have come across this process of applications many times and in several Muslim countries (knowing the differences between what is available to poor here and in other countries) Thee most important thing that needs to be changed is: THE APPLICATION MUST BE SUBMITTED AND SIGNED BY A PERSON WHO RECOMMEND ANOTHER FOR FINANCIAL HELP not by the potentially deserving person. When a person applies she/he is humiliated whether we admit it or not. An application for a financial help involves humiliation to which the poor must not be exposed. Besides, when a help is recommended by another (who must be a respected member of the mosque, association, or community) a good deal of the investigative work is already done!
2. The application content seems ok, you don't need to ask about gold and silver because no body deals with them. If the deserving person, for whom the application is filled, is a woman having some jewelry is ok for her and she still may qualify for Zakah. Add questions about credit cards, how many and pattern of use, add also questions about life style and about accessibility to government and other sources of financial help (some people for immigration reasons may not have accessibility). When you address these questions to the recommending person you don't embarrass the poor but you alert the recommender. Remind the recommender of her/his responsibility to make correct info.
3. In the process of reviewing the application, you may interview the recommender and sometimes the potential poor especially for the purpose of helping in finding other sources (whatever you pay as Zakah and Sadaqah is small anyway!) and MORE IMPORTANT FOR THE PURPOSE OF HELPING TO SOLVE OTHER RELATED PROBLEMS, mostly psychological, social and spiritual that cause inability to solve financial difficulties. This way, smaller amounts may help a lot. For this purpose, seek help from other local help organizations (There are many such organization in the USA, every where most of them are community based and some of them are by Muslims and for Muslims (like Access in Southern California where I live). There may be a battered women problem associated with financial need, especially among relatively new immigrants, here again there are many Muslim houses for battered women across the US you may like to establish continuous relations with.
4. Leave the decision to give from Zakah or from Sadaqah to the committee (I suggest that you must not act alone, form a small committee by adding two others). Zakah is a little stricter in its distribution that Sadaqah but basically you are given both on Wakalah basis from donors and you must fulfill the implicit requirement of Wakalah. You can't use Zakah to spend on the mosque, center or Islamic school (spending on them is the responsibility of the Muslim community not the poor who is the deserving party of Zakah, and educating children is the responsibility of parents, poor parents may take from Zakah for that purpose).
5. Be wise in distribution: set priority and make a budget to which you stick with approximation, call for more donations and Zakah when you need. Most poor in America do not really deserve Zakah or Sadaqah and there are Muslims and non-

Muslims who are dying overseas out of poverty. Of course you must distribute locally to the pressing needs until you find other sources for them but you have to be wise in setting your priorities.

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: through Islam on line

Sent: Wednesday, November 15, 2006

Question

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

Can I give a Zakah to someone in order for him to pay his debts to conventional banks. Namely, one of my relatives has borrowed money from conventional bank for business sake. However, as time has gone he was not able to cope with his business. He failed in his business but was not able to pay back all debts to the bank. He sold off his house in order to pay it back. It was not enough and no he is in need to pay it, otherwise he will be taken to the court and subsequently to the jail. Can Zakah people pay Zakah to him in order for him to pay debt back Salam and thanks in advance. Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: How to Calculate Zakah Al-Mal on a Restaurant
From: Hala through Islam on line
Sent: Thursday, November 09, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My husband runs a restaurant for a Muslim brother, My question now is if the owner of this restaurant owns the equipment, but not the actual building where the resturant is. He makes enough money to pay the bills, and sometimes there isn't enough money to pay the bills. How do you calculate Zakah al Mal on this restaurant?. Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Hala
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is on net assets, with the exclusion of those used for residence. If the machines are not that expensive and you can hardly make it for paying the bills, most likely there is no due Zakah on this kind of business. Anyway, you evaluate the machines for current prices and any inventory if any, add cash on hand and in bank and add accounts receivable if any, then deduct from the total any loans and debts on the business or the owner's person, if the final residual is equal to US$ 1000 or more (this is approximately the amount of Nisab) and that much is still with the owner after a lunar year from the date a Nisab existed for the first time, then Zakah is due at the rate of 2.5% every lunar year from then on (a lunar year is 354 days).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Legitimacy of Paying Zakah Al-Fitr in-Kind and not in Cash
From: Samy through Islam on line
Sent: Wednesday, November 08, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Many Islamic scholars have legitimized the payment of Zakah Al-Fitr in cash in order to lessen the difficulties that Zakah recipients face with in-kind payments. However, I tend to disagree with this approach in both the Shari’ah as well as the traditional economics grounds. Moreover, instead of only considering the benefit gains of the Zakah Al Fitr

recipients, scholars should also pay attention to the consequences of such approach to the general population.

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

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

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

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

Coming back to our Zakah Al Fitr, so far the Shari’ah scholars who favor payment of Zakah Al Fitr in cash are basing their arguments on the benefits the recipients of Zakah Fitr gain from cash payments. These scholars, however, have to broaden their

perspective in order to include in the discussion the implications of such policies for the general populations.

Abdullahi H. Daud obtained his bachelor's degree in Economics with emphasis in Islamic Economics and Master's in Business Administration from International Islamic University, Islamabad, Pakistan. He is currently pursuing a graduate degree in Information Management at College of Management, Metropolitan States University, Minnesota, USA. He can be reached at daudab@go.metrostate.edu <mailto:daudab@go.metrostate.edu.

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Samy

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on Shares

From: tariq

Sent: Friday, October 20, 2006

Question

Dear Brother Monzer, Asalamu Alaykum wa Rahmatullahi wa Barakatuh

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

Tariq.

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Tariq

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

My view is to consider the wealth of the person at the point of time when Zakah is due (end of the Hawl). All business assets are subject to Zakah and we deduct loans and other debts on the person. In other word, in my opinion all asset are subject to Zakah except those that are for personal and family use (residence, transportation, furniture, cloths, personal books, personal jewelry actually used [in contrast with hoarded], etc.). The other opinion is that only thing meant for sale are subject to Zakah (except in case of live stocks then this condition is relaxed and all is Zakatable). According to this opinion, this promoter should calculate his share out of mobile assets (merchandize for sale and in process + cash + receivables) of the company and only this amount is subject to Zakah. Zakah is not on dividends because dividends are either a part of the cash of the person or used for Zakatable items and as such they are subject to Zakah or they are used for personal/business's non-Zakatable items and hence not subject to Zakah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on amanat

From: Abod through Islam on line

Sent: Wednesday, October 18, 2006

Question

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

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abid
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If your brother already started his study and this amount is assigned for his tuition and living expenses for the period of study, it is not subject to Zakah. The rule is: any amount that is committed or contracted for payment of future expenses is not subject to Zakah, it if is only reserve on expectation, not contracted, it is then subject to Zakah. I consider a student that started study as one who contracted the tuitions and other expenses.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: How much is Zakah-ul-fitr this year
From: Mohiuddin
Sent: Sunday, October 15, 2006
Question
Assalamulakum, My dear brother
I have heard that you a financial specialist. I live in Frederick, Maryland and would like to know the cost of Zakah-ul-fitr, because some people say that it is $10 some have other calculations so could you please clarify what is the actual price of Zakah-ul-fitr this year and also maybe explain if there is a misunderstanding in the other calculations and how. May Allah all mighty bless. Thank You very much..... W'salaam
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohiuddin
There is a great mess here in North America about Zakah of al Fitr. It was caused by an old (about 35 years old) mistake that associates it with the Kaffarah/Fidyah. Kaffarah/Fidyah is feeding a poor for a day (two meals and estimated at about 10 Dollars). Zakah of al Fitr is given in the correct Hadith as a Sa' (or one half Sa') of wheat, barley, date, Aqt (dried and then liquefied yoghurt), etc. whatever is the main food (food does not mean meat for the Arabs, meat and other things eaten with the food are called Idam like in the Hadith: Ni'ma al Idam al Khall) of people in the land. In North America the main food is wheat and we are not talking about baked wheat but rather raw wheat. The Sa' is a little less 5 pounds (2.25 KG). I just checked the retail price of wheat, this comes to $3.30 for the 5 pounds. Keep in mind that this is the good high quality of wheat (al Hintah al Shamiyyah) that the companions, on initiative of Mu'Awyah, considered a half Sa' of it is equal to a Sa' of other wheat, barley,etc. This is the amount of Zakah of al Fitr per person, male or female, young or adult. It is definitely

not $10. One (completely wrongly or rather stupidly) may argue why not taking the date, whose price is five Dollars a pound. The answer is: Date is not the food of people here in America, Muslims or non Muslims alike. Date is a delicacy that we take only a few dates for Iftar in Ramadan and we don't use it otherwise, it is not the food of the land). Finally I suggest to be on the safe side by giving around figure like $3:50 or maximum S 4:00 per person in the household.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: forsaking Debts as a Zakah payment
From: Zainab through Islam on line
Sent: Thursday, October 12, 2006

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Zainab,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Of course forsaking these two debts is rewardable from God InShaAllah and is considered a great charity as He Subhanahu Wa Ta'ala told un in 2: 280. But these amounts cannot be considered as partial or total payment of your own Zakah for this year of for past or future years; they cannot be deducted from the amount of Zakah that is due on you. The reason is that giving Zakah can't be effected to your own benefit. Writing off a debt, while a good deed itself, does not relief you from paying your own Zakah on your Zakatable item, otherwise you are benefiting yourself.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: relieving a debtor as Zakah payment

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

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Jaber
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You cannot relief your debtor from a debt and consider this relieved amount as Zakah paid because you are like giving Zakah to yourself. On the other hand, since your debtor is unable to pay at the present, you do not include the amount of the debt with the Zakatable funds that you have, this debt has become weak. You still can give part of your own Zakah to this debtor person if he is in need for his personal and family expenses.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

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

From: Ahmed through Islam on line
Sent: Sunday, October 08, 2006

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Recently a book in local language stated that Zakah is imposed by the then Islamic Government. We know it as a pillar of Islam and ordained by Allah.Is there any basis about the book's statement? I have already questioned the author about the validity of his statement and awaiting his reply. Please enlighten us. Allah Hafiz. Ahmed. Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is mentioned in the Makkan verses of the Qur'an. It was then a general obligation of giving to the poor and needy, it was not specified. After Migration, in the second year of Hijrah, the Verse 9:103 came down. This Verse Instructed the Prophet, pbuh, to take Zakah (named in the verse Sadaqah) from the Rich persons. After this verse, the Prophet, pbuh, gave detailed account of its rate, annuality, exemptions, etc. It is then when it became an obligatory pillar of this religion. Since Zakah is, in principle to be collected and distributed by the government, you may say that ""it is government-imposed. Of course it is imposed by God on the well to do Muslims, males and females and it is the authority of the state that is assigned to collect and distribute it.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Insurance, deduction of debts from Zakatable items and Mortgage
From: shabbir
Sent: Friday, October 06, 2006
Question
Dear Bro. Monzer, As-Salaam-Aleikum,
My name is Shabbir and I live in Canada.
I would be very grateful if you could please advise me whether insurances such as Life and Medical are allowed in Islam.
Secondly, on the issue of Zakah, if say in 2005 my cash balance in the month of Ramadhan was 30,000 and my debts were 10,000 and I paid Zakah on 20,000.00, what will be the zakaaat payable in the month of Ramadhan of 2006 when my cash balance has increased to say 40,000 from 30,000 but my debts of 10, 000 have remained the same. In other words my net worth has increased by ten thousand.
Third, is it permissible for one to buy a house on mortgage for personal use?
Your favorable response will be greatly appreciated. Jazaak-Allah Your brother in Islam
Shabbir
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Shabbir,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1. Insurance is controversial, I stand with the opinion that it is permissible provided the contract is not interest-based and the subject of insurance is permissible (e.g., whole life insurance is normally interest-based and insuring a liquor shipment is not permissible).

2. Your Zakah question is not clear. Long term debts are not deductible from Zakatable assets when you calculate Zakah. If the 10000 debt of last year is the same of this year, you should have not deducted it last year. Now you need to to recalculate last year's Zakah accordingly and pay the difference and make this year on the same basis. A debt that is deductible must be one that is going to be paid in the future (i.e., after the day of calculation) but out of the existing assets on the day of calculation. Debts that are payable out of future revenues/incomes such as mortgage debts are not deductible. On the other hand, if the debt of last year was paid then a new debt arises that is going to be paid out of the 40000 you have for this year, then what you've done last year is correct and you can deduct the present debt if it is going to be paid out of this 40000.

3. Conventional mortgage is not permissible if Islamic financing is available to you. If Islamic financing is not available and you need to buy a residence and you don't have the amount readily available you may then resort to conventional mortgage and then you make your effort to pay it ASAP.

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

Subject: Zakah on 401K
From: Uroosa
Sent: Thursday, October 05, 2006

Question

As Salamu Alaikum Dear Brother Kahf,
I hope your Ramadan is going well, and that this email reaches you in good spirit. I have a question about the Zakah Calculation Form, which has recently come to me by one of our members. The person has a 501K and he wants to know if the entire amount of the 501k needs to be included in the calculations, or only the amount that is currently available to him.
My instinct tells me that it would be only the amount that is currently available to him, but I wanted to ask you and make sure. Was Salam
Uroosa

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Uroosa,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You mean 401K, don't you? The whole amount in the 401K is subject to Zakah except the part that is not vested yet (some employers deposit in your account but the amount becomes your after certain period of time, if the employee leaves before the deadline of this matching money, she/he would not qualify to take it, i.e., it is taken back by the employer). The reason is that the whole amount is owned by the employee and she/he

invests it the way he/she pleases within the limits of the regulations. the Government has the right to impose certain restrictions of certain kinds of properties but these restrictions doe not change the nature of ownership unless they reach the kind of confiscation of the like. Restrictions on the 401K are minimal and do not reduce the right of the employee as this is a fund, that is given certain privileges to be used for retirement. Zakah on it (calculated and accumulated year after year) can be delayed until the date of withdrawal without invoking any sin (sin of delaying payment of Zakah) because the principle is that Zakah is payable from the same item unless the owner chooses to pay it from other resources. For detail please consult my several Fatawa on this subject on my website.

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

Subject: Zakah on Land purchased for sale
From: Ahmed through Islam on line
Sent: Monday, October 02, 2006

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The Zakah on this piece of land is at the rate of 2.5% every lunar year. The value that is subject to Zakah is the market value if the owner decides to sell it immediately, if it is 400, 000 then this is the Zakatable amount. But you must notice that this land is subject to Zakah as a part of the Zakatable assets of the owner. This implies that the lunar year for it is not independent from other assets, hence the beginning of the lunar year for this item is the same as the already established Zakah year of the owner (the first such year begins on the day she/he owned Nisab for the first time).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Must I pay Zakah for Provident Fund?

From: A Questioner through Islam on line

Sent: Thursday, September 28, 2006

Question

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

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

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah to brothers

From: Mohyedin Through Islam on Line

Sent: Wednesday, September 20, 2006

Question

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

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

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

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

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Mohyedin

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Options for Distributing Zakah
From: Yaman
Sent: Wednesday, September 20, 2006
Question
Asalamu alaykum wa rahmatullah
There's a lot of talk about giving Zakah in the US to masjids, Islamic schools, or Islamic organizations… not for the purpose of distribution to the poor, but for the administration / activities / operation of the organization itself. Is this a valid category for Zakah?. Specifically, does Zakah "qualify" if it is given to organizations like ISNA, ICNA, MAS, CAIR, etc to put on conferences, distribute Islamic material, pay for staff, etc. Jazakumullahu khayran & salams,
yaman
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Son Yaman
Assalamu Alaikum wa Rahmatullahi wa Barakatuh
The answer is: NOOOOO. All of these do not qualify for Zakah except one: CAIR and CAIR kind of work (defending the rights of Muslims in any country if it is serious and effective). Schools is the responsibility of parents, Other Masajid and Islamic organizations are the responsibility of the communities that should not be taken out of the Zakah that is essentially the right of the poor that we have plenty of and the right of defending Muslims, their religion and their lands and we have plenty of need for it.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Several questions regarding Zakah
From: zarine
Sent: Monday, September 18, 2006
Question
Dear Brother Monzer, Assalaam Alaikum wa Rahmatullahi wa barakaatahu,
As usual I am asking you some questions again, but this time it is on behalf of my mother. She would like to know some things related to Zakah. Her sons have loans, but their wives have gold with them. What is the limit beyond which the Zakah has to be paid on the gold? The gold was bought for the purpose of personal use and some were gifts in marriage. For the purpose of safety and security some gold is lying in the bank (security) lockers. From what I understand, Zakah is not payable on any amount of gold

as long as it is within the limit of what is usually possessed by other women of her society or relatives, right?
But here since some gold is lying in the locker for the purpose of security, do they have to pay the Zakah on the gold in the locker?
Golden jewelry and bullions used for personal purposes is subject to Zakah if it reaches Nisab that is equal to 85 grams and you have the same amount at least at the end of a lunar year that begins on the day you got the Nisab for the first time; it is at the rate of 2.5% and it repeats every lunar year since then, it can be paid from the gold itself or from other sources. Such gold or any part of it will be exempt form Zakah if both the following two conditions are fulfilled together: 1) it is not beyond what peer women have; and, 2) it is practically in use in contrast to being stored as saved wealth. (Practical use does not mean every day but rather for its occasions).
2) My parents had a clear flat (i.e., no dispute) in India, which they gave on rent while going to Canada. Apart from this they had bought a flat (in dispute with the govt. regarding the installments.)They had bought this flat from someone else, even while it was in dispute with the govt., and as such the other person had surrendered his rights over the flat in all terms (including the dispute with it!),to my parents. Now my parents have to pay the rest of the price to the govt. for it,the amount of which is yet to be decided by the court. So while leaving for Canada they let the disputed house on rent too.
The house you live in is not subject to Zakah even if you happen to rent it for sometime while overseas. This means that the house your parents used to live in is not subject to Zakah. Now if she decided to stay in Canada and gave up the idea of returning to India and living in that house, it becomes an investment property. Investment property is subject to Zakah. My opinion on the market value of the property regardless of its rent and must be paid yearly; it can be delayed if no cash is available until the investment property is sold in the case of delay Zakah for all past years must be paid when cash becomes available.
The disputed house is also subject to Zakah as long as it is investment property unless your brother intends to go back to India and live in it then it is considered as his live in house that is temporarily rented.
Any rent collected will be used for any purpose it does not matter, as any remainder will be added to the balance of cash and bank deposit that will be subject to Zakah on yearly basis.
It doesn't matter who owns it or for whom it is going to be given later as long as we apply the test of: is it an investment property or a residence house that is temporarily rented.
They had very very long ago(maybe 20 yrs ago or so) booked a plot in India. It never got developed till 2-3 years ago when a construction company offered to develop and give houses to the plot owners equivalent to the amount they had paid(of course they have to pay more to meet the inflation over the years)….the houses are not yet in possession of my parents(now only my mother).
This property is also subject to Zakah on a yearly basis since it was purchased, you exclude the period when it was barren and used for nothing, not even intending to sell it

or develop it. The amount that is subject is the market price. The reason is that this is a property that is apparently intended for developing for investment or for making profit some time in the future. This makes it subject to Zakah. There are people who say that real estate is not subject to Zakah at all, they carry no evidence as if they do not live our age!

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

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

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

The rents for their houses are being used to pay for a house yet to come in possession of the family

My mother would like to know how to pay the Zakah for the houses mentioned above. (i.e., the ones in India, we understand that they are not to pay the Zakah for the house on mortgage in Canada).

Thanks a lot in advance for your efforts and time.

Zarine.

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Zarine,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Unable to Pay Zakah on Inherited Jewelry
From: Through Islam on Line
Sent: Thursday, September 14, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Is Zakah due for a girl who has inherited sufficient amount of jewelry from mother but has no means to pay the Zakah given that my whole family is under massive debt. i am single and dependant upon my father. also Zakah was not paid for several years due to poor financial situation of the family so can i just pay if its due for just one year or all the years Zakah was not paid on my jewelry as my father used to pay Zakah on my jewelry on my behalf before the financial problem arose a couple of years ago. Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is required on golden (and silvery) jewelry, whether purchased or inherited every lunar year (354 days) and the first such year begins on the day the amount of gold in them reaches the Nisab (# 85 grams). Zakah is a personal form of worship. This means that you do not have to pay the Zakah due on your mother's (or your daughter's) jewelry unless voluntarily since it is mandated on the owner not on owner's relatives. Whatever your father volunteered to pay on your behalf in the past and in the future is ok, permissible and acceptable by God InShaAllah. If your are under debt and you intend to sell these jewelries to pay the debt, whatever you designate for debt payment is not subject to Zakah because it does not make a wealth you own rather it is a preparation for payment of liabilities. But if you do not intend to sell the jewelry to pay the debt, this jewelry is subject to Zakah as mentioned. Finally if you don't have cash you can either sell part of them or wait (delay payment of due Zakah) until you have cash available for payment. In principle, the Zakah on an item is due out of the same item but it can be paid from other items and if you don't want to sell any part (if you have personal attachment to this jewelry being used by your mother) delaying payment may not be InShaAllah sinful. but when you pay you must pay for all past years.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Copy Subject: How to Count Zakah Al-Mal
From: Ali Through Islam on Line
Sent: Tuesday, September 12, 2006
Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
By the name of Allah I already gave Zakah elmal for all my money last year, could you please tell me how to count it for this year and the years to follow.
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Aly
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Calculation the amount of Zakah is as simple as adding the Zakatable items in each category of rates (those that are subject to 2.5%, or 5% or 10% or 20% together and multiply by the rate. this exercise must be done every lunar year (354 days), the first such year begins on the day you acquired Nisab for the first time. Please take a look at the booklet "Calculation of Zakah in North America" on my Website www.kahf.net or on ISNA website www.isna.net. There is a short form of about 1/2 page and there is a long form and use whichever is suitable to you.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Are conventional banks subject to Zakah
From: Imtiaz
Sent: Sunday, September 10, 2006

Question;

Dear Sirs, Assalamo Alaikum
While reading Abu Saud s book, Contemporary Zakah, a question came to my mind which i am referring to you for guidance.
the question is; banks in Pakistan are using our deposited money for earning profits out of which they give us minimal profit or interest, if you like to call it, but they themselves do not pay Zakah on their capital in form of deposits, in my opinion Why should because they are the ones who are affecting the GROWTH out of our money and benefiting out business, though may be Riba orientated, thus a big amount of Zakah is not collected and given for poverty eradication, instead why cut Zakah from account holders, all companies are liable to pay Zakah on their profits
What is your opinion on this question?
Question of rewarding or not for such Zakah on Riba-based business rests with Allah, swt, alone, but so long as we are doing such business and mailing money out of it, it should be Zakatable money, thus the deposers or account holders will not be liable to pay Zakah on their account.
May Allah bless you all. With regards and salam
imtiaz

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Imtiaz

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Right of "Zakah Calculation"

From: shaikh

Sent: Monday, September 04, 2006

Question

Br. Asslamu alaikum.

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

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

Shaikh

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Shaikh

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

simplicity must not be in the front of Islamic activities or having an authority to tamper with other people's ideas!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Help required related to Interest and Zakah on Children
From: Ahmed
Sent: Monday, August 28, 2006
Question
Dear Sir Assalam o Alaikum
I am indeed thankful that you always take time to reply my emails. I have gone through your fatwas available on the website yet I have a question of similar nature. The question is old about interest but the context and concerns are new. The situation is as under: I want to invest some money so that I can have some monthly return and I can meet certain fixed expenditures like children fees etc.
The conventional banks give good %age return which is all Riba and Haram as I am committed to follow this. The Islamic banking is becoming popular in Pakistan with fatawas of Halal from renowned scholars.
Now I quote one example from a …… bank in Pakistan which runs various Halal deposit schemes based on Mudarabah. The confusing think is that they ask for 7 years deposit to earn good profit equivalent to prevailing interest rate i.e. 10+%. The lesser the deposit period lower
is the profit.
http://www.meezanbank.com//en/MeezanAmdanCertificate.aspx
<http://www.meezanbank.com/en/MeezanAmdanCertificate.aspx>
http://www.meezanbank.com//en/macprofitrates.aspx
<http://www.meezanbank.com/en/macprofitrates.aspx>
Sir I know it is not good to ask you to visit their website but don't you think this is also exploitation. Should I invest in this scheme or not.
My second question is:
If I put some money in bank in the name of my child now age 3 years, I will also be the legal caretaker till her turning to 18. I will not take any money out of it. What will be the fatawa regarding Zakah in this case. Do I need to pay Zakah on this as well or when the child grow to puberty or 18 (whichever is valid for paying Zakah) will pay herself? In the later case she needs to pay till that date or for all previous years. I will be thankful to your answers. Wassalam
Ahmed
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa

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

Subject: The Effect of Zakah on International Investment
From: Rasha
Sent: Monday, August 21, 2006
Question
Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
How are you Dr.Kahf. I hope you are doing fine in your work and enjoying the summer in the US, not as here it is very cold.
Dr Kahf, what do you think about the following?
Are international investment flows Zakah driven? Or these investments in the world (more specifically in the Gulf countries) are oil driven??
I'm anxious to know your opinion, which is very respectful and important to me. Salam,
Rasha
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
I am now enjoying the air-conditioning in a hotel room in the heat city of Khartoum!
Funds that are pouring for investment in the Gulf and other Middle East countries and into South East Asia are caused by two factors, non of them is Zakah related: 1) repatriating funds that escape from legal uncertainly and threats created in the West especially USA after 9/11; and 2) the recent rise in oil prices. Most of investments in the

Gulf are government investments supported by repatriating funds. And most of gulf investments in other areas are repatriating funds that escape the Western countries.
The effect of Zakah on international investment is null completely. Those individuals who pay their Zakah were paying it before these developments and after them. No change in their attitudes!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Poor & Needy in Zakah
From: Rasha
Sent: Wednesday, August 16, 2006 10:50 AM
Question
Dear Dr Kahf,
I have read your book: Economics of Zakah, 2 nd edition, 2002
What is the definition of poor and Needy? I know that they maybe very near in the definition, but why am in need of this distinguishing between them are the follows:
1-When i define the Poor, then the wealth or money that are given to them it can stands to be as Health Insurance (if i defined the poor to be people who have lack of resources because of illness, disability,,,,) in comparable to social security system.
2- if i define the needy: to be people who are willing to earn money but unable because of lack of opportunities of work, then the proceeds of Zakah given for them stand to be as the Unemployment compensations as applied in the secular social security systems.
Pease Dr.Kahf i need your help,,,,,,
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The fact is that there is a great deal of mingling in the definition of the poor and needy and some scholars take them as one category. Basically the poor is one whose resources are not sufficient for living expenses (resources in Zakah chapter always means income and what can be liquidated without difficulty of assets), a needy or destitute is one who is deprived (although some scholar interchange these definition because in Surah al Kahf [not my name] the mention of Masakin refers to them as owners of a boat that gives them some income). Definitely you cannot restrict the definition of either of them to health insurance this is very restrictive and unacceptable.
By the way the word Salam is much better than peace, especially from an Arab like you!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Can Overdue Zakah be relinquished by the passage of time?
From: Rasha
Sent: Wednesday, August 16, 2006
Question
Dear Dr.Kahf,
What is Zakah تقادم in English Accounting? How does it apply to Zakah Prescription?
Kindly Advice,
Rasha
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
In English the expression “Statute of Limitation” is used to mean "Taqadum" in Arabic.
It does not apply to Zakah at all. Unpaid Zakah remains due on the person and she/he will be questioned about it on the Day of Judgment. Can it be taken or distributed from the estate after death? The government when it collects Zakah on obligatory basis as in Sudan and partially in Saudi Arabia can take it from the estate. For the heirs or the Trustee with no last will to pay it, Shari'ah scholars differ on two opinions. Some argue that because it is a worship it requires intention and paying it by others does not help the one who missed paying it, others argue that it is a pure debt on the estate (a debt to God) and must be paid by heirs before distribution.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah and Ijtihad
From: Rasha
Sent: Wednesday, August 16, 2006
Question
Again, Dear Dr. Kahf
So
1-If I have an Ijtihadi view on an issue in Zakah, so Muslims have to see what were/are the decisions of Fiqh Academy in KSA, Right Dr Kahf?
2-What about then the Qeyasi (analogy) issues like Fixed Assets exemption or not, from where shall i take my views/stands? If you will tell me Dr. Kahf that I have to choose the doctrine or school am following, then why it is not like in the case of Ijtihadi view : to have a reference (like Fiqh Academy) why it is not applicable in Qeyas. Pls help,,,

Rasha

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Similarity of fixed asset to Zakatable items

From: Rasha

Sent: Friday, August 11, 2006

Question

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

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

Rasha

My answer

Dear Sr Rasha

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

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

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

Wassalam,

Monzer Kahf

From: Rasha

Question

Dear Dr. Kahf.

1-As i have read your articles, you don't agree with Shaikh Qaradawi in exempting Fixed Assets from Zakah, right?
2-So, what is the similarity of your opinion of considering Fixed Assets as Tradable Assets? I think fixed assets are not for selling and buying? Fe Aman Allah

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The similarity is on two grounds: 1) business fixed assets are in fact intended for business, i.e. sale, and they are acquired only for this purpose. But their sale goes through the channel of capital consumption or amortization. in other words we sell a small tiny part of the machine with each unit of goods/services it produces and we charge this part to the cost of the machine. Without this purpose/procedure we do not obtain the machine and we don't make business, or we don't sell; and 2) Business fixed assets are also similar to live stocks, especially herds of camels for an Arab of the time of revelation. A herd of camels was for an Arab then as asset that represent his wealth and a source of income and growth (baby camels, meat, milk and wool). It was the machines or fixed assets of today for an industrialist!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Money saved to make a business
From: Jalil through Islam on line
Sent: Tuesday, August 08, 2006

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Jalil
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes and more: Zakah applies to the money you are saving from the day the total balance becomes equal to a Nisab (# US$ 1000), of course it becomes dues for payment after the

passage of one lunar year (354 days) after that day and every 354 days then after whether you are in the country of migration or in your original country and you must add all your Zakatable assets together (savings are one of these assets). Zakah will also be applicable to the assets of your business when you start it and you will continue your Zakah years that had already been determined as mentioned above.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Deductions from Zakatable total, organization of Zakah funds
From: Rasha
Sent: Sunday, August 06, 2006 8:27 AM
Question
Hallo Pr. Dr. Kahf, I am really happy to receive your answers.
- For my first question this is not what I meant: I mean if I am a normal person living in a Muslim country and i paid money as donation to a political party, does these expenses that I burdened considered a living expenses so that I deduct them from my Zakah base/pool?
- For the second question: do you mean that Zakah funds in North America and other Non Muslim countries have more proceeds from Zakah collection and more organized and controlled operations than the others in Muslim countries? Peace,
Rasha
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Sorry for misunderstanding your query.
Yes, donations to political parties are considered expenses and Zakah in on the balance after these donations and other expenses. As Zakah is on a stock, in contrast to a flow, at a moment of time this stock, accounting wise, consists of stock at the beginning of the period + revenues - expenses, and there can hardly be any expense that you exclude; provisions are a different story as they are not actual spending.
For the second question I mean that Zakah Funds in North America and in South Africa are nothing or very negligible when you compare them to the House of Zakah in Kuwait.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Distribution to political parties and organization of Zakah fund
From: Rasha
Sent: Tuesday, August 01, 2006
Question
Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
For Muslims God reward is an important feeling for us. Rather when you talk about this issue in front of Non-Muslims, it may be difficult to imagine this idea (I guess).
One more idea crosses my mind:
1-What if I'm a Muslim and I make a donation to apolitical party in my Muslim country, do I consider this donation as a living expenses, or let me put in another way: what is the Zakah rule for political donations
2--In your opinion and from your experience, does the performance of Zakah fund in North America and other western places are better than the ones in the Islamic world?
Salam for now,
Rasha
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa
Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1. The distribution of Zakah is subject to strict rules as explained by the Prophet, pbuh, when some one asked him to give him from it and when his two cousins wanted to get some from it (that is by the way a kind of political because they were relatives of the head of state). NO, Zakah cannot be given to political parties even when they say, rightly or not, that they serve Islam and its ideology!
2. The best voluntary performance of Zakah is when it is backed by the government as in Kuwait. The percentage collection to non-oil GDP is about the same as it is in Saudi Arabia where it is obligatory. It is definitely incomparable to countries like North America or South Africa, where the best Zakah fund exist.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Distribution to political parties and organization of Zakah fund
From: Rasha
Sent: Tuesday, August 01, 2006
Question
Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
For Muslims God reward is an important feeling for us. Rather when you talk about this issue in front of Non-Muslims, it may be difficult to imagine this idea (I guess).

One more idea crosses my mind:
1-What if I'm a Muslim and I make a donation to apolitical party in my Muslim country, do I consider this donation as a living expenses, or let me put in another way: what is the Zakah rule for political donations
2--In your opinion and from your experience, does the performance of Zakah fund in North America and other western places are better than the ones in the Islamic world?
Salam for now,
Rasha

My Answer

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

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

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

From: Rasha

Question

Hallo Pr. Dr. Kahf, I am really happy to receive your answers.
- For my first question this is not what I meant: I mean if I am a normal person living in a Muslim country and i paid money as donation to a political party, does these expenses that I burdened considered a living expenses so that I deduct them from my Zakah base/pool?
- For the second question: do you mean that Zakah funds in North America and other Non Muslim countries have more proceeds from Zakah collection and more organized and controlled operations than the others in Muslim countries? Peace,
Rasha

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Sorry for misunderstanding your query.
Yes, donations to political parties are considered expenses and Zakah in on the balance after these donations and other expenses. As Zakah is on a stock, in contrast to a flow, at a moment of time this stock, accounting wise, consists of stock at the beginning of the period + revenues - expenses, and there can hardly be any expense that you exclude; provisions are a different story as they are not actual spending.
For the second question I mean that Zakah Funds in North America and in South Africa are nothing or very negligible when you compare them to the House of Zakah in Kuwait.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah and fiscal policy
From: Rasha
Sent: Sunday, July 30, 2006 12:10 PM
Question
Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
Thanks for your extended email. I can feel what you wanted to express. Allah Help us.
Back again to Zakah: If Zakah was the only fiscal policy in a country or tax policy was the only one or a combination of the two policies, at the end; what the rich will get of paying all such things, especially if he is a Muslim, let's say in Europe, and hence obligated to pay both secular tax and his religious tax/Zakah??
If you look at it, it seems a decline in rich people wealth (inter alia the thawaab and other objectives...etc), what he will endless get? I would like to have a convincing clarification. Latter,
Rasha
My Answer
Dear Sr Rash,
Assalamu Alaikum wa Rahmatullahi wa Barakatuh
Zakah is not the only financial obligation on the rich and certainly is not the only tool of fiscal policy. Zakah is a religious obligation for special purposes. If a Muslim lives in any society, Muslim or non Muslim, she/he is required to give the due Zakah to its destination. if the government collects it that is good and fine and if it does not then she/he must do it individually or through NGO's. When it is collected by government, it is fair to impose a Zakah equivalent on non Muslims that will be used for similar purposes, with no need for religious segregation of its distribution, because we pay from Zakah to needy non Muslims. If the government does not collect it, it becomes a part of personal giving and all people of conscience do give for charity. This is a fact of life and Zakah is one sort of such giving. Certainly, when people give for charity they don't care

about what others give because voluntary giving for charity provides a personal satisfaction and fulfillment to all human beings, for Muslims a reward from God is an added bonus! I see no worry then, don't you? Wassalam,
Monzer Kahf

Subject: Giving Sadaqah at Places That Collect Zakah
From: a Questioner through Islam on line
Sent: Tuesday, July 25, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I would like to know if it is permissible to pay money with the intention of ""sadaqa"" at places that collect Zakah money. Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br./Sr.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, it is permissible. The example of it is to put some Sadaqah money in a box written on it Zakah in a mosque. It may sometimes be wise because it amounts to giving a signal to the agent (the mosque management in the example) who administers and distributes the collection that this money should be distributed only to the same kind of Zakah distribution. You know that Zakah can only be spent on the categories that are mentioned in the Qur'an (9: 60) while Sadaqah, like any other donation, unless designated to a specific objective, may be spent at the discretion of the person who manages it.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Rikaz, Minerals and Extracts from Land and Sea
Subject: Rikaz & minerals
From: Rasha
Sent: Tuesday, July 25, 2006
Question
Dear Prof. Dr. Kahf, Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
How are you these days, I guess you are following the bad circumstances in our region, the same as here.
Is the following info correct?
Minerals: rate of Zakah is fifth =20 % or 2.5%, depends on cost in finding and extraction. Sometimes it is written in the books fifth and sometimes is one-fifth, actually I

discovered that am not good in Math. Buried treasures: rate of Zakah is fifth 20%, Rikaz: rate of Zakah is 20 %, Extraction from the sea: either 10% or 5 % depending on efforts. But what is considered the above extractions if it was discovered by non-Muslims and how much the rate will be in each cases? Wa salam. Regards,
Rasha

My Answer

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

1. The issue of Rikaz is much more complicated and its treatment in the classical Fiqh literature is inconsistent with our contemporary industrial competitive world. It needs fresh new and at the same time original thinking. For instance if you charge today any mineral extraction industry 20% of its output as Zakah (Rikaz) they cannot function and you will be unfairly raising the prices of these raw minerals. Mineral extraction is just an industry that requires huge capital investment like any other, I don't think we can treat its assets/products in Zakah any different that any other industrial assets/products.
2. There is a need to distinguish between windfall wealth such as treasures or even minerals found while digging for some other objectives like to put a foundation of a building and industrial exploration and extraction of minerals. Windfall wealth can be subjected to Rikaz 20% while the other is only a Zakah matter. Defining a windfall wealth in important. I give no weight at all to the distinction you may find in Fiqh between treasures buried before Islam or after it, or between minerals above or under ground or between liquid or hard minerals. These distinctions are only opinionated and have no evidence from the Sunnah and have no rationale for economic point of view.
3. We need to discuss, again, the issue of finality of ownership of minerals, is it lodged with the Ummah or with individuals? If it is with the Ummah the question of Rikaz/Zakah on them may become a side issue or even negligible.
4. The most that can apply on fishery is the analogy to agriculture (10% or 5%); although there is a great wisdom in applying the industry criteria on industrial fishing, as done in our today's world, say by applying the 2.5% rate on whatever we agree as being Zakatable items on fisheries of more than normal individual sizes and call this a corporate rate and applying the rates of agricultural Zakah on individual sizes.
5. The status quo of Islamic scholarship at this time is not yet ripe in my opinion to have any fruitful re-thinking on these issues and I personally prefer to leave them asleep rather than have immature Fatawa from regressive minded scholars.

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

Subject: How to Calculate Zakah on Pension
From: Ahmed through Islam on line
Sent: Tuesday, July 04, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I am enrolled in a pension plan where my company matches my dollar contribution every paycheck. The money is then channeled in an investment fund. I want to pay the Zakah due on the money which increases every paycheck. My question is how should I calculate the due Zakah, is it due on the beginning balance or the ending balance at the end of the year or is their another method I should use? Also, my wife has an investment policy that was transferred into her name from her parents six months ago. It also increases through a fixed monthly contribution. The problem with the policy is that we took some money out of it so the money is less than what it was when she first received it. Also, we might be taking some more money out of the policy. How can we calculate the Zakah on the policy at the end of the year taking into account the constant change in the balance? Jazakom Allah Khairan. Al Salam Alikum
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Let me assume that you have already established a Zakah year for yourself. (it is a lunar year [= 354 days] that begins on the day you get a Nisab [= approximately US$ 1000] for the first time). Now at the end of each such a year, you look at the balance you have on all your checking and saving accounts + other funds and investments + the balance in this pension plan + debts you have on other persons - short term debts on you [e;g., you do not deduct a home long term debt] and you multiply the total by 2.5%. This is the amount of Zakah. It means: we took end of year balance; all withdrawals have already gone, no Zakah on them; all additions during the year are included although on none of them a year have passed and it does not matter what is the source of these additions, savings, gains or gifts and contributions from others. Finally you may make separate calculations for you and your wife or you may add them together and it doesn't matter who is paying the due amount as long as it is paid with proper intention. Please if you have any further questions do not hesitate in sending them.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

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

Sent: Tuesday, June 27, 2006

Question

Assalamu Alaikum

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

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

Sharafe

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Sharafe

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1) Please receive a copy of the last will yes each person needs a last will. You can also make a living trust together or separately but the last will has to be separate. Please ask a legal advisor in your province, I don't give legal advices.

2) Zakah is due one lunar year (354 days) after you got Nisab (# us$ 1000) first time and every lunar year then after. But yes, you can change your Zakah year by paying a proportional amount that corresponds to the proportion of the year you are shifting

3) For jewelry you take the market value on the day when Zakah is due and if this is difficult or involves a cost you make your best educated guess. Two conditions should be satisfied together for jewelry to be exempt from Zakah: not more that her peers plus/minus a reasonable margin; and being used regularly for what ever they are to be used for, i.e., not used as simply a store of value or savings

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Will and Zakah on Jewelry, Changing Zakah due date
From: Sharafe
Sent: Tuesday, June 27, 2006
Question
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Sharafe
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa
Ashabihi Ajma'in
Dear Br. Sharafe
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1) Please receive a copy of the last will yes each person needs a last will. You can also make a living trust together or separately but the last will has to be separate. Please ask a legal advisor in your province, I don't give legal advices.
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4) I give a lot of training courses, continuous education to adult professionals and I taught in the past in Universities and have a lot of experience to enable me to give a lot of knowledge to keen and concerned seekers of knowledge in my area. I did not make an institute because I don't have the marketing skills or the time for marketing, do you have any suggestion?
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Zakah year and Zakah on jewelry

From: Sharafe

Sent: Tuesday, June 27, 2006

Question

Assalamu Alaikum

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

As for Zakat Calculation, what about the view that one can choose a time in the year to pay Zakat (every year at that time) and whatever he/she has at that time is what Zakat is calculated upon? So someone wants to pay his Zakat every year during the 1st 10 days of Dhul-Hijjah...when that time comes, he calculates his Zakat then.

Also, for women's jewelry, it's an estimate as to how much is zakatable (based on how much other women have of the same income level) correct? How do we measure the value of the jewelry?

Do you teach courses in Islamic Finance? Did you ever consider opening an Institution that teaches and researches in Islamic Finance and Economics? jazzak Allah khayran,

Sharafe

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Br. Sharafe

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1) Please receive a copy of the last will, yes each person needs a last will. You can also make a living trust together or separately but the last will has to be separate. please ask a legal advisor in your province, I don't give legal advices.

2) Zakah id due one lunar year (354 days) after you got Nisab (# us$ 1000) first time and every lunar year then after. But yes, you can change your Zakah year by paying a proportional amount that corresponds to the proportion of the year you are shifting

3) For jewelry you take the market value on the day when Zakah is due and if this is difficult or involves a cost you make your best educated guess. two conditions should be satisfied together for jewelry to be exempt from Zakah: not more that her peers plus/minus a reasonable margin; and being used regularly for what ever they are to be used for, i.e., not used as simply a store of value or savings

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Calculation of Zakah on Business
From: Mohammad
Sent: Tuesday, June 13, 2006
Question
Sheikh Monzer, Asalam Alaiikum Wa rahmatullahi wa barakatu.
InShaAllah this reaches you in the best of health and the highest state of Iman.
I was actually referred to you by sheikh Shinqiti, because of the fact that there is a brother here that owns a business and he is leaving to over seas on Saturday inshAllah. Now he wants to figure out the Zakah that he owes on his business before he leaves so that he may pay it. Originally I called sheikh shinqiti and asked him if he could kindly figure out the Zakah for this brother and he said that any time there is a financial question he refers it to you because you are the most knowledgeable in this field. InshAllah if you could help me by calculating and informing me how much the brother owes in Zakah that would be greatly appreciated. The following are the figures that the brother forwarded to me in regards to his business financials:
ZAKAH
1. FAM INVENTORY COST = $1,961,000 (I suppose this inventory are goods for sale. There are not Farm Automatic Machines in a farming business because Zakah is calculated differently on farming)
2. ALL LOANS & ACCT. RECEIVABLES = $1022,707 ($327,000 AZIZ OWES) (NET= $695,707) (I suppose Aziz is the owner and this is his withdrawal account; also other receivables are good and expected to be collected on time or are now sold to a new owner as part of selling the business)
3. ALL BANKS / STOCKS/ DEPOSITS/ CASH/ ETC. = $726,330 4. MISC. JEWLERY, FURNITURE, 3 HOUSE HOLDS, ETC. = $100,000? (household furniture, appliances and other normal things including a reasonable amount of decorative things are exempt from Zakah; also women jewelry provided there are normally utilized and comparable to the owner's peers, Office furniture and the like should be included in Zakatability according to my opinion, majority is on their exclusion, Misc needs detailed explanation) (overall, there is over charging in this item)
NET = $3,843,037 (typing error, should be 3,483)
1. ACCTS. PAYABLE PROPERTIES = $2247,500 (what is "properties" here? A mortgage on residence or other real estate property should not, in principle, be deducted. This means it can't reduce the amount of Zakatable assets)
2. ALL OTHER A/P (TAX SALES, MAFS, C.C.) = $675,650
TOTAL = $2,923,150
NET = $559,887 = $14,000
If you could please help me out with this it would be greatly appreciated, I know it is last minute because the brother is leaving out of town on Saturday, and I apologize for that. If you could get back to me at your earliest convenience it would be greatly appreciated.
Jazak Allahu Khairan

May Allah (swt) reward you with the best of this life and the hereafter. Wa Salams Your Brother,
Mohammad

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br Mohammad,
Assalamu Alaikum wa Rahmatullahi wa Barakatuh
It seems that your calculation is ok as a maximum, there is a need for certain explanation to make correct judgment on the calculation. Please see below for some clarification I added in Italic blue.
If you have any other comments or clarification please email me
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Gold
From: Haja
Sent: Wednesday, June 07, 2006

Question

Dear Dr. Monzer Kahf, Assalamu Alaikum!
May the Almighty shower his blessings upon you.
I have some questions regarding Zakah on gold ornaments:
1. Some scholars are saying that Zakah on gold ornaments are due only once in a life time! How far is this authentic?
2. What is the ""nisab"" amount for gold ornaments?
3. What about the Zakah on gold coins? What is the ruling on it?
I would be very much thankful if you could kindly answer the above questions. May the Almighty forgive all our sins.
Wassalam,
Haja

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Haja
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1- There is evidence at all to support the claim that Zakah on gold jewelry and/ or ornaments is due once only in life time and this view is completely baseless in Shari'ah. Zakah is yearly on all items that are subject to it.

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

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

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

Subject: Zakah on Jewelry and Business
From: Basharat through Islam on line
Sent: Wednesday, May 31, 2006

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I had a business in India actually it was my father`s business, now I have come to Pakistan and started fresh since last may i want to know the system of Zakah applicable on me, my wife has got jewelry worth 1 million of Indian rupees. I don't have any assets with me other than this a million of working capital and 1million in jewelry of my wife, although i will get my share in land whenever my father give how much Zakah is on me and on jewelry?
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Basharat
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
According to the Hanafi school, your wife's jewelries is subject to Zakah every lunar year (i.e., 354 days), the first such year began on the day she acquired them. If the business you were running in India is owned by your father, he is responsible for its Zakah. For your own business, all the working capital is subject to Zakah once a lunar year and the first year begins on the day you got an amount of Nisab (# US$ 1000).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

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

From: Nimr through Islam online
Sent: Thursday, April 20, 2006

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Nimr
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
School expenses is part of their total expenses and if they believe that a private school, especially, Islamic, is what is suitable to their daughter it is their decision. If you believe that their income is not sufficient to pay for their total expenses you may give them your Zakah, especially that they are relatives, as this is also a kindness to relatives. You should give it to them and it is their decision to pay for the school. In my opinion, ISLAMIC SCHOOLS AND MOSQUES AND CENTERS IN AMERICA DO NOT DESERVE ZAKAH BECAUSE THE MUSLIM COMMUNITY CAN AKE
CARE OF THEM NOW, WE ARE NOT IN THE SAME POVERTY POSITION WE WERE IN THIRTY YEARS AGO.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Claiming Zakah as Charity for Tax Purposes

From: Rashad through Islam online
Sent: Thursday, March 30, 2006

Question

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

Can Zakah be claimed as charity or as a gift for tax purposes? Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Rashad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, of course it is permitted to claim the paid Zakah as charity on the tax report. Isn't it a charity? It is the best charity ever anyway! And you get the tax refund Halal plus Halal
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on real estate

From: taoufik
Sent: Monday, February 27, 2006

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Taoufik
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You know we have no text from the Prophet, pbuh, about this issue. If a real estate is purchased for the purpose of sale, it is subject to Zakah, unanimously among all scholars, because it is then like any other merchandise inventory.
And if real estates are used in agriculture, they are not subject to Zakah, rather the produce, fruits and crops are subject at the rate of 10% or 5% depending on mode of irrigation, and if it is for grazing live stocks are subject according to detailed rules known in Shari'ah. If it is taken as residence, it is exempt from Zakah.
What is disputed is: real estates used for investment such as renting, owner occupied office (not residence) and factory buildings. It all centers on what is business and

investment. My opinion is that Zakah is on wealth and persons who own investment/business real estates are wealthy and there fore subject to Zakah. Besides, in today's world this is a form of money making just like buying and selling fruits and other sellable items and fairness requires treating the equal equally. The other argument is based on analogy with agricultural land that is not subject to Zakah. This is in brief. For more info you may like to look into my article "Zakah on investment fixed assets" and the discussion on it on the internet [all in Arabic].

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah and Overdue Credit

From: Tarsom through Islam online

Sent: Monday, February 13, 2006

Question

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

Dear Scholars: As-salamu Alaykum!

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

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Tarsom

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

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

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

Wa Allahu A'lam

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

Subject: Zakah on Salary
From: Br. Tato through Islam online
Sent: Monday, February 13, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I am working as government employee for the past ten years. I received my salary regularly at monthly basis amounting to P5,000.00 (Net take home pay). Should I pay Zakah monthly after receiving it or should I wait for one year-round to see if there is a savings left on me after spending it to my family before I will give Zakah? Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Tato
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is due only on accumulated savings if they reach a Nisab on the day of Zakah calculation (the due date of Zakah), obviously by adding them to previous savings and other items that are subject to Zakah. Zakah is not on the amount of take home income itself.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on scholarship
From: Helmi through Islam online
Sent: Sunday, February 12, 2006
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Dear respected scholars. I have few questions regarding Zakah, since I was just recently introduced to the concept. I hope
you could help in guiding me and share some of your knowledge with me. I am student receiving a convertible loan or scholarship from a company in order to further my studies and in exchange will have to work for the company for 10 to 12 years. I am receiving 452 pounds sterling per year, and about 250 to 300 is spent on accommodation and everyday expense. My first question regarding Zakah is that as a

student, Is it obligatory for me to pay Zakah? I have heard of three opinions. First, as soon as receiving 452 pounds, 2.5% of that should be immediately paid as Zakah.
Second opinion was to calculate the balance in the account for a year, and if the Nisab is reached, then 2.5% of that should be paid as Zakah.
And the third opinion was that no Zakah needed to be paid as the money is treated as allowance for studies. I am really confused which opinion to follow. If you could please provide me the correct way to pay the Zakah as well with some evidence regarding it would be much appreciated.
My second question is regarding to whom the Zakah should be paid. Could a political sub-party that claimed to be striving for Islam receive and handle money paid as Zakah? even if the money is used for the party itself and the members activities? Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Helmi
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
In your case, Zakah is due only savings. Zakah is definitely not required on the amount of income you make because this amount is engaged or appropriated to your expenses. If your savings reach the amount of Nisab (at this time it is equal to approximately US$ 1000, one thousand) you then begin the Zakah year. Then you look after 354 days (a full lunar year) if you have an amount equals to Nisab or more, you are required to pay 2.5% of the balance you have as Zakah.
Zakah is due even if this amount is left aside for emergencies, not for a specific committed payment (like a debt or tuition that is due soon and you have no other source to pay it) but please notice that money that is devoted for expenses for the period between the 354th day and the next time you will get income is considered not subject to Zakah because it is already "engaged" for living expenses. The Prophet, pbuh, said
that Zakah is only out of richness and considered that if the amount you have on the 354th day is just one penny short of the Nisab (he, pbuh, gave the example of 199 because the Nisab of silver currency is 200 Dirham) you are not required to pay Zakah that year.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Deduction from Zakatable total of amounts appropriated for debt payment
From: Noor
Sent: Tuesday, February 07, 2006

Question

Dear brother Monzer Kahf. Assalaam Alaikum wa Rahmatulaahi wa barakaatahu.
I am writing to you again regarding investments, savings and Zakah. I have tried my best to give you a complete picture regarding my situation, so as to enable you to advise me.
About five years ago, I invested in a property which was in dispute with the government authority even at the time of purchase. There is a local government body by the name MHADA which makes and sells housings at low (reasonable) cost.
The situation which I am describing to you now is what has occurred much before I had purchased it and is at present in dispute too.
MHADA had sold some flats in the group of buildings at say a cost of RS 2300/sq.ft. Some buyers bought (booked) flats at this rate. Later during construction, MHADA decided to reduce the rates for the remaining few flats and sold them at RS 2100/sq.ft.Why they did so the exact reason I don't remember now. As a result later (during this period the constructions were over, possession was given with the understanding that the buyers would pay the remaining installments after possession).But the buyers who bought at RS 2300, protested refused to pay the remaining installments and filed a case against MHADA in the court, asking that the remaining installments they should also pay @2100 like a few others.
All the while that this was going on, the property rates kept rising, and the location became a very prime location, a hot spot of sorts. So some of the flats that had not been booked/sold even after construction were sold even @2500.The ones who paid @ 2500 did so willingly, knowing well enough that they still had to gain, as the property rates were rising any way.
Obviously the MHADA had some corrupt officials, may be not or may be it was simply being mismanaged.
Now I will speak about the flat that I bought. It was bought by one Mr. Ghosh initially from MHADA, booked at the time of construction. Later as the dispute arose, even he stopped the rest of the payments. He had possession for about two years, during which he had his office there for one year and later rented out the property for one year. He was a film maker and at that time he suffered great looses in his business, was almost bankrupt and had to pay his bankers too. He decided to sell this flat at the cost at which he bought since this was a property in a very prime location, and my husband & I had managed to save some money from our jobs in Saudi. We had no house till then. As it is we needed to buy a house, which of course at that time we would have given on rent till we came back for good, as we wouldn't be needing the house till then. The place where my parents and his parents stayed then was around the same area where we later bought flat and which later became prime property area.
So far we had collected only about 10 lakhs (which is what we paid for the flat),whereas the actual rate of the flat would have been at least 22-25 lakhs, depending on the rate to be payed.Of course it seemed such a great opportunity to be able to own an expensive flat for so less....We thought at that time that since court cases take years to settle, we would in the meantime collect the money required to pay at the time of settlement.
We bought the flat from MR. Ghosh on as is where is basis, as such he transferred all his rights on the flat to us. The flat was still in dispute with MHADA. We took the flat

knowing the conditions well. An association of MHADA residents had been formed till then which had been fighting the case in court. We also became a part of the association.

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

Meanwhile after the transaction, we came to Saudi, giving the power of attorney to my father.

In the meantime on our instructions my father rented out the flat. Since then we have been saving more money to pay the final amount. In 2-3 yrs time we collected more 12 lakhs in savings, with the intention to pay the final due. But even then it seemed the settlement would take years for the case to be decided. So what we did was bought another flat with the savings of 12 lakhs, but this time it was in a totally different area and a very clean and clear property, no disputes of any kind.

This second property was bought with the intention that when the first one needs to be settled, we can sell the second one to pay the dues for the first one(of course the first flat that we bought was more valuable in terms of location, resale value etc).Also we thought that keeping the savings idle in a bank makes no sense, especially since the interest being Haram, a rent being halaal, this method of buying another property and renting seemed the right way and the right thing to do.

Mean while. I have been paying Zakah on my gold and some Zakah on the savings too.

If you would recollect my last letter, I had paid a lot of money (intending as Zakah on my future earnings and savings), to one of my relatives who needed money to buy her own house.

I am seeking your advice. Does the Zakah have to be paid on the amount being saved to pay a due settlement?

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

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

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

The dispute is about what rates would the rest of installments be paid, what would happen of the rent of 6000 that we have been paying every month, would that be considered in the final settlement, etc...
My father spoke to the MHADA officials, asking how much we would need to pay if we want to clear our flat of the dispute i.e out of court....They said we would need to pay at least another 35 lakhs which we don't have now. We have now 12 lakhs in cash, and another flat whose value would now be 13 lakhs.
Besides the residents association that has filed the case, advises us not to settle individually out of court, wait for the court case(in that case the required payment might be much less than 35 lakhs).Besides they themselves as an association would try to settle the matter out of court.
I am seeking your advice. Now what should I do. Buy another flat, or just wait for the case to settle?
Do I need to pay Zakah on the money being saved to pay for an expected court settlement?
Kindly take the time to reply. May Allah bless you for your efforts. Thanks.
Ms.Noor

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Noor,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Kindly notice that I cannot advise you whether to buy another flat or not. That depends on factors in the local market that I don't know and it is outside my area anyway. May be your father or any expert in the area or the resident association may be able to do so.
For the Zakah issue, any amount that you are sure is needed for payment upon settlement is considered a debt on you and you may deduct it from the total funds and properties that are Zakatable on the due day of Zakah. This means that the minimum amount that you are absolutely certain to need is not subject to Zakah. On the other hand, I suggest that you pay Zakah on the net revenue you get from the other house that you bought for investment (I realize that you will need to sell it when the time comes for settlement, but until then it is an investment property). The net revenue is rent minus taxes and any maintenance and other expenses incurred for this flat. The same applies to any Halal return you may get for your other money (for instance, if you deposit it in an Islamic bank and get some profit on it). The flat you obtain for residence is not subject to Zakah even though you live presently in Saudi and rent it while you are overseas. The rent you get from it in this period is Zakatable according to the same method as mentioned above.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Paying Zakah on Gold Saved for Marriage

From: A Sister through Islam online

Sent: Sunday, January 22, 2006

Question

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

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr.

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

If the amount of gold saved, for any purpose including marriage and future needs, reaches Nisab and you have it also after a span of 354 days (a lunar year) it becomes subject to Zakah. The answer to yourfirst question is thus YES. in our days we use paper money and bank accounts for saving and rarely we keep gold or silver, if one keeps gold or silver, we apply the weight as mentioned in the Hadith regardless of its value. But if we have to make analogy and apply some standard to

paper and bank account money we do not use the value of silver but rather the value of gold because the value of silver is low to an extent that void the purpose of Nisab as a yardstick for Zakatability. Therefore the Nisab is much more that the value of the amount of silver that you mentioned. Hence, a family that owns money in the value of 85 grams of gold and this money stays for a year not used by family's expenses is not a poor family that deserves Zakah, is it?!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Should I Pay Zakah on my salary?

From: Mustafa through Islam online

Sent: Sunday, January 01, 2006

Question

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

I would like to know, if i have to pay Zakah or not. I live with my parents and I still go to university, but I have a part-time job. I earn 400 Euro a month. Sometimes this money is not enough for me, because there are times when I need more money. What should I

do? Should I pay Zakah or not? Thank you. Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Mustafa

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Zakah is due on the money you save, not on the money you earn. If no savings are left at the end of the year there is no due Zakah on you. If you have money put aside for emergency, and this money reaches the equivalent of US$ 1000, and it stayed with you for a lunar year, you are then required to pay Zakah at the rate of 2.5%.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

FATAWA ON ZAKAH 2005

SUBJECT: Is Zakah on the profit or principal?

From: Kabir

Sent: Tuesday, November 08, 2005

Question

Dear brother Monzer,

Salam and Eid Mubarak.

I have the following questions about Zakah, and I seek your answer to them.

1. Let say I have made investment of $1000 in year January 1, 2003 and completed one year December 31, 2003. This investment is in financial assets. Let us say that the investment grew to $1500 at the year end. I pay Zakah on the amount $1500 at 2.5% in year 2004. Let us say that the investment grew to $2000 in December 31, 2004. In 2005, do I pay Zakah on the entire $2000 amount or the increased amount $500 (from 2003 to 2004)? I have been given both answers, but I am confused which one is correct?
2. Please answer the same question if the investment is in real estate - a. rental property; b. land.

Regards,

Kabir

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Dr. Kabir
Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
The answer is straightforward. Zakah is on what you own; it is on the Mal.
Once you own a Nisab (= approximately USD 1000), what you own at the end of the first lunar year, i.e. , Dec 20, 2003 in your example is, say, 1500, this is the Zakatable amount and you pay 37.5. (Suppose you paid it from other sources); and, on Dec. 9 2004 your wealth is 2000; here again this is the mal that you own and your Zakah is 50 for this lunar year. I don't know of any one who is sane and knows the question clearly and knows the Shari'ah principles of Zakah who would argue otherwise. Of course the assumption here is that this is a property that you have for the purpose of looking for a good price to sell. If this is an investment that is meant for becoming a real part of the company (like when a company owns a subsidiary) and participate in its management, etc.. , then we have opinions (none of them deals with the increment only though) one argues that Zakah is on one's share of mobile assets minus mobile liabilities and the other argues that it is on the net worth. The first is the majorities' of classical scholars and the second is the enlightened view that is consistent with the idea that Zakah is on the rich and there must be no reason to discriminate on the basis of fixed capital intensity.
If the investment is in real estates that produces rent, the majority's becomes: no Zakah at all; and you add another view (the Qaradawi's) that Zakah is on the gross rent at 5% or the net rent at 10%. I also that the third view (Zakah is on net worth) is more consistent with Zakah Shari'ah principles.
Finally if you have to apply Zakah to a solar year, you need to adjust the rate to make it 2.5777%.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Monzer Kahf

SUBJECT: Zakah on personal loans
From: Shariff
Sent: Sunday, October 30, 2005
Question
Dear Dr Kahf, as salam alaikum
I have a question regarding Zakah. I am contacting you with the hope that I will get a response from one of the premier experts of Islamic finance.
I have given a loan to my cousin, who needed money to buy a house. I gave it so that the loan he would have to avail from the bank (and pay interest on that) be reduced as much as possible. This is because I am averse to interest in all forms and thought that if I could reduce his burden of interest to whatever extent I could, Allah may be pleased with me.
But now recently I came to know that I am liable to pay Zakah on this amount that I have lent to him.

“Zakah is not obligatory on the person who got the loan amount, as it is not his own wealth. It is just a loan to be returned after he gets it. The lender of the money shall include even his loan amount every year along with types of wealth (leaving the exempted items like own house etc.) and has to pay the Zakah.
In case, there is no hope of getting back the loan amount because of various reasons like the debtor not being seen for a long time or he is not in a position to return the loan, Zakah need not be paid on loan amount.” -
http://www.Islamicvoice.com/december.98/Zakah.htm
Is this true? For me, this goes against logic as I have to pay Zakah on an amount that I do not possess in a liquid form. I could have just invested this amount I lent my cousin into mutual funds or equity or property of my own, and paid Zakah on such an investment from any benefits or losses accruing from it. But in this case of lending, I am surely going to deplete my capital as there is no prospect of any increase in wealth from it. Does this not totally discourage lending without interest to another Muslim, whereas one would think that such an act would be encouraged by the rules of Islam?
I read from another source regarding Zakah on mehr - ""According to Imam Abu Hanafi and Imam Malik, the wife need not pay Zakah on the Mehr amount still due by her husband. However Zakah will have bo be paid on the amount she has claimed provided it is equivalent to or more than the Nisab and on which one year has been completed. According to Imam Shafie the wife has to pay the Zakah every year (though she herself is not claiming the Mehr, even though it can be claimed). According to Hanbali the Wife has to pay the Zakah for the entire number of years at the time when she gets it."" - http://www.Islamicvoice.com/december.98/Zakah.htm
Shouldn’t the logic be similar in case of personal loan also as they are both obligations from the debtor (or husband) to the giver (or wife). Could you please advise me regarding this matter. thank you! Khuda hafiz
Shariff

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Shariff,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
What you quoted is correct. Let us now put them in the correct perspective.

1) A loan in Shari'ah is defined as a charitable contract. It is not a business contract because it does not generate any income. Being a charity (kind of Ihsan), the verse 9:91 applies to them, "there is no charge (burden, blame, complaint) on the good doers." which implies that a loan can be claimed at any moment or it is due on request (it does not afford having maturity).

2) A loan creates a debt (debts may also be created by sale and other contracts); and debts are normally mobile assets to their owners, i.e., part of their Zakatable assets. They can't be claimed outside the reach of Zakah. For the debtor, a debt is a liability against which she/he may or may not have assets and Zakah deals with assets only (although it may deal with liability in form of deductibility)

3) There is a need to distinguish between strong and weak debts: here lie the different angles of looking at the "Mahr." If you consider it strong, it is Zakatable every year, but if it is weak only the claimed part is Zakatable. The same principle should apply to debts that originate from loans (we come close to the same distinction in debts arising from exchanges but in a slightly different meaning, there the only criteria is ability to get it back). In other words, a loan that is expected to be paid back reasonably soon is a part of my immediate assets but a loan that is not expected to returned reasonably soon (either because it is looked at as a long term loan, although it is conceptually due on request, or because of temporary inability of debtor to pay it back) is a weak debt and I do not count on it s part of my immediate mobile or investible assets.

4) The principle is that Zakah is payable out of the same Zakatable item itself. One is not required to get money from other sources to pay the Zakah of an item. This is why Zakah is can be delayed until repayment of a debt and then paid for all past years. Applying this rule on a weak debt (a loan that is actually given on understanding of being a long term, or one that does not have a set methodology of repayment) seems unreasonable because of its weakness.

5) The argument that if I have the money (of the loan) I could have invested it is invalid. You have it now safe because a debt is guaranteed by the debtor, when you have it with for investment you are exposed to losses and even when you loose you are still subject to Zakah, unless you go down to below the Nisab. It is part of your mobile assets because it is due on demand, you gave on your own choice and you were not required to give it, (it is a charity or Ihsan): it is therefore like money on hand!

6) Putting all the above together, only the part you expect to get back within a year is subject to Zakah and Zakah does not have to be paid from other sources. The long term part is working for reward ('Ajr), InShaAllah and is not subject to Zakah on ground of its weakness (weakness can be looked at from a different angle: inability/unwillingness of debtor to pay it back as in the unclaimed part of the Mahr).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Student Applying for a Fund from the Government and Zakah

From: Fatima through Islam on Line

Sent: Wednesday, October 26, 2005

Question

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

Is it allowed in Islam if a student learning applys for a fund from the government where one is provided with a certain amount of money every week depending on the household income, and an evidence is provided which is a tax paper showing how much your guardian earns within the year, if my brother works and earns Haram money ,if I show his tax paper and then recieve this money would it be Halal or Haram for me

where as I am not taking his money but I am taking it from the goverment ,the tax paper is just evedience of how much he earns and where he works. would this money be Halal or Haram would one be able to use this money for books and for other uses like for giving Zakah, for going on umarh.
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Fatimah,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If your brother is your guardian and the amount of his income qualifies you to receive money from the government, it is Halal to take this money and then do whatever you please with it. Notice that under such a case you may not be subject to Zakah payment unless you have an amount that is equal to Nisab (# USD 1000) and after a lunar year (i.e., 354 days) you still have such an amount.
Please allow me to make a comment on your sentence "if my brother works and earns Haram money." This is a kind of outrageous and too harsh of a statement! Are you sure of this Big Fatwa that you are giving? Does he makes and sells drugs or alcoholic drinks? or does he run a house of prostitutions or earn interest from lending money? these are the kinds of Haram incomes! If he works for the government or in a bank as an information technology specialist or serves tea and coffee, that is not a Haram income! You should be much more careful in throwing such a big Fatwa my dear sister.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: ZAKAH on companies or their owners?

From: Kamel
Sent: Wednesday, October 26, 2005

Question

Al Salamu Aleikum, Dear Dr. Kahf,
Regarding the Zakah questions they are related mainly to our business (…….).
Our assets are mainly Inventory and Accounts Receivable. Other assets are small items that are depreciating, and also the building which we fully occupy.
We have Accounts Payable to our suppliers, and some amount due to the bank on a line of credit, and loans to the owners through a Trust.
We have heard three opinions one is that we should pay Zakah on the total value of the inventory and one opinion is that we should pay Zakah on the net income, and one is that the working capital amount less building and equipment is the amount to pay Zakah on.

The business is used to generate income that we pay as 'bonus' payments. The three owners also are actively involved and receive a salary of equal amounts. The salary is a fair amount for the position.
The company is set up as an "S" corporation.
The inventory level is high relative to sales due to the products being imported with 60 to 90 days lead time. We stock about 90 to 120 days worth of inventory.
What happens if there is zero net income or even some net loss in a bad year?
Best regards,
Kamel

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Kamel,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You know because Zakah is a personal obligation, companies are not required to pay it. It is the owners of the companies who are addressed with this obligation.
This means that whatever you withdraw as salaries doesn't' really matter because, what you spend of it is not subject to Zakah and what you save is going to be included in calculating the personal Zakah. It also means that when you consider paying Zakah from the corporation, you are paying it on behalf of its owners, i.e., you are actually making a partial payment of the owners' Zakah and of course owners will not need then to add their properties in the company when they calculate their own Zakah.
You heard three opinions: One of them is in fact out of question completely, the other two are very close to each other, it may be only a matter of details, and you will now hear a fourth one.
A) There are two opinions on Calculating the due Zakah for businesses:
1) The Majority' view: Zakah is only on the mobile assets minus mobile liability. This means receivables + inventory + cash - short term debts - due bills to be paid. Please notice that from an accounting point of view you can reach the same conclusion if you say: equity + long term loans (long term liabilities that are normally to finance fixed assets) - nixed assets (net of depreciation).
2) My view and many contemporary younger scholars share it too: Zakah is on the net worth, i.e., the net equity of a person or a business. In other word we include fixed assets that are part of the wealth of the Zakatable person (which is not financed by long term loans). For explanation and argument please look at my article on the subject on my website.
I don't know of any person who knows Shari'ah and yet says that Zakah is on the income of the business. This is completely unscholarly opinion. It contradict the basic concept of Zakah that it is on wealth خذ من أموالهم . It is true that Shaikh Qaradawi, who is one of the most knowledgeable scholar on the issue of Zakah argue that, in addition to inventory, there is Zakah of another kind of rich people who may not have wealth but have high income (salaried and professional persons); but he never said there is no Zakah on inventory, it is only on the income of a business.

Even if a year when a business makes a loss, if it has inventory, receivables and cash, it is still subject to Zakah. Take the example of a person who owns one million Dollar cash and half a million is stolen, at the end of the year he still owns one half million, he is undisputably subject to Zakah because he is rich (the Nisab of Zakah is approximately USD 1000; he owns 500,000 times that much!) although he lost half his wealth!

B) With regard to the real estate (the building): buildings used as residence, along with furniture, appliances, utensils, cloth, etc., are exempt from Zakah. This is unanimous; no differences among all scholars. Real estates used for business and investment: If a real estate is used as merchandise for trading (buying a property with the intention of selling it at a profit) it is subject to Zakah as being inventory.

If a real estate is used for a business or for renting, there are three opinions, they are:

1) The majority: no Zakah on them at all. Whatever rent or income from them is included any way under other Zakatable items if it remains until the end of the Zakah lunar year..

2) Qaradawi's opinion: Zakah is on the rent or income; 10% if you calculate it on the net (i.e., after deducting depreciation, maintenance, taxes, etc.) or 5% on the gross.

3) My view: since Zakah is on the net worth, it is included any way, i.e., it is subject to Zakah like inventory and other components of wealth because it is intended to make money ot for personal use. By the way, this opinion is shared also by a view in the Hanbali school (Ibn 'Aqil) and some other classical/ancient scholars in the Maliki school.

My advice is to think which opinion you want to accept, consult your own heart. Of course you must limit your choice to respected opinions that have some foundation an do not listen to unscholarly views. I have an axel program on a spread sheet that gives you these choices and helps calculate the Zakah for you on all kinds of assets.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Can Helping Maternal Grandmother Be Considered Zakah?

From: A Questioner through Islam on Line

Sent: Sunday, October 23, 2005

Question

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

I'm helping my maternal grandmother with 500 usd every month. As there is no one else to help her. My wife is her only child and my grandfather died 25 yrs ago. I would like to know what is my contribution is considered. Can it be considered Zakah?

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. ,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
A Muslim is responsible, according to Shari'ah for ascending lineage on both sides of mother and father. In your case, you are the only one who is responsible for your grandmother maintenance, as she has no other relatives, you are required to treat her as one of your family, whether she lives alone or with you, and whatever one spends on one's family can't be considered from Zakah. You can't count this spending as Zakah but it is certainly part of kindness to parents (the Arabic words for parents, abb and umm cover also grandmother and grandfather, i.e., grandmother is an umm) that is highly rewarded by God.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Paying Zakah in advance
From: Mujeeb
Sent: Sunday, October 23, 2005
Question
AsSalaamu Alaykum Brother Mpnzer:
May Allah shower you the upcoming LaylatulQadr, and benefit from it.
Can one pay Zakah for the upcoming year (from the end of this Ramadan to the next Ramadan' end because he has already paid full Zakah for the current year? Or, will such giving go under sadaqa and not ZakahalMaal.
Also:
If someone inadvertently over-pays Zakah one year, can he deduct the extra payment from the next year's Zakah?
Mujeeb
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. DR. MUJEEB,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, it is permissible to pay Zakah in advance even for more than a year. It is reported that the Prophet, pbuh, needed some money for certain Zakah type use and he asked his uncle Al Abbas to pay his Zakah in advance for two years.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Giving All Zakah to one's Sister

From: Salaam through Islam on Line
Sent: Sunday, October 23, 2005

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I have a question that is somewhat Ramadan related. I am going on a trip to Palestine after Ramadan from US. I have a sister there who - is afflicted with a disease, called greed & begging. She emotionally makes you feel guilty to constantly buy her gifts & give her your Zakah. I am at a loss on how to deal with this issue. I will put aside my Zakah money, a portion I have locally and I portion I give to family members there. I cannot buy her gifts - yet she keeps asking for some and says she will pay me back - but the catch is she doesn't. She has a husband and 7 kids. She has a home, but her husband's salary is not enough to pay for their living needs. Yet if you give her money she spends it on extravagant stuff. Her home is filled with stuff - lot of stuff. So I need your guidance as I do not want to spend Ramadan shopping for her gifts. What Islamically should I do? I meant to give a portion of Zakah to her husband to spend on his children - how much does he qualify for? Is Zakah based on one day or one month living needs? While I am there how do I respond to her greedy requests for stuff? Is she entitled to all my Zakah, plus her other siblings Zakah? At what point she is ineligible?
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Salaam,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You still have to deal with her kindly while avoiding many of her demand. If her husband's income is not sufficient for the family expenses, he deserves Zakah to close the gap only but no more. Closing the gap between his income and normal family expenses must be given to a responsible person in the family, not your sister if she is as you described her spending. the Alternative is to give it in kind, as cloth and food item, etc. you may give her out of kindness money and gifts and this is considered Sadaqah rewardable by God InShaAllah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Paying Zakah to Cousin's Daughter

From: Arshad through Islam on Line
Sent: Thursday, October 20, 2005

Question

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

I have a cousin in India who's husband has passed away about 12 years ago. She has 2 daughter from the first husband and has got married again about 5 years ago. But the new husband does not let the children stay with them. The children stay with the grandmother. Now, time has come for the marriage of one of the daughters. They need to raise some money for the dowry. The mother currently works but does not earn enough money to raise this amount by herself. My question is that, can the donation that I give be counted as part of my Zakah. Are they entitled to Zakah? Or should this be a Lillah donation. Jazakallah Khair, Arshad
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Arshad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Under normal circumstances my answer would be: Yes, of course helping a girl, especially a relative, to get married qualifies as Zakah payment. But at present with the earthquake victims in Pakistan, the highly needy under occupation people in Palestine, Iraq and Afghanistan, etc. I would say our priority should be re-directed.
I suggest that you better divide and give part as Zakah and part as Sadaqah and give some Zakah to high priority needs.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: when SUBJECT: Calculating Zakah on Gold Ornaments
From: A Questioner through Islam on Line
Sent: Wednesday, October 19, 2005

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
How should we calculate Zakah on gold ornaments? Should it be based on price when we purchased it, price if we purchase them now or price if we go to sell them now? Suppose we purchased anything 5 years back at price 1000 Units, & if we go to purchase it today its price is 1500 Units & if we want to sell it now it will give us 1200 Units.
Jazakum Allahu Khairan for your constant help

My Answer

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

You know, Zakah on gold jewelry/ornaments is calculated in kind, i.e., you take 2.5% of its weight now. Then payment can be in kind or in value. The final result means that payment is in value if you want to sell now because if you pay in kind the poor will need to sell now. in your example the 1200.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Value of Zakah on Life Insurance
From: Ali
Sent: Tuesday, October 18, 2005
Question
Dear Dr. Kahf,
I got your name from through Islam on Line. Would you please enlighten me on the Islamic ruling on the following:
Having inherited some money, I bought a single premium life insurance policy for $100'000 policy to guarantee some income for myself in the future. I do not have to pay any more premiums, as I have already paid $100'000 at a time at the very inception of the policy. This amount together with some profit, say $110'000, shall become payable to me in about 10 years' time, say by 2015.
My questions now:
1. Do I have to pay any Zakah on this amount which I have invested in the form of a life insurance policy? (For your info, I cannot touch this money, as it is with the insurance company).
2. If yes, how much?
3. Do I have to pay each year that amount of Zakah until the policy matures in 2015?
4. If the answer to Question 3 is YES, and since the amount of $100'000 is the only amount I have for future survival, that will obviously reduce substantially in about 10 years' time, as I've got to pay the Zakah each year.
Thanks in advance for your guidance and best regards.
Wassalaam,
Ali
Respected Dr. Kahf,
Alhamdulillah, that was helpful and I should like to thank you sincerely for your assistance.
With best regards,
Ali
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ali,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
I don't know where to start!
It seems that you bought future annuities, such annuities are normally interest-based, a thing that makes them prohibited in Shari'ah. Islamic insurance companies usually offer annuities based on variable equity, this is permissible.
At the end of each Zakah lunar year (that you establish for yourself, the first such a year begins the day you acquired Nisab for the first time, Nisab is # USD 1000) you need to know the net amount that you can withdraw on that day from the insurance company should you decide to cancel the policy, and add this amount to your other Zakatable assets to calculate the due Zakah. Please notice that you are not the only Zakatable person who pays Zakah on assets that will give him/her future income to live on. The present day assets of every one are a main source of one's future income!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

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do we give Zakah of al Fitr
From: Mohamed
Sent: Tuesday, October 18, 2005
Question
WAS Dr. Kahf:
I am so deeply grateful for your wealth of knowledge and willingness to share it. Dr. Kahf, I've been reading two different opinions on ZAKAT AL FITR as to when it could be given. Some say only the last 1-2 days of the month maximum, preferably the last day prior to salat, the other says during the entire month. Do you have some advice on this? WE are all so blessed by your availability to the rest of us who need your guidance. We look forward to the opportunity to have you visit, InshaAllah. JAK
Mohamed
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohamed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Actually both are correct! The principle is that it is meant to bring joy to the poor, especially who are short on food, on the day of Eid, so it should be the closest to Eid and in kind (food items). Ulama say that if non-food is better to the poor then it is good to distribute it according to best interest of the poor.
But today we distribute it through organizations, who act as our agents, and the needs vary. Hence, it is better to give it to our agent early to allow for the organization system to roll on, so that it can reach the poor by the night of the Eid. Most Islamic relief

organizations here in America make a pledge that if you give it before certain date it will reach the poor, in the country you designate, by the morning of Eid.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on cash held for less than 1 yr
From: mansoor
Sent: Monday, October 17, 2005
Question
Assalaamu alakium
I would like your help on calculating Zakah for the following cash elements in my possession (figures adjusted for simplicity)
1. 100 held in my bank account 12 months ago is now at zero, as the money held here had always been intended for use in household costs, and the balance was at zero 4-5 months ago
2. 200 gifted to me by my parents to assist with a planned house purchase - this was received 9 months ago
3. 500 received from the sale of my previous house one month ago
I have only just realized that these elements may not give rise to a Zakah charge, as none have been held for one full lunar year - can you confirm that all major scholars who have a specialty in finance are in complete agreement on this time criterion or is there a difference of opinion. wa salaam
Mansoor
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mansoor,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1) A person would have only one Zakah year, you do not maintain a Zakah year for each amount alone. Imagine how difficult can this be made when the government calculates and collects it as was done at the time of the Prophet, pbuh, and his Companions.
2) In your example, if the amount of 1000 is designated for monthly expenses, so that it is, all or part (assuming it is only the amount of Nisab exactly, in other words, it goes below Nisab) consumed and then replenished by new salary, this amount is not considered at all because it is preoccupied with monthly expenses. On this assumption you did not have a Nisab until you got the parents' gift, then your Zakah year began. 7 month later you added the sale proceeds.
3) Now you are adding a new element: before the end of the Zakah year (that began 9 month ago) you have contracted the purchase of a house and committed, say,

all the money you have to this contract. With this news, the amount you have is pre-occupied by the debt that results from the house buying contract. You are not subject to Zakah even if actual payment is done after completing the Zakah year. Because whatever you have, even at the end of the year, is committed to that contract.
Yet I didn't understand what is that seems not logical?
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: mansoor
Question
wa alaykum assalaam
My apologies for taking so much of your time.
Your explanation makes things clearer, and of course I must accept it, although it does not seem logical...however, from the hadith of Ali ibn Abu Taalib (RA), we also know that Islam is not necessarily based on logic (...otherwise we would make mas'aa on the soles of our feet).
However, I must return to my original question and the figures presented for confirmation/ your agreement on the figures...proceeding from your two emails I therefore have two options
1. As the cash in all three cases has not been held for a ful year and there is therefore no zakat due.
2. (This appears to be the correct option from your last email) - ignoring for example,the $1000 which was initially held on deposit in Ramadhaan last year, but always intended as a monthly assistance for household costs (I take a very small salary which is not sufficient to support my family), zakat should be calculated on the $2000 gift from my parents received 9 months before this ramadhaan, and proceeds from the sale of my house $5000 2 months ago (although the money has already been allocated to a specific property and we are insha'allah proceeding with the purchase).... are you therefore saying that the correct opinion would be to pay zakah on $7000 for the full lunar year, or apportioned over the year (the figures are of course much higher than this but that is immaterial)?
(The last element mentioned is intended for a new house purchase, and has only been in my possession for less than 2 months - if I make a zakat deduction from this amount before purchasing a house as intended - we are in the process of signing the legal transfer documents, after which the capital will be transferred to assist with the purchase - then it will mean that I will have less to contribute towards the purchase and will require a larger mortgage (HSBC Amanah).
I apologise for drawing this matter out and taking up so much of your valuable time,. and would be very grateful if you could simply return with a breif response and your estimate of the zakah due on the sums mentioned above

May Allah reward you for your assistance. After this experience I truly feel that many of our brothers and sisters may make certain assumptions about zakat, and perhaps my not always get the correct amounts - but that affair of course is judged by intention. I really have learned that Zakah is not something to be taken for granted and can quite easily become a very complicated subject, wassalaam
Mansoor

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mansoor,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
In fact, there are scholars who believe that Zakah is due on such funds upon their receipt. They call it Mal Mustafad. This is the practice at present in Sudan.
Assuming all these amounts are above Nisab (# USD 1000), the condition of Hawl is subscribed to by the great majority scholars, past and contemporain. Shaikh Qaradawi and I go along with this view too although he is often misunderstood on this point. He argues that there is Zakah on Salaries, as being Mal Mustafad, but his view is that Zakah is only on the saved part of income provided it is equal to Nisab or more during a full lunar year. Hence, his view is: Zakah is on savings and it requires the Hawl!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: mansoor

Question

Assalaamu alakium wa rahmatullahi wa barakatu
Dear respected scholar and brother
I have re-read your response below and should clarify that a legally enforceable contract does not yet exist for the house purchase, but we are near the final stages of what has been a 2 month buying process... we should sign the legal paperwork in the next week insha'allah. As the intention is there and we are essentially committed to buying the property (delayed due to problems complications introduced by the current owner), then I expect this does not change my position with regards to your response item 3. wa salaam
Mansoor

My Answer

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

Yes, as long as you make commitment before the end of your Zakah year.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: Mansoor
Question
Dear respected scholar
I appreciate your patience and cooperation in this matter and your very clear explanation.
I would like to proceed by taking this opportunity to invite you to visit my home when you are next in the UK. If you do find yourself in the north of England, we live in the city of Manchester, which does have a decent sized Arab/Pakistani population. We would be honoured to have you as our guest and although I do not have an asset profile that would lead to any lengthy discussion on finance, I'm certain, insha'allah, we could quite easily find a useful topic for discussion.
I do of course appreciate that time is valuable for all of us, but would be very grateful if you would accept this open invitation at your convenience.
wa salaam, your brother
Mansoor
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mansoor,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
I am sorry for my lack of good explanation. Let me please put it in a clearer terms:
Suppose on Ramadan 15, 1425 you have, for the first time, the equivalent of USD 1000 (this is approximately the amount of Nisab, i.e., the amount that is a criteria of Zakatability) but this amount is what you usually spent until you get your next salary. This amount is not considered at all and we consider that you have 0. But suppose that this Nisab is above your normal expenses, i.e., it is a kind of emergency or saving fund then you mark Ramadan 15 as the beginning of your financial year with regard to Zakah calculation. Whatever you get since Ramadan 15, last year as gifts, sale of a house, new savings, inheritance, etc. you add them all to the amount you had on Ramadan 15, 1425 and deduct from them money you used out of them such as buying a new car, a house to live in, furniture for your residence, etc. the balance is subject to Zakah on Ramadan 15 this year 1426 (354 days later).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Zakah calculation and solar calendar
From: Mohamed
Sent: Monday, October 17, 2005
Question
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohamed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Please see my answers below your questions:
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

WAS Dr. Kahf
How generous, kind and prompt you are with your answer. Would you please allow me to reiterate your answer in bullet form so that I truly understand your advice.
1. I can use the Gregorian calendar, Jan to Dec. as I've been doing, provided I use the higher rate of 2.577%.
Correct
2. I can continue to give Zakah during the year as needed by Organizations. I contribute to an Organization whose executive director is Jewish but with Muslim board of director members but this organization exclusively works in Palestine for medical/educational needs. The executive director is an extraordinary American, Jewish, but who has dedicated her life to Palestinians. The organization is called MIDDLE EAST CHILDREN'S ALLIANCE. IS IT OKAY TO GIVE THIS ORGANIZATION MONEY GIVEN ITS INTENDED RECIEPENTS despite who is running the organization? I assume this would apply as well to others for example, The International Red Cross or UNICEF.
While you may appoint any person/organization to distribute your Zakah, you need to appoint one who knows the Shari'ah rulings on Zakah. Islamic charitable and relief organizations usually know these rulings but I don't expect a non-Muslim to know them. If you are sure this manager and even the Muslim members of its board know the Shari'ah rulings on Zakah, it is fine. Besides, a Muslim charity will also promote some Islamic values while giving, others the least that can be said about them is that they promote secular ideas. Red Cross is certainly out of question even though for decades it ceased of being Christian and became secularist and even if it has Muslim workers in it. Its name is sufficient to rule it out as a distributor of Zakah that is a pillar of Islam. I wouldn't give my Zakah to UNICEF either for similar feelings.

3. You stated that Zakah could not be counted for family members, did you mean just the parents, or may I gave Zakah to my aunt, mother's sister, for her medicines, or to my poor sick uncle for living expenses.

One must not give one's Zakah to parents and up and children and down because you are responsible for their maintenance and other living expenses. Giving it to others is controversial among schools of Fiqh: the point is that there is a rule that whoever may inherit (according to the Islamic system of inheritance) becomes responsible in case the other is in need. The implication is I prefer to avoid those very close male relatives like brothers and also all female relatives, up to aunts in order to be sure and out of the controversy of schools of Fiqh. Uncles, cousins and the rest are ok to give.

4. I am doing as you say in terms of being overly generous to cover my past losses of Zakah plus I give beyond what I have in my bank account in terms of calculation during the year.

That is excellent, May God give you rewards in many folds and bless you in this glorious month of Ramadan

5. Thus I can maintain emergency or needy Zakah aid throughout the year but I will leave as much as I can for the blessed Ramadan month.

Fine

I am so grateful to you. I live close to Washington Dulles Airport, about 45 minutes, I beg of you that should you have time and come to our area to please honor me and my wife with a visit. It would be my privilege to meet you.

I will InShaAllah whenever I have a chance. JAK Wa Ramadan Karrem

Mohamed

From: mohamed

Question

WAS Dr. Kahf:

I am so deeply grateful for your wealth of knowledge and willingness to share it. Dr. Kahf, I've been reading two different opinions on ZAKAH AL FITR as to when it could be given. Some say only the last 1-2 days of the month maximum, preferably the last day prior to salat, the other says during the entire month. Do you have some advice on this? WE are all so blessed by your availability to the rest of us who need your guidance. We look forward to the opportunity to have you visit, InshaAllah. JAK

Mohamed

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Mohamed,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Actually both are correct! The principle is that it is meant to bring joy to the poor, especially who are short on food, on the day of Eid, so it should be the closest to Eid and in kind (food items). Ulama say that if non-food is better to the poor then it is good to distribute it according the to best interest of the poor.

But today we distribute it through organizations, who act as our agents, and the needs vary. Hence, it is better to give it to our agent early to allow for the organization system to roll on, so that it can reach the poor by the night of the Eid. Most Islamic relief organizations here in America make a pledge that if you give it before certain date it will reach the poor, in the country you designate, by the morning of Eid.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah calculation
From: moohamed
Sent: Sunday, October 16, 2005 2:04 PM
Question
AlSalaam Alikum Dr. Kahf:
What a credit and resource you are to our community and through IslamOnline to our Ummah. Your knowledge on Islamic Economics and Financing is a rare commodity among Muslims and most of us are truly ignorant on this important subject. For your valuable work I am truly grateful.
I'm cognizant of how busy you must be, but forgive me if I trouble you on the issue of ZAKAH as it seems I've probably be incorrect in my approach.
1. I'm aware that I owe Zakah on the previous income I didn't pay Zakah.
2. Currently I'm retired but I receive a pension and social security check monthly.
3. My wife who has said the Shahadah works as a nurse with an income.
4. We have no children so it's just the two of us.

For years I've met the Nisab of $1000, however, I've been paying Zakah at different times during the Gregorian calendar year (Jan to Dec) to such causes as orphans, Palestinians, Iraqis, Chechens etc., all whom as you know are needy Muslims. I have not waited as you teach to the end of a lunar year and then pay it all at once for ex. during the month of Ramadan.
I'm afraid after reading your material that I've been mistaken in my approach and thus don't know how to rectify it. I think that the situation in Pakistan for which I sent money may qualify as Zakah as it is an emergency as I've done with other emergencies.
I often get requests during the year from Muslim/Non Muslim organizations asking for money to build a clinic/hospital/school etc. in Palestine for which I contribute. Should I not pay at the time they ask and wait till the end of Hawl and then send them the money?
Would my wife and I pay Zakah separately as we have separate incomes in separate bank accounts as we share all expenses and divide it in half (we're happily married but she asked me if we could do this to be able to comfortably help her poor family) or should we join our monies and pay Zakah on all of it.
I'm so respectful of your knowledge and your willlngness to help. May Allah (swt) reward you this Holy month and always for your contributions. With gratitude JAK

Mohamed

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Mohamed,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Many thanks for your letter, I'm humbled by your words and pray to God to make me stand up to them.

You were not incorrect in your natural responses to calls for financial help. Zakah can be paid any time and undoubtedly much better to pay it when most needed, in emergencies and calls for help.

What matters is two folds: 1) one should calculated yearly according to the lunar calendar, and the beginning is when one had Nisab for the first time. If it is necessary to calculate it on the Gregorian calendar (as in companies that have their closing accounts once every Gregorian year), one has to adjust for the difference in days through the rate. This means using a rate of: 2.5% + 2.5% X 11/354 = 2.577%; and 2) when you pay each amount you have the intention, in your heart only, that this is Zakah. A payment without the intention of Zakah is considered Sadaqah and will certainly be InShaAllah rewarded by God but it does not discharge the obligation of Zakah.

Zakah is on the amount of income that is not spent for one's expenses, I.e, it is on the left-over or saved amount. This means that the first day for the calculation of Zakah, for each one of you, husband and wife, is the day you got USD 1000 and after 354 days of that day the fist Zakah payment is due on the amount you have in all bank accounts + cash on hand + jewelry + debts you own on other persons.

You can calculate it for each one of you or for both together, it doesn't matter as long as you know it is a personal obligation, the third pillar of this religion. One of you may also pay it on behalf of the other or each one alone, it is ok.

You said that your wife said the Shahadah, before saying it there was no Zakah obligation on her, but since then she became required to calculate and pay it. But remember Zakah should only be given to poor Muslims, non-Muslims, even family members, may be given Sadaqah.

To adjust for the past years, make an educated guess of the beginning point, estimate the amount due for each year and whether you gave at least that much with the intention, be always on the generous side because it is all yours in your account with God (as the prophet, pbuh, said what means that this is the best part of your properties) and see if there is any balance, then go ahead and pay it.

If you want to adjust your Zakah year to Ramadan, you can do it using the same formula as above for the part of the year. Zakah doesn't have to be paid in Ramadan and Ramadan is not the due time for it for every body, the due date for every one is mentioned above unless one adjusts it. It is a very good idea that one may adjust one's Zakah year to Ramadan and make payment during this blessed month because good deeds in Ramadan have a bonus reward from God and the Prophet, pbuh, told us.

Wa Allahu A'lam

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

SUBJECT: Zakah on Ataya (Islamic pension)
From: Ahmed
Sent: Tuesday, October 11, 2005

Question

Alsalamu alaikom,
First, I would like to thank you for your contribution in promoting the Islamic finance and economics.
I am doing a research as part of my Msc studies in Actuarial science at City University-London.
I am researching on the social security system and its future funding, especially pensions. I am interested in the Islamic view (shari'aa) of such system.
My question is was there any benefit paid regularly like pension at the golden era of Islamic khilafa? If there was not any, Is it Halal to do it now?
Looking forward to hearing from you soon, Jazak Allah Khairan Kind Regards,
Ahmed

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
In fact, yes there was. There are two issue that relate to pensions in the Islamic history: 1) the system of periodical grants (al Ataya) that was formally introduced by 'Umar Bin al Khattab. It is based on assigning a given periodical salary to each person including new born (there is a report that at the beginning it was assigned to babies after they start eating instead of breast nursing, but the he found that mothers were hasting to put their babies on eating and stop nursing to get the grant and he then included babies from birth). This system definitely included assignment for the elderly too. 2) you have the Zakah system and a major item of its distribution is the category of older persons who are in need. there are report that at the tie of 'Umar bin Abd al Aziz there was periodical assignment to each old person including appointing a servant to those who need it and a helper to blind persons, etc. The story of the old Jew whom the first 'Umar saw begging is famous.
I think this is a good research, but please notice the difference, the system of Ataya was not based on need but on assigning some amount to each human being, and the system of Zakah is based on need, the system of social security or pension is based on contribution (direct of indirect by employer as part of the cost of employment). You certainly can add this system to the other two. I think you may come up with a good research and I offer any help I can give you.

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Please see my comments below:
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: Ahmed

Question

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh, Dear Dr.Monzer,
Thank you for your enlightenment and for offering your help. I have some queries related to your reply if I may ask?

* You mentioned that a major item of Zakah distribution is the category of older persons who are in need? I know that Zakah money (masaref alZakah) go for 8 types, so do you mean elderly are considered from the poor and masakeen type? And what is the proof (daleel) that elderly are included?

Persons who deserve Zakah are elderly poor not elderly rich or well to do. It does not need a proof because the most common ingredients of poor are: the poor week, poor elderly, poor children and poor women.

* How much is the share paid to each category of Zakah beneficiaries? is there a certain amount of money?

No shares or given amounts to any recipient, it depends on need

* how did the khalifa Umar (Radeya allah anh) finance the Ataya periodical grants?

from public revenues not from Zakah

* in some pension systems as in UK people contribute to different levels according to their earnings i.e. rich people will pay more. However all of them will receive the same benefit that is a redistribution of wealth among people. I don't see this fair because high earning employees contribution reaches 40% which is far above 2.5%. What is the view of Islam in this??

Check again, I don't think the system in UK is as you describe. It is true, it is contribution-based. Zakah is need-based

excuse me for the many questions, but that is because I am serious about my research.
Jazak Allah Khairan. Kind Regards,

Ahmed

From: Ahmed

Question

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh, Dear Dr. Monzer,

I said in my last email that in some pension systems as in UK people contribute to different levels according to their earnings i.e. rich people will pay more. However all of them will receive the same benefit that is a redistribution of wealth among people. I don't see this fair because high earning employees' contribution reaches 40% which is far above 2.5%. What is the view of Islam in this??

You asked me to check, and I am 100% sure of this. The details are as follows:

UK pension system is comprised of three pillars:

1. The basic state pension,
2. The second state pension (s2p)
3. Occupational and private pension.

The first two pillars pay flat rate irrespective of the amount of contribution i.e. rich people pay more. Only the third pillar is based on contributions.

So back to my question: is it fair in Islam view what happens in the first two pillars??

You also mentioned that imposing a compulsory contribution on people is Halal, what is the proof or basis of that? may allah reward for your care and patience. Jazak Allah Khairan. Kind Regards,

Ahmed

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Ahmed,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh,

I am not convinced yet, may be we are talking about different things, let me explain:

Regardless of a name, systems that give every poor according to its need, as estimated through an institutionalized mechanism, exist in many parts of the world. The Zakah system is like that. The fund is financed by either taxes or government public resources such as oil revenues or a religious obligatory duty on the rich (who by the way may not get any penny from this fund all his/her life if he/she does not fall under need). In the USA such a system does not use the word ""pension"" but it uses instead the word "welfare."

Establishing a system of taxes that takes from the rich much more than it takes from the poor is permissible if taxes are needed to finance the government activates. such a system of taxes may use different kind of taxes and different names, including a tax to provide help to persons in need. If the government does not need taxes it is then not permissible to impose them. a case on hand is the lightly populated oil countries.

Under the argument of the previous two paragraphs, it may be just and permissible in Islam to establish a system that takes from the rich more and gives equal to every body, it virtually depends on the circumstances of the taxing and the giving.
what is usually called "pension" in most countries including most Arab and Muslim countries and the USA, Canada, etc. is a system of payment to working persons that is calculated on the basis of: 1) size of salary during employment period or part of it (e.g., in the USA the highest 40 quarters, In the UN the last three years, in some other countries the last 10 years), 2) number of years in service; these two factors are multiplied (by means of a formula that differ from one country to another) by a certain rate. Would it be that this rate is the one you are talking about? or is it the amount of pension in GBP is the same for every body (this seems kind of odd unless it is a kind of welfare as the term is used in the USA because we have such a system that every person who is 65 or older is entitled to USD 450 if his/her pension falls short of it).
Fairness, the lack of it, and justice and the lack of it depends on what angle you look from. For instance, guaranteeing a minimum amount to every body seems fair although it is only financed by taxes on the rich. But equalizing the amount of pension in a system based on personal contribution to a special fund of pension that is not based on the principle of taxation seems unfair.
I think I answered the lat point through the mention of taxation. I suggest that you may like to consult the many papers and books on the issue of taxation in Islam to get a clear view on this issue.
It is always nice chatting with you, please write again whenever you think I may be of any help to you.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on the estates of deceased father
From: Saira
Sent: Sunday, October 09, 2005
Question
Asalaam-o-alaikum Brother,
Our father passed away in June 2005 he used to give Zakah ever year.
We need some advice. I had written before about distribution of wealth after our marhoom father. Well my brothers still haven’t distributed the wealth I want to know about the Zakah due on dads property is it due on our marhoom father this year. Who is responsible for the Zakah the on his property which hasn’t been distributed yet?
Kindly reply as soon as you can. Thanking You
Saira
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Saira ,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
May Allah, Ta'ala, bless the soul of your father and give him Paradise.
If until the day of his death a lunar year was not complete yet since he calculated his Zakah last time, no Zakah is due on his properties nor on the estate. At the moment of death, ownership is transferred to the heirs, regardless of distribution. His heirs are now the owners according to their respective Shari'ah-assigned shares. The share of each one of the heirs should be added to her/his own other Zakatable properties and will be included in the Zakah year of the new owner.
In other words, if a year did not pass on the properties of your father before the day of his death, he owes no Zakah. And each one of you, the heirs, must add her/his share of Father's estate, regardless of actual distribution, to his/her other Zakatable items and pay Zakah on the total when a lunar year is completed for each person on his/her other properties. But if one had no other Zakatable items that reached Nisab (# USD 1000), the newly acquired share, if it is equal to, or more than Nisab, the lunar year for such a person begins on the day he/she became owner (the day of death) and Zakah becomes due at 2.5% at the completion of a lunar year, i.e., after 354 days.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah Explanations
From: Waheed
Sent: Sunday, October 09, 2005
Question
Assalam O Alaikum Dr Kahf,
I have 3 questions about Zakah and I would really appreciate an earlier reply to the 1st question as based on its answer, I need to send the money to the needy. Jazak Allahu Khairan for the help.
1- You must have seen the devastation caused by the earthquake in Pakistan. Originally from Pakistan, I am highly inclined in sending my Zakah money to some organization in Pakistan. My assumption is that being a majority Muslim country, my money would go towards helping Muslim brothers and sisters who have lost their material and family support and CAN be eligible for Zakah money. However, of course I can never be sure as to how exactly my Zakah money will be used. It might be of course that the money goes in helping out a non-Muslim (which if I remember correctly are not eligible to receive Zakah) or that it shall not go into a direct ownership of a person and you never know if someone who still has belongings in other cities to make him above nisab benefits from this money. Please advise on whether it is ok to send Zakah to Pakistan (and similar cases) or I should only send Sadaqah to Pakistan?

2- I have a debt of about 1000 USD that I do not intend to pay in the near future as my savings are such that if I pay this debt out, I would not have anything available for the rainy days. The people who lent me the money know this too that there is no specific date of repayment. Now, while calculating Zakah, should I subtract this 1000 USD from my income or since I am not going pay debt out of this money soon, I go ahead and pay Zakah on all the savings?
3- To save myself from forgetting when my Zakah year ends, the first year that I had more than the Nisab, I paid out Zakah on the money in my possession on the first day of Ramadan and it had not been a year. This makes it easy for me to remember when to pay Zakah. Is there anything wrong in doing this? My doubts are in this the following: Lets say I got money above NISAB about 80 days before Ramadan and paid out my first Zakah after 80 days (I actually now do not remember the exact start of my Zakah year). Now, the next year, it might be that 80 days before Ramadan I had more money than when the Ramadan started. But since I had forced to have my Zakah year started from 1st of Ramadan, this would cause me to pay less Zakah than I would have paid 80 days before. Please explain...
Jazak Allahu Khairan for the help
Wassalam,
Waheed

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Waheed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
It is permissible to send Zakah to the earthquake stricken areas in Pakistan even if a small minority of non-Muslim benefit from it because Majority is what matters. Besides there is an opinion that Zakah may be given to poor non-Muslims, It is always better to send your Zakah to Islamic charitable organizations and tell them it is Zakah so they know how to spend it according to Shari'ah.
If you are going to pay the debt out of the savings you have on the day Zakah is due, you do not deduct this debt from the Zakatable assets.
This means that in the first year you over-estimated/over-paid Zakah, the difference is Sadaqah and will be InShaAllah rewarded generously by God., you are fine now, make your calculation on the first day of each Ramadan.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah and Sarf
From: Ahmed
Sent: Tuesday, October 04, 2005

Question

Bismil Allah al Rahman al Rahim

Dear Scholar AoA and Ramadaz Mubarak.

I would like to have your opinion regarding following:

1- Zakah on branded Gold. The price of branded women gold sets is far more than simple per gram gold rate. In this case how one would calculate Zakah? Per gram of gold or the original price of that branded set? Often those set do contain precious stones mixed in the design.

2- Investing money in buying foreign currency say $ and selling it when its price goes higher as compared to local currency due to forex exchange rates in local market; is it ok or Halal to do this kind of transaction?. Income is not fixed and it could be both profit and loss.

Thanks for your time, Take care, wassalam

Ahmed

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Ahmed,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1) For women personal use, the precious stones and craftsmanship are exempt from Zakah, what is subject to Zakah is only the gold part of jewelry if it exceeds the Nisab according to the Hanafi school. Weigh the gold only and pay the equivalent in local currency of the amount of Zakah as due in gold.

2) It is permissible to invest money in such a trade provided that when you buy and sell you must get the full amount of both currencies at the time of the contract. This rules out margin and future transactions of Forex. This condition is mentioned in an authentic Hadith of the Prophet, pbuh, that is reported by both Bukhari and Muslim.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Borrowed Money and Zakah

From: Abdulrahman through Islam on Line

Sent: Thursday, September 29, 2005

Question

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

If I am planning to borrow some money from a relative, is it OK to tell them in advance and agree that I will pay their Zakah obligation on that money or is it considered riba?

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abdulrahman,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Certainly NO. This commitment is equivalent to Riba, no less no more! The reason is: each person is responsible to discharge of his/her obligations and taking charge of someone's obligation is an increment in a loan (Riba).
On the other hand, without making any contractual commitment, you keep in your heart that when you return the money to the lender you add a sum or a gift or any other increment, without being contractual or conditioned in the loan agreement, as a gesture of recognition of her/his help on your part. This not only permissible but also encouraged and it was done by no less than the Prophet, pbuh, himself and is called in Shari'ah goodly repayment (Husn al Wafa').
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Need Your Opinion on distributing Zakah
From: Mujeeb
Sent: Sunday, September 18, 2005
Question
AsSalaamu Alaykum wa Rahmatullah Brother Monzer:
It is accepted by most Muslims whom I know that Muslims can give Sadaqa money to Red Cross for Katrina victims. Two questions have come up:
1. MOST IMPORTANT: Can Zakah be handed to Red Cross when the recipient families would never know that it came from Muslims?
2. Can Sadaqa or Zakah be given to Salvation Army, which has 'christian' mission?
JazakaAllahu Khairan,
Mujeeb
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mujeeb,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
1) Zakah must be given to Muslims only, regardless of whether the recipient knows it is Zakah or not. you don't need to inform the recipient. This is the opinion of the majority of scholars and it is certainly much more relevant at our time as Muslims are poorer and many of them are dying out of hunger and many of them are poor and also deprived from their economic rights and political rights by occupation forces, add to it that the Katrina victims have a lot of resources to tab on.

2) Sadaqah may be given to Muslims or non Muslims although it is better to give it to Muslims when the need is equal because the Prophet, pbuh, said: ""have your food not been eaten except by a Taqyy (person who fears God)"". It is permissible to give it through non denominational organization.

3) Red Cross is a cross organization it is not non denominational inspite of its neutral policies, their name is sufficient for this classification. It is even a lot worse if the organization has a mission that is in contradiction with the pillars of Islam especially the oneness of God.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Current account, mortgage and Zakah

From: Amr

Sent: Monday, September 12, 2005

Question

Dear Dr Kahf

I have purchased a house in the Scotland using what is called "Current Account Mortgage". Essentially it is like a current account with a huge overdraft (if the house is 180,000 then you start a current account with negative 180,000). It is a very flexible option that enables you to pay any excess money in your current account towards your mortgage without any restrictions. There are no monthly fixed payments and as you save money it slowly neutralises your debt. The only condition is that you have to clear the overdraft in a given period of time. Currently I am ahead of the plan as I am keen to get out of this debt situation as soon as possible.

Know the difficult question, although I am ahead of the plan, my account will always be negative until I pay the house price, and I don't know how to deal with my Zakah during this period.

I know it is a complicated matter, but I would appreciate very much if I can hear your opinion. Kind Regards

Amr

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Amr,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

This is an interesting kind of mortgage I hear of it for the first time.

If this is your only current account and you have no other Zakatable items such as stocks and investments, I see no problem at all, you simply are not subject to Zakah since you have no Nisab since all your saving go toward payment on the house.

Wa Allahu A'lam

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

SUBJECT: Zakah Distribution
From: Allaeldean through Islam on Line
Sent: Monday, September 12, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I wanted first of all to say barakallahu feekum wa a3azzallahul Islama bijuhdikum...amma ba3d...the issue of Zakah and how it is to be distributed I know al7amdu lillah....but I notice many people who need help in their debts or houses or studies and have a right from Zakah collection which is the ummah's and not for the masjid to distribute as they see fit as they claim out of the area where the money was collected except in extreme measures only....and here where I am as many other places people ask for their right to receive Zakah as being one of the 8 categories in accepting sadaqatr as Allah had referred in his book alqur'an alkareem I went to the masjid and asked for little help so I can register my son in an Islamic school where the tuition is 5000 dollars and I can pay only 2000 as I am not a full time worker and a student of shari3a my self...and it's very hard for people who don't work 12-15 hours a day because their income is so limited anyways the masjid said they have 200 families to feed from Zakah as if Zakah was intended on feeding people and not on giving them security by making them independant rather than dependant!!!! astaghfirullah.....tell us something ya sayyidish sheikh alfadil.....because I feel as others in a big mess financially.....and then in the masjid they start saying why Muslims deal in 7aram....well there should takaful ijtima3i as scholars wrote about this in detail wala 7awla wala quwwata illa billa, huwa ni3mal mawla wani3mal wakeel salaamun 3alaykum wara7matuhu wabarakatu
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Allaeldean,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
I am very sorry that I didn't get your question! can you please rephrase it provided you don't ask me to give a lecture on Zakah distribution. Please ask a specific question because this is the area of Fatwa.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: The Rate of Zakah, can it be paid to relatives?
From: A Questioner through Islam on Line
Sent: Sunday, September 11, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
There are two parts of my Zakah question: 1) where does it state that Zakah rate has to be 2.5%? 2) can the helping of my family and others be part of the Zakah (who are in need of course) such as distant relatives, father-in-law, non-Muslim neighbors, etc.? May Allah bless you for your time and effort. Amin
Jazakum Allahu Khairan for your constant help

My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah rates are mentioned in the correct Saying of the Prophet, pbuh. For agricultural crops, one half of a tenth, in his own words (5%) if they grow on water pulled up from wells by animals, and one tenth if they grow on water from the sky or from rivers. He, pbuh, continued one quarter of a tenth for silver, gold (money, savings etc.) and merchandize for sale (inventory).
Zakah may be paid to relatives, that you are not responsible for their livelihood (these are: parents, children, female siblings, etc.) such as cousins, uncles, etc. If they are in need and Zakah is given to them, it is then a double good action: a Zakah giving and a kindness to relatives.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: The Rate of Zakah, can it be paid to relatives?
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Sent: Sunday, September 11, 2005
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Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
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My Answer
Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
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Zakah may be paid to relatives, that you are not responsible for their livelihood (these are: parents, children, female siblings, etc.) such as cousins, uncles, etc. If they are in need and Zakah is given to them, it is then a double good action: a Zakah giving and a kindness to relatives.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on Wife's Jewelry
From: Iffath through Islam on Line
Sent: Sunday, September 11, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
If a married woman has no source of income and she has gold jewelry given by her parents and husband and Zakah is due on it, can her husband pay this Zakah or does she have to sell some of her jewelry to pay the Zakah.
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Iffath,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes , husbands may volunteer to pay the Zakah due on their wives, in Fact as long as it is a voluntary matter, any one can do the same. Otherwise a Zakatable person has to pay the person's Zakah, even if it requires selling part of the asset itself.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on fixed assets

From: Rasha
Sent: Friday, August 11, 2005
Question
Dear Dr. Monzer Kahf,,
Many Thx for yr answer.
One quick question:
Can you give me an example of analogy in the Zakah on Money? Or any Qiyasi decisions in the filed of Zakah?
Rasha
Dear Sr Rasha
Assalamu Alaikum wa Rahmatullahi wa Barakatuh
An immediate example is whether Zakah is also due on fixed business assets or not? I argue that they are similar to ""goods for trade"" and ""live stock"" and Shaikh Qaradawi argues that they are similar to agricultural land and the majority argue that they are similar to small business tools and houses used as personal residence of the payer.
Also Zakah on cash currencies is by analogy with Gold and silver because money is not mentioned in the sayings, only gold and silver and because money serves the same purpose although it is only ""small pieces of paper"" it is subject to Zakah.
Wassalam,
Monzer Kahf

From: Rasha
Question
Dear Dr.Kahf.
1- As I have read your articles, you don't agree with Shaikh Qaradawai in exempting Fixed Assets from Zakah, right?
2- So, what is the similarity of your opinion of considering Fixed Assets as Tradable Assets? I think fixed assets are not for selling and buying?
Fe Aman Allah
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The similarity is on two grounds: 1) business fixed assets are in fact intended for business, i.e. sale, and they are acquired only for this purpose. But their sale goes through the channel of capital consumption or amortization. in other words we sell a small tiny part of the machine with each unit of goods/services it produces and we charge this part to the cost of the machine. Without this purpose/procedure we do not obtain the machine and we don't make business, or we don't sell; and 2) Business fixed assets are also similar to live stocks, especially herds of camels for an Arab of the time of revelation. A herd of camels was for an Arab then as asset that represent his wealth and

a source of income and growth (baby camels, meat, milk and wool). It was the machines or fixed assets of today for an industrialist!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on profit, Allocating Profit for Sending People for Hajj or Umrah
From: Shamsi through Islam on Line
Sent: Sunday, September 04, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
About 7 years back during Hajj I prayed to Allah Taala that whatever property I am going to buy for the investment purpose I would allocate 50% of its profit for sending people for Umrah or Hajj. After that I purchased one Apartment whose possession was given to me 5 years back. I could not re-sell the Apartment as the market prices drastic fell down. I kept it vacant for almost 3 years expecting that the prices will getter better. Later rented it out. Not being sure of whether this rent falls under the profit term I am keeping aside 50% of it for sending someone for Umrah. Almost entire remaining amount goes for Zakah payment on this investment. Apart from this I have few months back purchased few open residential plots, whose prices is now getting better. Your advice is requested on: (1) How shall I treat the rent received on such property to calculate the amount to be set aside to fulfill my promise? (2) What should be the treatment of other expenses to be incurred on the property like Property Tax, Water tax etc.? (3) Should the profit be calculated property wise or on total property investment during a given year? (As there could be profit on one and loss on the other.) (4) Should the profit on the property be calculated after deducting Zakah paid on the investment since its purchase?
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Shamsi,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
It really depends on your intention. I suppose you meant by profit whatever you get out of an investment. If so I would suggest including rent on the plus side and all taxes and expenses on the minus side for all investments that you meant in your pledge to Allah (Nathr) as a pledge to Allah should be fulfilled.
Zakah is not considered a cost and it is normally calculated after arriving at the profit number since net profits (obviously after expenses, maintenance, taxes, etc.) that are not already used up for family consumption are included in the Zakah calculation. I therefore assume that you probably did not mean to deduct Zakah from profit that you

pledged 50 % of it as Sadaqah for sending other Muslims for Hajj/Umrah. But if you meant it, you may also deduct it. Lastly did you mean any profit you make from any business, if so you add all these investments together (profitable or loosing) and find the net total profit.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on Real Estates
From: Zafar through Islam on Line
Sent: Wednesday, August 24, 2005 1:49 AM
Question
Presently I am living in my father's house, as we are a joint family. I am planning to buy a home to live separate. For this purpose I have bought some property (land) for commercial purpose. My intention is to sell this land with a good profit & with that money buy a home Insha Allah. For buying this land I used my savings, sold some gold of my wife and took some loan too from friends. Which I am repaying on a monthly basis, it's a interest free loan, just like you borrow money from your relatives & friends. I am always paying Zakah for the total value of the gold no matter when I purchased it. This land I purchased in month of March 2005 and Final payment was made in month of August 2005. The percentage of investment is like this 40% from my saving 34% from borrowed money & 26% from selling of gold. My question is how much Zakah do I have to pay for this land. On total value of the land, OR deducting borrowed money from actual value (means My investment + money from gold which I sold) OR only on my savings, which I used for buying this land. After selling this land with profit Insha Allah, I will buy a home, do I have to pay Zakah then? Or do I have to pay Zakah now or its waived in this case. In any case I will pay Zakah for the remaining Gold, which is still with my wife. My second question is when we buy gold from market it is higher than what we get by selling the same gold (when selling we get less than market price). So which value we should consider for calculating Zakah, the buying or the selling one.
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Zafar,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Your Zakah year is determined on the day of the year that the total of gold jewelry + savings + cash + any other Zakatable items you may had was equal for the first time the Nisab (# US$ 1000) and then that day of every subsequent year. For the current year, you will need to include the market value (on the day when Zakah is due) of the

commercial land you purchased for the purpose of selling it because buying it with that intention makes it similar to any item purchased for sale to make profit.
The Zakah is due on your net Zakatable items, that is you deduct the amount of debt you owe other people whether on this land or any other debt you may owe regardless of its objective or what was it used for. In other words, you need to estimate the market value of the land and include it in the Zakatable items and deduct the debts you owe. And you do this on the day of your due Zakah. Additionally, for gold and any other Zakatable item you own on the due day of Zakah, you use the price that you can get if you sell the item on that day regardless of whether this is below the purchase price or not.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Giving Zakah to Pay off Brother's Debt
From: A Questioner through Islam on Line
Sent: Wednesday, August 24, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Respected Scholars My brother who earns a living previously got himself into an interest accumulated debt. I helped him pay some of that debt and he now owes me that money. My brother still also has a little of the interest accumulated debt to pay off. I also lent him money to make a purchase for a car, the money which he still owes me. He is also struggling to pay his rent. I had some previous savings in my account which built up some interest which I know is not Halal for me to use. My first question is can I use this interest to pay off my brother’s debt (interest accumulated debt)? My second question is can I give my Zakah to my brother for him to pay of his rent and to pay off the people whom he owes money, including me. (So in effect if I give him my Zakah he would only be giving it back to me for the money he owes me) I hope that my questions are clear and inshaa’Allaah you can help answer these questions. Jazak’Allah Khairun
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. ,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You can use interest to pay the interest-generating debt your brother owes. This is a good and InShaAllah rewarded act of benevolence on you behalf although it is not a Sadaqah on your part because it is the money that is not yours and that is not Halal to you. At the same time keeping your own money clean is InShaAllah rewarded by God too.

Your due Zakah can also be given to your brother who is needy and under debts and burdened by the rent as you said. You need to know however that your giving him your Zakah must not be at any case a cause of paying your debt on him because according to Shari'ah your payment of the Zakah due on you must not, under any circumstance result in returning it to you. This means that your due Zakah cannot be paid to him in order to pay back your debt. He can use it to pay the rent and other debts to other persons but not your debt.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on stocks
From: Sayed
Sent: Sunday, August 14, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Let me first thank you for the great job you are doing with your web site. It is indeed something that every Muslim can be proud of. Let me also apologize for writing this email in English but I don't have an Arabic keyboard to write with. I have a financial question related to work compensation. Jazakoum Allah khairan on the time and effort you are investing to serve this Ummah. I am a manager with one of the biggest transportation companies in North America. It is publicly held with its stock is traded in NYSE. The bulk of its business has to do with moving forest products and raw materials even if it occasionally would move malt to some brewing companies (less than 0.5% of total revenues) As part of the annual compensation package, I am given some stock options that will mature in 2 years. My question to you please is 2 fold: 1- Is it halah for me to benefit from these options when they mature to buy a house? 2- A small portion of these options will mature the end of this year. Do I have to pay Zakah on the mature options even if I don't exercise them Thank you
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Sayed
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
This kind of employer stock options is permissible to accept, own and exercise when they mature. Selling them before maturity may raise certain Fiqh problem because the price of the stock on the day of maturity is not then known. In your case, your transportation company does not transport liquor, Malt shipping itself is not forbidden (although it comes close to the Haram) and what applies to fringe benefits applies to the Salary itself. It is permissible to accept these options in your case. And you can use the

price of the stocks (that you purchase in exercising the options) for any purpose that you like.

In the calculation of Zakah, you need to add the stocks when you buy them to the Zakatable items you have and when your Zakah payment due date (after the lunar Hawl of owning a Nisab and any Hawl then after) you need to include any stocks you have then, at the then market value, in the calculation of Zakatable balance. This means that until purchase is exercised the options are not subject to Zakah and not be included in the calculation although they may have a tradable value. The reason is that this value means nothing if the time pass and you did not exercise the option for any reason.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Dialogue on several issues in Zakah Distribution and collection

From: Rasha

Sent: Tuesday, August 01, 2006

Question

Dear Prof. Dr. Kahf,

Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,

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

One more idea crosses my mind:

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

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

Salam for now,

Rasha

From: Rasha

Question

Hallo Pr.Dr.Kahf,

I am really happy to receive your answers.

- For my first question this is not what I meant:

I mean if am a normal person living in a Muslim country and I paid money as donation to a political party, does these expenses that I burdened considered a living expenses so that I deduct them from my Zakah base/pool?

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

Rasha

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Rasha

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The distribution of Zakah is subject to strict rules as explained by the Prophet, pbuh, when some one asked him to give him from it and when his two cousins wanted to get some from it (that is by the way a kind of political because they were relatives of the head of state). NO, Zakah cannot be given to political parties even when they say, rightly or not, that they serve Islam and its ideology!

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Rasha

Dear Prof. Dr. Kahf,

Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,

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

Back again to Zakah:

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

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

Rasha

-

My Answer

Dear Sr Rasha,

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

Zakah is not the only financial obligation on the rich and certainly is not the only tool of fiscal policy. Zakah is a religious obligation for special purposes. If a Muslim lives in any society, Muslim or non Muslim, she/he is required to give the due Zakah to its destination. If the government collects it that is good and fine and if it does not then she/he must do it individually or through NGO's. When it is collected by government, it is fair to impose a Zakah equivalent on non Muslims that will be used for similar

purposes, with no need for religious segregation of its distribution, because we pay from Zakah to needy non Muslims. If the government does not collect it, it becomes a part of personal giving and all people of conscience do give for charity. This is a fact of life and Zakah is one sort of such giving. Certainly when people give for charity they don't care about what others give because voluntary giving for charity provides a personal satisfaction and fulfillment to all human beings, for Muslims a reward from God is an added bonus! I see no worry then, don't you?
Wassalam,
Monzer Kahf

From: Rasha
Question
Dear Prof. Dr. Kahf,
Asalam Alikom Wa Rahmatoo Allah Wa Barakatooh,
How are you these days, I guess you are following the bad circumstances in our region, the same as here.
Is the following info correct?
Minerals: rate of Zakah is fifth =20 % or 2.5%, depends on cost in finding and extraction. Sometimes it is written in the books fifth and sometimes is one-fifth,actually I discovered that am not good in Math.
Buried treasure: rate of Zakah is fifth 20%
Rikaz: rate of Zakah is 20 %.
Extraction from the sea: either 10% or 5 % depending on efforts.
But what is considered the above extractions if it was discpovered by non-Muslims and how much the rate will be in each cases?
Wa salam
Regards,
Rasha
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Rasha
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The issue of Rikaz is much more complicated and its treatment in the classical Fiqh literature is inconsistent with our contemporary industrial competitive world. It needs fresh new and at the same time original thinking. For instance if you charge today any mineral extraction industry 20% of its output as Zakah (Rikaz) they cannot function and you will be unfairly raising the prices of these raw minerals. Mineral extraction is just an industry that requires huge capital investment like any other, I don't think we can treat its assets/products in Zakah any different that any other industrial assets/products.
There is a need to distinguish between windfall wealth such as treasures or even minerals found while digging for some other objectives like to put a foundation of a building and industrial exploration and extraction of minerals. Windfall wealth can be

subjected to Rikaz 20% while the other is only a Zakah matter. Defining a windfall wealth is important. I give no weight at all to the distinction you may find in Fiqh between treasures buried before Islam or after it or between minerals above or under ground or between liquid or hard minerals. These distinctions are only opinionated and have no evidence from the Sunnah and have no rationale for economic point of view.
We need to discuss, again, the issue of finality of ownership of minerals, is it lodged with the Ummah or with individuals? If it is with the Ummah the question of Rikaz/Zakah on them may become a side issue or even negligible.
The most that can apply on fishery is the analogy to agriculture (10% or 5%); although there is a great wisdom in applying the industry criteria on industrial fishing, as done in our today's world, say by applying the 2.5% rate on whatever we agree as being Zakatable items on fisheries of more than normal individual sizes and call this a corporate rate and applying the rates of agricultural Zakah on individual sizes.
The status quo of Islamic scholarship at this time is not yet ripe in my opinion to have any fruitful re-thinking on these issues and I personally prefer to leave them asleep rather than have immature Fatawa from regressive minded scholars.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on study grant
From: Ahmed
Sent: Sunday, July 24, 2005
Question
Dear Sir: Kindly reply to this Zakah related question:
Some one gave me money for a 3 years study period. I am otherwise eligible to pay Zakah and I do pay it on my other savings.
Do I need to pay it on the money that I have for study purpose as well? Please note that I don’t have to return this amount:
Secondly if I take some money out of this study money for personal use then what is the condition of Zakah. Wassalam and many thanks,
Salman
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Let me please rephrase your questions. You got a grant, already paid to you for the purpose of studying for 3 years, you are already a Zakah payer, having Nisab and your own Zakah lunar year, is the amount of the grant Zakatable? can you use it for other purpose but still personal? how do we then treat the issue of Zakah?

The money you got should be added to your otherwise Zakatable assets on they day you obtain it; on the due day of your Zakah (the day you complete the lunar year, 354 days,) if the total balance is above Nisab (# USD 1000) you calculate the Zakah on the total balances of all Zakatable items, including the balance of the grant, and pay it to the deserving purpose. This way whatever you used out of the grant for personal (and in fact any other use) is gone and not included in the balance on the Zakah day. I think it is permissible to use the money for other purposes too, because once you get a gift, it becomes yours; you are free to use it for any purpose and any condition by the donor is not binding, it is rather only suggestive, after payment of the gift to you.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf
From: Ahmed
Sent: Wednesday, July 27, 2005 2:05 AM
Question
Dear Sir Assalam o Alaikum:
Many thanks for your prompt reply and correct interpretation of my question. Can you kindly help me in overcoming my following hesitation?
The amount granted for education is fully calculated as three years fee. If I pay Zakah then I will be short of money in the third year. I can't earn more to make up this difference of money. What should I do in this case?
If I don't use any part of this money for personal usage and consider the grant as non repayable loan and use it only for education, still paying Zakah on my other assets, will that be acceptable? Thanks for your time, Wassalam,
Ahmed
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If the amount is given to you and it lies in your account, it is yours, you can use it any way you lie and you have to pay its Zakah every year even if it were from your other sources. You are not poor according to the Shari'ah definition because you mentioned that even without this amount you are subject to Zakah. Any amount contracted or even quasi-contracted, for education fees or otherwise can be deducted from the balances you have on the day when Zakah is due. I assume, in your case, if you register for the school, say you have registered for a law school, and the tuition for the first year is a given amount, this amount for which you registered is deductible from the Zakatable balances. If you think that the program is one unit and registering for the first year is actually carried over for the three year program, you can deduct the fees of the three years from the Zakatable balances. One thing I like you to remember is that sometimes

we may be carried over by our expectations to the extent that we treat ourselves as under financial pressure at a time we really are rich and must pay Zakah. Zakah is the right of the poor and Fuqaha usually argue that the poor becomes a real partner with the rich for her/his right! You certainly may deduct what is contracted, but please do not be carried out by your expectations/plans to an extent that you overlook the present reality.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: can Zakah be used to establish Islamic Centers in the USA?
From: Jeff
Sent: Saturday, July 02, 2005
Question
ASA Dear Br. Monzer:
We are in the process of raising funds for the new masjid and community center project. One question has been asked is do donations for building this qualify as Zakah. Our understanding has always been that the answer is yes, because 1) building a masjid and Muslim community center in a non-Muslim-majority country is striving in the cause of God, and 2) That as a conduit for assisting the poor and the wayfarer, the facility is needed to fulfill that function. Please give me your opinion on this and/or please direct me to any Fatwas or publications on this question.
Thanks!
Best Regards,
Jeff
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. JEFF,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
First, I received your previous letter on tobacco, but it caught me in the middle of moving, It is not easy to resettle especially with a time lag! It requires some research which I will do InShaAllah soon. We are now back in Westminster, not settled yet but starting to catch up with life... Our phone number and address are the same old ones and we will come down and visit with you in san Diego some time in the near future InShaAllah.
My opinion on Zakah for building mosques in the USA and Canada is negative for the following:
1. "In the cause of Allah" is essentially for defending Muslims, their religion, their land and the right of all others to remove all hindrances to freedom of choice of religion and to remove oppression.

The responsibility of building mosques falls on the Muslim community, those who are able within it; it is a "Fard Kifayah" that must be done, like prayers because a mosque is a symbol of Islam, by those who are able to discharge of this responsibility.

2. It is only by exceptional extension that certain Fatawa were rightly issued, in the past, allowing mosques in the US and Canada to by built by Zakah money. The essential argument is that while a mosque can do what you mentioned in your question, the community was poor and financially unable to build its mosques.

In fact any mosque can do the same even in Muslim majority countries. So the argument focuses on the ability of the community.

3. The Muslim community, every where in America, is no more as poor as it was when these Fatawa were issued. We see us building mosques, very often very luxuriously, with several millions.

This time, for Muslims in America and elsewhere, has changed priorities.

Now, there are millions of Muslims who suffer from hunger and from hunger and destruction of homes and means of living under foreign occupations, and there are causes of direct defense of Muslims' human rights to exist, practice their religion and have their Holy Qur'an be respected here in America!.

4. Under these different circumstances, the old Fatwa cannot remain the same; its raison d'être does not exist any more.

5. We must, therefore, go back to the original situation: Mosque building is obligatory; it is the responsibility of the Muslim community; it is a Fard Kifayah on the rich ones among us and one of them is personally responsible to take charge of this responsibility. We can always accelerate construction in accordance with ability to raise funds.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Jeff

Question

WAS Br. Monzer:

Asalamu Aleikum wa Rahmatullahi wa Barakatuhu:

Thank you for your thoughtful reply. It is great to hear you are back in California. It would be great to see you again soon! Please let me know after you have gotten settled down a bit and we can get together insha'allah.

I understand your arguments and agree with them, but what about the following argument regarding point #1?

In the current environment, there is no better or more effective way to defend Muslims, their rights, and their freedom of religion worldwide than to firmly establish Islamic infrastructure and institutions in the USA. The Catholics did it, the Mormons did it, the Jews did it, and now the Muslims need to do it. This is essential to change the hearts and minds of Americans about Islam, which will ultimately lead to many more billions of

dollars of aid to poor Muslims around the world and more relief of their oppression through the force of American public opinion and influence on the US government. The Mormons were once considered a lunatic fringe movement and their members were lynched. The construction of Mormon temples throughout the country has not only been critical to the establishment and protection of their communities, but has transformed American public opinion--now most Americans feel the Mormons are a powerful and respectable segment of American society. If Mormons were still worshipping in homes and garages and overflowing residential neighborhoods with parking problems, etc, like we Muslims are doing, they would have no power. This is reinforced every time one drives by a large Mormon temple. Same with the Jews and Catholics--both were considered powerless, undesirable fringe elements that were barely tolerated. The establishment of their institutions changed all of that. The symbolism of real buildings on real land in the USA has always been essential to this. As another example, what was the single most important factor supporting the establishment of Israel? It was the influence of the Jewish American community. How did they get that power? By building their institutions and community in the USA.
What do you think?
Jeff

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Jeff,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
This argument is beautiful and must underline all our fund raising activities, but must not be a reason to change the use of Zakah fund. Zakah money is very specific and must go, every year to its specific destination, general arguments is not sufficient to deviate it. Don't you see that such a general argument is applicable to any thing even contributing to a park in the city, in the name of Muslims or building a school for a Jewish university because it reflects the Muslim tolerance and being weaved within a plural society!? Zakah money should only go to these usages that are mentioned clearly in the Qur'an, especially that it is a small fraction of one's wealth. And who says that Zakah is the only financial obligation on Muslims, especially here in America? Using money ""in the cause of God"" is more mentioned in the Qur'an than Zakah!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: Jeff

Question

Dear Br. Monzer: Assalamu Aleikum.

I see your point. Below is what we had based our view on (I just received this today from one of our other board members). It is an opinion listed on www.Islamonline.com from a couple of years ago. Fatwas by Qaradawi and others are mentioned. Are the fatwas mentioned below the ones you were referring to, regarding building in poor neighborhoods, or something else?
Jeff
A fatwa on this issue I retrieved from the Islamonline website
Title of Fatwa: Can Zakah Be Given to Construct Mosques and Islamic Centers?
Date of Fatwa: 14/ June/ 2002
Date of Reply: 14/ June/ 2002
Country Applied: United States
Question of Fatwa
As-Salamu `Alaykum. Can Zakah money be given for the construction of a Miasjid, Islamic School and community center?
Name of Mufti: Dr. Muzammil Siddiqi
Content of Reply
Wa`alaykum As-Salamu Warahmatullahi Wabarakatuh.
In The Name of Allah, Most Gracious, Most Merciful.
All praise and thanks are due to Allah, and peace and blessings be upon His Messenger.
Dear sister Altaf, thank you very much for your interesting question and we implore Allah to guide you to the best, and make our efforts meet your expectations.
In his response to the question, Dr. Muzzamil Siddiqi, former president of the Islamic Society of North America, states the following:
In the Qur'an, Allah Almighty has mentioned 8 categories of people who can receive Zakah. Allah Almighty says: ""Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to the truth); for those in bondage and in debt; in the cause of Allah; and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom."" (At-Tawbah :60)
The expression "in the cause of Allah" or fi Sabil Allah was generally interpreted "Jihad fi Sabil Allah" and so many jurists restricted this Zakah expense for this purpose.
Muslim jurists also say that in the Qur'an Allah used the word ""Lil fuqara' wa Al-masakin or 'for the poor and the needy' and the 'lam' or (for)"" here means 'tamlik' or possession. Thus they interpret the above verse to mean that the poor and needy should be made owners of this money or Tamlik Al-Zakah.
Since in public and social welfare projects no one becomes the owner, so, according to their interpretation the Zakah should not be used for this purpose. Thus you will find in the books of Fiqh statements emphasizing that the money should not be used to build the Masajid, schools, hospitals, hostels etc. because this money belong to poor and it should be given to them. There are some jurists who still hold this strict opinion concerning Zakah.
However, there are a number of jurists of this century, such as Sheikh Muhammad 'Abduh, Rashid Rida, Maulana Mawdudi, Amin Ahsan Islahi, Yusuf Al-Qaradawi and some Fatwa organizations in Kuwait and Egypt, they are of the opinion that the phrase

'in the cause of Allah' covers a broad category and it should not be restricted to Jihad only. It is a general term and it should be applied in all those situations where there is a need to serve Islam and Muslims.

Those scholars consider it permissible to use the Zakah money to finance the Da'wah and public welfare programs. They say that the expression 'for the poor and needy' can also mean 'for the benefit of the poor and needy'.

The modern jurists also argue that in the past Muslim governments used to build Mosques, schools and used to finance public welfare projects. Now many governments are negligent in this matter. Many Muslims are living in areas where there are no Muslim governments.

Furthermore the financial needs of the people have become so enormous and diverse that earlier rules and restrictions cannot be fully applied and may not be very useful in every place.

In his famous book Fiqh Az-Zakah, Sheikh Yusuf Al-Qaradawi, has thoroughly discussed this subject. His Fatwa is that in non-Muslim countries it is permissible to use Zakah funds to build the Masajid, Schools and hospitals.

Muslims from all over the world go to Saudi Arabia, Kuwait, United Arab Emirates etc. to solicit funds for the building of their Mosques and schools. Most of the business people in those countries give their Zakah for this purpose. Many people from all over the world use this money for building projects without any question.

Now, there are many people who come to North America to solicit funds for their Mosques and schools in some poor countries. American Muslims are also giving their Zakah to build Masajid and schools in other countries.

It is 'fi Sabil Allah' and it is helping the Islamic cause in many lands where it would have been very difficult to establish Islamic institutions and Mosques without it.

Zakah is basically for the poor and needy and most of it should be used to take care of their needs. I believe that for the Mosque constructions Muslims should make extra charity and should give from funds other than Zakah. However, it is not forbidden for Muslims to give their Zakah money for the building of Mosques and schools, especially in non-Muslim countries.

Islamic centers should have a separate Zakah fund. Those who do not want their Zakah to be used in building projects, should give their money to the Zakah fund. But those who want to give their Zakah for the Masjid construction they should donate directly to that project."

If you have any further comments, please don't hesitate to write back!

May Allah guide you to the straight path, and guide you to that which pleases Him, Amen.

Allah Almighty knows best.

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Jeff

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes. In fact, last March I had a little discussion with Shaikh Qaradawi on this old Fatwa and we agreed that while the underlying principle is correct, the application of this Fatwa on the US and Canada (and most likely Australia and most of Europe except areas of hand to mouth poor Muslim laborers) need to be verified once more.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on Money Given to Purchase a House
From: Ali through Islam on Line
Sent: Tuesday, May 31, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
A Muslim friend wanted to buy a house in the U.K with murabaha between him and myself. I gave him half of cost of the house and he will pay me back on monthly installments over 7 years. My question is, do I have to pay Zakah on the money I gave to my friend to purchase the house or only on what I get back every year? I know that my friend will give the money back after 7 years. He is not able to give it to me earlier if need it unless we sell the house. Jazak Allah khier
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ali,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
The amount that is subject to Zakah at the end of every Zakah (lunar) year of yours is the balance of the debt he owes you on the day when Your Zakah is due. You add this balance to your other items and pay the Zakah on them together. Remember that the debt that arises from Murabahah is not the amount you paid for the purchase but the total face value of all future installments regardless of their maturity for payment.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on past years, on earned interest, etc.
From: Marwa through Islam on Line
Sent: Tuesday, May 24, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

I am now 20 years old. My father died when I was 12 years old. He left to me money in the bank and I also save money in the bank. I never paid "Zakah" for my money on the bank because I can't take from them until I reach 21. My question is: how can I calculate Zakah after I receive my money and should I pay Zakah only one time when I receive the money or I have to pay for the past 8 years? Another question is what should I do with the interest that I will take from the bank and should I pay Zakah on such interest or deduct it from the calculations? My last question is after I solve the previous 2 problems I don't know the technique of paying Zakah, not the calculations but I mean it is calculated each year when does the year start for example lets say I have today 6000 pounds after 9 months they became 7000 then what should I do? Should I start another year or after 3 months pay Zakah normally on 7000 or 6000?
Notes: I know that my questions may look silly but I am really confused especially that when my brothers received their money they didn't pay Zakah on their money and I can't find the answer anywhere and I don't understand the books.
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Marwa,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
May Allah help you be always obedient to Him and guide your older siblings to do the same. Please note the following:

1. Zakah is an individual obligation on every Muslim, even minors. In principle it must be paid when it is due by the owner of the Zakatable properties or by her/his guardian from the properties of the minor.
2. Zakah is a yearly obligation and the passage of time does not wipe out this obligation. It makes the third pillar of our religion. This means if it is not paid on time, it must be paid whenever it is possible.
3. Interest is prohibited and may Allah forgive you father or guardian who put this money for you in an interest earning bank account, if the money is in Egypt it could have been placed in an Islamic bank and its income would then be lawful according to Shari'ah. The prohibition of interest means that in fact you do not own or it is not your money and you MUST give all interest away to Muslim charity.

Hence what to do now or when you can get hold of your money is the following:

1. You mentioned you added savings of your own, please notice that the properties that generate these savings may also be subject to Zakah, so check on that of send more information about them and we will InShaAllah give you the right advice.
2. You are required to pay Zakah for all the past years. the first year begins on the day you become an owner of an amount that equals approximately US$ 1000 (the approximate price of 85 grams of gold that make the Nisab which is the criteria of Zakahability). If you become an owner of such an amount when you inherited from you father, then the day of his death marks the beginning of the Zakah year for you provided

the total value of all your Zakatable properties on that day was equal to at least US$ 1000.

3. The Zakah year is a lunar one, i.e., it equals 354 days and the annual rate is 2.5%. if it is difficult for you to know your balances at the end of each 354 days, you can adjust the rate to cover the difference as follows: the rate for the common calendar is :2.5%X365/354 = 2.577%. The due date for Zakah payment is the last day of the 354 days after you own Nisab for the first time and every lunar year then after if you apply the rate of 2.5% or the last day of 365 day if you apply the rate of 2.577%. You can apply the same rule if you want to change your Zakah year to say Dec. 31 of each year my calculating the Zakah due for a part of the year.

4. You multiply your balance on the due date of each year by the Zakah rate to calculate the amount of Zakah due on you. Do not include interest in this balance.

5. Add all amounts for all past years to find the amount due on you to pay as your Zakah and InShaAllah there will be no sin on you because you did not know and because you were not able to reach your money because of age. Otherwise delaying the payment from the due date is sinful. I also suggest that you better pay your Zakah through a Muslim charitable organization of your choice in your country or overseas provided you trust its management.

6. In addition to Zakah, you must calculate the amount if interest that has been added to your account throughout all the years and give it away to a Muslim charity in order to keep your own money pure (Halal).

7. Please if you have any further question do ask it,

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

SUBJECT: Zakah to Relatives
From: Fouad through Islam on Line
Sent: Monday, May 23, 2005

Question

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

I am wondering if I can give my Zakah to my brother in law who owe money on his apartment and he might loose it, he has very little income. The second is my nephew who is 24 years and having difficulty getting married due to limited income.

Jazakum Allahu Khairan for your constant help

My Answer

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

Dear Br. Fouad,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

If your brother in law has a small income that does not allow him to meet the necessary expenses of his family including his apartment you may give him from your Zakah and remember you don't have to tell him that it is Zakah.
For helping for marriage, the matter is a little different because there are people who are hungry to extent of dying out of mal nutrition and hunger, these have priority over the marriage of your nephew! Give your help for humanitarian aid to the Muslims who are suffering hunger, destruction of their homes and occupation in Palestine or in Africa.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Financial Assistance to Brother and Zakah
From: Zubair through Islam on Line
Sent: Tuesday, May 17, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Dear Sir, I am supporting my brother financially to study abroad so that he will be able to lead a honorable life and career after finishing his education as my parents are not able to support him for his studies. My question is that can this money be compensated for the Zakah that is payable by me as I have my own family to support. Warm Regards, Zubair
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Zubair,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
No. Zakah has to be paid to the poor and needy and educating your brother abroad is not a matter of poor and needy! it is in fact what rich people in Pakistan do! It is definitely a great deed to help your brother study abroad in addition to supporting your own children and wife but you should not charge this help to the poor by deducting it from the poor's share in your wealth.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Question Concerning My Zakah Status
From: Soran through Islam on Line
Sent: Monday, April 18, 2005

Question

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

In the name of Allah, the Most Gracious, the Dispensor of Grace, Dear Scholar(s) as-salamualaikum wa rahmatullahi wa barakatahu, insha'Allah. My question is concerning my Zakah status; I am an 18 year old University Student and since the time I was a child my parents have been giving me money for my use in the future; this money is from them to me but as I have talked to my parents, they have said that I can use for whatever I want although it is intended to but a house or something like that. I have already used it to buy a car along with money from my parents. My questions is in parts: Firstly, should I pay Zakah, since I haven't earned this money i.e. I have never worked for an employer in my life. Secondly, If I do pay Zakah, from when should I pay it back i.e. when am I classed as an adult according to Islam, is it when I start puberty (i.e. hair growth), or is it when I have my first ""wet dream"" or is it when I have reached MENTAL maturity or is it something completely different? Thirdly,out of interest for the Haq, If I do have to pay Zakah, should I use the nisab gold or of silver, and could you give me their values please, because there are differences in the pricing of these metals currently on the metal exchange. Could you please give me evidence for your answer so that on the Day of Judgment, when I'm asked to say why I chose my path I will have an answer and insha'Allah you shall be rewarded with an immense reward for your informing me.

Notes: I apologize for the length of my question, but again I stress that Scholars have been given both innate and acquired knowledge of the Haq for which to share with mankind. And insha'Allah your reward will be Firdos A'la for your information, becuase that is what I love for myself, thus I must love it for you my brother(s) as well. Thankyou for taking your time to read this and insha'Allah you and I shall all be the walking Qur'an like the prophet; peace and blessings be upon him, his family and followers insha'Allah. Ja'zaa a'kumullah khayran.

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Soran,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

YES, YOU ARE REQUIRED TO PAY ZAKAH as follows:

1. Zakah is an obligation on all Muslims, it is the third pillar of our religion and it is a right of the poor. As a right of the recipients (as given in the Qur'an 9:103), it is obligated on the wealth (the Qur'an says: take from their Maal), hence it is on the young and old, it is not related to age but rather to property. If a person owns a Nisab (the criteria determined by the Prophet, pbuh, to determine Zakahability that is 20 Dinars or 200 Dirham), one become subject to Zakah regardless of age and of the source of this money (of course provided it is Halal be cause Haram property is not owned and must be returned to the true owner).

2. Nisab is given for most kinds of properties that were at the time of the Prophet, pbuh. Silver lost value over time to the extent that makes its Nisab unreasonably trivial, but gold still holds. This is why all contemporary scholars take the gold measure it equals approximately 1000 U S Dollars.
3. Zakah is also a yearly obligation we take the lunar year that is used by the Prophet, pbuh.
4. In your case, you are required to pay Zakah on all money and other properties you own. The first time Zakah is due on you is when 354 days passed after having owned an amount that equals U S D 1000, and every 354 days then after.
5. Items that are excluded from the calculation of Zakah aSUBJECT: all personal items, including a car for personal transportation, a house for residence, furniture and the like, books for study, personal silver jewelry used by a man and the like.
6. Of course, your parents may have paid Zakah for past years on your behalf, but if they didn't you need to do that yourself as soon as you can

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

SUBJECT: Should My Sister Pay Zakah?
From: ZAKIA through Islam on Line
Sent: Tuesday, April 12, 2005

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
My question is related to Zakah. I know a sister who's husband passed away and only things he left away for his family are some gold. That sister has couple of kids to take care and she doesn't work. If the amount of gold exceeds nisab amount, is she require to pay Zakah? Note that she doesn't have any source of income except gold. If she requires to pay Zakah, how can she do that?
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Zakia,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If this woman has no source to spend on her family other than this amount of gold, left by her late husband, she may put aside the amount she needs for the expenses of her family (the lady and her two children as you said) for one full year and pay the Zakah on the balance at the rate of 2.5% every lunar year, the first such year began on the day her husband died, i.e., when she became the owner of the gold. But please take note of the following two very important points:

1. Properties (the golf if it is the only thing) left by her late husband belong to his heirs and each one has an assigned share according to the Qur'an as follows:

a) If the two kids are females and the deceased is also survived by his 2 parents: the wife 3/27, each parent 4/27 and each girl 8/27,
b) If the two kids are females and the deceased is also survived by his father: the wife 3/24, the father 5/24 and each girl 8/27,
c) If the two kids are females and the deceased is also survived by his mother: the wife 15/120, the mother 21/120 and each girl 42/120,
d) If the two kids are females and the deceased is not survived by any parent: the wife 2/16 and each girl 7/16,
e) If one at least of the two kids is male and the deceased is also survived by his 2 parents or one of them: the wife 1/8, each parent 1/6 and the remainder to the kids according to the rule "one share for a female and two shares for a male."
f) If one at least of the two kids is male and the deceased is not survived by any parent: the wife 1/8 and the remainder to the kids according to the rule "one share for a female and two shares for a male."

And you are only required to hand over the shares where they belong

2. You are required to pay Zakah on your property and the property of the kids under your custody according to the rule mentioned above.

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

SUBJECT: Zakah on real estates
From: taoufik
Sent: Monday, February 27, 2006

Question

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

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Taoufik
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You know we have no text from the Prophet, pbuh,

If a real estate is purchased for the purpose of sale, it is subject to Zakah, unanimously among all scholars, because it is then like any other merchandise inventory. And if real estates are used in agriculture, they are not subject to Zakah, rather the produce, fruits and crops are subject at the rate of 10% or 5% depending on mode of irrigation, and if it is for grazing live stocks are subject according to detailed rules known in Shari'ah. If it is taken as residence, it is exempt from Zakah. What is disputed is: real estates used for investment such as renting, owner occupied office and factory buildings. It all centers around what is business and investment. My opinion is that Zakah is on wealth and persons who own investment/business real estates are wealthy and there fore subject to Zakah. Besides, in today's world this is a form of money making just like buying and selling fruits and other sellable items and fairness requires treating the equal equally. The other argument is based on analogy with agricultural land that is not subject to Zakah. This is in brief. For more info you may like to look into my article "Zakah on investment fixed assets" and the discussion on it on the internet [all in Arabic].
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Paying Zakah While Having Loans with Interest
From: Khadija through Islam on Line
Sent: Wednesday, February 02, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Must I pay Zakah when I have student loans to pay back that are taking interest?
Wasalamu Alaikum
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Khadija
Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
If you have cash, why don't you use it for paying the interest-based loan? You really should.
The answer is yes IF: if you have cash that reaches a Nisab (# USD 1000) and it remains with you or in your account for a full lunar year, it become subject to Zakah; please notice that you actually did not use it for paying your loan.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Does Income Tax Replace Zakah?
From: Khadija through Islam on Line
Sent: Thursday, January 27, 2005
Question
Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
Can income tax paid in a non-Muslim country like Canada be considered as Zakah or must we pay Zakah as well as the income tax? A lot of income tax goes toward social programs. Wa alaikum salam
Jazakum Allahu Khairan for your constant help

My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Khadija,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Income tax in Muslim or non-Muslim countries cannot replace Zakah because of the following reasons:
1. Zakah is a Ibadah that must be paid and collected both under this intention.
2. As a Ibadah, Zakah collection cannot be charged to any non-Muslim because it is a religious function.
3. Zakah has to be distributed exclusively to any or all of the eight categories mentioned in the Qur'an, 9: 60, and no part of it may go to any others.
4. Zakah must be paid and/collected at the given rates and on the given kinds of assets/incomes as instructed in the authentic Sayings of the Prophet, pbuh; It is not Zakah if a tax is charged at different rates and on different assets/incomes.
5. Income tax has different objectives, rates and structure than Zakah.

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

SUBJECT: Spending Zakah to establish a Waqf institution
From: AwqafSA
Sent: Wednesday, January 19, 2005
Question
Salaams Dr Kahf
Please let me know the following.
Can I use Zakah under the head Fisabililllah to fund capacity building for an institutiion like Awqaf South Africa (promotion, mobilisation, and development of Waqf lillah).

A previous question put to you and your corected response was as follows:
Can Zakaah be used as Waqf. No. Zakah cannot be mixed with Waqf. Waqf is voluntary and Zakah is Compulsory. Also Zakah has its own recipients, as mentioned in the Qur'an while the Waqif/ah decides on thepurpose of Waqf. Wassalaam.
Zeinoul

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Zeinoul, Awqaf South Africa
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

My opinion is NO. Zakah has its own recipients and at this time there is a tremendous need for it every where in the Muslim world. The Item ""for the sake of Allah"" should be used to defend Muslims against aggression from occupation forces and there is an unlimited need for this item these days that there is aggression against Muslim innocent civilians in several countries by foreign occupation military forces. Under such circumstances one cannot accept diverting this item from its essential use to any other luxury (compared with the drastic need) use! Feed the poor or defend the innocents with Zakah and collect specific donations for promoting the Awqaf.

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

SUBJECT: Zakah on stocks

From: Ahmed
Sent: Sunday, January 09, 2005

Question

الله الرحمن الرحيم
سأستاذي الكريم ومعلمي الفاضل وأخي الكبير
الأستاذ الدكتور منذر قحف ، وفقه الله وسدد على طريق الخير خطاه
السلام عليكم ورحمة الله وبركاته وبعد
استميحكم عذرا باقتطاع جزء من وقتكم الثمين ، راجيا أن تفيدوني مما خصكم الله به من علم داعيا أن يكون ذلك
لكم ذخرا لكم من ربكم ، وأدعو الله ان تكونوا ممن أراده الله بالخير
من يرد الله به خيرا يفقهه في الدين (حيث ارسل لكم سؤالا عن زكاة الأسهم راجيا أن يكون لديكم وقتا للإجابة عنه .)
وجزاكم الله خير الجزاء ، أخوكم وابنكم البار
احمد---
سؤال عن زكاة الأسهم
لقد قمت بتكوين محفظة استثمارية خاصة متحريا بذلك أسهم الشركات التي لا تتعامل بالفوائد الربوية والتي لا تنطوي
أعمالها على شبهات حيث اشتريت أسهم في (شركة الاتصالات الأردنية، والبنك الاسلامي ، وجريدة الدستور ،
وشركة تصنيع الورق ، وتصنيع ألقمشة)، ولم أشتر أسهم البنوك الربوية أو شركات التأمين.
كان هدفي هو الاستثمار في حال ارتفاع أسعار الأسهم وبيعها للحصول على أرباح رأسمالية تتمثل في الفرق ما بين
سعر الشراء وسعر البيع ، وللحصول على التوزيعات في حال عدم بيعها لسبب أو لآخر..

كانت مشترياتي على النحو التالي:

- شراء أسهم شركة الاتصالات بقصد المتاجرة بها وبيعها عندما يرتفع سعرها إلا أن بتاريخ 2004/1/8 السعر لم يرتفع بل أخذ بالانخفاض . وحصلت على توزيعات أرباح (Dividends) للأسهم خلال فترة الانخفاض .
- في نفس التاريخ تم شراء أسهم البنك الاسلامي وحصلت على توزيعات أيضا بعد شراءها بثلاثة أشهر
- بتاريخ 2004/3/31 تم شراء أسهم جديدة في شركة أخرى عن طريق الاكتتاب العام
- بتاريخ 2004/5/23 شراء أسهم جديدة في شركة أخرى
- بتاريخ 2004/9/26 شراء أسهم جديدة في شركة أخرى

بتاريخ 2005/1/7 قمت ببيع أسهم شركة الاتصالات محققا بذلك أرباحا رأسمالية حيث ارتفع سعر السهم (وقد مر على ذلك عاما كاملا) وقد بعت هذه الأسهم لأدفع ثمن أرض كنت قد اشتريتها قبل أسبوعين فدفعت كامل ثمن البيعات من أسهم الاتصالات ثمن الأرض وما زال يطلب مني مبلغ إضافي لتسديد قيمة الأرض سوف أسدده من البيع لبقية الأسهم المملوكة .

بعض هذه الأسهم ما زالت خاسرة حيث سعرها السوقي أقل من السعر الذي اشتريت به باستثناء شركة واحدة

أرجو أن تفتوني في موضوع الزكاة :

- هل أقوم بتقييم المحفظة (الأسهم بسعر السوق واخرج الزكاة عن كامل المحفظة ؟؟
- أم هل أخرج الزكاة عن الأسهم التي بعتها ؟ وهل الزكاة عن الأصل والربح ؟ أيشترط أن يمر على الربح بعد قبضه الحول ؟
- أية أمور أخرى تتعلق بالزكاة ، حيث أن بعض الأسهم قد مرّ على اقتنائها حول كامل في حين أن البعض الآخر لم يمض عليه سوى أشهر ...

أفيدوني أفادكم الله ونفع بكم وبعلمكم أمة الاسلام وأمد في عمركم وجعل ذلك في ميزان حسناتكم . آمين

ملاحظة :

بخصوص الحج لن يتأكد بعد ، ومن المفروض أن أبلغ بذلك يوم الأربعاء إن شاء الله تعالى وسوف أتصل بكم قبل مغادرتي وأراكم بإذن الله تعالى

ابنكم وأخيكم البار

أحمد

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Ahmad,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The answer needs more information: I will make assumptions about it:

If on 8 January 2004 you did not have any other Zakatable assets and the value of the stocks you bought (Ittisalat) is at least Nisab (# JD 700) you begin a new Hawl on Jan. 8. In this case you have to pay Zakah on all the stocks plus any other cash and other Zakatable items on the day of Dec. 28, 2004 (a lunar year). you calculate all stocks at their market value on Dec. 28, 2004.

But if you already have other Zakatable assets and you have already your own Hawl, on the day of the Haw you add the market value of all the stocks to the other Zakatable items and pay Zakah on that day.

Dividends you got during the year are irrelevant because what is left of them is included in the cash you have on the Zakah day.

If the land you bought was for selling it at a higher price, it does not affect the calculation except that you add the amount you paid for it (until the day of your Hawl or Dc. 28 as above) to the Zakatable items. But if you bought it for your primary residence

and the contract was made before Dec. 28 (of before you Hawl), and it has specific dates for due payments you can deduct the amount you paid on Jan. 7 and the balance still due from the total of Zakatable amount on Dec. 28 (or the day of your Hawl) provided you know that the only source for such payments is the existing investment stocks.
It is not a quick answer, is it?
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: Ahmed
Sent: Monday, January 10, 2005 2:32 AM

Question

Bismi Allah al Rahman al Rahim
Dear Brother, Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. First of all I would like to seize this opportunity to thank you for the time you gave me as well as your answer.
2. Secondly, I would like to clear some more details that may make the information most clear and sufficient.

1. The land I bought was NOT for selling. I want to keep it for me and my kids (for the future inshaAllah) .
2. The contract was also made before Dec. 28 (before the first Zakatable amount Hawl), and this is the only source of payments I have.
3. The Other Zakatable Stocks did not complete the Hawl yet, and I have no other Hawl.
4. Thank you so much for your answer,
5. I pray to Allah to keep you and your family.
6. Best Regards along with my best wishes that Allah may give you the best and safe life, health, and guard all of you.

Your Brother,
Ahmed

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ahmed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Many thanks for your wishes and Du'a'. A person must have only one Hawl (the opinion of having a Hawl for each asset that exists in some mathhab is given by people who do not know real life, no accounting or management and no good understanding of the procedures of collection at the time of Prophet, pbuh). If you did not have Zakatable items before you bought the Ittisalat and if their purchase price is more than 700 you begin your Hawl on Jan 8, 2004 (but as a curiosity such a thing happens only if on Jan. 8

you either got a loan or an income on that day; you must have the money at least a few days before, mustn't you?). The Hawl you established on the day of acquiring JD 700 for the first time APPLIES TO ALL OTHER ADDITIONS TO YOUR Zakatable ITEMS (NEW SHARES AND ANY OTHER ITEMS).
The lad you bought to keep to me is Zakatable unless it is a farming land then the Zakah is only on its produce. My rationale is that it is a wealth that is included in the verse 9: 60 and it is in excess of what you have as a residence. However you can always take the majority of classical Fiqh (you know the greatest majority of contemporary Fuqaha are very classical too) and consider it not subject to Zakah. In this case the contracted debt that results from it is deductible from Zakatable items on the day of your Hawl, Dec. 28, 2004 provided it is going to be paid from the same (as in the example of Ittisalat shares).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

FATAWA ON ZAKAH 2004

SUBJECT: Is my friend subject to Zakah?
From: Sadiq
Sent: Thursday, December 30, 2004
Question
I am a college student in Michigan in usa and I got your email from Islamonline web site. One of my friends wants to know about Zakah. She is an international student and works to pay for her school. She is saving some money in the bank and she wants to know the amount of Zakah that she needs to pay.
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Sadiq,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You better have her ask the question so she can give details needed for an answer.
In general savings are subject to Zakah one lunar year (= 354 days) after they accumulate to a total of Nisab (# USD 1,000) as long as such an amount is not bound by a necessary expense such as payment of tuitions. The rate of Zakah is only 2.5% and it has to be given to the poor and needy.
If you want any details please have her be specific and write with details.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam

Sincerely,
Dr. Monzer Kahf

SUBJECT: Sending Zakah Money back home and helping the poor
From: Br. J. A. through Islam on Line
Sent: Wednesday, December 29, 2004
Question
Our community has decided to collect Zakah from its members and send it back home where those in need of it are better identified and easily targeted. We are also thinking of using the funds collected to help members in dire need. Are there any restrictions or conditions we need to be aware of? we are very concerned about the use of Zakah in its lawful context. Thank you for advising and may Allah reward you for all your efforts. J.A. for the AMDT. Toronto, Canada.
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. J A,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Collected Zakah money should only be used for the categories of recipients that are mentioned in the Qur'an (9: 60) because the verse itself counts thee eight categories in an exclusive way and the Prophet, pbuh, added that God himself decided on its distribution that He did not even leave its distribution to a Prophet or any body else.
Persons who are poor and needy are more worthy that other categories especially when there is life saving. You may distribute locally or back home or in any other country but you have to give it either directly to persons whom you study their financial situation or to through trust worthy Muslim charities. For instance, today it is not permissible to use Zakah money in the USA and Canada for building mosques, schools and Islamic centers or to pay for poor children private (Islamic) school's tuition. The reason is that the Muslim community in US and Canada is rich enough to pay for these responsibilities and the poor and needy must not be made to carry the final incidence of this responsibility, and teaching children is the responsibility of their parents and there are many available means of teaching without such tuitions, even Islamic teaching with a little more efforts by the parents.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Including Service Charge in Zakah
From: Rifat through Islam on Line
Sent: Wednesday, December 29, 2004

Question

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

Hello I have a question about Zakah. Every year I send some of my Zakah money to my native country. I have to pay a service charge for that. Like if I send $100 they may charge me $6 . (If I send $500, they charge $10) So for $100 I need to send $106. I like to know can I include the service charge in my Zakah? So if I send $100 + $6 can I measure that I paid $106 from the Zakah? Thanks.

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Rifat,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The answer is NO. When you make your own payment of Zakah you cannot add any charge for its transportation. You are required to deliver you own Zakah to the poor and needy as the Qur'an indicates by using the word إيتاء that literally means "go and give it" . It is the payer's obligation to take it to the poor and needy and the cost of its transfer when done by the payer cannot be charged to the poor.

On the other hand, when Zakah is paid through an organization, non-profit or governmental, the cost of transfer and even salaries of employees (within certain limits and conditions) can be paid from the proceeds of Zakah and the rich should not be charged any extra amount for this service. The difference is that the item of expenditure of Zakah that relates to persons working on its collection and distribution is included in verse 9:69 and it can only be invoked by government or organizations.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

UBJECT: Giving Zakah to wife's parents

From: Islam in line

Sent: Thursday, December 09, 2004

Question

Dear Scholars, Can a married woman who is working and earning money help her needy parents financially with her own money? Taking into consideration that she is helping the husband with couple household bills and paying for her own transportation and work expenses. My realtionship with my husband has turned into constant arguments because of that. Having my own bank account has also been a sign of mistrust to my husband. I have two younger brother who are full time students who are making only enough money to support themselves and their school expenses. I also have an uncle who lives close to my parents and never offers any help to them. My husband tells me that my parents should go to my uncle for money before taking money from me as he is

more responsible for them in Islam than me?! I believe that I am free to do with my money what ever I please within the legitimate islamic limits. I don't think I should combine my money with my husband, nor should I add him on my account as he constantly requested, as this's my money and I have the right over that. Please advice me with the right answer as our marriage is being threatened by this matter. Jazakom Allahu Kheiran

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Sister,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The first thing I suggest is that your husband should seek a Shari'ah-based marriage advice from some expert not from an Imam in a mosque who may be equipped with very little knowledge about prayers only. have him contact Islam on line or a well known Shari'ah scholar.

Second, you really have to make your own judgment about what is best for you. In live we always make compromises. Very often such compromise may not be exactly based what rights and duties. We may give up some of our rights to reach better relations. And I trust that as a mature woman you are able to take the decision that is best for you and your marriage and children, if you have any.

Now your questions, You have the full right to have an independent bank account, your husband has no right to ask for his name to be on it, you are not required, from a Shari'ah legality point of view, to pay for any bills of the house; it is natural that expenses of your job including transportation to and from it are yours only. If they need your financial help or even your personal services to them, your parents are your own responsibility since you are the only child of them who can give such a help or service; your uncle is not responsible at all as long as you are able. In fact if he is parental uncle his turn in responsibility comes after the three of you and your two brothers and if he is maternal he is not responsible at all. You cannot consider what your give your parents as part of the Zakah that may be due on you because your financial responsibility to your parents is considered like spending on yourself. Additionally, your husband is financially responsible for all household expenses and the children if you have children together and you are not financially responsible for your own children. Finally, your husband has no say at all regarding your income or wealth or properties as in Shari'ah there is no mixing between properties and income of husband and wife unless by the owner's own will and whatever one gives to the other is considered a gift.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: How to Measure Zakah

From: Islam in line

Sent: Wednesday, December 08, 2004

Question from Canada

Salam . I have a question about Zakah . Last time I measured Zakah of my parents . But I m afraid that I might did some mistakes . So I like to send you a details question . My parents has a house, they rented it . They live in a apartment . They still have the loan for the apart . everymonth they give $450 to bank for that . my dad is now 63 ,he has himself , mom and a son who is fully dependant. on my dad. my dad's salary is $500/month and from the rent they get almost $1000/month .they use the whole %500and $1000 together to pay loan and other expenses . For last few months they were trying to save some money and they saved almost $3000 . My brother is willing to admit in a private university or foreighn university (he wants that) next year, they r saving the noney for that . still they need to save couple of thousand more for that , because in our country private university is very expensive .now I like to know will they measure Zakah 0n savings $3000? will they deduct the loan money from that (or monthly payment ?) .And do they need to pay any Zakah on the house ? I heard that if one has a house where he is not living then he needs to pay Zakah on the current value of the house (as 2.5%). but the thing is that the house maybe currently $100000 value . So their Zakah will be $2500 for that .and I measured that they have to pay almost $250 for saved money and jewelry . So in this case their Zakah will be ($2500 plus $250) $2750 . So they will have only $250 left . so how will they pay my brother's tution next year ? and ane other thing I heard that one has to pay 10% of rent money ? is it ? but they use salary and rent money combindly , not separately . and they definitely spend part of the rent money for their expenses . Please give me an answer as soon as possible . One last thing , my dad has some property in village , those were my granfather's . he died 25 years ago , but my dad and two uncles never divided the property .And I also not totally interested about that property nor my two brothers. I m not sure how much property they have their, my dad also not sure. We never get anything from that, no money no anything or may be one or twice some coconut in last 20 years. My grand pa's were not rich so he must not had that much property. Now one of my uncles takes care of the whole thing. His economical condition is not well. I heard that he already sold some of my grandfather's property. As he is poor my dad doesn't want to say anything about that. So does may dad has to pay any Zakah on that?

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Sr. Rokhsana,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. The property in the village that is left to the uncles is not subject to Zakah. If your dad gets any substantial amount from it in the future he should pay Zakah on that

amount at 2.5% for one year on the ground that it is accruing to him out of a, practically, lost property.

2. While I believe that Zakah is on the market value or a rented property, there are other views, which I respect, that such a property is not Zakatable or only the rent is subject to Zakah if it is not used for personal and family expenses. Under the circumstance of your parents, as you explained, they cannot pay Zakah any way because they need the rent for their personal expenses. Furthermore, it is not obligatory that we must pay the amount of Zakah due on an item from other resources; in principle the Zakah on an item must be paid from the item itself unless one has other resources and likes to volunteer paying it from such resources. Accordingly, I suggest that you calculate the Zakah due on the house, do not ask them to pay it but after they expire it should be paid when this rented house is sold, on the ground that it is the due of Allah that must be paid like any other debts, to make it clear you may ask your parents to make a last will and mention this point clearly in it so that the Zakah distribution will become binding on all their heirs.

3. Apparently the rent they receive and their own pension are making ends meet for them and also allow them to make some savings (for your brother's education as you said). These savings (the 3000 USD) are subject to Zakah as long as they are not committed to a specific expenses. This means: from the day these savings reached Nisab (# USD1000) the Hawl began and after 354 days on that day Zakah becomes due at the rate of 2.5%, this will be repeated every year as long as savings are 1000 or more. You deduct from this amount any amount for which there is an actual commitment to pay such as if your brother gets admission in a university and there is a tuition of 1300 that needs to be paid after 2 month.

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

SUBJECT: How to Measure Zakah
From: Islam in line
Sent: Wednesday, December 08, 2004

Question from Canada

Salam . I have a question about Zakah . Last time I measured Zakah of my parents . But I m afraid that I might did some mistakes . So I like to send you a details question . My parents has a house, they rented it . They live in a apartment . They still have the loan for the apart . everymonth they give $450 to bank for that . my dad is now 63 ,he has himself , mom and a son who is fully dependant. on my dad. my dad's salary is $500/month and from the rent they get almost $1000/month .they use the whole %500and $1000 together to pay loan and other expenses . For last few months they were trying to save some money and they saved almost $3000 . My brother is willing to admit in a private university or foreighn university (he wants that) next year, they r saving the noney for that . still they need to save couple of thousand more for that ,

because in our country private university is very expensive .now I like to know will they measure Zakah 0n savings $3000? will they deduct the loan money from that (or monthly payment ?) .And do they need to pay any Zakah on the house ? I heard that if one has a house where he is not living then he needs to pay Zakah on the current value of the house (as 2.5%). but the thing is that the house maybe currently $100000 value . So their Zakah will be $2500 for that .and I measured that they have to pay almost $250 for saved money and jewelry . So in this case their Zakah will be ($2500 plus $250) $2750 . So they will have only $250 left . so how will they pay my brother's tution next year ? and ane other thing I heard that one has to pay 10% of rent money ? is it ? but they use salary and rent money combindly , not separately . and they definitely spend part of the rent money for their expenses . Please give me an answer as soon as possible . One last thing , my dad has some property in village , those were my granfather's . he died 25 years ago , but my dad and two uncles never divided the property .And I also not totally interested about that property nor my two brothers. I m not sure how much property they have their, my dad also not sure. We never get anything from that, no money no anything or may be one or twice some coconut in last 20 years. My grand pa's were not rich so he must not had that much property. Now one of my uncles takes care of the whole thing. His economical condition is not well. I heard that he already sold some of my grandfather's property. As he is poor my dad doesn't want to say anything about that. So does may dad has to pay any Zakah on that?

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Sr. Rokhsana,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. The property in the village that is left to the uncles is not subject to Zakah. If your dad gets any substantial amount from it in the future he should pay Zakah on that amount at 2.5% for one year on the ground that it is accruing to him out of a, practically, lost property.

2. While I believe that Zakah is on the market value or a rented property, there are other views, which I respect, that such a property is not Zakatable or only the rent is subject to Zakah if it is not used for personal and family expenses. Under the circumstance of your parents, as you explained, they cannot pay Zakah any way because they need the rent for their personal expenses. Furthermore, it is not obligatory that we must pay the amount of Zakah due on an item from other resources; in principle the Zakah on an item must be paid from the item itself unless one has other resources and likes to volunteer paying it from such resources. Accordingly, I suggest that you calculate the Zakah due on the house, do not ask them to pay it but after they expire it should be paid when this rented house is sold, on the ground that it is the due of Allah that must be paid like any other debts, to make it clear you may ask your parents to make a last will and mention this point clearly in it so that the Zakah distribution will become binding on all their heirs.

3. Apparently the rent they receive and their own pension are making ends meet for them and also allow them to make some savings (for your brother's education as you said). These savings (the 3000 USD) are subject to Zakah as long as they are not committed to a specific expenses. This means: from the day these savings reached Nisab (# USD1000) the Hawl began and after 354 days on that day Zakah becomes due at the rate of 2.5%, this will be repeated every year as long as savings are 1000 or more. You deduct from this amount any amount for which there is an actual commitment to pay such as if your brother gets admission in a university and there is a tuition of 1300 that needs to be paid after 2 month.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Student Loans and Zakah

From: Islam in line

Sent: Wednesday, December 08, 2004

Question from U K

As I am starting to pay my student loan money back monthly with money i purposely saved for a year to pay some of it off. So am i liable to pay Zakah on this money i saved? Also since i am starting to pay my student loan money off will i be exempt from paying Zakah the next time it is due, because the total money i am likely to have (including value of gold) by then will not exceed what i owe the student loan comapny. I'm planning inshallah to carry on paying the student loan company until i have paid everything back. But i am worried about Zakah, because if your answer is yes that i do not have to pay, then that means i do not have to pay Zakah for a few years. pleas shed some light on this jazakallah

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sister M.,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. From what you said 'a few years', it seems that this student loan is a long term loan. If it is interest-based, you're required to pay it in full as soon as you can and use all your savings toward it in order to reduce the evil of Rib you are under. It is sinful, according to Shari'ah, to be under an interest-loan if you can rid yourself from it all or from whatever part of it you an. This means that if it is interest-based, you should have used these savings as payments and if you did not do that in the past you should do it now.

2. If the loan is not interest-based and the lender allows its payment over a few years and if you make the monthly payment out of your monthly income, you are

required to pay Zakah on your savings on the 254th day after the day you acquired Nisab for the first time. In calculating the Zakatable amount and the Nisab (which is approximately equal to USD 1000) you add all savings, gold and silver jewelry, debts on other [unless you have no hope of getting them back] and if you are in business your inventory.Zakah is due after a lunar year, called Hawl (= 354 days), passes on the day when you got Nisab for the first time and every lunar year (354 days) then after. The rate is 2.5%

3. If you need savings of several months to make each payment of the loan, you deduct from the Nisab and from the Zakatable amount each time you make calculation the amount that is needed to complete the following payment only and determine the first day you acquired Nisab and the amount after 354 days accordingly and pay the due Zakah following the same rule as above.

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

SUBJECT: Is Zakah obligatory on me at this stage as having a temporary employment?
From: Islam in line
Sent: Wednesday, December 08, 2004

Question from Pakistan

Is Zakah obligatory on me at this stage?
Notes
I have been working only for the past four months. I will be leaving my current job due to some reasons, most probably after one or two months. I have heard that Zakah is obligatory only when one completes a 1 COMPLETE YEAR of working. But I will be unemployed again. So I don't understand when exactly will Zakah be obligatory on me and at what time of the year should I pay it! Please give me your best advise in this regard.
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Khurram,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah will be due on you after a lunar year (354days) from the day your accumulated savings from your salary and other sources if any, reach a Nisab (# USD 1000) provided you have at least the equivalent of Nisab on the 354th day. It will be at the rate of 2.5% and will be repeated every year. Please keep in mind that if you have other items that are subject to Zakah they are to be included in the calculation too.

In other words, if all you have is your income what matters is that your savings out of it reach the amount of Nisab and after a lunar year from then you have also such an amount. Working for 4 month, six or a year is not a criteria.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on Houses and Cars
From: Islam in line
Sent: Tuesday, December 07, 2004
Question from Nigeria
Assalam alaikum, Scholars, please let me know if a person that owned houses and cars can give out Zakkat on them; if yes, what are the rules?
Notes
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abubakar,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Houses and cars used by owners and their families that normally do not generate income are exempt from Zakah.
houses and cars rented or uses as fixed assets of a productive business are included within the Zakatable assets of the business and are subject to Zakah on the basis of net worth (without deducting long term debts on the business) at the rate of 2.5% every lunar year regardless of whether the business makes a profit or loss in any specific year as long as the amount of the net worth is equal to Nisab (# US$ 1000) or more
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on Stocks
From: Islam in line
Sent: Tuesday, December 07, 2004
Question from Bangladesh
Few days ago I sent a question how to measure Zakah . I got the answer . But one thing I am not clear yet , probably I was not that clear in my question . It's about my stock option . as an example , I am measuring my Zakah now . Company gave me like 100 stock for $20 few months before . When they gave me the stock I did not pay them

anything . Now today those stock are $25 . Now if this moment if I want to sell them , company will give me 25-20= $5 (they will cut the value of the stock because I did not pay them anything when they gave it to me) . And they will not give me whole $5 . They will cut 15% from that . This is not commission this is as tax . Even if I gave this stock to some charity ,then also company will give the charity ($5-15%) of $5. So will I give Zakah on$5 or $25 . And one last thing . If I got some stock option for $30 . And if it is now like $25 . Then if I want to sell them company will not give me anything.
Jazakum Allahu Khairan for your constant help

My Answer

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

1. If the system of your company is such that this 15% is deducted at all time regardless of whether you paid the original price of the stock (the 20 in your example) or not and regardless of whether you stay in service, or keep the stock, for certain number of years, the Zakatable amount will always be the net of the 15%, i.e., 5 - 15% in your example. But if any of the deduction applies only in certain cases, you should consider the total, i.e., the 5 in your example. in both cases you deduct from the stock price the amount you owe the company, i.e., 25 - 20 in your example.
2. For the stock that you lost on, there is no Zakatable asset to pay Zakah on.
3. You certainly can take the total of your net on all such transactions together and if you owe money on stocks you lost on this loss can be adjusted from the money you make on stocks you gained from. The final balance will be added or deducted to your other Zakatable assets on the day that completes your Hawl (lunar year)

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

Subject: How to Calculate My Zakah
From: Zakir through Islam on Line
Date: Wed, 24 Nov 2004

Question

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
I was trying to figure how much zakat I should give this year but in some points I became confused . So my question is a little discriptive I bought a car with no interest . I paid half as down payment . From now ,next 48 months I have to pay every month $320 . So how will I deduct this from zakat ? One of my friend borrowed some money from me . Some he took 2 years , some 1 year before . He did not repay me . I don't think he will able to do it next few years . So do I have to pay zakayt on that money ? About my stoke I have few thousand . I measure the amount which I can get if I sell them now . But . if I sell

then broker will deduct 15% of that money and will give the 85% of that . So will measure on whole or on85% ? And I have some stock option . Like co pany some of them when stock was $13 , now is $16 . So if I sell Broker will give me (16 - 13) . And then will deduct 15% of 3. So he will give me 85% of $3 . So how will I measure zakat on this . When I measure zakat then I knew that within few days I will get some money . I got Some after few days . Rest I will get may be within 1 month . Do I have to pay zakat on this ? And the last thing I have some nice show piece , I got them as my wedding gift . they have some gold decoration on it . Do I need to pay zakat on them ? How ? And I have some other show piece that not that expensive , I did not use them yet / but will use them .Do I need to pay zakat on them ? Thanks
Jazakum Allahu Khairan for your constant help

My Answer,

Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Zakir
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
Let us sort your questions and come to them one by one.

1. First I like you to keep in mind that Zakah is due every lunar year, the first such year begins on the day you acquire Nisab which is approximately USD 1000. You add all your cash and gold and silver and other Zakatable items and pay on all together. Delaying the payment after the due date is sinful unless it is done for a valid reason such as waiting to give it to a deserving poor who is also a relative.
2. You do not deduct any of the installments of the car, the same for house payments. these are normally against your future income and not present asset. The latter is what is Zakatable
3. Suppose you get your income on the 30th of every month and you don't get any income between these monthly intervals. And suppose it happened that your due date happens this year on Dec. 5 and your car payment is on the 7th. You calculate all your Zakatable items on the 5th and then deduct from them the car payment of the 7th, your estimated family and personal expenses until Dec. 30 and any other payments, house and others, that are due before Dec. 30 (date of next income). Otherwise, if it happens that your due date is after the dates of your payments, you deduct none of them; of course, you keep deducting living expenses until you receive the next income.
4. Stocks and options are to be valued on the Zakah due day, you do not deduct any commission that may be paid (by the way, it seems that 15% is awfully high for broker's commissions! (if you sell simply because you did not sell and you own the whole amount) proof is that you can substitute, roll over, give as a gift without such commission.
5. Debt that you do not expect to be paid back to you is not added to the Zakatable balances. Once you get this debt back, after a few years, you then add it to your calculation.
6. I understand from your words ""show pieces"" that these are decorative things (if I am wrong write me again and define them clearly) for home or office, the gold and

silver items are subject to Zakah and must be added regardless of whether they are stored for the time being or used because gold and silver (by the way are the non expensive items silver since silver is cheap?) decorative items are prohibited for men and women; personal women jewelry of gold and silver and other materials are permissible but yet gold and silver women jewelry is subject to Zakah.

7. Money you get after the Zakah due day is not included (notice if it is in payment of a debt it is then calculated as a debt on the due day and if it is for sale of an item that is subject to Zakah it has entered as such too, while if it is a new salary, what you save out of it will come in the calculation of next year's Zakah).

If I left out any of your queries, it means because we like to hear from you again; please write again.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on shares

From: zafar

Sent: Monday, November 22, 2004 5:12 PM

Question

Dear Brother Monzer :

As-Salaamu Alaikum wa Rahmatullah !

First of all I thank you for your response. May Allah reward you for that. I know I am concerned too much but I do not worry, and Alhamdulillah my Iman is very strong. The reason for my concerns is our expenses are more than our income. This is happening because I do not have health insurance, I am not insurable, and I am not eligible for any help from the government. The reason I sent you e-mails twice is because I wanted to take care of Zakah as soon as possible. The other reason for asking a question about the stocks was because that I read on page 3/area # 3 of the booklet on "The calculation of Zakah for Muslims in North America" published by Isna that according to Al-Qaradawi in agreement with Abu Zahra and Hasan in a recent Fatwa seems to consider stocks as tradable objects that are subject to zakah in analogy with Urud al tijatah, to treat stocks like farming land and exempt their principal investment from zakah leaving it to be imposed only on the dividends as a tare of 10%. Again in this booklet there ia something different written about stocks which is entirely different and confusing. My main question was about stocks and fatwa, and this was the main reason I was very eager to get a reply from you. Please respond to this e-mail. Jazakallahu Khaiyran.

Br.Zafar

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Zafar

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
May Allah bless and help you. Keep your hope in God and He is able to completely cure you. I pray for your health and you make continuous prayers too.
Stocks are not similar to agricultural land by all means. Nothing is similar between them and with all due respect to Qaradawi, who is no doubt one of the greatest Shari'ah scholars of our time, he was wrong in taking this direction. However, his statements are about stocks that are purchased to keep and derive their dividends, not stock bought for investment and when you find a good price you sell them. Such stocks are considered by all scholars, with no exception, as Urud al Tijarah, and are Zakatable at the rate of 2.5% of market value on the day Zakah is due (the Hawl).
Please, dear Brother, do write to me at any time and I will always answer you, though, I may sometimes be late due to travel or being under work pressure.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

Zakah on RRSP and Stocks
From: Javed
Sent: Saturday, November 22, 2004
Question from Canada:
Dear Mr. Khaf, Assalam Aalaikum,
1. How do we pay Zakaat on the RRSPs (Registered Retirement Savings Plans)?
A certain amount is deducted from my salary at source and contributed to my RRSP funds (mutual funds) . My company contributes a certain percentage to this fund as well. Based on my contributions I get a certain break in my Tax contributions and at times also get a refund.
If I want to take some money out of the RRSPs before the maturity or before the retirement I can only withdraw money from my portion only (I will have access to company's portion only if I leave the company) and I will have to pay as much as 20% tax on the money that I want to withdraw.
The questions are:
a) Do I pay zakaat on the total RRSP (my contributions + company's contribution) fund current market value?
b) Do I pay zakaat on my contributions only? Will it be on Invested value or current market value?
c) Do I pay zakaat on my contributions only and also deduct 20% (Tax payment) from my contributions because that will be the money I will have in hand after paying off the tax. This looks like a more logical option to me since I am paying zakaat on the money I have access to and also after deducting the tax, e.g. If I withdraw $10,000 and pay 20% tax. Than I will receive $8,000. So I pay Zakaat on $8,000.
2. ZAKAAT ON STOCKS

My company offered stocks to it's employees at certain rate below the market value. An amount was deducted for two years from my salary and then the stocks were transferred in my name. My question is do I pay the zakaat on the value of the stocks that I bought them for or the current market value when I calculate the zakaat to pay.
If I bought stocks at $10.00 at that time I was in a position to pay zakaat on $10.00 value stocks but as the value increased and touches the $50.00 value I am not in a position to pay zakaat. The main intention was to buy the stocks and keep them and cash them in case I need them, nothing to do with the company ownership or profile.
To me the more logical approach is to pay the zakaat on the invested value and the annual dividend.
Now the only option I have is to sell the stocks If I have to pay zakaat at the current market value because I cannot save from other sources to pay my zakaat on these stocks. Regards,

My Answer

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

1. RRSP and RREP are subject to Zakah because they are yours. The amount that is Zakatable is the market value of your deposits plus the market value of the vested part of the company's share (the part that is considered yours, as most companies set a period, like two years or 5 years for their contributions to become yours,i.e., if you leave the company you cannot carry that part with you to another company; the restriction on withdrawal before retirement does not disqualify it from being yours). penalty and tax in case of early withdrawal does not harm your ownership; these are permissible government procedures because you are exempted from taxes on deposits. What matters is that you really own this amount, you can invest it, through approved brokers, and very often you can borrow from it for certain purposes.
2. Zakah on this amount is due every lunar year at the rate of 2.5% along with other Zakatable items; the first lunar year begins on the day the total of your Zakatable items reach Nisab (# USD 1000). You simply add the RRSP and RREP to other items in calculation of Zakah. Zakah can be paid out of other resources you may have.
3. You can delay, after calculation, the actual payment of Zakah of the balance of RRSP and RREP until withdrawal, in this case you have to pay out of each withdrawal the amount of accumulated due Zakah on that amount only, which may become a large percentage at the time of retirement. this delay is not sinful because it is permissible to pay the due Zakah of each item out of the same item, you are not required, though permitted, to pay it out of other resources.
4. If you withdraw and pay tax and penalty on the amount, the net balance in your RRSP (in your example - 10000) is included in the calculation at the end of that year; while the net amount you withdraw (in your example 8000) is added to your cash and depending on the use of it it may or may not be subject to Zakah at the end of that Zakah year.

For stocks, it is the market value that you own not the amount you paid, whether it is more or less; and Zakah is calculated on what you own at the due date. It is not on any past or future value. Apply this simple rule and you'll notice its logics! Here again you are not required to pay from other sources, you can pay the accumulated Zakah over years when you liquidate, and you can also pay it in kind by transferring 2.5% of the stocks you own to the recipient (poor or needy or charitable organization to be given to poor, needy, etc.)
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: In Case of Selling the Plot: How Can I Calculate Zakah?
From: Islam in line
Sent: Tuesday, November 09, 2004
Question
assalamoallaikum i own a residential plot which was allotted to me in the draw after paying down payment. over the time i have been paying installments to complete the total payment which have been paid completely. if i sell it how much i have to pay as Zakah or otherwise. wasalam
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Saeed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
If you bought it at the beginning with the intention to sell it later, you owe Zakah on it every lunar year by adding the percentage you own of it at market price (= percentage paid up X market price at the end of Hawl/ purchase price) to your other Zakatable assets and at the end of your normal Hawl (lunar year that began on the day you had Nisab for the first time; Nisab is approximately equal to USD 1000).If you did not have other Zakatable items, you begin your first Hawl on the day you accumulate in this lot a Nisab. Reason: it is treated as trading merchandize because you bought it for sale.
If your intention was to build a residence for your self, there is no Zakah on it; but if changed your mind and decide to sell it, you add the proceeds that you get from its sale to other items for Hawl and Nisab, and if you have no other items, you begin a new Hawl upon sale and Zakah is due then on what you will have a lunar year from then.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on increments

From: Dr. Siddiqi

Sent: Monday, November 08, 2004

Question

salam alaikym and thank you. There is another point the same enquirer raised. She said she looks at her 12 bank statements for the year and pays Zakah on the lowest of the 12 monthly balances, as that is the amount which stayed throughout the year. Is that interpretation of hawlan hawl correct?

Regards

siddiqi

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Br. Dr. Siddiqi,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Not at all, It is well known since day one of Zakah that increments are included in Zakatability although no Hawl has passed on them. The calculation is simply: start with a Nisab, whatever you have at the end of Hawl is Zakatable as long as it is more than Nisab.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Deduction of debts from Zakatable assets

From: A

Sent: Monday, November 08, 2004

Question

Dear Brother

Alsalam Alaikum.

May Allah accept your and our fast and du'a.

I need your corrections or confirmation about my proposed answers (attached) to questions/ about Zakah that I received from a merchant friend.

Many thanks in advance, and eed mubarak to you and family.

My salam and regards

A

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Br. A,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

let us try to understand the Zakah in this case in its proper perspective.

This Fatwa assumes a static situation in which Zakah is going to be paid out of present assets. Otherwise Zakah does not deal with the issue of net worth, if it does why not then calculate the net worth straight as it makes no difference whether it is in fixed or mobile assets, in the final analysis every thing can be liquidated! Additionally, debts on the payer that are going to be paid out of future income can't be deducted because the present Zakatable assets are not pre-occupied by these debts. We have to look at the dynamics of it, other wise you deduct all the mortgage, there is no difference between a debt payable within one your or within a century, the point is: is it going to be paid out of these assets?

The Shafi'i school is very clear in this issue, it clearly deduct only debts (on the payer) that are literally going to be paid out of the present assets and includes all debts for the payer as long as they fulfill the criteria on payability (on an able person who recognizes the indebtedness/or you have binding evidence). There is o difference between long term and short term.

Otherwise, the point again comes if you distinguish between long term and short term, take the complete and neat concept of net worth and deduct from it personal items Qunia).

Another point that comes out: goodly loans meant only as tabarru', is the lender subject to Zakah. I argue for no because the person is already making tabarru', we have the example of al 'Araya, that are deductible from Zakatability by the text of a Hadith. On the other hand, loans that are not really meant as tabarru' (e.g., demand deposits in banks) should be subject to Zakah because there is no meaning of Tabarru' here.

Consequently, taking the statement of Maymun bin Mahran in a simplistic way without looking at the dynamics of both debts, on and for, will give wrong and inconsistent results.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Is Zakah on the minimum monthly balance?

From: Muhammad Nejatullah Siddiqi

Sent: Monday, November 08, 2004

Question

salam alaikym and thank you. There is another point the same enquirer raised. She said she looks at her 12 monthly bank statements for the year and pays Zakah on the lowest of the 12 monthly balances, as that is the amount which stayed throughout the year. Is that interpretation of hawlan hawl correct?

Regards

m.n.siddiqi

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Dr. Siddiqi,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh Not at all, It is well known since day one of Zakah that increments are included in Zakatability although no Hawl has passed on them. The calculation is imply: start with a Nisab, whatever you have at the end of Hawl is Zakatable as long as it is more than Nisab.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Can Zakah Be Given to 'Sayeds'?
From: Islam in line
Sent: Sunday, November 07, 2004
Question
Asalam Aleikum. On a Pakistani TV program I heard them talk about the following things, which left me confused and I would really appreciate your help in clarifying them for me. 1. The man said that one must NEVER give Zakah to a 'sayed'. I am not 100% sure what a sayed is, but I am assuming they mean someone who is a direct descendant of our Prophet, SAW. I have never heard of this before so was quite surprised. Is this Islamically true? 2. He also said that there is no Zakah on diamonds. My assumption is that diamonds qualify as jewelery/wealth and therefore would be Zakah-able. 3. He said that a parent CAN give Zakah to his children provided the children are of age AND in need. Again I have always thought that Zakah cannot be given to one's parents or children. I would appreciate your help in clearing the confusion with this. Thank you.
Jazakum Allahu Khairan for your constant help, and may Allah reward you abundantly for your cooperation especially in these blessed days.
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. ,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah Cannot be given to a sayed and is not due on jewelry made out of diamond, it is on gold and silver jewelry only. This is correct. A sayed is a descendent of the Prophet, pbuh, and he said that it is not Halal to Muhammad and the family of Muhammad. If a Sayed is poor, he should be supported by the government or the community but if such support is not activated, he may be given from Zakah as a last resort because the prohibition is not meant to let a Sayed starve.
Diamond and other gems for personal use of any woman are considered part of her personal things that she uses and are not subject to Zakah. golden and silver jewelry

could be treated the same except for the text of the Hadith that mentions that gold and silver must be subject to Zakah and the general text of the Hadith includes obviously golden and silver jewelry.
Parents can't give their adult children, male or female, any part of the due Zakah on the parents because if a child is in need parents are responsible, from their own resources not from the poor due, to provide for their child.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on education saving scheme
From: Muhammad
Sent: Sunday, November 07, 2004
Question
assalam o alaikum wa Rahmatullah
Some one is putting aside funds for her /his child's college education in a scheme similar to 502.Is Zakah owed on it? The child is minor. Ownership of funds belongs to the child, even though child will receive out of it after reaching college. It cannot be withdrawn by the one putting money into it, even though it is under her/his supervision.
I will appreciate your attention.
Sincerely
M
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Muhammad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Just apply the rule, as simple as that. If the ownership is in the name of the child, and suppose she has no other Zakatable items, it is subject to Zakah with the conditions of Hawl and Nisab. It is not committed to any expenses. It is only planned for the future and God knows what the future will be. In fact, every personal savings are for the future, as simple as it looks. Any amount that is actually committed to be paid out of present Zakatable items can be deducted; this does not qualify! Until you start withdraw or the child goes to college and the Haw came while she has tuition or other expenses to pay from the available balance. Didn't [people save at all times for future expenses. Do we exempt these savings?!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on savings in Defense Officers' Benevolent Fund

From: Zafar through Islam in line

Sent: Sunday, November 07, 2004

Question from Pakistan

I am an Army Officer and serving in Pkistan Army. I want clarification/Fatwa regarding "Riba". At our Army level a fund is functioning known as "" Defence Officers Benovelant Fund"". Every officer contribute some amount out of his pay on monthly basis, to this fund and at the end of the service he is returned the whole amount, while each year a certain percentage of interest, normally 15% to 17% is also added to the actual amount in balance at the end of that particular year. Please let me know whether this amount of interest is ""Riba "" or not? To clarify the status of this fund I am adding fol information: 1. The Fund is for the welfare of officers, so that each officer should have some saving at the end of his service. 2. The amount is the sole contribution by oficer himself. 3. Rupees,500 is compulsory for each officer to contribute each month, but there is no upper limit, whereby one can contribute the whole pay. 4 There is a choice for each officer if he wishes to get the yearly interest on his fund or not.He has to give clear instructions. 5 The amount of this fund is invested at Army level in different projects in order to earn profit. 6. At any stage. an officer can get 50% loan out of his Fund, which is paid back by the officer to his fund in shape of fixed monthly instalments. Please guide me as many other officers are also interested to find the truth. I shall remain grateful.This issue remains unresolved for many years and there are different views on this. Some say it is clearly ""Riba"" but some say it is not, as the Army is investing this money in different projects and then giving a share of the earned profit to officers.Please answer me in detail. Sincerely Zafar

Jazakum Allahu Khairan for your constant help, and may Allah reward you abundantly for your cooperation especially in these blessed days.

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Zafar,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. Let me first make it clear that every kind of interest is Riba and it is prohibited in the Qur'an and the Sunnah regardless of any Fatwa that may have been given by anyone.

2. If you are paid interest, then it is Haram and you should take it and give it to Muslim charity instead of leaving it to the management. the point that funds are invested in Halal project does not affect the prohibition of paid interest because it is possible that the management of the fund gives interest to depositors but invest in Halal. Giving interest is prohibited, it is also prohibited to add it to your own money, you should give it to charity and it is not considered Sadaqah nor Zakah, but you will be rewarded, God willing, for preserving your own money pure and clean.

3. It seems to me that you do not have the complete info. since you mentioned that what is paid to officers (added to balances) is variable 15-17%. Are you sure that what is added is interest not share of the profit that the management makes on investment. If it is a share of the profit it is certainly Halal and pure, provided the management invests in permissible industries which is most likely. PLEASE BE SURE BOUT THE NATURE OF WHAT IS ADDED EVERY YEAR IS IT INTEREST OR SHARE OF PROFIT?

4. You need to remember that the balance in this fund is subject to Zakah every year at the rate of 2.5% (if what you are paid is interest do not include the interest in calculating Zakah because Zakah is only on the Halal money and interest has to be given away, all of it, but if you are paid profit, calculate Zakah on the balance).

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

SUBJECT: Zakah on homes
From: Shaikh
Sent: Thursday, November 04, 2004

i have a quick question on Zakah, i hope u can help me..
i own my family home (worth $100,000) mortgage loan against this home is about $70,000 so do i pay Zakah onthe net amount of $30,000 plus any other assets i have?
waslam and jazakallah khair

My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Shaikh,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Your home whether you own all of it or only part, is not subject to Zakah. you neither the 100,000 nor deduct the 70,000 from other Zakatable items. In a simpler word pay Zakah only on other asset and disregard the house you live in along with any long term loan on it. Just pay it on other items.

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

SUBJECT: Can the Sponsor Money Given Be Counted as Zakah?
From: Islam in line
Sent: Wednesday, November 03, 2004

Question from the USA

Hey Buddies and Peace, I just have a question about Zakah. You see, I sponser this orphan from Jordan and it costs me over my 2.5% of what I'm suppose to give for Zakah after all my expenses etc. So, does this deed count towards fulfilling my Zakah yearly as I am giving direct money to this cause? Thanks for the help.
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Franco,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
You know, Zakah is a worship like prayers. It requires specific intention to make it different from any other charity (Sadaqah). If you sponsoring a Muslim orphan through a trustworthy Islamic charitable organization, within the US or outside it, regardless of the nationality and location of the orphan and you intend when you make pledge or payment that it is Zakah, it can be counted toward the required worship of Zakah and at the end of the year you calculate the amount due on you, deduct the amount you sent for sponsorship and pay the balance as Zakah. If the amount you actually paid turns out to be more that is due on you the difference is considered a normal charity and will be rewarded by god InShaAllah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Can the Money Given to My Niece Be Counted as Zakah?

From: Islam in line
Sent: Wednesday, November 03, 2004

Question

Salaam and Ramadan Kareem, I have a niece who goes to Islamic School. Her parents could not afford to put her in school this year, so I secretly put the remainder of the tuition from me to keep the child in school to help her in her Islamic upbringing. Does my paying for my niece's tuition count toward Zakah? wasalaam, Muslimah
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr.
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
As a form of worship like prayers, Zakah requires intention when you make the payment. This is one. Two, giving Zakah to a deserving person requires that the recipient actually takes it, become owner of it, and she will be the one who decide what to use it

for. Your niece is qualified s a Zakah recipient from you if she is adult to receive money, her parents may also qualify if they are in need, and you have to give it to them. Paying it on their behalf to the school does not fulfill the requirement of ""making them the owner of what they receive, even if you had the correct intention when you paid it to school. It is a great Sadaqah and will InShaAllah be rewarded by God as a charity but it does not seem to me fulfilling all the necessary conditions of Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on RRSP and RESP
From: Yolla
Sent: Tuesday, November 02, 2004
Question from Canada
Assalam Alaykum Dr. Kahf:
First I would like to thank you for the time you have taken to educate Muslims on the issue of Zakah and other financial issues.
I have to admit that I have been somewhat ignorant on the issue of Zakah, or I should say that I didn't realize that Zakah is payable on voluntary retirement funds until I read your fatwas on Islam on Line and on your site as well. After reading your answers I realized that Zakah is payable on RRSP or what they call in the USA 401K fund on a yearly basis based on the total amount at the end of each lunar year etc..
My question is not to ask you for a fatwa on the issue, but as a Muslim scholar living in North America (I believe you live in the US), what are other options for a Muslim to arrange not to retire poor and needy?
I have no problem paying Zakah on the money my husband and I saved for our retirement, and continue to save to ensure that we do not beg for our food when we reach retirement age, but I realize now that it is against Islamic law to save in RRSP (mutual funds/non-interest based) as it appears that Allah Subhanahu Wa Taala would not order us to pay Zakah yearly on something that he approves of, he ordered us to invest our money not to save it. Or at least that's my understanding.
Having said that, I have 25 years for retirement and with what I'm saving I can't guarantee to live decently at retirement age, having to pay Zakah on the money saved over the next 25 years will reduce the amount to less than half, that's being generous, as so far we have been losing money on the invested amounts since we're doing our best to stay away from any interest based funds. Having said that, we also have a mortgage, which we're managing to pay comfortably. So, my current dilemma is: if I can't invest in RRSP and get a government tax break? and if I can't save for my daughters in RESP for their university education that will start in less than 2 years, what types of investments are allowed in Islam?
My question is not to find ways to avoid paying Zakah, my intention is to do what Allah ordered us to do, but my question is based on a current situation most middle aged

Muslims like me in the west face when they have limited income and they are trying to secure a retirement without begging for help or living on welfare.
Jazakum Allah Khairan.
If my question is not clear, I would love to discuss it with you over the telephone if you are agreeable to this. I can contact you at any time that is convenient to you, and thank you again for your assistance in answering this very important question for me as I've lost sleep over this issue since I've read your enlightening fatwas on the issue.
Yolla
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Yolla,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
I am presently overseas on a business trip and it is better to keep the contact via emails for the time.
Ramadan and Eid Mubarak to you and your family. I understand your question and value your concern. But I think the issue is little simpler than you guessed it.
RRSP and RESP can be deposited with the Islamic Housing Cooperative in Canada, it is government-approved for them and it is generally a decent investment that helps Muslim acquire houses. I am sure there may be other approved options that you may look for in Canada. Check with the Royal bank for the newly issues Islamic investment scheme.
Saving is certainly permissible and the Zakah payment should encourage you to seek better dividends on these savings.
One other thing I am not quite sure about it is RRSP similar to 401k 0r social security, I think it is more of a voluntary tax deductible saving scheme like the IRA in the US, isn't it?
Additionally, you can pay the Zakah on your RRSP every year from your present income and keep it Zakah free when you withdraw it in the future besides, you have an excellent investment in your children who will be their to help when you are old, this is a decent help, not degrading like other sources you mentioned because one's children is part of one's fruits as described by the Prophet, pbuh.
Lastly, I like to remind you of the Idea of tawkkul, of course after doing all that you humanly can, God will not let you down! And why we, in the rich countries worry too much about our retirement? Don't you notice certain exaggerated fervor in this matter aren't we overdoing it? Too much rush to save for the future and too much worry, yet Mr. Bush is sending our children to be killed at young age every where in the world!
Please write again if I missed on any point,
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Monthly Income and Savings

From: Islam in line

Sent: Monday, November 01, 2004

Question from India

Dear scholars, As-Salamu `alaykum. Below are my questions related to Zakah. Kindly, show me proper path as much as possible & help me understanding teachings of Islam as much as possible: 1. What should be criteria of Zakah; my monthly income or my savings? 2. I am recently married, & my wife got jewelry as gift both from my parents & her parents. I think I don't need to pay Zakah on this jewelry this year as a full year has not completed, but how much amount should I pay next year? I was wondering that should I pay Zakah for this jewelry, as it is not actually earned by me. 3. Another issue is that we are not in a position of saving now a days as I have a new job & my salary is not very much. In fact we are under debt of my parents. Should we pay Zakah even in such condition, or should I focus first on proper food & other expenses of my family? These expenses includes outing, eating in restaurants, entertainment etc. In short we are not having any savings at this point of time. But we may save at least something if we control few of our desires like eating in restaurants, outing etc. which are not compulsory, but I spend to give comfort & happiness to my wife. 4. Also, whether Zakah is payable or not at all, as she used to wear all of this jewelry at one point or other during the year. Although she don't wear all of them at a time throughout year. 5. Does this amount of Zakah on her jewelry have to be compulsorily paid by me or is it my wife's duty? She does not earn & I will pay it anyway, but just want to know it. 6. Is there any restriction about maximum amount of Zakah to a person? Also, are there any criteria in deciding who is poor & who is not? My father's brother is a retired person & he is something like hand to mouth position. I feel too much emotional about them as he has some eyesight problem also, & her wife is really serving him nicely. I want to give most part of Zakah to him, and this help will most probably in form of either fruits & other eatables or some kind of gift like small TV so that he may listen to news (mostly), religious channels (& I doubt may be sometimes entertainment channels.) 7. Can we give Zakah to a non-muslim? 8. I have some property in my name, which is actually purchased by my father. It is actually my father's property, but in my name. He pays Zakah for it. But I want to know that if suppose he does not give Zakah for it, is it my duty?

Notes

Sorry for asking such a long question, but it was necessary as all conditions are related to each other.

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Mehmood,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Your question is really long and multiple. I like to refer you to Fatawa on Zakah in Islam online and on my website www.kahf.net <http://www.kahf.net> In addition I suggest that you study the booklet on my website called Calculation of Zakah in North America. I will pick up on some of them here and please do not hesitate to write again after you make some reading.
Zakah is payable once every Lunar year (=354 days), the first such year begins on the day you accumulate an amount of Nisab (# US$ 1000). its rate is 2.5%.
Your savings are subject to Zakah, not your income. You may not be subject to the payment if there are debts on you, even to your parents, provided you are actually intend to pay them to your parents and the debts are going to be actually paid out of present savings if any. It is advisable though that your should make some savings and reduce your outing's expenses.
The jewelry is subject to Zakah if any of two conditions is not fulfilled: they are not too much compared to her peers; and they are stored not weared. wearing them is defined as: ""or what they are for not every day"" Zakah is due on the owner (your wife) but can certainly be paid by you on her behalf. Jewelry is added to other cash, savings and other items subject to Zakah for the application of Nisab and lunar year.
Investment property, intended to be sold is subject to Zakah, the owner is required to pay it, if your father is the real owner he is the payer too, if he does not pay you should remind and advse him but you do not have to pay it unless you become the owner.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah while under long term mortgage
From: Muhammad
Sent: Wednesday, October 27, 2004
Question
Salam alaikum
Some one has purchased a house on 30 year mortgage for$ 500,000.In calculating his Zakah for this year can he treat this amount as debt on him and deduct it from his total Zakatable? Or, he can deduct only this year's installment payable(not yet paid)?
I will appreciate your response .
Regards
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Prof. Nejatullah
Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
He deducts nothing at all!

Please notice that this loan is against his future income not current assets from both legal and conceptual points of view. N body would give her a loan in such an amount against her present Zakatable assets.
The well almost unanimous rule is all the Fatawa of Zakah that I know on this is that only the amount of the long term that is going to be paid from the present Zakatable assets can be deducted from them. The example, the person under such a loan (regardless of being for her live-in home or for business) got her periodical income one day before the Hawl and an installment is due ten days after but the new income payment is going to come only at the beginning of the next month. This installment only can be deductible (in fact, along with expected expenses and other payment until the next month).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Paying Zakah on a Residential Plot
From: Islam on line
Sent: Saturday, October 23, 2004
Question from Pakistan
My wife was gifted a residential plot (500sq yard) by her parents. She intends to sell it some time after 3-4 years. When is the Zakah due on this property?
At what value of property should we be giving Zakah? (prices of land keep on changing/increasing rapidly in Pakistan).should it be given on value when the property was first gifted to her? Or the current market price?
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Muhammad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Since she intends to sell, it is subject to Zakah on a yearly basis, every lunar year at the rate of 2.5% of the minimum market price on the day of the Hawl. If, when she got it, she already has other Zakatable items such as golden jewelry, she adds the market price (I said minimum to mean that on the due date if she decides to sell immediately the price she gets under such sale is the minimum market price) of the lot to the value of these other item and pay the Zakah on all together at the end of 354 days from the day she is due to pay Zakah on the other items.
If, when she got the land, she had no other Zakatable items, that day become the beginning of her Zakah year and after 254 days from that day the Zakah becomes due for payment, and then every 354 days then after.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

From: Dr. A
Sent: Thursday, October 28, 2004
My understanding and some earlier Zakah Fatwa is that he can deduct only that portion of t debt which is due and unpaid each year.
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. A,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
But please think of it. He had actually deducted the installments due in the past year because he actually paid them. Had he not paid them they would have appeared within his savings and be subject to Zakah. You don't want double deduction.
Besides, the next year installments are not against present assets they are against future income. They can't be deducted from these assets because they are not going to be paid from them. In other word, the present assets are not ""mashghul"" by this debt. I am aware of earlier Fatwa but they were given by people who do not know accounting!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From: Islam in line
Sent: Sunday, November 07, 2004
Question from Pakistan
my question is to Dr Monzer Kahf regarding his answer to my question ref:EPZ7KU My wife is already a payee of Zakah, she got this plot 4 months before last ramazan and she did not gave its Zakah then because it was not still 1 year. WAS ITS ZAKAH DUE 4 MONTHS AGO OR CAN WE GIVE IT THIS RAMAZAN WITH REST OF OUR ZAKAH. SHOULD WE GIVE IT AT ITS PRESENT VALUE OR ITS VALUE 4 MONTHS AGO.SHOULD WE BE GIVING ITS ZAKAH EVERY YEAR 4 MONTHS BEFORE RAMAZAN OR DURING IT. IS IT ESSENTIAL TO DISTRIBUTE ALL YOUR ZAKAH AT ONCE OR CAN IT BE GIVEN OVER NEXT FEW MONTHS. CAN ZAKAH GIVEN TO A HOSPITAL WHERE POOR PATIENTS ARE BEING TREATED EVEN THOUGH SOME OF IT IS BEING SPENT TO BUY BEDS OR GENERAL USE STUFF/SALARIES. THANK YOU VERY MUCH
Jazakum Allahu Khairan for your constant help, and may Allah reward you abundantly for your cooperation especially in these blessed days.
My Answer
Bismi Allah al Rahman al Rahim

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

Dear Br. Muhammad,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1. Zakah was due four month ago and may be from last Ramadan because this additional Zakatable item (the lot intended for sale) must be added to other already existing items that you said your wife is a payer. I mentioned earlier that if she has other items, this must be added to them even though only a few days or months have passed on it. The Haw of the original items applies to this addition too. This means, according to your explanation Zakah is due on her last Ramadan.
2. Delaying Zakah with no valid reason is sinful. ignorance with good intention may be a valid reason when it comes to complicated matters like this, but you should have asked the day your wife acquired this lot, you are late in asking. You need now to assess the Zakah due last Ramadan on this item and pay it as soon as you can.
3. Zakah is calculated on the market value (as defined n my previous Fatwa) on the day it is due. for last year on that value and for this yr on this year's value.
4. You can pay part of the Zakah in advance, and all of it if there is a need for it. Hence while delaying is sinful,you can distribute on installments by starting paying the Zakah due next Ramadan from tomorrow. On the other hand, if you pay your due Zakah to a Muslim Charitable Organization or the the government Zakah fund and it decides to distribute on installments you are considered as fulfilling your responsibility and if their decision is wrong the management is held accountable by God and by society too.
5. Payment of Zakah to the poor and needy needs to be given to the poor so that she/he becomes the owner of that given amount. you cannot pay it to hospital that provide services to the poor because of the reasons you mentioned and also because you must not take the decision (of how to use the money) on behalf of the poor. The government-run Zakah fund can do that with conditions that make it sure to actually reach the poor as services, food and medicine.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Forgetting to Pay Zakah Last Year

From: Islam on line

Sent: Wednesday, October 20, 2004

Question from Canada

Dear scholars assalamu 'alaikom, I've forgotten to pay last years' Zakah.I usually pay it every Ramadan..and now the 2nd ramadan is approaching! 1.I don't know what to do,should I wait until this ramadan comes and pay 2 Zakahs? or should I pay last years Zakah before this ramadan comes? 2.how do I know how much to pay? 3.have I commited a sin by not paying at the right time i.e. ""last ramadan""? your response will be much appreciated! :)

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Ryan,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

1 - Delaying Zakah after its due date (the last day of the Howl or lunar year that began on the day you had Nisab for the first time) without valid reason is sinful. Of course, we have the Correct Hadith that tells that humans are not responsible for forgetting, mistaking and dong thing under compelling forces. If you just forgot it, there will be no sin InShaAllah.

2 - In prayers we are told by the Prophet, pbuh, that if we forget a prayer its due time becomes the moment we remember it. Therefore, the moment you remember this payment of Zakah, you should go ahead and pay it without any further delay; in other words, you do not need to wait until the due date of this year Zakah. Of course, any unpaid Zakah remains a duty on the person since it is a debt owed to God (the time passage does not wipe this obligation out). It can be distributed fro the estate if a person dies before paying such a due Zakah according to some of the Islamic schools of jurisprudence (others argue that it will be left to God Who will hold the person accountable for it on the Day of Judgment).

3 - For calculation, you should make the best educated guess you can make from your memory and records if you have; to be certain, add a few more Dollars that will be either part of Zakah or an added charity (Sadaqah).

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: 401k and Zakah

From: Mohamad

Sent: Tuesday, October 19, 2004

Question

I hope you are in the best of iman and health. I ask the Almighty to bless you and reward you for all your deeds. I have searched for a good answer on how to pay Zakah on 401k money and its complications. I know how busy you are, thus I would really appreciate your assistance with this.

Do I pay on the contributions my company makes? Do I only pay on the investment returns? As you know, I cannot access the money now (at least not without a significant tax hit). From what I know, however, I understand that that doesn't affect my ability to access the money or its liquidity?

In my case, I contribute X% of my income (pre-tax) to the fund. My company matches 50% of X. If I were to liquidate the fund today, I would be taxed 30-40%.

I appreciate your time and effort
Jazak ALLAH khair
Respectfully,
Mohamad

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohamad,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, 401 K is subject to Zakah as follows:

1. Amount subjected to Zakah: total accumulated savings +/- earnings/losses + the vested amount of employer matching funds (= the amount that become ours even if you leave the company at that point of time).
2. Rate: 2.5% every lunar year; the first such lunar year begins when this fund plus other Zakatable items [such as bank accounts, etc.] reached Nisab.. It is repeated every year.
3. Disregard the issue of tax and penalty regardless of its rate (30-40%!) because you are not withdrawing it and you cannot make assumption of withdrawal. You have almost full authority on selecting investment, you can borrow from the account to buy a house, or pay important bills, etc. The penalty and tax on withdrawal does not affect you ownership, it is a side issue.
4. It is due on you every year but its payment does not have to be paid every year because the principle is that Zakah of an asset in payable of that asset itself. Accordingly, you need to calculate it as above, but you are not required to pay out of other funds unless you volunteer.This means that once you know the due amount of Zakah, when you make any withdrawal in the future you need to consider to beef up the amount you withdraw to cover the accumulated due Zakah that become then due for distribution (and its delay becomes sinful).

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

From: S
Sent: Saturday, October 30, 2004
I hesitated to give my view as I think scholar residing in US must have a considered view on Zakah on 401K. Now that brother Kotob has that view I venture to present to him and to scholars, Dr. A and Dr. Kahf my views. I attach a note on the subject and will be grateful for feedback. Regards
Zakah on Provident Fund/401K
I am not aware of the details about 401 K, but I think there are similarities with the system of employee Provident Funds we have in India. Sometime back I had reason to

consider the issue of Zakah on PF and came to the opinion that it is permissible to pay nothing by way of Zakah till the beneficiary actually receives the Fund. The Fund is given back in full on retirement from service or death of the employee, whichever is earlier.
The way the fund is constituted is a compulsory deduction from employee salary matched by a similar contribution from employer. It is not possible for the employee to withdraw from the Fund, but he can borrow against it(or, one can say, part of it).This is the feature that convinced me, along with the compulsory nature of deduction, that the opinion which asks the beneficiary to pay each year Zakah on the accumulated sum in his PF may not be correct.
As to how much and when should Zakah be paid once the funds are in possession of the employee, there are two opinions. One: pay 2.5% immediately on possession, without waiting for the year to complete. Second, wait till the usual Zakah payment date you have fixed arrives and then pay 2.5% on this along with other amounts. I prefer the first. For reasons it is not necessary to give now.
There is a third opinion too: Pay Zakah for all the years the PF has been with the employer, calculating for each year on the basis of the balance in your PF account on that date. The arguments can be imagined. Seemingly the opinion is based on Zakah on loans given to others or on other kind of amwal zimar. I do not buy the argument. For me it is not in harmony with the objective of the scheme which in itself serves an important objective of Shariah."

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. S,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
While I agree with your opinion on the Providence Fund with only one note that I prefer the payment of Zakah to be on the amount received, when received in any future with the condition of Nisab, on the basis of being Mal Mustafad.
Where we differ is in your analogy of 401K with the PF. PF. Is obligatory, it works as a tax, even with the permission of borrowing from it. To my knowledge, funds are not kept with employers but with an Administration of PF and further payments, when due upon retirement or death do not necessarily equal the amount deducted (and contributed by employer) and their accumulated interest. Funds are paid on the basis of actuarial studies like insurance and social security in Europe and most of Asia and Africa (the American socio security is different because although it maintains accounts of one's contributions, it does not hold your funds and invest them for you).
On the other hand 401K is individual, optional maintained by the company, a special committee of employees, and you can determine the investment, you have a choice. You can withdraw, even with penalty and arrear tax, you can borrow, etc. in other word, it is not an obligatory tax like the PF, and one's control on it is almost complete with limitation that does injure the ownership and disposition. That is why I argue that 401k is subject to Zakah every year from the first moment as part of other Zakatable items but its Zakah actual payment may be deferred until it is cashed.

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

From: Dr. A

I apologize for giving some tentative opinions before having studied carefully what you sent me, because it may take too much time.
The amount that May be Zakatable from a PF is for each year that amount which is actually withdrawable under the rules of the fund for that year, i.e. after all penalties etc are deducted. I apply here the same rule that I apply on takaful(life insurance) benefits that are built gradually by periodic contributions.
A.

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Dr. A
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Your analogy that equates 401K with PF and with the present value of a life insurance is incorrect on two grounds:
1 - PF is a tax that you have no choice to avoid, similar to it is the contribution in retirement fund in IDB and many similar program. If you are to work in this company, this is its system and we have to deduct from your salary. 401K and ;life insurance are voluntary. in both it is your choice that decide. The benefits of PF and IDB and similar retirement programs are paid upon death, termination of contract, etc. according to a system based on actuarial research, some of its elements are one's contributions, length of employment, size of salary, etc. but there are other elements too such as the multiplying function, the special cases of sudden, accidental death, sickness that causes incompatibility to work, etc. these affect the amount of benefit too. This makes the deduction from the salary like a tax, although it feeds your account with the PF and the benefit received as income when received. and the rules of Zakah apply accordingly.
2 - 401k, IRA and similar retirement schemes (there are at least four more kind in the USA) are a voluntary saving, exactly similar to the saving you do through a saving account or under the mattress. The differences are irrelevant to the Rulings of Zakah: you get a tax benefit if you deposit it with a depository, but it is still under your full control. Because you get a tax benefit, you are subject to tax and penalty when you withdraw. To encourage people to save the employer give you a matching amount, usually one half the amount you deposit periodically up to a certain limit. this matching amount becomes yours after a certain period, very often staying six month after it is paid to our account so that if you quit within six month they take back this amount. While the total balance is there, you move it, invest it, borrow from it to buy a house or to pay important bills, etc. it is under your control.

3 - The present value of life insurance is not like this. The present value is a contractual debt on the insurance company, as a remainder after deducting the risk premium and other charges of insurance, taxes, commissions, etc. withdrawable present value is less than present value by a contractual penalty on withdrawing. Here the matter is contractual and inter-personal. The amount of your debt on the company is the net amount after penalty, you are right in considering this amount as a debt on an entity that is confessant to it and able to pay on demand. In contrast, penalty and tax in 401k are assumed not real, they become real upon actual withdrawal only, while not withdrawn, you invest the total amount, borrow from it, more important count it as your asset that can be inherited, etc. The total balance here is what is subject to Zakah while the indebtedness in insurance is the net after penalty.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: The Correct way to calculate Zakah

From: Islam on line

Sent: Sunday, October 17, 2004

Question

assalamu alaikum, please can you inform what is the correct way to calculate Zakah i want to know do i take 2.5% of my total savings or is it 2.5% of earned money in one year? wassalam

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. ,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

It is surely 2.5% of the total Zakatable assets including savings, gold and silver jewelry, business inventory, etc. at the end of each lunar year whereby the first lunar year for you is one that begins on the day you had a Nisab which is a criteria for Zakatability and it approximately equals USD 1000. (increments during the year are included a;though not a full year had passed on them). This is repeated every lunar year as long as one owns at least a Nisab. It is certainly not on the yearly increments alone.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Zakah on 401k

Sent: Oct. 16, 2004
From: Dr. N.

Question:

salam alaikum Dr. Monzer
I forward to you a query, knowing your answer may be different from mine which tends to be: you do not have to pay any zakat till you get the money (in your bank account) But I value your opinion in American environment.
I will appreciate a response.

Intervention from M

Dear Dr. N
I hope you are in the best of iman and health. I ask the Almighty to bless you and reward you for all your deeds. I have searched for a good answer on how to pay zakat on 401k money and its complications. I know how busy you are, thus I would really appreciate your assistance with this.
Do I pay on the contributions my company makes? Do I only pay on the investment returns? As you know, I cannot access the money now (at least not without a significant tax hit). From what I know, however, I understand that that doesn't affect my ability to access the money or its liquidity?
In my case, I contribute X% of my income (pre-tax) to the fund. My company matches 50% of X. If I were to liquidate the fund today, I would be taxed 30-40%.
I appreciate your time and effort
Jazak ALLAH khair
Respectfully,

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. M
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, 401 K is subject to Zakah as follows:

1. Amount subjected to Zakah: total accumulated savings +/- earnings/losses + the vested amount of employer matching funds (= the amount that become ours even if you leave the company at that point of time).
2. Rate: 2.5% every lunar year; the first such lunar year begins when this fund plus other Zakatable items [such as bank accounts, etc.] reached Nisab.. It is repeated every year.
3. Disregard the issue of tax and penalty regardless of its rate (30-40%!) because you are not withdrawing it and you cannot make assumption of withdrawal. You have almost full authority on selecting investment, you can borrow from the account to buy a house, or pay important bills, etc. The penalty and tax on withdrawal does not affect you ownership, it is a side issue.
4. It is due on you every year but its payment does not have to be paid every year because the principle is that Zakah of an asset in payable of that asset itself.

Accordingly, you need to calculate it as above, but you are not required to pay out of other funds unless you volunteer.This means that once you know the due amount of Zakah, when you make any withdrawal in the future you need to consider to beef up the amount you withdraw to cover the accumulated due Zakah that become then due for distribution (and its delay becomes sinful).
ps.
Dr. N, you didn't inform me what was your opinion? your feed back is appreciated.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Fram Dr. N
Salam alaikum,friends
I hesitated to give my view as I think scholar residing in US must have a considered view on zakat on 401K. Now that brother M has that view I venture to present to him and to scholars, Dr. A and Dr. Kahf my views. I attach a note on the subject and will be grateful for feedback.
Regards
N.
Zakat on Provident Fund/401K
[October/Ramadan 2004/1425]
I am not aware of the details about 401 K, but I think there are similarities with the system of employee Provident Funds we have in India.
Sometime back I had reason to consider the issue of zakat on PF and came to the opinion that it is permissible to pay nothing by way of zakat till the beneficiary actually receives the Fund. The Fund is given back in full on retirement from service or death of the employee, whichever is earlier.
The way the fund is constituted is a compulsory deduction from employee salary matched by a similar contribution from employer. It is not possible for the employee to withdraw from the Fund, but he can borrow against it (or, one can say, part of it).This is the feature that convinced me, along with the compulsory nature of deduction, that the opinion which asks the beneficiary to pay each year zakat on the accumulated sum in his PF may not be correct.
As to how much and when should zakat be paid once the funds are in possession of the employee, there are two opinions. One: pay 2.5% immediately on possession, without waiting for the year to complete. Second, wait till the usual zakat payment date you have fixed arrives and then pay 2.5% on this along with other amounts. I prefer the first. For reasons it is not necessary to give now.
There is a third opinion too: Pay zakat for all the years the PF has been with the employer, calculating for each year on the basis of the balance in your PF account on that date. The arguments can be imagined. Seemingly the opinion is based on zakat on loans given to others or on other kind of amwal zimar. I do not buy the argument. For

me it is not in harmony with the objective of the scheme which in itself serves an important objective of Shariah.
N

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Prof. N
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
While I agree with your opinion on the Providence Fund with only one note that I prefer the payment of Zakah on the amount received, when received in any future with the conditions of Nisab, on the basis of being Mal Mustafad.
Where we differ is in your analogy of 401K with the PF. PF. Is obligatory, it works as a tax, even with the permission of borrowing from it. To my knowledge, funds are not kept with employers but with an Administration of PF and further payments, when due upon retirement or death do not necessarily equal the amount deducted (and contributed by employer) and their accumulated interest. Funds are paid on the basis of actuarial studies like insurance and social security in Europe and most of Asia and Africa (the American socio security is different because although it maintains accounts of one's contributions, it does not hold your funds and invest them for you).
On the other hand 401K is individual, optional maintained by the company, a special committee of employees, and you can determine the investment, you have a choice. You can withdraw, even with penalty and arrear tax, you can borrow, etc. in other word, it is not an obligatory tax like the PF, and one's control on it is almost complete with limitation that does injure the ownership and disposition. That is why I argue that 401k is subject to Zakah every year from the first moment as part of other Zakatable items but its Zakah actual payment may be deferred until it is cashed.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

From Dr. A.

I apologize for giving some tentative opinions before having studied carefully what you sent me, because it may take too much time.
The amount that May be zakatable from a PF is for each year that amount which is actually withdrawable under the rules of the fund for that year, i.e. after all penalties etc. are deducted. I apply here the same rule that I apply on takaful (life insurance) benefits that are built gradually by periodic contributions.

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Dr. A
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Your analogy that equates 401K with PF and with the present value of a life insurance is incorrect on two grounds:

1 - Pf is a tax that you have no choice to avoid, similar to it is the contribution in retirement fund in IDB and many similar program. If you are to work in this company, this is its system and we have to deduct from your salary. 401K and ;life insurance are voluntary. in both it is your choice that decide. The benefits of PF and IDB and similar retirement programs are paid upon death, termination of contract, etc. according to a system based on actuarial research, some of its elements are one's contributions, length of employment, size of salary, etc. but there are other elements too such as the multiplying function, the special cases of sudden, accidental death, sickness that causes incompatibility to work, etc. these affect the amount of benefit too. This makes the deduction from the salary like a tax, although it feeds your account with the PF and the benefit received as income when received. and the rules of Zakah apply accordingly.

2 - 401k, IRA and similar retirement schemes (there are at least four more kind in the USA) are a voluntary saving, exactly similar to the saving you do through a saving account or under the mattress. the differences are: you get a tax benefit if you deposit it with a depository, but still under your full control. Because you get a tax benefit, you are subject to tax and penalty when you withdraw. To encourage people to save the employer give you a matching amount, usually one half the amount you deposit periodically up to a certain limit. this matching amount becomes yours after a certain period, very often staying six month after it is paid to our account so that if you quit within six month they take back this amount. While the total balance is there, you move it, invest it, borrow from it to buy a house or to pay important bills, etc. it is under your control.

The present value of life insurance is not like this. The present value is a contractual debt on the insurance company, as a remainder after deducting the risk premium and other charges of insurance, taxes, commissions, etc. withdrawable present value is less than present value by a contractual penalty on withdrawing. Here the matter is contractual and inter-personal. the amount of your debt on the company is the net amount after penalty, you are right in considering this amount as a debt on an entity that is confessant to it and able to pay on demand. In contrast, penalty and tax in 401k are assumed not real, they become real upon actual withdrawal only, while not withdrawn, you invest the total amount, borrow from it, more important count it as your asset that can be inherited, etc. The total balance here is what is subject to Zakah while the indebtedness in insurance is the net after penalty.

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

From N.

assalam o alaikum wa Rahmatullah

Some one is putting aside funds for her /his child's college education in a scheme similar to 502.Is zakat owed on it? The child is minor. Ownership of funds belongs to the child, even though child will receive out of it after reaching college. It cannot be withdrawn by the one putting money into it, even though it is under her/his supervision.

I will appreciate your attenrion.

Sincerely

N.

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Dr. N

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh Just apply the rule, as simple as that. If the ownership is in the name of the child, and suppose she has no other Zakatable items, it is subject to Zakah with the conditions of Hawl and Nisab. It is not committed to any expenses. It is only planned for the future and God knows what the future will be. In fact, every personal savings are for the future, as simple as it looks. Any amount that is actually committed to be paid out of present Zakatable items can be deducted; this does not qualify! Until you start withdraw or the child goes to college and the Haw came while she has tuition or other expenses to pay from the available balance. Didn't [people save at all times for future expenses. Do we exempt these savings?!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on retirement and education funds

From: Jaafer

Sent: Oct. 15, 04

Question

Are the retirement/educational funds known in Canada as RRSP and RESP subject to Zakah?

My Answer

Bismi Allah al Rahman al Rahim

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

Dear Br. Jaafer,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Here I'm answering the two questions in the footnote.

1. I do not agree with both the Fatwa given by the person in Riyadh and I do not also agree with the rationale of you comment. The reason is: a. It is unfortunate that there are many people who rush to giving Fatwa without having complete knowledge of what is the issue and very often without knowing the Shari'ah rules. These two funds have more than being "locked in" You can choose investment, depository, you can borrow from them, you can also withdraw subject to penalty and tax and more important they are VOLUNTARY, you choose to put the money. Social security is the US and to my knowledge in most countries, is compulsory; what you contribute is a tax and what you are given as pension is a new income. Second, Zakah on cash is not on the income but on the wealth. This means that when you put money in the fund (say from one's monthly income) you are not subject to Zakah, Zakah is due on savings (left over) at the end of a lunar year that began on the day your savings reached Nisab for the first time. Hence there is no Zakah on what you deposit in the fund and no Zakah on what you withdraw (assuming you withdraw it as a pension to live on or for the child to pay educational expenses)
I am including below a discussion that sheds more light on this issue.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: How to Calculate Zakah
From: Islam on line
Sent: Tuesday, October 12, 2004
Question from Sri Lanka
Assalaamu Alaikum. (1). Please let me know on what Zakah is payable, is it on net profit or capital? (2). If I am an importer and getting down 5 containers of goods and sold only 4 within the lunar year, then can I pay Zakah for the unsold container as well within the same lunar year, thereby avoiding paying for it on the next lunar year?
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohamed,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Zakah is on the total business net worth at the end of a lunar year that begins the day you acquired Nisab (# USD 1000); it is on the unsold mechanize and cash and receivables at the end of the lunar year, it is also repeated every lunar year. You need to pay Zakah on all these things this year and all future years too. For details, please refer to the calculation of Zakah in North America, it applies to anywhere too, on my website: www.kahf.net
Wa Allahu A'lam

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

Subject: Paying Zakah on Jewelry Kept for Sister Marriage
From: Islam on line
Sent: Sunday, October 10, 2004
Question
Dear Scholars, As-Salaam-O-Alaikum, I have a question regarding Zakah. I have saved some money and jewellery for my sister marriage. Some jewellery is there for more than 1 year and some money for more than 1 year. since that money and jewellery is kept for my sister am I required to pay Zakah on that if yes will it applicable to all the jewellery and money or only that which is there for more than 1 year? I am from Indian origin, I heard that we should not pay Zakah to Sayyid family is it true? I have my sayyed cousine sister marriage, can I give Zakahh money in her marriage, or should I pay Zakah saperately and money to marriage saperately? please give me suggestion in this regarding. Zakamallahu kahairan.
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Hidayath,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, you have to pay Zakah on the money and gold (and silver) jewelry you own and you want to give to your sister on her marriage if their total value reaches Nisab. The point that you are preparing them for her marriage does not remove them out of Zakatability. Zakatability hinges on the fact that you own them and they are above Nisab and you have, at present, no commitment/liability to others against them. Once the total value of such savings (they are in fact part of your savings) plus other cash, bank accounts and other Zakatable item you also own reach Nisab (# USD 1000) you start counting your Hawl (lunar year). on the completion of a lunar year (354 days) from then you are required to pay Zakah at the rate of 2.5%. The first preference for Zakah payment is to give to the poor and needy for food and other basic needs; a poor relative (except parents and grandparents, children, sisters and minor brothers if you spend on them) has a preference over a poor non-relative; and a Sayed should not be paid from Zakah unless he/she has no means from own or others on the basis of gifts. But if such a Sayed has no other means she/he must not be left to suffer and should be given from Zakah. Payment of Zakah to help in marriage of a relative does not have a priority over basic food and cloth of a poor non-relative, especially in India where poverty among Muslims is very common and Marriage habits are usually ""not moderate""! I do not suggest paying Zakah to help in marriage among Muslims in India unless when the family of the bride is very poor and there is no extravagance in marriage ceremony and jewelry.
Wa Allahu A'lam

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

Subject: Items subject to Zakah
From: Islam on line
Sent: Thursday, September 30, 2004
Question
assalam o alaikum Can you give me a short description on what items are liable to Zakah, how much should be paid, to whom and when? Thank you for your great help.
Jazakum Allahu Khairan for your constant help
My Answer
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. ,
Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh
Except for to whom, please refer to the calculation of Zakah which is on my website: www.kahf.net .
Zakah is to be dispensed to any of the 8 categories mentioned in the Qur'an 9: 60. Unless you have a relative (not including those for whose sustenance you are responsible according to Shari'ah) that you are sure is poor, it is better to expend your Zakah through respected and trustworthy Muslim charity and tell them it is Zakah so that they distribute it to the right recipients.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Can Zakah be given to family members?
From: Islam on line
Sent: Thursday, September 09, 2004
Question from Egypt
Dear Islamonline Team Assalamu Alaikum. I would like to thank you very much for this great site which I always browse for long hours. I have some questions concerning Zakah. As the eldest sister (37 years old) of 3 (34, 32, 28) brothers, I have committed myself to help them all to get on their feet. I helped two of them to study abroad and lent each of them at least 15000$ while I was working and before getting married - 2 years ago -. For the marriage cost of my 3rd brother, who still lives in our poor home country, my fiancé gave him 3000$ - this was the money for my Shabkah (golden marriage gift) … which I gave up for my brother. My father, who got a bunch of money when getting retired, was not wise enough to save the money for the marriage of his

children. He just spent it in doing x-times Omrah + Haij, began to build a house for us which he could not finish for lack of money. In order to avoid financing my 3rd brother's marriage expenses, he used his very last savings to buy a piece of land which I should have bought. He moreover asked me to return the little money he spent for my marriage procedure so that he could complete this purchase!! Anyway, I feel I have a big burden on my shoulder financing my brothers and moreover also partly may parents. My father is just too ambitious … he is saving every penny - not to get my other two brothers married - but to do some other projects – building another incomplete home and doing another Omrah -?! So, I see myself sending money to them to ensure that they get healthy food and buy their medicine. The thing is all my brothers are somehow not wise enough or they just do not have enough "Rizq". I /we still give money without seeing an end. They just can not organize their lives. 1. Can we deduct the money I / we borrowed them from our current and future Zakah? 2. Can I save some of the amount of the due Zakah for my 3rd brother so that I can give it to him later? (We gave him the whole Zakah amount for the last year to complete his marriage. - We did not tell him it is Zakah -. The thing is: he (32 years old) is not mature enough?! When once telling him how hard it is to live abroad, he said: no body enforces me to live abroad?! I got shocked. Did not he ask himself how he then could have lived with his 100$ / month and how he could have been able to cover his marriage expenses?!) . I decided to give a lesson by ignoring him for a while. 3. I have an uncle who is almost 50 years old married with two young children (6,8 years). He prefers staying at home and smoking cigarettes to earning his kids' daily bread?!!! I think I have to help ….But will I not encourage him to continue his life style? 4. I feel angry to focus on helping only my brothers and my family. I see so many other people around me who also need help (in my own country, in Palestine, In Darfour, and elsewhere). I wish I could help and I really get bad conscious. At the same time, I got bothered when I get emails from people asking for any kind of help or donations. I tell myself I have to focus on my own family. Is it wrong to think in a kind of egoistic manner like this?) 4. A question from my converted husband: As we intend to buy a home, is it possible to pay the due mortgage interest (ca 6% / month) with our earned interest (0.9% / year) which we get from our savings? I'm always doing doua3 for my brothers to get wiser in their lives and to get more Rizq. At the same time, I get angry with them and my father for depending too much on me. I get angry with my father for letting me alone without support. Life has become strange. I know lots of other women who are in the same situation like me. What is wrong with this life? I thought they should be my / our support. Thank you very much for your patience and your help.

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr.

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

I am sorry for not being qualified to answer all your questions and worries as some of them seem to need a family counseling specialist. I will do my best to answer only the Zakah questions.

I certainly agree with you that when we pay our Zakah we should look for the priority of the whole Ummah not only our close circle. I sometimes argue that the marriage of your younger brother may not be qualified as deserving Zakah at a time we have all the needs of mal-nutritioned suffering Muslims all around us. Helping people get married, even your own brother, is certainly not higher in priority than helping people who are not finding basic food to eat!

1) You cannot count the money you gave in the past to your brothers or father as part of current or future Zakah. What you gave is gone and you will be InShaAllah rewarded for it from God.

2) You should be careful and calculating to whom you give your current and future Zakah, not any help to a family member can be considered under the banner of Zakah. Certainly whatever you give to your father, whether he needs ot or not and regardless of what use he pts it to, cannot be part of your Zakah. For your brothers, it depends on their actual need for food, clothing and shelter.

3) Interest is not permissible in Shari'ah and whatever interest you gain on your savings must be given away to Muslim charities so that it does not mingle with your own money. For buying homes interest is also prohibited. There may be certain cases of necessity or quasi-necessity that make exception from the prohibition.

4) The way you described your brother, I doubt that he qualifies s a Zakah recipient; you certainly can give him from your own money but not at the expense of the real poor and needy who deserve you Zakah and your husband's. Your bother, as described does not seem to be a good candidate for your current and future Zakah.

5) If your uncle is in need you may pay him from your Zakah, but the way you described him he may use the money for his smoking. I suggest that you give your Zakah in kind, as food an cloth to his children and to his wife f she qualifies.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Should I Continue Giving this Guy More Zakah?

From: Islam on Line

Sent: Thursday, August 26, 2004

Question

AlSalaam Alikum: A muslim brother teaches at a university. He's married with children. He recently bought a house. I and another muslim already loaned him some money to finish buying his house. I also gave him a small amount of money one time to fill his car with gas. Now he's asking me for one thousand dollars to help his daughter enter college. I felt bad but told him I couldn't help him. This brother is working full time, owns a home and a car. Should I feel guilty not helping him again? I read somewhere

that if someone is employed with an income than giving him/her money is not charity or Zakah. I'm not sure how this brother is managing his finances nor is he complete with his immigration status? Please help me as to what Shariah says on this and if I should feel guilty about not helping him?
Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa
Ashabihi Ajma'in
Dear Br. Muhammed
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Persons may deserve Zakah even if they were working with income, if under normal circumstances their income is not sufficient to meet all their expenses. If he teaches at a university in the USA as an hourly teacher, the amount of pay is very meager and certainly is not adequate for any family to live on in any state all over the country and if that is his only income, he may really deserve Zakah.
On the other hand, giving a loan or a charity is an act of benevolence that you, as a giver, are the only person who decides on it. You should not feel guilty for abstaining, but certainly you will be rewarded highly, by God, if you help any other person, especially if she/he is in real need. At the same time, you may need to assess carefully his real needs and how he uses his money, especially if he has good income, he may need some counseling on family budgeting!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Am I Required to Pay the Zakah?

From: Islam on Line
Sent: Wednesday, August 18, 2004

Question from Philippines

assalamu alaikum! my salary is more than the value of 80gms of gold but i unable to keep an amount of money for a year because i'm sending it to my family and parents and sometimes brother or sister if they need help, do i still need to pay a Zakah? what i understand is that if someone has a money that was been kept for a year and the value of that amount is more than the value of the 80gms of gold, he is liable to pay a Zakah equal to 2.5% of that amount kept for a year. inshaAllah, i'm hoping for your response on this issue?
Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa
Ashabihi Ajma'in
Dear Br. Muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
No matter how large your monthly salary may be, if you spend all or most of it, so that by the end of 12 lunar month you do not accumulate an amount equal to Nisab, you are not subject to Zakah on savings. The Zakah)on salaries) is actually on the saved part of it (that is after spending on self and family and any donations and charities including what you give to your parents and other family members and also to others. This is in application of the opinion of The great Shaikh Yusuf al Qaradawi. Others add that Zakah becomes required only one lunar year after you acquire the amount of Nisab; they are not satisfied by reaching a Nisab throughout the lunar year. BTW, Nisab equals approximately 1000 US Dollar.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Calculating Zakah
From: Islam on Line
Sent: Wednesday, August 11, 2004
Question from Nigeria
Assalamu Alaikum.I am trying to calculate how much zakaah i shall pay, i have put my car up for sale and made part payment for another car i intend on buying, balance will be paid upon delivery. How does money from both transactions impact on my zakaah calculation?
Jazakum Allahu Khairan for your constant help
My Answer,
Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Nurudeen
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
If it is your personal car that you use for transportation, selling it and buying another do not affect the calculation of you Zakah because the first car is not subject to Zakah, the money you put as a down payment on a car you intend to buy is engaged by the car contract and the new personal car is also for personal/family transportation. All are not subject to Zakah.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,

Dr. Monzer Kahf

SUBJECT: Subject: Zakah calculation and related tax benefits

From: Asif

Sent: Tuesday, August 03, 2004

Question

Assalaam-au-Alaikum,

Your questions earlier were very intriguing and prompted me to look at the model from different angles. Bear in mind that my objectives are to insure that a Muslim pays the correct amount of Zakah and are not denied a tax benefit that they are entitled to by US law. Hence, here are the alternatives that I see at this point:

1. If it is determined that the Masjid or the taxpayer cannot derive any benefit in any form, then Zakah should be paid with the taxpayer forgoing the benefit for either party. No use for the model.
2. If it is determined that the Zakah cannot be used to derive a tax benefit for personal gain in any form, then the original model will work if it is determined that the Masjid can benefit from it. The original model will have a use.
3. If it is determined that it is Halaal to use tax benefit on Zakah personally, then we have an increase in the personal wealth attributable to the deduction and by extension the Zakah. Modify the model to calculate Zakah on the tax benefit and incorporate it into the current year Zakah and deduction. Hence, the taxpayer pays additional Zakah on the tax benefit (and increased wealth) in the current year and would then be allowed to use the tax benefit personally. Use revised model to meet new criteria. Jasak-Allah

Asif

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Asif

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

How about if a fourth scenario applies that consists of your third scenario but with the tax benefit is not, as a fact, due to Zakah payment but to government regulations. Hence you are not benefiting from Zakah but from these regulation. Additionally, Zakah is due on what you presently have, on the due date, and any tax reduction will obviously (and by definition) come after the actual payment of Zakah; therefore, this increase in wealth caused by the government regulations MUST NOT be considered in the current year of Zakah; but necessarily, in the next year!

Hence, no worry at all you do not need the model, it is a futile exercise!

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

From: Asif

Question

Asalaam-au-Alaikum,

Jasak-Allah for your intriguing and thought provoking questions. Please see my reponses and comment.

Your Question: For the issue of benefiting a tax relief from the payment of Zakah, did you consider that it may be very permissible! And fully Halal.

My answer: Do you know for certian that it is? This is a question which I have on my list to put to an Islamic scholar after explaining my reasoning on how the funds move among governemt, taxpayer and Masjid. It is my presumtion, that the tax benefit, if used personally, has the net effect of reducing the amount that is due as Zakah (can be shown in my proposal).

Hence the creation of a ""grey area"" which causes many muslim taxpayers in reality to forgo the benefit. If it is permissible, however, then the original issue becomes a moot point with the simultaneous creation of a new issue.

New issue: Take a simplified example of a $10,000 deduction with an assumed $4,000 tax benefit (federal only). How much did the Taxpayer originally write the check for once the Zakah was determined? Most likely $10,000 and they picked up the tax benefit when they filed their tax return. If under your assumption the tax benefit is allowed, then the taxpayer can write a check for $6,000 and use the refund (or reduced tax liability) of $4,000 to fund the remaining Zakah liability. With electronic filing, the turnaround time on a filed tax return with the IRS would be about 2 - 3 weeks. This would be similar to the practice of filing your return early and using the refund received to fund your IRA before Apr 15. Of course there are timing issues here which will require approval of Islamic scholars, however, for cash strapped muslims this would provide an alternative to facilitate the payment of Zakah using the tax benefit to improve the taxpayer's cash flow.

In addition, in this scenario the proper after-tax (federal and state) contribution still needs to be calculated with 100% accuracy (achieved by my model).

Your observation: Kindly notice that an income in the form of tax brake from paying Zakah will be subject to Zakah, of course provided certain conditions of Zakatability are satisfied, in the next year (the year the increase in wealth happens).

My response: Not necessarily. This would only be true if the funds were not spent at all, or were spent in a manner that created accumulated wealth. If the funds are spent before the calculation date for the next year's Zakah, then they will avoid Zakah treatment altogether. Thus personal wealth will be increased, but also decreased before the aniversay of the next Zakah calculation. To the extent that the tax benefit needs to be subjected to Zakah at some point (need opinion on this), there is an inherent loophole within your observation which may lead to the taxpayer inadvertantly paying the incorrect amount of Zakah.

Your question: Do you think it will not be permissible if a Muslim government decided to give certain money to anyone who pays her/his Zakah, whether as a tax brake or an outright giving?

My answer: If the Zakah is dispensed according tot he Shariah's guidelines, the government may disburse the funds in any manner whether it be in cash or a cash equivalent. However, if a governemt employs a blanket policy (without regard to targeted Zakah beneficiaries), then I find it impossible to believe that Zakah funds truly reach only those it was intended for.
Hence, if it is determined that a tax benefit on Zakah has restricted uses, to use a blanket policy (in the form of a tax law) for Zakah would be incorrect because people who may not be entitled to receive Zakah funds (or the associated tax benefit) may do so either knowingly, or unknowingly.
Again, it hinges on whether it is permissible to derrive and use the tax benefit on Zakah without restrictions.
Your statement: I call on you to think about it and see if there is really a subject there!
My answer: This is why I am seeking your advice, and trying to get approval of the proposal from the relevant Islamic authorites, before I spend time reasearching an issue that may not be there.
Jasak-Allah
Asif

My Answer,

Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Asif,
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
Yes, it is perfectly Halal. The Zakah calculation must only be made on the real actual reality on the day it is due. Income (tax brake) that will be received tomorrow is dealt with in the Zakah year that begins tomorrow. I said if certain conditions are satisfied exactly to preempt your point that your raised ""not necessarily"" and my answer it is fine let the Zakah payer spend that amount and then next year Zakah will be calculated on the actual at the end of the next year. I don't certainly say that such a giving of a Muslim government is going to be from Zakah proceeds, any Muslim government must certainly have other revenues. So your point of response is not valid. Also, fine I don't see any problem if a Muslim can plan it so that she can benefit from the cash flow of the tax refund to pay Zakah (it works only if she doesn't have sufficient cash or quasi cash to pay her Zakah on the due date so that the delay may not be sinful, or by using a credit card for Zakah payment and benefiting from its grace period while the money comes from the IRS or if she is paying Zakah in advance for the next year).
Personally I don't find an issue to be raised there.
I suggest that you should make some more reading on the Fiqh of Zakah, preferably in Arabic, but there is my translation of the treatise of Shaikh Al Qaradawi's Fiqh al Zakah, it is available in the market.
I really think that you need more Fiqh knowledge before you proceed. Sincerely and frankly, I want to spare you from doing any thing empty!
If you want to call me, I am now in Florida and you can reach me at: 850 230 6993, I will be back home on Aug. 19 and my phone is 714 775 0525.

Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

Subject: Payment of due Zakah from the estate of a deceased
From: lubna
Sent: Tuesday, July 27, 2004
Dear brother Monzer,
Question
Assalam-u-alaikum
My name is Lubna and I work as legacy officer for a UK based charity - Islamic Relief.
We have very recently initiated an Islamic Wills project - a campaign to raise greater public awareness on the importance of Islamic Will making amongst Muslims living in the UK, as well as to increase the number of charitable bequests left to the charity. Insha'Allah later this year we will be launching an Islamic Wills website with information on various aspects of making an Islamic Will in the UK.
Having browsed the web for information on Islamic inheritance laws- I came across details of the workshop you presented on 'Islamic Wills and Planned charitable giving' at the ISNA convention in 2002 and 2003. I wonder if you can advise whether you will be running a similar workshop at this years convention - for I think it will be of great benefit for me or a representative of Islamic Relief to attend if you are planning on doing so.
I hope also you can answer the three following questions:
1. There appears to be some debate as to whether religious obligations such as unpaid Zakah, unperformed hajj etc form part of the debts of the deceased or whether these 'religious' obligations form part of the 1/3 of the deceased's estate to which he can dispose as he so wishes.
I find myself in agreement with the guidelines that you have put forward - in that they form part of the debts of a deceased and do not impinge on the 1/3 of the estate, but some scholars do not appear to agree with this line of reasoning.
Can you advise me whether there are any differences between the schools on how they approach the problem of religious debts, as I have not had much success in finding details in the literature I have to hand.
2. I have had a number of queries from Muslim reverts who have mainly non-Muslim relatives. I understand that is fairly straightforward to explain that they may only bequeath to their non-Muslim relatives out of the 1/3 of their estate after the payment of debts, funeral expenses etc, but is there a difference of opinion amongst the scholars on inheriting from non-Muslims.
I have a close personal friend who is a revert to Islam. As an only daughter, her parents have recently written their wills, bequeathing much of their estate to her. I am sure that there are a growing number of reverts who will find themselves in a similar situation. Are there any circumstances under which they may be permitted to inherit from their non-Muslim parents?

3. My initial research has shown that many Muslims make their Wills shortly before going on Hajj. Are there any Hadith to support the idea of making a Will before undertaking this pilgrimage? If so I would be grateful if you provide me with details.

I would be indebted to you if you could help answer any of the above questions look forward to your response insha'Allah.

Jazakallah Khair Wassalam

Your sister in Islam

Lubna

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Lubna

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I will not be attending the ISNA Convention this year. I have other commitments and I requested to be relieved from being there. However, the lectures there were meant only for public awareness not as seminars.

If your organization is serious about taking up the issue of disseminating info about last will, and may be living trusts that exist in America as an Anglo Saxon legal heritage, I will be glad to offer (certainly free of any fees) a series of seminars in UK during an agreed upon period within the coming few month.

To answer your questions:

1) I know the differences of opinion on due/unpaid Zakah and I usually take a different approach to such differences, that is to remove the doubt or hesitation by what is agreed upon. It is agreed upon that if one considers it a debt and wills its payment as a debt, it is then a debt not from the one third. The dispute is about whether the estate administrator can or must pay it without being willed by the deceased. As for the Hajj debt, I need to make fresh research on the issue because Hajj is not a specific financial obligation, though it includes a financial sacrifice. I kind of tend to also accept it as a debt, not from the one third, if the deceased willed it with a specific amount. It needs more research and I don't make a statement about it at this moment.

2) Keeping in mind that there is a very small opinion that there is a one way inheritance between Muslims and non-Muslims and that al Qaradawi and Mawlawi expressed favoring such an opinion, I differ with them both on the idea and on the strategy although the final result that they want to achieved is also achieved according to my opinion, and I will show you the only one case where it is not achieved. I think it is very hard to refute the argument that there is no inheritance, both ways because this is the view of the four schools of Fiqh and it is supported by more than one Hadith. Additionally, strategically, this is a discriminatory position that no Muslim can defend it, especially we who live in the West and who promote Muslim approach to Last Wills and living trusts. I take the majority's view that inheritance is not permitted both ways. Inheritance is defined in our Shari'ah as the default that applies by law. You do not need

a last will to implement the Islamic inheritance system. A last will is an exception, As Abu Bakr clearly understood it, and it only applies to a maximum of one third according to the Islamic law with the condition that no heir is given any thing a last will.
Muslims in the West implement the Islamic inheritance system through a last will because the law does not do that (contrast this with Muslim-majority countries and with countries like India where there is a Muslim inheritance law). A Muslim is required to implement the Islamic inheritance system because it is obligatory, like prayers. Hence, when we make our last Will we must be specific that no non-Muslim relative may inherit, by virtue of implementing the inheritance system. But we are permitted to give by a last will (the last will, as defined in the Islamic law, part of our last wills) to any person or cause including non-Muslims, relatives or not. What does this mean? Not inheritance between Muslims and non-Muslims but giving through a last will is ok.
Come to the Non-Muslims, as in your question. If they give to Muslims as a result of a last will, it is permissible to a bequeathed Muslim to take whatever is given to her/him perfectly Halal even if it is the whole estate because our limitation of one third or of not giving to heirs does not apply to them. Also if the giving is done by the law of the land (no last will), it is then an assignment of a property by law regardless of whoever happened to be its previous owner and regardless of the names this giving may be called. It is Halal for a Muslim, citizen resident or neither, to take whatever the law of the land gives her/him and enjoy it! Any one can dispute that it is permissible to take what the law of the land gives, rights, properties, etc.?
Where a Muslim may not inherit from non-Muslim except by a last will (defined as in our religion)? In a country that applies the Islamic law of inheritance. For instance in Egypt, a Muslim revert may not inherit from her parents because this is the law (which is actually derived from Shari'ah. 3) I did not come across a any Saying about making a last will before going to Hajj. But I understand it! Going for Hajj in the past used to be very hazardous to the extent that the common sayings are such that ""consider a goer as dead and consider a returner as a new born."" Many people still carry in their sub-conscience this kind of feeling which is recently reinforced by the mass victims accidents in Hajj almost every year.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah, Sadaqah and Fard Kifaya
From: Anita
Sent: Tuesday, July 06, 2004
Question
Assalamualaikum,
Thank you for your kind response. I have read a number of your articles and have found them extremely useful for the purposes of my research. However I am somewhat confused with the categorization of charity in Islam.

In your article on "Infaq in the Islamic Economic System", you have placed both voluntary and obligatory charity under subcategories of infaq. However, my other reading has confined infaq only to voluntary charity. Could you please explain this?
Another query is on fard kifayah, which I understand to mean a compulsory duty on a group and if this is so, when and what type of charity falls under this category?
I truly would appreciate your knowledge and expertise on this matter.
Jazakallah Khairan.
Wassallam,
Anita

My Answer,

Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Sr. Anita
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

1) In several places in the Qur'an Zakah is called Sadaqah. Interestingly it is called so even in the verse that mentions its being obligatory (verse 9: 60).

Sadaqah is Infaq fi sabeel Allah. It covers both obligatory and voluntary because both are for the sake of God. The Prophet, pbuh, said what means that ""acts that are most beloved by God are those that He made obligatory on you."" This is the general meaning of Infaq=Sadaqah.

Yet when we talk in specificity, mentioning (or comparing) voluntary and obligatory we use the term Zakah versus Sadaqah; we sometimes also use the term ""Nafaqah Wajibah = obligatory giving"" and ""Sadaqah = Nafaqah Taw'iyyah = voluntary giving"" In this case we normally intend to sort under the obligatory Zakah, spending on poor close relatives, feeding a poor and hungry neighbor, and other obligatory Sadaqat. Did I make it any clearer? Come back if you need any more discussion, I will be glad to help you in what I CAN. BTW, this is similar to the words Islam and Iman, when they are mentioned together they have different meanings, when one of them is mentioned alone it covers the other too.

2) Fard Kifaya is not exactly an obligation on a group. ""Obligation on a group"" includes both Fard ayn and fard kifaya. Fard Kifaya is an ""obligation on one member but unspecified of a group"" This give the meaning that one of them does what is obligated, others are relieved, but while it is not yet done every one of them is assumed the ""unspecified."" In other word, Fard Kifaya is not an obligation that I wait until some one else does it; it is rather a specific obligation on me as a member of the group, but the first to do relieves others.

The very known example is the cost of washing and wrapping-cum-burial of any human corpus. Many other contemporary examples can also be given: feeding the poor in a society, even removing them out of poverty by making them self sufficient, defending the country and any Muslim land, payment for the administrative cost of running a government (administrative does not include development projects, schools and other thing that government do today), pavement of roads necessary to access mosques, markets, etc.

Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Having a Problem with the Zakah calculation
From: Islam on Line
Sent: Wednesday, June 30, 2004
Question from Malaysia
Assalam mu'alaikum Thank you for having this site. I learn alot from reading the answers to the endless questions posed by the brothers and sisters all over the world. One of the pillars of Islam is Zakaah. I have been doing a bit of researching into this matter but I am not able to figure out how to apply this ibadah in my case. I am a house wife for the last 11 years and previous to that I was working for 4 years. While working I did make some savings and occasionally during the last 11 years my husband puts some money into my account. This is not the regular banking account but rather an account based on market shares, a trust for muslims. My question is how do I compute in order that I could participate in contributing towards the zakaah? 4 years ago I have withdrawn money to purchase a car for my daughter, recently I paid up the outstanding loan for a house in my name but bought by my husband and contributed to a relative's university fee lately. The money is there accumulating through dividends paid at the end of each year. Secondly, do I have to pay zakaah for the 'employees provident fund' too, of which we are not allowed access until we reach the age of 55? Thirdly, what about savings in the Haj Bank where we save towards performing Hajj, Insha Allah? I would like to participate in giving zakaah but need to know how to compute and I do not know what my nisbah is? Thank you very much
Notes
I have been living overseas with the family for the last 11 years. My husband works overseas but we will be going back to Malaysia as he is reassigned back home. Alham dullilah. Insha Allah I will be able to settle this worry about my contributions towards zakaah. thank you
Jazakum Allahu Khairan for your constant help
My Answer,
Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Sr. Farah
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
The first step is to find out the date on which the total of your balances on the three accounts plus cash on hand and any gold/silver jewelry [that is either stored (unused) or in excess of normal amount that your peers have] had reached, for the first time, the Nisab that is approximately equal to US$ 1000.

This day is going to be the beginning/end of your Zakah lunar year. A lunar year (= 354 days) from that day you need to find out the same total and if it reached US$ 1000 or more you multiply the amount by 2.5% and the product will be your due Zakah for that year. If you did not pay any Zakah for the past year you need to repeat the same exercise from then until today and pay the whole thing as soon as you can.

I think I answered all your other questions, but I will give you more details for explanation. Whatever your husband added to your account should be included in the Zakatable amount. Whatever you paid for your daughter's car, toward the house and your relative's tuition is to be deducted (when we took the balance we actually deducted these payments and added the gifts). Also savings for Hajj are subject to Zakah.

The employees' providence fund is a little different. if it is managed completely by the government and you have no authority on its use and you cannot borrow from it but you only have payments as pension or lump sum after certain age, the amount in it is not subject to Zakah. But if it is similar to what we have here in America in the name of 401K plan or individual retirement account, etc, then it is subject to Zakah. The criteria is whether you have sufficient authority on it to determine that it is basically under your control, even if withdrawal is made subject to penalty and tax. If it is closer to social security then it is a tax and the income you get from it is then treated as income when you get it. Additionally, even if you have sufficient authority on it to make subject to Zakah, its due yearly Zakah may be postponed, without being sinful, until you liquidate it and it can then be paid out. Of course, you can also pay it cash every year from your other sources.

Finally the house you bought is not subject to Zakah unless it is for investment and then there are several opinions, the one I feel more reflective of the spirit of Zakah is that it is subject to Zakah on the basis of net market value. Obviously whatever rent you get from it is either used for expenses, personal or on the house or added to your accounts and in this case subject to Zakah as mentioned above.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

SUBJECT: How to Calculate Zakah?

From: Islam on Line

Sent: Tuesday, June 22, 2004

Question from Bahrain

assalamualaikum, my question is that i have been married 5 months back. before my marriage my parents used to take care of all the Zakahh, akika, sadaqah, fitrah etc kind of issues . but now both me and my husband doesn't know what to do in this regard. so can u please give us an early guideline telling us for each month what is obligatory on us, how to perform that, how to calculate Zakahh, are we eligible for Zakahh as we have a loan and also we also have a land which has more value than the loan. so please explain

to us in detail and give us a good guide line as we don't have any body nearby to give us this advice

Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim

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

Dear Sr. Sara

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Congratulations for your marriage and May God grant you and your husband a very happy life together under the banner of your obedience to Him.

The land you own (whether you or your husband) is not subject to Zakah if you bought it to build your future residence on it. If you bought it for the purpose of selling it at a later date to make a profit on it, it becomes subject to Zakah.

With regard to Zakah, and other matters too, the Islamic Law (Shari'ah) considers the property of each husband and wife separate from the other's. There is no mixing of ownership (properties) as a result of marriage. Therefore each one of you has independent properties and must calculate and pay her/his due Zakah independently. of course, it is permissible if your husband volunteers to pay the amount that is due on you.

You add together all your properties, including business inventory, savings on had or in saving or current bank accounts, loans you own on others, jewelries (only if two conditions are fulfilled: their total value exceed what is normal for your peers such as sisters, in-laws, cousins and neighbors),properties you got for the purpose of selling it to make profit, etc. and once the total value of these properties reaches a Nisab (approximately = US$ 1000) you mark that day as the beginning of your Zakah year. After a lunar year (= 354 days) from that day, you pay Zakah at the rate of 2.5% of the values of your properties on the last day of the lunar year.

The loans on you that are physically going to be paid out of the amount you have at the end of the 354 days are deductible from the total of Zakatable items but the loan that is going to be paid out of your future income is not deductible.

Of course there are items that are exempt from being subject to Zakah and therefore you must not include them in you calculation both at the beginning and at the end. These items include: your cloth and personal things such as hairdryer, household furniture and appliances, personal car used for transportation, owned house that you live in or being built for the same purpose, etc.

The due Zakah must be given to Muslim poor and needy, including relatives such as aunts, uncles and cousins if they are poor. It may be given to Muslim charities for distribution at their discretion.

At the end of each lunar year from then after you repeat the same calculation and pay the due Zakah. Delaying its payment for no valid reason (such as carrying it home for poor relative) is sinful.

On the other hand there is Zakah of al Fitr (Fitrah). It is due at the end of each Ramadan before the Eid prayer; it is the amount or value of 2.6 kilogram of Wheat per person in

the household. It must be paid by the person who makes the spending on the household, in your case your husband. a fetus is not included while a very newly born baby is included.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Is the Organization Liable to Pay Zakah?
From: Islam on Line
Sent: Wednesday, June 09, 2004
Question
We are a sunni muslim Welfare organization. We collect Zakaah from members of our community and disburse the money to the needy reciepents of our community. Recently a substantial amount of Zakaah money was stolen from one of our officials in an armed robbery while on his way from the bank after withdrawing the cash money for distribution. Is he or the organization liable to payback this sum to the Zakaah fund? This incident has occurred and we, the organization would like to know the way forward as soon as possible. Awaiting a response.
Jazakum Allahu Khairan for your constant help
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Suleman
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
As long as there was no negligence on the part of the person or the organization, both are not liable to replace the stolen Zakah money and the reward of those who pay the Zakah is complete InShaAllah and the persons who manage the organization, including the person from whom money was stolen are rewarded from God, InShaAllah, for their good job in serving their Muslim community.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Deduction of the Bank Loan from Zakah
From: Islam on Line
Sent: Monday, June 07, 2004
Question from France
Salamou alaikoum, I did a bank loan for buying my house. The question is : Could I deduce the amount of the bank remaining loan from the amount of Zakah. I hope you

could undestand my bad english, and you would answer me in french or a very simple english. Barakallahou fikoum.
Jazakum Allahu Khairan for your constant help

My Answer,

Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Benammar
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
I am sorry for not being able to answer you in French.
The answer is no. The loan on the house is a loan against your future income. If you have items that are subject to Zakah, you can only deduct from them those debts that are going to be paid from them but not loans that are going to be paid from future income.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Can I stop Zakah until Paying My Debts

From: Islam on Line
Sent: Saturday, May 29, 2004

Question from the USA

Al-Salam Alikum. Unfortunately during the last 10-15 years I used to spend a lot, I bought everything I need with credit cards. I have a nice house with a pool, nice cars, and everything I need in it. Now, I have too too much debt in credit cards. Alhamdolelah I finally woke up from my stupidity. I was told that I don't have to pay ZAKAH since I have debt, but I had this habit of paying 2.5% ZAKAH out of my pay check every 2 weeks despite the debt I have, I also donate money monthly to mosques. The question I have is that I'm thinking of focusing on paying all my exta money to paying off the credit cards, and stpoing the Zakah and the doantions for a while untill at least some of the credit cards are paid. But I'm afraid that GOD will not bless my life for doing that. I will withdraw my 401K money to help paying some.... Please advice me what to do..... And please PRAY Allah to help me pay off my debt and guide me to the right path. Gazakum Allah Khair
Jazakum Allahu Khairan for your constant help

My Answer,

Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Ashraf
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

1 - Let us deal with this question on two grounds: one legalistic and one moral/ethical. On the legal ground, Zakah is due on the amount left over after spending and paying whatever you pay of the debts if it accumulates to the amount of Nisab over a year. Nisab is approximately equal to US$ 1000. Debts that are not intended to be paid out of the present funds [in home and in banks whether from pay checks or from any other sources] are not deductible when you calculate the due Zakah. Therefore, if you did not intend to pay all the credit cards debts you may not deduct them from the Zakatable assets. However, if you intend to pay these debts and the payment exhausts the amount left over after your expenses you will not be subject to any Zakah payment.

2 - Payment of debts has priority over other uses of funds including charity to mosques and others especially when these debts are interest-bearing. Interest on credit cards is definitely prohibited; it is the most common form of Riba that is prohibited very strongly in the Qur'an and the Sunnah.

3 - The funds you accumulate in the 401K and any other retirement account that is under your ownership are subject to Zakah every year, but the due Zakah on them does not have to be paid out of other resources you may have, it rather can be postponed until you withdraw the funds in this retirement account. Hence if you choose to delay payment until withdrawal, when you make any withdrawal you are required to make payment of the due Zakah for all the previous years on the amount you withdraw.

4 - On the moral ground, it is always better that if you have a habit of goodness that you do not change it even if you fall under some pressure. I do not recommend you to change the habit of donation and Zakah you are doing now and God will InShaAllah help you and give you more. I also suggest that you must at the same time pay any interest-bearing debts an do not at all let any debt, especially credit cards debts that carry very high rate of interest, accumulate on you. The Qur'an threatens of a war on those who keep dealing with interest transactions and the Prophet, pbuh, mentions that the prevalence of interest (Riba) may invoke a curse of poverty thrown from God on people among whom it prevails.

Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah on a Loan and rented property
From: Islam on Line
Sent: Tuesday, May 18, 2004
Question from India

I have purchased a house in India by taking some personal loan. Q1: I heard if one has a loan, then he is not liable for Zakah? Is this true? Q2: I have residential house which has 3 floors. At the moment I am not staying in it. So I am planning to rent it out. So do, I need to pay any Zakah on the property value or its rents? If yes, is it calculated on the net income from the house, after making deduction for taxes and maintenance?
Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim

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

Dear Br. Adil

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1) - The issue of debts in regard to Zakah liability and calculation is very often confused because most traditional scholars who Fatwa are not familiar with accounting and the word debt [dayn] has a different nuance in Fiqh that does not coincide with the common jargon or with the accounting meaning. the part of Debts (on the Zakah payer) that is going to be paid, literally, out of the present Zakatable items at the time Zakah is due (and obviously being calculated) is deductible from the Zakatable items. This is in contrast with debts that are going to be paid from future salaries (or revenues) which are not deductible. Example: a loan an a house is usually paid on installments. When Zakah is due and being calculated, only the installment that is either already (or will become) due in a short while may be deductible provided it is going to be paid from the existing balance in the bank; but if it is a monthly installment and my monthly salary will be paid to me by the time it is due, I may not deduct it from the Zakatable items.

2) a - If this house is your residence and you rent it because you are now living abroad, there is due Zakah on it at all and you treat the net income from it like any other part of your income inflow; at the time your Zakah is due (the end of your own Zakah lunar year) you will include the balance of money you have as cash, bank accounts, etc. in the items that are subject to Zakah and if the total is above Nisab [# US$ 1,000] you pay the due Zakah.

2) b - If it is not your residence (meant as a rental property), there are three views. I tend to argue that the third view is the most rational and consistent with the definition of richness and the objectives of Zakah.

1- Exactly as in 2a, this is the classical view; it is adopted by the OIC Fiqh Academy.

2- Zakah is due on the net revenue from the property [= rent - (taxes + maintenance + depreciation) provided it is above Nisab during a one Lunar year.

3- Zakah is due on the market value of the property on the day when your Zakah year is due and its revenue is treated as in 2a.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Zakah While under Loan and Zakah on rented property

From: Islam on Line

Sent: Tuesday, May 18, 2004

Question from India

I have purchased a house in India by taking some personal loan. Q1: I heard if one has a loan, then he is not liable for Zakah? Is this true? Q2: I have residential house which has

3 floors. At the moment I am not staying in it. So I am planning to rent it out. So do, I need to pay any Zakah on the property value or its rents? If yes, is it calculated on the net income from the house, after making deduction for taxes and maintenance?
Jazakum Allahu Khairan for your constant help

My Answer:

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

1) - The issue of debts in regard to Zakah liability and calculation is very often confused because most traditional scholars who Fatwa are not familiar with accounting and the word debt [dayn] has a different nuance in Fiqh that does not coincide with the common jargon or with the accounting meaning. the part of Debts (on the Zakah payer) that is going to be paid, literally, out of the present Zakatable items at the time Zakah is due (and obviously being calculated) is deductible from the Zakatable items. This is in contrast with debts that are going to be paid from future salaries (or revenues) which are not deductible. Example: a loan an a house is usually paid on installments. When Zakah is due and being calculated, only the installment that is either already (or will become) due in a short while may be deductible provided it is going to be paid from the existing balance in the bank; but if it is a monthly installment and my monthly salary will be paid to me by the time it is due, I may not deduct it from the Zakatable items.

2) a - If this house is your residence and you rent it because you are now living abroad, there is due Zakah on it at all and you treat the net income from it like any other part of your income inflow; at the time your Zakah is due (the end of your own Zakah lunar year) you will include the balance of money you have as cash, bank accounts, etc. in the items that are subject to Zakah and if the total is above Nisab [# US$ 1,000] you pay the due Zakah.

2) b - If it is not your residence (meant as a rental property), there are three views. I tend to argue that the third view is the most rational and consistent with the definition of richness and the objectives of Zakah.

1- Exactly as in 2a, this is the classical view; it is adopted by the OIC Fiqh Academy.

2- Zakah is due on the net revenue from the property [= rent - (taxes + maintenance + depreciation) provided it is above Nisab during a one Lunar year.

3- Zakah is due on the market value of the property on the day when your Zakah year is due and its revenue is treated as in 2a.

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

SUBJECT: Giving the Qur'an for Free as Zakah?

From: Islam on Line

Sent: Sunday, May 16, 2004

Question from Australia

Asalamualkum brother Is spending money on books and Quran to be given to Muslims for free (as a form of dawah, gifts ect) deemed charity/Zakah? Also if one is a teenager who works do they still pay Zakah? Also if this teenager is in a household which is involved in usary (ribba) interest and so on is the sin on that teenager (who is 18 years old) even though its the parents who made the decision to invest in property and loans ect? The teenager is obviously living under the affects of the loan (ie is in the house and using it and being in a lifestyle that is supported by the family). This teenager (18years old) is also a sister (unmarried) and is living in Australia with her family. Jazakallah hu khair sister in Islam

Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I remember I have recently answered this question but I just could not find it, could it be answered on life Fatwa?

You are not responsible for what your parents do and you may (and probably should being a female) keep living with them as long as you are a single woman. Besides you may not fully know their circumstances under which they bought the house on mortgage. You are not responsible for what they do and you father remains responsible for your expenses, including education, if you do not have resources of yourself. His source of income is his business not yours.

Zakah is due only on the amount that is left to accumulate until the end of the year if it reaches Nisab (# US$ 1000). This means that money spent is not subject to Zakah.

Zakah money may be used by organizations not by individuals, for distributing Islamic literature and Copies of the Qur'an for Dawa purposes. this is part of the item "for the cause of God." Individual payers should not distribute their own Zakah on such item because assessing what is Dawa and what is not is a community matter not a personal matter.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Payment of last year Zakah

From: Islam on Line

Sent: Thursday, May 13, 2004

Question from Pakistan

I calculated Zakah in last Ramadan. It was about rs.4800. I decided to pay monthly 400/- other than Sadqa I do every month. But in meantime I borrowed about 1100000 for my new home. Now I have to return back the amount and I have sell the jewllery on which I calculted the Zakah. Pls let me know If I should still pay Zakah as I am under a heavy load.....?
Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
suppose 15 th of Ramadan was your due day for Zakah payment (it is the day you acquired Nisab for the first time), delaying the payment of Zakah from that day is not permissible unless there is a good cause such as lack of cash or preference to pay as a monthly stipent to a family. Otherwise you are required to pay you due Zakah on that day.
Additionally Zakah due on items you had last Ramadan is a liability on you that has to be paid even if you lost some of the Zakatable items after Ramadan. When you calculate your due Zakah for this year, items that you actually sell before the due date will not be included if you use the money for payment of your debts.
Finally if the payments of the debt on the house you bought are long term, such as regular mortgage that one normally pays out of one's monthly income, all such debt is not qualified to be deducted from the total value of the Zakatable items because it is not going to be paid out of them.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: How to Calculate Zakah?

From: Islam on Line
Sent: Tuesday, April 27, 2004

Question

asalamualaykum. Dear brother could you please tell me how to calculate the amount of Zakah one would have to pay on gold. For e.g. based on a note of £70/TULA (i.e. £70 per TULA value for year 2004) and say for e.g. weight of gold in 53oz (i.e., fifty three ounzes

My Answer:

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

As long as the amount of gold is Nisab (= a little less than 3 oz) or more, you simply apply the following equation:
Zakah due = quantity of gold X price oer oz on the day Zakah is due X 2.5%
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: can a bad debt be deducted from my due Zakah
From: Islam on Line
Sent: Thursday, April 22, 2004
Question from India
SALAM ALIKUM, DEAR SCHOOLOR I HAVE A QUESTION, I GAVE CREDIT TO SOME OF MY FREIND 5 YEAR BACK, INTENSION IS THAT HE WILL RETURN THE MONEY NOW I CAME TO KNOW THAT HE IS UNABLE TO RETURN THAT BECAUSE HIS ECONOMIC CONDITON IS VERY BAD NOW MY QUESTION IS WHETHER I CAN NETOFF THIS MONEY FROM MY ZAKAHH, EVEN IF I TRY TO NETOFF THIS FROM MY ZAKAHH IT WILL TAKE 5 TO 6 YEARS, IF NOT HOW I CAN RETAIN THIS MONEY I HOPE YOU WILL ANS ME
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
This debt that has become uncollectible is InShaAllah a Sadaqah for you that will be rewarded from God. God said in the Qur'an (2: 280): "If the debtor is in difficulty, grant him time till it is easy for him to repay. But if you remit it (give it up) by way of charity, that is best for you if you only knew."
But the amount of such debt CANNOT be deducted from the Zakah that is due on you in the year you foresake the debt or in any other year because doing so amounts to paying the Zakah to yourself, i.e., benefiting yourself from the Zakah you are required to give to the poor and needy. It is not permitted to derive any material benefit from the payment of one's own Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

SUBJECT: Qard Hassan & Zakah
From: AwqafSA
Sent: Friday, April 16, 2004
Question

Assalaamualykum Dr Kahf
Here is another question:
Can a Qard Hassan loan be granted from Zakah funds?
I understand that Tamleek is a condition of giving Zakah, so that the beneficiary becomes the unfettered owner of the Zakah. How does this condition reconcile with Qard Hasan which presumably is repayable to the Zakah fund.
Flowing from the above, when the Qard Hasan is repaid, does it still retain its identity as Zakah? Or does it go to a general lillah fund?
A person was given Zakah to assist him to buy a vehicle. He was also given non Zakah money to buy the vehicle. He was told that he was under no obligation to repay. However, the recipient felt that he wishes to repay the money when he is able to. The lender put absolutely no pressure on him and out of the recipients own accord donated the equivalent amount to awqaf.
Your clarification of the above issues will help in developing Awqaf SA and its use of Zakah for Qard Hasan Loans.

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Zeinoul
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Here is the answer in points

1. Loans (ahs Shari'ah knows loans only because the term qard Hasan is used in the Qur'an for charity, besides, every loan is interest free according to Shari'ah) may be given from the Zakah fund provided there are no immediate uses of the funds for purposes that are more pressing and the money when repaid remains Zakah money that has to be spent on the Zakah objectives as mentioned in the Qur'an (9: 60). This is the established Fatwa of Shaikh al Qaradawi, the Fatwa board of the Zakah house in Kuwait and the Fatwa Board of the Zakah Diwan in Sudan. Please notice that the Tamlik principle is not violated because the loan comes out of the cash flow and the money is ultimately given away as stipulated in the Qur'an, giving a loan is only a transitory use that does not contradict the ultimate use.
2. * If a person deserves Zakah and is given Zakah from a community Zakah fond or a government Zakah house, then she/he later became financially able and decided to pay back what was given, it is certainly permissible and it is considered as a Sadaqah from that person to the fund. We must notice that Sadaqah is normally given by the rich as the prophet, pbuh, mentioned لا صدقة عن ظهر غنى . The Prophet was visibly upset when a person who was almost naked and has just be given two pieces of cloth to wear and then a call for Sadaqah was made and this person gave one of them; in fact, the Prophet, pbuh, ordered him to take it back.
3. If the Zakah was given by a person, the giver of Zakah is not permitted to take it back as Zakah. But if the recipient decides to give a gift to the Zakah payer, it is permitted.

4. Obviously, a loan may be forsaken, whether given by the Zakah fund, if the borrower becomes a Zakah deserving, as a Gharim, or by a person/lender. A person lender is not permitted to consider the amount of loan forsaken as part of her due Zakah because that will means like paying Zakah to herself as the Zakah payer recovers the loan from her own Zakah due for distribution. This is not permitted.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Using Zakah for Devolvement Camps for Muslim students

From: Islam on Line

Sent: Tuesday, April 06, 2004

Question from South Africa

Is it permissible to use zakaah monies for development camps for muslim students? Can zakaah be used to pay for underprivileged students' university fees?

Notes

I am a member of a non-governmental organisation that frequently receives zakaah from our local muslim community. We would like to use this money in the most constructive manner. Your advice will be greatly appreciated.

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Yusuf

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

Establishing your camps for Muslim youth who live in non-Muslim countries is part of the effort to protect the religiosity of these young men and women on whom depends the future of the Muslim community in those countries. This is part of ""fi Sabili Allah"" and Zakah can be used for establishing and equipping your camps.

Paying Zakah to a needy person is permissible. any person spends on his own education and on the education of persons for whom she/he is financially responsible. What I mean to say is that spending on education is a part of all people normal budget and using Zakah to support the normal budget of a poor person is the most important objective of Zakah itself. THEREFORE, GIVING ZAKAH TO A POOR PERSON, WHO HAPPENS TO BE A UNIVERSITY STUDENT, AND SHE/HE USES IT TO PAY FOR EDUCATION EXPENSES INCLUDING TUITIONS AND FEES, IS CERTAINLY PERMISSIBLE.

What is not permissible, in my opinion, is to give Zakah to Islamic schools in North America and in South Africa because the Muslim community can afford supporting these schools from their own money not from the right of the poor. Education of children is the responsibility of their fathers, not the poor and needy in the Muslim community who have the right to Zakah.

For the general distribution of Zakah, in your organization. I think you need to work on a planned basis where you use part of the money of Zakah each year to make a segment of the poor in the community self sufficient so that they do not need Zakah next year.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Distributing Zakah to needy members of the Family
From: Islam on Line
Sent: Saturday, April 03, 2004
Question
salam, Regarding the assumptions you made on point 5, they are correct except for few things: My uncle supervised the businesses which were ran by our partners and my mother only spent the profits on us. My problem(question) is that my mother spent on me more than my brother and sisters for reasons mentioned in the previous question. So I am afraid that since our inheritance was mixed, I took from my siblings share. What I am supposed to do? I can estimate some of the expenses paid to me but not most. Another question regarding Zakah. My mother is responsible for distributing it on our behalf, and she uses the money to help the needy in our family and to build masjid. Not including any helping the poor etc.. I told her that you are not allowed to give Zakah to our family but she refuses to listen. Do I have to take my share of the Zakah from her and pay it myself? even though my mother does not want me to interfere in her charitable work. As in, she wants to control the Zakah money and if I took my share she would be unhappy. Thank you wa jazakum allah khairan.
My Answer,
Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br.
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
I don't have the previous Fatwa so I will answer the second question only. Please send me a copy of it along with the question.
Zakah may be paid to needy family members except parents, wife and children. In your case it seems that your mother is distributing to other family members. Only her parents must not be given Zakah because if they are in need she is required, along with the financially capable of her siblings, to spend on them.
Spending Zakah on mosques is not permissible except in the case where the Mosque is essential in protecting the religion of Muslims in the area. Hence, In most Muslim countries mosques must be spent on from either the government or from the Muslim community, not from the right of the poor (Zakah). If your mother is doing something that is not the best in your opinion, you are still required to make her happy, do not

upset her. There are many ways to advise her politely. and if you feel that paying another amount for your own Zakah in Addition to what she pays, do it.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah distribution to heart reconciling and to Muslim schools
From: Yaman
Sent: Thursday, March 04, 2004
Question
Asalamu alaykum baba...inshallah all is well with your trip and may Allah return you home safely and comfortably. I have a question that is not urgent...you can answer when you return or anytime...I don't know if you have email access overseas.
Regarding the category of those eligible for Zakah ""mu'allafati qulubihim"" - (1) is there a financial qualification for those new Muslims to receive the Zakah, and (2) what can that money be spent on?
For example, must the money be spent only on necessities such as food, clothes, etc...or can it be spent on other things? The question arose because Duaa has been teaching mashallah a class of about 12 converts to Islam (some very recent, and some over 10 years)...and I was wondering if we could use some of our Zakah money to buy them some books or subscriptions to Islamic magazines. The financial situation of the 12 are very different.
Another question: Can Zakah money be given to a Muslim school like Orange Crescent?
Overall, my heart is more comfortable to send the money overseas, but I remember your saying that technically it is preferred to spend the money locally. Pls correct me if I am wrong. Jazakumullahu khayran.
Warmest salams and see you soon inshallah,
Yaman
My Answer,
Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Son Yaman
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
I'm fine and will be back InShaAllah on Wednesday the 10th. We live now in a residence apartment and we have a DSL service.
For Mu'allafa Qulubuhum, only organizations and governments may pay not individuals. If the new convert is poor, Zakah may be given as books, otherwise such gifts should be donations not Zakah. But it is permissible for CAIR may spend under the title Mu'allafa Qulubuhum for books to new converts or to American libraries from Zakah.

For the second question, teaching children is the responsibility of their fathers and the community in America is generally rich and able to support its schools, therefore I don't believe it is permissible to give Zakah to Muslim schools in America. On the other hand, it may be given to a poor Muslim family and they can use it to pay school tuition of their children.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah distribution to heart reconciling and to Muslim schools
From: Yaman
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For example, must the money be spent only on necessities such as food, clothes, etc...or can it be spent on other things? The question arose because Duaa has been teaching mashallah a class of about 12 converts to Islam (some very recent, and some over 10 years)...and I was wondering if we could use some of our Zakah money to buy them some books or subscriptions to Islamic magazines. The financial situation of the 12 are very different.
Another question: Can Zakah money be given to a Muslim school like Orange Crescent?
Overall, my heart is more comfortable to send the money overseas, but I remember your saying that technically it is preferred to spend the money locally. Pls correct me if I am wrong. Jazakumullahu khayran.
Warmest salams and see you soon inshallah,
Yaman
My Answer,
Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Son Yaman
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
I'm fine and will be back InShaAllah on Wednesday the 10th. We live now in a residence apartment and we have a DSL service.
For Mu'allafa Qulubuhum, only organizations and governments may pay not individuals. If the new convert is poor, Zakah may be given as books, otherwise such gifts should be

donations not Zakah. But it is permissible for CAIR may spend under the title Mu'allafa Qulubuhum for books to new converts or to American libraries from Zakah.
For the second question, teaching children is the responsibility of their fathers and the community in America is generally rich and able to support its schools, therefore I don't believe it is permissible to give Zakah to Muslim schools in America. On the other hand, it may be given to a poor Muslim family and they can use it to pay school tuition of their children.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

SUBJECT: Zakah distribution for charities' administrative expenses
From: Ibrahim
Sent: Monday, March 01, 2004
Question
Can you please assist me in the following matters:
Q1. Will my Zakah be valid if I give it to a muslim charitable organization(IDRF); They use about 5-15% of the Zakah for administration cost. From what I have heard is that 100% of the Zakah has to be given to the needy. If not, can I then just add the extra % of the administration to my total Zakah payable, and then pay them. Can I pay them Zakah by credit card?
Q2. Is it permissible to get overdraft protection on one s bank account? I feel banks charge a hefty fee for NSF.
Q3. If a person from the hanafi school of thought,on whom Qurbani(slaughter) was wajib failed to carry it out for 7 years, how can he make up for it.
Q4.In Canada we have RESP (Registered Education Saving Plan) is it permissible to invest in such a plan. I have attached more info about it or you can visit http://www.hrdc-drhc.gc.ca/hrib/learnlit/cesg/012/001_e.shtml <http://www.hrdc-drhc.gc.ca/hrib/learnlit/cesg/012/001_e.shtml> if you need more info in order for you to give me an answer.
Jazakullah
My Answer:
hi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Ibrahim
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
I think I answered you questions in the past, may be partially, any way:
1- It is permissible for a Muslim charity to take part of the received Zakah for its administrative expenses as long as it does not take a large chunk. The idea is that such organizations need these expenses without which they cannot continue undertaking their job. their job is in fact necessary for the distribution of Zakah and very useful for all

the Muslim community. This is the share of ""al 'Amilina 'alaiha"", i.e., the workers on its collection and distribution, that is mentioned in the Qur'an as one of the recipients categories of Zakah

If you decide to give a donation for administrative expenses in addition to the due Zakah and inform the charity of so that it does not make any deduction from the amount of Zakah, it is certainly better and more rewarded although it is not necessary from A Shari'ah point of view

2- Overdraft protection is permissible provided it does not involve you in paying interest on any overdraft amount. Otherwise it is then an interest-based transaction that is forbidden. Now with the internet accessibility to accounts you can manage your account without any need to this very often interest-based service.

3- All charities, whether a Fard (obligation) or not can be made later, and better be. If the delay is excusable there is no sin and if it is not the delay may be sinful. With true repentance, sincere Istighfar, and making up for what you missed Allah, May He be Glorified, is a lot more forgiving than people think. The Prophet, pbuh, said that: even if you don't sin and ask forgiveness, Allah would take you away and bring people in your place who will sin and ask forgiveness then He forgives them. The Qur'an also mentions that good deeds remove the 'stain' of bad deeds. There is no additional penalty for such an oversight even if it has been done intentionally. Just give a Qurbani donation for what you missed. There are several Islamic charities in North America that make actual slaughtering and distribution overseas in he needy Muslim countries such as Palestine, Somalia, Kashmir and others.

4- It is permissible to participate in the RESP. In Canada, the Muslim Housing cooperative is an authorized depository for it and it makes good investment in the Muslim community, housing and otherwise. What is a must is that you have to select permissible investment for this kind of savings.

Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

Question:

From: Ayub
Sent: Wednesday, January 07, 2004
Subject: Zakah

Assalamu alaykum Dr. Kahf,

I have read with interest your article on Zakah payments and I am in a little bit of a confusion as to what part of my savings are subject to Zakah.

I was a student until last year (on Scholarship) and I have had two short term jobs since. I am currently out of employment and I am subject to make payments for necessities such as rent, bills etc. Whilst being a student and also whilst working I saved some money (from my scholarship fund and from salary) which has obviously increased with time. I assume I am liable to pay Zakah on money that I have had in my account for the

past year but I am not sure if I need to deduct any future payments (bills) that I am liable to pay whilst I am out of work. Do you know if this is correct and according to Islamic Shari'ah?
Also when calculating my Zakah, I have read that I should have owned the "property" for a year. Taking this into account, do you know if it would be? correct to work out what savings were up until the previous year and what they are a lunar year after then and pay Zakah on the previous year's savings or do I pay Zakah on the difference? For example lets say that my savings as of December 2002 were £3000 and my savings as of November 2003 (assuming 1 Lunar year) were £5000. This means that in November 2003 was I liable to pay Zakah on the £3000 or the difference (£5000-£3000=£2000).
Sorry for such a long e-mail. This is my first time to pay this and I am a little perplexed by the system of payment!
Many thanks

My Answer,

Bismi Allahi al Rahmani al Rahim,
Al Hamdu li Allahi Rabbi al 'Alamin,
wa al Salatu wa al Salamu 'Ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,
Dear Br. Ayub
Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh
Your questions are very clear and I hope my answer will be clear too. Once your accumulated savings reach an amount that equals Nisab, you need to watch for Zakah. The Nisab is a Zakatability criteria, it is not a minimum exempt. It equals approximately US$ 1000.
Suppose in Dec. 25, 2001 your accumulation became $ 1000. you will need to make a stop on Dec 14, 2002 (one lunar year have passed) if your savings then were 3500 you pay Zakah in 3500 (3500 X 2.5% = $ 87.5) you may out of this 3500 deduct all the payment, for expenses and debts that had to be paid before you receive a new income payment that can take care of such bills and payments.
Please notice that on Dec 14, 2002 you are required to distribute the 87.5 to recipients of Zakah. Therefore whatever unanticipated bills and expenses would not be deducted. Remember also that you need to pay this amount if it happened that you did not then pay it since it becomes a debt on you to the benefit of the poor and needy. Delaying payment without valid reason is sinful. If you then did not pay please make Du'a and Istighfar and pay it as soon as you can.
(5000X2.5%) Zakah is on the balance not only the increment or difference. Take another scenario in which you became unemployed in Nov. 2003 and you then did not have any anticipated income for God knows how many months but probably 6-8 months, and you have bills and living expenses of 1000 a month. On Dec 3, 2003 you are not subject to Zakah at all because all your money is now needed for your near future expenses.
Wa Allahu A'lam,
Wa al Hamdu li Allahi Rabbi al 'Alamin,
Wa Assalam,
Sincerely,
Dr. Monzer Kahf

FATAWA ON ZAKAH 2003

Question
From: Islam on Line
Sent: Monday, December 30, 2003
Subject: Zakah
Name of Questioner Abiola
What is the Nisab on monetary Zakah? Also does it mean that if a particular amount of money has not stayed with me for a period of one year, I cannot pay Zakah on it? If then, does that mean that Zakah in Islam is meant for only the very rich because to reserve some amount of money for a period of one year without touching it all is not something easy at all.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abiola
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Your doubts are correct but you know Islam is a very rational religion. those doubts do not apply to Zakah.
The Nisab is approximately US$ 1000, the value of 85 grams (# 3 oz). Once a person has this amount above her/his regular expenses, (s)he becomes Zakatable, then after a full lunar year (354 days) from that day, if this person has 1000 or more then (s)he must pay Zakah at 2.5%. Zakah is payable every year. meaning: this extra one thousand Dollar doesn't even have to stay with the person all the time, it goes and others come; just look at the balance after 354 day. Notice the Nisab is low so that even the upper poor persons may have to pay Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Islam on Line
Sent: Monday, December 30, 2003
Subject: Zakah
Name of Questioner
Is the 401K subject to Zakah?
My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Individual private retirement funds such as IRA, KIO, 401K and similar funds are Zakatable LIKE OTHER ZAKATABLE ITEMS. These are owned and managed by you. The restrictions imposed by the tax system do not negate the essence of ownership and do not make such funds like what is called in Fiqh "al Mal al DHamar" which is money you lost and you do not know where it is. Government in accordance to Shari'ah has the right to make certain restrictions on the disposition of certain personal properties for certain objectives related to public interests and concerns.
Retirement funds that are similar to Social security are not subject to Zakah. Many companies have retirement systems to which every employee is required to contribute at a given rate and there is usually matching money from the company, and they have an actuarial system, similar to that of life insurance companies for the calculation of pensions and/or lump-sum payments at the time retirement. Funds contributed or credited to an employee's account in such a retirement system are not subject to Zakah.
I said earlier" like other Zakatable items" and capitalized it (as my system does not allow me to underline it) because it really depends on how the money in an individual retirement account is used. For instance, if you borrow (this is permissible in Shari'ah even if the tax system requires you to pay to the account interest because you are paying the interest to yourself) this money from your account to purchase a residence for yourself, borrowed money that is used for the residence or for paying emergency bills or any other use that is not subject to Zakah must be deducted for the purpose of calculating the Zakah, i.e., it is not Zakatable.
By the same token, money, in your retirement account, that is kept cash and treasury and other bonds (though interest is Haram and must be given away to Muslim charity) are subject to Zakah with no disagreement of any scholar that I am aware of.
The Zakatability of money invested in stocks and shares (that for Muslims must always be Shari'ah compliant) depends on the Fiqhi opinion you select for yourself. I will give you the areas of agreement and areas of different opinions and my opinion.
If these shares are purchased for the purpose of making money from capital gain by selling them once a good opportunity exists, they are subject to Zakah at the market value on the day Zakah is due (the 354th day after acquiring Nisab). This is agreed upon unanimously. If they are purchased for long term keep and to collect their regular dividends, the Opinion of the majority, as adopted by the OIC Islamic Fiqh Academy, is that only your proportionate share of the mobile assets of the companies you own shares in is subject to Zakah; Shaikh al Qaradawi argues that only the income of these shares is subject to Zakah; and a minority, including me believe that the market value of these shares on the day when Zakah is due is subject to Zakah because these have really become financial properties that did not exist in the past (the only classical item which bears some similarity is debt you own on others and it is subject to Zakah) and that are owned in complete separation from the physical assets of the companies, to the extent

that the identity companies and their assets' composition have in fact little relevance only, at far distance, to the investor. Add to it the complication of mutual funds that makes it impossible to implement the majority's opinion.
Finally, although Zakah may be due, its actual payment can be postponed without sin until this kind of money is actually recovered. because a payer is not required to pay the due Zakah from his/her other sources. The due Zakah on a given item is essentially payable out of the item itself. No doubt, if you decide to pay it from your current income and resources, it is fine and acceptable. The point is that you are not required to do so.
Zakah is due but it is not required for payment until you cash that money. The reason is that you do not have accessibility to it at the present, and the principle is that Zakah on any item is payable from that item. In other words, you may, but do not have to, pay its Zakah from your other sources because its Zakah is not on these other sources. The final outcome of this is that if you pay its Zakah now from your income this is well and good. but if you do not pay it now and only calculate it and you sleep on it until you withdraw the whole money, and suppose you withdraw it with penalty or arrear taxes (any thing that turns out to give you less money than you thought when you made the calculation, you can revise the calculation and only pay Zakah on the actual amount received.
Take the example of a debt on a person who is able to pay and recognizes that he is in debt to you for that amount. It is subject to Zakah every lunar year. if that person dies and his heirs deny part of the debt and you could not prove it otherwise. If you already paid every year, it is gone as Zakah and rewarded InShaAllah, but if you did not pay you can, now say after 20 years, and pay Zakah for the past years only on the amount you actually collected.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Tareq
Sent: Tuesday, December 10, 2003
Subject: Zakah questions
Assalamu Alaikum Dr. Kahf & Eid Mubarak,
I have 2 questions on how to calculate my Zakah .....
1- I have a house overseas which I get about $400.00 a month from rent, how do I calculate the Zakah? do I pay Zakah on the rent or the value of the house?.
2- The second question is that I have a piece of land which I purchased few years ago for $20,000.00, how do I pay Zakah on this?.
JZAK, Tareq
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Tareq
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
The classical view is that real estate is not subject to Zakah unless they are purchased for the purpose of sale. Only in the latter case real estates are subject to Zakah. Because the majority of our Ulama are classical, this is the opinion of the majority.
A minority of Scholars argue that these are assets like other assets. In the past, namely at the time of revelation, they did not represent much of a wealth because land and buildings were very cheap in the Arabia (there is evidence to this in several Ahadith). Out of this minority Shaikh Qaradawi argues that the Zakah is only on income derived from real estates, in similarity to agricultural land.
According to him, you have a choice of either paying Zakah on the gross income at 5% or on the net income (after taxes, maintenance, allowance for amortization, insurance, etc.) at 10%, again in similarity with agriculture.
Others, including me argue that there is really no basis for the claimed similarity of Shaikh Qaradawi, although we love and respect him very much. Further, owning and renting real estates is at our time one of the most common form of wealth and business. We find better similarity in livestock and in business inventory. According to this view Zakah is on the net worth of these assets if they are taken for business. The meaning of taking real estates for business is two folds: they can be obtained and kept for the purpose of renting and they can be purchased for the hope of an increase in their capital value.
According to this view, if the house you have overseas is meant for renting and income (we exclude if it is a house you bought for yourself and you are renting it temporarily until you move in or you acquired it for your parents or family overseas and they are yet to move in but in the interval it is rented), you have to estimate its market value on the day your Zakah is due and add to it the remaining balance of all other Zakatable items including any amount left from received rent and calculate the Zakah at 2.5%. As for the land, if you have it for the purpose of selling it at a higher price, you are then considered a land trader according to Shari'ah and its market value is subject to Zakah according to all Fuqaha, classical and minority. But if you just bought it, it is not subject to Zakah according to the classical view but subject according to the last opinion at the marke value on the Zakah due date unless your intention is to build a residence for yourself on it, even if you own your current residence (i.e., you plan to build and move in or have any member of your family live in it), it is then exempt from Zakah.
Sorry for the delay in responding to your question and I hope I gave you a satisfactory answer. Please come back to me for any explanation or any other questions.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question:

From: Harahap
Sent: Monday, November 24, 2003
Subject: question on Zakah
assalammu'alaikum br. Monzer--
I have reviewed the paper that you wrote on your website, detailing more on Zakah. However, now I have more questions regarding this:
you said in your last email:
6 - Zakah is not the money you received, it is on your total savings. This means that the part you spend of your income and other revenues you get is not subject to Zakah. This is why you only look at the amount (total balances) on the day when Zakah is due and you need not look at the money you received.
But in your paper, it was specifically different in terms of income for professionals. After reading your paper, I conclude, because I work as an engineer, therefore my income is subject to Zakah, immediately after I receive my income. Is this correct? Would it be kay if I lump this Zakah every quarter, therefore I don't have to write a check every 2 weeks? And also, from your paper, I also conclude that by the end of that year, I calculate the money that I can save from my income and what ever is total in my bank account, and take 2.5% of that. Is this correct?
Also, please mark on page 21, line 59, I think it was not supposed to be "deduct line 55 from 54", but it was supposed to be "deduct line 58 from 57"
That is all my question and comment. Please let me know when you have time, insya Allah.
Jazakallah Khair,
wassalam,
Harahap
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa
Ashabihi Ajma'in
Dear Br./Sr. Harahap
Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
You got me!
You are right and I was wrong, at least kind of! Al Qaradawi's view is that income is subject to Zakah. When applied by the state, it can determine an exemption for living expenses, when applied by individuals, they make such determination. He adds that once a Zakah is paid on an amount; no other Zakah is due until one lunar year passes on it. This means that you have to maintain separate fiscal year for each income and you don't add the balances together in one unified fiscal year
The majority's view is that there is no Zakah on income and only on the balances at the end of a lunar year. In application, the difference between the two views is only in two areas: 1) the Zakah for the parts of the year between obtaining income and end of one's Zakah (fiscal) year; and 2) the Zakah of parts of expenses that the state does not recognize as deductible or one considers extravagant.

Maintaining separate Zakah year for each amount of income is obviously cumbersome and contradicts the spirit of simplicity in Zakah. If the government collects Zakah, it can easily make a distinction between Zakah on income and Zakah on wealth. It seems to me that the Shari'ah does not go along with complicated calculation and tends toward simplicity in calculation, this is why in Zakah on live stock and business inventory we only consider the amount at the end of the year although we know it includes all increments (income) during the year. I think this point must be clarified in the book on the calculation of Zakah. I will do that InShaAllah when I get some time in the near future.

May Allah reward you for helping me discover this ambiguity.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Question

From: Kifah

Sent: Wednesday, November 12, 2003

Subject: Zakah ??

AA,

My father has remarried beside my mother on is still on this (Theme). He currently lives in Africa. To date, he has 6 additional daughters from the new wife. He is not doing so well financially. I know it is my obligation to support him, but my question, can the Zakah go his wife to support him and the daughters.

Thank you & JAK

Kifah

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Kifah

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If you are financially well to do, it may be your obligation to support you father, his second wife and your six sisters because they are his responsibility. In other words, as long as your father is alive or any of these sisters is minor and in need for her mother's care, you are financially responsible for his second wife. This is of course in addition to your mother if she is in need. You cannot avoid this responsibility by giving your step mother because her expenses are your father's responsibility that is transferred to you while he is not able to discharge of this responsibility. You cannot use Zakah to discharge of this responsibility. The answer is plain NO.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,
Dr. Monzer Kahf

Question

From: wassim
Sent: Monday, November 10, 2003
Subject: Jazaka Allah Khair

AsSalaamu Alaikum Dr. Monzer,

On behalf of MAS, I would like to thank you again for coming over the past weekend the educate our community. May Allah reward you and bless you. Insha'Allah after Ramadan or early next year we will be organizing more workshops so you can address our community needs in term of Awqaf, Zakah etc... Also on another point please see attach file and let me know how much Zakah I need to pay or how do I calculate my company Zakah requirements....

I do have a 1000 dollars on my checking account and 9K in my 401K account. Other then this I don't own anything....

Wa Baraka Lahu Feek,
Wassim

My Answer:

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

Dear Br. Wassim

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Thank you for giving me this opportunity to come down to Santa Clara and meet you and all the other very nice people. I will be glad in the future to come again if I can be of any service to the community, especially in the area of my specialty. Regarding your question on Zakah.

1) - let us look at the business that you sent its balance sheet as of Oct. 31, 2003. There is nothing in this business at this date that makes its owners subject to Zakah regarding the assets of this business because it is in the negative and it owes short term debts that exceed all its assets. The only worry is if the short term loan of 125500 is owed to any of the owners. If this business was owned by one person only and the loan is from him but he gave it as a loan for accounting and tax purposes, we have to deduct it from the total liability for the purpose of calculation of Zakah. In this case Zakah will be only on the amount 90057.21. to know the amount of Zakah assuming that Oct. 31 of last year was the date the Zakah is due last year, we multiply this amount by 2.57768%.

If the loan is from one partner, and since the principle is that Zakah is due on each person separately (it can be calculated on the company but each partner should be debited for his/her share of the Zakah), the amount due for Zakah depends on the partnership distribution of Capital, (losses are always distributed in proportion to capital contribution but since the losses exceed the amount of capital placed by the partners, any more losses are taken, from Zakah point of view, from the other partner extra

ontribution i.e., the loan), therefore the amount of Zakah remains the same and it must all be born by the partner who provides the loan.
2) - There is Zakah on the 401k and the cash at the rate of 2.5% every lunar year beginning from the day you got 1000 for the first time and every year. You may pay (the total Due Zakah for this lunar year becomes $250) or delay the payment of Zakah on the 401k until you liquidate, but the Zakah on cash should be paid. Since these are easy to calculate every lunar year there is no need to make the calculation on the solar year and adjust the rate instead. Remember, Zakah is also required for past years if it was not paid then.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Aman
Sent: Thursday, January 30, 2003
Subject: Zakah Advice -- Request
CONFIDENTIAL
My Respected Dr. Monzer Kahf,
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh,
I would like to know about Zakah.
My close relatives do not have much savings, which would help them buy their own land and build a house. Nor, it is possible for them to do so, as I presume. Can my annual Zakah amount be accumulated in a bank account (or by buying government bonds/certificates in their names) for their future living in their own houses? If I give them that amount now, they would eat up and the purpose of my making them happily living would not serve. Therefore, I sincerely solicit your kind advice. I am really sorry to disturb you in this way. I hope that you will not mind for my approaching you this way interrupting your busy schedules.
Yours affectionately,
Aman
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Aman
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
First, you don't need to feel embarrassed asking me any thing. You are my Dear Brother, you certainly can ask, interrupt and even force me to give you any time you need, If this is not given to a Dear Brother, then what can be given. I thank you for the confidence too. Zakah has to be paid to recipients (I am sure you have already determined that this particular family is within the recipient categories) and you cannot keep it in your name.

Buying government certificates might do it except that they are interest-based, aren't they? And you don't want to stain your purification (which is one of the meanings of the word Zakah) with Riba. How about paying you Zakah in advance for a year or too and buy them the land first, then every once in a while you can buy them building materials. Zakah can be paid in advance for a year or two or even more, you still make a calculation
every year and deduct the due from the amount you already paid. Another idea may be cooperating with some other friends or relatives and put your due and advanced Zakah together and buy them a modest house.
Another way may be in depositing the amount, as a long term deposit, in an Islamic bank in Pakistan or in the gulf in their names but to your address, and may with your permission for withdrawal as a cosigner, but I think this requires that you must inform them of the arrangement just in case. Think of a way that makes them owner and make them benefit as much as they can of your payment without spending the money for other
than the new residence.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Abu `Amr
Sent: Thursday, January 30, 2003
Subject: financial 2, Zakah to husband
assalamoualaikoum wa Rahmatullahi wa Barakatuh. Please tell me if I can give la Zakah on my salary to my husband. Thank you for your answer.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. thouraya
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You due Zakah can be given to your husband if he is poor provided you and your husband do not maintain joint account together; that is if you maintain separate ownership in handling money and other personal matters. Once you pay him your Zakah, it doesn't matter if he spends his money, including the received Zakah, on the household expenses including your personal needs and the needs of your children.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question

From: Islam on Line

Sent: Monday, January 20, 2003

Subject: interest and Zakah

Name of Questioner Muhammad country of Res. Pakistan

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Muhammad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Question

From: Islam on Line

Sent: Wednesday, December 11, 2003

Subject: Zakah

Name of Questioner Nasser

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Nasser

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

amount becomes a debt on you and you may then deduct it from the balance on which you calculate Zakah.
I am sorry for the delay I happen by some error not to check my email for ten days.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Islam on Line
Sent: Saturday, January 18, 2003
Subject: Zakah
Name of Questioner okasha Country of Res. Egypt
From okasha ali Subject asking 4 fatwa Message Text Assalamu Alaikum Wa Rahmatu ALLAH wa Barakatuh I have A question about Zakah Can I give my ZAKATAL-MAL to my friend who owe me money ,but He can't afford to pay me back.. What should I do? Should I Give him my Zakah and then ask him to pay me back or, should I forgive him and consider it my Zakah Jazakum ALLAH KHYRA
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. okasha
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If he is poor, you can give him your Zakah. And if, on his own decides to pay your due debt from that money or from other sources it is permissible. It is not permissible to deduct the debt you have on him from your due Zakah. Zakah requires that you make the recipient own it (except for two categories of recipients (In the Way of God and wayfarer). Beside you must not materially benefit from the way you pay your Zakah or from the amount you pay. That is why he must own it first then decides if he wants to pay your debt.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Islam on Line
Sent: Tuesday, January 14, 2003
Subject: Zakah on Salaries
Name of Questioner Salwa country of Res. Canada

Salam 3laikoum wa ra7matou Allah t3ala wa Barakatuh, I have questions to put you about Zakah : - My husband and I have employment income that we lapse into an even bank account that uses our expenditures, in our which case amount can one to consider as “Nisab” ? – We have a credit on a car that we pay all the months and it still remains us 3 payment years, the global credit on Is it considered as “dayn” ? – I have a sister that always studies and to the load of my parents and she must pay its studies and I know that my parents find difficulty to pay these expenses, can I give to him money of “Zakah” to pay its studies ? Jazakoum Allahu Khairan

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Salwa

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1- when you apply Zakah to income, the Nisab refers to the total savings you have for a lunar year period, practically for the same 12 month pay checks in Canada. If over 12 your savings reach Nisab which is approximately US$ 1000, you pay Zakah on the total amount of savings. another way to look at the same is to pay Zakah once every 354 days that begging the day you got the equivalent of US$ 1000 in your saving and checking account together, at the rate of %2.5.

2- on the 354th day get the total of the money you have, deduct from them the amount of your expense and payment for the car, rent and others only until the next pay, and calculate Zakah on the balance. In other words, you only deduct from the money you have payments and expenses that are going to go out of this money , not those that will come out of future pay checks. You do not deduct the whole debt on the car.

3- Your help to your parents, for their expenses on their daughter cannot be made out of your Zakah, if you find out that you have to pay Zakah.

By the way, getting a car on interest-based loan is forbidden, watch for that. If it actually happened you have to make your best to rid yourself of such an interest-based debt!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Question

From: Islam on Line

Sent: Monday, January 13, 2003

Subject: forsaking a debt as Zakah

Name of Questioner r country of Res. U K

Dear Sir, Al- Salam Alaikum Wa Rahmatu Allah Wa Barakatuh, I have few questions, about the Zakah first; 1- ME AND MY HUSBAND OUT OF WORK, AND WE HAVE TWO CHILDREN,I CAN'T GIVE ZAKAH AT THE MOMENT, BUT FEW MONTHS AGO AFRIEND OF MINE ASKED ME TO LEND HER SOME MONEY FOR ONE OF HER FAMILY MEMBERS IN

PALESTINE WHO NEEDED AT THE TIME AN URGENT OPERATION, SO I GAVE HER THE MONEY, AND I COLD HER FEW DAYS AGO AND I ASKED HER TO FORGET ABOUT THE MONEY WHICH WAS NOT LITTEL AND NOT TO MUCH, SO I WANTED TO GIVE THIS MONEY AS ZAKAH IF IT WAS ACCEPTBLE FOR ALLAH. SECON question IS; I HAD MY SECOND BABY FEW MONTHS AGO, AND I WENT TO THE DOCTOR FOR CONTRECEPTION, SO I HAVE THE COIL AT THE MOMENT, AND SEINCE I HAD IT I HAVE A VERY HEAVY PERIOD, SO WHEN RAMADAN STARTED I ONLY FASTEN 13 DAYS, A FRIEND OF MINE SAID THE IT'S IUT NORMAL FOR THE FIRST FEW MONTHS UNTIL THE BODY GETS USED TO IT, SO WILL GOD FORGIVE ME FOR THE REST OF THE DAYS I DIDN'TFASTEN INSAHALL. I HAVE BEEN LIVING IN THE UK FOR ABOUT 8 YEARS NOW AND I MOVED WITH MY FIRST HUSBAND WHO PASSED A WAY 4 YEARS AGO, AND I AM MARRIED A GAIN FOR AN ENGLISH MAN WHO CONVERTED TO ISLAM, MY FIRST HUSBAND DIED VERY YOUNG, AND I WAS WORRIED ABOUT HIM, HE WAS BORN IN FRANCE, HIS MOTHER IS FRENCH AND THE FATHER ALGERIAN, BUT DIDN'T KNOW ABOUT ISLAM, BUT HE WAS A GOOD MAN, AND I AM NOT SAYING THIS CAUSE HE WAS MY HUSBAND, HE REALLY WAS, SO DO YOU THINK THAT GOD WILL LOOK INTO THE FETRAH فطرة and I want to give Sadaqah on his behalf as soon as I start working,. the last thing is about my Islam, I am not a perfect Muslim but I love good and I fear god, and honestly the fears sometime makes me think that I am going to hill because of not wearing the Hijab, I start praying al hamdulillah and I want my kids to see me so they know about it. thank you very much sir.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. r

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1 - you may forsake a debt; this is a great deed, especially if the debtor is in need; it is mentioned in the Qur'an (2: 280) as a best deed if we only know and appreciate it. Forsaking a debt and considering it as a charity to the debtor cannot be considered as Zakah. Zakah has to be actual giving to one of the categories that are mentioned in the Qur'an (9: 60) especially the poor and needy.

But, you said you and your husband are currently unemployed, are you sure you owe Zakah? do you have Zakatable items of wealth, including jewelry, that exceeds Nisab and a lunar year (354 days) has passed on that?

2 - Your second question is not in my area, please ask it again to a general Fatwa expert. My specialty is in the financial and economic matters. However, you should have asked this question in Ramadan when you noticed that your period was getting longer than usual for you. To my knowledge the Hanafi school of Fiqh considers any thing above usual as being out of certain abnormality حيضة during which women must fast and pray each time with a new Wudu'. The Hanafites add that for women who are not sure about the length of their period a maximum length is 15 days in a month, and what is beyond it is considered abnormal too. Now that it is late, first check with an expert in this area of Fiqh, second be sure in the future that you ask about the Shari'ah ruling on

time, and third ask God for forgiveness and increase your good deed God says in the Qur'an "good deed surely take away (wipe out) bad deeds"
Most of the second part of your question should also be addressed to a specialized expert. However, you can ask God for forgiveness for you former husband, pray and give charity for his soul. Giving charity for a deceased came in some of the authentic Sayings of the Prophet, pbuh.
3 - make you best to establish prayers and obey God in all that He taught us in the Qur'an and through His Messenger, pbuh, in the Sunnah, including Hijab and others, and raise your children to know God, love Him and obey Him. One of the companions came once to the Prophet, with the kind of fear that you mentioned, the Prophet, pbuh, assured him that it is a sign of faith deep in the heart. God does not put in the Hell Fire those who fear and obey Him.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Islam on Line
Sent: Thursday, January 02, 2003
Subject: Zakah on gold kept for marriage of daughter
Name of Questioner harun country of Res. Kenya
1. Zakah on Gold, on what quantity should one start paying Zakah? 2. If Mother keeps Gold for her daughter is it permissible to pay Zakah on it. 3. Gold used as ornament (worn on special occasion not for trade) is it permissible to pay Zakah on it. 4. If Gold is not pure (24K) how do we calculate Zakah on it? 5. You have gold (and are required to pay Zakah) but can not afford to do so, what should be done ? 6. Can you give ZAKAT to your dependents (i.e. your Mother, Sister, Brother etc..) 7. What is NAFAQA. Please furnish Qur'an/Hadith, supporting the answers, Plus the Mufti responding to the questions (and his country of citizenship) 5. Can you give Zakah to your dependents (family (people whom you look after i.e. your Mother, Sister, and Brother)
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. harun
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
I will tell first who I am : I am an Arab American, I live in the USA- California and was born in Damascus.
1 - The quantity of gold that makes a person subject to pay Zakah is the equivalent of 20 Dinars (of the Dinar that was at the time of the Prophet, pbuh). This equals 85 grams. Of one owns that much or more on a certain day, then after the passage of one lunar year (354 days) she/he owns the same quantity or more, this person must be Zakah at the

rate of 2.5% of the amount owned at the end of the year. This is repeated every year then after.
1 - Gold kept by a mother to be given to daughter at her marriage or after death of mother, etc. Is subject to Zakah because this is wealth kept aside, certainly provided the conditions mentioned in (1) are satisfied.
3 - Women jewelry is exempt from Zakah if two conditions are satisfied together: a- the jewelry is not expensive to the extent that exceeds the amount her peers have. Peers are sisters, neighbors and other women with whom she normally associates. And b- she wears it in a normal manner, i.e., on relevant occasions (this is in contrast of being stored as a wealth).
4 - Gold is normally never pure. Do you think the Dinar, that was minted by the Romans and used in Madinah, was pure? Pure gold is not solid enough to be handled as a currency. 21-22 K is sufficient for Zakatability. Any thing less than that, calculate it by proportion.
5 - If Zakah is due on an item that is not divisible such as stored jewelry and you have no other sources to pay it, you may delay payment until you can do it from other sources or sell the item and pay the due Zakah. this is not sinful. Remember that when you have means or when you sell the item you have to go back to all previous years and pay the due Zakah for all the past years.
6 - You cannot give your Zakah to persons you are responsible to provide them with sustenance and means of livelihood such as mother, sister, wife children, etc. If you are not responsible you can. For instance a wife is not responsible to spend on her husband, she can give him her Zakah, even though he may spend part or all of it on her.
7 - Nafaqah, in Fiqh, usually refers to the obligatory spending required to be done by a person of relatives either because of the relationship itself or because of the relation and their need together. A husband is required to spend on his wife on the basis of relation only, even if she is rich. a person is required to spend on his/her miner children, parents, sisters, adult children, etc. only if they are poor, in need for his/her assistance and he/she is able to do so. Certainly for minor children Nafaqah is the responsibility of the father and if not the mother.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Question
From: Islam on Line
Sent: Wednesday, January 01, 2003 2:45 AM
To: Dr. Monzer
Subject: Zakah
Name of Questioner latife country of Res. Palestine
I want to pay Zakah for my gold that I kept it but using it in special occasions ,I am not a working women and also my husband ,but he have amount of money which we live

from it and I live with my divorce daughter who is working, my sons are all married and living in separate home ,my question is who is the one who is suppose to pay that amount of money me or my husband?

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. latife

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Accumulation of Zakah money to buy a house for the poor

From: Aman

Sent: January 30, 2003

Question

My Respected Dr. Monzer Kahf,

Assalamo Alaikum Wa Rahmatullahe Wa Barakatuhu,

I would like to know about Zakah.

My close relatives do not have much savings, which would help them buy their own land and build a house. Nor, it is possible for them to do so, as I presume. Can my annual Zakah amount be accumulated in a bank account (or by buying government bonds/certificates in their names) for their future living in their own houses? If I give them that amount now, they would eat it up and the purpose of my making them happily living would not serve. Therefore, I sincerely solicit your kind advice.

On the other hand, I am having myself established by the grace of almighty Allah, being employed in ------. I think that seeing at me they feel disappointed/hopeless, for their future, and for their children's future who would not be able to own their own houses very soon in these hard earned days which awakens me to let my annual Zakah amount be given to them. That is why I thought that when,

Alhamdulillah, I am having my own flats and a plot to start construction soon I can help them by giving my Zakah amount so that they do not think that I am not helping them in any way. This thinking among them may create unsatisfactory relationship between us,

too. It may not be so either. But, being their brother, I can read their mind, which is human nature. So, I think, instead of giving my Zakah amount to outside miskins, can I help my brothers and sisters to establish with this money? Your kind suggestions on this are solicited.
As regards the recipients categories, does not it start from own brothers, sisters first (but here - they are earning their means but not having fund saved for own plot/house); then relatives, and then miskins (outsider needy people)?

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Aman
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
First, you don't need to feel embarrassed asking me any thing. You are my Dear Brother and you certainly can ask, interrupt and even force me to give you any time you need, If this is not given to a Dear Brother, then what can be given. I thank you for the confidence too. Zakah has to be paid to its recipients (I am sure you have already determined that this particular family is within the recipient categories) and you cannot keep it in your name. Buying government certificates might do it except that they are interest-based, aren't they? And you don't want to stain your purification (which is one of the meanings of the word Zakah) with Riba. How about paying you Zakah in advance for a year or too and buy them the land first, then every once in a while you can buy them building materials. Zakah can be paid in advance for a year or two or even more, you still make a calculation every year and deduct the due from the amount you already paid. Another idea may be cooperating with some other friends or relatives and put your due and advanced Zakah together and buy them a modest house. Another way may be in depositing the amount, as a long term deposit, in an Islamic bank in Pakistan or in the gulf in their names but to your address, and may with your permission for withdrawal as a cosigner, but I think this requires that you must inform them of the arrangement just in case. Think of a way that makes them owner and make them benefit as much as they can of your payment without spending the money for other than the new residence.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Payment of Zakah to husband**
From: Islam on line
Sent: January 30, 2003
Name of Questioner thouraya Ccountry Morocco
Question

Assalamu Alaikoum wa rahmatoullahi wa barakatouh. Please tell me if I can give la Zakah on my salary to my husband.Thank you for your answer.

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. thouraya
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You due Zakah can be given to your husband if he is poor provided you and your husband do not maintain joint account together; that is if you maintain separate ownership in handling money and other personal matters. Once you pay him your Zakah, it doesn't matter if he spend his money, including the received Zakah, on the household expenses including your personal needs and the needs of your children.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Deducting a mortgage debt from Zakatable items

From: Islam on line
Sent: January 20, 2003 8:40 PM
Name of Questioner Muhammad Country Pakistan

Question

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

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Debts that can be deducted from current Zakatable assets are only those debts that are going to be physically paid out of the current assets. Any future debts that are going to be paid out of future income is not deductible.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Payment of Zakah to a debtor to pay it back to the Zakah payer

From: Islam on line
Sent: January 18, 2003
Name of Questioner okasha Country Egypt

Question

From okasha ali Subject asking 4 fatwa Message Text Asslamo Alikom Wa Ramato ALLAH wa Brakato I have A question about Zakah Can I give my ZAKAHAL-MAL to my friend who owe me money ,but He cann't afford to pay me back.. What should I do? Should I Give him my Zakah and then ask him to pay me back or,should I forgive him and consider it my Zaka Gazkom ALLAH KHYRA

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. okasha
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If he is poor, you can give him your Zakah. And if, on his own, he decides to pay your due debt from that money or from other sources it is permissible. It is not permissible to deduct the debt you have on him from your due Zakah. Zakah requires that you make the recipient own it (except for two categories of recipients (In the Way of God and wayfarer). Beside you must not materially benefit from the way you pay your Zakah or from the amount you pay. That is why he must own it first then decides if he wants to pay your debt.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah payment to sister to study

From: Islam on line
Sent: January 15, 2003
Name of Questioner Salwa Country Canada

Question

Salam Alaikoum wa rahmatou allah ta'ala wa barakatouh, I have questions to put to you about Zakah : - My husband and I have employment income that we lapse into an even bank account that uses our expenditures, in which case amount can one to consider as "Nisab" ? - We have a credit on a car that we pay all the months and it still remains us 3 payment years, the global credit on Is it considered common "dayn" ? - I have a sister that always studies and to the load of my parents and she must pay its studies and I know that my parents find difficulty to pay these expenses, can I give to her money of "Zakah" to pay its studies? Jazakoum allahou khayran

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Salwa
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
1- When you apply Zakah to income, the Nisab refers to the total savings you have for a lunar year period, practically for the same 12 month pay checks in Canada. If over 12 your savings reach Nisab which is approximately US$ 1000, you pay Zakah on the total amount of savings. Another way to look at the same is to pay Zakah once every 354 days that begging the day you got the equivalent of US$ 1000 in your saving and checking account together, at the rate of %2.5.
2- On the 354th day get the total of the money you have, deduct from them the amount of your expense and payment for the car, rent and others only until the next pay, and calculate Zakah on the balance. In other words, you only deduct from the money you have payments and expenses that are going to go out of this money, not those that will come out of future pay checks. You do not deduct the whole debt on the car.
3- Your help to your parents, for their expenses on their daughter cannot be made out of your Zakah, if you find out that you have to pay Zakah.
By the way, getting a car on interest-based loan is forbidden, watch for that. If it actually happened you have to make your best to rid yourself of such an interest-based debt!
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah Subject: Forsaking a debt as a Zakah payment
From: Islam on line
Sent: January 13, 2003
Name of Questioner r Country U K
Question
Dear Sir, Al- Salm Alikom Wa Rahmato Allah Wa Barakath, i have few questions, about the Zakah first; 1- I AND MY HUSBAND ARE OUT OF WORK, AND WE HAVE TWO CHILDREN, I CAN'T GIVE ZAKAH AT THE MOMENT, BUT A FEW MONTHS AGO A FRIEND OF MINE ASKED ME TO LEND HER SOME MONEY FOR ONE OF HER FAMILY MEMBERS IN PALESTINE WHO NEEDED AT THE TIME AN ARGENT OPERATION, SO I GAVE HER THE MONEY, AND I CALLED HER FEW DAYS AGO AND I ASKED HER TO FORGET ABOUT THE MONEY WHICH WAS NOT LITTLE AND NOT TOO MUCH, SO I WANTED TO GIVE THIS MONEY AS ZAKAH IF IT WAS ACCEPTABLE FOR ALLAH. SECOND question IS; I HAD MY SECOND BABY A FEW MONTHS AGO, AND I WENT TO THE DOCTOR FOR CONTRECEPTION, SO I HAVE THE COIL AT THE MOMENT, AND SEINCE I HAD IT I HAVE A VERY HEAVY PERIOD, SO WHEN RAMADAN STARTED I ONLY FASTEN 13 DAYS, A FRIEND OF MINE SAID THE IT'S IUT NORMAL FOR THE FIRST FEW MONTHS UNTIL THE BODY GETS USED TO IT, SO WILL GOD FORGIVE ME FOR THE REST OF THE DAYS I DIDN'TFASTEN INSAHALL. I HAVE BEEN LIVING IN THE UK FOR ABOUT 8 YEARS NOW AND I MOVED WITH MY FIRST HUSBAND WHO PASSED A WAY 4 YEARS AGO, AND I AM

MARRIED AGAIN FOR AN ENGLISH MAN WHO CONVERTED TO ISLAM, MY FIRST HUSBAND DIED VERY YOUNG, AND I WAS WORRIED ABOUT HIM, HE WAS BORN IN FRANCE, HIS MOTHER IS FRENCH AND THE FATHER ALGERIAN, BUT DIDN'T KNOW ABOUT ISLAM, BUT HE WAS A GOOD MAN, AND I AM NOT SAYING THIS CAUSE HE WAS MY HUSBAND, HE REALLY WAS, SO DO YOU THINK THAT GOD WILL LOOK INTO THE FETRAH فطرة and i want to give sadka on his behalf as soon as I start working,. the last thing is about my islam, i am not a perfect muslim but I love good and I fear god, and honestly the fears sometime makes me think that I am going to hill because of not wearing the hejab, I start praying al hadullah and I w nt my kids to see me so they know about it. Thank you very much sir.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. r

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

1 - You may forsake a debt; this is a great deed, especially if the debtor is in need; it is mentioned in the Qur'an (2: 280) as a best deed if we only know and appreciate it. Forsaking a debt and considering it as a charity to the debtor cannot be considered as Zakah. Zakah has to be actual giving to one of the categories that are mentioned in the Qur'an (9: 60) especially the poor and needy.

But, you said you and your husband are currently unemployed, are you sure you owe Zakah? Do you have Zakatable items of wealth, including jewelry, that exceeds Nisab and a lunar year (354 days) has passed on that?

2 - Your second question is not in my area, please ask it again to a general Fatwa expert. My specialty is in the financial and economic matters. However, you should have asked this question in Ramadan when you noticed that your period was getting longer than usual for you. To my knowledge the Hanafi school of Fiqh considers any thing above usual as being out of certain abnormality حيضة during which women must fast and pray each time with a new Wudu'. The Hanafites add that for women who are not sure about the length of their period a maximum length is 15 days in a month, and what is beyond it is considered abnormal too. Now that it is late, first check with an expert in this area of Fiqh, second be sure in the future that you ask about the Shari'ah ruling on time, and third ask God for forgiveness and increase your good deed God says in the Qur'an "good deed surely take away (wipe out) bad deeds"

Most of the second part of your question should also be addressed to a specialized expert. However, you can ask God for forgiveness for you former husband, pray and give charity for his soul. Giving charity for a deceased came in some of the authentic Sayings of the Prophet, pbuh.

3 - Make your best to establish prayers and obey God in all that He taught us in the Qur'an and through His Messenger, pbuh, in the Sunnah, including Hijab and others, and raise your children to know God, love Him and obey Him. One of the companions came once to the Prophet, with the kind of fear that you mentioned, the Prophet, pbuh,

assured him that it is a sign of faith deep in the heart. God does not put in the Hell Fire those who fear and obey Him.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on gold and others
From: Islam on line
Sent: January 02, 2003
Name of Questioner harun Country Kenya
Question
1. Zakah on Gold, on what quantity should one start paying Zakah? 2. If Mother keeps Gold for his daugther is it permNisable to pay Zakah on it. 3. Gold used as ornament (worn on special occassion not for trade) is it permNisable to pay Zakah on it. 4. If Gold is not pure (24K) how do we calculate Zakah on it? 5. You have gold (and are required to pay Zakah) but can not afford to do so, what should be done ? 6. Can you give ZAKAH to your dependents (i.e. your Mother, Sister, Brother etc..) 7. What is NAFAQA. Please furnsh Quran/Hadith, supporting the answers, Plus the Mufti responding to the questions (and his country of citizenship) 5. Can you give Zakah to your dependents (family (people whom you look after i.e. your Mother, Sister,Brother)
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. harun
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
I will tell first who I am: I am an Arab American, I live in the USA- California and was born in Damascus.
1 - The quantity of gold that makes a person subject to pay Zakah is the equivalent of 20 Dinars (of the Dinar that was at the time of the Prophet, pbuh). This equals 85 grams. Of one owns that much or more on a certain day, then after the passage of one lunar year (354 days) she/he owns the same quantity or more, this person must be Zakah at the rate of 2.5% of the amount owned at the end of the year. This is repeated every year then after.
1 - Gold kept by a mother to be given to daughter at her marriage or after death of mother, etc. is subject to Zakah because this is wealth kept aside, certainly provided the conditions mentioned in (1) are satisfied.
3 - Women jewelry is exempt from Zakah if two conditions are satisfied together: a- the jewelry is not expensive to the extent that exceeds the amount her peers have. Peers are sisters, neighbors and other women with whom she normally associates. And b- she wears it in a normal manner, i.e., on relevant occasions (this is in contrast of being stored as a wealth).

4 - Gold is normally never pure. Do you think the Dinar, that was minted by the Romans and used in Madinah, was pure? Pure gold is not solid enough to be handled as a currency. 21-22 K is sufficient for Zakahability. Any thing less than that, calculate it by proportion.
5 - If Zakah is due on an item that is not divisible such as stored jewelry and you have no other sources to pay it, you may delay payment until you can do it from other sources or sell the item and pay the due Zakah. This is not sinful. Remember that when you have means or when you sell the item you have to go back to all previous years and pay the due Zakah for all the past years.
6 - You cannot give your Zakah to persons you are responsible to provide them with sustenance and means of livelihood such as mother, sister, wife children, etc. If you are not responsible you can. For instance a wife is not responsible to spend on her husband. She can give him her Zakah, even though he may spend part or all of it on her.
7 - Nafaqah, in Fiqh, usually refers to the obligatory spending required to be done by a person of relatives either because of the relationship itself or because of the relation and their need together. A husband is required to spend on his wife on the basis of relation only, even if she is rich. a person is required to spend on his/her miner children, parents, sisters, adult children, etc. only if they are poor, in need for his/her assistance and he/she is able to do so. Certainly, for minor children Nafaqah is the responsibility of the father and if not the father's father or brother, then the mother become responsible only when there are no males relatives who can shoulder the minor's expenses.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah of jewelry to be paid by wife of husband?
From: Islam on line
Sent: January 01, 2003
Name of Questioner latife Country Palestine
Question
I want to pay Zakah for my gold that I kept it but using it in special occasions, I am not a working women and also my husband, but he has an amount of money which we live from it and I live with my divorced daughter who is working, my sons are all married and living in seperate homes, my question is who is the one who is supposed to pay that amount of money me or my husband?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. latife
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

It is always the owner is the responsible person to pay Zakah. if you don't have any source to pay from and you cannot divided the gold and pay or sell part of it, you can delay payment until you have money.
But are you sure your gold jewelry qualifies for Zakah payment? you said you wear it on relevant occasions. This is one condition of exemption satisfied. the second question is whether the amount of gold jewelry is larger than what other women in similar positions (socially and family wise such as your sisters, sisters in law, neighbors, etc) wear. If it is not in excess of that, your golden jewelry is not subject to Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

FATAWA ON ZAKAH 2002

Subject: Nisab of Zakah
From: Islam on line
Sent: December 31, 2002
Name of Questioner Abiola Country Nigeria
Question
What is the Nisab on monetary zakah? Also does it mean that if a particular amount of money has not stayed with me for a period of one year, I cannot pay Zakah on it? If then, does that mean that Zakah in Islam is meant for only the very rich because to reserve some amount of money for a period of one year without touching it all is not something easy at all.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abiola
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Your doubts are correct but you know Islam is a very rational religion. those doubts do not apply to Zakah.
The Nisab is approximately US$ 1000, the value of 85 grams (# 3 oz). Once a person has this amount above her/his regular expenses, (s)he becomes Zakatable, then after a full lunar year (354 days) from that day, if this person has 1000 or more then (s)he must pay Zakah at 2.5%. Zakah is payable every year. Meaning: this extra one thousand Dollar doesn't even have to stay with the person all the time, it goes and others come; just look at the balance after 354 day. Notice the Nisab is low so that even the upper poor persons may have to pay Zakah.
Wa Allahu A'lam

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

Subject: Zakah on jewelry
From: Islam on line
Sent: December 28, 2002
Name of Questioner erum Country Pakistan
Question
AssalamU Alaikum RESPECTED IMAM SAHAB I erum from Pakistan want to ask you how much Zakah I will pay from my gold jewelry here is my jewlery quantity: I had 160 grms gold jewelry in urdu languge 10 tola gold .plz answer me soon your well wisher miss erum
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. erum
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If you normally wear this jewelry and it is not more that your peers have, it is not subject to Zakah at all. Normal wear means you wear it for its occasion such as a wedding, a party, etc. It does not mean that you wear it daily and always. And peers means friends, relatives and neighbors, i. e., people with whom you associate.
If any of the above two conditions is not satisfied, you have to pay the value of 0.025 X 160 = 4 grams in rupees as it is in the local market for gold as bullion, i.e., non manufactured. It does not matter if the purchase price of the jewelry is higher than present market price or if the jewelry cost you more because they are manufactured
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah on savings only?
From: Islam on line
Sent: December 22, 2002
Name of Questioner Muhammad Country Pakistan
Question
Does Zakah apply on savings or on every thing with you, and does zakah apply on the Jewelry which is in use.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Zakah is on all items that are subject to Zakah each group together. We have three groups of items subject to Zakah: 1) money, gold, silver business inventory and debts on others (accounts receivable). if the total amount reaches Nisab (# USD 1000) and a lunar year, which is 354 days, from then you have at least Nisab. Your Zakah is at 2.5% of the total balances of all these items together on the 354th day. This is repeated every lunar year as long as on 354th day you have a Nisab or more. 2)agricultural products, if your output of all these items is Nisab (# 654 KG) you are subject to Zakah at 10% if the land is watered by rain or streams, or 5% if watered by animals pulling water from underground. 3) Live stock.
Please notice that savings are included in the balance of cash you have when Nisab is reach for the first time and on each 354th day then after. Two conditions must be satisfied together for exempting women jewelry: a- they must be in normal use, this does not mean daily, it means what is normal for the kind of jewelry you have. And, b- they must have a value that is usual and customary for the woman who wears them, this is measured by her peers and associates. Men golden jewelry are all included with no exception because men are forbidden to wear golden jewelry.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Zakah on debt, who pays it?**
From: Islam on line
Sent: December 22, 2002
Name of Questioner muhammad Country Pakistan
Question
I had given Rs75000 as a loan to my uncle three years back but he did not return it to me. I askyou about the Zakah on that amount of money whether to be paid by my uncle or myself or the amount of Zakah to be postponed till the return of the principal amount
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You are the owner of a debt on your uncle, in other words you are the wealthy person, who owns this asset, and you uncle is under debt. The criteria for the Zakahability of an asset are centered around a few points such as its existence, that added to other similar assets there make at least a Nisab (the minimum amount for Zakahability, ownership etc. what matter with regard to debts is to establish its real existence. This is established

by two conditions: 1) that the debtor is able to pay it now or in the future, because a debt on a bankrupt person means nothing no matter how many strong document the creditor may have. And 2) the debtor acknowledge his/her indebtedness or you have strong evidence in its support, because a denied debt with no acceptable evidence is uncollectible. Once these two conditions are established, then obviously you, as a creditor/owner of this asset, the one who is required to pay its Zakah; and it is due every lunar year along with your other money, debts business inventory, etc.

You may pay the due Zakah on such a debt from your other sources (the cash you have) but you don't have to because essentially the rule is that Zakah is payable out of the item itself. Therefore delaying its payment until you get the debt back is not sinful, but you need to calculate it and once you get the debt back you need to pay the due Zakah for all past years. This is the designated (in the Qur'an) right of the poor that you must not tamper with it.

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah is due and I need the money for Hajj**

From: Islam on line

Sent: December 21, 2002

Name of Questioner Nasser Country United States

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Nasser

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Yes, you have to pay Zakah on your money you have on the day your Zakah is due (354 days from the day you acquired Nisab for the first time and every 354 days then after) even if you intend to use part of it for hajj after 2 months. After all the amount of Zakah

due on the cost of hajj of $ 3500 is only $ 87.5, it doesn't take much of the cost of Hajj. If you have already contracted a travel agency before the end of your Zakah year, the amount becomes a debt on you and you may then deduct it from the balance on which you calculate Zakah.
I am sorry for the delay I happen by some error not to check my email for ten days.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: How to determine living cost in Canada for Zakah calculation
From: Abduaziz
Sent: December 17, 2002
Question
Salam alaîkum Dr. Khaf,
I am a Canadian (born Algerian). I want to make Zakah (Uzaki) my salary (plus the salary of my wife). We work in Canada. I want to know how to determine the living cost in Canada or what you call the household expenses for a couple with two children. I understood that to make Zakah I have to abstract those expenses from our family net income and give 2,5% on the difference. Am I correct?
Thank you very much for your help and Jazaka allahou khayran ! Abdelaziz
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abdelaziz
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You can take your actual expenses of last year and average them on monthly basis, or check with the department of statistics for the average expenses of a family of four in your city; it is usually part of the household surveys they make on regular basis for major cities.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on rental property and on land
From: Tariq
Sent: December 17, 2002
Question
Assalmu Alikum Dr. Kahf & Eid Mubarek,
I have 2 questions on how to calculate my Zakah .....

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

My Answer:

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

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

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

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

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

Wa Allahu A'lam

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

Subject: Can money spent on mother's surgery be considered Zakah?
From: Islam on line
Sent: December 11, 2002
Name of Questioner Country Egypt
Question
My mother will need to take a surgical operation & I decided to pay for this operation. Can I consider this part of the Zakah knowing that my mother is capable of paying for this operation but for a lower standard.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Certainly no, Whatever you give to, or spend on your mother cannot be considered out of Zakah. You are required by Shari'ah to spend on her and to please her always and to get her the best and highest medical service that she may need who is going to pay for it you or her does not matter, but certainly if she cannot afford paying for excellent service and you can you are required to pay for it. Pleasing her and obtaining her pleasure is a religious obligation on you.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah on income or on the balance?
From: Islam on line
Sent: December 03, 2002
Name of Questioner mohsin Country U K
Question
Asslamu Alaykum my question regards to zakah payment. Is zakah paid for the total of your cash savings or is it paid on the amount you have made in the 12 months since I have paid it last for example: last year my cash savings was 12000 pounds this year it is 16000 pounds do I pay zakah for the 16000 pounds or the 4000. Do I pay zakah on any money spent in this year also.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. mohsin
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Zakah is payable on the balance you own on the 354th day after your owned a Nisab at 2.5% and repeatedly every lunar year then after. In your example Zakah is payable on the 16000 pounds, not the 4000 nor the 12000 only.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on land bought to build a residence
From: Islam on line
Sent: December 03, 2002
Name of Questioner Mohammad Country Pakistan
Question
I have purchased a piece of land with the original intention of building a residential house on it. Now I am uncertian as to whether I will build my residential house on that land or sell this one and buy another piece of land in a different locality for the same purpose. Do I need to pay Zakah on this land which I ahve right now. I might also finally end up building the house on the same land I originally bought.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
No, this piece of land is not subject to Zakah because it is not purchased for sale and the Prophet, pbuh, ordered us to pay Zakah on what we buy for sale. It is for residence even with the change of intention of selling it to buy another in a different location.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah required on a bank account and a house not rented?
From: Islam on line
Sent: December 03, 2002
Name of Questioner Mohammad country Pakistan
Question
Assalamu Aliakum My father died in 1998, since then my mother has been living with me and my brother. My mother had a joint account with my father and she also owns

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Mohammadi

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Sent: December 03, 2002
Name of Questioner Mohamed Country Singapore

Question

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

My Answer:

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

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

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

If real estates are not purchased for sale, i.e., they are rental properties, there are three views about their Zakahability as follows: a) These are not subject to Zakah at all. Any income derived from them is treated as part of the inflow of money and the balance at the end of the year is subject of Zakah under the known conditions for Zakahability, Nisab and passage of one lunar year; B) His Eminent, Sheikh Al-Qaradawi argues that the income of such properties must be subject to Zakah upon its receipt or at the end of the year and you have a choice of either 5 % on the gross income (gross revenue- allowance for amortization) or 10 % on the net income (revenues – amortization – expenses and taxes). Zakah is payable every lunar year repeatedly and any balances that are left at the end of the year are treated as part of cash balances (if they remain in cash form) that will be subject to Zakah on monetary assets every lunar year; C) the third opinion is that based on the net worth that you own. It goes as follows: on the 354 days after owning a Nisab you calculate the market value of the real estates + cash balances + bank account + inventory + debts on others + jewelry – mortgages and other liabilities etc. and you pay Zakah at 2. 5%. This is also repeated every year.

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

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

Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Paying Zakah for cost of wedding of a relative

From: Islam on line

Sent: December 01, 2002

Name of Questioner Amin Country India

Question

Assalamu Alaikkum I used to make charity oaths for fulfilment of certain genuine matters or solving some nagging issues. Allah answered most of my prayers and I set aside the intended money for charity and I pay to the needy whenever I come across such people / causes. My original desire is to help the poor Muslims (relatives / friends / strangers) in need and I have accumulated some money towards this purpose. Now a close relative is getting married. She has lost her father while she was young. The income she gets from her property is not sufficient to meet the wedding expenses. She (and her mother) is supported by her elder sister who is employed, but financially not very sound. Since she is my close relative, I would like to share a good chunk of wedding expenses. Even if, I did not set aside this charity money, I would still be helping them. Therefore, is it okay to spend for her wedding from the amount I set aside for charity purposes? I am not feeling fully comfortable to use that money because she might consider it as a gift and might return at least part of it when my daughter gets married. Or can I use ZAKAH money for this purpose? I would appreciate your scholarly opinion on this. Thank you

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Amin

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Charity Oaths or Pledges are called in the Islamic law "al Nathr, pl Nuthur." If a charity oath is taken, it must be fulfilled as indicated in the Qur'an [22: 29 and 76: 7] and in the Hadith "Whoever made a Nathr to obey God, (s)he must fulfill it and whoever made a Nathr to disobey God, (s)he must not fulfill it."

Obviously, the objective of such a charity is determined by the oath itself. If you made a pledge of Sadaqah for the poor and needy, you have to give it to the poor and needy; if it is to orphans, then it must be given to orphans, if it were to give your wife then you must give your wife.

Assuming your pledge is to give Sadaqah to the poor, you can give a poor bride to help her get married. Two things must be made clear: 1) You mentioned that she is a close relative. How close is she? You may be responsible for her livelihood expenses without knowing it! According to Shari'ah, every poor female must have a male relative who is responsible for her expenses and those who do not have any able male relatives, the Islamic government must provide for them. Please check this point. And, 2) How poor is she? Is she poor to the extent that she is covered by your Nathr? If these two points are satisfied, yes, you can help for her marriage expenses provided that you do not spend

any money of your Nathr for extravagance and you can make it clear that you do not consider it a matter of exchange of gifts.
Zakah may be paid to help poor persons get married provided that Zakah is not spent on extravagance.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah payment for accumulated debt of some relatives
From: Islam on line
Sent: November 30, 2002
Name of Questioner Shahab Country U K
Question
Dear respected ulama,assalaam u alaykum wa rahmatullah.my question is concerning Zakah.I currently have a member of my immediate family studying at university. Because there is no longer any grant system in the UK, they have accumulated quite a large debt. I want to pay off this debt for them. Can I do this with the intention of Zakah and if I do this will I have to inform the person of such.
p.s Is the amount of Zakah due on me a proportion of what I have earned through the year or of what I have saved (i.e my bank balance) or should you take into account assets such as a house (I have no jewellery) I await your guidance with anticipation insha'Allah. Jazakamullah khairun
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Shahab
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Let me please begin from the easier part, your second question. Zakah is required on your assets on the due date with certain exemptions. The due date is the 354th day after the day you acquired Nisab (# US$ 1000). Assets included in the calculation are cash on hand and in banks, debts you have on other persons provided the debtors recognize their indebtedness and they are able to pay, regardless of the debt maturity date, business inventories, men golden jewelry regardless of value and gold and silver ornamental items regardless of their value. I assume you are not in agriculture because if you are then farming output if it is more than 653 Kilos and livestock are also Zakatable. Your residence is totally exempt. So are your car, cars of driving members of your household, furniture, personal books, cloth and other personal and household items.
If by immediate member of your family you mean children, wife or parents you are responsible for their education, if needed. If adult sisters and they are poor and you are well to do, you are also responsible for their expenses, and if University education is

normal for your children then you are required to provide it to your sisters. If they are adult brothers, uncles and they are poor and have no well to do closer relative than you, you are also required to spend on them. In other words, you cannot pay your Zakah to any person for whose expenses you may be responsible and paying a person's debts is like paying the money to the person from the point of view of Zakah settlement.

If the immediate relative is farther in her/his relation to you to the extent that you are definitely not responsible for her/his expenses, Zakah can be paid to the deserving person's creditors to pay the principal (no interest should be paid from Zakah) of the debt. With the urgent needs for Zakah of people who are submitted to foreign occupation or to sectarian torture such as Muslims in Palestine, Chechnya, Kashmir, and Gujarat, I prefer that we should be moderate on paying Zakah to settle debts. I think we must consider the priorities of the time and at the most not pay more than 1/8th of the due Zakah for this Item, and keep the majority of our due Zakah for the Humanitarian help to people under oppression.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on jewelry in advance for marriage

From: Islam on line

Sent: November 28, 2002

Name of Questioner B

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. B

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Qaradawi, which I think the most reasonable. there is a view that all women jewelries are not subject to Zakah regardless of size and use.
If it is not in your possession it may still be owned by your parent, that they intend to give you as a gift. It is also subject to Zakah, on the same ground, you can pay its Zakah on their behalf, but you need their permission for that because Zakah is a worship that requires intention whenever intention can be made (the exception are miners and insane persons, whereby the intention of their guardian substitute theirs).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on 401K
From: Khaldoon
Sent: November 26, 2002 7:57 AM
Question
Assalmu Alikum Dr. Kahf & Ramadam Mubarek,
I'm sure you're asked this question before. Do I have to pay Zakah on my 401k funds before I turn 59.5 years? I'm sure you know how the 401k system works in the US. If the answer is yes, what happens if some one doesn't have enough cash to pay for 401k Zakah before having access to the funds? The fatwa from my Ilam online search was not very clear. ZAK -Khaldoon
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Khaldoon
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Individual private retirement funds such as IRA, KIO, 401K and similar funds are Zakatable LIKE OTHER ZAKATABLE ITEMS. These are owned and managed by you. The restrictions imposed by the tax system do not negate the essence of ownership and do not make such funds like what is called in Fiqh "al Mal al DHamar" which is money you lost and you do not know where it is. Government in accordance to Shari'ah has the right to make certain restrictions on the disposition of certain personal properties for certain objectives related to public interests and concerns.
Retirement funds that are similar to Social security are not subject to Zakah. Many companies have retirement systems to which every employee is required to contribute at a given rate and there is usually a matching money from the company, and they have an actuarial system, similar to that of life insurance companies for the calculation of pensions and/or lump-sum payments at the time retirement. Funds contributed or credited to an employee's account in such a retirement system are not subject to Zakah.
I said earlier" like other Zakatable items" and capitalized it (as my system does not allow me to underline it) because it really depends on how the money in an individual

retirement account is used. For instance, if you borrow (this is permissible in Shari'ah even if the tax system requires you to pay to the account interest because you are paying the interest to yourself) this money from your account to purchase a residence for yourself, borrowed money that is used for the residence or for paying emergency bills or any other use that is not subject to Zakah must be deducted for the purpose of calculating the Zakah, i.e., it is not Zakatable.

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

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

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

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

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

Take the example of a debt on a person who is able to pay and recognizes that he is in debt to you for that amount. It is subject to Zakah every lunar year. if that person dies

and his heirs deny part of the debt and you could not prove it otherwise. If you already paid every year, it is gone as Zakah and rewarded InShaAllah, but if you did not pay you can, now say after 20 years, pay Zakah for the past years only on the amount you actually collected.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Follow up: Zakah on 401K**
From: Salem
Sent: November 25, 2002 6:06 AM
Follow up Question
Dr Monzer
assalamou alaykom:
Thank you very much for your prompt and detailed answer, jazakallahouu anna khayran. as I understood from your email, and please correct me if I'm, eventhough Zakah is due I'm not obligated to pay it now. if yes, then when is Zakah due? Wassalam. Salem
My Answer
Dear Br. Salem
Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
You are correct, Zakah is due and it is not required for payment until you cash that money. The reason is that you do not have accessibility to it at the present and the principle is that Zakah on any item is payable from that item. In other words, you may, but do not have to, pay its Zakah from your other sources because its Zakah is not on these other sources. The final outcome of this is that if you pay its Zakah now from your income this is well and good. but if you do not pay it now and only calculate it and you sleep on it until you withdraw the whole money, and suppose you withdraw it with penalty or arrear taxes (any thing that turns out to give you less money than you thought, when you made the calculation, you had, you can revise the calculation and only pay Zakah on the actual.
Take the example of a debt on a person who is able to pay and recognizes that he is in debt to you for that amount. It is subject to Zakah every lunar year. if that person dies and his heirs deny part of the debt and you could not prove it otherwise. If you already paid every year, it is gone and rewarded InShaAllah, but if you did not pay you can now, say after 20 years, pay Zakah for the past years only on the amount you actually collect.
Wassalam
Sincerely,
Monzer Kahf

Subject: **Zakah on 457 Ca and 401K**
From: Dr. Salem
Sent: November 24, 2002 6:56 AM

Question

Dear Dr kahf:

assalamou alaykom

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

My Answer

Dear Br. Dr. Salem

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

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

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

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

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

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

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

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

If these shares are purchased for the purpose of making money from capital gain by selling them once a good opportunity exists, they are subject to Zakah at the market value on the day Zakah is due (the 354th day after acquiring Nisab). This is agreed upon

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

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

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

Wa Allahu A'lam,

Wa Alhamdu li Allah Rabbi al 'Alamin,

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah on retirement funds**

From: Shahid

Sent: November 21, 2002 8:35 AM

Question

Should Zakah be paid on retirement fund?

JazakAllah. Shahid

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Dr. Shahid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Khadija
Sent: November 19, 2002

Question

As-salaamu alaikum wa Rahmatu Allah,
Ramadhan Mubarek to you and your family. I have one question in regards to Zakah. I know it is calculated using 2.5% of your annual savings, but is there a minimum amount one must have in savings to qualify to pay the Zakah? Example: if I have $50 in savings for one year then do I pay Zakah on that amount or is that too low in savings?
Jazzakum Allahu khairan and may Allah (SWT) accept the du'a, fasts and prayers of all the Muslims and increase/accept our good deeds. -Ameen
Wa salaamu alaikum, Your sister in Islam- Khadija

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Khadija
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Ramadan Mubarak to you and your family too and may the Lord of the worlds give you all the blessing, mercy, acceptance and forgiveness of these very greatly blessed days.
Yes certainly, there is a minimum amount called Nisab. If a Muslim has a least this amount on a certain day and has also at least the same amount a lunar year (354 days) from that day, this person is obligated to pay Zakah at the rate of 2.5%. the same is repeated every year. The amount is the value of 20 golden Dinars, which was a currency at the time of the Prophet, pbuh. This Nisab is not a minimum exempt, rather it is a criterion for Zakahability. A golden dinars equal 85 grams of gold, = a little less than 3 oz. I believe that the value of Nisab is not meant to change daily with changes in the commodity market in NY or London, so I take US$ 1000 as a good approximation of the Nisab.
Let me make two clarifying examples (since you mentioned the words 'annual savings). Suppose on a certain day you have zero savings and you started accumulating every two weeks part of your income, and at the end of a lunar year from that certain day the balance of your savings was 1000 or more, you are required to pay Zakah at 2.5%. Case 2: Suppose you start on a given day with 1000 or more in your account, and you still save part of your income, adding certain amount every two weeks. You have to calculate the Zakah on the total (the balance) you have 354 days after that given day.
Not included in the Nisab any money you set aside for your expenses until the next income pay or for payment of any debt or any forthcoming need (such as continuation of dental treatment and the like)
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah on principal or on profit?
From: Islam on line
Sent: November 18, 2002
Name of Questioner Ashfaq Country India
Question
Assalamualaikum Respected sir I want to ask you about Zakah. I've invested more than a year before some amount in the business, Istart getting profit, I want to know should I give Zakah on actual amount which I've invested or on the profit, or on both, I've invested the profit back in the same business. Please clarify. Waiting for the reply. Regards Ashfaq
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ashfaq
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
The rule is: Zakah is calculated on the total amounts of the items that are subject to Zakah on the due date.
Explanation: due date is one lunar year that begins on the day you acquired Nisab (= about US$ 1000); this means once 453 days pass after having a Nisab Zakah is due for payment and is calculated on the total on the 354th day. Rate of Zakah is 2.5%. Zakatable items are cash on hand, accounts receivable and debts on other people whether commercial or personal provided debtors are able to pay on the due date they acknowledge their indebtedness, bank accounts whether for business or personal, ornamental gold and silver items, golden jewelry for men and golden jewelry for women, if you own any, that are nor used by a woman on normal basis or that exceed what her peers usually have. For Zakah to become required the total of these items on the 354th day must be equal to or more than a Nisab. Zakah is due repeatedly every year.
In your case, if the business is all yours you need to add the balances of the items mentioned above on the 354th day and pay Zakah on the total of these balances. If it is difficult for you to know the balances on that day and you make your balance sheet on the Gregorian calendar (of which we are today on the 18th of November 2002) you can calculate your Zakah every year on the Gregorian calendar provided you multiply by the rate 2.577% (= 2.5% x 365/354); and if you need to pay Zakah for a fraction of a year you count the number of days that are Zakatable and take them proportional, i.e., you multiply the total balances by 2.5% x number of days/354.
This whole thing means that you original investment and accrued profits are included but all money withdrawn during the lunar year for personal and family uses and for buying items that are not subject to Zakah, such as a means of transportation or a home to live in and for giving gifts and charity are also excluded from the calculation.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Calculation of Zakah for a business
From: Islam on line
Sent: November 13, 2002
Name of Questioner Muhammad Country Sri Lanka
Question
ASSALAMU ALAIKUM I GIVE BELOW BALANCE SHEET OF MY BUSINESS FOR 3 YEARS. YEAR YR YR IN '000' ONE TWO THREE US$ US$ US$ INVENTORY 50 54 58 RECEIVABLE 36 37 38 CASH 2 4 1 ----- ----- ----- 88 95 97 PAYABLES 18 18 22 ---- --- --- NET CURR ASS 70 77 75 BUILDING 30 30 40* --- ---- ---- TOTAL ASST 100 107 115 ==== === ==== CAPITAL 85 85 85 P/L-B/F 10 15 22 CURRENT NET PROFIT 5 7 8 --- --- ---- 100 107 115 * === === ==== NOTE:BUSINESS CASH IS USED TO BUY A BUILDING FOR $ 10,000 IN YEAR 3 PLEASE CALCULATE ZAKAHH TO BE PAID END OF YEAR 1,2 AND 3. WASSALAM & JAZAKALLAHU KHAIR.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. MUHAMMADH
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You must have made a mistake in the data provided as capital and profit do not add up to 100, 107 and 115.
Any way let me assume that the correct numbers are those given on the asset side and that your profit was 15 22 30 respectively so your Balance Sheet becomes balanced.
I will also make two other assumptions: 1- your receivables number is given net of bad debts and or provision for doubtful debts; and 2- your payables are all currents (otherwise you have to deduct any long term payables from the payables number which means you do not deduct all payables from Zakatable assets but only current payables.
Your Zakah is simply 1.75, 1.925, and 1.875 respectively according to the Majority and the view adopted by the International Shari'ah Board of Zakah; it is 2.5, 2.675, 2.875 according to a minority view than looks at net worth only.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on retirement accounts
From: Islam on line
Sent: November 13, 2002 6:36 AM
Name of Questioner Fouzan
Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Fouzan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Using Zakah to buy jewelry for marriage of adopted daughter**

From: Islam on line

Sent: November 12, 2002

Name of Questioner Muhammad Country Sri Lanka

Question

ASSALAMU ALAIKUM I SHALL APPRECIATE IF YOU WOULD LET ME KNOW WHETHER I COULD ALLOCATE ZAKAH MONEY TO PURCHASE JEWELERY FOR MY SERVANT [ADOPTED

DAUGHTER] AT THE TIME OF HER MARRIAGE. IT'S SRI LANKAN CUSTOM TO GIVE JEWELERY AT THE TIME OF MARRIAGE. WASSALAM

My Answer:

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

First Adoption is not permitted in Islam because. At least according to the Anglo-Saxon Laws, adoption changes the lineage relationship. Adopted children are treated as children for all legal considerations including marriage, financial responsibility and inheritance and natural parents become complete strangers! Fostering a child is equivalent to the Islamic "Caring for orphans."

With regard to Zakah if you are the one who takes charge of her daily expenses and needs such as food clothing, housing and other personal financial needs you CANNOT SPEND YOUR ZAKAH ON HER WEDDING JEWELRY because this is part of her personal expenses. Zakah has to be given to poor or needy persons who are not part of your household responsibility.

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

Subject: Calculation of Zakah and paying it to an Islamic School

From: Roomana
Sent: November 10, 2002

Question

as salaam alaykom wah rahmatullahi wah barakatuhoo, Dear Brother Monzer Kahf:
Ramadhan Kareem. May the special blessings of Ramadhan be with you and yours now and thru many more Ramadhaans in future, ameen.

I had a fiqh question to ask you. I wonder if you could guide me to the correct decision? inshaAllah. May Allah SWT reward you for your efforts with a fitting jazae khaiyr, inshaAllah.

I am a married women owning separate property from my husband: a bank account balance with savings from past salaries, an investment in a schedule S corporation (as a shareholder) in a store selling halal goods, and some jewelry. Could you please let me know how I would calculate Zakah? There is a very good avenue to give it to: an Islamic school needing funds for a new building. Can I use this money to fund the school project?

I would appreciate it if you could please respond soon? The fund raising for the school project is this weekend.

Your sister fi deen

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Roomana
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Obviously you own more than Nisab. the balance of the Bank account and your share of the mobile and liquid assets in the store are subject to Zakah with no differences between Muslim scholars. If you use your jewelry in a normal way for what they are used for and they are not above the customary amount of your peers, they are not subject to Zakah also unanimously (this means: you have them for use not simply as a store of value that you are saving them for the hard times and the value of them is not much above of what other women you associate with have). Otherwise the Zakahability of jewelry and total investment in the store (instead of only mobile and liquid) is controversial. I prefer the opinion of their Zakahability.
Accordingly you add the net worth you have in the store on the day of Zakah (if this can't be known to you you need to make estimation of best judgment taking into consideration part years experience and the economic situation in your are with regard to the business of the store) to the balance of the bank account (do not include any interest if there is any) to the value of the jewelry on the day Zakah is due and multiply that by 2.5% to get the amount due for distribution as Zakah.
Fir Zakah distribution, if you live in North America, as it seems from your letter, I do not recommend paying Zakah to Islamic schools, mosques or centers. These are very important and their finance is a collective duty of parents for the schools and of the whole Muslim community for the others. But they are no more included under "Fi Sabil Allah" category of Zakah recipients. this category is mainly for Jihad to liberate Muslims under foreign occupation such as in Palestine, Chechnya and Kashmir. its extension to other areas of Jihad with the words, pens and cameras is acceptable as long as the issue of defending Religion against bigotry and slanders is concerned. But giving Zakah to schools, mosques and centers is a distraction if we take into consideration that the Muslim community in North America is no more poor that it cannot build mosques and centers or teach Islam to its children. I do not consider schools, mosques and centers among the recipients of Zakah in North America today although we used to say that in the past when Muslims in the USA and Canada were poor. There are certainly exceptions in neighborhoods where the Muslim community is poor that it cannot build a Mosque or center.
On the other hand we have organizations that are taking charge of the real defense of the Islamic religion, community and values such as CAIR. Zakah can be paid to CAIR and its chapter and to similar organizations that are involved in correcting the distorted image of our most beautiful religion.
Zakah can also be given to relief Organizations that help hospitals, orphanages and other humanitarian most needed relief in Palestine, Gujarat and other devastated areas in the Muslim world. Certainly we do not give to organizations whose assets are frozen until the issue is solved. (By the way, freezing their bank accounts is immoral on the part of the American Government because if there are any wrong doing it is managers and

administrators who did it and they may be prosecuted but the funds belong to the poor recipients or to the donors. funds must be released for distribution to their needy recipients.)
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on rental income in Qaradawi's view
From: D. A.
Sent: November 04, 2002
Question
I did not find the issue of Zakah on rent in the Qaradawi's book, Is it the opinion of the four schools of Fiqh?
My Answer
Dear Br. D.A.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh,
In your reading of Shaikh Qaradawi book you must have missed chapter 8 (eight). The Arabic title of this chapter is "Zakah'ul Mustaghallat." Zakah on rental income is mentioned in this chapter as the opinion Shaikh Qaradawi gives weight to. It is his opinion. You are correct this is not the prevailing opinion in the four schools of Fiqh although you find it as the view of several classical Fuqaha. You should notice that such a use of wealth was not very common at the early time of Islam especially at the time of the Prophet and Companions, pbut.
Wassalam
Sincerely,
Monzer Kahf

Subject: Zakah on cash proceeds from sale of house
From: Islam on line
Sent: October 14, 2002
Name of Questioner khairul
Question
As-Salamu Alaikum,
I normally pay my Zakah in the month of Ramadan every year. I sold my house in October for a small profit. I have this money in my bank account. We are now living in an apartment. What I would like to know is that do I have to pay any Zakah on this amount during this Ramadan or do I have to have this cash amount for a period of one year before I have to pay any Zakah on it; and what happens if I spend or invest it (say to purchase a house for us to live in) before the year is up, or what ever the time period may be. Jazak Allah Kheir.
My Answer:
Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. khairul
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If you already own other Zakatable items, such as cash and jewelry, that equal at least a Nisab and you will have to pay Zakah in the coming Ramadan, you will have to pay on the balance you will then have including the addition from the sale of your former house. This means that whatever you spend on house, car, furniture, etc. before the date of you due Zakah is not going to be included in the balance you will be having in Ramadan. It also means that once you establish a beginning and end of your Zakah lunar year by reaching a Nisab, you don't make a separate Zakah year for each amount you add to your Zakatable assets, from whatever source in comes (a gift, sale of house or car, inheritance, saving from income, etc.), instead you just take the balance you have at the end of your lunar year. Remember that investment in stocks, Takaful company and similar investment does not take the asset out of the Zakatable pool.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on cash but there is a debt of signed contract
From: Islam on line
Sent: October 14, 2002
Name of Questioner Mohamad Country Uk
Question
As-Salamu Alaikum,
I have signed a contract to buy a home to be my family residence but I haven't paid the money yet to the seller. The signature was before completing the year (Al-Hawl) but now the year is completed. Should I pay Zakah on the money that I have now?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
whatever money you set aside to pay for the contract you already signed is not subject to Zakah this year as long as you are required to pay it within the Zakah year (the Hawl), and you have normally no other sources to pay this contracted payment from.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Zakah on Provident Fund**

From: Islam on line

Sent: October 14, 2002 6:52 AM

Name of Questioner khairul

Question

Assalamualikom wa Rahmatullah,

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. khairul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Giving Zakah to charitable organizations**

From: Islam on line

Sent: October 12, 2002

Name of Questioner Khadija Country UK

Question

I live in UK. Is it permissible to give Zakah to charitable organizations?

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Khadija
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Yes certainly, It is permissible to give Zakah to MUSLIM charitable organization, but it is not permissible to give to charitable organizations run by persons who are not trustworthy, Muslim or non-Muslim, nor to non-Muslim charitable organization. the reason for not giving to non trustworthy is obvious, and the reason for not giving to non Muslim organization is that they normally are not acquainted with the conditions and requirement of Zakah recipients and the definitions of each category of them.
Giving Zakah to Muslim charitable organizations in the UK and other Muslim communities areas, where there are no government organizations that collect and distribute Zakah may even be better than distributing it directly because Islamic charitable organization have a more comprehensive picture of the needs in the community and elsewhere and they are better equipped to make Zakah reach the most deserving categories of recipients.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

-Subject: Nisab Subject: Giving the Zakah to non-Muslims
From: Islam on line
Sent: October 11, 2002
Question
Dear Learned brothers. As-Salamu `Alaykum. The Holy Qur'an clearly defines the category of people eligible for Zakah or obligatory charity. Namely they are eight categories: Fakeer, Miskeen, for ransom of slaves, for saving those in debts etc including the wayfarer. Of these general categories, there is no mention about the beneficiary being Muslim or a non-Muslim. Can we give Zakah to non-Muslims if we are convinced that they are eligible? If we clear the debts of a non-believing friend, can it be acceptable as valid Zakaah. I am not referring to the regular acts and deeds of charity, which applies to all irrespective of their faith. Warm regards, Shakeel Hassan.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.Shakeel
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Zakah can be paid to non-Muslims but it is not a priority of Zakah especially that there is a lot much more need for Zakah money among Muslims everywhere today than there are Zakah resources. Besides clearing debts of Muslims and non-Muslim alike is a lower

priority on the scale of Zakah. You don't clear debts when there are people who die of starvation and or under foreign brutal occupation.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on a joint bank account
From: Islam on line
Sent: October 11, 2002 12:24 PM
Question
Dear brother, my question is about Zakah: "A man and his wife have the same bank account, their money reaches the sum that is liable to Zakah (for example in Morocco the sum on which Zakah is due is 8000 DH for each man or woman).
But in this case the man and his wife have only this sum (8000 DH). They ask you dear scholar if they must give the part needed for Zakah. Greeting to you. Rahmatullahi Alaykum.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Since they mixed their account and made it joint, I tend to apply the rule of mixed property on them. Zakah is due on the total once it reaches Nisab and a lunar year passes. They can divide the liability between themselves in proportion to their ownership. This applies on all such mixing of properties not only on husband and wife bank account. the International Shari'ah Board on Zakah has adopted such view with respect to Zakah on companies. The source of this ruling is the Hadith of the Prophet, pbuh, with regard to mixed livestock. it provides the same rule.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Giving Zakah to step mother and her children
From: Islam on line
Sent: October 11, 2002
Question
Can I pay Zakah (Obligatory Charity) to my stepmother who stays with her unemployed children? Thanks.
My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Yes, you can pay Zakah to your step mother who is poor and lives with her poor children. You can also pay it to her children tooprovided they are not fathered by your father as you may be financially responsible for the living expenses of your minor brothers. In either of step mother and her children cases you are not required to spend on any of them, among their family, you are required to spend on your wife only (if the questioner is male, but if the questioner is female, she is not required to spend on her husband and she can give him her Zakah even if she knew that he is going to spend the same on her personal and/or household expenses.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on 401K
From: Islam on line
Sent: October 11, 2002 7:13 AM
Question
Do I have to pay Zakah on 401k money? 401k money is some money I put (sometimes the company also puts) so that I can receive this money when reaching an age of retirement. It is important to note that I CANNOT take this money unless I reach the retirement age or I leave the company. The money is also subject to increase or decrease as it could be invested in the stock market (I choose Halal stock for sure). JAK
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Funds in the 401K can also be borrowed to by a house or pay medical emergency bills or some other uses too. You can also withdraw them with penalty without any reason. And the penalty is imposed on them for tax reasons only because when you deposit these funds you got tax deductible. You also chose where to invest and very often with whom to deposit.
This money is subject to Zakah because the restrictions do not invalidate your ownership or you ability to use, they are restrictions to "wise up" only or to force you not to misuse a tax relaxation.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Payment of Zakah in kind**
From: Islam on line
Sent: October 10, 2002

Question

I am the chairman of a Zakah committee, so I need some guidelines on how to operate and manage my commitee I have the following questions:- 1) We receive Zakah on terms of cash, can we give the bearer fakiir or maskiin assistance on terms of food instead of hard cash. 2) Can we pay house rent direct to the landlord on behalf of masakiin and fakiir instead of giving cash for the same purpose. 3) Can we pay school fees to the school management directy instead of giving cash money to the needy for the same purpose. 4) Can we use the money of zakaat to open an account with the hospitals for the purpose of assisting fakiir and masakin while they need medical assistance. 5) Is it halaal to assist a needy on basis of his/her behaviour (e.g. fasiq, drunkard, prostitute, adulterer, witchdoctor, munajjim). 6) Can we assist to settle a loan of a debtor which he took from a bank on basis of interest. 7) Can we give cash to the fakiir and maskin on monthly basis instead of giving them lumpsum for the whole year. 8) Do we have authority to to make thorough investigation before assisting the needy.

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Your work in the committee of Zakah is InShaAllah very rewarding. To be instrumental in helping others, especially the poor and needy is one of the greatest things to be done.
1- You can pay Zakah the way it is better to the poor. If you receive cash and find that it is better to the poor (person and family) to give food instead, you may buy the food and give it.
2- The same way you may give the usufruct of a house or apartment, especially if the rental contract is in the name of the committee or the Islamic center. If the contract is in the name of the recipient (the poor) I prefer that you pay her/him and have her give it to the landlord because the principle of Tamlik (making the recipient own the given amount) is important in Zakah, especially in the Hanafi School. It is in fact a very important principle that preserves the sanctity and purity of Zakah and prevents a lot of potential abuse.
3- For the service of teaching (school tuition) for the Poor's children, the same principle of rent applies, may be in an easier way because you can always tell the management of Islamic school that your committee is contracting it to provide the service of teaching to the child. However, I question the legitimacy of spending Zakah on tuition for a poor child to Islamic schools if you are in the USA, Canada or similar countries. My reason is

that in Zakah payment we have to weigh priorities and in the USA and Canada (if you are in these countries) the availability of public schools and their usually superior teaching qualities along with existence of other opportunities of providing Islamic teaching to children make spending Zakah on tuition of low priority especially with the tremendous needs of people struggling to survive and/defend themselves against occupation and aggression in many parts of the Muslim world, remember we live in a world village!

4- You can use the money from Zakah to pay for the service of hospitalization and price of medicines for the Zakah recipient (poor and needy). If you open an account with a hospital for that purpose keep either zero balance or a very minimum because you are not suppose to freeze the money of Zakah in any such account.

5- When you have to be selective, it is better to chose for your Zakah the most pious persons. But when you have abundant Zakah resources you spend on all including non-Muslims. The Prophet, pbuh, advised: "and let none but a God-lover/fearer (Taqiyy) eat your food."

6- You cannot settle a debt of the Zakah payer on a given poor from the amount given as Zakah by that payer. You can directly pay a debt on the poor from Zakah without paying it to the poor (and she then gives it to the creditor). This is mentioned in the Qur'an (9: 60) as item number 6 of Zakah recipients. It is preceded with the preposition for (fi) instead of to (li). For does not require Tamlik.

7- You can make monthly, weekly or even daily stipends to the poor and needy, it is sometimes better. you give large lump sum only when you are giving capital or capital goods to remove the recipient from the Zakah list and make her/him a producer and self sufficient and rarely on other occasions. This is one of the merits of the institutional distribution of Zakah through a government agency or an NGO like your committee.

8- Yes, you can and you have to make sufficient investigation to see to it that your Zakah goes in the correct destination. This does not mean that you are not rewarded if mistake happens (remember the saying that a person gave his Sadaqah to a rich, a thief, a prostitute, etc.). There is even an argument in the Fiqh books whether you have to get the poor to swear under oath that s(he) is really in need for help.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah on lender**

From: Islam on line

Sent: October 10, 2002

Question

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

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Provided that the debt is strong, in the sense that the debtor acknowledges it and (s)he is able to pay it back, the answer really oscillates between two opinions each of them has its own strength and merits.
On the one hand, a debt is a property of the creditor and there is no difference from the point of view of ownership and defining who is rich and who is poor between a debt on an acknowledging capable to pay debtor and cash in one's bank account or on hand. This makes it Zakatable every year lie other Zakatable assets.
On the other hand, you have no accessibility to the debt until you actually get your money repaid back to you, this makes it subject to all probabilities, and currently your hands are tight you cannot make use of it.
The Malikites argue that any debt that exceeds one lunar year with the debtor is subject to Zakah whence you get it back and for only past one year regardless of the of the period of the indebtedness. Others require payment for all the past period no matter how many years it was. Payment for all past years can be delayed until you actually get the debt back. In calculating the Zakah on companies, the International Shari'ah Board of Zakah took the majority's stand which seems to be more supported by the general principles of Zakah. On personal debts, it seems to me that the Maliki view may be reasonable especially for long terms debts (many years).
Dead debts are not subject to Zakah, if they are ever collected you pay only for one past year on the collected amount.
Doubtful debts are considered in proportion to their strength, e.g., if they are only 40% doubtful, you pay on 60% of the amount of the debt.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Zakah on jems and other valuable stones**
From: Islam on line
Sent: October 07, 2002
Name of Questioner najib Country Malaysia
Question
Assalamualaikum, I have one question reagarding Zakah ul Mal. As I read in the Fiqh Sunnah Book, by syed sabiq, it was mentioned that the Zakah Ul Mal is only applicable for Gold and Silver ONLY. As what I understand this issue, there is no Zakah on Diamond, ruby, and other precious gems other than Gold and Silver. Since these gems value is as much as the silver and gold, should we pay Zakah on these items too?
My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. najib
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If precious gems are used for trade as merchandize or inventory and if they are used as a store of value, i.e., not worn on regular basis for their occasions, without being in excess to what the peers usually have, they are subject to Zakah. However, if they are utilized as jewelry with gold, silver and other metals and they are normally used for their occasions and they do not exceed what the peers usually have, they are not subject to Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Using part of Zakah for administrative expenses
From: Islam on line
Sent: October 07, 2002
Name of Questioner Fathi Country of Residence
Question
I want to send some money to our brothers and sisters in Palestine. I am sending a mixture of Sadaqaah, Zakaah and interest money. The main groups in the UK I know use some of our donation towards administrative expenses. Now I have been told that if it is Sadqaah or Lillaah money used in admin, it is acceptable. Zakaah from what I think should be distributed 100% to the poor, and I don't know about bank interest. Now if I give it to the organisation stating exactly what the money is and with the right intentions, would it be OK for me, or would I be also responsible if not all the Zakaah is given to the poor. Please also tell me the facts about interest who it can be given to and whether it has the 100% status as Zakaah does. Jazaakumullaahu Khairan.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Fathi
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
1- Part of the Zakah money can be used for administrative expenses of the organization that takes charge of collection and distribution. It is better for this part not to exceed one eighth only because eight categories are mentioned in the Qur'an (9:60) and this is one of them. Most Muslim charitable organizations in Europe and North America are fully aware of this point and they normally use donations for their administration and distribute all Zakah to poor and needy.

2- Interest money, obtained from interest-based institutions, must be given away to the poor and needy. This is a money that is still owned by the payer, but since the payer gave it by will and is itself an institutions that uses its money in making interest-based activities we do not return it to the payer in order to avoid helping it to do more interest-based activities, so we reduce, even a little bit, the evil of interest in the world. You better tell the Muslim charity that it is interest money, although it is also permissible to pay from it the cost of making it reach the poor and needy (administrative cost)> interest money can be given to the eight categories of Zakah recipients, it can also be used for general services to Muslims, like paving a road in your village. it is a bit wider than Zakah.
3- In all cased of Zakah, interest, and Sadaqah you don't have to tell either the recipient or the Muslim charity about what it is, but if you do it is OK as long as it does not humiliate the person who takes it.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on non agricultural land
From: Islam on line
Sent: October 07, 2002 8:46 AM
Name of Questioner Ali
Question
Is Zakah applicable on a non agricultural land owned by a Muslim as in form of a saving? Some brothers argue that and amount of land holding is all exempt from Zakah. In the sub-continent, people usually buy non-agricultural land and keep it either for constructing a house or for sale in the future.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ali
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
A piece of land that is bought for the purpose of selling it in the future is subject to Zakah at the rate of 2.5% of its market value at the end of each lunar year along with other Zakatable assets for a person who owns a Nisab. This land becomes like objects or inventory of trade.
A land purchased to construct your residence is not subject to Zakah.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: ho is responsible for Zakah on jewelery?

From: Islam on line

Sent: September 30, 2002

Name of Questioner Abdul Country BURMA

Question

Asalamu Alikum W.. I would like to ask about Zakah liability which of my wife. I am a Burmese Muslim and I married with a girl In 1998 December. Q.1. In our wedding, I paid 20 tickles gold as a Mahar and girl's parents has given around 20 tickles gold to my wife as a gift. The same, my relative has given some gold to my wife too as a gift. Therefore, she had around 50 tickles gold with her. After a year, I asked her to sale 10 tickles gold to invest in my business. Then she gave me 5 lacks kyats equivalent of 10 tickles Gold. She said, this money is sold 10 tickle gold from her Mahar and must return to her. I told her, you are paying me money, not gold so I will return you money the same amount and she agreed it. So Is it permissible for me to pay money the same amount or must pay gold? Note: While I take money from my wife at that time Gold price is 1 tickle = fifty thousands kyats Now adays 1 tickle = One lacks eighty thousands kyats. Q.2. After some time, I tried to go to Japan by paying 10 thousand US$ for visa purpose and I need money. So I asked again to my wife to support from her jewelry if she agree. She mentioning, she already paid me 10 tickles from her Mahar and whatever jewelry she had remain, those were paid by her parents and the rest belong as a Mahar, so she doesn't want to pay any more and refused. In this case I am wondering who is responsible for Zakah for her Jewelry those she has. Till today I paid the Zakah for all her jewelry. But now, as she mentioned those are from her Mahar and paid by her parents. If it is responsible for me then it becomes big burden in every year just keeping and wearing a lot jewelry with my wife because I am the only wage earner. Note: While I was married, the gold price was as follows: While merry 1 tickles = fifty thousands kyats Now adays the gold price is 1 tickle = 1 lack eighty thousand kyats. Presently my wife has around 44 tickles gold = 44x180000=792,00,00 kyats Base on 2.5 % Zakah , it has to pay 198000/-kyats. My wife is not working, she is dependent on me. Thereafter would you please answer the rules of Zakah liability which of my wife? Abdul, Burmese Muslim.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Abdul

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

2- The Zakah due on the jewelry of your wife is her obligation, not yours. if she has no income she may have to sell part of them to pay Zakah. You can always volunteer to pay her Zakah, as you normally volunteer to pay for gifts she gives to friends and others, but it is not your obligation.
Please notice that what you paid in the past on her behalf is considered volunteering unless you told her that you were giving her loans at that time. In other words, you cannot go back now and claim that she owes you that money. but from now on, you can always refuse to pay her Zakah and she is the responsible person for such payment. Kindly remember that Zakah is due at the end of each lunar year from the day she acquired her gold, which is apparently above the Nisab.
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah while under debt
From: Islam on line
Sent: September 30, 2002
Name of Questioner Ali
Question
I graduated from college two years ago and have been working since then. I left school with $22,000 in loans that I had to pay off. My current loan balance is $8,000. My salary essentially used almost entirely in basic expenses (rent, food, etc) with the remaining portion going towards paying off my loans. How does the fact that I have been carrying this debt affect my Zakah obligation? Am I still obligated to give 2.5% of my annual earnings?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Ali
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If you don't own any Zakatable assets such as jewelry, stocks, bonds, saving accounts, etc. you owe nothing for Zakah since your income is completely consumed by your expenses and debts. Once you finish your debts you may have to pay Zakah on the amount not spent of your salary provided that its accumulation over a lunar year reach Nisab (# US$ 1,000).
Wa Allahu A'lam
Wa Alhamdu li Allah Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Can a debt to a lost lender be given as Zakah on lender's behalf?

From: Islam on line

Sent: September 30, 2002

Name of Questioner Eman Country Canada

Question

salam alikum few years ago I borrowed money for a friend the amount was $1800, I returned $1650 but before I return the last $150 I lost contact with that person I tried hard to contact them, I just can't contact them now, what can I do for the remaining $150, Shall I give it as Zakah or what can I do please guide me please answer me as soon as possible zakakum allah khair salam alikum

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Eman

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You mean you still owe that friend $ 150 and you are not able to find the friend to pay back this debt. Keep the money with you and you can't pay it to any party except the creditor or the creditor's due agent or heir. When you find the creditor you then pay your debt. your intention is not to delay it and you are rewarded God Willing, for this intention and honesty. It is always useful and rewarding to pay give for Muslim charity regardless of the debt.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Paying Zakah to close relatives

From: Islam on line

Sent: September 25, 2002

Name of Questioner S Country Canada

Question

Dear shaikh salam alaikum. One of most boiling questions we have in mind of a Muslim, is about Ribah/interest. While always the Muslim scholars have only interpreted the word Ribah and said its haram. In current world context what alternatives do we have for muslims living in Non muslim countries and the west, they cannot keep money @ home for safty reasons also it is illeagle to do so by many governments. We have to pay taxes to govt, then we have to pay from the capital we have to non Muslims. If we have to buy a house a car or any of the essential necessities we have to take a loan, and are forced to pay interest. Even in Muslim countries the authorities and most of the people bank with non Islamic banks, for reasons known to us. There is a fatwa from Nizamia, Hyderabad india that gives the rules of exception, please advise how can Muslims avoid Ribah in their daily lives, and survive in Non Muslim countries. Also please advise if

Zakah can be given to close relatives and own brothers and sisters who are not their dependents. Jazak ALLAH khair. S.A. Khan

My Answer:

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

Avoiding interest is a must for all Muslims regardless of where they live. It is also a must that they should create institutions and facilities that help them do so. Alternatives to Riba are available in forms of contracts of installment sale, lease and equity financing.

those who live in non-Muslim countries, and have no facilities that are compatible with Shari'ah and do their best to establish such facilities, are permitted, under the rules of necessities only, to use interest based financing for housing and other necessary needs such as protecting their business from foreclosure. Buying a car and education financing do not fall normally under these rules and therefore they are not permitted on Riba basis.

Zakah can be paid to all relatives for whom you are not responsible financially such as adult poor brothers, marries sisters. It cannot be paid to unmarried sisters or to parents.

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

Subject: **Zakah on savings earmarked for making Hajj**

From: Islam on line
Sent: September 08, 2002
Name of questioner

Question

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

distribute the money to the poor on my behalf. So this is my question to you. Do you figure it a good deed or do you advise me to let it drop. I would appreciate your advice to proceed. Jazak Allah and May Allah bless you.

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
May God give you blessing and prosperity. Your intention is excellent InShaAllah and for such intentions (saving for making Hajj and Umra) one of the largest Islamic investment banks come out. It is Tabung Hajji in Malaysia that started simply for catering to small income earners to save for Hajj.
Saving for Hajj is very beautiful and all Muslims always do that. The Hajj itself becomes obligatory only after you have sufficient money for the cost of the trip and you should make Hajj before Umra even if the cost of the Umra trip is smaller.
You are required to lay Zakah regularly every lunar year on all your properties that are subject to Zakah, including the savings for Hajj and for any other purpose and your jewelries provided the conditions for their Zakahability are fulfilled.
Wa Allahu A'lam
Wa al Hamdu li Allah Rabb al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

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

From: Islam on line
Sent: August 20, 2002
Name of Questioner Varusai Country . India

Question

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

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Varusai
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
There is overwhelming evidence that the Prophet used to send Zakah collectors year after year and every year, so did the companions during the Khlafa' Rashidin period and after it. Zakah is due on goods for sale, money and lisvestock every year. Zakah on crops is not yearly, it is due upon hearvest.

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

Subject: can forsaking a debt be considered Zakah payment?
From: Islam on line
Sent: August 20, 2002
Name of Questioner
Question
A person lent some money to somebody, and expected that he would get it back and paid the Zakah on that amount for the first year after lending. Then, he realized that the borrower is unable to pay it back. Now, before the completion of next year, can he make intention that he would free the person (borrower) of the debt by considering the amount given to that person as Zakah?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
The answer to your question is: NO. You cannot benefit yourself from the payment of Zakah. Your loan to that person may be gone already. But certainly you do not owe Zakah for the second year and for any years to come as long as the debtor is unable to pay.
Wa Allahu A'lam
Wa Alhamdu li Allahi Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: In Zakah calculation do you include earned interest?
From: Islam on line
Sent: August 20, 2002
Name of Questioner Abdul Country India
Question
ASSALAMU ALAIKUM MAY AL MIGHTY ALLAH REWARD YOU FOR YOUR VALUABLE WORK FOR ISALM. MY NRE ACCOUNT MONEY IS MIXED WITH INTEREST BUT I AM NOT USING THE INTEREST. INORDER TO AVOID MIX UP THE INTEREST WITH ACTUAL MONEY I AM KEEPING SEPERATE ACCOUNT BY WRITING. SO WHEN I PAY ZAKAH AT THE YEAR END SHOULD I PAY ZAKAH FOR WHOLE AMOUNT INCLUDING INTEREST MONEY OR FOR ACUTAL MONEY ONLY? KINDLY ADVISE.
My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abdul
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Interest is prohibited and interest-based contract are void from Shari'ah point of view. This means it is not earned in accordance with Shari'ah. Zakah is only imposed on items you own, therefore, there is no Zakah on interest accrued to your account. All the amount of interest must be given away for Islamic charity, including helpingpoor and needy, riot striken Muslims, and Muslims fighting against forein occupation of their land.
Wa Allahu A'lam
Wa Alhamdu li Allahi Rabbi al 'Alamin
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Making up for unpaid Zakah
From: Islam on line
Sent: August 20, 2002
Name of Questioner Iman Country Canada
Question
Slamu alikom wa rahmat allah wa brakato I have some gold and I did not pay my Zakah for about seven years and now I am selling some food at the mosque after Jomma to help in building a new mosque so can I count the cost of my food from my Zakah or it is only sadaka. Thanks and kassako koll kair
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. Iman
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
If your gold is in form of jewelry and they fail any of the following two tests, they are subject to Zakah provided they reach the amount of Nisab (# USD 1000) and a lunar year passes since the first day you owned them, Zakah is due every lunar year from then on. The same conditions of Nisab and lunar year apply to gold bullions. The two tests are: 1- they exceed the normal amount of jewelry your peers usually have, and 2- your wear them normally, on their relevant occasions, i.e., they are not simply stored as wealth.
Zakah payment has to be effected or done actually so that the recipient becomes owner of the amount paid. Offering food to the poor to eat free cannot be considered payment of Zakah because the poor does not become owner. Whereas giving food to the poor and then she/he eats it, even in your presence is a payment because she/he becomes owner before eating it. Consequently, cooking food, with material from your pocket, and offering it for sale on Friday and giving the proceed to the mosque , and you take

home the rest of the food because you own it is not payment of Zakah. You can sell for yourself and then give the whole proceed of sale to the mosque, part of it as Sadaqa and part (say the value of ingredients you purchased) as partial Zakah payment. Again, wait a minute! Building mosques in the US and Canada is, in my opinion, no more qualified as a recipient for Zakah. Because we used to accept it as part of general Da'wa under Fi Sabili Allah as in the past the Muslim community in North America was poor and needs Zakah money for building mosques that preserve the religiousity of Muslims and their children. Now the Muslim community is no more poor, it is in fact rich. We go back to the general principle, no more exceptions, "that mosque building and establishment is the responsibility of Muslims from their own pocket, not from Zakah, and Zakah money must not be paid to mosques."

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject Zakah payment for building a mosque

From: Islam on line

Sent: August 20, 2002

Name of Questioner Mohra Country Australia

Question

Slamu alykom wa rahmat Allah wa brakato. I would like to ask you about zakah. I have some gold and I did not pay for zakaih for seven years and I have a low income; therefore I sell food beside the mosque every friday and the money will go to building a new mosque can I count these money from the zakaii or it is only a sadaka Kazako koll kair wa alsalamu alykom wa rahmat Allah wa brakato

Thank you for your help and cooperation.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Mohra

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I just gave the following answer to a very similar question:

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If your gold is in form of jewelry and they fail any of the following two tests, they are subject to Zakah provided they reach the amount of Nisab (# USD 1000) and a lunar year passes since the first day you owned them, Zakah is due every lunar year from then on. The same conditions of Nisab and lunar year apply to gold bullions. The two tests are: 1- they exceed the normal amount of jewelry your peers usually have, and 2- your wear them normally, on their relevant occasions, i.e., they are not simply stored as wealth.

Zakah payment has to be effected or done actually so that the recipient becomes owner of the amount paid. Offering food to the poor to eat free cannot be considered payment

of Zakah because the poor does not become owner. Whereas giving food to the poor and then she/he eats it, even in your presence is a payment because she/he becomes owner before eating it. Consequently, cooking food, with material from your pocket, and offering it for sale on Friday and giving the proceed to the mosque , and you take home the rest of the food because you own it is not payment of Zakah. You can sell for yourself and then give the whole proceed of sale to the mosque, part of it as Sadaqa and part (say the value of ingredients you purchased) as partial Zakah payment. Again, wait a minute! Building mosques in the US and Canada is, in my opinion, no more qualified as a recipient for Zakah. Because we used to accept it as part of general Da'wa under Fi Sabili Allah as in the past the Muslim community in North America was poor and needs Zakah money for building mosques that preserve the religiousity of Muslims and their children. Now the Muslim community is no more poor, it is in fact rich. We go back to the general principle, no more exceptions, "that mosque building and establishment is the responsibility of Muslims from their own pockets, not from Zakah; and Zakah money must not be paid to mosques."

I don't know if the Muslim community in Australia is rich that mosques should no more be given from Zakah like in the USA and Canada.

Wa Allahu A'lam

Wa Alhamdu li Allahi Rabbi al 'Alamin

Sincerely

Dr. Monzer Kahf

Subject: Zakah on Employee's Provident Fund account

From: Islam on line

Sent: August 20, 2002 6:59 AM

Name of Questioner Thanveer Country India

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Thanveer

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Subject: Creating a poor financing institution with Zakah money
From: Vaqar - Pakistan
Sent: August 10, 2002
Question
Dear Sir,
In the light of earlier guidance that I have been getting from you, I took the liberty of bothering you once again. The question at our hands is a very important one. My name is Vaqar Ahmed and I am a medium scale entrepreneur for quite sometime now. A few months back some of my fellow businessmen were attending an Iftar dinner at my house, where we realized in our casual talk that our collective Zakah amounts to more than Rs. 15 million annually. We all give it to the government's Bait ul Mall, which is nowadays not working efficiently due to frequent changes in government setup. We then decided to form our own Micro Finance Institution (MFI) funded by our annual Zakah payments. Some scholars gave us the advice to adopt mudaraba with the poor recipients or more precisely diminishing mudaraba, but I and my associates thought that this arrangement may not be Shariah compliant as Zakah payment cannot be used to earn profits. Then Following was the model that we have adopted:
Step I: Associates give their Zakah to this newly incorporated MFI on a specified date annually (This MFI can now work like a private Bait ul Mall).
Step II: MFI then has a regional database of rural population out of which it pinpoints the targeted poor people i.e. the 8 Masarif-e-Zakah as described by Quran.
Step III: Then that accumulated Zakah is LOANED out to those targeted poor people in small denomination or Rs. 10000 to 20000, depending on the type of activity.

Step IV: The poor borrowers return this loan as decided and then this payment is again lent out to another poor individual or group. Thus the total Zakah keeps on revolving amongst the poor.

Now this is the amount lent out for productive purposes. But to protect the sanctity of the institution of Zakah, we have defined in the constitution that after five years of productive lending, the Zakah payment of first year be donated to poor for consumption purposes. So that the Zakah of 4 years is still available to be lent. (the justification for this has been taken from the fact that the Madaris and Welfare foundations keep the Zakah proceed for years in their accounts and use them slowly and slowly, and then also invest in Islamic deposits).

Sir,

I would now like you to guide us whether or not this arrangement is Shariah Compliant. If not than kindly, for the benefit of poor segment of this Ummah give us an alternative arrangement. (Perhaps by molding the aforementioned steps if possible). If possible I would also like you to connect me with a Shariah expert who could help us out on this. You see the key point is that we loan the Zakah payment to a poor and then he gives it back to the MFI for another poor. Can the MFI take the principal back, given the preposition that it's the Zakah money involved? Looking Forward, Vaqar.

My Answer

Bismi Allahi al Rahman al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin,

Wa al Salatu wa al Salamu 'Ala sayydina Muhammad wa 'Ala Alihi wa Sahbihi Ajma'in

Dear Br. Vaqar

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

I thank you for the confidence and I apologize for the delay in answering your question. I was out of the contlry with little and limited access to the email.

I agree with you on the need for a better scheme to help the poor and that the government run scheme of the Pakistan's Zakah Administration has lost its ability to make a dent in improving the standard of living of the poor in Pakistan for several reasons.

I am skeptical about the scheme you suggest though. In my opinion Zakah must be paid to the poor and needy to help them become self sufficient and probably Zakah payers themselves and also to give immediate help for consumption. Zakah is a continuous process, year after year. And every year it must be able to take certain strata out of poverty into production and self sufficiency. Any lending must only be casual as the first and important principle of Zakah payment is to make it owned by the poor, so she/he can make her own decision like any one of us. Why should your organization make decisions on behalf of the poor and needy and keep holding the end of the string?! If madrasas' managers and the Zakah Administration and some charitable organizations keep money with them for years, without really valid excuse they are doing wrong and harm to the poor and needy they are entrusted to help. And we certainly must not do like them.

You guys are a group of successful entrepreneurs and InShaAllah Allah will give you more and we will see you among the top entrepreneurs in Pakistan and in the world, and we need your expertise and inner hunch to help the poor.

Why don't you study the situation of the poor around you, where you intend to distribute your Zakah. I am sure you will find some who need immediate food, cloth and shelter and you will find some who need work and make small business (those you are thinking of giving loans). Divide the proceeds of Zakah, each year, between a few of each category. And make it on a 5 year plan and instead of loans give capital grants from Zakah. You can use your expertise to help the poor build a project or you can make an investment committee from among your group to build middle size projects, within a Zakah year that you will deliver to a group of poor persons, Zakah recipients, and keep helping them in management and marketing even after they receive it and start own it. You can make a common stock company and distribute stocks in it, but please make the value of the stocks equal the actual amount you spent on the company. When you distribute stocks you can give those poor people who are physically or mentally handicapped, so it will be a source of income and will be inherited from them by their heirs after they die.

In other words, I suggest that you distribute in cash and in kind, in capital goods and ready (turn key) productive projects and in consumption goods according to a plan that aims at using the Zakah effectively and systematically to eradicate poverty from your area.

I believe that your zeal, enthusiasm and experience is very much needed, but please take it the rigorous way without accepting to work within the narrow paths of exceptions. Zakah must be made owned by the recipients (the Tamlik principle) and giving loans is an exception. It must be disposed of during the Zakah year, delaying it is Forbidden and sinful, an excusable delay is an exception. Let us not make the exceptions rules in our life.

Wa Allahu A'lam,

Wa al hamdu li Allah Rabbi al 'Alamin,

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on accumulated savings

From: Islam on line

Sent: June 21, 2002 5:53 AM

Name of Questioner ABDUL Country India

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. ABDUL
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Monthly savings that you are investing in short term or long term bank or broker's accounts are subject to Zakah. Your Zakah year begins on the day these savings/investment, added to other funds and Zakatable assets, make together a Nisab that is about US$ one thousand. Upon completion of one lunar year from that day Zakah becomes due on the total amount of Zakatable items, including accumulated savings/investments although only a few days may have passed on the lasr amount saved, at the rate of 2.5% and it is due every lunar year thereafter.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah on balance or only on increment?
From: Islam on line
Sent: June 21, 2002 5:50 AM
Question
Salamu`alykum, hope you're well and good. Please answer the following question.
assalamu alaimum may al-mighty Allah reward your for your valuable work for straight path of islam. I am working aboroad and investing monthly certain amount in my nre account. so at the year end should I give Zakah for the total balance in my account or only for the amount which matured one year?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
One sentence was missing in my previous reply, please disregard it and take this in its place:
Monthly savings that you are investing in short term or long term bank or broker's accounts are subject to Zakah. Your Zakah year begins on the day these savings/investment, added to other funds and Zakatable assets, make together a Nisab that is about US$ one thousand. Upon completion of one lunar year from that day Zakah becomes due on the total amount of Zakatable items, including accumulated savings/investments although only a few days may have passed on the lasr amount saved, at the rate of 2.5% and it is due every lunar year thereafter.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

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

From: Islam on line

Sent: June 20, 2002 7:43 AM

Name of Questioner Shahid Country Pakistan

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Shahid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: When is Zakah due for payment?

From: Islam on line

Sent: June 02, 2002

Name of Questioner reshma

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. reshma

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject; Zakah out of welfare stipent

From: Islam on line

Sent: May 29, 2002 7:43 AM

Name of Questioner Azhar Country U S

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Azhar

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Payment without calculation

From: Islam on line

Sent: May 23, 2002 9:26 PM

Name of Questioner saiful

Education Post Graduate Country Bangladesh

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. Saiful

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Subject: Zakah on inherited property
From: Islam on line
Sent: May 23, 2002
Name of Questioner Bashi Country Egypt
Question
I have got an office in inheritance after my father's death, In this office I have 50% share , rest of 50% belongs to my two sisters.I haven't got the possession yet, only got it verbaly.Officialy in documents it belongs to my younger brother. My question is that I have to pay Zakah on this property or not. I'll be thankful for quick reply. Thanks
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Bashir
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
The word office is vague. Is it a business or a real estate? If business, there are two opinions the majority though very classical is that Zakah is only on the mobile assets, not on business fixed asset and not on real estate. A minority view is that Zakah is due on the net worth (net equity) of the business and on the real estate at market price.
If you got it through inheritance, it is yours even though you did not receive the document yet, because according to Shari'ah property rights get transferred by virtue of the incidence of death of the deceased to the heirs immediately, regardless of when division or distribution happens.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Paying Zakah to a brother or adoptive father
From: Islam on line
Sent: May 05, 2002
Name of Questioner RACHID Country Morocco
Question
Assalam can Zakah be given to a brother or an adoptive father? Thanks.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br. RACHID

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

You know first that adoption, in the legal sense as applied in the Western Laws is not permissible in the Shari'ah. It existed in the Arab society before Islam and it was prohibited in the Qur'an in clear terms (Verses 33: 4-5). On the other hand raising an orphan or even a child who is not an orphan without changing his legal lineage is very much encouraged and promised a high reward from God. An adoptive father is not a father.

Payment of Zakah to a brother is permissible; it is not permissible to parents because one is financially responsible for one's parents. Giving it to an adoptive father, if only foster father, without legal adoption, is permissible, but if the Zakah payer is well to do I wouldn't like for her/him because there is a moral duty to be kind to a person who raised you and to treat her/him as one of your family if he/she falls under needs, Zakah is the dirt of your money that you use to clean your own, as the prophet, pbuh, described it to His cousin, and you better give the person who raised you from your money proper. If the adoption is legal, as under the Western laws and the unfortunate Muslim countries that adopted in their laws such a violation of the Qur'an, there is a point that is worth consideration: adopted child is required by law in those countries to assume full financial responsibility for his/her adoptive father, and Zakah cannot be used to dispose of your financial responsibilities that are required by law, for instance because the government gives the poor welfare, you cannot consider paid taxes are part of Zakah due on you. Therefore, in such a case, Zakah may not be given to an adoptive father,

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah disbursement in kind**

From: Islam on line

Sent: May 02, 2002

Salamu`alykum, hope you’re well and good. Please answer the following question.

Name of Questioner Arezki CountryU K

Question

Assalamu alykum, First of all, for instance, if I am due to pay a certain amount of money for ZAKAH, could I possibly spend that money to buy brand new clothes instead. Then, send them abroad to the people I intended to give to. The question is: Will this Zakah be accepted? Or does it have to be money (Cash) in the first place? Before I work out the Zakah money, do I have to take away the NISAB first, or shall I pay 2.5 % of all the money I own? Jazakum Allah.

My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Arezki
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Nisab is only a criterion for Zakatability; it is not a minimum amount exempt. This means that once you own a Nisab and a full lunar year (354 days) passes you have to calculate and pay Zakah on the whole amount you own as long as it is at the end of the year equal to Nisab or more.
Zakah can be distributed in cash or in goods, such as food and cloth, depending on which is better for the poor and needy to whom it is given, provided that no hardship or additional cost is imposed on the payer. Hence, you can send cloth if it is better to the receivers.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on long term debt
From: Islam on line
Sent: April 30, 2002
Name of Questioner mohamed CountryIndia
Question
Assalamu Alaikum! Dear Sirs, I had given IRS.10,000/- to one of my relatives as loan 8 years back and he could repay the money only last month i.e. after 8 years. Being generous, I did help my relative that time but due to his financial constraints he did not pay the money earlier which is his mistake, thus my money held up such a long time. Now my question is that after receiving this amount, should I pay Zakah for this amount ? If so, should I pay IRS.2,000/- (@2.5%) ? for 8 years. Please give clear picture at the earliest. Jazakumullahu Khairan.
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohamed
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
I just came back from the Twelfth Meeting of the International Shari'ah Board on the Fiqh of Zakah (an organization sponsored by the Zakah House in Kuwait) which was held in Cairo in Cooperation with the Egyptian Ministry of Awqaf, April 22-25, where this issue was discussed and a resolution was decreed.
Please let me first give you some background: a loan, as defined in Shari'ah, is due at the wish and desire of the lender and every loan is goodly and an act of benevolence since any increment in a loan is prohibited, being Riba that is clearly forbidden in the Qur'an.

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

-Subject: Zakah on inherited money

From: Islam on line

Sent: April 27, 2002

Name of Questioner Reshma

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Sr. Reshma
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
1- Since your grandmother did not use the interest, I suggest you give it away to certain Islamic charitable organization so that you can respect her practice and implicit will. Interest is Haram to earn and to give and Muslims who happen to earn it for any reason must give it to Islamic charity in order to keep their own money clean from interest.
2- The money your mother inherited is hers. (By the way you know that if she is the only heir, with no other male children or grand children of the deceased your mother is entitled to the whole estate of her mother, because one half becomes hers as a one daughter heir and the other one half goes back to her because there are no male heirs). and from the day of the death of your grandmother, your mother must add this money to whatever money she had, if the total is equal Nisab, i. e., a minimum for being subject to Zakah which is about US$ 1000, your mother must begin counting a lunar year, i.e., 354 days. On the last day, the 354th, she is required to pay Zakah at the rate of 2.5% and continue from then on every lunar year. being a widow and having children, young or adult, does not matter provided that the money she has is not left exclusively for her and her family livelihood for a year, i.e., if the amount in savings is her only source to spend from on the family for a year, it becomes exempt from Zakah
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: How to perform Zakah?
From: Islam on line
Sent: April 18, 2002 8:11 AM
Name of Questioner Haam Country Australia
Question
I, together with my wife, run a small business making custom-made bookcases. We have no employees. Could you please guide us to some reading or references which would give us better understanding as to how we can best pay our Zakah, living as we do in a non-muslim country. With thanks and wasalaam. Haam
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Haam
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You may like to look at the Calculation of Zakah in North America, Australia is not much different, it is available on: www.ISNA.net and www.kahf.net , you may also try to find the book Fiqh al Zakah written by Shaikh Yusuf al Qaradawi and translated by Monzer Kahf. It should be available in the market.
Wa Allahu A'lam
Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Percentage of Zakah
From: Islam on line
Sent: April 18, 2002
Name of Questioner Omer Country Turkey

Question

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

My Answer:

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

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

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

Wa Allahu A'lam
Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Zakah on savings assigned for children

From: Islam on line
Sent: April 18, 2002
Name of Questioner Abdul Country U K

Question

Assalamu Aaikum. In my country the government gives all parents a sum of money known as child benefit. My wife and I decided between us that we would only spend this on items of clothing, toys, schooling etc on the children, food & nappies etc i would pay for with my wages. However whenever we found our self short each month i would borrow from this amount to meet household needs whilst recording the amount borrowed. Over time this amount has built up. Do I have to pay the zakah on it as I considered it the property of my children which I intend to return when i can. I don't have the money as yet and intend that if i don't repay it before they reach schooling age to deduct the schooling expenses from it, as Islamic schools tend to have fees to attend in my country.

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Abdul
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Let me put it in other way, easier: the child benefit is given to you by the government; you intend to give this money to your child or spend it on her/him for schooling; at the present you don't have it because you (borrowed it for household expenses). If there is no money reaching at least Nisab, there is no Zakah. If there is money, after you deduct the amount you called "borrowed," and it reaches Nisab (# US$ 1000), and after 354 days (= a lunar year) you have at least $ 1000, you have to pay Zakah at 2.5% every year.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

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

From: Islam on line
Date: April 16, 2002
Name of Questioner Rami

Question

Assalamu Alaikum wa Rahamatullah. I have a small amount of money in the bank. I send most of the Zakah to my elderly uncle who lives abroad and has no means of income. I also do it in monthly or two-monthly payments. Is this permissible? And, is there a fixed

date when Zakah payment is due? Thank you for this marvellous site wa jazakumullahu khairan!

My Answer:

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

Subject: Taking money from joint account to pay Zakah without knowledge of husband

From: Islam on line
Date: April 15, 2002
Name of Questioner mrs . . . Country New Zealand

Question

I am a working woman and bear all house hold expenses. My husband saves his pay as our saving. A good wife should always advise her husband to follow Islam. but my husband does not give Zakah as it becomes about 3000 US$ on our savings. He does not give me pocket money. Can I "steal" some money from his pocket without letting him know when I need it urgently to run house or for khairaat or with an intention to collect it and give the money for Zakah because all these things are his obligations to fulfil. Will Allah be not angry with me on stealing money? Thanks in advance.

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Sr. mrs . . .
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
First, it is very kind of you to volunteer your income for the household expenses. InShaAllah God will reward you for that many folds.
Zakah is a personal obligation on the person who owns Zakatable items; it is not a community (i. e., husband and wife together) obligation. If what he is saving is actually owned by both of you on half/half basis, each one of you ALONE is responsible for her/his own Zakah. You must distribute your share of due Zakah regardless of whether your husband pays the Zakah due on him or not. You can pay it from your income and

you don't need his consent, or even being informed, to what you do with your income and money.
In case of cash, one thousand US$ is the Nisab and once you have it you start a lunar year at the end of it (i. e., 354 days from the day you got 1000 total of money with you and in the bank) you are required to distribute to the poor and needy, or through Islamic relief organizations, 2.5% of the balance and to do that every lunar year thereafter.
In accordance with Shari'ah, the Islamic law, the husband is responsible for all household expenses and for his wife's personal expenses too. If he does not give her sufficient money for that, yes, she can take from his money, pocket or otherwise, without his knowledge. A woman asked the Prophet, pbuh, a similar question and he told her as I mentioned.
You cannot take from him money without his knowledge for charity, but surely you can spend for charity from your own income as much as you like.
Finally, keep advising him about Zakah, Ibn Abbas, the cousin of the Prophet, pbuh, said that Zakah is the "partner" of Prayers and it must always be with it. Actually not paying Zakah is a grave sin because it is the third pillar of our religion.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **Calculation of Zakah**
From: Islam on line
Date: March 31, 2002 8:20 AM
Name of Questioner jaffer Country India
Question
could you please let me know the calculation of Zakah in the modern context to include properties on rentals/leases, stocks and shares, business incomes, mutual funds, etc - in short an ideal Zakah calculator 2) Please clarify the situation with regard to bank interest in the normal course of the business - whether it is allowed in the context of payment to bank/individuals. 3) Whether life insurance is allowed in Islam? 4) Insurance in the context of business - retail outlets in stocks/cash/vehicles/buildings, etc
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. jaffer
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Brother are you asking me to write you four books through questions in a fatwa?
1- please read "the calculation of Zakah in North America" you will find it on two Websites www.isna.net and www.kahf.net
2- bank interest is forbidden in all its forms, in business and in relation with customers.

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

Subject: Zakah on money received in inheritance
From: Islam on line
Date: March 16, 2002
Name of Questioner Riad Country Mauritius
Question
Salaamu alaikum, I just received my share after the dead of my father and I also received some amount of money as gift The sum of the share and the gift is about 1 million rupees(u.s.$33000).I do not have any income. The sum is passive, It is not in use. I have received the sum in this RAMADAN. But have not yet paid the Zakah. Should I pay Zakah?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Riad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Yes, you will be Zakatable. Start a lunar year from the day you got the first amount, if it is more than Nisab (# $ 1000), add the second amount and on the 354th day you have to pay Zakah on the then balance at 2.5%, and every 354 days (lunar year) thenafter as long as the balance does not go below Nisab, and enjoy your money Halal InShaAllah.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on savings earmarked to pay a debt
From: Islam on line
Date: March 16, 2002
Name of Questioner
Question
Salamon Alaykom, I am in debt to a public organisation due to getting their scholarship to study and rejecting to go back to work for them. The debt is actually the money they paid me plus any sort of damage they might charge me for. The amount that I need to pay them is a huge amount and I cannot pay it in one off. I am currently saving money every month to be able to pay them back in a long period of installments. Although my

intention is that I keep this saved money for paying off my debt, but deep down I know that if a sever emergency situation occures for my family and I need money I might take it from this saving account. Due to bearucracy, the public company has not yet asked me for paying back the money but they will ask for it eventually. Two questions: 1. In this situation, do I need to pay Zakah out of this saving account? 2. Is it acceptable if I go to Hajj (not out of that saving account) or do I need to pay off my debt before paying for Hajj (bearing in mind that it might take 30 years for me to clear all the debt). I have been to Hajj before but that was many years ago and spiritually, I desperetly feel that I should go again. Thanks

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Under the circumstance you mentioned: 1) whatever savings and other Zakatable items you have, if they reach Nisab (in the USA # $ 1000) and a lunar year passes from the day you have Nisab, you are Required to Pay Zakah and every year therefrom. Past due unpaid Zakah is still due and must be paid. The fact that you owe a debt that you don't know how much and when it is due does not exempt you from Zakah, even a huge debt. 2) This debt does not prevent you from going to Hajj. BUT, AND A BIG BUT, since you made Hajj you better use the fund for other purposes like helping the oppressed Muslims in Palestine and other countries. Your feeling that spiritually you need to go for hajj is deceiving. Spending money on feeding a poor Muslim hungry neighbor is better than spending it for your second Hajj. The Prophet, pbuh, said that preserving the dignity of a Muslim is more sacred in God's consideration than the Ka'bah itself, and the Ka'bah is very very much sacred.
Also, it is becoming too crowded in Makkah at Hajj time, please leave room to others.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Calculation of Zakah on stocks

From: Islam on line
Sent: April 16, 2002 7
Name of Questioner hasan Country US

Question

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

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Hasan
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
My opinion is to pay Zakah on the total balances of all the same way at the end of each 354 day (lunar year) from the day you had a Nisab.
These is another opinion that distinguish between stocks and mutual funds held for long term investment, purpose of deriving income from them, and stocks and mutual funds bought for the purpose of making gains from their sale. Long term stocks are Zakahed on the income only and short term an the value.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah and income tax in Muslim and nonMuslim countries
From: Islam on line
Date: March 27, 2002
Name of Questioner Nazir Ccountry India
Question
A Muslim living in a Islamic country is paying one income tax, i.e., Zakah. But a Muslim living in a non Muslim country like India, Sri Lanka should pay two income taxes ie. 1. Zakah and income tax imposed by non muslim Government. Is not contrary to the economic equality Islam proposes? Is there any compensation/concession Islam suggests to the one living in non Muslim country in this regard? Please advise.
Notes: Is it allowed to pay income tax imposed by non Muslim government from the interest earned from bank deposits?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Nazir
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
My Dear Brother, you made a second question disguised under "note" but any both questions are in my area and I will answer them with pleasure. I shall need to make an introduction or background to each of them.
1- Zakah is not a tax and if I want to be accurate and specific it is not on income either. Zakah is the third pillar of Islam, a worship you give to any or all of the deserving categories enumerated in Verse 9:60. It is a payment but not a tax. It aims at satisfying the needs of the poor and deprived and spreading social/ economic justice between people of the same area, locality or country. Taxes are payment to governments by virtue of its being the socio political authority that administer the society/country. Since Zakah has specific objectives and recipients to the extent that it cannot be spent outside

these categories, taxes are needed in any society, Muslim or non-Muslim alike. Therefore all Muslim countries and all non-Muslim countries have their own taxes, on income and/or assets and properties. They all need to spend on government employees, judges and police, roads and bridges, etc.

Zakah is not on income but on savings. Because it is a religious obligation, it is lean and moderate and merciful, it does not burden the payee. It is to be assessed and paid on savings rather than total income. You may like to look at my website www.kahf.net and look at the Calculation of Zakah in North America for an example of how to calculate deductions from income when you want estimate your Zakah. In brief: you deduct all actual expenses, taxes, gifts, costs of travels and Hajj, giving for charity, to reach what is actually left over. Or simply suppose all you have is in the bank and you start from zero balance, look at the end of a lunar your from the beginning of your employment year, if you have a Nisab (# US$ 1000) you pay Zakah at 2.5% of the balance. If it is less than the Nisab, you don't owe anything.

2- Interest you get from anybody is not yours at all. According to Shari'ah this interest money is still owned by whoever paid it to you. What you do with it? give it back to the payer, whether Muslim or non-Muslim, and whether in a Muslim country or anywhere else.BUT if the payer is a bank or a professional interest-based money lender, you do not return the amount of interest to the bank or money lender because doing so amounts to helping it/ him making more lending for interest besides making fool of you. A Muslim must not allow herself/himself to be cheated or made fool of. Hence, interest taken from banks or money lenders must be given away to Muslim charity because it is not yours. You cannot use interest to pay taxes, never mind the country, because taxes are your duty that you must pay from your money.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: March 15, 2002 12:

Name of Questioner

Question

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

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

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

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Only the owner of any Zakatable item is the one who is required to pay its Zakah. A husband is not required to pay Zakah due of his wife's jewelry regardless of who gave it to her, parents, husband, others, or from inheritance, own income, etc.
If a husband decides to pay on behalf of his wife, this is considered as a gift to her and certainly he may volunteer to pay it.
Lastly, two conditions must be satisfied together for jewelry to be exempt from Zakah: be with reasonable limits compared with the woman's peers and be reasonable use for whatever they are for. This doesn't mean daily use, it means normal use for what they are to be used for. If a woman has a $ 10,000 diamond necklace its normal use is in wedding women only parties and occasionally at home in the family.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on salaries
From: Islam on line
Date: March 11, 2002
Name of Questioner zaam
Question
In my country, the Islamic Council deemed that it is wajib to pay Zakah based on the following: Surah Al-Baqarah : 267 Surah At-Taubah : 103 Surah At-Taubah : 34 & 35 However, based on my limited knowledge, there are only the following type of Zakah: gold, shares, cash deposits, profit from businesses and livestock. Please enlighten me whether there is such a thing as Zakah on salary/income. Is it wajib for me to pay Zakah on my monthly income/salary?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. zaam
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Zakah is obligatory, as the third pillar of Islam, on almost all non personally used assets and incomes, with certain differences between the different schools of Fiqh. It is agreed in the four schools that Zakah is obligatory on the following: agricultural products, inventory of goods for sale, cash and bank deposits, gold and silver, livestock. Certainly there are the conditions of Nisab and one lunar year to pass when applicable.
Zakah on Salaries and professional incomes seems to be consistent with the principles of Shari'ah, that emphasize that Zakah is on the rich. Shaikh al Qaradawi argues for it and I believe he has very strong case on the basis of both the general texts of the Qur'an and the Sunnah and on the basis of the practice of the companions. Certainly when you calculate Zakah on salaries and professional incomes you deduct actual expenses and pay Zakah only on the left over amount, i. e., what you save, provided that these savings accumulate to be at least a Nisab for the whole year. This way of calculation may be

looked at differently, that you pay Zakah on the balance of your savings, year after year with the first payment due once you have a Nisab for the first time (not a year after) because that first year payment is on the accumulated saving over the year. Then when you pay on the balance you are actually included the amount a year ago plus all additions minus what you spent out of savings.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on shares and stocks
From: Islam on line
Date: March 11, 2002
Name of Questioner siraz Country U K

Question

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

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. siraz
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You confused me, brother, what is the three years for? what does it have to do with the question? What did you not sold, dividends coupons of the shares? you didn't have physical money during contributing to the scheme, but do you have now?
Anyway my general and very brief answer is:
Share you buy of your company and other companies, in company option plan and outside it, in retirement plan and outside it are subject to Zakah on the market value of the stock on the day the Zakah is due. Zakah is due 354 day (lunar year) from the day you obtained Nisab (approximately US$ 1000) adding up all your Zakatable items together, i. e., shares+ cash+ saving and checking accounts, etc. If the company contribute to the option plan and has restriction on the transfer of ownership to you, e. g., shares the company contributes become your only after six month of the grant although they are credit to your account now, you do not include in the calculations shares that did not satisfy this condition. Zakah is due and payable at the end of the year from the first time you acquired Nisab and every year thereafter. Zakah is a yearly due payable year after year even if the Zakatable items are declining as long as they are still at least Nisab. It is sinful to knowingly delay its payment without Shari'ah acceptable excuse, but it still must be paid. If you don't have sufficient cash to pay it, this is an

acceptable excuse, you can pay when you have cash, even if it were when you liquidate the shares, but you have to pay for all past years.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on savings while renting a house for residence
From: Islam on line
Date: March 07, 2002
Name of Questioner Mohamed Country Sri Lanka
Question
Assalamu Alaikum, I find myself entitled to give Zakah in terms of Nisab and completion of one full year. But I live in a rented house and saving money to buy a house which is a basic need. Should I give Zakah at this stage?
My Answer:
Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in
Dear Br. Mohamed
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Yes, my dear Brother, you are subject to Zakah as long as the amount you have reached Nisab and a lunar year have passed, and also every year. At this time your are defined as rich and Zakatable, many people live comfortably in rented homes, it is good for them , and many others prefer to by their residences, it is good for them too. Each one is called by the Zakah obligation, remember the third pillar of Islam, at her/his present situation.
If you made a purchase contract for a house and the contract requires you to make a handsome payment assume the next day to the completion of the lunar year, and the only source for making this payment is the money you have, you deduct the amount of this contractually obligated payment from the amount you have and pay Zakah on the balance, if it is still above Nisab.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on money market accout
From: Islam on line
Date: March 04, 2002
Name of Questioner Ahmed Gender
Question
Alsalamo Alaikom: To Dr. Kahf Regarding a variable-interest money-market account: 1) Is it halal? It is theoretically possible to lose money in it, but practically this never

happens. 2) How do you calculate Zakah on it? Is it 2.5% of the money that has been in the account for a whole year (Hawl)? Thank you

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Sahbihi Ajma'in
Dear Br. Ahmed
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
You have two questions one on interest and the other on Zakah.
Are you sure money market account may loose? aren't you confusing lack of insurance with losses?
Money market account is not insured, but the relationship in it is pure lending relationship, managing on daily basis by managers who try to maximize the rate of interest on every amount the have while they maintain sufficient liquidity to respond to liquidity demands. The variation in the rate of interest does not bring it into the Halal. It is still interest, being an increment in lending relation done by proxy.
Zakah is assessed on any assets that reached Nisab at a given date and again at 354 days from then. Money market account is Zakatable on the principal, since all accrued interest is not your, you will have to give it to general Muslim charities in addition to Zakah.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: **How can Zakah affect the economy?**
From: Islam on line
Date: 2/18/2002
Name of Questioner Muhammad Country Pakistan

Question

Assalamoalaikum!I want to ask how Zakah can influence the world's economy. Thanks.

My Answer:

Dear Br. Muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Zakah does not influence the world or the world economy.
It is a religious duty, the third pillar of Islam, to help the poor and needy. If it is implemented to its fullness, It Does relieve the poor and it is an important mechanism in the process of elimination of poverty from the Muslim countries.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Subject: Can Zakah be given to a project to educate poor students?

From: Islam on line

Date: 2/18/2002

Name of Questioner Mohammed Country U K

Question

Dear Scholars, Aslam Alaikum, We have embarked on a project to setup schools in Muslim countries to provide free education to poor students. The curriculum will include knowledge of Islam, Arabic language, English language as well as science and technology. Great emphasis will be given to practising Islam in the schools. Are we allowed to receive Zakah for funding of such a project? Your answer will be greatly appreciated.

My Answer:

Dear Br. Mohammed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

This question cannot be answered without specific information on where exactly and what and who are the students. Take these Shari'ah principles and apply them on your own:

1 - children education is the responsibility of parents, especially fathers. That includes Islamic education, teaching Qur'an and teaching physics and biology, i.e., skills for career and earning life time income.

2 - Zakah may be given to poor fathers who need it for household needs, including the need for education. It can also be given to poor Muslim students who need it for payment of their livelihood expenses including education, Islamic and skills. The principle here is that Zakah is given to a person rather than to an establishment.

3 - Zakah may be given for Islamic education and other dawah activities in Muslim communities that are threatened by conversion efforts of missionaries, cultural and religious, provided there are no other sources that fill the gab of maintaining the religiosity of such communities. This applies to certain Muslim countries and on many Muslim communities in non-Muslim countries.

4 - Most organizations, in UK and USA are not famous of their smart and strict spending of Zakah money only on Zakah deserving causes because their spending machinery usually lacks the Shari'ah knowledge-based evaluation of spending causes. The result is that some of the Zakah money would be spent outside its proper recipients. Similar observation may be the reason that the Hanafi school's Classical Fuqaha historically insisted on the principle of tamlik, (Zakah must be given to a person in need rather than to an agency that provides her/him with a service s/he needs).

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Can Zakah be given to non-Muslim poor?

From: Islam on line
Date: 2/16/2002
Name of Questioner Amin Country U K

Question:

IN THE NAME OF ALLAH THE MOST GRACIOUS THE MOST MERCIFUL Assalamu Alaikum Wa Ragmatullah Wa Barakaatuhu. May this letter find you in the best of health and the highest Islamic spirit. To my konowledge that Zakah is being distributed to any of the eight eligible beneficiaries (asnaf) that are mentioned in the Qur'an; Priority should be given to the poor and needy. 1. The poor (Faqir/Fuqara) 2. The needy (Miskeen) 3. The administrators of Zakah (Amil) 4. The sympathisers (Muallaf) 5. To free slaves (Riqab) 6. Those who are in debt (Gharimin) 7. For the cause of Allah (Fisabillillah) 8. Those who are stranded during a journey (Ibnus Sabil) I would like to ask if Item (1&2): The beneficiaries are soley Muslim? Or can be non-muslim? May Allah reward you for all your good deeds. Wasallam Aminul

My Answer:

Dear Br. Amin

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Verse 60 of Sura 9 that you referred to does not make any description that poor and needy are or should be Muslim. Hence, it is evident that ZAKAH MAY BE GIVEN TO MUSLIM AS WELL AS NON-MUSLIM POOR AND NEEDY. Yet whenever there are many people who qualify as poor and needy there are four criteria to help select between them:

1- The degree of need, a starving person must be given priority;

2- The person's relation to the payer of Zakah: a relative is preferred over non-relative (the Prophet,pbuh, said: it is a Zakah and a link [to the heart of a relative]. A neighbor is also given priority;

3- The degree of religiosity of the receiver: this is within the spirit of the advice of the Prophet, pbuh,: and let your food not be eaten except by a pious person;

4- Availability of other sources for a specific poor/needy;

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

In a follow up I added:

Dear Br.

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

I appreciate your bringing this matter to my attention very much. In fact, I thought of adding a few more words to another Fatwa can it be done?

For payment of Zakah to non-Muslim poor and needy, What I said of its permissibility is CORRECT. I have to add that I had in mind Christians and Jews and whoever we treat similarly such as Hindus and Zoroastrians (as the Prophet, pbuh, said to treat them like

the people of the book) who live with Muslims peacefully. The permissibility is limited to this category.
The Hadith of Mu'adh when sent to Yemen, to quote al Qaradawi in Fiqh al Zakah, "does not stand in the face of the general implication of the verses" that is supported by the practice of Umar Ibn al Khattab. This Hadith has been interpreted to mean the geographical area that is the rich of Yemen and the poor of Yemen, though it has also been interpreted for Muslims. In other words, it is not a "text" in this argument and Shaikh Qaradawi selects the permissibility.
Wa Allahu A'lam
Dr. Monzer Kahf

Zakah on Savings intended to pay for a debt that will arise on the future
From: Islam on line
Date: 2/14/2002
Name of Questioner Ahsan
Question
Salamon Alaykom, I went to study abroad using the scholarship of my governemnt and the situation was in a way that I decided to stay here and pay out my debt to my government by paying them the money they gave me back, once they ask for it. For this reason I have saved money in a saving account, waiting for the time that I will receive a letter from them, asking for money (they haven't yet asked for it but will do eventually). The money is a huge amount so I have to keep saving for a long period of time (more than 10 years). However once they ask for it I will start paying them from what ever I have saved. My intention is not to touch this money for any other reason however I know deep in my heart that if an extreme emergency situation come for my family then I might need to take some of it. Question: Do I need to pay Zakah out of this money? Thanks
My Answer
the Name of Allah the Most compassion the Most MercifulMay.
All Praise. And Thanks be to God, the Almighty, The Lord of the Worlds and Peace and Preayers be on His Messenger the Prophet Muhammad and all his Companions and Followers
Dear Br. Ahsan
Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh
Yes, these savings are Zakatable, as usual, on a lunar yearly basis at 2.5% every year. These are your money for all reasons and by all means. Debt to the government has not arisen yet. That debt arises when you receive a letter charging you with an amount and giving you schedule for payment. Such debts are usually negociable both in their amount and in the payment schedule. As long as you did not receive a first letter from the government you are not yet under debt. You are only under potential indebtedness, one reason, but not all the story, is what you said that you may use this money for family emegency...
Wa Allah A'alam
Wassalam

Sincerely,
Dr. Monzer Kahf

Subject: Subject: Supporting a poor family, how can it be counted as Zakah?
From: Islam on line
Date: 2/12/2002
Name of Questioner H. A.
Question
Zakah. I have some money in the bank and I am also supporting a poor family in Palestine by paying them a fixed monthely fee. Do I still have to pay Zakah on my money in the bank or can I count the monthely payments to the family as part of my Zakah?
My Answer:
Dear Br./Sr. H. A.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Zakah is a yearly (Lunar) due on all Zakatable Asset, and it can be paid before the year end. May Allah Ta'ala bless and reward you for supporting a family in Palestine. Palestinians today need all kinds of support and most of them are among the categories who deserve Zakah according to the Qur'an, 9:60. If the Family you are supporting is a close relative of yours such as parents, grandparents, unmarried sisters, especially widows with children, children of a deceased brothers and similar, I wouldn't count that as Zakah payment because almost all of the above are your financial responsibility and you are required to support them, the rule in principle is: If there is any mutual inheritance between you and them, their support is not then counted as Zakah, but a religious financial duty or the rich relative besides Zakah.
If they are not in that group, you certainly can count your monthly payment to support that family as Zakah paid before the end of the year, You have to make your intention (in your heart accordingly) before payment because Zakah is a 'Ibadah that requires Niyyah. What you paid before the Niyyah is not counted as Zakah but a general Sadaqah, that will be rewarded many folds InShaAllah.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Paying Zakah to help my brother
From: Islam on line
Date: 1/8/2002
Name of Questioner Country Egypt
Question
Here is the meaning of the question sent in Arabic.
I am a businesswoman. I have to pay annually 50000 as Zakah money. My brother borrowed 30000 from me and he is in debt. Now, am I supposed to pay only 20000 as Zakah, in order to help him pay his debt and me to pay my Zakah?

My Answer:
Dear Sr.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
The amount of Zakah due on you is calculated on the balances of Zakatable Items you own on the day Zakah is due. If you have lent somebody, your brother or any other person, any money and that person is not able to pay it back and you decided to forsake that loan, this is a very virtuous action on your part and will, God Willing, be rewarded generously from Allah. Ta'ala. You certainly can deduct this amount form your Zakatable Assets when you calculate Zakah but you cannot consider this forsaken loan as a payment of Zakah, regardless of who is the borrower. In other word you can deduct 30000 from your assets not from 50000, the amount due on you as Zakah. The effect of such a forsaken loan on the amount of Zakah will only be only 750 (= 3000X2.5%). After you give up on the loan, and holding every assumption unchanged, you due Zakah becomes 49250.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on company's stocks bought at discount
From: Islam on line
Date: 1/8/2002
Name of Questioner Mad
Question
As an employee benefit, my company allows me to buy stocks at 15% discount. How do calculate my Zakah? Should it be based on the money I contributed only?
Should I pay Zakah, although I did not sell the stock? Should the Zakah be calculated based on the market value at the time the Zakah is due or on the amount I paid to buy the stock? "Gazakum Allah Khairn"
My Answer:
Dear Br. Imad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
If you buy these stocks for long term investment, there are two main opinions about their Zakahability. 1) they are Zakatable at the market value on the day Zakah is due, i.e., one lunar year from the day you acquired Nisab (adding together all your Zakatable assets); 2) only your share of the net non-fixed assets of the company is subject to Zakah. This info has to be derived from the company's Balance sheet. I think the first is more compatible with modern life and easier to understand and implement.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

FATAWA ON ZAKAH 2001

Subject: Zakah on 401K
From: Islam on line
Date: 12/28/2001
Name of Questioner Wael Country Egypt
Question
I learnt from your blessed site that I have to pay Zakah on 401k money. I still need some clarification. I understand that complete ownership is a condition of Zakah. It has to be known that the 401k money is not under my control. That means I can not take this money or even a part of it. Imagine that I have money in the 401k that I have to pay $5000 Zakah and I do not have this $5000 in hand. What could I do. I can not take from 401k money and I do not have the money. This case happens especially after so many years of putting money in the 401k. Please Advise Jazakom Allah Khairan
My Answer:
Dear Br. Wael
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
First, my Dear Brother, do you have 401K in Egypt? Please let me be informed. to my knowledge 401K is only an American system. Am I correct?
You are fully correct in saying that "complete ownership" is a condition for Zakah. Let us look at the meaning of "complete ownership." If you have funds invested in Mudharabah with an Islamic bank or a friend, you have no control over it for the whole period of the contract, yet you still own it and it is your's. IT IS ZAKATABLE! If you have a Zakatable asset, such as jewelry or cash, kept as Wadi'ah (in the Shari'ah meaning as an Amanah) with another person and this person denied it but you have a strong evidence (e.g., a notarized document signed by that person). IT IS ALSO ZAKATABLE! And the Assets of private Waqf whose beneficiaries are given persons such as the founder's children, etc. IT IS ALSO ZAKATABLE! (these are examples given in classical Fiqh literature as satisfying the condition of "complete ownership."
On the other hand, funds and assets frozen by a court for payment of certain obligations, assets handed to creditors as a lien that they can liquidate without permission of the debtor, and funds lost or stolen and you don't know whether they will be recovered or not. ALL THESE ARE NOT ZAKATABLE and these are also classical examples. Do you trace a line of distinction between these two categories? You may add to the first category debt on persons who confess the indebtedness, or bound by indisputable documents, and are able to pay back and you may add to the second debts that violate either of these two conditions.
The distinction lies in owning and getting the benefit, even in the future, while no body else, but you, has a claim on the asset in the first case and uncertainty about the existence of the asset or its coming back to you in the second.

That is why we argue that funds in 401K and IRA accounts are Zakatable, except for money deposited by the employer and you have no claim on it yet until certain number of years pass while you are still employed by the same employer.
Your second point is very important too, Shari'ah does not put any person under difficulty of hardship, although we must keep in mind the any obligation requires certain amount of sacrifice (What is called in Shari'ah: Taklif). Hence, the principle is that one must discharge any Shari'ah obligation as soon as one can, with reasonable comfort. If the owner of a retirement account can pay from other sources and income, it is fine and well, but if one cannot do that Zakah may be paid out of the same account when it is liquidated, and you don't have to accept the burden of tax penalty on withdrawals for the payment of Zakah, payment for all the past years can wait until liquidation is normally done and probably one has to mention it in one's Last Will just in case. In the classical Fiqh literature one usually find that you may pay the Zakah on such funds from themselves when one get them back.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Amount of Nisab and to whom to pay Zakah in America?
From: Islam on line
Date: 12/28/2001
Name of Questioner j m Country US
Question
Al-Salamu Alaikum: I would appreciate your help in estimating the Nisab and Zakah in US Dollars, Also I need guidance in paying the Zakah to the appropriate people or organization in the United States (If you can suggest some names). Thank you salam
My Answer:
Dear Sr. j m
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
The Nisab is the value of 20 Dirham of gold (=85 grams # 3 oz). It is difficult to take a price of one day and build such an important religious obligation on it. It would be as if we are letting players in the US Exchange in New York to determine the way we make our worship. For this reason I tend to take an approximate average. I wish we have a study that can determine the equivalent of the Nisab dictated by the Prophet, pbuh, at his time in terms of man power a basket of food for a person (the attempt by the late Shah Walliyyu Allah al Dahlawi, Circa late 1700, has several missing gaps in it that make it unsatisfactory)
I consider the Nisab these years at approximately US$ 1,000 one thousand since the price per ounce was roving around $330.
Wa Allahu A'lam
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Closing of certain Islamic relief foundation in America, does it affect Zakah already paid to them?

From: Islam on line

Date: 12/28/2001

Name of Questioner Sherif Country Egypt

Question

Dear AA I paid my Zakah El-Fitr to Global Relief Foundation (GRF) about 7 days before Eid. I confirmed with them in a phone call that they recieved my money as well as I checked my bank account and they did it get my Zakah. Few days later, GRF was closed by the US government. The closure day was before the end of Ramadan but after my phone call with them. My question: Did I paid my Zakah El-Fitr or I should have paid once I knew GRF has been frozen? If that is the case, what I should do now and Ramadan is over? Thanks Sherif

My Answer:

Dear Br. Sherif

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Whatever you paid to Global Relief Foundation (GRF) is, God Willing, gone as Zakah of al Fitr, as long as you knew when you paid it that the GRF is a trust worthy organization and takes charge of distributing Zakah to its deserving recipients. The action of the American Government, and for that matter any other government in a Muslim or non-Muslim country, does not matter even if funds are still frozen and remains so for some time as long as two conditions are satisfied: 1) - you still trust the organization as a collector and distributor of Zakah, and 2)- you paid before the knowing of the freezing. I and many Muslims in the USA object to the action of the government in this regard and express our protest against it by all legal means and keep trying with our government to reverse its action against Muslim Charities. YOU DON'T HAVE TO PAY IT ONCE MORE unless the government action shakes your confidence in the GRF as a trusted organization to distribute Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Is a land bought for a house subject to Zakah?

From: Islam on line

Date: 12/28/2001

Name of Questioner Ahmad

Question

Assalamu Alaikom. Several years ago I bout a lot of land with the intetion of building a house for my family. A few months ago, I bought another lot in a different location, and changed my intention. I now plan to sell the first lot, and build a house on the second

lot. My question is should I pay Zakah on the first lot, and when is Zakah due: since the day I changed my intention, or after one year passes from that day. Wa jazakom Allaho khairan. ~

My Answer:

Dear Br. Ahmad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

According to your description it seems to me that both lots are not subject to Zakah, because the first one was for residence and the second is also for the same. Once you sell the former lot you may pay Zakah on the amount you received as its price at 2.5% once only in application to the Qaradawi opinion, which is presently applied by the Department of Zakah in Sudan. The classical opinion is that you add the amount to your other Zakatable items and pay Zakah at the end of the lunar year of those items.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: 12/28/2001

Name of Questioner j m Country US

Question

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

My Answer:

Dear Sr. j m

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Date of Zakah payment and inclusion of Nisab

From: Islam on line

Date: 12/26/2001

Name of Questioner Shiraz Country. UK

Question

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

My Answer:

Dear Br. Shiraz Mushtaq

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Many people like to make their Zakah payment day in Ramadan, as it is the season for multiplying rewards on all good deeds. That may also make it easier to remember the date, and day in Ramadan will do it. but to make the adjustment from one's own Zakah year to a year that begins on the first of Ramadan, one has to make a partial payment for the period between the end of one' year and the beginning of Ramadan by multiplying the total amount of Zakatable items by: 2.5% X number of days from end of one's year to beginning of Ramadan / 354. This payment should be made on the first of Ramadan of the first year of shifting from any personal year to a year that begins in Ramadan.

Finally the Nisab (which is # US$ 1,000) is only a Zakahability criteria, it is not a minimum deductible. You have to calculate the amount of Zakah due on the basis of the total amount of the Zakatable item including the Nisab.

You may refer to the Calculation of Zakah in North America on the web <www.kahf.net> for any further details and come back for any questions.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: 12/19/2001

Question:
What is the Nisab of Zakah el-mal?? Is there a Zakah for Real estate like apartments?? And is there a Zakah for cars??
My Answer:
Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
The Nisab of Zakah for money, debts on others, trade inventories and similar Zakatable items is twenty Dinars of gold. This equals 85 grams (# 3 oz). in our today life we cannot change the Nisab every minute with the valuation of gold in New York Exchange. In my opinion, the Nisab in the United States these days is approximately US$ 1,000.00 (One Thousand US Dollar).
Personal cars used for the owner and her/his family and personal residences (house/apartment) are not subject to Zakah.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on investment with North American Islamic Trust
From: Br. Mirsad
Date: 12/14/2001
Question
Assalamu Alaykum wa Rahmatullah wa Barakatuh
I spoke with Br. Omar two days ago and I asked him if I should pay Zakah on the money that I invested last year with North American Islamic Trust. Brother Omar was not sure about this and he gave me your e-mail address and told me that you would be able to give me an answer on this issue. I have asked several brothers about this issue and I got different answers with different explanations. Brother, because you may know where and how this organization invests the money and with your knowledge about Islam you may be able to give me the best answer. Thank you very much and I wish you a blessed and joyful Eid. You Brother in Islam, Mirsad
My Answer:
Dear Br. Mirsad Sahbaz
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
North American Islamic Trust invests in several stocks that are permissible to buy, own and sell from a Shari'ah point of view. Consequently, funds invested with NAIT are similar to those invested with mutual funds. In other words, you are authorizing NAIT to buy and sell stocks on your behalf. If you intend to keep the money for short term and get some profit out of it your Zakah is similar to those who buy and sell commodities: you add the balance of this investment at the end of your lunar Zakah year (that began from the day you acquired Nisab which is approximately US$ 1,000) to your other money and similar Zakatable items and pay their Zakah at 2.5% (if your calculation is

made on a solar Gregorian year make the rate 2.5777% to account for the difference of 11 days).

However, if your investment is intended for long term such are an IRA account or just to put aside funds (and invest them) for your old age without limiting yourself to IRA regulations, the Zakahability of such investment in stocks is treated the same way as persons who run their own business individually or within simple partnerships are treated. There are three views as follows:

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

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

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

There is a new opinion of Qaradawi: such accounts may be treated similar to agricultural land on the basis that they are meant for lifetime and for future retirement, it is quickly carried and propagated by a few brothers who run stock investment businesses in the USA. This implies that Zakah is only on the net return at 10%. Several criticisms are raised: 1-land is not kept usually for funding retirement, 2- business and its inventory is also maintained for long term and for retirement by all business men and women. By the same token, livestock are also kept for long term and retirement by their breeders, yet both are subject to Zakah for all their NetWorth 3- Agricultural land is completely exempt from Zakah, interestingly, Shari'ah defines agricultural products including fruits, grain and produce as products of the seeds, not of the land. 4- It is normal in Shari'ah to have Zakah on wealth, Zakah on income is more sophisticated and rejected by majority of scholars 5- even cash savings may be for long term and retirement, are they also exempt if they are intended for retirement? Etc.

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

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

thought, yet these assets are Zakatable at 2.5% of their market value at the due time for Zakah payment.
I tend to argue that stocks are Zakatable at 2.5% of the market value, including investment with NAIT, 401k and IRA.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on land purchased to build a residence
From: The Fiqh Council of North America
Date: 12/13/2001
Dr. Monzer,
Assalamu Alaikum
It seems to be that a lot of Muslims are keen to know more about Zakah rulings, especially in the blessed month of Ramadan.
We have received to following two questions. Somehow they are related to the ones that you have answered before:
1. What is the current resolution on getting the mortgage loan which is interest and is not allowed in Islam, according to my understanding, under any circumstances?
2. Is Zakah due on land purchased, on cash basis of course, to build your own home on it in the future like in two to three years or more for that matter.
Blessed Eid
My Answer:
Dear Br.
Assalamu Alaykum WA Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Please accept my Salam and greeting for the blessed final days of Ramadan and the coming Eid to you and to all brothers and sisters in the Fiqh Council, although you did not reveal your name!
2 - The second question is much simpler. There is no Zakah on land purchased for the purpose of building your own residence home even if it takes years to build and years to pay for it, even if down the road one changes her mind and sells it.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on land, is it at the present value?
From: Islam on line
Date: 12/12/2001
Name of Questioner Mohamed Country India
Question

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

My Answer:

Dear Br. Mohamed Haris

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Delayed payment of Zakah

From: Islam on line

Date: 12/12/2001

Name of Questioner Mel Country Canada

Question

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

My Answer

Dear Sr. Mel

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Here is my answer to your question on Zakah.

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

1 - Zakah is the right of the poor and needy, and parents are part of your immediate family even if they live separately and far away. whatever you give to parents is not part of Zakah and cannot be counted as Zakah payment.
2 - Zakah is due on savings and other items of wealth and income once a person owns a Nisab (# equivalent of US$ 1,000). It is required to be paid every lunar year on the total amount of the Zakatable item. Hence you need to calculate the amount of due Zakah on your savings a lunar year from the day you accumulated US$ 1,000, and every lunar year thereafter and pay that to any of the deserving 8 categories of recipients mentioned in Sura 9 Verse 60. You certainly can pay it through dependable Islamic charitable organizations, local Islamic centers or send it back home to poor relatives (except parents, children and any other person you become responsible for according to Shari'ah), persons or charitable organizations that usually distribute Zakah.
3 - delaying the payment of Zakah beyond the day it is due is Haram and sinful unless there is an excuse such as lack of cash to pay or waiting to send it with a trusted person to more deserving people and/or causes.
4 - Past due Zakah must still be paid, it does not go away by the passage of time. It cannot be made up by fasting or prayers. You need to pay all past due Zakah as soon as you become aware of your mistake and as soon as you financially can without burdening yourself with excessive liabilities that may create difficulties for you. Hence, you can pay it on installment if it is difficult to make it at once. The important point is to realize that it is an Ibadah and you are dealing with Allah Ta'ala who is most knowledgeable and at the same time most Compassionate.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Several questions on Zakah
From: Islam on line
Date: 12/10/2001
From: ayse
Question
Selamun aleykum wa rahmetullah we berekatuhu Dr. Kahf,
I am very sorry to bother you again, but during my presentation in our women's halaqa group several questions came up. There were conflicting accounts and explanations in the resources I found (I am from Turkey, following Hanafi mazhab, so are my friends). Since I know very little and cannot make any definitive suggestion other than investigating and reporting what I found in our group,I decided to consult you and ask for your help one more time. Here is a sample of some of the questions:
1. Some ladies don't have any cash at hand but have more than Nisab gold jewellery. Their husbands have been paying its Zakah but not very willingly. Should they sell a part of the jewellery to pay its Zakah?
2. How is the money being saved for buying the first home (as the family lives in rental housing) considered? (We read in an Turkish ilmihal there are some scholars who ruled

it is excluded from Zakah calculations, however, the same source suggested this was a week opinion).
3. While renting, if the family is getting their house built (it is not completed), how can its Zakah to be handled? (In Turkey many people buy houses through cooperatives which may take years to be finished, and the money is paid in bits and pieces, the houses can be sold in this condition as well)
4. If a person who has a home in our home country (either renting now or own a house in the US) lets his/her house to be used by their parents/siblings (lets say both people they have to take care and others they don't have to take care, but family) without collecting rent, is there any Zakah due on it?
5. What is the Zakah of an empty second house?
6. If in the empty second house, a poor family is placed, but no rent is collected, how is its Zakah to be calculated? Can the due but unpaid rent be considered as Zakah? (I read it cannot be since the ownership of the Zakah money and decision making has not transferred hands here)
7. A family owns a second house, it is empty and they are trying to sell it since they don't want to deal with unpaying renters (a common problem in Turkey), if they don't have money to pay its Zakah (according to the sources I read, Zakah is due on the entire value of the house), can they delay the payment of Zakah?
8. If a husband sells wife's gold jewellery and decides on her behalf that she should buy a house and he buys it, and the house is used based on his wishes who has to pay its Zakah? (The point is wife doesn't seem to have control her own wealth although of sane mind) I read that mahr if it is not pay in full is a weak debt and no Zakah due on it. In a way this man borrows his wife's wealth (or in a way considers it his own) and uses it as he sees fit. How is its Zakah to be handled?
9. We read conflicting rules to whether a rich wife can pay her Zakah to her poor husband. Hanafi opinion is such that since it would benefit her, since husband has to take care of his wife, she shouldn't. But I read sahih hadith praising this action.
I understand that you may be very busy to answer these questions in person. If you have any recommended books, resources, our group will be very grateful for your help.
wassalaam, Ayse

My Answer:

Dear Sr. Ayse
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
1 - The Zakah on women jewelry is required, more in the Hanafi school, than in others. I tend to accept the argument of the great scholar al Qaradawi in this regard, that is a compromising opinion, that only those jewelry that fits either of two conditions is Zakatable: a) normal use, daily weekly or whatever it is for, i.e., not simply stored; and b) the amount of it is usual and customary for the lady's peers and colleagues.
The answer to your question is yes she is required to pay the due Zakah, even it that requires her to sell part of the Zakatable item, be it jewelry or other items.
2 - I am not aware of an opinion claiming that money saved to buy the residence home is not Zakatable. And I don't see any evidence in the Shari'ah to support that. Shari'ah

works in accordance with facts not assumptions and potentials. The material fact is that this money is there, owned, exceeds Nisab, and a Hawl has passed. IT IS CERTAINLY ZAKATABLE. If a purchase contract is already signed and existing money is earmarked for a payment due by virtue of that contract and there are no other source to pay it, the amount of such payment is deductible from Zakatable item.

3 - Money saved with the cooperative before a house is assigned is Zakatable. Whence a house is assigned and already saved cash is credited to the account of the house (obviously you still owe payments on it) the house purchased for residence is not subject to Zakah no matter how long does it take to complete it and actually dwell in it and those increment you put or pay to the cooperative for it are not subject to Zakah too. The argument is that it is your residence and residence is not a Zakatable item.

4 - Home in areas different of the area where a person actually lives is not Zakatable if it is still home, when you go there you live it and if your spouse, children, etc., go there they stay in it. That is your home, even if your parents and other relatives live in it. IT IS NOT ZAKATABLE. This is more clear if you don't take rent, and especially with parents because you are required to provide for them. But if it remains home even with some relatives who live in it while you are away and probably with you when you go there, it is still not Zakatable because it is still home, our Fiqh recognized a person having two homes, even in the rulings of reducing prayers in travel.

If it is turned into investment property and used for its rent, the views on real estates investment apply. 3 opinions: minority Zakatable at 2.5% of the market value including any left over amount of the rent. Al Qaradawi net rent is Zakatable after deduction of expenses, taxes and amortization at 10% or gross at 5%. (Again like agricultural land with no supportive evidence). Majority (but very classical): No Zakah is due at all. They add: any amount left of the rent is Zakatable if a year passes on it in hand while it is above Nisab.

5 - The same as above depending on whether it is a home residence or an investment asset.

6 - Zakah on building given to a poor family to live in without rent is considered by the same above rules. Whether it is home residence or not, if it is not then it is Zakatable, in accordance with the same three opinions above. forsaken rent cannot be considered as part of any due Zakah because Zakah cannot be paid by means of permitting some one to take it (this is called al Ibahah such as inviting some poor for dinner and allow him to eat, the price of eaten food cannot be considered as part of Zakah required to be paid). It must be given in a way that makes it owned by recipient. And then she/he can make any use she likes with it.

7 - Delaying payment of due Zakah because of lack of resources to pay it, as in this case you described is excusable and not sinful, InShaAllah. However, whence they get means to pay past due Zakah must be paid. Again you have three opinions about Zakahability of such real estates

8 - This is the most difficult question, Dear sister. According to Shari'ah, properties of spouses are not mingles as a result of marriage. Marriage is simply a civic exchange contracts, if affects nothing other than what is contracted on. The unpaid part of Mahr is a unique case, invented by the Hanafis, because here you have a debt that has no

known maturity date (is due at the end of marriage: death of either party of divorce). Hence you can't tell whether it is going to be paid in the lifetime of the wife. This makes the Zakah on it unfair even if the husband confesses to the indebtedness and is able to pay it.

In your question you put us in front of a case where the wife's property is hijacked by her husband and she can't do any thing about it because any move may put her marriage in jeopardy. She has to keep trying to persuade him to render her property to her and in the meantime to pay Zakah on it from what he collects, and I don't see her sinful in preserving her marriage even at the price of not paying this Zakah and let her property in the hands of her husband. Of course, this is a good reason to ask for divorce in Shari'ah, especially if he forges her signature in selling, and you didn't mention whether he records new property in his name or in hers. If it is in his name, it becomes coercion (Ghasb) and she owes Zakah only once, for all past years, at the time she gets back her property and from then she starts a new Hawl.

9 - Payment of a wife's Zakah to her husband is permissible in the Sherif's and Hanbali schools of Fiqh and this is supported by the Saying of Zainab, wife of Abdullah bin Mas'ud that is in the Sahih. Keep in mind that even is she is rich she is not required to spend on herself, part of the exchange in the contract that she makes herself available for him and he takes full charge of the needs of livelihood. On that basis I find the non Hanafi view more consistent with the rest of rulings. But you certainly can rely on the Hanafi School if you wish.

Next time, sister, you better smuggle one or two questions at a time.

BTW, my translation of the Book Fiqh al Zakah of al Qaradawi, stolen and unauthorized, is published and is now available in certain bookstores in America, I am sure some of seller at ISNA convention would have it.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah on IRA accounts**

From: Fiqh Council of North America - Zahid

Date: 12/10/2001

question

Assalamu o Alaikum wa Rahmatullah:

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

My Answer:

Dear Br. Zahid

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

The Shari'ah ruling on the Zakahability of IRA, and 401K and similar savings account meant for long term investment as sources of income for old age, is centered around

two points: 1- the ownership of funds in these accounts; and 2- the use of funds in the accounts (their form of investment).

1 - Ownership of funds in IRA, 401K and similar accounts: Whatever funds an employee puts in any of these account is deducted from her/his income with consent and authorization from the income earner. These funds are owned by the employee (IRA applied to self-employed too). the restrictions and penalties imposed by the government on withdrawal of these funds do not negate this fact nor reduces its effect on Zakahability. These funds do not become, by such restrictions, of the kind of al Mal al Damar. The latter is items that the owner does not know whether she can ever have accessibility to and even have doubt about its continuous existence, such as buried treasure that you forget where you hid it or a camel that escaped to the vast desert. The government has the right to impose restrictions on the use and disposition of private properties, especially in cases of Safah and such restrictions do not eliminate the right of the poor from the wealth of those under such restrictions. (In fact, those restrictions are of the same kind of the restrictions on the wealth if a Safih. it is the government's believe that owners may use them in a way that does not leave sufficient fund to spend at the time of retirement that caused it to impose such restrictions).

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

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

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

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

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

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

majority only inventory for sale at 2.5% (there is an OIC Fiqh Academy Resolution to this effect).

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

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

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

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

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

For the deduction of potential penalty from the amount subject to Zakah, there seems no justification for it because it is not yet charged. Shari'ah doesn't work on assuming things that have not actually taken place. The Zakatable amount is the market value at the end of lunar year, or you have to add to the rate the equivalent of days difference between lunar and solar year, i.e., 11/354X2.5% if you use a solar year.

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Should Zakah only be paid in Ramadhan?

From: Fazila

Date: December 05, 2001

Question

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

My Answer:

Dear Br. Omar

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

1 - Zakah on Mal, to which the question most likely relates is due on the last of a 354 day period (full lunar year, not a calendar lunar year) that begins the day a person acquired an amount of Nisab for the first time, it goes on for the same day every lunar year. This means every person shall have her/his Zakah related fiscal year, we call it Zakah year. Many people like to pay their Zakah in Ramadan because Ramadan is a time of multiplying good deeds many folds, i.e., to take advantage of bonus rewards. To do so they one of two routes: either adjust their Zakah year to one of the days of Ramadan. if my Zakah is due on the 21st of rabi al Awwal and i want to adjust it to Ramadan 21st, a difference of 6 months I make a partial calculation for one half year on Ramadan 1421 (before the due date because delaying payment is sinful even for this purpose), in this example I multiply the amount of Zakatable funds by 1.25% instead of 2.5% and pay it on the 21st of Ramadan 1421, when Ramadan of 1422 comes I go normal paying Zakah for a full year from Ramadan 21, 1421 to Ramadan 21, 1422.

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

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

3 - Delaying payment beyond its due date is sinful and Zakah becomes a guaranteed debt on the payee due for payment even if she/he becomes bankrupt at a later date. It certainly requires a lot of Istighfar (Asking forgiveness). However DELAYING PAYMENT MAY BE JUSTIFIED IF THERE IS A VALID REASON BEHIND IT. Examples: to give to a better

cause or to a relative who is poor, or for lack of liquidity while in-kind payment is either impossible or doesn't fulfill its purpose, etc.
4 - Finally, the due date for Zakah of al Fitr, is the last few days of Ramadan, it must be paid before the Eid prayer on the first day of Shawwal. Its amount is the price of two medium size meals, normal in one's area, # $ 8-10 in the USA.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Payment of Zakah to humanitarian org. and delay of Zakah payment

From: Islam on line
Date: 12/5/2001
Name of Questioner Amril Country Malaysia

Question

I have not paid Zakah for last year annual salary (Jan-Dec 2000). All this while, I used to calculate and pay the Zakah after getting the yearly salary statement from my employer so as I can calculate and fill-up the income-tax form as well. For your info, in Malaysia the paid Zakah is rebated from the total of income-tax to pay. My question is/are: 1- Can I pay the Zakah to the organization/group which is preparing aid to Afghanistan people now? 2- I was told that it is a sin to delay Zakah payment. What I have done previously, was it wrong and sinful? 3- I also checked my savings account yearly (Jan-Dec) and paid Zakah for my savings. What is your opinion on this matter?

My Answer:

Dear Br. Amril
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
You asked several important and interesting questions in one shot, let me please give numbers to my answers, so I can cover them all.
1- It is permissible to give Zakah to charitable organizations that give help to the Afghan people, and there is urgency in this area at this time.
2- It is sinful to delay Zakah payment beyond the date it is due. For Zakah on income, the due date is when income is received. Income is received weekly or monthly, for certain professionals, who run their private business, it is received daily. Shari'ah is based on avoiding creating any inconvenience; hence if it is calculated and paid monthly or yearly because this is normal and convenient as all information is available it is OK. It is also possible to start making advance payments during the year on the Zakah that will be calculated at the end of the year.
But let us go to no. 3 to see what you are doing in this matter
3 - You said that at the end of each Zakah year of yours you pay Zakah on the amount you have as savings. If this means that at the end of each lunar year since you got Nisab you pay Zakah on the total savings you have and that these savings consist of the balance at the beginning of the lunar year and the increments you added during the

year (leftover of income after what have spent), then these increments are, in fact, the part of your income that is subject to Zakah and therefore you have paid the due Zakah on your income if you did pay the Zakah on the total savings you had at the end of the year 2000.

In other words, it is important to notice that the Zakah on income is in fact a Zakah on savings, i.e., on the part of income that is not spent. hence, personal, family and business expenses are exempt from Zakah The government, if it collects and distributes Zakah, can determine a given amount of spending for each category of income and salaries earners and consider the rest as presumed savings even if it may not be actually saved by every person.

4 - Notice that the Zakah is due on a lunar calendar, and if you use a Gregorian one you must increase the rate for the difference, i.e., use a rate equal to 2.5% + 0.025X11/354 = 2.5778%.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Calculation of Zakah on Savings and land

From: Islam on line

Date: 12/2/2001

Name of Questioner mohammed Country India

Question

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

My Answer:

Dear Br. Mohammed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

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

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

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

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

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

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

Subject: Zakah on investment whose present status is doubtful
From: Islam on line
Date: 11/30/2001
Name of Questioner Saleh Country USA

Question

I invested in a company over 1 year ago. The company was about to go public but because of the market conditions it did not. At this time I do not know the value of my investment nor do I have access to it. The company may in fact fold. Should I pay Zakah al-mal at this time based on my initial investment or do I wait and see what happens to my investment and then pay Zakah at that time?

My Answer:

Dear Br. Saleh Shajrah
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

If you don't know whether your investment still exists or not you are not required to pay Zakah on an item you are not sure it exists. You need to make reasonable effort to seek information on the present status of your asset in the company and then calculate the due Zakah. in most companies, a large proportion of initial investment is used for basic organizational infrastructure such as legal fees, consultants fees and other expenses, all these expenses are not subject to Zakah even though accountants usually amortize them over a 3-5 year period.

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

Subject: Zakah of 401K

From: Ayse

Date: 11/29/2001

Question

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

I am terribly sorry to ask you this, but may I also ask brother Kahf's background? Probably I should have, but unfortunately I have not heard of his name before. I would like to pass his comments to friends along with his name if it is all right.

I appreciate your comments. Salaams, Ayse

My Answer:

Dear Sr. Ayse

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

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

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

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

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

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

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

For the deduction of penalty, there seems no justification for it because it is not yet charged. Shari'ah doesn't work on assuming things that have not actually taken place. The Zakatable amount is the market value at the end of lunar year, or add to the rate the equivalent of days difference between lunar and solar year, i.e., 11/354X2.5%

BTW, you can see my resume in my web page <www.Kahf.net>

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: 11/28/2001

Name of Questioner Aasim Country India

Question

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

My Answer

Dear Br. Aasim

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Zakah is due on an owner of Zakatable items with certain conditions of Nisab and passage of a lunar year. In your situation, on Sha'ban 22, 1422 (= 11-8-2001) you own 16,000 Dirhams. (let me assume of United Arab Emirates' currency which makes this amount above Nisab) and I assume that a lunar year ago, i.e., on 10-28-2000, you also owned Nisab (# 4000 Dirhams.), you Zakah is 2.5% X 16,000 = 400.
The fact that you owe a debt of 10,000 for a car that is due on installments does not affect the Zakahability of your cash balances because this debt is against your future income. It is similar to mortgage debt that goes toward future income rather than existing cash balance. However if the nearest installment is due soon and it is going to be paid out of the present balance (your 16,000) you can deduct the amount of that installment only from the Zakatable balance.
For your second question regarding the Mahr of your wife, as long as you paid it is owned by her and Shari'ah does not have any community property concept. In other words, your property is separate from hers and each owner is required to take charge of her/his duties on her/his own. If she owned a Nisab and one lunar year passed at the end of which she owns an amount equal to Nisab or more (including all additions acquired during the year, be they from Mahr of any other thing), she is required to pay Zakah on her balance at the end of the year at the rate of 2.5%.
If you decide to be generous and courteous and volunteer the payment of Zakah on her behalf, that is well and good and you are rewarded, Allah wills, for it.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Provident Fund account in Singapore
From: Islam on line
Date: 11/28/2001
Name of Questioner Hina Country India
Question
Sir, Assalamu-alaikum! In Singapore the system is such that the cpf (central provident fund) 0f the person is under the possession of the government for the period he lives in singapore. Only on the time he decides to leave s'pore for good his cpf becomes his property. But during his stay in s'pore he can use cpf for buying a house or for medical purposes ect.. My question is: should Zakahh be given on this cpf. If so, how should it be calculated.Please give references to authentic hadith. Thankyou. Allah-hafiz!
My Answer
Dear Sr. Hina
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Certainly you do not expect a Hadith to talk about the CPF of Singapore! The verses of the Qur'an and the Ahadith mention Zakah on one's Amwal (properties, funds and other assets) and there are Ahadith that talk about exemptions of any thing below the amount

of Nisab, itself defined in the same, and of personal assets such as residence house, transportation horse, cloths, etc.
Your question centers on whether you own your share in this fund or not, If you own it then its balance at the end of every lunar year is Zakatable once it reaches the amount of Nisab (= the value of 85 grams of gold). If you don't own it, whoever owns it has to pay its Zakah.
Determination of ownership on the basis of scanty incomplete information you gave is not possible! If you can send me the Law of CPF I will study it and give you an answer. However, the fact that you can use it for buying a house or for medical emergencies seems to point toward ownership, though restricted by the government. Governments have the right to impose certain restriction of properties and such restrictions do not take the property out of private ownership. On the other hand, I know that CPF receives contributions from employers and deductions from employees are they treated the same from the point of view of ownership and disposition? And What does the law state about ownership of each of these two portions? Can an employee opt not to be covered by the fund and avoid deductions?
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on Savings intended to buy a house
From: Islam on line
Date: 11/14/2001
Name of Questioner
Question
Financially I am working towards reaching a certain amount of saving in order to purchase a property in 4 months time without taking a loan. Meanwhile, the time is due for me to pay annual Zakah. With the property purchase intention in mind, do I still need to pay 2.5% Zakah out of my current saving?
My Answer
Dear Br. ? ? ?
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Yes, you have to pay Zakah once it becomes due on all your savings as long as they reach Nisab and the Hawl is completed, even if you intend to buy a real estates property with them.
If you happened to have purchased before the Hawl and you owe the seller an amount that your present cash is designated for that payment in a few month after the day the Hawl is completed and you have no other sources to make that payment, it will then not be Zakatable because it is appropriated for debt payment.
Wa Allahu A'lam
Wassalam
Sincerely,

Dr. Monzer Kahf

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

From: Sister Ayse

Date: 10/12/2001

Question:

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

My Answer

Dear Sr. Ayse,

Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh

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

Unexercised options granted to employees are not subject to Zakah for the very same reason rightly mentioned in your question: they are not owned by the employee yet. Zakah is levied only on owned Zakatable items. This is a form of gift and according to Shari'ah a gift is owned upon possession, i.e., delivery and acceptance by the person to whom it is given, it is not owned by the mere assignment by the giver.

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Zakah on vested but not exercised options

From: Br. Omar

Date: 10/12/2001

Question

Just a followup question if you don't mind:

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

I can understand if they are required to be held for some period of time before they can be cashed out, but I am confused when you have the ability to cash out.

My Answer

Dear Br. Omar

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

1- These are not convertible to cash but to stocks of the company, whether conversion is to cash or stocks does not affect the Zakahability.
2- When a gift is granted, cash or any other Zakatable asset, it does not enter into the holdings of its recipient until it is handed over. In Shari'ah, it remains in the ownership of the give until delivery to the extent that the giver can change her/his mind before delivery. How could you be asked to pay a Zakah on a thing you do not own? Convertibility does not affect Zakahability, actual conversion does...
3- Having certain restrictions on a property, such as hold it for a period of time or pay penalty if you cash it, does not necessarily affect its Zakahability, it is Zakatable even with such restriction, as long as conditions for Zakahability are fulfilled.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on deposits in a bank under liquidation
From: Abdullah
Date: 10- 10-2001
Question
Do I have to pay Zakah on deposits in Bank al Taqwa?
My Answer
Dear Br. AbdAllah
Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
Ramadan Mubarak to you too and to your family.
It was very nice to receive your email and to listen to your phone call the other day. I was really planning to answer you sooner before you called but I kind of relaxed after we talked on the phone. How are your sons doing these days? Have they finished their schooling and what have they taken as careers?
For the question on Zakah with respect to money deposited at bank al Taqwa under liquidation. Deposits and shares at this bank are now under the complete authority of the liquidators, you really don't own any of them at this time and you don't know how much you will get at the end of the process that may take several years. In my opinion, these funds are now gone, especially with the effect of the absolutely unjust freeze imposed by the government. HENCE, NO ZAKAH IS DUE ON ALL SUCH FUNDS, WHETHER DEPOSITS OR SHARES.
At the end of the tunnel, if any money is paid to depositors/shareholders, they will have to pay Zakah once only when it is received and on the amount received provided it is more than Nisab at that time, and you don't pay Zakah on the years between the beginning of your Zakah year during which liquidation began and the day you receive any balance of these funds.
Wa Allahu A'lam
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: Zakah on rental property

From: Islam on line

Date: 9/30/2001

Name of Questioner Nasreen Country Pakistan

Question

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

My Answer:

Dear Sr. Nasreen

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Is income tax a substitute of Zakah?

From: Islam on line

Date: 9/27/2001

Name of Questioner Ariff Country Malaysia

Question:

Hi, as you know my country, Malaysia, is a Muslim country and the government imposes income tax like any other country. Annually I pay about 28% to IRD. I also pay 2.5% of my income to Islamic authority that collectsZakah. My question is, since the 28% income tax already contributed to the revenue of a Muslim government who uses part of the money for good deed like building mosque and helping the poor, do I still need to pay the 2.5% Zakah. Can I consider part of my 28% income tax contribution as Zakah. Appreciate your answer.Thanks.

My Answer:

Dear Br. Ariff

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

The answer, Dear Brother Nik, is NO. Zakah is a pillar of Islam, a religious obligation with given characteristics, qualification, intention, recipients, etc. (BTW, are you sure the religious authorities take 2.5% of your income as Zakah?)
Taxes have different characteristics and uses.
The least to your answer is that you are in a Muslim country, and your government is saying these are different things, how come you want them the same?
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on gold lent out
From: Islam on line
Date: 8/6/2001
Name of Questioner amathullah Country India
Question:
Assalamu Alaikum, I keep my gold in the bank locker from which I take yearly for my Zakah. Last year when it was time for my Zakah I learned that my gold was not in the locker but was being used by some one as loan. Now I don't know when it was removed from the locker, I got my gold back five months later. Now please tell me whether I have to pay my Zakah of the last one year or whether now my Zakah will be due only after another one year. Jazakallah
My Answer:
Dear Sr. amathullah
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
If the "gold" you refer to is your jewelry, it is subject to Zakah on a yearly (lunar) basis, every year only if any of the following two conditions is fulfilled: 1) its value is high to an extent the obviously exceeds what your peers (i.e., your sisters, in-laws, cousins, neighbors, etc.,) have, or 2) you don't normally use it for its proper occasions, rather you store it. Your normal use does mean daily or weekly, it only means for suitable occasions, and keeping it in a bank's locker for safety does not mean you are not using it normally. In other word, you may keep it in the bank and have normal use for it too. and when you pay Zakah you pay it on the amount -considered by weight- that violates either of these two conditions if it reaches Nisab (= approximately 85 grams).
Zakah is due at 2.5% every lunar year, the first lunar year begins once you acquired Nisab of Zakatable assets (including your cash, bank accounts, etc.) and the fact that it was loaned does not affect its Zakahability, you still have to pay Zakah of last year, if you did not already do so, and of the present year when it is due on the last day of your Zakah year.
If your "gold" is bullion or old coins you have to pay its Zakah regardless of the two conditions mentioned above as long as it reaches Nisab, an apply all that is mentioned above for calculation, effect of lending, date due, etc.
Wa Allahu A'lam

Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Calculating Zakah on loans, cash and jewlery

From: Islam on line

Date: 8/2/2001

Name of Questioner irfan Country Pakistan

Question:

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

My Answer:

Dear Br. irfan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

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

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

Subject: Zakah on income of which nothing is saved?

From: Islam on line

Date: 6/21/2001
Name of Questioner C

Question:

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

My Answer:

Dear Br.
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
If your income is about sufficient to cover your expenses, you are not subject to Zakah. Zakah is obligated on persons who have at least an amount equal to Nisab (# US$ 1,000) left over after their actual, non-extravagant expenses. If you happen to save from your income an amount of $1,000 during a full year, you have then to pay Zakah, according to the opinion of His Eminence Shaikh al Qaradawi.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah obligatory every year on same property?

From: Islam on line
Date: 6/21/2001
Name of Questioner Abdul Country India

Question:

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

My Answer:

Dear Br. Abdul
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
The answer is yes, Zakah is due every year on all Zakatable items as long as its amount does not go below Nisab. This is unanimous in all schools of Fiqh. The practice of the prophet in collecting Zakah during His time and in sending Zakah collectors provides a clear basis for this. On the other hand there are indications that support this practice. Of these indications: His Saying that we should invest the wealth of an orphan so that the Zakah does not deplete it. Obviously depletion is through repetitive payment year after year. Also the saying that prohibit taking Zakah twice in one year, it implies taking it once only.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

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

From: Islam on line

Date: 6/11/2001

Name of Questioner: salem

Question

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

My Answer:

Dear Br. salem Mohamed Saleem

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Once this principle is understood, Zakah on stocks owned for the purpose of being a joint owner of the company is in fact, on the assets of the company. Hence one is required to know the part that is Zakatable of the assets and one's share in these assets and pay Zakah on that amount. You may not know, then search (remember you are an owner and you intend to be a partner in the company), and if you cannot make an educated guess to estimate and be on the safe side by paying a little extra.

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

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah on Haram money**

From: Islam on line

Date: 5/9/2001

Name of Questioner Yahya

Question:

Assalamu Alaikum, wa rahmatullah, brother. Your advice regarding Zakah and money obtained by haram means was certainly sound and correct. And yet I found it lacked one key element. For whatever reason, the point of Zakah was not tied in, made clear. Zakah is an obligation to Allah, paid to the less fortunate of the world. We cannot pay our obligations in false tender. Indeed, it would be best to return ill-gotten gains to the person who was robbed of it. But some will interpret your response to suggest, for example, that one give the money back to the casino. This will help no one, but will only serve to increase their profits. Surely Allah will deal with them justly for their sins. It is also clear that the money cannot be cleansed for the giver, that one who gives false tender will not gain the favor of Allah for that gift (as he should never have had the money in the first place), but it is not clear that it is better to give the money back to the casino than to some orphanage (in private/secret). In making it clear that this will not help the man, one has done one's legitimate obligation, and then left it to him to sacrifice the ill-gotten funds if he will see goodness done in the world. I do not put it past Allah to turn bad into good by such means, though I concur that he who received the money in haram means will get no reward for the giving. (As an aside, he MAY, though, receive a benefit to his own heart, in practicing the good act of giving unselfishly, and that may benefit his soul.) Ma salaam

My Answer:

Dear Br. Yahya

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

Let us set this right for good:

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

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

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

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

5 - You cannot use this Haram money to pay your Zakah or any other spending required from you on family, taxes,etc. you cannot even pay a Riba due on you to the bank by a mistake or a sinful contract that you are repenting from.
I hope this is set right now. Thanks again,
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on jewelry shop goods on dispaly
From: Islam on line
Date: 4/30/2001
Name of Questioner Mohammad Country. U A E
Question:
Assalamu Alaikum. Dear sir I own a jewelry shop. I want to know am I supposed to give Zakah on goods that are on display in my shop one of the local Shaikh here said we don't have to pay Zakah on good on display or things that are involved in business. Please tell me what is the correct definition of Zakah Al fitr please specify authentic Ahadith in answering this question
My Answer:
Dear Br. Mohammad Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
You mentioned Zakah of al Fitr and you probably mean Zakah of Mal. Any way here are the points of Zakah relevant to your case:
Zakah of al Fitr is on persons: any person, including children and servants, are subject to this Zakah at the rate of one half Sa' of wheat or one Sa' of barley. This is equivalent to # 2.5 kilos. It must be paid by the head of the household and given to the poor and needy, preferably relatives during the last few days of Ramadan and definitely before the time of the Eid prayers of Eid al Fitr. There is an authentic Hadith about it that it is an obligation to purify and rectify the fasting and that it is due on the adults and children.
Zakah of Mal: it is obligatory on all persons who own Nisab and above of amy of the Zakatable items. The general imposition of it came in the Qur'an, Verse 60 of Surah 9. But like prayers, the details came in the Ahadith. As in several correct Ahadith, the Zakatable items and rates are: gold and silver, as money and otherwise (this obviously include money of our days) at 2.5% per year, livestock at a rate given in a detailed schedule by the Prophet, pbuh, , merchandise for sale at the rate of 2.5% per year, agricultural products upon harvest at 5% if irrigated by water drawn by animals from the ground, and 10% if irrigated by rivers and or rain.
Hence in the case of the jewelry you have for sale, they are certainly subject to Zakah of al Mal at 2.5% at the end of each lunar year and a year begins from the day you owned Nisab. The Nisab is 20 dinars of Gold (# 85 grams), for silver the Nisab is 200 dirham (# 485 grams).
NOW, you must notice that if the merchandise you have on display is yours you are required to pay the Zakah, it is every year even for previous years. If the merchandise is

only displayed in your store and it is owned by a wholesaler, it is he who is required to pay the due Zakah, not you.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Subject: Zakah of Provident scheme account
From: Islam on line
Date: 4/30/2001
Name of Questioner mohamed Country Sri Lanka
Question:
Assalamu Alaikum. In my country a compulsory Provident Scheme operates where the contribution is credited to your Account with the Central Bank and interest is also automatically credited. This could only be withdrawn after you attain 55 years of age. Since the interest element comes to you automatically how could I dispose of interest received from the bank. Also how should Zakah be paid on the money? Should it be paid once after receiving the money or annually on the amount with the bank?
My Answer:
Dear Br. Muhammad
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
To give you an exact answer I need more information in specific about
providence fund you are in, they all are not exactly alike. Matters like, can withdraw even with a penalty? do you have an option not to enlist in it if you are an employee on whom the law of the fund applies? Is deduction obligatory and defined in the law or you choose how much to contribute? are funds invested by the Central Bank? And where does the interest come from? is it from the CB itself?
Now, if the contributions are obligatory and usually deducted from salaries before payment and if interest is added by the central bank itself automatically and if you are not allowed to withdraw and not given a choice to change venue of investment and if at old age you are paid in accordance with actuarial calculations, The amount deducted from, with whatever accumulation over it are not subject to Zakah, because you don't have full command of ownership over them. It is not of your business what the government adds to it, when you are paid pensions, these payments are treated like salaries from the government Shaikh al Qaradawi believes that Salaries are subject to Zakah after deduction of the amount needed for living of the recipient and family and other legitimate expenses, this is applied actually in Sudan today. If the pension you get is high enough to cover all that and you have any left over, you may be subject to Zakah. The majority of Fuqaha, including the OIC Fiqh Academy's opinion is that salaries (and similarly pensions) are not subject to Zakah.
Wa Allahu A'lam
Wassalam
Sincerely,

Dr. Monzer Kahf

Subject: What is Zakatable and would Taxes make it for Zakah?

From: Islam on line

Date: 4/12/2001

Name of Questioner JANNAT

Question:

Assalamu Alaikum. I would like to know what is required in giving Zakah these days? I mean what things are included in Zakah (house, money, cars etc.) and how much percentage do you have to give in them? I have been told to give 2 and a half percent. I live in Pakistan so please explain how much it is according to this place. 2. Doesn't tax include Zakah??

My Answer:

Dear Sr. Jannat

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Sister your question is very long. I suggest that you look into "The Calculation of Zakah for Muslims in North America" you'll find it in <www.kahf.net> and if you have any question please ask it after you read it.

In brief and in general, the rate of Zakah is 2.5% of money and business net worth, you don't include all personal and household items, nor a car for your personal and family transportation. Residence is also not included. And what you pay in taxes is not considered as Zakah.

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: How to calculate Zakah

From: Islam on line

Date: 3/30/2001

Name of Questioner Yasmin

Question:

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

My Answer:

Dear Sr. Yasmin,
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
It is difficult to give an answer to all these questions very quickly. Here is a reference and a few hints:
Please read the booklet Calculation of Zakah for Muslims in North America, you can find it either on ISNA Web or on Mine <www.kahf.net> I think it answers all your questions
The Nisab is an amount that once a person owns, one then begins a lunar year of 354 day, if the person still owns such an amount on the 354th day, one is subject to Zakah payment. Nisab is # $1,000.
Zakah is on all properties that exist on the 354th day (except those used for personal purpose such as residence, personal and family transportation, furniture, cloth, household appliances and other similar objects, etc.). This means it is on jewelry, investment assets, remaining part of income after actual expenses, expensive decorative items that are actually a store of wealth, etc. Please read the booklet and if you have any further question write me.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Zakah on rental properties and their evaluation
From: Islam on line
Date: 3/24/2001
Name of Questioner Aqeela Country US
Question:
Assalamu Alaikum. We have a property that is for rental in addition to the house we live in. How do we calculate Zakah on this property? Is it based on the market value of the property or on rental income, or both? We have had very opposing information. Please clarify this matter for us, InShaAllah. Jazaka Allah Khairan
My Answer:
Dear Sr. Aqeela,
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
You really have a full right to be confused. The matter itself is not yet settled between Muslim Scholars and there is no specific text on this issue. It is a matter of Ijtihad. The argument is as follows:
1- Traditionalist Fuqaha: This is not a thing that you want to sell, nor any other thing that we have either a text on its Zakahability or we can take it by analogy. Therefore, it is not subject to Zakah. Add also that rental buildings existed in the past, though on a small scale and the Ulama, at the glorious time of Ijtihad did not consider them subject to Zakah. THOSE SAY RENTAL PROPERTY IS NOT ZAKATABLE.
2- Al Qaradawi and several other enlightened (i.e., more exposed to contemporary kinds of investment, wealth holdings and their dynamics) Ulama look at rental property as

wealth that is invested and that makes a difference between rich and poor. The general principle that came in the verse of Surah 9 is that Zakah is on Amwal, and a rental property is a mal. Also the correct Hadith tells that Zakah is on the rich and an owner of rental property is rich. THEREFORE: it must be subject to Zakah.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: Tax deductions due to payment of Zakah and charities

From: Islam on line

Date: 3/23/2001

Name of Questioner Abdul

Question:

What should be done with tax deductions received due to payments of Zakah and charity?

My Answer:

Dear Br. Abdul,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

Tax refund due to giving for charity and performing the Faridah of Zakah is your own money and you can do anything with it. The Law in the USA gives this privilege to payments given to tax exempt charitable and religious organizations. In other word the government says if you give to such organization we will take from you less tax than a person in similar situation as yours who does not give.

If you give it to charity and your Islamic center, they all need as much as can be given and if you use it for yourself and family it will have InShaAllah the blessing from Allah of being pure and good since you deserved this refund because you fulfilled the glorious duty of Zakah payment and you gave to charity.

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

Subject: Down payment for a land to build own residence, is it Zakatable?
From: Islam on line
Date: 3/23/2001
Name of Questioner Redwan Country Morocco
Question:
Bismillah Jazakom Allah Kolla Khayr. In order to buy a piece of land for my future house InShaAllah I went to a company specialist in selling lands and houses. The land costs 70.000 DH. I have to complete the whole money within two years, but I have to pay at least 30,000 DH for the first time. When the deadline comes they will call me for paying the rest. Actually I have paid 30,000 DH, and I do not know if I have to include it when calculating Zakah. Wa Jazakom Allah Kolla Khayr
My Answer:
Dear Br. Redwan
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.
The amount you paid as a first payment for the contract of buying a land for your future house is not subject to Zakah and you don't need to include it in your Zakatable assets when you calculate Zakah. If you contracted to buy and you paid first payment, you now own a lot of land and you owe the remainder of the price, in this case 40,000 Dirham. This piece of land which is not intended for sale when you bought it, is not subject to Zakah.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: Is Zakah on income or on Savings? What is the Nisab?
From: Islam on line
Date: 3/16/2001
Name of Questioner Amany
Question:
Assalamu Alaikum, What is the rule for Zakah? Is it 2.5% of your savings if you have reached the Nisab, or is it 2.5% of your taxable income? And how do you determine Nisab in US dollars. Jazakum Allah Khairan,Wasalaam.
My Answer:
Dear Sr. Amany
Assalamu Alaykum wa Rahmatullahi wa Barakatuh.
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah.

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

----------Subject:

Subject: A STUDENT HAVING $ 2000 FOR A HAWL

From: Islam on line

Date: 3/13/2001

Name of Questioner Ammar Country Albania

Question:

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

My Answer:

Dear Br. Ammar,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: 3/13/2001

Name of Questioner Saad Ccountry UAE

Question:

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

My Answer:

Dear Br. Saad,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: 3/7/2001

Name of Questioner Malik Country US

Question:

Assalamu Alaikum I have a question about Zakah. Every year when we plan to give Zakah I usually have a problem with my father. He has his own way for calculating Zakah and I have my own way. I am not sure which is the proper way? Can you please guide me with this issue? The problem with calculation is, let me tell a scenario before I continue because it will make it clearer. Last year we had e. g $10,000 in our account, I paid a Zakah on it which comes out to be let say $250. Now the next year comes and the money in the account has increased from 10,000 to let say 17000. We didn't use any money from this account for the whole year because we didn't needed it. Now the

problem comes here, my father says that we should pay Zakah on 7000 dollars only because we already paid a Zakah on 10000 dollars while I say to him that we never used the money so it is our saving for the whole year and we have to pay the Zakah for the whole money and calculate it for 17000 dollars. So each year I get confused, so please help me in this issue and may Allah help us all to find the correct path. The same problem I have with gold, e.g., the last year the gold we have was worth 900 dollars and we calculated Zakah on it paid it, this year the same gold is worth 1000 dollars so we have to pay the Zakah for the remaining 100 dollars while the Zakah for the remaining one is paid. Can you please guide me in this matter. May Allah help us all.

My Answer:

Dear Br. Malik,

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

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

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line
Date: 3/2/2001

Question

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

My Answer:

Dear Br. / Sr.:

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line
Date: 2/26/2001

Question

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

yohoobo an totaa rokhaasooh" Wagazakom allahu 3annna we 3an almoslemeen kol khair.

My Answer:

Dear Br. Ahmed

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

2 - Nisab is a criteria of Zakahability not a minimum exempt. You must pay the Zakah on the total amount of a Zakatable item, including the amount of Nisab. In your example of owning 10,000 and if the Nisab is about 1,000. Other conditions satisfied, Zakah due is 10,000X2.5% = 250 dollars.

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

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

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

I also hear from time to time on the American TV channels that several charitable organizations are not really truthful to their objectives and there are always scandals and corruption among workers in charitable field in America.

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

Subject: **Zakah of bee products, other than honey**

From: Islam on line

Date: 2/19/2001

Name of Questioner Esad

Question

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

My Answer:

Dear Br. Esad

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

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

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

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

WA Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From a sister

Date 2/3/2001

Question

If a father delivers his property on his lifetime to his sons, these amounts of money after some years' of bank interests can suffice for the girls marriage needs (furniture and so forth) and can hardly suffice for a boy's flat. So if you need to save money for a certain purpose, must you pay Zakah for it even if that will hinder achieving the desired amount?

My Answer

Dear Sister

Assalamu Alaikum wa Rahmatullahi wa Barakatuh,

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

If that saved amount has met Nisab, Zakah is due only after a lunar year, which begins the day the amount reaches Nisab. The only way such savings may not become subject to Zakah after 354 days is if there is a debt to somebody definitely due shortly after the end of the lunar year whether you contracted it before or on the last day unless there

are other sources that from which the debt is planned to be paid. If there isn't a contract that requires payment of a debt shortly after that day, then the amount you have saved is Zakatable.
There is another thing that should be mentioned about interest. Interest is forbidden in Shari'ah, it is the worst sin after disbelief, and it cannot be added on top of the principal. Therefore, interest cannot be used towards a marriage. Interest, obtained from conventional banks has to be given away to charitable causes and cannot be added to the property of the owner of the bank account.
Wa Allahu A'lam,
Wassalamu,
Dr. Monzer Kahf

Subject: Subject: Past due Zakah
From: Islam on line
Date: 2/1/2001
Name of Questioner: khaled
Question
I have money in bank, and this money is growing up yearly. I did not pay Zakah up to now suppose that I have x thousand riyals, how to pay Zakah I know that every year I have to pay so please what to do. Wassalamu Alaikum.
My Answer
Dear Br. Khaled
Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh
You are correct, if the amount you have in the bank for years started above Nisab, which is for this year around Saudi Riyal 2000, you are Zakatable and you needed to pay Zakah for all past lunar years that is from the first 354th day after you owned Nisab.
You know dear Brother that it is sinful to delay the payment of Zakah after its due day (the last day of a Hawl) without any valid reason. I don't know your reasons and you know them better but you are anyway seeking knowledge on this matter and this is itself a positive point to your side. May Allah Ta'ala forgive me and you of all our sins, what we know and what we don't know.
You need now to calculate your due Zakah for all past years and pay all that ASAP. By the way you know that if it happened that you earned any interest, called commission in conventional Saudi banks, you cannot pay the Zakah from the interest, and you should not count earned interest in the amount subject to Zakah, because interest is all forbidden, the earned interest is not yours, it doesn't become your property according Shari'ah and you are required to give all the earned interest to poor and needy or general Islamic causes (except mosque building). In brief, you don't pay your Zakah from any impure thing that may come under your hand and what ever impure things must be given away to charity-like objectives.
Wassalam
Sincerely,
Monzer Kahf

Subject: Is Zakah on gross earning or on what is saved only?
From: Islam on line
Date: 2/1/2001
Name of Questioner: Muhanad
Question
Can you give us the terms and conditions of Zakah as simple as possible, do we pay for what we made at the whole year or what we have at the end of the year? Jazak Allah khair.
My Answer:
Dear Br. Muhanad
Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah
In the correct an authentic Texts of Hadith we have, We find that Zakah is imposed on two kinds of Amwal: stocks or wealth and flow or incomes. Stock or wealth items mentioned in the texts are: money (gold and silver), the principal of business inventory and livestock that are one year or older. Income or flow items are: agricultural products, increments of business inventories that happened during the year, increments of livestock, i.e., those that are less than one year old. We notice from the texts of Hadith on the subject of how Zakah was calculated that whatever you and your family actually consumed during the year was not subjected to Zakah. For instance, animals you slaughtered during the year for food, or gave as gifts, etc., the same thing is money you spent on yourself and the family or gave as gifts or charity, etc. The reported method of calculation is to count whatever exists at the due date which is the end of a year that started from the day you acquired an amount equal to Nisab.
Let us now apply the principles derived from the Ahadith on our contemporary economic life, i.e., our kinds of wealth items and income items.
Some Fuqaha are less exposed to contemporary life and feel uncomfortable making any new thinking beyond what the Fuqaha of the First glorious phase of the growth of Fiqh in the second and third centuries of Hijra. Those are usually reluctant to discuss new forms of wealth such as real estates and industrial, services and nowadays informational properties.
Other fuqaha have variant degrees of courage in discussing new issues although we live, probably since the middle of the 20th century a second ear of growth if Fiqh studies and research. Many in this kind of Fuqaha find in any new form of richness a subject to discuss Zakahability on the ground that Allah in the Qur'an made Zakah payable by the rich in their Amwal and His messenger PBUH, also said that Zakah is to be taken from the rich and to be given to the poor.
Shaikh Qaradawi, for example, gives an answer to your question, here is it in my own words:
Salaries and professionals' income are subject to Zakah as follows: take the total take home income including returned withholding of taxes, tips, etc.and deduct from it all actual expenses for the whole year, do not deduct an expense that is extravagant for your kind of living (this is relative as you see) Include in the deduction installment you paid fro your residence, whether you are buying or renting, for your car(s) you and your

family actually use normally, Hajj trip charity paid, gifts given to family, friend and others etc.
Pay Zakah at 2.5% at the end of each lunar year for the income during the whole year, you may start paying from the beginning of the year and add what you paid and deduct it from what is due at the end of the year to pay the balance.
You may consult the Calculation of Zakah for Muslim in North America on my website at. <www.kahf.net> and if you have any further question email me through Islam on line.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Subject: The Hawl of Zakah
From: Islam on line
Date: 1/30/2001
Name of Questioner: RIAZ
Question
Assalamu Alaikum Is Zakah to be counted from the beginning of the month of Ramadan or from the end of the month? If the money is being added every month in the bank, is Zakah to be paid on the balance remaining at the next Ramadan, as one year would not have passed on the subsequent deposits in the bank?
Notes
Example: I have QA 25,000 at the end of previous Ramadan. There after I deposited 5,000 every month. In this Ramadan in my balance account I have QR 45,000. How I will pay Zakah as one year has not passed on the money deposited in bank in the previous months. Is it to be paid on QR 45,000?
My Answer:
Dear Br. Riaz
Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah
Zakah on Cash. Business inventory, livestock and similar assets has a condition of Hawl (year). It means that one lunar year (354 Days) has to pass from the day you become an owner of an amount of Nisab for becoming subject to Zakah. This is a generous grace from Allah.
The Hawl has nothing to do with Ramadan as it begins from that mentioned date. Many people like to adjust their Hawl to Ramadan because good deeds in Ramadan are rewarded with multiples. Such adjustment is done by paying the Zakah of a partial Hawl from the date of acquiring the money until any day in Ramadan, people usually prefer the last ten days. And then they make their Hawl begins in Ramadan for all following years.
The condition of Hawl applies only to the original amount you got if it is a Nisab or more, it does not apply to any and all future increments. The Idea of Hawl serves two purposes: 1) determines the beginning of Zakahability; and 2) assuring that Zakah in not taken twice in a period of 354 days. It applies in a simple no complication way. Once you

are described as rich from Zakah point of view (you have a Nisab) you only look at your balance at the end of a Hawl, do not pay attention to in between.
Wa Allahu A'lam
Wassalam
Sincerely,
Dr. Monzer Kahf

Zakah on stocks
From: Islam on line
Date: 1/30/2001
Name of Questioner: khalid
Question
I have invested $10,000.00 in stocks. I have not earned any profit on these investments. Do I have to pay Zakah on this investment? If yes, then on what amount. Should it be on the current value of stocks or on the invested amount? Thanks
My Answer:
Dear Br. Khalid
Assalamu Alaykum Wa Rahmatullahi Wa Barakatuh
Al Hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah
Zakah of stocks is, as you know anew subject that the Muslim Scholars dealt with on the basis of the rules of deriving a Fiqh position on a new matter that did not come in text nor it is directly based on a text.
The principle is that Zakah is an obligation on the rich with certain exemption of thing that relate mainly to personal and family use.
and stocks represent a partnership in the ownership on a corporation. A corporation value is determined on several factors that can be summed up in three categories: 1) the material properties of the company as revealed in its accounts and its potentials to generate future profits; 2) The non material assets including its goodwill, management, etc.; 3) the demand for the stocks of the company in the exchange and their supply, both are affected by a whole set of factors outside the company itself, and way in the national and international economies, etc. etc.
Keeping all that as a background, some Ulama (the great Ulama of the 20th century Muhammad Abu Zahrah is among them) see in stocks a new commodity (or thing or property) that is bought and sold in the market and therefore they treat stocks like business inventory of any other goods that are bought and sold in the market. THEIR VIEW IS THAT STOCKS ARE SUBJECT TO ZAKAH ON THE BASIS OF URUD AL TIJARAH (BALANCES OF GOODS FOR SALE.) AT 2.5% IF 354 DAYS (A LUNAR YEAR) PASS AFTER A PERSON OWNED NISAB, AND THE PERSON HAVE A NISAB AT THE END OF THE HAWL.
For your question this means that you are subject to Zakah as stated because, after the loss you still have more than Nisab. Zakah is due on the value of the stocks at on day 354th from the date of purchase even though you ended up with losses as long as you are still above Nisab (#US$ 1000).
The OIC Fiqh Academy adopted different approach. It is, in brief:

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

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

There is a third opinion, I heard it from some non-Fuqaha here in the USA, and some attributed it to Shaikh Qaradawi, a thing which I could not verify, it is not in his book nor in his on line Fatawa: It is that the principal amount you put in stocks that you buy as investment, in the common jargon we use as you have some extra money and you want to try to make more on them in the market, in not subject to Zakah and only the gain, capital and dividend is subject to Zakah without the condition of Hawl and at 10%. I personally think that this opinion needs to substantiate on the basis of Shari'ah rules and as of now I see such substantiation next to impossible.

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

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

Wa Allahu A'lam

Wassalam

Sincerely,

Dr. Monzer Kahf

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

From: Islam on line

Date: 1/15/2001

Name of Questioner: Razzak

Question

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

My Answer

Dear Br. Razzak
Assalamu Alaikum,
Alhamu li allah wa al Salatu wa al Salamu ala Rasuli allah.
If a person owns an amount of Nisab or more of a Zakatable item and the condition of Hawl (one lunar year) is satisfied, this amount is subject to Zakah provided it is not already assigned to either be spent on livelihood or on repayment of a debt.
This means that if the debt is going to be paid from that amount itself, like a debt that is due in a few days after the end of the year, before getting any new earning, such a debt is deductible from the amount and if the remainder is Nisab or more this remainder is Zakahabke otherwise it is not.
This also means that debts that are not against the amount existing at the due date of Zakah (end of the Hawl) are not deductible from the Zakatable amount at the end of Hawl. The example of these debts is a mortgage on a house that is payable out of future incomes on a monthly or otherwise basis.
Wa allahu A'lam
sincerely,
Dr. Monzer kahf

FATAWA ON ZAKAH 2000

Subject: Is Zakah on profit or principal, land, price of gold?
From: Dr. S.
Date: 12/ 25/2000
Questions
Here are the questions:
(a) is Zakah leviable on both principal amount and profit of any investment of money in business and Government development schemes like savings certificates etc.?
(B) Why land and property have been exempted from payment of Zakah; what is the logic (in Shari'ah) for such discrimination between cash money/gold etc and the immovable property like building/land etc?
(C) How to determine the value of gold? Is it the place where the gold is being kept at present or is it the price when the gold was bought from a particular place?
My Answer:
Dear Brother Dr. S.
Assalamu Alaikum and Eid Mubarak. I pray to Allah to give you and your family many many happy returns of the Eid with His blessing, mercy, grace and Barakah.
The three questions you forwarded to me are tough ones, though the question No. (b) is the most difficult.Al Hamdu Allah wa al Salatu wa al Salamu ala Rasuli Allah.
(a) Let us start with the simple case where all funds are invested in business inventory (Urud al Tijarah), or for the sake of argument in livestock that is fed on free pasture, as

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

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

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

Question (b): If we look to the items subjected to Zakah in the context of the economic system that was prevailing at the time of profit we notice that all thing s that make a person rich are made subject to Zakah. Two kinds of things are exempt: 1) things assigned for personal and family use, even with recognition that a rich person usually has more of these things than a poor person; and 2) things that are trivial to the extent that they really do not make their owner rich by the prevailing standards, like a person who has a few hundred dollars today. This is the virtue of the Nisab. The exemption of both kinds seems to be rationalized on the ground that Zakah is not to make life difficult for the person, it is to be taken from the Fadl or 'Afu, the extra and surplus and is not

meant to be a tool to create an equalitarian distribution of wealth, rather to harmonize the society and bring the feelings of all groups together without being harsh on any.

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

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

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

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

The counter argument goes as follows: business fixed assets are in fact intended for business and to make profit, they are very similar to business inventory and to livestock that are kept for breeding. They are in that sense intended for sale and consequently covered by the mention Hadith because those fixed assets are amortized through time and each unit of production is made to carry the financial burden of a minute portion of the fixed assets. They are a new form of assets that did not exists on any substantial scale in the past and they represent today the highest level of richness so if you exempt them you are slicing out the richest segment of the society and thus creating tremendous injustice with owners of small amount of inventories like retail

shopkeepers, If you do not impose Zakah on these kinds of wealth in any contemporary economy, the amount collected of Zakah becomes negligible to the extent that makes Zakah economically and socially ineffective and not worthy of being the third pillar of this great religion. These kinds of wealth are huge while the tools of craftsmen and little containers of date sellers are trivial and practically worth very little. Investment in fixed assets and investment in mobile assets both together contribute to production and employment and Shari'ah has no intention (that can be substantiated by any evidence) that it favors projects that have higher ratio of fixed to mobile assets over projects that have lower such ratio. Agricultural land, and land in general, was almost free at the time of the Prophet, pbuh, or at least it had very little prices, so were palm trees, their value was a lot more in their products than in the fixed assets and their products are subjected to Zakah, and there was no incidences of known investment in rentable buildings at the time of the Prophet, pbuh, although such renting have existed later but it remained exception and far from being a mode of investment in the traditional economies of those times.

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

Wa allahu A'lam

Sincerely

Dr. Monzer Kahf

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

From: Dr. S.

Date: 12/ 25/2000

Questions

Here are the questions:

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

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

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

My Answer:

Dear Brother Dr. S.

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

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

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

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

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

Question (b): If we look to the items subjected to Zakah in the context of the economic system that was prevailing at the time of profit we notice that all thing s that make a person rich are made subject to Zakah. Two kinds of things are exempt: 1) things assigned for personal and family use, even with recognition that a rich person usually has more of these things than a poor person; and 2) things that are trivial to the extent

that they really do not make their owner rich by the prevailing standards, like a person who has a few hundred dollars today. This is the virtue of the Nisab. The exemption of both kinds seems to be rationalized on the ground that Zakah is not to make life difficult for the person, it is to be taken from the Fadl or ‘Afu, the extra and surplus and is not meant to be a tool to create an equalitarian distribution of wealth, rather to harmonize the society and bring the feelings of all groups together without being harsh on any.

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

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

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

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

The counter argument goes as follows: business fixed assets are in fact intended for business and to make profit, they are very similar to business inventory and to livestock that are kept for breeding. They are in that sense intended for sale and consequently covered by the mention Hadith because those fixed assets are amortized through time and each unit of production is made to carry the financial burden of a minute portion of

the fixed assets. They are a new form of assets that did not exists on any substantial scale in the past and they represent today the highest level of richness so if you exempt them you are slicing out the richest segment of the society and thus creating tremendous injustice with owners of small amount of inventories like retail shopkeepers, If you do not impose Zakah on these kinds of wealth in any contemporary economy, the amount collected of Zakah becomes negligible to the extent that makes Zakah economically and socially ineffective and not worthy of being the third pillar of this great religion. These kinds of wealth are huge while the tools of craftsmen and little containers of date sellers are trivial and practically worth very little. Investment in fixed assets and investment in mobile assets both together contribute to production and employment and Shari'ah has no intention (that can be substantiated by any evidence) that it favors projects that have higher ratio of fixed to mobile assets over projects that have lower such ratio. Agricultural land, and land in general, was almost free at the time of the Prophet, pbuh, or at least it had very little prices, so were palm trees, their value was a lot more in their products than in the fixed assets and their products are subjected to Zakah, and there was no incidences of known investment in rentable buildings at the time of the Prophet, pbuh, although such renting have existed later but it remained exception and far from being a mode of investment in the traditional economies of those times.

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

Wa allahu A'lam

Sincerely

Dr. Monzer Kahf

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

From: Islam on line

Date: 12/22/2000

Question

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

My Answer:

Dear Br. Mohammad

Assalamu Alaikum,

The money you saved is subject to Zakah at 2.5% every lunar year from the day you accumulated Nisab (approximately US 1000). If, before the end of the year, you committed an amount to paying a debt that is due shortly after the end of the year and

the debt has no other means for payment, that amount committed for the payment is not subject to Zakah.
In your case, you are still searching and you did not enter into a contract before the end of the year. And accordingly the whole amount is Zakatable.
Wa Allahu A'lam,
Dr. Monzer Kahf

Subject: Payment of Zakah, do I sell some of the gold I have?
From: Islam on line
Date: 12/22/2000
Name of Questioner: raihana
Question
asalamu alaikum, I hope you are in the best of health and iman. My question is regarding the paymnet of Zakah. I have gold which is over the Nisab, therefore it is obligatory for me to pay Zakah, but I do not have the money to pay for it. Do I sell some of my gold to pay for the rest of the gold? I also have taken out a student loan. I will appreciate if you could give me an answer, may Allah (swt) reward you for your effort, ameen.
My Answer:
Dear Sister Raihana:
Assalamu Alaikum and thank you for your sentiment and Prayers.
If you have gold bullion or pieces whose total weight is at least 85 grams (# 3 ounces) You are required to pay Zakah on it at the end of each lunar year (the first lunar year begins from the day you acquired the amount of Nisab [20 Dinars = 85 Grams). The early rate is 2.5%. And yes, you have to sell some of it if you do not have other means to pay from because gold itself is exchangeable like money.
If the gold you have is in the form of women jewelry, and is at least Nisab, there are two conditions for Zakah to become obligatory: 1) it must be kept for storage not for normal use. And 2) its value must be above the normal jewelry of other women with whom you usually associate, such as your family members, neighbors, etc. The rate and lunar year are the same as above. If you do not have other means to pay Zakah, here again you have to sell some of your jewelry unless by doing so you are going to suffer big losses, because you are also required to protect your wealth from erosion. In this case the amount due in Zakah becomes a debt on you and you have to pay it as soon as you become able to.
Your student loan, here in the US, requires you to pay interest, which is prohibited, if you do not pay it in full within certain period of time from the day of your finishing of school. You must be very careful in taking any student loans unless you are very certain you can pay it during this grace period.
Wa Allahu A'lam.
Dr. Monzer Kahf

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

Date: 12/20/2000
Name of Questioner: Faysal **Question**
If a married woman possesses Jewelry which is subject to a payment of Zakah, is it then the husband's duty to pay it or does the obligation reside with the woman?
My Answer
Dear Br. Faysal
Assalamu Alaikum,
Zakah is like all other financial rights and duties are not organized in Shari'ah on the basis of community property, as in some Western Systems. Each man and each woman has complete and independent right of property. Zakah on A woman's jewelry is the sole responsibility of that woman and she is required to dispose of her duty. This is so to the extent that her Zakah can be paid to her husband, which he may use to provide for the household expenses including her own. This is supported by the Hadith of Zainab, wife of Ibn Mas'ud, when she asked the Prophet, pbuh, about the same and he advised that it is permissible that she pays her Zakah to her husband who was then poor.
Certainly gifts between husband and wife are not only permissible but encouraged, and if a husband choose to pay the Zakah due on his wife on her behalf, that is a good gift to her.
Wa Allahu A'lam,
Dr. Monzer Kahf

Subject: Zakah on cash while under contractual debt from buying a house
From: Islam on line
Date: 12/20/2000
Name of Questioner: Mohamad
Question
I have signed a contract to buy a home to be my family residence but I haven't paid the money yet to the seller. The signature was before completing the year (AL Hawl) but now the year is completed. Should I pay ZAKAH on the money that I have now?
Notes
1- All The money that I have is less than the new house price and I'll be under big debt when performing the purchase.
2- We are living in the USA and intend to remain here but I have another house in my original country (Lebanon) that we bought because we had thought will come back to live in Lebanon, but we changed idea and that house is still vacant. 3- I have also a store in Lebanon that I gave in rent.
My Answer
Dear Br. Mohammed
Assalamu Alaikuim,
Al Hamdu li Allah wa al Salatu Wa al Slamu ala Rasuli Allah,
A) If the money you have now, cash in the bank is earmarked for the payment of the contract you already signed. It is not subject to Zakah.
B) Your rented store is subject to Zakah, and I leave it to your own conscience. There are three opinions.1) the traditional, no Zakah at all. While you add the rent you get to

other cash, inventories and receivables that you may have and at the end of the lunar year you pay Zakah at 2.5%. 2) you pay Zakah on the rent you get at 10% of the net (after taxes, insurance and maintenance), 3) you are required to pay Zakah on the market value of the store (real estates) plus whatever is left with you of the rent at the end of the lunar year.
C) The house in Lebanon was originally for residence but not any more. If you keep it from the day of change of intention for one lunar year, apply (B).
wa Allahu A'lam,
Dr. Monzer Kahf

Subject: Zakah on income
From: Ingrid
Date: 12/20/2000
Question
What is your idea of Zakah on income?
My Answer
Dear Sister Ingrid,
Assalamu Alaikum,
Thank you for your email and Eid Mubarak to you too, I've also learned from you and your paper in the Zakah Conference. I am sure we will have InShaAllah more chances to meet in the future.
Zakah on income:
Skaikh al Qaradawi argues that income was subjected to Zakah by the companions and he mentioned a few narrations from the time of Uthman and Mu'awiyah. I add that the general texts of Zakah imply that it must also be on income: 1) Zakah is on the rich and recipients of high income all rich by all standards; and 2) If we look at the texts that impose Zakah, we find them covering both the stock of wealth and the flow of income as we use the words in our terminology today. In other words, Zakah on agriculture is actually on income only, Zakah on Urud al Tijarah, livestock and gold and silver is on wealth and income together (the saved part of income only, and this will be discussed later), Zakah on jewelry, ornaments and hoarded treasures is on wealth only. Why excluding new forms of income whose earners are considered rich? An objection arises from exempting agricultural land. In my opinion this was on the ground of triviality. Agricultural land did not really make an asset of value compared to its products, i.e., if it were not actually producing it was worth nothing. Urban real estates was not in existence at the time of the Prophet, pbuh.
What is subjected to Zakah of income is only the saved, or presumed saved part of it, i.e., the amount that is added to productive or idle wealth, not to the part of wealth (in today's jargon) that is assigned to personal use (Quniyah). This seems to me consistent with the Zakah on other forms of wealth and income that are mentioned in the texts.
Please give a Salam from Myassun and I to your husband and children and please come and visit us when you have a chance to be in California.
Wa Allahu A'lam,
Sincerely,

Monzer Kahf

Subject: Zakah on oil

From: Islam on line

Date: 12/17/2000

Question

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

My Answer

Dear Br. Rachid,

Assalamu Alaikum,

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

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

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

Wa Allahu A'lam,

Dr. Monzer Kahf

Subject: Zakah on salary

From: Islam on line

Date: 12/17/2000

Question

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

My Answer:

Dear Br. Haneef Assalamu Alaikum,

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

According to His Eminence Shaikh al Qaradawi, there is a Zakah of salaries and professional income provided two conditions are fulfilled: 1) the amount saved over a period of twelve lunar months, after expenses are paid, reaches a Nisab (# US$ 1000.00,

one thousand only). Expenses include personal, family, and business and office expenditures.
If what you earn monthly is almost sufficient for your family expenses, and you do not save such an amount over a lunar year, you are not subject to Zakah as long as you do not spend on prohibited purchase or services.
Wa Allahu A'lam,
Dr. Monzer Kahf

Subject: Spending Zakah to descendents of the Prophet, pbuh.
From: Islam on line
Date: 12/16/2000
Question:
Assalam Alaikum, I am descendant of Prophet Mohammed SAS. Can I give Zakah money to my sisters and brothers, who are also descendants of Prophet Mohammed SAS? Please reply as soon as possible. Jazaikumullah khairan. Your sister in Islam .
My Answer:
Dear Sr.
Assalamu alaikum,
Al Hamdu li Allah wa al Salatu wa al Salamu ala Rasuli Allah,
If your sisters are poor and not married and your brothers are not able to spend on them, you are responsible to spend on them and you cannot give them from your Zakah. If you do, it means you are giving Zakah to yourself. According to some Fiqhi opinion, even if they are married, but their husband are poor and similarly your brothers if they are poor, you are also required to spend on them, Hence you cannot give them all or any from your Zakah.
I really suggest that if you can avoid that in all cases it is purer to you and your family.
It is true though that descendents of the Prophet, pboh, may take Zakah if they are poor and the government does not give them what satisfies their needs, as is the case in our times.
Wa allahu A'lam,
Dr. Monzer Kahf

-Subject: Is Zakah on equity, total profit or retained profit?
From: Islam on line
Date: 12/16/2000
Question:
We run a small business. I have a question. Do we have to pay Zakah on: 1. on total equity or 2. on retained earnings or 3. on total profit at the end of the year? Please reply as soon as possible as we have to pay Zakah this month (Ramadan) on our business. Jazaikum ullah khairan. Your Muslim brother
My answer:
Al Hamdu li Allah wa al Salaru wa al salamu Ala Rasuli Allah,
Yes you are require to pay Zakah evey lunar year starting from the day you first had an amount of Nisab which is about US$ 1,000, (one thausand). If you did not pay for past

years you are still reqwuired to pay it as the due Zakah become a debt on the person even delinquent.

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

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

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

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

Wa Allahu A'lam

Your Brother

Dr. Monzer Kahf

Subject: **Calculation of Zakah**

From: Islam on line

Date: 12/16/2000

From: Mkahf

To: dialogue@islam-online.net

Question

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

My Answer:

Dear Br. Fadi

Assalamu Alaikum,

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

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

Subject: Calcuting Zakah on cloth manufacturing business
From: Islam on line
Date: 12/16/2000
Question
Your question: I have a business of clothing manufacture. How to calculate the Zakaah in this kind of business and what is the Nissab in the US? Thank you.
My answer:
Dear Br. Morad
Assalamu Alaikum and Ramadan Mubarak,
Al hamdu li Allah wa al Salatu wa al Salam ala Rasuli Allah,
According to the majority's opinion, Zakah is only on the net mobile assets. It is calculated as follows (in brief because we are not going to take complicated case of assets): cash + bank accounts + inventory of ready to sell goods + goods in process + raw materials to manufacture goods in process + receivables - short term accounts payable = amount subject to Zakah.
Zakah is due annually on lunar year basis, at the end of a lunar year that begins from the day you got Nisab, and at the rate of 2.5% of the amount subject to Zakah. If it is difficult for you to calculate the amount on a lunar calendar, you may use a solar one, i.e., the Gregorian that we use in the US, and multiply the amount by 2.5% X 365/354 which is 2.577%. Also if you have to calculate Zakah for a part of a year so you can make your Zakah year conform with your accounting year you may calculate the Zakah for part of the year on the same basis, i.e., 2.5% X number of day/354.
For your second part of the question, Nisab is the value of 2.99 ounces of gold on the day Zakah is due. You may take approximately as only ONE THOUSAND US$ for this year. To be Zakatable, you have to at least own Nisab at a point of time and then own that much at least a full lunar year from that point. You do not include in the Nisab any money you appropriate for immediate expenses or payment of debt. an example clarifies this : a person who gets his/her income (US$ 2000) monthly and had 1000 dollars in the bank on Ramadan 1, 1420, and 900 on Ramadan 1, 1421, and the salary received on Sha'ban 29, 1421 is all needed to spend during the month of Ramadan until next pay is received. This person is not subject to Zakah.
Wa Allahu A'lam
Your Brother
Dr. Monzer Kahf

Subject: Zakah on real estates

From: Islam on line
Date: 12/16/2000

Question

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

My Answer:

Dear Br. Fadi

Assalamu Alaikum,

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

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

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

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

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

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

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

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

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

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

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

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

WA Allahu A'lam,

Sincerely,

Dr. Monzer Kahf

Subject: Calculation of Zakah on Salaries

From: Islam on line

Date: 12/15/2000

Question

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

My Answer,

Dear Br. Amine

Assalamu Alaikum,

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

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

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

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

wa Allahu A'lam,
Monzer Kahf

Subject: Zakah on income and Nisab
From: Mujahid
Date: 10/31/2000 12:23:37 PM Pacific Standard Time

Question

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

My Answer

Dear Br. Dr. Mujahid
Assalamu Alaikum,

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

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

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

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

- If it is difficult to make the calculation for a hijra year, one may take a solar year and apply a rate of 2.577% to make up for the difference of the number of days between the two calendars (#11.25 days).
- If a person happens to have more, or less, actual expense in a year, compare with other years or with the standards adopted by the government or any reasonable research studies for us here in America, he/she has to end required to pay less, or more, Zakah in that year.

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

- Notice that this means that whatever one spends is not part of the definition. Hence, Nisab is not an allowance for personal and/or business expenses. It is above that and an added favor from Allah, Subhanahu wa Ta'ala, that He did not charge us Zakah on any amount above what we spend, but He gave us an added exemption.
- Notice also that Nisab is a test of Zakahability, not an amount that is exempt. Therefore, a person who owns Nisab is Zakatable on it, i.e., if I got 300 Sa' (= 653 kilos) of grain as my agricultural income (=output) I must pay Zakah at 5% or 10% on that amount and if I got 700 kilos I pay on all of it, not only on the extra 47 Kilos, i.e., without excluding a Nisab from it.
- Finally, notice that Nisab is not the same for all people. it is 300 Sa' on agricultural output (e.g., date, vegetables, grains, fruits, etc.) regardless of the value of each of them and it is well known (and was well known at the time of the Prophet) that this quantity carry different values depending on kind and quality of output. The same applies to 200 dirham, 20 dinars, 5 camels and 40 sheep they are not of the same value. Only in business inventory and money the equality in value is considered, may be because both are meant for what they buy not for themselves.

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

By the way did you receive my previous letter,

Many salaams to every one of you there

Brotherly yours,

Monzer

Subject: **Zakah on stocks**

From: Islam on line

Date: 10/25/2000

Question

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

My answer:

Dear Sister Mouna

Assalamu Alaikum,

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

Let us assume a point of time when you have (of cash + bank accounts + IRA + your share of any 401k or similar plan, not including the employer's matching amount + stocks at market value + debts on others + jewelry + any other Zakatable asset) exactly the Nisab which is nowadays about US $1000 (not including the amount you usually use for business, personal and family expenses until the next pay check following that point of time. This determine the first day of the lunar year of your Zakah. If you own a Nisab at the end of a hijra year from then you are required by Shari'ah to pay Zakah.
For the stocks you buy the way you mentioned with your intention as you stated, the majority's opinion is that Zakah is only due, at the rate of 2.5% on a percentage of the market value of the stock equals the percentage of the company's mobile assets (-accounts payable) to its net equity.
Shaikh al Qaradawi's opinion is that you pay Zakah only on dividends at the rate of 10%.
I prefer the opinion of otherScholars, which is also mentioned by the late Muhammad Abu Zahra, Abdelrahman 'Isa and Abdewahab Khallaf That Zakah isdue at the rate of 2.5% of the market value of the stock because stocks have become assets that are traded independently of the company
Wa Allahu A'lam,
Sincerely,
Monzer Kahf

Subject: Zakah on stocks and mutual funds
From: Islam on line
Date: 9/13/2000
Question
Your question is about Zakah on money invested in stocks and mutual funds that you keep as savings
My answer:
Dear Br. Riyad
Assalamu Alaikum WA Rahmatullah WA Barakatuh,
Al Hamdu li Allah WA al Salatu WA al Salamu ALA rasulillah,
Zakah on stocks is not the same as Zakah on mutual funds. stocks represent shares in the ownership of a company that deals in certain business, producing certain goods or services, or trading the same.
Mutual funds are a special form of partnership established exclusively to deal in the financial markets, mostly buying and selling stocks, future commodities and or sharing a money market account.
buying units of a stock-trading mutual fund (and we assume that all stocks it deals with are within the limits of Shari'ah, i.e., we exclude funds that deal with stocks that do not fulfill the criteria set by contemporary Fuqaha of stocks that a Muslim may trade/own) is itself setting these savings (money) as principal in this partnership. By this very act you become a merchant or trader in stocks from a Shariah point of view. And a merchant is Zatakable if other conditions of Zakah (unconditional ownership, Hawl, Nisab, excess above debts and basic consumption needs) are satisfied.Whether the source of this

principal in the mutual fund partnership is savings, inheritance, gift, etc., is immaterial to the Zakahability. Zakah rate is 2.5% of the net asset value on the due date.

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

Holding stocks for their dividend is usually done on a long term vision, during which capital gains may also be realized but the owner usually keeps holding them for long period. There are three views on the Zakah in this case. The Majority, which also came in a resolution of the OIC Fiqh Academy,: one has to calculate the zatakable part of the value of the stock, from the company's balance sheet and pay Zakah on it in the due date at the rate of 2.5%. The Zatakable part is: cash in vault and banks + receivable + inventory of raw materials, goods in process and goods ready for sale-short term debts.

The minority view, which I personally subscribe to it in the case where the owner is only investing in these stocks, even for long term, but without any interest in the management and little concern about dividends, is to consider this investment similar to trading in stocks, in the Shariah meaning of the word. Hence owner is Zakatable at the rate of 2.5% on the market value at the due date.

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

WA al Salam

Monzer Kahf

Subject: Spending Zakah on repairs in a mosque

From: Islam on line

Date: 9/12/2000

Question

Your question is about the use of Zakah money in fixing an air conditioner for a mosque in Canada or buying it a computer.

My Answer:

Sister Amira

Assalamu Alikum wa Rahmatullah WA barakatuh,

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

The fatwa of permitting the use of Zakah money for mosques in the minority communities is meant to consider such mosques and Islamic centers essential for the preservation of the religion of Muslims, children and adults, who live under adversary conditions as minorities.

Consequently, any activity that falls directly under this preservation falls also under this fatwa.. We also have to keep an eye on the priorities of needs within the Muslim

community itself, whether it has any more pressing needs at the time, such as feeding the poor and deprived. The question now two folds: 1) is an air conditioner in Canada, or a computer come under the main things that preserve the religion of such people? My hunch: most likely not, but the local management of the Islamic center must know better; and 2) are there any more pressing needs in the community, also people in the area should know better.
Wa al Salam
Monzer Kahf

Subject: Zakah on Stocks
Date: 1/11/2000
From: iqbal
My Answer
if you own stocks only for their dividends, and you have no thinking that you may sell them if the price goes high enough to give you what you like of profit (which is usually not the normal case even for those stocks one hold for a long time, especially with growth or value stocks), the Zakah is calculated on the net mobile assets as in the balance sheet of the company you have its stocks (this is the resolution of the Fiqh Academy of the Organization of Islamic Conference). The fact is: This is difficult to implement and you have no information? Find it and get it from the company, or else make a guess! No other way...
If you own the stock for capital gain, you are then a stock trader (in the shariah sense not in the sense of the SEC of the USA) you pay Zakah on the value of the stock at the closing of the day your Zakah is due (this is one lunar year from the day you got Nisab for the first time) you may take the closing bid price which is a little lower than the closing market price.
What you are given from the employer in the form of a right to buy the companiy's stock is not subject to Zakah. If you sell it or excecise it the new asset (money or stock) is Zakatable a year from the time you get it as usual.
if an asset is sold before the end of the lunar year, its replacement stand in its place, because you do not make the Zakah on each asset alone, you just add them all together: money, net debt on others and other Zakatable holdings. What you spent is gone, it is not part of what you have at the end of the year
Monzer Kahf