

PRACTICAL

ASPECTS

OF

ZAKAT



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INTRODUCTION

Every Muslim faces / deals with Zakat every year either giving or receiving. This article presents some of the practical guidelines about this important topic. It should be noted that as per the Quran and Bukari Hadthis the word Zakat and SADAQA are used interchangeably .. see (9,58).

Zakat is mentioned 32 times in the Quran and out of 32 times 27 times along-with Salah / prayers. This indicates the importance of Zakat. The rate of Zakat was fixed by the Prophet (p.b.u.h.) in 2H and the collection system was announced in year 8 H. It should be noted that rates of Zakat and the number of "Rakas" of salah are NOT GIVEN in the Quran. It is stated by the Prophet Muhammad (pbuh). Therefore without Hadiths ISLAM IS INCOMPLETE.

ZAKAT

It is one of the FIVE pillars of Islam which are obligatory. It is obligatory on a Muslim if his / her TOTAL WEALTH (NET WORTH) - NISAB VALUE is equivalent to any of the following items:

1. 85 gram of gold or
2. 595 gram of silver or
3. Five cows or camels or
4. Forty goats or sheep or
5. Six hundred fifty three kilogram of agricultural produces.

If a person's net worth is more than anyone of the item and this amount has been with him / her for the FIRST YEAR FOR THE WHOLE YEAR then that person is classified as "SAHEB-NIS-AB". He should make NOTE OF THIS DATE because this will be his ZAKATABLE DATE like our birthday. Most of us pay zakat on Ramadan because we NEVER knew we became ZAKATABLE. For the following years, he should pay zakat on that date. This way poor people DOES NOT HAVE TO WAIT till Ramadan to receive the Zakat which is their RIGHTS AND THEIR MONEY.

WHEN ZAKAT SHOULD BE PAID?

- It can be paid at any time.
- It can be paid ALL YEAR AROUND.
- It can be paid on a monthly basis
- Zakat is the ONLY FARD ACT which can be done / paid IN ADVANCE and deduct when you calculate for that year's zakat.
- Any zakat of previous years was not paid then IT IS STILL DUE TODAY.

TO WHOM IT SHOULD BE PAID?

There 8 categories as mentioned in the Quran (9,58). These are:

1. Poor
2. Needy
3. Travelers
4. Debtors
5. To free a jailor
6. Jihad
7. Non-Muslims to soften their hearts
8. Zakat collectors

ZAKAT RATES

- 2.5% of total cash in ALL BANKS (rupees, dollars, Saudi Riyals, others), home, in your pocket, in your wife purse, children drawers, etc, etc.
- 2.5% of the current value for gold, silver, jewelry, non-residential houses and plots, stocks, shares, certificates, deposits, loans given to people, education funds, children marriage jewelry and cash, etc, etc.
- 5% of the produces which were cultivated by tube-wells.
- 10% of the produces which were cultivated by RAIN ONLY.
- 20% on "WIND-FALL".

IS ZAKAT FARD ON ONLY MUSLIM?

- Zakat is Fard on Muslim.
- It is the SUNNAH OF ALLAH, HE has made FARD Zakat on ALL THE NATIONS from Adam, Ibrahim, Noah, Musa, etc.
- HE made it FARD on all nations because it is beneficial for HUMAN BEINGS.

TO WHOM ZAKAT CAN NOT BE PAID?

1. Parents
2. Children
3. Wife
4. Non-Muslims
5. Rich people

CONCLUSIONS & RECOMMENDATIONS

The main purpose of giving Zakat is to clean our money. By paying Zakat we are not fulfilling one of our obligatory duty (fard) but also developing high quality of characters in ourselves such helping needy, be thankful to Allah for making you at the place of giving Zakat rather than receiving Zakat, help spreading Islam in terms of books, supporting orphans & widows, quality to scarify, to save from HELL FIRE.

We are very used to TAX RETURN FORM and we do fill it very carefully and submit to the government on time. Similarly, we MUST fill the ZAKAT RETURN FORM, in order to make sure the amount is correct and it documented. Do not pay Zakat APPROXIMATELY. It should be calculated properly, correctly and timely then you can add additional amount and make an intension that O'Allah please take this extra amount of Zakat towards any short comings of my Zakat of the past and future.

May Allah guide us to pay NOT only Zakat but also INFAQ. O'Allah please accept our good deeds and guide us, our family members, friends and all Muslims to the straight path. Ameen.

ZAKAT RETURN FORM

DATE: **1430H.**

Name:

NO	ZAKATABLE ITEMS	CURRENT VALUE (PRICE) C	ZAKAT DUE (C/40)	ZAKAT ALREADY PAID
1	Cash on hand		-	
2	Cash in bank #1 (SFB)		-	
3	Cash in bank #2 (BOA)		-	
4	Cash in bank #3 (LB)		-	
5	Cash in bank #4 (BOA)		-	
6	Loans Receivable (less any Loan Payables)		-	
7	Bonds		-	
8	Securities (e.g. N.I.T.)		-	
9	Saving Certificates		-	
10	Stocks, Shares		-	
11	Options		-	
12	Commercial Papers		-	
13	Gold & Gold accounts & Gold certificates		-	
14	Silver and silver certificates		-	
15	Diamond certificates		-	
16	Men's jewelry		-	
17	Private business net worth		-	
18	Share in a partnership's net worth		-	
19	Real estate (excluding owner occupied home) = 100,000		NA	
20	Mortgage and loans against line 19 = 60,000		NA	
21	Net value of Reals Estate (deduct line 20 amount from 19)	-	-	
22	Land (plot #1)		-	
23	Land (plot #2)		-	
24	Net worth of industrial business		-	
25	Net worth of farming business		-	
26	Gold & silver utensils		-	
27	Paintings		-	
28	Carpets (special)		-	
29	Antiques		-	
30	Women's jewelry		-	
31	Rent (If not already included in the cash)		-	
32	Money & gold saved away for daughter's marriage		-	
33	Educational funds for children		-	
34	Provident fund, 401K, IRA (vested portion)		-	
35	Professional tools		-	
36	Shops inventoried value		-	
	Total	-	-	-
	ZAKAT DUE		-	

SOME IMPORTANT NOTES TO REMEMBER IN CALCULATING ZAKAT					
1	Zakah is always payable on the current market price of each zakaatable assets.				
2	You should pay Zakah only on the stock, cash-in-hand and on your bank balance. The amounts receivable from your customers are also liable to Zakah				
3	Zakah is not payable on the fixtures and the furniture of the shop.				
4	No Zakah is payable on the value of the goodwill of a shop				
5	the Sadaqatul-fitr can be paid to a needy non-Muslim resident in an Islamic country if he does not own the nisab				
6	zakah will be payable on the market value of the trust units/ stocks, irrespective of the amount of dividend de-clared on them.				
7	zakah is not payable on the amount kept in the employees' Provident Fund until the same is received by the employee. When an employee receives it on his retirement, the amount so received shall from part of his zakatable assets of that year only.				
8	Zakah is not payable on export or import licences.				
9	The payment of government taxes cannot discharge you from the obligation of Zakah.				
10	Zakah is not payable on the Bungalow/House which you own and utilize for residential purposes. However, if the Bungalow/House is purchased or built with the intention of resale, then Zakah will be payable on it's market value.				
11	Zakah is not payable on furniture, electric equipment, airconditioners, carpets, crockery, and their items that are for household utilization.				
12	If the residential plot is purchased for the purpose of resale then Zakah will be liable at the market value				
13	Zakat must be taken first before distributing the inheritance.				
14	If he receives the insurance premiums back, he must pay Zakah on the amount which he has received. If he has received it after a number of years, Zakah will be payable for all the preceding years as well.				
15	The "Prize bond" and other investment instruments of the NDFC are in direct conflict to the injunctions of Islam. Any returns accrued from such investments will resultantly be classified as impermissible. Zakah will be paid on the faoce value of the bonds.				
16	Zakah shall be paid on it's market value if the building is acquired or constructed with a clear intention of re-sale. In which event, it becomes stock-in-trade.				
17	If diamonds or precious stone are purchased for trading purpose, i.e. with a clear intention of their resale				
18	The period of retention of the stock is not material. The balance standing at the date of valuation shall be valued, no matter whether some stocks are acquired some month ago, and some are acquired just one day earlier. The completion of one year is needed only for the minimum nisab.				
19	Zakat on a shop =all inventory + realizable market value of the building plus goodwill of the shop to be disposed within 5 days as if it has to be sold under emergency situation.(Modern scholars view)				
20	The person who loaned the money must pay the zakah.				
21	Amount saved for children education and marriage purposes are also zakatble				
22	zakatable amount	Zakah to be paid	zakatable amount	Zakah to be paid	SR /\$/RS
	10,000	250.00	200,000		5,000.00
	25,000	625.00	500,000		12,500.00
	50,000	1,250.00	1,000,000		25,000.00
	100,000	2,500.00	2,000,000		50,000.00
	150,000	3,750.00	10,000,000		250,000.00