ON OUR HERITAGE
Understanding Zakah!

This workbook was developed through the knowledge gained over several years. We are indebted to many scholars from whose works we have quoted directly or adapted to suite our style of presentation. In particular we acknowledge that this workbook depended mostly on the writings of Shaykh Prof. Dr. Yusuf Al-Qaradawi and Prof. Dr. Monzer Kahf. Some information was adapted from sources on the internet.

A special thanks also to the many people responsible in helping to edit this workbook, including Prof. Dr. Rahim Ebrahim, Attorney and Islamic Scholar Mahomed Shoaib Omar and Prof. Syed Salman Nadvi.

Revised June 2011 / Rajab 1432
# CONTENTS

## Section 1
- Foreword: 3
- Introduction: 4
- Zakah: The Third Pillar Of Islam: 5
- Defining Zakah: 5
- Zakah Before The Advent Of Islam: 6
- Zakah In The Time Of The Prophet (SAW): 7
- Zakah An Act Of Devotion And Worship: 8
- Warning Against The Rejection Of Zakah: 9
- Conditions That Make Zakah Obligatory: 10
- Who Must Give Zakah: 10
- What *Maal* Are Subject To Zakah: 10
- The Distribution Of Zakah: 12
- The Manner Of Distributing Zakah: 13
- To Whom Can Zakah Not Be Given: 13
- Equal Distribution Amongst All Categories: 14
- How Much Zakah Should One Give: 14
- Intention When Discharging Zakah: 14
- Should Recipients Be Told It Is Zakah: 14
- Delaying The Payment Of Zakah: 15
- Disbursement Of Zakah In Kind: 15
- Transference Of Zakah To Another Area: 15

## Section 2
- About The Calculation Of Zakah: 16
- How To Calculate Zakah: 16
- Zakah Pre-Test: 17
  - 1) Zakah On Gold: 18
  - 2) Zakah On Silver: 19
  - 3) Zakah On Business: 20
  - 4) Zakah On Cash: 21
  - 5) Zakah On Policies: 22
  - 6) Zakah In Debtors: 23
  - 7) Zakah On Shares: 24
- Zakah Summary: 25

## Section 3
- Appendix #1: Ayahs Extolling Charity: 26
- Appendix #2: Definition Of The Rich: 30
- Appendix #3 Achieving Socio-Economic Justice: 31

---

### Glossary of Terms Used

- **Shari’ah** the total legal system of Islam
- **Fiqh** the science of knowing details of the rulings of the Shariah
- **Hijrah** the emigration of the Prophet (SAW) and the beginning of the Islamic calendar.
- **Maal** (pl *Amwal*) refers to all kinds of assets or property or wealth or income
- **Sadaqah** means both voluntary as well as compulsory giving
- **Ushr** refers to the Zakah charged on agricultural products.
- **Nisaab** refers to the minimum amount of maal (wealth) that a person must possess before one is liable for Zakah payment
- **Haul** refers to the passage of a year over maal (wealth)
It is a pleasure to write a short foreword to this 3rd edition of the Zakah manual prepared by the South African National Zakah Fund. This edition is a revised version and efforts have been made to improve it.

Zakah is a duty prescribed by the Shari’ah to every Muslim, male or female, who fulfil the conditions of paying Zakah. Zakah is not a state or government tax as often has been misunderstood by many. Zakah is one of the pillars of Islam (Arkan al-Islam) and for which the Qur'an went out of the normal way to make an especial mention of the categories who are entitled to receive the Zakah (al-Tawbah, 9: 60). In addition to the Zakah, Islam also prescribes voluntary charity (Sadaqah or commonly used term, Lillah) which gives the givers of the charity a more flexible options where it could be spent.

A basic idea from the Shari’ah point of view is that those who are poor and needy have a right to receive Zakah in cash or kind from their rich counterparts. Thus, when a Muslim endowed with riches beyond his or her normal needs gives away a voluntary charity or Zakah he/she merely performs his/her duty and the poor who receives it merely receives it as his/her right bestowed by Allah (al-Dhariyat, 51:19 and al-Ma'arif, 70:24 – 25). Thus, there is no room for the giver to extract any gratitude or benefit from the receiver or to humiliate the receiver in any way. In fact, extraction of gratitude or hurting the dignity of the receiver invalidates the act of charity as the Qur'an points out (al-Baqarah, 2:264).

Calculation of Zakah is a little complicated exercise. The Zakah manual before you is merely a guide to those who would like to use it. However, a word of caution is necessary and it is that although this manual has been reviewed by some Islamic scholars, it is still possible that some errors may still be there in the manual. Therefore, users are strongly advised that they double check their calculations with Islamic experts of their choice.

Lastly, although SANZAF has tried its best to make the Zakah rules and calculations simple and easier by preparing this manual, it will be a good gesture and an Islamic duty on the part of the users to inform SANZAF of any errors which may have crept into the manual unknowingly and unintentionally.

Syed Salman Nadvi
Former Professor and Head
Department of Islamic Studies
Former University of Durban-Westville
30 June 2011 / 27 Rajab 1432
INTRODUCTION

Zakah is not just any form of voluntary charity or alms-giving or tax or tithe. Nor is it simply an expression of kindness or generosity. Zakah is all of these combined and much more, for it also includes Allah-consciousness as well as spiritual and moral and social objectives.

Zakah is a Divine injunction and an ordinance from Allah Himself. It is not a personal matter or a voluntary contribution; rather, it is an obligation for which one will be called to account before Almighty Allah.

Zakah is indispensable as it helps achieve reform, both financially and spiritually. It eliminates misery and greed from hearts and consolidates the Islamic economy, leading to its stability and prosperity. The Qur'an describes Zakah as:

1) The means by which to attain Allah's mercy: "With My Punishment I visit whom I will; but My Mercy extends to all things. That (Mercy) I shall ordain for those who do right and practice regular charity and those who believe in Our Signs." (Surah Al-A`raf 7:156).

2) A precondition to achieve victory: "Allah will certainly aid those who aid His (cause); for verily Allah is Full of Strength, Exalted in Might, (able to enforce His Will). (They are) those who, if We establish them in the land, establish regular prayer and give regular charity, enjoin the right and forbid wrong: with Allah rests the end (and decision) of (all) affairs." (Surah Al-Hajj 22:40-41).

3) A sign of brotherhood in religion: "But (even so), if they repent, establish regular prayers, and practice regular charity, they are your brethren in Faith." (Surah Al-Taubah 9:11).

4) A distinctive feature of the faithful community: "The Believers, men and women, are protectors, one of another: they enjoin what is just and forbid what is evil: they observe regular prayers, practice regular charity and obey Allah and His Messenger. On them will Allah pour His Mercy: for Allah is Exalted in power, Wise." (Surah Al-Taubah 9:71).

5) A distinctive quality of the believers who go to and maintain mosques: "The mosques of Allah shall be visited and maintained by such as believe in Allah and the Last Day, establish regular prayers, and practice regular charity and fear none (at all) except Allah." (Surah Al-Taubah 9:18).

6) A distinctive quality of the true believers: "Who are active in deeds of charity." (Surah Al-Mu'民un 23:4).
ZAKAH: THE THIRD PILLAR OF ISLAM

‘Abd Allah ibn 'Umar reports that the Prophet (SAW) said: “Islam is based on five (principles): To testify that none has the right to be worshiped but Allah and Muhammad is Allah's Apostle. To offer the prayers dutifully and perfectly. To pay Zakah. To perform Hajj. To observe fast during the month of Ramadaan.” (Bukhari)

As the third pillar of Islam, Zakah is first of all an Ibadah (worship) whose spiritual impact on purification and sanctification is its most important function. In fact, the Qur’an describes the objective of taking Zakah out of their amwal (wealth) as Tathir (purification) and Tazkiyah (sanctification). Tazkiyah also means material and/or spiritual growth.

The fact that the main objective of Zakah is the attainment of socio-economic justice is not disputed. After all, Islam does not like any form of concentration of wealth or income in a few hands and considers their redistribution, by means acceptable in Shari'ah, one of the major objectives of the Islamic economic system.

‘Abd Allah ibn ‘Abbas (RA) narrates that when the Prophet (SAW) sent Mu’adh ibn Jabol (RA) to Yemen he told him, "You are going to a people who have a Scripture, so call them to testify that there is no deity but Allah, and that I am the Messenger of Allah. If they respond to this, then teach them that Allah has imposed five Salaah upon them every day. If they respond to this, then teach them that Allah has imposed upon them a charity to be taken from the wealthy amongst them and given to their poor. If they respond to this, then beware of taking any more of their wealth!" Zakah was understood to be a transfer of a certain portion of maal (wealth) from the haves to the have nots as a duty to Allah.

DEFINING ZAKAH

The word Zakah is the infinite of the verb zaka, meaning to grow, to increase and to purify. When said about a person, it means to improve or to become better. Consequently Zakah means, blessing, growth, cleanliness and betterment.

In the Shari’ah, the word Zakah refers to the determined share of wealth prescribed by Allah to be distributed among the deserving categories of those entitled to receive it.

Zakah is a Divinely ordained institution and is regarded both as a Right of Allah as well as the right of the poor. In fact, an Islamic government can forcibly take Zakah from the rich if the rich withhold it.
ZAKAH BEFORE THE ADVENT OF ISLAM

The history of Zakah is the same as that of Salaah. It is evident from the Qur’an that like Salaah its directive always existed in the Shari’ah of the previous Prophets. When the Almighty asked the Muslims to pay it, it was not something unknown to them. All the followers of the religion of Ibrahim (AS) were fully aware of it. For this very reason Surah Al-Ma’arij 70:25 describes it as “A specified right.” Thus it was a pre-existing Sunnah which the Prophet (SAW), with necessary reformations, gave currency at the behest of the Almighty.

The Qur’an gives examples in several verses, telling us how Zakah was imposed on the previous Prophets. For example:

Zakah of Prophet Isma’il (AS) [Surah Mariam 19:54-55] “Also mention in the Book (the story of) Isma’il: He was (strictly) true to what he promised, and he was an apostle (and) a prophet. He used to enjoin on his people Salaah and Zakah, and he was most acceptable in the sight of his Lord.”

Zakah of the Jews [Surah Al-Baqarah 2:83] “And (remember) when We made a covenant with the Children of Israel, (saying): Worship none save Allah (only) and be good to parents and to kindred and to orphans and the needy and speak kindly to mankind; and establish Salaah and pay Zakah.”

Zakah to the progeny of Prophet Ishaaq (AS) and Prophet Yacob (AS) [Surah Al-Anbiyaa 21:73] “And We sent them inspiration to do good deeds and to be diligent in the Salaah and pay Zakah.”

Zakah of Prophet Isa (AS) [Surah Mariam 19:30-31] “He said: Lo! I am the slave of Allah. He has given me the Scripture and has appointed me a Prophet. And has made me blessed wheresoever I may be and has enjoined upon me Salaah and Zakah so long as I remain alive.”

Like Islam, other religions and ideologies also call for the care of the poor. However, the following points of difference have been noted:

1. Other systems do not go beyond recommendations and encouragement.
2. Caring is not made compulsory and people can abstain without feeling guilty or being penalised.
3. There is no moral authority to ensure the proper collection and distribution.
4. The amounts and types of wealth that must be given are not specified.
5. Caring for the poor does not reach the extent of a rigorous attempt to deal with the problem of poverty.
ZAKAH IN THE TIME OF THE PROPHET (SAW)

Going back to the first application of Zakah at the time of the Prophet (SAW) is like studying Zakah at its source in order to discover its significance, mode of application and effects, whether social, spiritual or economic.

In Makkah the verses on Zakah were in the general form of voluntary payments and it was left to the faith and the brotherly feelings of individuals to decide what and how much to give in Zakah. Surah Al-Ma’arij 70:24-25 advises: “And in whose wealth there is a right acknowledged. For the beggar and the destitute.”

It was only in the second year of Hijrah, some eighteen months after the arrival of the Prophet (SAW) to Madina that Zakah became a Fard or an obligation on Muslims. Madinan verses gave clear directives, ordering the payment of Zakah and since that time the Prophet (SAW) used to send out Zakah workers to collect and distribute the due Zakah.

The Qur'an does not give the definition of Zakatable wealth, except in a few cases, only the general principles are given without the details, e.g:

1) Gold and Silver: "And there are those who hoard gold and silver and spend it not in the way of Allah. Announce unto them a most grevious penalty." (Surah Al-Taubah 9:34)

2) Crops and Fruits: "Eat of their fruit in their season, but render the dues that are proper on the day that the harvest is gathered,"(Surah Ana’am 6:141)

3) Earnings of Trade: "O ye who believe, give of the good things which ye have earned." (Surah Al-Baqarah 2:267)

4) Wealth from beneath the earth: "And of that which we have produced for you from the earth.” (Surah Al-Baqarah 2:267)

Furthermore, the Qur'an mentions Zakah in general and the word amwal (i.e. property or wealth or earning) is used as in the verse, "Out of their wealth take sadaqah so by it you purify and sanctify them." (Surah Al-Taubah 9:103) and "In their wealth and properties is the right of the poor, he who asks, and he who is deprived.” (Surah Al-Dhareyat 51:19)
It is the Sunnah of the Prophet (SAW) that gives us, by example and by directives, details of the general Qur'anic command and converts the theoretical axioms of the Qur'an into a living reality. The Prophet (SAW) is the one who knows most about what Allah ordained and as such the Sunnah gives us detailed specifications of the kinds of Zakatable wealth, the minimum exempt of each of them and the applicable rates. The Sunnah also gives the details of the categories of people that should receive Zakah.

**ZAKAH AN ACT OF DEVOTION AND WORSHIP**

The objective of Zakah, as emphasized in the Qur'an, is a glorious objective of purification and upliftment (Surah Al-Taubah 9:103). In that sense, Zakah washes away sins and impurities. The same way Salaah washes away sins and impurities. This is why it is mentioned in the sayings that Zakah carries the ‘dirts’ (awsakh) of people.

Allah created the worlds with the objective of worshiping and praising Him. Creation worship Allah using all their faculties and abilities, including physical, mental and material forms of worship. Some financial worships of previous nations required them to feed their material resources to a burning fire. Islam as the final and complete message doesn't allow wastage of resources. Therefore, all financial worships in Islam find their routs to the pockets of the poor and needy.

The inner intention when discharging Zakah should be based on the fulfilment of the Commandments of the Allah. The objective is to engage in a specialised form of worship, solely for the pleasure of Allah. The individual who sincerely dispenses his Zakah most definitely becomes the recipient of the promised rewards and Benediction of Allah. Surah Al-Baqarah 2:276 tells us that: “Allah will deprive usury of all blessing, but will give increase for deeds of charity: For He loveth not creatures ungrateful and wicked.”

The Hadith of the Prophet (SAW) enunciates this concept very beautifully: "When a slave of Allah pays Zakah, the Angels of Allah pray for him in these words: "O Allah! Grant abundance to him who spends (in Your cause) and destroy him who does not spend and restricts to himself his wealth." (Bukhari)
Abdullah bin Abi Aufa narrated: When the people brought Sadaqah to the Prophet (SAW) he used to say, "O Allah! Bless them with your Mercy." Once my father came with his Sadaqah to him whereupon he i.e. the Prophet (SAW) said. "O Allah! Bless the family of Abu Aufa."

When a Muslim pays Zakah, Allah increases his sustenance. Although at a human level it may seem that giving of wealth means reduction of wealth, in reality it is not. At a metaphysical level, Allah blesses the giver of Zakah to the extent that which is beyond human perception. This is very well defined by the following Hadith: “Charity does not diminish wealth.” (Muslim)

**WARNING AGAINST THE REJECTION OF ZAKAH**

Several Hadith mention the warning the Prophet (SAW) gave to those who reject the payment of Zakah. His warning of severe punishment in the hereafter was aimed at awakening dormant hearts and shaking miserly souls to give, both by positive encouragement and fear of punishment. If they do not perform this duty with awakened consciences, the power and authority of the State was used to collect Zakah.

Abu Hurairah (RA) reported: The messenger of Allah said: "He who is given wealth by Allah but he does not pay its Zakah, that wealth is made for him, on the Day of Judgment, the form of a huge bald serpent with two horns, encircling that person and squeezing him all day, then holding him by lips telling him, 'I am your wealth, your treasure that you hoarded'. Then the Prophet (SAW) quoted [Surah Al-Imran 3:180], “and let not those who covetously withhold the gift that Allah hath given them of His grace, think that it is good for them. Nay, it will be the worse for them. Soon shall the things which they covetously withheld be tied to their necks like a collar on the Day of Judgment.’” (Bukhari)

Not only did the Prophet (SAW) issue a stern warning with regard to the punishment in the Hereafter, but he went on to warn of a punishment in this life as well, both from Allah and from the State. The Prophet (SAW) said: "Zakah is never intermingled with any amount of wealth without destroying and rotting it." (Bukhari). This saying has two meanings according to Al Mundhiri. Firstly, that whenever due Zakah is not paid it will be a cause for ruining that wealth. "Whenever any amount of wealth is destroyed in the land or in the sea it could be because it's Zakah was not paid." (Al-Tabarani). Secondly, if a person who takes Zakah as recipient without deserving that Zakah and mixes it with his wealth, it will be a reason for rotting all his wealth. (Ahmad)
CONDITIONS THAT MAKE ZAKAH OBLIGATORY

Zakah is charged on the *maal* because it is owned or possessed, i.e. one has to pay Zakah if one possess *maal* to the value of Nisaab or more as one is deemed to be rich according to the Shari’ah. The Qur'an and the Sunnah impose this levy on *maal* that covers wealth and income. The Prophet (SAW) gave a listing of Zakaatable items and rates to be charged on each of them and determined exemptions and the criteria of Zakaatability. Still, Zakah is only due when certain conditions are fulfilled. These conditions relate to both the payer and the *maal* of the payer; and should be counted as a Mercy from the Almighty.

WHO MUST GIVE ZAKAH

Muslim jurists agree that Zakah is obligatory on Muslims who are:
1) Mature i.e. have reached the age of puberty
2) Sane
3) Free i.e. not captives
4) Owning the prescribed Nisaab amount.

However, there is disagreement amongst Muslim jurists on whether or not Zakah is compulsory on the *maal* of minors and the insane. Imaam Shafi’i reports the Prophet (SAW) said: "Invest the fund of the orphans so they may not be used up by Zakah." This Hadith implies that there is an obligation of Zakah on the wealth of minors and the insane. Such obligations becomes the responsibility of their guardians.

WHAT *MAAL* ARE SUBJECT TO ZAKAH

The Qur'anic reference to items subject to Zakah is rather general. Surah Al-Taubah 9:103 mentions the word “amwal” and Surah Al-Baqarah 2:267 mentions “What you have earned,” and “what we have produced for you from the earth.” Hence, in the time of the Prophet (SAW) it became clear that Zakah was levied on camels, sheep, gold, silver, agricultural output and goods designated for trade. Certain items were exempt, included things used for personal purposes such as clothes, household furniture and durable commodities, etc.

On the basis of such texts, Muslim jurists have formulated various opinions and rules about what *maal* are subject to Zakah. These may be categorized as follows:
Literalists: those who believe that only items specifically prescribe in the Qur'an and Sunnah are subject to Zakah, for example dates, raisins, wheat, sheep, camels, assets acquired for the purpose of resale, gold and silver.

Analogists: are those who include items similar in nature to those mentioned above but not specifically mentioned by the Prophet (SAW), e.g. vegetables, buffalo, debts, wages, salaries, professional income and the return generated by fixed assets.

Rationalists: are those who include all the above as well as contemporary items of income and wealth - including fixed assets.

Muslim jurists agree that personal and consumable mal is not Zakatable. Furthermore, they agree that even from among the mal that are generally subject to Zakah, Zakah is only taken if these mal fulfill the following conditions:

Ownership: The mal must be fully owned by the potential payer. This ownership must be absolute and not restricted, except as provided by the law of the country.

Growth: The mal must have the ability to grow or increase or multiply, or is itself a result of a process of growth, such as animals or agricultural products. However, Muslim scholars also deem money, gold, silver and merchandise to have the potential of growth as it is usually made to grow through trade.

Zakah is meant to help relieve the poor without impoverishing the rich, by having the rich to pay from their surplus, i.e. taking a little from the plenty. Imposing Zakah on mal that does not grow, reverses this purpose, since Zakah is paid year after year, over and above other living expenses.

Nisaab: For mal to be subject to Zakah it must first attain a minimum value. In several Hadith, the Prophet (SAW) established certain minimum values for the different mal and exempted anyone who owns less than the minimum from the payment of Zakah. However, once a person owns the minimum of any mal, then the whole amount of that mal becomes subject to Zakah.

The amount of Nisaab must be over and above what is required to satisfy the immediate basic needs of the payer, including family responsibilities and due debts.

Haul: Since Zakah is a yearly obligation, the mal should be held for a year before it is charged with Zakah. However, the Haul condition is restricted to livestock, money and business assets and does not apply to agricultural products, fruits, honey, extracted minerals and found treasure as the latter are subject to Zakah at the time of harvest or when discovered.

In fact the Prophet (SAW) said: “There is no Zakah below five wasaqs [653 kg] of dates; there is no Zakah below five uqiyahs [642 g] of silver and there is no Zakah below five camels. (Mu’atta)
THE DISTRIBUTION OF ZAKAH

The Prophet (SAW) is reported to have said: “Allah verily did not accept the judgment of a Prophet (SAW) or anybody else in [the distribution of] Zakah, so He gave the Judgment on it. He divided it into eight parts.” This Hadith refers to Surah Al-Taubah 9:60: “Sadaqah (i.e. Zakah) are for the poor, and the needy, and those employed to administer [the funds], and those whose hearts have been reconciled [to the truth], and for those in bondage, and those in debt, and in the cause of Allah, and for the wayfarer; [thus is it] ordained by Allah, and Allah is full of knowledge and wisdom.”

The Recipients of Zakah
There are eight categories of people to whom Zakah can be distributed. These have been identified as:

Al-Fuqara: The Poor
According to the majority of jurists, the poor are those who do not have any assets and have no means through which they can earn their living. However, the Hanafi jurists defined the poor as those who have money lesser than the amount on which Zakah is payable. The poor are worse than the needy with regards satisfying their basic needs. However, some scholars hold the opposite view.

Al-Masakin: The Needy
According to the majority of jurists, the needy are the people whose earnings do not cover their basic needs. However, the Hanafi jurists identified them as 'those who have no earnings at all’. The Hanafi and maaliki jurists consider them to be more deserving of Zakah than the poor. However, the Hanbali and Shafi`i jurists put the poor as being more deserving of Zakah.

Actually, this dispute in categorization has no effect, since both the poor and the needy are among the categories entitled to receive Zakah.

Al-‘Amilina ‘Alayha: Administrators of Zakah
This term applies to all those serving in the field of Zakah, including those responsible for collecting, storing, guarding, registering and distributing Zakah. They shoulder all Zakah related activities.

Al-Mu’allafate-Qulubuhum: Reconciliation of Hearts
This term applies to people who have embraced Islam or who are inclined to the Truth of Islam.

Fir-Riqab: For those in Bondage
Zakah may be allocated to help Muslims free themselves of bondage.

Choosing Zakah Workers
1. A Muslim
2. A sane and mature individual.
3. A trustworthy, righteous and honest individual - so as not to oppress the rich or neglect the rights of the poor.
4. A general and complete knowledge of Zakah rulings and regulations.
5. Efficiency and performance is required.
Al-Gharimin: Those in Debt
Zakah may be used to pay off debts, so long as these debts were not incurred in an act contrary to Islamic law.

Fi-Sabilillah: In the Cause of Allah
Muslim jurists differ on who or what can be covered under this category, although most seem to agree that it can be used in the defense of Islam. In the wider sense however, this channel covers all methods of promoting the Islamic value system, whether through propagation or intellectual confrontation.

Ibnas-Sabil: The Wayfarer
A wayfarer refers to a traveler who left his home for a lawful purpose and for whatever good reason does not possess enough money to return home, even if he is rich in his own country.

THE MANNER OF DISTRIBUTING ZAKAH

The Zakah giver is freed from its obligation as soon as he grants full ownership and possession of it to any of the above mentioned categories. This can be done either by giving a certain amount of money to meet his basic requirements or by giving him a means of production or tools of trade to help him in becoming self-empowered.

TO WHOM CAN ZAKAH NOT BE GIVEN

Muslim jurists agreed that Zakah cannot be given to the following people:
1) The rich (except when such are among the workers of Zakah).
2) Those capable but not willing to work.
3) Disbelievers and apostates who fight against Islam.
4) Ascendants, descendants and wives of the payer.
5) The family of the Prophet (SAW).

The proceeds of Zakah at the time of the Prophet (SAW) was in most cases distributed immediately after collection, as reported by many workers who often said that they used to come back from their Zakah missions empty handed, the way they started their journeys, since everything collected used to be distributed on the spot.
EQUAL DISTRIBUTION AMONGST CATEGORIES

When funds are plenty and there are deserving people of all categories then distribution must cover all of them. The distribution amongst the eight categories need not be equal, i.e. each group need not receive exactly one eighth of the total proceeds since the main criteria is need.

When funds are less, as when an individual payer distributes his/her own Zakah, then all of it may be spent on one category, since dividing such a small amount diminishes its effectiveness and would not enrich the recipients.

Furthermore, all funds may be given to one category, when necessary. Preference must be based on actual needs and public interest and not on personal opinions or prejudice. However, as the poor and the needy are the most important category, satisfying their needs is the main objective of Zakah. This objective is repeatedly mentioned in the Hadith of the Prophet (SAW).

HOW MUCH ZAKAH TO GIVE

The difference of jurists on this issue may be grouped into two major faculties. The first view is to give the maximum, sufficient enough to satisfy the essential needs, without determining any specific amount. The second view is to give a specific amount in whose determination jurists differ.

According to Yusuf Al-Qaradawi, the first view seems to be more consistent with the texts and objectives of Zakah. Two major opinions may be derived in this regard, i.e. to give what satisfies essential needs for the lifetime or only for one year.

INTENTION WHEN DISCHARGING ZAKAH

The majority of jurists stipulate that intention is a pre-requisite for discharging of Zakah since it is an act of worship and all forms of worship require an intention.

SHOULD RECIPIENTS BE TOLD IT IS ZAKAH

When Zakah is distributed by individuals directly to the recipients, it is not required to reveal that it is Zakah, especially as many deserving of Zakah may hesitate to take it owing to their own doubt with regards their true eligibility. This is sometimes caused by the lack of education of Zakah. It is generally accepted that the intention need not be a verbal declaration and that it can be made in the heart.
DELAYING THE PAYMENT OF ZAKAH

Zakah may be delayed for certain legitimate reasons, such as when there is a lack of liquid funds, otherwise the delay or negligence in the payment of Zakah is not permitted and is in fact sinful.

DISBURSEMENT OF ZAKAH IN KIND

Muslim jurists who insist on payment in kind deliberate that Zakah is an act of worship and as such it can only be done the very same way outlined in the Sunnah. Therefore, payment must be made with the same Zakah item. On the other hand, the Hanafi jurists and others allow payment in kind [by giving another type of item of like value] on grounds that it makes no difference in so far as relief to the poor is concerned. (Al Bahr, Vol. 2). Zakah can be given in kind or cash.

TRANSFERENCE OF ZAKAH TO ANOTHER AREA

The general principle is that Zakah must be distributed in the same area where it is collected. The local poor and needy have a priority since the Zakah is collected from their neighbours, kith and kin. However, surplus funds may be transferred when there are no extreme conditions locally, such as famine or disasters and when the living conditions of locals are worse than the areas where it is to be transferred. It may also be transferred to other areas if it is a directive of an Islamic Government.
ABOUT THE CALCULATION OF ZAKAH

Islam is the ultimate way of life and as such it is a perfect and just religion. Allah tells us in Surah Al-Maidah 5:3: “This day have I made perfect for you your religion and have completed My favour towards you and am satisfied with Islam for you as your religion.”

The Shari’ah does not aim to make things difficult nor burdensome and as a principle we must accept that even though we do not understand Divine Decree, it is none the less designed in the best interest and welfare of humankind.

The Prophet (SAW) states: “Deeds are judged according to intention.” Our actions are solely for the Pleasure of Allah, the Sovereign Power. It is His prerogative to accept our good, forgive us or to mete out punishments. Surah Al-Baqarah 2:284 reads: “To Allah belongs all that is in the heavens and on earth. Whether you show what is in your minds or conceal it, Allah calls you to account for it. He forgives whom He wills, and punishes whom He wills, for Allah has power over all things.”

In our quest in understanding and calculating Zakah, let us be mindful of the fact that we do so because it is decreed by Allah and that our actions must have a positive impact on others, including the poor to whom we intend discharging our Zakah. Furthermore Abu Dharr (RA) narrates that the Prophet (SAW) states: “The Reckoning is just and the Judge is a Just One.”

HOW TO CALCULATE ZAKAH

Abu 'Ubayd reports from Maymun ibn Mihran, who was a tab'i that, “When Zakah is due, calculate the amount of money (on hand), add to it the value of the goods and the amount of debts on customers that you expect to be paid, make a sum of the total, deduct whatever debts you owe to others, and pay Zakah on the net amount.” (Al-Amwal)

Al-Hasan al-Basri said, “When Zakah is due, one must add the amount of money on hand, plus the amount owed by others as outstanding, except the amount of hopeless debts, and pay Zakah on the total.”

The difference between these two opinions is that, one takes into account your liabilities and the other does not. These are some of the differences that exist among the Madhabs and justify their different understanding of Zakah, i.e. the right of the poor over the Maal or the Right of Allah over the Maal!
Before calculating one's Zakah, one can first determine if one is eligible to pay Zakah or not. We should be aware that Zakah is personal and that every Zakah payer must calculate independently.

A family owning Zakaatable Maal may calculate jointly if the total of Zakaatable Maal of all members is equal to the Nisaab, even if each one alone does not have an amount of Nisaab. This is based on the concept of khiltah (mixing) that is mentioned by the Prophet (SAW). But if the Maal of each member is separated from the others, then only members who own Nisaab are obligated to pay Zakah and what is below Nisaab of a family member is not added to what is owned by other family members.

Determining if you are eligible to calculate Zakah:
1) Do you own a business?       YES | NO
2) Do you have cash or a banking account or shares?   YES | NO
3) Do you own any rented property?       YES | NO
4) Do you own gold / silver jewellery?       YES | NO

If you answered YES to any one of the above then fill in the Zakah schedule that follows.

YOUR ZAKAH CALCULATION STARTS HERE!

1) Make a Niyyah (intention) that you are calculating your Zakah!

2) Note the Islamic date: _______________________

3) In South Africa call (011) 418-9000 and note the prices of:
   a) Value of 1g (24ct Gold) inc. VAT
   b) Value of 1kg Silver inc. VAT

4) The Nisaab is:

5) Make a list and total all the monies owed to you (use a separate page).

6) Make a list of all monies owed by you (use a separate page).

7) Make a list all foreign currencies held by you and establish equivalence in local currency.
ZAKAH ON GOLD

Surah Al-Taubah 9:34 elucidates: “As for those who hoard up gold and silver and do not spend it in the way of Allah, give them the news of a painful punishment.”

From the above ayat it is brought to our realisation that there is an obligation on people who have items comprising gold and silver to give a certain amount or value thereof as Zakah. According to Muslim jurists, gold and silver is always subject to Zakah whether it is acquired for re-sale, investment, capital or if used as a tool of trade.

However, there are some differences of opinion on women’s personal jewellery. The majority of jurists, i.e. the Shafie, Hambali and Maaliki Madhabs hold the view that gold and silver jewellery belonging to women and used for personal adornment are exempt from Zakah. However, if such jewellery is acquired for purposes other than adornment, e.g. trading, investment, etc., then such jewellery is subject to Zakah. Similarly, gold / silver jewellery not in use, whether owned by men or women, are also subject to Zakah.

Calculating the Zakah on Gold

1. Make a list of all your gold jewellery (and other gold items). Include mens jewellery as well.
2. Weigh each item of gold separately.
3. Group all your gold jewellery (and other gold items) according to the different carats.
4. Add up the weights according to the respective carats.
5. Note today’s gold price __________

<table>
<thead>
<tr>
<th>A] Zakaatable Items</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 24 Carat Gold Jewellery (24ct/24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>2. 22 Carat Gold Jewellery (22ct/24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>3. 21 Carat Gold Jewellery (21ct/24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>4. 18 Carat Gold Jewellery (18ct/24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>5. 14 Carat Gold Jewellery (14ct/24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>6. Kruggerrand [1oz = 33.93g] (22ct / 24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>7. Kruggerrand [1/2oz = 16.97g] (22ct / 24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>8. Kruggerrand [1/4oz = 8.48g] (22ct / 24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>9. Kruggerrand [1/10oz = 3.39g] (22ct / 24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>10. Other Gold coins (xct / 24ct x weight x value/g)</td>
<td>______</td>
</tr>
<tr>
<td>11. Gold Utensils / etc. (xct / 24ct x weight x value/g)</td>
<td>______</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B] Allowable deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Monies owed for any of the above</td>
</tr>
</tbody>
</table>

NETT ZAKAATABLE AMOUNT [A-B] ___________________
**ZAKAH ON SILVER**

Surah Al-Taubah 9:34 elucidates: “As for those who hoard up gold and silver and do not spend it in the way of Allah, give them the news of a painful punishment.”

Calculating the Zakah on Silver
1. Make a list of all your silver jewellery (and other silver items).
2. Add up the weights of all the silver items.
3. Note today's silver price

<table>
<thead>
<tr>
<th>A] Zakaatable Items</th>
<th>Weight</th>
<th>Price/g</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Silver Coins</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>2. Silver Jewellery</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>3. Silver Ornaments / Utensils / etc.</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B] Allowable deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Monies owed for any of the above</td>
</tr>
</tbody>
</table>

**NETT ZAKAATABLE AMOUNT [A-B]**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
</table>
ZAKAH ON BUSINESS (INVENTORY)

Surah Al-Baqarah 2:267 declares: “O you who believe! Give away some of the good things you have earned and some of what the earth produces for you.”

Muslim jurists have helped us in understanding or defining what constitutes a business asset. They proclaim that Zakah is paid only on those business assets that are liquid, circulating or what is usually called turnover capital. Buildings, furniture and fixtures that are not acquired for sale are not included in Zakatable assets. Jurists define inventory as those items that are acquired or purchased for resale with the objective of making a profit.

The majority of jurists concur that when pricing inventory for Zakah, the payer must use its current (market) price on the due date of Zakah. For this purpose a wholesale value should be determined on a willing buyer willing seller basis.

In order for an item to qualify as inventory the purchaser must have the clear intention at the time of purchase to acquire the goods for re-sale. Further, the purchaser must have ownership over the inventory and he or his appointed agent, must have possession over the inventory on the Zakah valuation date.

Calculating the Zakah on Business

A] Zakaatable Items
1. Trade Debtors (do not deduct Bad Debts here) _______
2. Stock in Transit _______
3. Raw Materials _______
4. Unfinished Goods _______
5. Lay-bye (balance owed i.r.o. stock purchased) _______
6. Stock On Hand (i.e. Inventory) _______
7. Defective / Dead Stock _______
8. Credit / Cash Vouchers (i.r.o. item subject to Zakah) _______
9. Any item bought to resell _______

B] Allowable Deductions
10. Amount Payable to Suppliers _______
11. Bad Debts i.e. debts with little hope of recovery _______

NETT ZAKAAATABLE AMOUNT [A-B] _______

* Professional and Service orientated businesses, e.g. Lawyers, Doctors, Plumbers, Mechanics, etc. should NOT capture monies owing to them for services rendered on this page. We recommend that you use the Debtors page!


# ZAKAH ON CASH & CASH EQUIVALENT

All modern types of currencies that represent a measure of value acceptable in transactions (which have a potential for growth), should be considered in this section.

Foreign currencies do not need to be converted physically into the local currency. A calculation to determine the equivalent value in local currency at current market exchange rates on Zakah valuation date will suffice.

## Calculating the Zakah on Cash

<table>
<thead>
<tr>
<th>A] Zakaatable Items</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash on Hand</td>
<td></td>
</tr>
<tr>
<td>2. Cash in Safety Deposit Box</td>
<td></td>
</tr>
<tr>
<td>3. Cash in Bank (Call Account)</td>
<td></td>
</tr>
<tr>
<td>4. Cash in Bank (Cheque Account)</td>
<td></td>
</tr>
<tr>
<td>5. Cash in Bank (Current Account)</td>
<td></td>
</tr>
<tr>
<td>6. Cash in Bank (Fixed Deposit)</td>
<td></td>
</tr>
<tr>
<td>7. Cash in Bank (Money Market Account)</td>
<td></td>
</tr>
<tr>
<td>8. Cash in Bank (Savings Account)</td>
<td></td>
</tr>
<tr>
<td>9. Cash in Bank (Hajj Account)</td>
<td></td>
</tr>
<tr>
<td>10. Cash in Bank (Any Other Account Type)</td>
<td></td>
</tr>
</tbody>
</table>

**NETT ZAKAATABLE AMOUNT**

**EXEMPT ITEMS:**

The Prophet (SAW) had exempted the tools of trade from Zakah, as these were considered inexpensive or trivial at his time. Muslim jurists have yet to revise this statement even though today the tools of trade include extremely costly items such as plant machinery, fixtures & fittings for display and storage, vehicles for transportation etc. The main argument against not charging Zakah on these items is that essentially these items are not deemed assets of growth. However, businesses specialising in the sale of plant, machinery, fixtures & fitting, motor vehicles or any other item pay Zakah since they constitute inventory.

The sketch alongside are examples of ancient / primitive hand tools, most likely similar to the ones used at the time of the Prophet (SAW).
ZAKAH ON POLICIES & CONTRIBUTIONS

Muslim jurists are unanimous that most types of conventional insurances are impermissible according to Islamic Law. However, the amounts received are sometimes subject to Zakah.

Key criteria in determining which amounts are subject to Zakah:

i) If policies have a savings concession.

ii) If premiums are recoverable or accessible.

iii) If the insured is entitled to the premiums or surrender value?

Determining what amounts are subject to Zakah

a) **During the term of the policy/endowment:** Zakah is due on surrender value each year provided the surrender value is less than or equal to the total premiums paid. If the surrender value exceeds the total premiums paid, then Zakah is payable only on the value of the total premiums paid. The difference between the proceeds received and the total premiums paid must be distributed to the poor and needy without intention of reward as it constitutes an unlawful gain.

b) **In the year of surrender or termination of the policy/endowment:** The amount subject to Zakah will be the lesser of either the total premiums paid or the surrender value. The difference between the proceeds received and the total premiums paid must be distributed to the poor and needy without intention of reward as it constitutes an unlawful gain. The monies should be accounted for under Cash.

c) **On death payout:** The difference between the proceeds received and the total premiums paid must be distributed to the poor and needy without intention of reward as it constitutes an unlawful gain. The amount received by the heirs should be included in their individual Zakah calculation.

Calculating the Zakah on Policies & Contributions

A] **Zakaatable Items**

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Saving Schemes</td>
<td></td>
</tr>
<tr>
<td>Endowments</td>
<td></td>
</tr>
<tr>
<td>Retirement Annuity</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
</tr>
<tr>
<td>Other policies</td>
<td></td>
</tr>
</tbody>
</table>

B] **Allowable deductions**

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monies owed for any of the above</td>
<td></td>
</tr>
</tbody>
</table>

**NETT ZAKAATABLE AMOUNT [A-B]**

“Charity from unlawful; wealth is not accepted.” (Bukhari)
Debtors are the people who owe money to others. The Shari'ah considers only those debtors that are sound, subject to Zakah each year until the debt amount owed is received.

The Islamic Fiqh Academy (Jeddah) passed the following resolution relating to the Zakah on Debtors:

The Islamic Fiqh Academy (Jeddah) passed the following resolution relating to the Zakah on Debts:

a) Zakah is payable on debts each year if the debtor is sound and able to pay the debt.
b) However, if the debtor is in financial hardship or if he deliberately delays payment then Zakah is only payable on the debt upon receipt thereof (in the year of receipt).

Zakah is payable on the balance not yet received.

Calculating the Zakah on Debtors

A] Zakaatable Items
1. Debts i.r.o. Zakaatable Assets Sold (excl. Inventory) VALUE
2. Debts i.r.o. Professional Services Rendered VALUE
3. Loans Given in Cash / Gold / Silver VALUE

NETT ZAKAATABLE AMOUNT
**ZAKAH ON SHARES (INVESTMENTS IN COMPANIES)**

Shares (or similar assets) are as good as cash in the hands of the owner thereof and are thus subject to Zakah at the market value on Zakah valuation date.

Shares must be examined in order to identify those assets of the company that are subject to Zakah, (e.g. inventory, cash, etc.). Once the aggregate value of such assets are identified, Zakah is levied on the proportionate share held by the Zakah payer. If it is not practical to identify the value of the assets subject to Zakah, then Zakah should be paid on the market value of the share on valuation date.

**Calculating the Zakah on Shares**

**A) Zakaatable Items**

<table>
<thead>
<tr>
<th></th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bonds</td>
<td></td>
</tr>
<tr>
<td>2. Debentures</td>
<td></td>
</tr>
<tr>
<td>3. Derivatives</td>
<td></td>
</tr>
<tr>
<td>4. Futures</td>
<td></td>
</tr>
<tr>
<td>5. Government Bonds</td>
<td></td>
</tr>
<tr>
<td>6. Government Stocks</td>
<td></td>
</tr>
<tr>
<td>7. Investments in Commodity Market</td>
<td></td>
</tr>
<tr>
<td>8. Options</td>
<td></td>
</tr>
<tr>
<td>9. Property Unity Trusts</td>
<td></td>
</tr>
<tr>
<td>10. Securities</td>
<td></td>
</tr>
<tr>
<td>11. Shares (Companies listed on Stock Exchange)</td>
<td></td>
</tr>
<tr>
<td>12. Shares (Unlisted Companies and Mutual Funds)</td>
<td></td>
</tr>
<tr>
<td>13. Stocks (in Stock Exchange)</td>
<td></td>
</tr>
<tr>
<td>14. Unit Trusts</td>
<td></td>
</tr>
<tr>
<td>15. Warrants</td>
<td></td>
</tr>
</tbody>
</table>

**B) Allowable deductions**

<table>
<thead>
<tr>
<th></th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>16. Monies owed for any of the above</td>
<td></td>
</tr>
</tbody>
</table>

**NETT ZAKAATABLE AMOUNT [A-B]**

* Some of the items listed alongside are impermissible as they are essentially interest bearing instruments

* The payment of Zakah on these items do not legitimise or cleanse them.

* It is better to avoid trading in or holding impermissible (interest bearing) assets.
ZAKAH SUMMARY

Copy all the NETT ZAKAATABLE amounts from the preceding pages onto the table below to complete your calculation.

A] Zakaatable Items

<table>
<thead>
<tr>
<th>Item</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ZAKAH ON GOLD</td>
<td></td>
</tr>
<tr>
<td>2. ZAKAH ON SILVER</td>
<td></td>
</tr>
<tr>
<td>3. ZAKAH ON BUSINESS</td>
<td></td>
</tr>
<tr>
<td>4. ZAKAH ON CASH</td>
<td></td>
</tr>
<tr>
<td>5. ZAKAH ON POLICIES</td>
<td></td>
</tr>
<tr>
<td>6. ZAKAH IN DEBTORS</td>
<td></td>
</tr>
<tr>
<td>7. ZAKAH ON SHARES</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL VALUE SUBJECT TO ZAKAH

IF TOTAL VALUE greater or equal to NISAAB then the Zakah due is:

\[
\text{ZAKAH DUE} = \text{Total Value Subject to Zakah} \times 2.5\%
\]

\[
= \underline{\text{______________}} \times 2.5\%
\]

\[
= \underline{\text{______________}}
\]

*Make a Niyyah and discharge your Zakah!*
AYAHS EXTOLLING CHARITY

[Al-Baqara 2:43]: “And be steadfast in prayer; practice regular charity; and bow down your heads with those who bow down (in worship).”

[Al-Baqara 2:83] “And remember We took a Covenant from the Children of Israel (to this effect): worship none but Allah; treat with kindness your parents and kindred, and orphans and those in need; speak fair to the people; be steadfast in prayer; and practice regular charity. Then you turned back, except a few among you, and you backslide (even now).”

[Al-Baqara 2:110] “And be steadfast in prayer and regular in charity: and whatever good you send forth for your souls before you, you shall find it with Allah: for Allah sees well all that you do.”

[Al-Baqara 2:177] “It is not righteousness that you turn your faces toward East or West; but it is righteousness - to believe in Allah and the Last Day, and the Angels, and the Book, and the Messengers; to spend of your substance, out of love for Him, for your kin, for orphans, for the needy, for the wayfarer, for those who ask, and for the ransom of slaves; to be steadfast in prayer, and practice regular charity; to fulfill the contracts which you have made; and to be firm and patient, in pain (or suffering) and adversity and throughout all periods of panic. Such are the people of truth, those who fear Allah.”

[Al-Baqara 2:270] “And whatever you spend in charity or devotion, be sure Allah knows it all. But the wrong-doers have no helpers.”

[Al-Baqara 2:271] “If you disclose (acts of) charity, even so it is well, but if you conceal them, and make them reaches those (really) in need, that is best for you: it will remove from you some of your (stains of) evil. And Allah is well acquainted with what you do.”

[Al-Baqara 2:273] “(Charity is) for those in need, who, in Allah's cause are restricted (from travel), and cannot move about in the land, seeking (for trade or work): the ignorant man thinks, because of their modesty, they' are free from want. You shall know them by their (unfailing) mark: they do not beg' importunately from all and sundry. And whatever of good you give, be assured Allah knows it well.”

[Al-Baqara 2:274] “Those who (in charity) spend of their goods by night and by day, in secret and in public, have their reward with their Lord: on them shall be no fear, nor shall they grieve.”

[Al-Baqara 2:277] “Those who believe, and do deeds of righteousness, and establish regular prayers and regular charity, will have their reward with their Lord: on them shall be no fear, nor shall they grieve.”
[An-Nissa 4:77] “Have you not turned your vision to those who were told to hold back their hands (nom fight) but establish regular prayers and spend in regular charity? When (at length) the order for fighting was issued to them, behold! a section of them feared men as - or even more than - they should have feared Allah: they said: "Our Lord! why have You ordered us to fight? Would You not grant us respite to our (natural) term, near (enough)?" Say: "Short is the enjoyment of this world: the Hereafter is the best for those who do right: never will you be dealt with unjustly in the very least!"

[An-Nissa 4:162] “But those among them who are, well-grounded in knowledge, and the Believers, believe in what has been revealed to you and what was revealed before you: and (especially) those who establish regular prayer and practice regular charity and believe in Allah and in the Last Day: to them shall We soon give a great reward.”

[Al-Maida 5:12] “Allah took (aforetime) a Covenant from the Children of Israel, and We appointed twelve captains among them. And Allah said: "I am with you: if you (but) establish regular Prayers, practice regular charity, believe in My Messengers, honor and assist them, and loan to Allah a beautiful loan, verily I will wipe out from you your evils, and admit you to Gardens with rivers flowing beneath; but if any of you, after this, resists faith, he has truly wandered from the path of rectitude."

[Al-Maida 5:55] “Your (real) friends are (no less than). Allah, His Messenger, and the (Fellowship of) Believers, - those who establish regular prayers and regular charity, and they bow down humbly (in worship).”

[Al-Araf 7:156] “And ordain for us that which is good, in this life and in the Hereafter: for we have turned to You." He said: "With My Punishment I visit whom I will; but My Mercy extends to all things. That (Mercy) I shall ordain for those who do right, and practice regular charity, and those who believe in Our Signs."

[At-Tauba 9:71] “The Believers, men and women, are protectors, one of another: they enjoin what is just, and forbid what is evil: they observe regular prayers, practice regular charity, and obey Allah and His Messenger. On them will Allah pour His mercy: for Allah is Exalted in power, Wise.”

[Maryam 19:31] "And He has made me blessed where ever I be, and has enjoined on me Prayer and charity as long as I live;”

[Maryam 19:55] “He used to enjoin on his people Prayer and charity, and he was most acceptable in the sight of his Lord.”

[Al-Anbiyaa 21:73] “And We made them leaders, guiding (men) by Our Command, and We sent them inspiration to do good deeds, to establish regular prayers, and to practice regular charity; and they constantly served Us (and Us only).”
[Al-Hajj 22:41] “(They are) those who, if We establish them in the land, establish regular prayer and give regular charity, enjoin the right and forbid wrong: with Allah rests the end (and decision) of (all) affairs.”

[Al-Hajj 22:78] “And strive in His cause as you ought to strive, (with sincerity and under discipline). He has chosen you, and has imposed no difficulties on you in religion; it is the cult of your father Abraham. It is He Who has named you Muslims, both before and in this (Revelation); that the Messenger may be a witness for you, and you be witnesses for mankind! So establish regular Prayer, give regular charity, and hold fast to Allah! He is your Protector - the Best to protect and the Best to help!”


[Al-Muminun 23:60] “And those who dispense their charity with their hearts full of ear, because they will return to their Lord.”

[An-Nur 24:37] “By men whom neither traffic nor merchandise can divert from the Remembrance of Allah, nor from regular Prayer, nor from the practice of regular charity: their (only) fear is for the Day when hearts and eyes will be transformed (in a world wholly new).”

[An-Nur 24:56] “So establish regular Prayer and give regular charity; and obey the Messenger; that you may receive mercy.”

[An-Naml 27:3] “Those who establish regular prayers and give in regular charity, and also have (full) assurance of the Hereafter.”

[Al-Qasas 28: 54] “Twice will they be given their reward, for that they have persevered, that they avert Evil with Good, and that they spend (in charity) out of what We have given them.”

[Ar-Rum 30:39] “That which you layout for increase through the property of (other) people, will have no increase with Allah: but that which you layout for charity, seeking the Countenance of Allah, (will increase): it is these who will get a recompense multiplied.”

[As-Sajda 32:16] “Their limbs do forsake their beds of sleep, the while they call on their Lord, in Fear and Hope: and they spend (in charity) out of the sustenance which We have bestowed on them.”

[Al-Ahzab 33:33] “And stay quietly in your houses, and make not a dazzling display, like that of the former Times of Ignorance; and establish regular Prayer, and give regular charity; and obey Allah and His Messenger. And Allah only wishes to remove all abomination from you, you Members of the Family, and to make you pure and spotless.”
[Al-Ahzab 33:35] “For Muslim men and women, - for believing men and women, for devout men and women, for true men and women, for men and women who are patient and constant, for men and women who humble themselves, for men and women who give in charity, for men and women who fast (and deny themselves), for men and women who guard their chastity, and for men and women who engage much in Allah's praise, - for them Allah has prepared forgiveness and great reward.”

[Fatir 35:29] “Those who rehearse the Book of Allah, establish regular Prayer, and spend (in charity) out of what We have provided for them, secretly and openly, hope for a Commerce that will never fail.”

[Ya-Sin 36:47] “And when they are told You spend of (the bounties) with which Allah has provided you, the Unbelievers say to those who believe: Shall we then feed those whom, if Allah had so willed, He would have fed, (Himself)? - you are in nothing but manifest error.”

[Ha-Mim Sajdah 41:7] “Those who do not practice regular charity, and who even deny the Hereafter.”

[Al-Hadid 57:7] “Believe in Allah and His Messenger, and spend (in charity) out of the (substance) whereof He has made you heirs. For, those of you who believe and spend (in charity), - for them is a great Reward.”

[Al-Hadid 57:10] “And what cause do you have why you should not spend in the cause of Allah? - For to Allah belongs the heritage of the heavens and the earth. Not equal among you are those who spent (freely) and fought, before the Victory, (with those who did so later). Those are higher in rank than those who spent (freely) and fought afterwards. But to all has Allah promised a goodly (reward). And Allah is well-acquainted with all that you do.”

[Al-Mujadila 58:13] “Is it that you are afraid of spending sums in charity before your private consultation (with him)? If, then, you do not so, and Allah forgives you, then (at least) establish regular prayer; practice regular charity; and obey Allah and His Messenger. And Allah is well-acquainted with all that you do.”

[Al-Munafiqun 63:10] “And spend something (in charity) out of the substance which We have bestowed on you, before Death should come to any of you and he should say, "O my Lord! Why did you not give me respite for a little while? I should then have given (largely) in charity, and I should have been one of the doers of good.”

[At-Tagabun 64: 16] “So fear Allah as much as you 'can; listen and obey and spend in charity for the benefit of your own souls: And those saved from the covetousness of their own souls, - they are the ones that achieve prosperity.”

[Al-Baiyina 98:5] “And they have been commanded no more than this: to worship Allah, offering Him sincere devotion, being True (in faith); to establish regular Prayer; and to practice regular charity; and that is the Religion Right and Straight.”
DEFINITION OF THE RICH

A rich may be person who has high income or a person who owns a lot of wealth since richness is a command on resources regardless of whether these resources are in stock or flow terms. In the past, i.e. before the accumulation of large sums of technological knowhow, income expression of richness was always attached to wealth forms of richness because people used to earn high income only through trade and agriculture both of which require ownership of certain wealth to start with.

The distinction between income and wealth is necessary to understand the implication of social economic justice in contemporary economic context. Income is a flow of resources within certain period of time usually a year. Wealth is a stock of resources at a certain point of time. Income may either be used for consumption or it may be saved. What is saved makes an increase in wealth. Therefore, the part of income that is not consumed becomes part of wealth as defined at the point income period ends.

Interestingly the word maal is interpreted to cover both income and wealth since it literally means funds or resources. It is not restricted to wealth or income.

Moreover, Zakah, is imposed on the rich and on Maal regardless of whether it is a flow or a stock, income or wealth. This distinction between flow and stock does not appear in Fiqh literature because it is not an ancient distinction. But through the analysis of Zakatable items one can easily trace that our Fuqaha' did not exclude richness in terms of income from their discussion. Therefore, Zakatable items can be reclassified according to the concept of flow and stock or income and wealth.

Furthermore, it is interesting to note that the Prophet (SAW) came very close to the stock/flow concepts with regard to Zakah in his saying "(Payment of) Sadaqah is not lawful to a rich or to a strong and healthy person", (reported by the five) and "There is no share in it (Zakah) to a rich or to a strong and earning person" (reported by Ahmad, Abu Daud and Nasa'i).

by Monzer Kahf
ACHIEVING SOCIO-ECONOMIC JUSTICE

As a direct transfer of income and wealth from the rich to the poor, Zakah must presumably be efficient and reasonably quick in eliminating poverty from Muslim societies. Otherwise, if it takes a very long period to bring justice, it should not occupy such a central and pivotal place in the Islamic economic system.

Abdallah Al Tahir made a simple comparative static simulation of the effect of Zakah on this gap in a ten year period and concluded that, under his assumptions, the income gap between the rich and the poor (average income of the rich/average income of the poor) is reduced from 9 to 1 to 6.15 to 1.

Zarqa (15: p. 23) ascertains that Zakah doubles the income of the poorest 10% of the society every year since most of it is taken from the rich and given to the poor.

Kahf (5: p. 148) also argues that since Zakah covers both income and wealth and its spending is not limited to providing subsistence living for the poor but it rather aims at the poor's enrichment, it influences the distribution of wealth in the long run let alone the short run redistribution of income.

The above expectations are based on estimating the Zakah proceeds at around 2.5% to 3.5% of national income per year in any Muslim society.

*Extracted from The Principle Of Socio-Economic Justice In The Contemporary Fiqh of Zakah by Monzer Kahf*
Published and distributed by THE THIRD PILLAR FOUNDATION

The Third Pillar Foundation is a research, training and publications division of SANZAF

The Third Pillar Foundation
c/o South African National Zakah Fund
P.O. Box 42565, Fordsburg, 2033
0861 SANZAF / 0861 726 923
eMail. thirdpillar@sanzaf.org.za