

# BRIEF GUIDELINES ON ZAKAT

## UPON WHOM IS ZAKAT COMPULSORY?

Zakat is compulsory on every sane, mature Muslim who is the owner of productive assets equivalent to or over the Nisab above his basic needs for a lunar year.

## NISAB

Nisab is a threshold of wealth upon which Zakat becomes obligatory. One who possesses Zakatable assets equivalent to or above this threshold will have to check one lunar year later if he still possesses the Nisab amount, in order for Zakat to be obligatory on him, regardless of whether his wealth has dropped below the threshold during the course of the year, as long as he does not become completely insolvent. The Nisab is the monetary value of 612.36 grams of silver.

## ZAKAT DATE

If one cannot remember the date one first became the owner of Nisab, then one should make a reasonable estimate when he would have likely become the owner. If this is not possible, then a specific Islamic date should be selected arbitrarily and adhered to annually.

## ON WHICH ITEMS IS ZAKAT PAYABLE?

Zakat is payable on gold, silver, cash and trading goods. All monies that are receivable are also subjected to Zakat. One has the option of either paying Zakat on receivable monies when calculating his Zakat or postponing it to when such amounts are received.

There will be no Zakat on personal assets such as the house, car, furniture etc., precious items (not for resale) such as precious stones, paintings etc., non-gold/silver jewellery and items that are less than 50% gold/silver such as 9 carat gold/silver, platinum etc.

## NON-ZAKATABLE ITEMS

Liabilities should be deducted from one's assets when calculating Zakat, this includes monthly needs and necessities. Accordingly, any loans that are payable within the next twelve months should be deducted from the assets. Zakat is not payable on houses given out on rent.

## INDICES | GOLD AND SILVER PRICES

The Gold and Silver prices indicated on our Islamic Financial Indices are shown to help you calculate Zakat on jewellery.

## ZAKAAT ON PERSONAL JEWELLERY | GOLD / SILVER ITEMS

1. One should first determine the carat of the gold / silver.
2. Thereafter one should weigh the jewellery on hand and
3. Thereafter ascertain the current value / price per gram of the carat.
4. Thereafter multiply the number of grams to current price per gram.

5. Once the value of the jewellery has been established, 2.5% of the value should be given in Zakat.

## FORMULA

→ [number of grams' x current price of carat per gram] = Total value  
 2.5% of total value = **Zakat**.

## RECIPIENTS

- Zakat should be given to a poor Muslim (who does not possess the Nisab).
- Zakat cannot be given to: Non-Muslims, those possessing the amount of the Nisab or more after their basic needs, Ones descendants (children, grandchildren), Ones ascendants (parents, grandparents), One's spouse, Projects where there is no sole owner like water wells etc.

Zakat can be given in cash or kind based on the market value of an item. Absolute care should be taken not to give unsuitable and impermissible items. According to Shariah, items or goods disbursed as Zakat must be usable and of reasonable quality, not inferior or dead stock.

## BRIEF ILLUSTRATION:

	AMOUNT
Cash in hand or at bank	2,000,000
Gold/Silver (at market value)	500,000
Stock in trade / Trading goods (at selling price)	10,000,000
Amounts receivable	5,000,000
<b>TOTAL</b>	<b>17,500,000</b>
Subtract Loans or credit amounts payable	2,000,000
Subtract outstanding bills	500,000
<b>NET ZAKATABLE ASSETS</b>	<b>15,000,000</b>
<i>If the net total of Zakatable Wealth is more than the Nisab amount then...</i>	
<b>ZAKAT AMOUNT = 2.5%</b>	<b>375,000</b>



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