

## Zakaat - A Perpetual Investment

Every person's heart's desire is to earn an everlasting fortune - a fortune that never diminishes nor depletes at any time. Instead, its profits and returns continue to grow every second. How can such a fortune be acquired? The answer to this vital question is: invest in a perpetual investment - the investment of the Aakhirah (Hereafter). This investment is the ideal investment which never diminishes at anytime. It perpetually goes on growing till eternity. No loss. Only profit and growth. The only condition is sincerity. Any person who has a rand to spare should invest in such an investment. Every cent given in charity is invested in the investment of the Aakhirah. Such money is in reality saved. What is not invested in the Aakhirah is either spent or left behind for others.

While the immense rewards for spending in the path of Allah Ta'ala are attained for even optional charity, the greatest rewards are for fulfilling the Fardh (compulsory) duties. Thus the greatest rewards would be for discharging one's zakaat correctly, together with inculcating the true spirit of fulfilling this great ibaadah. There are many verses of the Qur'an as well as Ahaadith of Rasulullah (Sallallahu Alayhi Wasallam) which explain the great rewards promised for discharging one's zakaat.

Hazrat Hasan (Radhiyallahu Anhu) reports that Rasulullah (Sallallahu Alayhi Wasallam) said: "Protect your wealth by discharging zakaat, treat your sick by discharging sadaqah and combat the waves of calamities by resorting to dua and humility." (Majma'uz Zawaaid #4336)

### Important Aspects to be Borne in Mind when Discharging Zakaat

- Zakaat must be given with complete sincerity to fulfil the command of Allah Ta'ala and earn His pleasure.
- Zakaat must be given happily and wholeheartedly. It should not be regarded as a burden.
- If zakaat is given in kind (stock, etc.), then at least something of average quality should be given. It is against the spirit of discharging zakaat to give something which cannot sell or is of inferior quality.
- Zakaat must be discharged on the basis of proper calculation. Enquire from the Ulama to ensure that you have not underpaid.
- Zakaat should be given to those who are eligible to receive it, otherwise the obligation will not be fulfilled.
- Zakaat is payable upon the expiry of one lunar year from the time one became the owner of nisaab (the minimum amount of wealth upon which zakaat is compulsory).
- When discharging the zakaat, one should ensure that the zakaat is given from pure Halaal earnings.
- One should not discharge the zakaat for show nor publicize the amount of zakaat one has discharged. Doing actions for show and ostentation destroys the rewards of zakaat.
- One should not cause any pain to the recipients of zakaat, nor express his favour upon him.

### Serious Consequences for Neglecting the Obligation of Zakaat

By discharging one's zakaat with care and with the true spirit of zakaat, one will receive immense rewards in the Hereafter and one's wealth will be protected in this world. On the contrary, by not discharging the zakaat one becomes sinful and deserving of punishment in the Hereafter. Severe warnings and admonishments have been sounded in the mubaarak Ahaadith for the one who neglects the obligation of zakaat.

Hadhrat Abu Hurayrah (Radhiyallahu Anhu) reports that Rasulullah (Sallallahu Alayhi Wasallam) said: He who, despite being given wealth by Allah Ta'ala, does not discharge his zakaat, his wealth will be made into a poisonous, bald-headed snake with two black spots over the eyes. It will coil itself around his neck on the Day of Qiyamah and then bite his cheeks and say, 'I am your wealth, I am your treasure!' (Bukhari #1403)

Hadhrat Abdullah bin Amr (Radhiyallahu Anhu) reports that once Rasulullah (Sallallahu Alayhi Wasallam), upon seeing gold bracelets on the wrists of two women, enquired from them as to whether they had discharged its zakaat? They replied in the negative. Rasulullah (Sallallahu Alayhi Wasallam) said, 'Do you wish that in place of these gold bracelets you be made to wear bracelets of fire?' They replied, 'No.' Rasulullah (Sallallahu Alayhi Wasallam) then said, 'Then hasten in discharging their zakaat.' (Tirmidhi #637)

# Zakaat Masaail

## Upon whom is Zakaat Waajib?

**Q:** Upon whom is zakaat waajib?

**A:** Zakaat is waajib upon every Muslim, baaligh, sane, free person who possesses the nisaab amount for an entire lunar year. (Shaami 2/258)

**Q:** Is zakaat waajib on a person who possesses the nisaab amount but also has unsettled debts?

**A:** The principle of shari'ah is that after evaluating one's zakaatable assets one will deduct all liabilities and debts. If the remaining amount reaches the nisaab, zakaat will be waajib. (Shaami 2/260, Fataawaa Mahmoodiyyah 14/36)

## When will Zakaat be Obligatory?

**Q:** When will zakaat be obligatory?

**A:** The first day a person acquires wealth which equals the nisaab and the wealth remains with him for an entire lunar year, zakaat will be waajib on that wealth.

E.g. Zaid acquired R3, 000 (which is the nisaab amount) on the first day of the lunar year (1st of Muharram 1434). This wealth remained with him for an entire lunar year. On the 1st of Muharram 1435 zakaat will be waajib upon the wealth. It should be noted that if the amount decreased during the course of the year e.g. R3, 000 decreased to R1, 000 but at the end of the zakaat year (1st of Muharram 1435) the amount returned to R3, 000 or more, zakaat will be waajib. However, if during the year all the money was spent, then despite the full amount (R3, 000) being possessed at the end of the lunar year, zakaat will not be waajib. Instead one year will be calculated from the date that he once again acquired the nisaab amount. (Shaami 2/302)

## Increase or Decrease before the Zakaat Date

**Q:** What is the shar'ee ruling regarding a person who received some wealth prior to the completion of the zakaat year? E.g. Zaid's zakaat year ends on the 1st of Ramadhaan. A few days before the 1st of Ramadhaan he received a lump sum of R1, 000, 000 in inheritance. Will Zaid have to pay zakaat on the R1, 000, 000 as well?

**A:** Zaid will have to include the R1, 000, 000 in his zakaatable assets. (Shaami 2/288)

**Q:** What is the mas'alah (ruling) regarding a person whose wealth decreased before the zakaat date?

E.g. Bakr possessed R1, 000, 000 throughout the year. Just before the end of his zakaat year i.e. 1st of Ramadhaan, he suffered a loss of R900, 000 in his business. Will Bakr now have to pay zakaat on R1, 000,000 or R100, 000?

**A:** Bakr will have to pay zakaat on R100, 000. (Shaami 2/267)

## Zakaatable Assets

**Q:** Upon which wealth does a person have to pay zakaat?

**A:** Zakaat will be paid on the following:

- Cash (including cash in the bank)
- The market value of the merchandise contained in the share of the company
- Face value of the financial papers like bonds loaned to the government, etc.

- The market rate of the balance of stock in trade (including raw materials)
- Receivable amounts i.e. debts owed to a person, monies loaned to people, etc.
- Foreign currencies
- Gold and silver (Shaami 2/273, 288, 295, 305)

**Q:** Is zakaat waajib on properties, flats, etc?

**A:** Zakaat is not waajib on properties, etc. which are not purchased with the intention of resale. One will pay zakaat on the rentals received. However, if the properties were purchased with the intention of resale, then zakaat will be waajib on the market value of the properties. (Shaami 2/265, 2/267)

## Zakaat on Gold and Silver

**Q:** What is the nisaab amount of gold and silver?

**A:** If a person possesses gold to the weight of 87,479g or silver to the weight of 612,35g, then zakaat will be waajib. (Shaami 2/295)

**Q:** How will zakaat be paid on gold and silver?

**A:** If a person possesses the amount of gold or silver which equals the nisaab i.e. 87,479g of gold or 612,35g of silver, then zakaat is waajib on him. If he discharges his zakaat from the actual gold and silver, then one fortieth of the gold or silver will be obligatory on him. However, if he discharges his zakaat in value i.e. rands/dollars or any other currency, then two and a half percent of its entire value (market rated value) will be compulsory upon him. (Shaami 2/297)

## Zakaat on Stock in Trade

**Q:** Is zakaat waajib on goods?

**A:** Zakaat is waajib upon those goods which are purchased with the intention of resale and an entire lunar year passes upon it. (Shaami 2/267)

**Q:** Zaid purchased a consignment of goods from Pakistan with the intention of resale. The goods were thereafter shipped to South Africa. The shipment has not yet reached the port of South Africa and Zaid's zakaat year ended. Will Zaid have to pay zakaat upon these goods which he has not as yet taken possession of?

**A:** Since Zaid purchased the goods before his zakaat year could end, he will have to include these goods under his zakaatable assets i.e. stock in trade. However, he will only be obligated to discharge the zakaat of these goods once it reaches him. (Shaami 2/263)

**Q:** Is zakaat waajib upon the medication which the doctor administers to his patients or dispenses to them?

**A:** Since the medication is purchased with the intention of resale, zakaat is waajib upon it. (Shaami 2/267)

**Q:** If a person purchases raw materials with the intention of manufacturing products to be sold, then will zakaat be waajib on such raw materials?

**A:** Since the raw material was purchased with the intention of manufacturing products to be sold, zakaat will be waajib upon it. (Shaami 2/267)

**Q:** Does one pay zakaat on the cost price of trading stock or on the selling price of the trading stock? E.g. I sell cars. I



paid R10,000 for the car but I am selling the car for R25,000. The book value of the car is R20,000. Do I pay Zakaat on R10,000, R20,000 or R25,000?

**A:** One will pay zakaat on the market value of the stock of trade. Market value refers to the price that the consumer (i.e. the public) generally pays to obtain the item regardless of whether one purchased it for a higher price or lower price and regardless of whether one is selling it for a higher price or lower price. This law applies to all merchandise. (Fataawa Mahmoodiyah 14/130)

**Q:** Is zakaat waajib on redundant stock?

**A:** If redundant stock refers to that stock which one is unable to sell quickly but is kept with the intention of resale, then zakaat is waajib on such goods. However, if redundant stock refers to that stock which one no longer intends to sell, then this wealth no longer remains stock of trade. Hence, zakaat will not be compulsory upon it. (Shaami 2/272)

**Q:** A person purchased an item for resale purposes but thereafter cancelled his intention. After some time, he decided to once again sell the item. Will zakaat be waajib on the item?

**A:** Zakaat will not be waajib upon the item. However, zakaat will be waajib upon the money received after selling the item. (Shaami 2/272)

### ***Zakaat on Debts Owed to a Person***

**Q:** Is zakaat payable on outstanding debts owed to a person in lieu of merchandise sold? If the debt is paid after few years, will zakaat have to be paid for the previous years?

**A:** Zakaat is waajib upon debts owed in lieu of merchandise sold. If the debt is paid after few years, the zakaat will have to be discharged for the previous years. (Shaami 2/305)

**Q:** Is zakaat payable on outstanding debts owed to a person in lieu of services carried out e.g. accountants fees, lawyers fees, etc? If the debt is paid after few years, will zakaat have to be paid for the previous years?

**A:** If the outstanding debts are in lieu of some services carried out, then zakaat is not payable until one receives it even though the debt is paid after few years. (Shaami 2/305)

**Q:** Is zakaat waajib on rent owed to a person? In the case where the rent was received after few years, will zakaat be waajib on the rent for the previous years?

**A:** Zakaat is waajib upon the rent once it is received. Zakaat is not waajib for the past years. (Shaami 2/305)

**Q:** If the creditor waived off the debt, will zakaat be compulsory upon him for the previous years?

**A:** If the creditor waived off the debt of a poor person, then since the wealth reached a recipient of zakaat, zakaat will not be waajib upon the debt, neither for the current year nor for the previous years. However, if the creditor waives off the debt of a wealthy person, zakaat will not be waajib for the current year, but zakaat will be waajib for the previous years. (Shaami 2/307)

**Q:** What is the shar'ee ruling regarding a debt that is owed to a person who has no hope of receiving the money?

**A:** If the debtor blankly denies owing the creditor and there is no way to retrieve the money, then zakaat will not be

waajib upon the debt. However, if the debtor is unable to pay the debt due to financial constraints and wishes respite, then zakaat will be waajib on the debt. (Shaami 2/266)

### ***The Recipients of Zakaat***

**Q:** Which people are not eligible for zakaat?

**A:** The following people are not eligible for zakaat:

- A non-Muslim
- A Sayyid (descendent of Nabi Alaihis salaam's family the Banu Haashim) even if he is poor. (The Banu Haashim include the descendents of either Hazrat Abbaas, Hazrat Ali, Hazrat Jafar, Hazrat Aqeel or Hazrat Haarith bin Abdil Muttalib (Radiyallahu Anhum))
- The donors ascendants e.g. his parents, grandparents, etc. and descendents e.g. children, grandchildren, etc.
- The donors spouse (husband or wife)
- A minor whose father is wealthy
- A wealthy person (A person who possesses that amount of wealth which equals the nisaab after deducting all his liabilities and debts.) (Shaami 2/344-350)

**Q:** Will zakaat be discharged by giving it to a poor child?

**A:** If the child's father is wealthy then the zakaat will not be discharged by giving it to him. However, if the child's father is poor or the child is an orphan then through giving him the zakaat money, the zakaat will be discharged on condition that the child has reached the age of understanding. (Shaami 2/344-350 ; Aalamgiri 1/190)

**Q:** A person gave zakaat to a muslim whom he regarded to be eligible for zakaat. However, after giving him the zakaat he discovered that he was not eligible for zakaat. Is the zakaat discharged?

**A:** If a person discharged the zakaat to a muslim regarding whom he felt was eligible for zakaat, then the zakaat will be discharged. (Shaami 2/352)

### ***Zakaat on Previous Years***

**Q:** What is the Shar'ee ruling regarding a person who did not discharge the zakaat of his jewellery, wealth and stock in trade for many years? How should he discharge the zakaat of the previous years?

**A:** It is compulsory upon one to discharge the zakaat during the year the zakaat became compulsory. If one delays in discharging the zakaat until the following years zakaat became compulsory, one will be sinful. The law pertaining to zakaat of the missed years is that one will evaluate his zakaatable assets and discharge 2 ½ % of the total for each missed year.

E.g. A persons zakaatable assets are evaluated at R100 000. He will discharge 2 ½ % of R100 000 (R2 500) for the first year. He will be left with R97 500. Thereafter he will discharge 2 ½ % of R97 500 (R2 437,50) for the second year. He will be left with R95 062, 50. He will discharge 2 ½ % of that amount for the third year. In this manner he will discharge the zakaat of the remainder years. This is in the case where one did not spend the wealth.

In the case where the person spent the wealth or sold the stock in trade and he is unable to ascertain the exact amount of wealth he possessed for each year of the ten missed years, then he will apply his mind to the best of his ability in trying to work out the amount which he possessed for

each year and accordingly pay 2 ½ % of that amount for the respective years. (Fataawa Mahmoodiyah 14/153)

### Conditions for the Validity of Zakaat

**Q:** Is it permissible to use zakaat funds to purchase hampers and feed the poor? Similarly, is it permissible to provide iftaar for the poor in the month of Ramadhaan using zakaat funds?

**A:** It will be permissible to use zakaat funds to feed the poor provided the requirement of tamleek is found. Tamleek means to transfer ownership of the wealth to someone who is eligible for zakaat. Therefore if the poor were given the zakaat hampers, the zakaat will be discharged. If the poor were not given the zakaat hampers but were merely invited for a meal and were allowed to partake of it, then zakaat will not be discharged since the requirement of tamleek was not found. Similar is the case regarding the iftaar food in the month of Ramadhaan. If the poor were given an iftaar hamper, the zakaat will be discharged. If the poor were not given the zakaat hampers but were merely invited to partake of the food provided, then the zakaat will not be discharged since the requirement of tamleek was not found. (Shaami 2/344)

**Q:** Will zakaat be fulfilled if it is used to purchase an item for a school?

**A:** The zakaat will not be fulfilled unless a poor student is made the owner of the item. (Shaami 2/344)

**Q:** Is it permissible to build Masaajid with zakaat funds?

**A:** In order for ones zakaat to be discharged, the basic requirement of tamleek is necessary i.e. to transfer ownership to someone who is eligible for zakaat. Since this requirement is not fulfilled in the case of the Musjid, zakaat will not be discharged. (Shaami 2/344)

**Q:** Will zakaat be discharged by paying a poor person's light or water account?

**A:** The fundamental requirement in the discharging of zakaat is the aspect of Tamleek i.e. to transfer ownership of the wealth to the recipient of zakaat. Since this requirement is not fulfilled in the case where the person paid the water or light account, the zakaat will not be discharged. However, if one fears that if he gives the money to the poor man, then instead of him paying his water or light account he will misuse the wealth, then in this situation he may ask the poor man for permission to pay the account on his behalf. In this way the zakaat will be discharged. (Shaami 2/344)

### Zakaat on Shares

**Q:** Is zakaat waajib on shares? If yes, then how will it be calculated?

**A:** Zakaat is Waajib on shares. However, it should be noted that zakaat is not Waajib on the entire share. Rather zakaat is only Waajib upon the zakaatable assets of the company (i.e. the market value of the merchandise contained in the share of the company). As far as the non-zakaatable assets of the company are concerned e.g. fixtures, fittings, transport vehicles, etc. which are not part of the merchandise of the company, the value of all these things will be evaluated in the share and will not be taken in account when discharging the zakaat. If it is difficult to differentiate between the zakaatable and non-zakaatable assets of the company, then as a precautionary measure one should discharge the zakaat

on the market value of the entire share.

If a person purchased shares in a company that hires out vehicles, e.g. a trucking company or leases out properties, estates, flats, etc., zakaat will not be Waajib on this type of share. Instead, zakaat will only be Waajib on the profits accrued from the share. (Shaami 2/265, 2/267)

### Miscellaneous Masaail

**Q:** Is zakaat waajib upon platinum, gems, rubies, diamonds, sapphires, etc?

**A:** Zakaat is not waajib on all precious stones besides gold and silver unless they were purchased with the intention of resale. (Shaami 2/273)

**Q:** A person purchased a car or house with the intention of resale. Since he does not have any other mode of transport or residence, he is using the purchased car or house till he finds a buyer. Will zakaat be waajib upon the house and car?

**A:** In principle zakaat is waajib upon those things which are purchased with the intention of resale. However, in the above mentioned situation, since the person does not have any other mode of transport or residence, zakaat will not be waajib on the house and car. This law will apply to all those things which relate to the hawaij-e-asliyyah of insaan (the basic needs of man without which living becomes difficult). (Shaami 2/282)

**Q:** Is zakaat waajib on the payout received from a provident-fund, pension-fund or retirement-fund?

**A:** If the employee willfully invests his money in the fund or commanded the company to invest it on his behalf or consented to the investment, then in all these situations zakaat will be waajib on the payout received. Zakaat will be waajib for the current year as well as the previous years. However, if the employer deducted a certain percentage of the employee's salary without his consent, then zakaat will not be waajib on the payout received for the previous years. (Shaami 5/59)

**Q:** Is zakaat waajib upon life insurance which matures after the death of the policy holder?

**A:** Zakaat is not waajib upon wealth received from the insurance company after the demise of the policy holder since the wealth did not form part of his estate at the time of his demise. However, if the wealth was received during his lifetime, then he is obligated to pay zakaat of the current year as well as the previous years. (Shaami 5/59)

**Q:** Is zakaat waajib on the payout received from an insurance company for the previous years?

**A:** Zakaat is waajib on the payout received from the insurance company for the previous years. However, it should be known that it is only permissible for one to take back the amount he had given to the insurance company. The extra amount is impermissible and must be given in Sadaqah without the intention of receiving reward. (Shaami 5/59)

**Note:** It is impermissible for a believer to involve himself in any insurance policy as the elements of gambling and interest are found in it. If a person has taken out an insurance policy of any kind, then he should sincerely repent and cancel the contract.

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