

Your Zakat.

**Where the
Need is Greatest.**

**Complete Guide
to Zakat.**

2020/1441

The Prophet (pbuh) said:

“Whoever pays the Zakat on his wealth, will have its evil removed from him.”

(Ibn Khuzaimah and Al-Tabarani)

Call our Zakat
donation line on:

020 7377 4200
Muslimaid.org

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Where the
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What is Zakat?

Zakat is one of the five pillars of Islam and a compulsory act of worship.

It is the requirement that the Muslim who own wealth at or over a certain threshold (called the Nisab) should donate a portion of that wealth (typically 2.5%) to those who are eligible.

Zakat is a means to bring together the Muslim community by placing mercy between the hearts of those who are wealthy and those in need.

Last year, British Muslims united in faith and gave their Zakat to people across the world.

Thanks to your generosity we were able to help millions of people in desperate situations. Fighting poverty, drought, famine, living in conflict, displaced from their homes and coping with the effects of natural disasters.

Your Zakat saved, healed, fed and educated people all across the world.

You made your Zakat count for so much, to so many.

It's Ramadan and it's time to make your Zakat count again.

Together we can achieve something amazing.

Linguistically, Zakat in the Arabic language means 'growth'. It can also mean 'purification'. In Islamic law, both meanings are applicable to the term Zakat.

"Take Sadaqah (alms) from their wealth in order to purify them and sanctify them with it..."
(7:103)

Alongside Salah, Zakat is mentioned 28 times in the Qur'an.

What is the Nisab?

The Nisab is the threshold that was set by the Prophet (pbuh) and is equivalent to either **87.48 grams of gold or 612.36 grams of silver.**

Nisab is calculated as approximately:

Gold

£43.98 per gram

(at a rate equivalent to £3847.34)

Silver

£0.4 per gram

(at a rate equivalent to £245.11)

(Figures valid as of 21st April 2020).

For the latest gold and silver values see www.bullionbypost.co.uk

To find out which Nisab you should use for your calculation, please turn to page 21 'Should I pay Zakat?'



Last year you changed the world with **your Zakat**

**We have been distributing your Zakat
around the world for over 35 years.**

The money we were able to collect from your generosity meant we were able to continue delivering life-saving and life-changing aid around the world.

With the Zakat that you paid to Muslim Aid, we delivered hope and help to over 4.7 million people.

Your Zakat donations helped provide:

- **Food** – including nutritious Suhur and Iftar meals for those who were fasting.

- **Healthcare** – emergency and rehabilitation medical aid

- **Education** – and support for children

- **Training programmes** – to give skills to build independence

- **Livelihood support** – giving back dignity and building a future once more.

Why Zakat?

Understanding the importance behind the obligation of Zakat can help to:

- Increase your Islamic knowledge

- Provide contentment and fulfilment of the heart

- Provide a positive contribution to the world

- Earn spiritual reward, insha'Allah.

While Islam encourages Muslims to seek and create halal employment and business, Allah (swt) Almighty in His Infinite Wisdom has placed several obligations on those who acquire wealth.

Amongst these is the obligation of Zakat, the third of five pillars of Islam.

Giving in Zakat or charitable donations should not be a cause for concern. Some may feel they are unable to part with their wealth, in fear that they will then suffer hardship.

Allah (swt) is The Provider and The Sustainer and we are reminded many times in the Qur'an that not only is Zakat an obligation for the Muslim, but it is also a means to increase in good fortune through His blessings and reward.

***"The person who lends to Allah, a good lending will receive many times more".
(Al-Qur'an 2:245)***

***"Indeed Allah increases for whomsoever He wishes".
(Al-Qur'an 2:261)***

Your Zakat can count towards making a real difference to those in need.

From every corner of the UK, from every kitchen, every lounge and every mosque, your power as a team can quite literally change people's lives.

Make your Zakat count and give to Muslim Aid.

Call 020 7377 4200 or visit muslimaid.org

Scholars state that the giving of Zakat has both an outer and an inner dimension. The inner dimension suppresses the ego, helping Muslims to overcome ill tendencies. The outer dimension involves the purification of a Muslim's wealth.

There are several virtues and benefits of Zakat, including:

1) To distribute the wealth of the community amongst the poor, as mentioned in the famous Hadith of Mu'adh (Allah be pleased with him):
"If they obey you to do so, then inform them that Allah (swt) has made it obligatory upon them to pay Zakat from their wealth. It is to be taken from the wealthy amongst them and given to the poor amongst them."
(Bukhari)

2) Removing the love of wealth from the heart, a spiritual disease that could be detrimental to Iman. Thus, it is a form of purification of the heart.

3) Encourage giving in the path of Allah, acknowledging that whatever wealth one possesses is in reality the Almighty's.

4) Prevention of monopolies in the society.

Who pays Zakat?

Those required to pay Zakat must be:

Adult

(have reached puberty)

Muslim

(Zakat is not paid by non-Muslims)

Sane

(In possession of the Nisab).

Who receives Zakat?

The Qur'an (9:60) specifies eight categories, eligible to receive Zakat:

- The poor
- The needy
- Those employed to administer/distribute Zakat
- Those whose hearts are to be reconciled
- Those in slavery
- Those in debt
- Those in the way of Allah
- The destitute traveller

“True piety is this: to believe in God, and the Last Day, the Angels, the Book, and the Prophets, to give of one’s substance, however cherished, to kinsmen, and orphans, the needy, the traveller, beggars, and to ransom the slave, to perform the prayer, to pay the Zakat.” (Al-Qur’an 2:177)

The poor and needy are defined as those whose Zakatable assets are valued below the Nisab level and whose surplus non-Zakatable assets are also valued below the Nisab level. Surplus assets are defined as any non-Zakatable assets that are never used.

Someone whose surplus assets are valued above the Nisab level, and who also has Zakatable assets valued below the Nisab level does not pay or receive Zakat.

Scenario 1.

Someone who **can** receive Zakat

Aisha is a poor widow who owns only £100 worth of Zakatable assets and is **not** liable to pay Zakat. She does, however own her own house, where, in addition to owning basic necessity items, she owns some surplus items, which are never used, such clothing and electrical items.

The market value of these surplus items comes to £100, and when added to her Zakatable assets, comes to a total of £200. As this total figure is still less than the Nisab level, Aisha **can** receive Zakat.

Scenario 2.

Someone who **cannot** receive Zakat

Ahmed has valued his Zakatable assets at £200, and so is **not** liable to pay Zakat. He also owns his own home in which he has many unused, surplus items whose value easily exceed the Nisab threshold. Ahmed, therefore, **cannot** receive or pay Zakat.

When is Zakat paid?

Your Zakat year starts on the date your wealth first equalled or exceeded the Nisab. Zakat is then payable after one lunar year has passed and every year thereafter on that date.

If you cannot remember the date you first became owner of the Nisab, then the date should be estimated.

If this is not possible then a random date should be selected and adhered to. Paying Zakat in Ramadan is not necessary, although giving charity in this month guarantees greater rewards.

“The best charity is that given in Ramadan.”

(Prophet Muhammad (pbuh), Tirmidhi)

Zakatable items

Cash and liquid investments

Cash and liquid investments are fully subject to Zakat. You should include cash in all your bank accounts, in your wallet - even under your mattress! If interest has been earned on your liquid investments, then it should be given away to charity and only the principal amount should be noted for Zakat purposes.

Gold and Silver

Gold and silver, in whichever form (jewellery, coins, etc.) are subject to Zakat. The Hanafi School treats all gold and silver jewellery as Zakatable, regardless of whether it is worn or stored. If you own personal use items made from a mixture of metals, these are only liable to Zakat if half or more of the metal is gold or silver. Some scholars hold that the proportion of gold or silver in any owned asset is Zakatable. You can find out the current value of your gold by consulting your local jeweller.

Shares, unit trusts and equity investments

If shares are purchased with the express intention for resale, then the entire holding is subject to Zakat. If however shares are purchased as an investment to generate dividends, then as Zakat is only due on the Zakatable assets of the firm, a realistic attempt must be made to calculate the percentage of the share-holding relating to Zakatable assets. Please visit the Al-Qalam website for more information (www.alqalam.org.uk). Any dividends received should be added to one's cash balance for Zakat purposes.



Property and other fixed assets

The house in which you live is not subject to Zakat. If a property or other fixed asset has been purchased with the intention to resell, then the entire value of the property/asset is subject to Zakat. If there is any other intention, then it is not subject to Zakat. Any rental income from properties owned should be added to one's cash balance for Zakat purposes.

Pension

Zakat is payable in full on pensions received after retirement. For monies set aside for pensions prior to retirement, Zakat is only payable if the pension assets are being invested on behalf of the pension holder. If no such investment is being made, then Zakat is not payable. Please note if pension monies are able to be invested, care should be taken to invest in a shari'ah compliant investment, and the Zakat liability will be determined by the nature of the investment.

Debts owed to you

Zakat is payable on strong debts, i.e. money that is owed to you that you are confident will be paid. This may include business debts, personal loans to friends and family. This does not include outstanding wages, dowry, inheritance or assets held in trust (other than assets held under a Bare Trust).



Business assets

Business assets are subject to Zakat. These include cash, finished goods, work in progress, raw materials and strong debts, i.e. money owed to the business that is likely to be received. All business assets should be valued at their current market price. For finished goods, this should therefore be their retail sale price. For unfinished goods, this should be whatever price you expect the unfinished good to fetch on your Zakat anniversary date.

Personal liabilities

Certain liabilities can be deducted from your Zakatable assets before calculating how much Zakat you owe. These include outstanding or overdue living expenses such as a rent payment or utility bill, as well as debts. With regards to long-term debt, such as a mortgage or student loan, then the view of the Al-Qalam panel is that the forthcoming years' worth of payments can be deducted for Zakat calculation purposes.

However, because repayment of such debt is not required immediately and because such a deduction may even prevent someone on a high income from paying Zakat, you may choose not to subtract any part of your long-term debts from your calculation.

Intention to give Zakat

It is mandatory to make intention when giving Zakat: either at the time of putting the Zakat aside or when making payment.

When should Zakat be distributed?

Zakat should be paid as soon as possible. At the very latest, Zakat should be distributed one year after the due date.

Where Zakat should be distributed?

It is preferred to give Zakat locally if deserving recipients exist. The number of those eligible to receive Zakat in the UK is increasing and such individuals have a right to the support of UK Zakat payers.



Situations of extreme poverty and disaster relief around the world also deserve support. Muslims across the globe are one community and as such we should regard each other as one family.

At Muslim Aid we believe in coming together to help those in need wherever they may be.

Where does Muslim Aid distribute Zakat?

We collect and distributes Zakat according to guidelines provided by the Quran and Sunnah. With your Zakat we support orphans, widows, the poor, the elderly and families in extreme poverty. Muslim Aid also uses the funds to help poor communities to start small businesses and income generation initiatives to break the poverty cycle. Zakat funds

also go towards emergency relief programmes for those facing war, natural disaster and famine.

Your Zakat donations are distributed globally to some of the most hard-to-reach people. Our teams work tirelessly in **India, Pakistan, Bangladesh, Indonesia, Myanmar, Yemen, Somalia, Lebanon, Gaza, Syria, Jordan, Sri Lanka and beyond.**



***“Establish
regular
prayer
and give
Zakat.”***

(Al Qur'an
73:20)

Calculating Zakat

When understanding how the rules of Zakat apply to you, it is important to remember you only need to pay Zakat if your net assets are equal to or more than the Nisab threshold.

If you only have gold as an asset, then the Nisab measure for gold must be used. If, however, you have a mixture of assets, then the Nisab level for silver should be used. Although some scholars still maintain that gold should be used regardless, using silver is safer for the payer and more beneficial for the recipients of Zakat.

The Nisab is either 87.48 grams of gold or 612.36 grams of silver. To find out the current monetary value of the Nisab limit, it is necessary to establish the market rate for a gram of gold and silver. This can be obtained from www.bullionbypost.co.uk

Additional notes

It is quite possible that your wealth may fluctuate above and below the level of Nisab during the year. If this is the case, then Zakat is only due if wealth is equal to, or in excess of the Nisab on your Zakat anniversary. Zakat is always paid on the assets owned on the Zakatable date, not on fluctuating amounts during the year or even an average amount.

It is permissible to prepay Zakat for future years. However at the time of payment the intention must clearly be for future years.

In addition, a Zakat calculation should still be made on the Zakat anniversary to make sure that sufficient Zakat has been paid.

Missed Zakat payments for previous years must be paid as a matter of urgency. A realistic attempt must be made to calculate the Zakat due for each of the years missed. Last but not least, don't forget to intend specifically the giving of Zakat when you make your payment!



Al Qalam Shariah Scholar Panel have verified the shariah accuracy of this document which mostly relates to Zakāt calculation. Please note Al Qalam Shariah Scholar Panel have NOT verified the shariah accuracy of the Zakāt distribution policies of Muslim Aid.

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How to calculate your Zakat

Step 1: Work out what you own

Cash in hand	£
Cash in bank account(s)	£
Value of gold (current market value)	£
Value of silver (current market value)	£
Amount given out in loans (where the debtor is able and willing to pay back the loan)	£
Current value of shares	£
Value of goods in stock for sale	£
Total Assets	£

Step 2: Work out your outgoings from what you own

Amount owed in debt (short term loans or those payable within a year)	£
Expenses (tax, rent and other bills due immediately)	£
Total Liabilities	£

Step 3: Minus Total Liabilities from Total Assets and if the amount is more than the Nisaab then multiply by 0.025

Total Assets	Total Liabilities	Total Zakat
£	£	£

“It is not piety, that you turn your faces to the East and to the West. True piety is this: to believe in God, and the Last Day, the angels, the Book, and the Prophets, to give of one’s substance, however cherished, to kinsmen, and orphans, the needy, the traveller, beggars, and to ransom the slave, to perform the prayer, to pay the Zakat.” (Al Baqarah 2:177)

Notes and Calculations

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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