



**Al-Mustafa  
Welfare Trust®**

# A GUIDE TO UNDERSTANDING **ZAKAT**

By Al-Mustafa Welfare Trust UK



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## Al Mustafa Welfare Trust: Your Zakat Partner

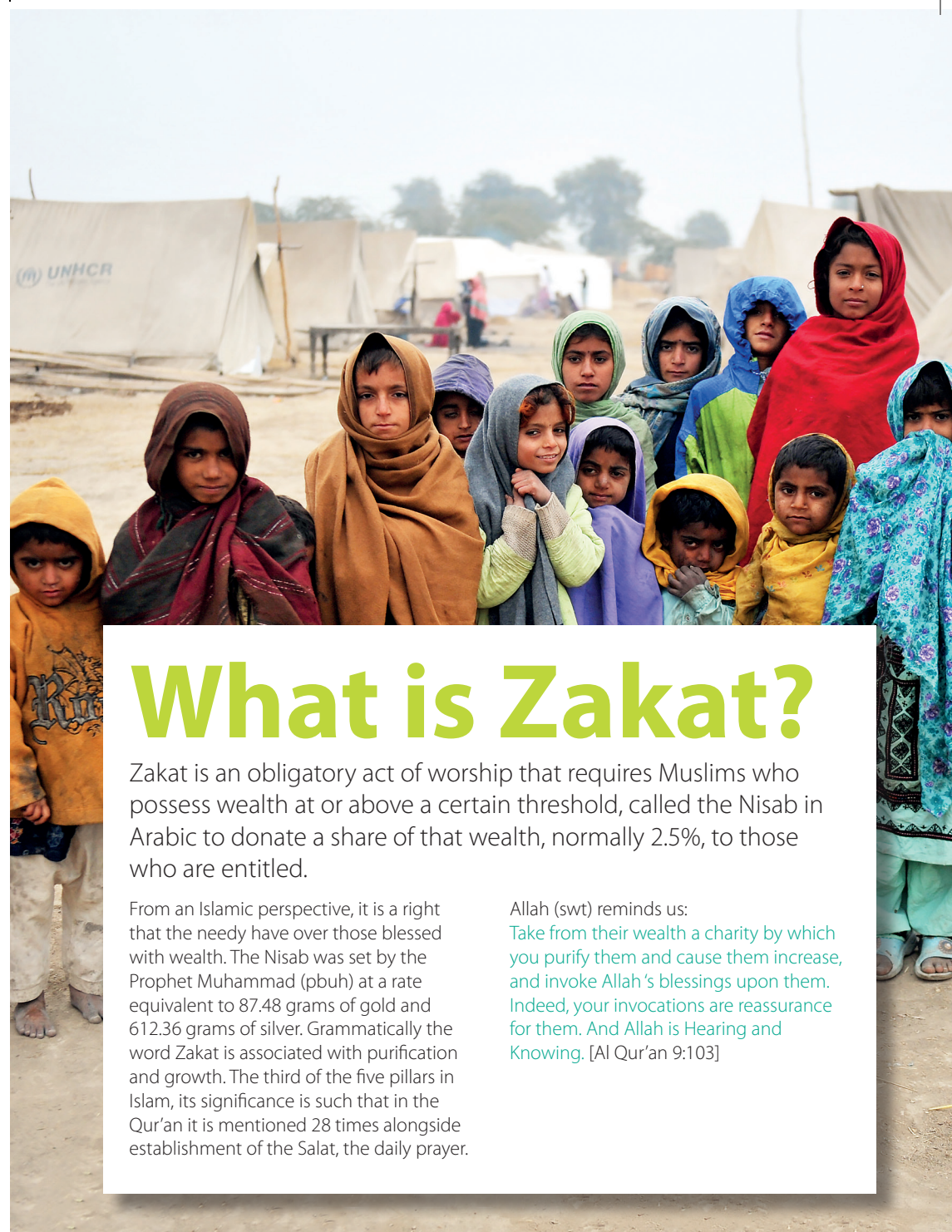
This short guide on Zakat has been produced by Al-Mustafa Welfare Trust as an introduction and explanatory text on this fundamental, but sometimes misunderstood and neglected pillar of Islam. Al-Mustafa has been serving the Muslim community as a trusted channel of Zakat distribution since its original founding in 1983.

**Last year alone we distributed zakat in 13 countries, funding 14 major projects and supporting over 7 million people in countries including Pakistan, Bangladesh, Afghanistan, Burma, Sri Lanka, India, Syria, Yemen, Gaza, Somalia, Gambia, South Sudan and Kenya. We provided emergency relief such as food, clothing, winter items, hygiene kits, shelters and cataract surgeries.**

Alhamdu'Lillah, your Zakat has the power to transform people's lives, turning them from Zakat recipients into Zakat givers Insha'Allah, this should be our goal as a community.

## Our Aims

We believe that every valuable pound of Zakat paid by Muslims in the UK should be diligently delivered to the most needy of recipients with transparency and care. We also strive to ensure that those living in our midst who are eligible to receive Zakat are not forgotten and that they are supported in the most efficient way possible. AMWT distributes 100% of its Zakat funds in line with the Qur'an and Sunnah, with its Zakat policies and practices being authenticated and audited by an independent Shari'ah panel of scholars.



# What is Zakat?

Zakat is an obligatory act of worship that requires Muslims who possess wealth at or above a certain threshold, called the Nisab in Arabic to donate a share of that wealth, normally 2.5%, to those who are entitled.

From an Islamic perspective, it is a right that the needy have over those blessed with wealth. The Nisab was set by the Prophet Muhammad (pbuh) at a rate equivalent to 87.48 grams of gold and 612.36 grams of silver. Grammatically the word Zakat is associated with purification and growth. The third of the five pillars in Islam, its significance is such that in the Qur'an it is mentioned 28 times alongside establishment of the Salat, the daily prayer.

Allah (swt) reminds us:

*Take from their wealth a charity by which you purify them and cause them increase, and invoke Allah's blessings upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing.* [Al Qur'an 9:103]



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## The Significance of Zakat

Islam encourages Muslims to seek halal employment and take part in trade and business activity to earn sustenance. But in order for commerce and individual endeavour to benefit society, Islam places several obligations on those involved in the creation of wealth. Amongst these is the sacred obligation of Zakat, a divine directive of philanthropy and humanity. Scholars state that the giving of Zakat has both an outer and an inner dimension.

The inner dimension subdues the ego, helping Muslims to overcome the imperfections of selfishness and greed. The outer dimension involves the purification of a Muslim's wealth and helping those in need. Remember, our faith dictates that by paying our Zakat we are in fact increasing our wealth, not diminishing it!

## Who is Eligible to Pay Zakat?

Those required to pay Zakat must be:

- **Adult:** Having reached the age of puberty
- **Muslim:** Zakat is not obliged upon non-Muslims
- **Sane:** Be of sound mind
- **Sahib-un-Nisaab:** In complete ownership of the Nisab

Please note that the three schools of thought (Shafi, Hanbali & Maliki) other than the Hanafi school, state that Zakat should be paid on qualifying wealth owned by those of unsound mind and children.

## Who receives Zakat?

'Zakat expenditures are only for the poor and for the needy and for those employed to collect Zakat and for bringing hearts together [for Islam] and for freeing captives and for those in debt and for the cause of Allah and for the traveller - an obligation by Allah. And Allah is Knowing and Wise.' [Al Qur'an 9:60]

In these divine verses, Allah (swt) has fixed the eight categories of recipients of Zakat, there is a consensus amongst Islamic jurists that the disbursement of Zakat is solely confined to these eight recipients.

1. The poor
2. The needy
3. Those employed to administer Zakat
4. Those whose hearts are to be reconciled
5. Those in slavery
6. Those in debt
7. In the way of Allah
8. The destitute traveller

The Fuqara and Masakeen are the extremely poor and 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 neither pays nor receives Zakat.

Those whose hearts are to be reconciled, refers to the poor and needy Muslims who are given Zakah for the express purpose of strengthening their hearts and making them more inclined towards Islamic practices.

In reference to those in debt, the Arabic word Gharimeen is the singular of Gharim. It means debtor. The verse refers to a specific type of debtor, the one who is poor. A debtor can only be said to be poor and thus eligible to be the recipient of Zakat if their net assets, the difference between their assets and liabilities is below the level of nisaab.

The category in the Way of Allah, or in Arabic, Fi Sabilillah, as interpreted from the narration of the Companions of the Prophet Muhammed (pbuh), expressly define this as either for those justly struggling in the Path of Allah or for the pilgrims of Hajj. A small number of Muslim jurists have interpreted and extended the meaning of Sabilillah to all good acts enjoined by the Shariah. However, these Jurists have specifically described that the recipients must be poor and needy persons and are unanimous on the point that Zakat cannot be spent on projects that would be beneficial to the Muslim Community, such as the building of hospitals, Masjids, roads, bridges and the like.

The final category of the destitute traveller, refers to someone who though of good means at his place of residence, is in need during his journey. It is permissible to give Zakat to such a traveller to the extent of his needs, but nothing that exceeds his requirements. It is preferable for such a traveller to borrow funds if he is able to do so, than to accept Zakat.

Examples of who is entitled to receive Zakat:

### EXAMPLE 1

Aminah is a poor widow who owns the house in which she lives, but she only has £100 worth of Zakatable assets. Hence she is not liable to pay Zakat. She does however possess some surplus items which she never uses, such as a second sofa set and some cooking utensils. The value of these surplus items is £100, which when added to her Zakatable assets, comes to a total of £200. Because this total figure is less than the Nisab, Aminah can receive Zakat.

### EXAMPLE 2

Waqas has valued his Zakatable assets at £200, hence he is not liable to pay Zakat. Waqas also has many unused, surplus items whose value easily exceeds the Nisab threshold. Waqas, therefore, neither pays nor can receive Zakat.



## DID YOU KNOW?

Zakat is not just a central pillar of Islam, it is also a revolutionary concept which aims to ease the suffering of millions around the world. Zakat is a right that the poor have over us, "those in whose wealth there is a recognised right for the needy and the poor" [Al Qur'an 70:24-25]



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## Zakat al Fitr: Celebrating with Charity

Malak Zakat al Fitr or Sadaqat al Fitr is a charitable donation towards the poor, made on the festive occasion of Eid al Fitr at the end of the month of Ramadan. It is a requirement of every Muslim, adult and child, as long as they have the means to pay. The head of the family may pay the required amount for other members. It needs to be paid during Ramadan before the month ends and before the Eid prayers at the very latest.

This is a specific time frame that all Muslims must abide by, a late payment is invalid and the obligation can not be compensated. It is measured as a quantity the Prophet Muhammad (pbuh) described as one saa' of food. One saa' is equivalent to four madd. A madd is the amount that can be scooped up when one puts their hands together. If we translate this into a monetary value based on the price of staple foods such as flour or rice, it is approximately £4 per person.

### DID YOU KNOW?

If the top ten wealthiest people in the world paid their zakat – just 2.5% of their wealth, **it would amount to a staggering £8 billion!** This amount of money would have a major impact on tackling world poverty.

## What types of wealth does Zakat include?

Assets to include in your zakat calculation are cash in hand and in bank accounts, shares, pensions, gold, silver, business goods, crops and cattle. You do not need to count personal items such as your home, furniture, cars, food, clothing, which are not used for business purposes. Zakat is also due on property that is owned for investment. Visit [www.almustafatrust.org/zakat-calculator](http://www.almustafatrust.org/zakat-calculator) for details.

## When should Zakat be paid?

Your Zakat year starts on the date your wealth first equalled or exceeded the Nisab. Zakat should then be calculated and paid after one year has passed and every year thereafter on that specific 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 specific Islamic date should be selected randomly and adhered to annually. Paying Zakat in Ramadan is not necessary, although the virtue of giving charity in this blessed month guarantees greater rewards. Zakat should be dispensed as soon as possible once it becomes due. At the very latest, Zakat should be dispensed one Islamic year after the due date as it is a sin to delay disbursement without a valid reason.

## Where should Zakat be distributed?

As Muslims living in the UK, it is important that we balance our giving between local and international beneficiaries, as there are edicts to give Zakat locally if deserving recipients exist. This should be assessed on the actual needs of the poor, their actual access to welfare and whether the Zakat could mean the difference between continued poverty or life and death.

## How do I calculate my Zakat?

You can visit [www.almustafatrust.org/zakat-calculator](http://www.almustafatrust.org/zakat-calculator) to make your calculation online in a few very easy steps.

## Can I spread my payments throughout the year?

Yes, Zakat can be paid monthly by setting up a regular monthly payment such as a direct debit. AMWT can help you to do this with our zakat-eligible sponsorship programmes, suitable for a range of zakat levels. These sponsorships can change lives and help build futures. Find out more about our zakat-eligible sponsorships at: [www.almustafatrust.org/zakat-calculator](http://www.almustafatrust.org/zakat-calculator)

## What if I miss a Zakat payment?

If Zakat has not been paid in previous years, whether through negligence or ignorance or error, then an honest attempt must be made to calculate the payment owed. This must then be paid as a matter of urgency.

## Can I Gift Aid my Zakat payment?

Gift Aid is a valuable tax concession that does not cost donors a penny. It increases the value of donations made to registered charities by 25% and can be made by all UK tax payers. It is simple to allow AMWT to claim Gift Aid – just tick the box on the web page or form when you make a donation.

## What are tola, bhor and vori?

Tola is a unit of weight used in the Asian subcontinent that is equal to the weight of a silver rupee. It is also known as bhor or vori. One tola is equal to 11.66 grams. Therefore, 87.48 grams of gold is equivalent to 7.5 tola.

**We hope you have found the Al-Mustafa Welfare Trust Guide to Understanding Zakat helpful. For further information on Zakat please call the AMWT team who are here to assist.**



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