



In association with Yorkshire Muslim Academy

A Contemporary Document on the Rulings of Zakat

In Islam, Zakaat is a compulsory annual charity ordained upon the rich, in order to benefit the poor and needy Muslims. This document covers all practical rulings with regards to Zakaat.

Couple of References from Quran & Hadeeth Pertaining to Zakat?

“And those who hoard gold and silver and do not spend them in the path of Allah, (i.e., they do not pay zakat), announce to them a most painful punishment. On the day, these precious metals will be heated in the fire of Jahannam and with them, their foreheads, their sides and their backs will be branded. (They will be reminded) This is what you used to hoard for yourselves. Now enjoy your hoarding.” Al Qur’an. (9:34)

“Whosoever Allah has given wealth yet does not pay zakat, on the Day of Qiyaamah his wealth be transformed into a venomous, bald snake. It will wind around his neck and grab him by his jaws and will exclaim “I am your wealth, I am your treasure”. (Bukhari)

Who is Liable to pay Zakat?

1. Zakat is compulsory upon all adult Muslims who have in their possession certain types of wealth of a certain value.
2. In Islam, both men and women have equal rights of ownership of wealth. Zakat is therefore obligatory upon both genders.
3. Zakat is mandatory for all adults who have reached the age of puberty, irrespective of whether they are single, married, divorced, separated, employed, unemployed, healthy or sick- as long as they are classed as “rich” in the book of Zakat. Hence Zakat is not necessary on the assets of children under the age of puberty, no matter how much they are worth.

What Types of Wealth are Taken into Account for Zakat Purposes?

1. To determine if Zakat is due or not, only the following types of wealth are taken into account. These are termed as Zakatable assets: -
 - ◆ Money
 - ◆ Gold and all gold jewellery
 - ◆ Silver and all silver jewellery
 - ◆ Commercial/ merchandise items i.e., items bought with the intention of trade.



2. Zakat is not due on precious stones e.g., diamonds and rubies nor on other precious metals besides gold and silver e.g., platinum.
3. Zakat is not liable on 9 carat jewellery nor on gold and silver plated items
4. Cars, properties, land, furniture, phones, gadgets and clothes etc. are not classified as zakatable assets, provided they are not for business purposes.
5. Zakat is not liable on the value of one's residential property, any rental properties nor on any type of land owned at home or abroad.

What is the Threshold of Each Zakatable Asset?

Gold: Threshold= 87.48 grams (7.5 tolas)

1. All items made of pure gold, whether in the form of jewellery or otherwise, even if not in use- are all liable for Zakat.
2. All jewellery made of 12 carat gold or above is recognised as a Zakatable asset.
3. Jewellery made of only 9 carat gold or less, is not considered as a Zakatable asset.
4. If out of all four Zakatable assets, i.e., gold, silver, money and merchandise items, one possesses only gold, then regardless of how much it is worth, Zakat will be compulsory only if it exceeds 87.48g. Therefore, if someone has only 80g for instance and has no other Zakatable assets, then there is no obligation of Zakat on this amount.
5. If someone owns 100g of gold, then Zakat is necessary on the whole 100g and not just on the excess amount beyond 87.48g.
6. If as well as gold, someone has one or more other Zakatable assets, for example gold and money, or gold and silver, then the weight of gold becomes insignificant. Instead, its value will be taken into account, no matter how little it may be in weight. Its value will then be added to the value of other Zakatable assets to work out Zakat.

Silver Threshold= 612.36g (52.5 tola)

1. All items made of silver, including jewellery, whether worn or not, and all silverware are to be included whilst calculating Zakat.
2. If one owns only silver and does not possess any other Zakatable asset with it, then Zakat is only due if it weighs more than 612.36g. Hence, if someone has only 600g of silver and owns no other Zakatable assets, then one is not liable to pay Zakat.
3. If one has 800g of silver, then Zakat is necessary on the whole amount of 800g and not just on the excess amount beyond 612g.



4. If one has one or more Zakatable assets together with silver, then the weight of silver and its threshold becomes insignificant. Instead, its value will be calculated and added to other Zakatable assets. Therefore, if someone has 200g of silver i.e., less than the threshold amount, but owns gold or money too, then the silver will still be included whilst calculating the assets, even though it is less than the threshold.

Money: Threshold= Equal to the value of either 87.48g of Gold or 612.36g of Silver (whichever is cheaper of the two at the time).

1. All cash at home or in the bank of any currency **including crypto** is to be included.
2. All cheques and vouchers that can be redeemed for cash are also to be included.
3. All stocks and shares are liable for Zakat and they should be valued at their current market prices.
4. Money saved in most pension schemes are Zakatable too. For more details kindly refer to a specialist in the field.
5. Savings in any other form such as community saving schemes, eg “Committee” will have to be included, depending on how much one has contributed and how much has already been allocated to him.
6. Money saved exclusively for minor children, with their complete ownership in mind and practice, is exempt when working out Zakat.
7. Students who may still have money in their account received as a student loan, do not necessarily need to include these funds as part of their Zakatable assets. However, neither should the student loan be included as a liability and debt for Zakat purposes.
8. Money that has been given as a debt to other people, also needs to be included in working out Zakat. A bad debt that cannot be reclaimed in any possible way, is exempt from Zakat.
9. If one possesses enough money that can buy either 87.48g of gold or 612.36g of silver (whichever is cheaper at the time), then Zakat is compulsory.
NB. This only equates to approximately £250 these days
10. If money in someone’s possession is too little to buy either of the two, then this amount is exempt for Zakat purposes, provided there are no other Zakatable assets.

Merchandise: Threshold= Equal to the value of 87.48g of gold or 612.36 of silver.

1. All shopkeepers, regardless of what goods they sell, car traders, property dealers etc., must all calculate the value of their total goods in stock and work out Zakat.



2. Only items purchased for the sole purpose of selling are regarded as merchandise items. Items that were initially bought for self-use but were sold later on, are not classed as merchandise items.
3. A property bought with the intention of living in or for the purpose of letting, will not be regarded as a merchandise property if later put on sale.

As merchandise rulings are applicable to a small minority, only nominal information has been provided. For more clarity and depth, kindly contact a reputable specialist on the subject.

If One Owns Multiple Zakatable Assets: -

If someone possesses more than one type of Zakatable asset, e.g., one has gold, silver and some cash, then even if each of them individually is under the threshold, one has to add up the value of each asset to determine if Zakat is due. The value of each asset can be determined by checking its current market price. Once the values are added together, one should check if the total amount is enough to purchase either the threshold of gold or silver. If so, then these assets are liable for Zakat, otherwise they will be exempt.

NB. Current value of 612.36g of silver is only approximately £250. Hence, whoever has total zakatable assets worth more than approximately £250, is liable to pay zakat at the rate of 2.5%

Is Zakat Due on a Person in Debt?

1. If someone owes money to an individual or a company, then this particular amount can be deducted from one's Zakatable assets even though one may not have the intention of immediately clearing the debt.
2. Long-term home property mortgages can be deducted from the Zakatable assets for upto a maximum of 11 to 12 monthly installments. In other words, whatever amount is owed to the lender for the next LUNAR year can be deducted.
3. Student loans are not considered as a debt for Zakat purposes until one is practically obliged to pay it back. Once one is obliged to return the loan, then the annual amount owed to the government may be deducted.
4. All utility bills, fees and charges already due can be deducted from the assets.

How to Determine Possession of Zakatable Assets for a Whole Year: -

1. Technically, Zakat is only due when a whole year has lapsed from the time one gets possession of assets. However, application of this concept is a little complicated and within our extremely busy schedules difficult too. Therefore, a much easier and recommended approach is to work out Zakat each year on the same Islamic date, either just prior to Ramadhan or even in Ramadhan itself.



2. Once the Islamic date is fixed for this purpose, then each year on the same Islamic date, include all Zakatable assets present on the date without differentiating between the ones owned for the whole year and the ones owned most recently.
3. If a certain Zakatable asset was in one's ownership for even up to 11 months for example, but was not present on the actual calculation date, then there will be no Zakat on this particular asset.
4. If a particular asset was only received just a few days before the calculation date, then this wealth will still have to be included in the assets.
5. Zakat is compulsory every year on all assets present on the day of calculation, even the ones you have already paid for previously.

How to Calculate Zakat?

A Step-by-Step Guide: -

1. Firstly, add up the values of all Zakatable assets present in your ownership today. This can be done by checking with a goldsmith or by using online tools and information.
2. Then add up all valid liabilities and debts.
3. Deduct the total liability amount from the total asset figure. If your liabilities exceed your assets, then you are not liable to pay Zakat. However, if your assets exceed your liabilities by up to the minimum threshold i.e., value of 612.36g of silver, then Zakat is compulsory.
4. Value of 612.36g of Silver (Minimum Threshold) as of 4/4/2021 is £250. Under the current value of silver, if one's assets exceed his liabilities by approximately £250, then zakat is liable on the entire excess amount.
5. To calculate exactly how much Zakat one has to pay, one should multiply his total net zakatable assets by 0.025. The resulting figure, will be how much Zakat needs to be paid.

E.g.	Total Assets	= £10,000
	Total Liabilities	= £2,000
	Excess Amount	= £8,000
	Zakat Due	= £8,000 x 0.025
		= £200

N.B £25 Zakat is due on every £1000 worth of liability free zakatable asset.



Who Is Eligible to Receive Zakat?

1. All Muslim adults who are regarded as poor and needy in Islam are eligible to receive Zakat. Zakat funds cannot be utilised for supporting a non-Muslim. However non-Muslims can always be supported by other funds.
2. Those who are living hand to mouth and have no savings, or have savings only less than £250.
3. Those whose debts exceed their assets.
4. Young men and women over the age of puberty who still live with their parents can receive Zakat, provided they don't have savings of their own exceeding approximately £250
5. Minor dependent children of a well-to-do father cannot receive Zakat.

Can Zakat Be Given to Family and Relatives?

Zakat can be paid to ANY relative provided they fall under the ELIGIBLE category with the exception of one's parents, grandparents, great-grandparents, children, grandchildren, great-grandchildren, or to one's spouse.

What Avenues Can Zakat Be Spent on?

1. Zakat funds can only be spent directly on poor individuals to fulfil their basic needs and necessities, either in cash or kind, giving them full ownership.
2. Zakat funds cannot be utilised towards public amenities where no individual becomes the sole owner. Therefore, Zakat money CANNOT be used for the construction or refurbishment of mosques, madrasahs, hospitals, wells, guesthouses, orphanages, roads etc.
3. Zakat must not be paid in return for a job or favour, carried out by the recipient.
4. Once Zakat has been worked out and funds have been allocated for this purpose, it is not necessary to pay out the whole amount of due Zakat instantly or within a specified period. It can be spent during the course of a whole year, depending on where and when the need arises.
5. Whilst paying Zakat to a recipient, there is no need to reveal to them if it is Zakat money.

Prepared on 04/04/2021 by Masjid Umar Sheffield UK.

