

FREQUENTLY ASKED QUESTIONS

Is Zakat Charity?

Zakat is both an established worship and social need commanded by Allah that ensures public and individual benefits in this world and the next. When a person thinks about Zakat, they immediately think "charity". However, Zakat is more specific than charity, which means it comes with rules and restrictions on who gives it, how much they must give, and to whom it is given.

Who Can Receive Zakat?

Allah states in the Quran the eight categories of people who are eligible for Zakat, but there are some individuals who cannot be given Zakat. This is determined by the relationship between them and the one giving Zakat.

The restrictions and guidelines that exist regarding family members have been derived from hadith and in-depth study by Islamic jurists. One of the many wisdoms behind the limitation surrounding Zakat and family members is to ensure that Zakat remains accessible to the general public and to ensure it does not simply stay within one's family. Also, you have an obligation to take care of some family members, so you should not have let them reach the state where they need Zakat!

The scholars of Islam have categorized family members into 3 major types: Immediate/Blood Relatives (Usool), Distant Relatives (Furoo), and Spouses. Depending on which category your relative falls within determines whether they can receive Zakat from you.

Here is a deeper breakdown of the three groups:

Immediate/Blood Relatives (Usool): These are defined to be the closest possible family members from which progeny started and/or continues. This group of

relatives consists of parents, grandparents, children, and/or grandchildren of a person.

The Hanafi and the Hanbali scholars believe that it is not permissible for any of these people to accept Zakat or be offered Zakat. This has been established based on the hadith of the Prophet (SAW) where he said, "You and your wealth belong to your father." Since the members of this category are direct ascendants or descendants of the one giving Zakat, it will bring indirect benefit to the giver, which is not permissible. That is because it was already his responsibility to take care of them.

The Shafi' and the Malik, however, feel that it is permissible to give Zakat within this group of relatives conditionally – they can be given Zakat only if the payee has no financial responsibility towards that relative.

2. Distant Relatives (Furoo): This group of relatives consists of siblings, aunts, uncles, cousins, nephews, nieces and all other relatives not part of Usool. These are all relatives that do not start or continue the immediate progeny of the one giving Zakat.

According to all the scholars, it is valid to pay one's Zakat to any of these family members if they are eligible to take Zakat. Some scholars have even shown dislike to exclusively give Zakat to a certain family member every year.

3. Spouse (Husband/Wife):

Giving Zakat to Your Wife: According to all the scholars it is not valid for a husband to give their Zakat to his wife. A husband is responsible for the wife's wellbeing and basic needs and therefore there is no need for her to be given Zakat.

Giving Zakat to Your Husband: Apart from the Hanbali scholars, all the scholars are of the opinion that Zakat should not be given to a husband, as the wife

would then benefit from it either directly or indirectly. However, all scholars do agree that regular charity (other than Zakat) from a wife to her husband is permissible.

Overall, when you're trying to figure out whether or not you can give Zakat to a specific family member, consider the following: Do you have any financial obligations towards that person and will you benefit directly or indirectly from the Zakat? If your answer to both questions is yes, it is safe to assume that you should not give them your Zakat.

Our responsibility as Muslims is not only to pay Zakat, but to also ensure that this obligation is fulfilled in a correct manner.

More questions about Zakat? [Click here to visit our Zakat FAQ.](#)

Do I have to pay Zakat on my wife's jewelry if I can't afford it?

Zakat is due upon the individual who owns the jewelry; therefore it is not your responsibility to pay on your wife's Zakat and cannot be an expectation from you. If you want to do it and you have the ability, that is your choice.

How do I calculate Zakat on Property?

The property you own and live in yourself - If you own a property and you live in that property then there is no Zakat due on it.

Rental Property - If you own property that is being rented out then Zakat is not due on the value of the property. However, Zakat is due upon the rent you have accumulated from the rental income. Any expenses incurred during the year for the rental property can be deducted.

For example: Monthly Rent = \$1,200

Monthly Expenses = \$200

Net Rent = \$1,000/Month

Total Zakatable amount for the year = \$12,000

Zakat due = \$300

Please note: If your money goes into a central bank account where you keep all your cash (including cash from rental income) then there is no need to calculate this separately since it will be included in your cash totals.

Property for sale or with the intention to sell - Zakat is due upon a secondary property for sale (aside from the property that you own and live in) that is either marked for sale or that which you have a clear intention to sell. Zakat is calculated based on the value of the property at the time of selling, or the value at which the property is sold.

No intention - there is a possibility that you are not clear about the intent behind the property or asset. If this is the case, then there is no Zakat due upon it until you fall under category B or category C as stated above.

Do I owe Zakat on haram income?

Zakat is not due upon earnings that are from haram sources. Rather, that wealth should be disposed of by giving it in charity, and through seeking forgiveness from Allah.

Do I pay Zakat if I have a student loan?

Yes, you may be entitled to pay Zakat if you have a student loan. If you are not making any payments toward your loan right now, then there is nothing for you to deduct and you will simply pay Zakat on your net zakatable assets.

If you are committed to a monthly repayment program toward your student loan, then you may deduct 12 month's of upcoming principal payments (not interest). Example: you have \$5000 in the bank. You pay \$200 per month toward your student loan, of which \$150 is toward the principal and \$50 is interest. So, \$150 x 12 months = \$1800. This \$1800 is your deductible. Your Net Zakatable

assets are $\$5000 - \$1800 = \$3200$. Zakat rate of 2.5% applied to $\$3200 = \80 Zakat due.

It should be noted here that if one has the ability to pay off an interest-bearing loan sooner than later and avoid as much interest as possible, then this is highly encouraged and a much greater priority than Zakat.

How do I calculate Zakat on my business?

For a business, all liquid assets are liable for Zakat. These include:

Cash

Finished goods

Work in progress

Raw materials

Accounts Receivable (strong debts), i.e. money owed to the business that is likely to be received.

Please note, National Zakat Foundation follows the opinion that Zakat is due upon the wholesale price of your inventory or goods for sale. What do we mean by wholesale price? If someone wanted to buy this inventory or your goods in bulk what price would you sell it to them for. This amount would be the liable portion of your Zakat. If you decide to pay Zakat on the retail price, then you are going above what is required and doing ihsaan (Excellence). Many scholars stated this because your Zakat will benefit more people as you are paying more.

After adding together all your assets, you must then deduct expenses and liabilities that you have within the business that are to be paid within the lunar year of your calculation (certainty has to exist in the liability). For example, this includes accounts payable, rental costs, bills, salaries and etc.

Business Assets = Cash + Value of Inventory + Value of Work in Progress + Value of Raw Materials + Accounts Receivable

Business Liabilities = Outstanding Rent, Bills, & Salaries + Value of outstanding short-term commercial loans + the next year's non-interest portion of long-term business debt + total value of goods purchased on credit

Zakatable Amount = Business Assets - Business Liabilities

Zakat Due = Zakatable Amount x 2.5%

Do I pay Zakat if I am indebted?

Zakat is mandatory depending on your specific circumstances. Debt that qualifies towards deduction from Zakat eligibility are amounts you plan on paying back within one lunar year from your Zakat payment date. Once you have deducted your debt value, if the remaining value of your assets go below the Nisab requirement then you would not be liable to pay Zakat. If the value remains above the Nisab requirement, then you are required to pay Zakat on the remaining amount after payment of debt. If you plan on paying back a debt past the one lunar year mark, that value of debt is not eligible for deduction. Similarly, after taking into consideration your debt value, if you remain above the Nisab requirement then Zakat is still obligatory upon you.