

Zakat

Part 1

Proofs: Qur'an

((وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَارْكَعُوا مَعَ الرَّاكِعِينَ))

- “And be steadfast in prayer; practise regular charity; and bow down your heads with those who bow down (in worship).” [Al-Baqarah 2: 43]

((فَإِنْ تَابُوا وَأَقَامُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ فَخَلُّوا سَبِيلَهُمْ))

- “...But if they repent, and establish regular prayers and practise regular charity, then open the way for them...” [Al-Tawbah 9: 5]

Proofs: The Sunnah

عَنْ أَبِي عَبْدِ الرَّحْمَنِ عَبْدِ اللَّهِ بْنِ عُمَرَ بْنِ الْخَطَّابِ رَضِيَ اللَّهُ عَنْهُمَا قَالَ: سَمِعْتُ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ يَقُولُ: بُنِيَ الْإِسْلَامُ عَلَى خَمْسٍ: شَهَادَةِ أَنْ لَا إِلَهَ إِلَّا اللَّهُ وَأَنَّ مُحَمَّدًا رَسُولُ اللَّهِ، وَإِقَامِ الصَّلَاةِ، وَإِيتَاءِ الزَّكَاةِ، وَحَجِّ الْبَيْتِ، وَصَوْمِ رَمَضَانَ

- ‘I heard the Messenger of Allah (peace be upon him) say: “Islam has been built on five: Testifying that there is no deity worthy of worship except Allah and that Muhammad is the Messenger of Allah, establishing the prayer, paying the *zakat*, making the *hajj* to the House, and fasting in Ramadan.”’ [Bukhari & Muslim]

Wealth upon which *zakat* is obligatory

1. Money,

- ✓ i.e. Currency, gold and silver

2. Livestock

- ✓ specifically Sheep, cattle and camels

3. Agricultural produce

- ✓ Dry and storable produce, e.g. Grain such as wheat, rice

4. Merchandise goods

Case Study 1

Faruq is on a long flight to Melbourne from Africa. On the flight, he begins talking to a Christian Missionary seated next to him who is also returning home. After realising Faruq is a Muslim, Robert asks “what does Islam have to offer in regards to social welfare.” Faruq gives the best response he can, “*Zakat*” he says. Robert looks at Faruq with peaked curiosity “I understand *Zakat* is a type charity” said Robert, but how does it actually benefit people?

Wisdom (1/2)

- 1. Purifies souls from the evils of miserliness and stinginess**
 - Cleansing and purification of the soul
- 2. Comforts and assists poor**
 - Helps fulfil their needs
- 3. Establishes the general welfare of society**
- 4. Limits growth of wealth among the rich**

Wisdom (2/2)

((خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ
إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ وَاللَّهُ سَمِيعٌ عَلِيمٌ))

- “Take charity from their wealth, that will **purify and sanctify** them; and pray for them. Indeed your prayers are a source of security for them: And Allah is One Who hears and knows.” [Al-Tawbah 9: 103]
 - Linguistic definition of *zakat*: Root meaning implies growth (النُّمُو) and increase (الزِّيَادَةُ)
 - Abdullah ibn Abi Awfa said: “Whenever the Prophet was brought charity, he used to invoke Allah for those who brought it.” [Muslim]

Charity does not Decrease Wealth

عَنْ أَبِي هُرَيْرَةَ، عَنْ رَسُولِ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ:
((مَا نَقَصَتْ صَدَقَةٌ مِنْ مَالٍ وَمَا زَادَ اللَّهُ عَبْدًا بِعَفْوٍ إِلَّا عِزًّا وَمَا
تَوَاضَعَ أَحَدٌ لِلَّهِ إِلَّا رَفَعَهُ اللَّهُ))

- **Abu Huraira reported the Messenger of Allah**
(صلى الله عليه وسلم) **as saying:**

– “Charity does not in any way decrease the wealth and the servant who overlooks (the faults of others), Allah adds to his honour, and the one who shows humility Allah elevates him in the estimation (of the people).” [Muslim]

The Place of *Zakat* in Islam: Penalty in the *Dunya*

- It was narrated from Al-Laith, from Aqil, from Az-Zuhri that ‘Ubaidullah bin ‘Abdullah bin ‘Utbah informed him from Abu Hurairah , who said:

“After the Messenger of Allah (ﷺ) passed away, and Abu Bakr was in charge after him, some of the Arab tribes disbelieved. Umar ibn Al-Khattab said to Abu Bakr: “How can you fight people when the Messenger of Allah (ﷺ) said:

أَمَرْتُ أَنْ أَقَاتِلَ النَّاسَ حَتَّى يَقُولُوا لَا إِلَهَ إِلَّا اللَّهُ
فَإِذَا قَالُوهَا مَنَعُوا مِنِّي دِمَاءَهُمْ وَأَمْوَالَهُمْ إِلَّا بِحَقِّهَا وَحِسَابُهُمْ عَلَى اللَّهِ

‘I have been commanded to fight the people until they say ‘*La ilaha ilallah*’. So whoever says ‘*La ilaha ilallah*’ has protected his wealth and his life from me, except for a right, and his judgement will be with Allah?’”

Abu Bakr said: “I swear by Allah, I will fight those who differentiate between the prayer and the *zakat*, for the *zakat* is a right upon wealth. I swear by Allah, if they refuse to give me an ‘*lqal*’ (i.e. cord to tie a camel) that they used to give the Messenger of Allah (ﷺ), I will fight them for that.” So ‘Umar said, “I swear by Allah, as soon as I saw that Allah had opened the chest of Abu Bakr (guiding him) to fight, I knew that this was the truth.”

- (Sunan Abu Dawood Vol 2 9:1;1556. Verified sahih by Shaykh Albani)

The Place of *Zakat* in Islam: Penalty in the *Aakhira*

- Abu Huraira narrated that Messenger of Allah (ﷺ) said:
 - “On the Day of Resurrection the *Kanz* (Treasure or wealth of which, *Zakat* has not been paid) of anyone of you will appear in the shape of a huge bald headed poisonous male snake and its owner will run away from it, but it will follow him and say, 'I am your *Kanz*.'" The Prophet (ﷺ) added, "By Allah, that snake will keep on following him until he stretches out his hand and let the snake swallow it."
 - Allah's Messenger (ﷺ) added: "If the owner of camels does not pay their *Zakat*, then, on the Day of Resurrection those camels will come to him and will strike his face with their hooves." [Bukhari & Muslim]

Case Study 2

“It’s that time of the year again” says Maryam.

“What do you mean?” says Imran.

“It’s time to pay *Zakat*” says Maryam.

Imran gives her a strange look and says “but I only have \$4900 in my account, how can I give *Zakat* on my money, car and property when I don’t have that much in the first place.”

“Hmmm” says Maryam as she thinks about it.

“Besides” says Imran, “I already give a lot of charity at the masjid and spend a lot on our children. Isn’t that *enough*?”

Wealth Subject to *Zakat*

1. Money,

- ✓ i.e. Currency, gold and silver

2. Livestock

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3. Agricultural produce

- ✓ Dry and storable produce, e.g. Grain such as wheat, rice

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Conditions of *Zakat*

- 1) The owner of the wealth must be Muslim.
- 2) True ownership must exist over the wealth.
- 3) The *Nisaab* must be achieved.
- 4) One year (*hawl*) must pass over the wealth.

When Should *Zakat* be Paid?

- **Must be paid immediately when due**
 - For money, that is when one lunar year has passed
 - For agricultural products, that is upon harvesting the crops
- **Is it permissible to pay in advance?**
 - Ibn Taymiyah (may Allaah have mercy on him) said: “As for paying *zakat* before it is due, it is permissible according to the majority of scholars, such as Abu Haneefah, Ash-Shafi’i and Ahmad, and it is permissible to pay *zakat* in advance on livestock and gold and silver, and trade goods, if he owns the *nisaab*.” ***Majmoo’ al-Fataawa (25/85, 86)***

Zakat: Wealth of Minors & Insane (1/2)

- The majority are of the view that it is obligatory to pay *zakat* on the wealth of minors and the insane.
 - This is the view of: Malik, Al-Shafi'i and Ahmed.
- Abu Haneefah (may Allah have mercy on him) was of the view that:
 - *Zakat* is not obligatory for a minor, just as other acts of worship.
 - But he stated that *zakat* of crops and *zakat al-fitr* are required of him.
- The majority responded to that by noting that:
 - Prayer and fasting are not required of a minor because these are physical acts of worship.
 - *Zakat* is a financial duty and thus required by minors. If a minor were to destroy a person's property then he is required to pay compensation from his own wealth.

Zakat: Wealth of Minors & Insane (2/2)

- 1) **“Take charity from their wealth in order to purify them and sanctify them with it”** [Al-Tawbah 9:103]
- 2) The Prophet (ﷺ) said to Mu’adh ibn Jabal when he sent him to Yemen: **“Tell them that Allah has enjoined upon them charity from their wealth, to be taken from their rich and given to their poor.”** [Bukhari, 1395]

Investing the Wealth of Minors & Insane

- The Prophet (ﷺ) addressed the people and said: **“Whoever becomes the guardian of an orphan that has wealth, let him trade with it and not leave it to be consumed by *zakat*.”**
 - This is a weak *hadith* which was classed as such by al-Nawawi in *al-Majmoo’* (5/301), and by al-Albaani in *Da’eef al-Tirmidhi*.
 - This however was proven in the words of ‘Umar (may Allah be pleased with him), as narrated by al-Bayhaqi (4/178). He said: Its *isnaad* is *sahih*. This was confirmed by al-Nawawi, as stated in *al-Majmoo’*.

Nisaab

The *Nisaab*

- Ibn ‘Umar narrated that the Messenger of Allah (ﷺ) said:

– عَنْ ابْنِ عُمَرَ قَالَ: قَالَ رَسُولُ اللَّهِ (ﷺ)

– ((مَنْ اسْتَفَادَ مَالًا فَلَا زَكَاةَ عَلَيْهِ حَتَّى يَحُولَ عَلَيْهِ الْحَوْلُ عِنْدَ رَبِّهِ))

– “Whoever acquires wealth [i.e. *Nisaab*], then there is no *Zakat* on it until the *Hawl* [i.e. One year in possession] has passed.”

- (Jami’ At-Tirmidhi Vol 2 5:10;631. Verified sahih by Shaykh Albaanee)

Nisaab of Gold

- Ali reported that the Prophet (ﷺ) said:
 - “There is nothing upon you in gold until it reaches **twenty *dinars***. Thus, if you have twenty *dinars* at the end of the year, then there is **half a *dinar*** levied on it [as *zakat*]. Any additional amount will be calculated in this manner. There is no *zakat* on property until it has been owned for one year.”
 - [Ahmed, Abu Dawud & Al-Baihaqi, Bukhari graded it as authentic]

Nisaab of Silver

- Abu Sa`id Al-Khudri reported that the Messenger of Allah (ﷺ) said:
 - “No *zakat* is imposed on less than five *Awsuq* of dates; no *zakat* is imposed on less than five *Awaq* of silver, and no *zakat* is imposed on less than five camels.” [Bukhari]
- **In order to understand how much *zakat* is on paper money, we must understand the status of paper money in Islam.**

Adding Gold and Silver

- Ijma of scholars on following:
 - If the value of Gold is less than 20 *Mithqaal* and its value is also less than 200 dir'ham (of silver), then there is NO zakah
- Differences among scholars:
 - If neither of gold or silver possessions reach their separate *Nisab*, is a person obliged to consider the *Nisab* of their value together?
 - Yes: [Abu Hanifah, Malik, one narration of Ahmed]
 - No: [Shafi'ee and one narration of Ahmed ibn Hanbal]
- **One of the arguments used to not pay *zakat* is that it only applies to Gold and Silver.**

The Status of Paper Money in Islam

The Status of Paper-Money

- **1) What happened when paper-money was used:**
 - “When gold and silver were used as a means of exchange between people, its practical use, as previously detailed through the *sunnah*, was clear and not obscure to anyone. Nevertheless, once banknotes became a form of exchange, gold and silver came to resemble a purchasable item.” [Ibn Uthaymin, *Tareeq Takhalas minhu fil Masarif*, p.20]
- **2) Approaching the issue:**
 - “No doubt, it is difficult to prevent people from using what is necessary for them to use or to cause them to resort to a forbidden transaction in which they see themselves as disobeying Allah...” [Ibn Uthaymin, *Tareeq Takhalas minhu fil Masarif*, p.21]
- **There are 4 scholarly views concerning the status of paper-based currency.**

The 1st View

- That paper-monies are certified bills assigned by the issuer (i.e. debt certificates for the creditor on his debtor).
- According to Ibn Uthaymeen (may Allah have mercy on him) p. 20-21:
 - Those who hold this view do not take into account that when receiving banknotes, they are accepting a certificate of debt.
 - This is impermissible as the sale of a debt to one who is not owed a debt is impermissible according to the majority.
 - Those that permit their use also requires that rare circumstances exist when one uses banknotes.

The 2nd View

- **That these banknotes are trade goods.**
 - They are thus items which one may do business with such as:
 - Food
 - Clothing
 - Furniture
 - Real estate and so forth.
- **This view is unrealistic as it necessitates (p.21-22):**
 - “...the absence of *zakat* through adopting it.”
 - Even if one were to attain millions, the owner would exempt from paying *zakat* as they would be considered as ‘property’.
 - Observing such a view implies the negation of *zakah* (with the exception of those who work as money-changers.)

The 3rd View

- **Banknotes fall under that which they are used instead of:**
 - *EXAMPLE: If linked to silver, they fall under the ruling of silver. If linked to gold, they fall under the ruling of gold.*
 - Based on this view, the payment of *zakah* is obligatory (*wajib*).
 - It means that in Australia, the *Nisaab* should be based on Gold.
- **Ibn Uthaymeen (may Allah be pleased with him) said (p. 23-24):**
 - “This view, even if it is an opinion, involves difficulty for the people and obliges them to follow that for which there is no clear proof.”
 - “For if a person were to buy a necklace of gold in pounds sterling, *it would be necessary for the necklace to be the same weight as the gold that the pound sterlings have been determined for the transaction to be correct.*”

The 4th View

- **That these banknotes are a currency, like gold and silver (p. 24-25):**
 - They are not subject to *riba al-fadhl* as the notes have no inherent value.
 - “...if a note is exchanged for two notes and possession takes place at the time of the transaction, there is no problem.”
- **This view is the most correct of all the views due to its strong foundation.**
 - Shaykh Muhammad Rasheed Ridha said (p.839 of his collection of *fatwas* Vol. 3):
 - “Consequently, the difference of opinion within these important issues is that making banknotes akin to the two currencies implies that they be subject to *riba*. This is what we are able to determine. Whoever claims that they are trade offers, prevents the possibility of *riba*, and in this circumstance it becomes easy for anyone to devour a plentiful amount of *riba* with these notes which are no different to gold according to one of the economists. Similarly, the view that they fall under the ruling of certified bills leads to the mass use of *riba* and the prohibition of *zakat*, there is no need for further discussion. **Whoever looks into the reality of this issue has been cautious with his religion by taking from that we have explained.**”

Zakat

Part 2

The *Nisaab* of Paper Money

How much is each?

Gold:

- 20 *mithqaalan*, a measure which is equivalent to 85 grams of pure gold (1 *mithqaal* = 4.25 grams).
- **4.25 grams of Gold = \$171.33**

Silver:

- 200 *dirhams*, which is equivalent to 595 grams of pure silver (1 *dirham* = 2.975 grams).
- **2.975 grams of Silver = \$1.8211**

The *Nisaab* of Paper Money

“The value of the *nisaab* for dollars or other currencies is whatever is equivalent to the value of 20 *mithqaals* of gold or 140 *mithqaals* of silver at the time when the *zakat* is owed. **It should be based on whichever of the two works out better for the poor**, because the prices of gold and silver vary from time to time and from country to country and because this will be more beneficial to the poor.”

– (*Fataawa al-Lajnah al-Daa’imah*, 9/254-257).

***Nisaab*: Achieving Consistently**

- Commenting on the issue, An-Nawawi said:
 - “In our view and the views of Malik, Ahmed and the majority of scholars, the amount of property liable for payment of *zakat*, such as gold, silver or cattle, is tied to the completion of *nisaab* through the turn of a whole year. If the *nisaab* decreases in any time of the year, [the counting of] the year discontinues. Later, if the *nisaab* is completed, the year count is resumed from the time of its completion.”

Case Study 3

Abdullah owns a used-car outlet. His friend, Zayd, who does business with him and is not as rich as him owns a car-rental company.

After a *khutba* given by the local Imam on the importance of *zakat*, Abdullah and Zayd begin to wonder how much *zakat* they are meant to give or if any at all. “Isn’t *zakat* just on gold and silver?” asks Abdullah as he scratches his head.

Wealth Not Subject to *Nisaab*

- Narrated Abu Huraira (r.a):
 - The Messenger of Allah (ﷺ) said: “There is no *zakat* either on a horse or a slave belonging to a Muslim.” (Bukhari, 1463)
 - Thus there is no *zakat* also on possessions such as houses, cars likewise, household items, office equipment, etc.
 - **EXEMPTION: Jewellery & Merchandise Goods**

Zakat on Jewellery (1/3)

- ‘Amr bin Harith bin Al-Mustaliq narrated from the nephew of Zainab, the wife of ‘Abdullah (Ibn Masud) who said,
 - **“The Messenger of Allah (ﷺ) delivered a sermon to us and said, ‘O you women! Give charity, even if it is from your jewellery, for indeed you will make up most of the people of Hell on the Day of Judgement.’”**
 - (Jami’ At-Tirmidhi Vol 2 5:12;635. Verified *sahih* by Albani)
 - There are other authentic hadith of Prophet’s wives wearing jewellery and the Prophet reminding them of Hell if no zakat given on them – All show that zakat on gold & silver jewellery **IS** wajib

Zakat on Jewellery (2/3)

- It was narrated from ‘Amr bin Shu’aib, from his father, from his grandfather, that a woman from among the people of Yemen came to the Messenger of Allah (ﷺ) with a daughter of hers, and on her hands were two thick bangles of gold.
 - He (ﷺ) said, “Do you pay *zakat* on these?” She said: “No”. He said: “Would it please you if Allah were to put two bangles of fire on you on the Day of Resurrection?” So she took them off and gave them to the Messenger of Allah (ﷺ) and said, “They are for Allah and His Messenger.”
(Sunan An-Nasai Vol 3 23:19;2481. Verified hasan by Albani)
Hadith also in Sunan Abu Dawud, Tirmidhi & Nasa’ee from Abdullah ibn Amr.

Zakat on Jewellery (3/3)

- Aishah (r) relates that, “The Prophet (ﷺ) entered upon me whilst there were rings on my hand [فتخات مفرده فتخة وهي خواتيم]. So, he (ﷺ) said to her, “What is this O Aishah?”
 - **She replied, “I wanted to beautify myself with it for you.”**
 - **He said “Do you pay *zakat* on it?”**
 - **She answered: “No.”**
 - **So he said: “It is your portion from the Fire.”** (Sunan Abu Dawud; No. 1565; Ibn Hajar said it fulfills the condition of a Sahih)

***Zakat*: Merchandise Goods**

- **Evidence that Zakat is compulsory on Merchandise goods:**
 - Ibn al-Mundhir said, “They have *Ijma* that there is *zakat* on goods of merchandise that pass around for trade if a year comes to pass.”
 - Wazir Ibn Hubayrah, Ibn Qudamah and others related the same
- The evidence based on understanding from Qur’an & Sunnah:
 - Goods constantly on sale are one of the two exchange items in a sale, the other is the currency. Just as *zakat* is compulsory on currency with which items are bought for growth and to increase (literally: *zakat*) in wealth, likewise the sale times are sold to increase and grow (*zakat*) in wealth. Thus currency and merchandise are same from this perspective concerning *zakat*.

Business Partners [1/2]

- Narrated Anas (r.a):
 - Abu Bakr (r.a) wrote to me regarding what the Messenger of Allah (ﷺ) made compulsory and there was mentioned in it:
 - **If a property is equally owned by two partners, they should pay the combined *zakat* and it will be considered that both of them have paid their *zakat* equally.** (Sahih al-Bukhari Vol 2 24:35;1451)

Business Partners [2/2]

- Narrated Anas (r.a):
 - Abu Bakr (r.a) wrote to me what Allah’s Messenger (ﷺ) has made compulsory and there was mentioned in it:
 - **“Neither the property of different people should be gathered together nor the joint property should be split for fear of (paying more, or receiving less) *zakat*.”**
 - (Sahih al-Bukhari Vol 2 24:34;1450)
 - » This shows that Nisab of property of person/s in partnership is considered together as one property

***Zakat*: Non-business items**

- Thus, no zakat on these goods if not held for ongoing business purposes and merely kept for use now or later
- Zakat on monetary profits from trade/sales or from renting out a property/good
 - This currency/money is added to all other money owned by a person
 - If total amount of currency (from gold, silver, cash money plus sales items) owned reaches *nisaab*, then give zakat along with rest of wealth

The Recipients of *Zakat*

Recipients of *zakat* [1/4]

- Allah says:

إنما الصدقات للفقراء والمساكين والعاملين عليها والمؤلفة قلوبهم وفي الرقاب والغارمين وفي سبيل الله وابن السبيل فريضة من الله والله عليم حكيم

“Alms are for the poor and needy, and those employed to administer the funds; for those whose hearts are reconciled to the truth; for those in bondage and in debt; in the cause of Allah; and for the wayfarer: thus it is ordained by Allah, and Allah is full of knowledge and wisdom” (*Surah al-Taubah 9:60*)

Recipients of *zakat* [2/4]

1. The poor

- Those who cannot meet even half of their basic needs (kifayah)

2. The needy

- Those who meet most or half of their basic needs (kifayah)

3. Those employed to administer the funds

- The *zakat* collectors entitled to receive from *zakat* money for the work they do collecting and distributing *zakat*.

Recipients of *zakat* [3/4]

4. Those whose hearts are to be reconciled to the truth

- Those near to embracing Islam to make it easy for them to give up the haraam etc by becoming Muslim
- Strengthen their faith

5. Those in bondage

- Free slaves (the Mukatib, i.e. One trying to buy his freedom)

6. Those in unbearably heavy debt

- Especially if he incurred a debt to reconcile opposing parties
- Or fell in very large debt without a means to repay it

Recipients of *zakat* [4/4]

7. In the path of Allah

- Soldiers striving to protect the Muslim nation
- In its meaning are also those people who are spreading knowledge of/to the way of Allah [See www.IslamQA.com Fatwa number 110137]

8. Wayfarers

- Travellers who went broke and do not have wealth to get back home
- These are given enough to return home

Relatives & Financial Dependents

- Narrated ‘Amr bin Al-Harith: Zainab, the wife of Abdullah Ibn Mas’ud said,
 - “We were in the Masjid, I heard the Prophet (ﷺ) say, ‘Give in charity, even if it is from your jewellery.’” Zainab used to spend on her husband and the orphans in her house. She said to Abdullah, “Ask the Messenger of Allah (ﷺ) if it will suffice from me if I spend on you and my orphans who are in my house (care) from my charity? So he said, ‘You ask the Messenger of Allah (ﷺ).’ So, I went to the Prophet (ﷺ) and found a woman of Ansar at his door with a similar need as mine. Bilal passed by us. So we said to him, ‘Ask the Prophet (ﷺ) whether it will suffice on my behalf if I spend on my husband and my orphans in my house (care)?’ We said to him, ‘Don’t inform him of us.’ So he entered and asked him. He (ﷺ) asked, ‘Who are the two?’ He said, ‘Zainab.’ He asked, ‘Which of the Zainabs?’ He said, ‘the wife of Abdullah.’ He said, ‘Yes, and she will have two rewards: reward of relatives and reward of charity’.”
 - (Sahih al-Bukhari Vol 2 24:48;1466)

Husband & Wife

- Ibn Mundhir said, “The scholars have been unanimous in agreement that a man does not give any of his zakah to his wife.”
- Can a wife give her zakah to her husband if he is poor?
 - NO – Abu Hanifah & one saying of Ahmed ibn Hanbal
 - Yes – Shafi’ee , Bukhari and others including another view of Ahmed ibn Hanbal
 - (see al-Mughni).
 - The stronger opinion seems to be that yes it is permissible due to the hadith about Zainab spending on her husband Ibn Mas’ud with the prophet’s permission. The Prophet did not ask whether she meant compulsory zakah or extra one and simply allowed, i.e. Allowed all charity.

***Zakat* on Debts**

Two Kinds

- **Debts are of 2 kinds:**
 - 1) A debt with willingness to pay off.
 - 2) A debt with no willingness to pay off.

1) A debt with willingness to pay off

- **1st View:**
 - Hanafis and Hanbalis hold that the creditor should pay *zakat* on the debt provided he has received it from the debtor.
- **2nd View:**
 - Uthman, Ibn ‘Umar, Jabir, An-Nakha’l, Al-Hassan, Qatadah and Ash-Shafi’l hold that the creditor should pay *zakat* on the value of a debt owed on time (even though he did not receive it yet).
- **3rd View:**
 - Ikrimah, Aisha and Ibn ‘Umar hold that no *zakat* is due since it does not grow.
- **4th View:**
 - Said ibn Al-Musayyib and ‘Ata ibn Abu Rabah hold that *zakat* should be paid for one year if the debt is returned to the creditors.

2) A debt with no willingness to pay off

- Zakat is not compulsory on this type of debt
 - This is the view of Qatadah, Ishaq ibn Abu Thaur and the Hanafis.
- He should only pay zakat on the year he receives it.
 - This is the view of Ash-Shafi'i, Umar ibn Abdul Aziz, Al-Hassan, Al-Awza'i and Maalik.

World Fiqh Council's View

- This matter may be summed up as follows:
 - “1) The lender has to pay *zakat* annually on the money lent, if the borrower is rich and is known to repay debts promptly. In this case, because it is possible to recover the money readily, it is like money that is in one's possession.
 - 2) The lender has to pay *zakat* one full year after recovering the money if the lender is in difficulty or is known to delay repayment. He does not have to pay *zakat* before he gets the money back, because it is not readily accessible and this is not like money that is in one's possession.”
 - *Qaraaraat Majma' al-Fiqh al-Islami*, p. 9

The Standing Committee's View

- Regarding this issue, the Standing Committee said:
 - “If a person is owed money by a solvent debtor that reaches the amount of the *nisaab*, or when added to the money he has would bring the amount up to the *nisaab*, he must pay *zakat* on it, and when he gets the money back he should pay *zakat* for the time that has passed, whether it is a year or more. **If he pays *zakat* on it before he gets it, that is fine. If the person who owes the money is not solvent**, he should pay *zakat* one year after he gets the money, even if more than a year has passed. This is one opinion reported from Imam Ahmad; it is also the opinion of Maalik and of Shaykh Muhammad ibn ‘Abd al-Wahhaab (may Allah have mercy on him).”
 - [*Fataawa al-Lajnah Al-Daa’imah*, 9/190.]

***Zakat* on Shares**

***Zakat* on Shares [1/2]**

- **Types of shares**
 - **Ordinary shares** are the most common type of shares and carry flexible dividends (dividends that are adjusted in accordance to a company's profit), these shares also carry full voting rights.
 - **Preferred shares** have fixed dividends, which must be paid before any dividends are paid to ordinary shareholders. However preferred shares carry no voting rights.
- If shares reach the *nisab* one should pay *zakat* on them according to their value on the day when the year ends.

Zakat on Shares [2/2]

- Ibn ‘Uthaymeen said:
 - “The way in which *zakat* is paid on shares in companies is as follows: if the state undertakes the mission of calculating and collecting the *zakat*, then you have discharged your responsibility, otherwise *zakat* must be paid in the following manner:
 - **They should be evaluated every year and one-quarter of one-tenth should be paid, if the purpose of them is to trade. But if the purpose is investment, then no *zakat* is due on them, but *zakat* is due on any profits they produce if it is in the form of money and one year has passed.”**
 - [*Majmoo’ Fataawa Ibn ‘Uthaymeen*, 18/196]