



## Module 6: Zakat



# Some Forms of Worship

- Heart-based: love, hope, fear, trust, awe, etc.
- Limb-based: purification, prayer, fasting, etc.
- Money-based: zakat, sadaqa, gift giving, endowments, etc.

# Learning Objectives for Module 6

1. Define and understand the term Zakat and the difference between it and voluntary charity (sadaqa)
2. Understand the wisdom of Zakat, its purpose, rewards, etc
3. Understand on whom Zakat is incumbent
4. Know how to pay Zakat on gold, silver, and currencies
5. Know how to pay Zakat on debts
6. Know how to pay Zakat on *Fa'ida* (e.g., inheritance, dowry, gifts, etc.)
7. Know how to pay Zakat on trade/merchandise
8. Understand the proper recipients of Zakat
9. Understand Zakat al-Fitr—how it is paid and its wisdom
10. Apply Fard 'Ayn knowledge to common contemporary issues

# Getting Our Bearings

“When you hoard your money, you belong to it,  
but when you spent it, it belongs to you.”

–al-Ahnaf b. Qays

“If you could invest in a treasure that cannot be  
stolen, and which will never depreciate, would  
you? Do so through charity!” – ‘Abdullah b.  
Mas’ud

“Prayer takes you halfway; fasting gets you to the  
door—but charity gives you an audience with  
the King!” – ‘Umar b. ‘Abd al-‘Aziz





# Getting Our Bearings

- Zakat is the third pillar of Islam, established in the Quran, the Sunna, and consensus. Anyone who denies the obligation of Zakat is outside of the fold of Islam.
- In Arabic, zakat means ‘growth’ and ‘purification’. Imagine a lush garden. Over time, weeds start to grow among the garden’s flowers. The weeds must be removed for the garden to flourish. Zakat is how we remove the ‘weeds’ from our wealth to purify it and allow its growth.
- Zakat is a means of purifying one’s self and wealth in a way that promotes growth—for the giver, the receiver, and the entire community.
- Allah has a right over our hearts, our bodies, and our wealth—all are trusts given to us by Him.

# Virtues, Wisdoms, Warnings—The Why

- Allah is al-Ghani, and had He willed, He could have made everyone rich and never suffer poverty or want, but by His divine will He made some rich and some poor as a test to the rich and the poor.
- Allah pairs Salat and Zakat in the Quran 32 times, and makes ‘brotherhood’ conditional on establishing the prayer and paying the Zakat.
- Zakat is a means of receiving Allah’s mercy:

وَرَحْمَتِي وَسِعَتْ كُلَّ شَيْءٍ □ فَسَأَكْتُبُهَا لِلَّذِينَ يَتَّقُونَ وَيُؤْتُونَ الزَّكَاةَ وَالَّذِينَ هُمْ بِآيَاتِنَا يُؤْمِنُونَ

*‘My mercy encompasses all things, and I shall decree it for those who are God-fearing, who pay the Zakat, and who believe in Our signs.’ (7:156)*

# Virtues, Wisdoms, Warnings—The Why

- Paying Zakat is the way to success in this life and the Next:

قَدْ أَفْلَحَ الْمُؤْمِنُونَ ۝١ الَّذِينَ هُمْ فِي صَلَاتِهِمْ خَاشِعُونَ ۝٢ وَالَّذِينَ هُمْ عَنِ اللَّغْوِ مُعْرِضُونَ ۝٣ وَالَّذِينَ هُمْ لِلزَّكَاةِ فَاعِلُونَ

*‘Successful indeed are the believers—those who are humbly attentive in their prayers, who turn away from vain talk, and who pay the Zakat.’ (18:1-4)*

- Zakat brings joy to the heart of the believers.
- It purifies what remains of our wealth: ‘Pay Zakat out of your wealth, it shall purify you.’ (Musnad)
- It cleanses the character of the one who gives it, so that he is saved from being a miser and is included among the generous.

# Virtues, Wisdoms, Warnings—The Why

- Paid Zakat will be a shade for people on the Last Day: ‘Every person will be in the shade of his charity on the Day of Resurrection.’ (Tirmidhi)
- It is a means of bringing down blessings: ‘No people ever withhold the Zakat of their wealth but rain is withheld from the sky.’ (Tirmidhi)
- It averts the displeasure of Allah: ‘Charity given in secret extinguishes the wrath of the Lord.’ (Tirmidhi)
- It wards off a bad ending at the time of death.
- Those who hoard their wealth and do not pay Zakat are punished with their wealth on the Day of Judgment.
- Miserliness is a fault, and the obligatory Zakat forces us to treat that fault.
- Zakat reduces class conflict, envy, resentment, and economic turmoil.



# Virtues, Wisdoms, Warnings—The Why

- By paying Zakat, we conserve our resources by preemptively stopping greater instances of need. If no one gave charity, people with minor needs would soon have major needs, becoming a larger problem for society as a whole.
- By paying Zakat, you free yourself from excess. To grow we have to cut back and trim to allow for renewal.
- By paying Zakat, you defend yourself against infestation. We all make mistakes and wrong others. By paying Zakat, we expiate those mistakes.

# Virtues, Wisdoms, Warnings—The Why

- Paying Zakat forces Muslims to know what they possess, how much they possess, when and where it was earned. This is because a single item of value can have different zakat rules depending on how it was acquired.
- As we calculate our Zakat we often realize we don't know enough about ourselves—how much we consume, what we own, how much we need, how much we spend, how much we save. Calculating Zakat is therefore a process of self-reflection and purification.
- As we calculate our Zakat and come to the amount that must be given, we are reminded that our wealth is a trust and this life is a test.

# The Fiqh of Zakat—The How

- Look at your wealth like a homemade pizza. The ingredients must be good for us as well as others.
- Before making the pizza, we need to know what ingredients we have, and what we should and should not include in it. We don't want one ingredient more than is necessary, and we don't want to include something that is poisonous.
- After gathering the right ingredients, we need to know how much to measure.
- Once our pizza is out of the oven and ready to serve, we need to measure each slice carefully and give 2.5 percent of the pizza to the deserving.



# The Fiqh of Zakat—The How

- Zakat is a flat rate on one's savings—it is not a progressive tax that increases as you wealth increases.
- Charity (sadaqa) starts at home. The Prophet (Allah bless him and give him peace) said, 'Start with those you care for.'
- If we started with our immediate families, then our parents, uncles and aunts, cousins, etc., how many people would be left in society to care for?
- 2.5 percent of any savings we retain after that will help cover the needs of the poor who may not have the same family structure/net to support them.



# Defining the Terms

There are common terms used when speaking about Zakat. Understanding them is important to grasp how we calculate and pay Zakat.

1] **Zakat**—the obligatory alms-tax: ‘The transfer of ownership (tamlik) of a portion of wealth—specified by the Lawgiver—to a particular person, with its intention.’

- Portion: 2.5%
- To a particular person: one of the eight eligible recipients
- With its intention: because it is an act of worship.



# Defining the Terms

- 2] *Sadaqa*—a general term that encompasses all forms of charitable giving, including zakat. When Zakat and Sadaqa are paired, Sadaqa is voluntary charity and Zakat is obligatory charity.
- 3] *Nisab*—a designated portion, or minimum threshold. This is the amount of wealth you must have to be liable for paying Zakat.
- 4] *Fitr*—this means ‘breaking the fast.’ This term and its equivalents (fitri/fitrana) mean a specific type and amount of food given to the poor at the end of Ramadan as an expiation for any sins committed while fasting.





# Defining the Terms

5] ***Dinar***—a gold coin weighing approximately 4.245 grams used during the time of the Prophet (Allah bless him and give him peace)

6] ***Dirham***—a silver coin weighing approximately 2.65 grams used during the time of the Prophet (Allah bless him and give him peace).



# Defining the Terms

7] *Mithqal*—a measure of weight equivalent to the weight of a dinar.

8] *Hawl*—a Zakat year, like a fiscal year, but applicable to Zakat payment. A Hawl is a single lunar year, eleven days shorter than the Gregorian year.



# Conditions for the Obligation of Zakat

1] **That one's wealth reach or surpass the Nisab.** (This would exclude those whose wealth is under **the Nisab.**)

2] **That one is the owner of the wealth.** This would exclude:

- Those who are holding onto the money of others for safe-keeping, etc.)
- Those who do not have access and control of their wealth. If it is tied up in an investment or mixed with other people's money, you do not really 'own' it because your share of the profit has not been determined.
- Those who have lost their wealth.

3] **The passing of the Hawl** (one lunar year).



# Conditions for the Obligation of Zakat

4] **Absence of short term debt.** This pertains to Zakat of **money**. A short term debt is one owed in full within a year. One must pay a short-term debt before paying Zakat.

Sayyiduna 'Uthman (Allah be pleased with him) announced in the presence of the Companions, and none of whom disagreed: '**This is the month of your Zakat, so pay the debts you owe to others, then pay your Zakat.**' (*Muwatta*)

A long term debt of more than a year, at fixed installments, is not deductible in one's Zakat, except the immediate installment at the time of the Hawl.

**EXAMPLE:** Let's say the Nisab is \$2000. Zayd's Zakatable assets amount to \$5000. He also has an outstanding mortgage of \$50,000 with fixed monthly installments of \$500. **This would be a long-term debt.** At the time of the Hawl, Zayd would only subtract the upcoming installment of \$500, and would have to pay Zakat on \$4500.

**2.5% of \$4500 = \$112.50**



# Do Prepubescent Children Pay Zakat?

- In the Hanafi school, prepubescent children DO NOT pay Zakat on wealth given to them.
- In the other three schools of law, the child's caretakers discharge their Zakat.
- The Hanafis reason that Zakat is an act of worship requiring intention, and minors are not addressed with Shariah commands until they reach puberty; therefore, the wealth of children is not subject to Zakat.
- In the other schools, Zakat is a right of the poor over the Zakat-eligible wealth, therefore the wealth of children is included.



# Our Next Class:

- Zakat on gold, silver, and currencies
- Zakat on debts and related issues
- Zakat on *Fa'ida* (e.g., inheritance, dowry, gifts, etc.)

