

Insurance premiums, amounts invested in Takaful investment funds and other forms of receivables. Such Zakat is payable at their cash equivalent value which is generally the market value or the fair value, if no active market exists.

In respect of a doubtful loan, no Zakat is payable immediately with a consensus. In respect of the eventual liability on such account, the jurists' view is a bit divided. A few of them say that no Zakat is payable because you don't have any right on that amount and the same will become your money once you get it. Others have a prudent view, which should be preferable for most of us, according to which even if you don't pay any Zakat on such amount during the period in which it was considered doubtful, you are obliged to pay Zakat for the intervening period whenever you receive the same.

Zakat on Provident Fund Balances

Zakat is payable on paid-up portion of Provident Funds (including interest thereon unless you have no intention to use interest and to pay it completely in charity). The rationale behind such principle is that you are the owner of that amount hence you should consider it an amount receivable and pay Zakat thereon like any other receivable.

According to a few jurists who have a dissenting opinion, no Zakat is payable on the employer's portion of provident fund as it is still not at your disposal whereas the amount deducted from an employee's salary is his money deposited with the fund and accordingly, Zakat should be paid on the same. In this respect, few jurists conclude that if it is contingent that such portion will ever be received by you, than you may defer the payment of Zakat and pay the Zakat payable for the whole period once you receive that. There is, however, a less prudent view that it is just like a receivable and no Zakat is payable on receivables till these are received and the employer's contribution become your income when you receive it in cash. So the only Zakat you need to pay is one year's Zakat on employee's cumulative balance.

Zakat on Precious Stones

According to a majority of jurists, there is no Zakat on stones irrespective of their being precious or not. However, if these are not for use and meant for sale, these become a part of merchandise inventory and accordingly Zakat become payable thereon. In contrary thereto, a number of other jurists stay on the prudent side and recommend paying Zakat on such stones. The readers are advised to consult experts from their respective schools of thought to reach a conclusion. If these are held for sale or you follow the prudent approach, these should be valued and according to such value Zakat should be paid thereon. One may calculate the saleable value of items at hand on the date of Zakat calculation or get is calculated by some expert if such estimate appears to be difficult.

Zakat on Cash and Receivables

Zakat should be paid on all cash balance and bank balances in your savings, current or demand deposit accounts. Similarly, Zakat is payable on all investments in saving schemes etc.. The amount technically should be in the bank for one year, but usually the balance keeps on changing as per personal requirements. If it is not possible to calculate the exact amount, the best option is to pay on remaining amount on the day of calculation.

Similarly, Zakat is payable on loans given and amounts of cash receivable against personal as well as business transactions. It should be treated as cash in hand.

It is allowable to deduct any loans payable and liabilities incurred against assets on which Zakat is payable. It needs to be noted that preferably any loans for any other purpose should not be adjusted. As an example, house building loans against personal house should not be adjusted for this purpose because these are obtained against purchase or construction of house whereas the personal houses are exempt from Zakat.

Zakat is also payable with a similar rate on amounts invested in all government securities, bonds, certificates of investment, paid-up

- ★ Trustees of Zakat;
- ★ Insolvent / bankrupt; and
- ★ In the way of Allah SWT.

According to the Islamic jurisprudence, Tamleek (تملیک) is a very important issue. According to most of the jurists it is a must for making the payment of Zakat to make that person owner of that money. It means that Zakat should always be paid in a person's hands making him owner of that money and cannot be used in providing indirect benefits to him. This principle is of particular significance in Hanafi school of thought.

Notwithstanding the above rationale, a few other jurists are of the view that Zakat may be paid in any manner in which Allah Almighty is pleased, irrespective of the concept of Tamleek. Since the objective is not to make a debate on this issue, it would be better for all the readers to consult their respective scholars for the purpose of determination of the correct method in their respective school of thought.

Zakat on Gold

Zakat should be calculated on the value of gold items as of the date of valuation. Most jurists favour the market value prevailing as on the date of calculation and not the purchase price.

According to experts, a reduction of 2% from the weight of jewellery can be allowed towards studded stones jewellery and reduction of upto 25% from the weight of kundan jewellery may be allowed. If accurate weights etc. are not available then it will be better to get these weighed and revalued on suitable intervals. Anyway, it would always be advisable to obtain advice from a professional jeweler before any calculation is made, if the amounts involved are material.

Zakat on Silver

Zakat is to be paid on silver in all forms including but not limited to jewellery, utensils, decorative items and all household items including crockery, cutlery made of silver. Their value should be calculated at the current rate applicable in the market.

بہتر آن باشد کہ سردلیبران ☆ گفته آید در حدیث دیگران

Zakat Year

Zakat year is generally different for each and every individual and commences from the very first day (of Hijrah / Lunar Calendar) when he or she becomes a Sahib-e-Nisab and when one Hijrah year passes on such balance still in ownership of the person, Zakat becomes due.

Generally, it is difficult or rather impracticable to calculate the completion of one year on each item of wealth, because purchase dates may vary. Similarly, at times the balances of wealth may increase and decrease on day to day or in some cases, on a minute to minute basis (e.g. gold and stock market rates). To overcome this difficulty, a practical method is to fix a date, generally 1st of Ramadan (رمضان), to compute your total wealth on that date and calculate Zakat, thereon.

Rationale for selecting 1st of Ramadan

1st of Ramadan is selected by most of the individuals as the day of commencement of Zakat year because in Ramadan, the Sawab for every Fard is 70 times more than normal days. That is why most of the scholars advise people to fix it as their Zakat computation day.

Since most of the people fix their Zakat year on this day, generally the governments also fix it as the day of commencement of the Zakat year for the government. Similarly, for mandatory Zakat deductions and payments, 1st of Ramadan is considered to be the assessment date.

To Whom Zakat May be Paid

The utility of Zakat has been clearly set out in the Holy Quran. Those to whom Zakat may be paid according to Quran include:

- ★ Poor (may or may not be asking for financial help);
- ★ Needy (but not asking);
- ★ Heart-winning (of Non-Muslims);
- ★ Freeing the slaves;
- ★ Travellers (in financial difficulties);

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This Nisab is also important for determination of applicability of Qurbani at Eid-ul-Azha (Baqar Eid). However, Qurbani is Wajib (واجب) on every Sahib-e-Nisab irrespective of whether a complete year has passed on ownership of such Nisab or not. Even, if the wealth equivalent to Nisab comes to one's ownership during the Eid days, Qurbani becomes Wajib.

Basic Exemptions

The basic exemptions from Zakat may be described as a matter of principle to be all the items of personal usage except those intended to be sold. Personal furniture, house, vehicles, attire, and other assets are considered exempt from Zakat. Business assets, e.g. shops, showrooms, factories, machinery etc. are also considered to be exempt from Zakat.

A few jurists are of the view that a number of modern days inventions particularly including television, VCR etc. are not a personal need hence should not be considered exempt for the purpose of computation of Zakat. Accordingly, it is better to include all such assets in computation of wealth for the purpose of computation of Zakat.

Rate of Zakat

Except for agricultural produce and livestock, Zakat is payable at the straight rate of one fortieth or 2.5% per annum (lunar year) on one's wealth. It is always preferable that Zakat should be paid based on lunar calendar year.

In order to avoid practical difficulties, a number of jurists have allowed working out Zakat on the basis of Gregorian calendar. In such case the rate of Zakat needs to be adjusted for the difference of number of days between both the calendars. Accordingly, such rate is worked out to be slightly higher than the rate applicable for lunar calendar.

ZAKAT

Omar Mustafa Ansari

Zakat (زکوٰۃ) is the mandatory monetary Ibadat that is Fard (فرض) on an annual basis on every Sahib-e-Nisab (صاحب نصاب). It is a basic and fundamental step towards development of an Islamic economic system. Like Sadaqat and principles of heritage, it is one of the basic instruments, and perhaps the most important one, that aims for avoiding concentration of wealth in several hands.

Sahib-e-Nisab

Sahib-e-Nisab is the term defining a Muslim person who owns at least sufficient wealth i.e. Nisab, in addition to his basic necessities. In other words, if somebody owns some wealth over and above a minimum exempt limit of wealth, he is Sahib-e-Nisab and accordingly, Zakat becomes due on the wealth that he owns.

Women who have some assets particularly, jewellery are required to pay Zakat by themselves being Sahib-e-Nisab. However, if these ladies do not have enough money in form of cash to pay the same, the family members may pay them some money to pay the applicable Zakat. Otherwise, these ladies should pay Zakat by selling a few of their assets.

Nisab

Different Nisab has been set by the Shariat for different kind of wealth. The basic Nisab is calculated in terms of Gold and Silver. For Gold, Nisab is seven and a half Toulay whereas for silver, it is 52 and a half Toulay. For money and other assets Nisab is calculated for either of these two Nisab, whichever is lower.

Nisab for animals etc. and its rate is defined separately for most types of animals whereby in case of agricultural produce, no Nisab is set for Ushr.

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