

Summary of Zakah Provisions

● First: Definition

Zakah: is an estimated share of money imposed by Allah Almighty for the deserving recipients as the Holy Quran mentioned. The term «zakah» refers to the minimum threshold “Nisab” out of the Zakahable Wealth.

● Second: Zakah Rule

It is an obligation upon every eligible Muslim if they meet Zakah conditions, which will be explained below. The Almighty said: And those who hoard up gold and silver and spend them not in the Way of Allâh, -announce unto them a grievous torment. (34) On the Day when that(wealth), the Zakât of which has not been paid, will be heated in the Fire of Hell and with it will be branded their foreheads, their flanks, and their backs, (and it will be said unto them): -»This is the treasure which you hoarded for yourselves. Now taste of what you used to hoard. (35)

In the Hadith, when the Prophet (SAW) sent Mu`adh May Allah be pleased with him to Yemen he said to him: “Teach them that Allah has made it obligatory for them to pay the Zakah from their property and it is to be taken from the wealthy among them and given to the poor.”

● Third: Conditions for the obligation of Zakah

1. Absolute ownership of Wealth.
2. Growth or probable growth of material asset of wealth.

Once a Zakahable wealth-stream reaches nisab which is:

- Money, metals and articles of trade: (85 grams of 24 karat gold or 96 grams of 21 karat gold). And 595 grams of selvier.
 - agricultural products and fruits: five wasqs, equivalent to 653 kilograms.
 - Livestock (cows, goats and camels) when one owns a specific number.
 - Rikaz: minerals extracted from the ground, and its zakah is fifth of the assets (20%).
4. Zakahable wealth should be free of current debt, i.e., less payable liabilities.
 5. A full year must pass over the ownership of the wealth from the tome it reaches the nisab, except for zakah on agricultural products and rikaz (buried treasure) and articles of trade also exempt from the hawl.
 6. Wealth should be lawful and good; Haram and malicious holdings lose condition for ownership and must be disbursed to Muslims for the sake of public good.

● Fourth: Recipients of Zakah

Zakah is given to the eight categories mentioned in the Holy Qur’an in the Almighty’s verse:

“As-Sadaqât (here it means Zakât) are only for al-Fuqarâ (the poor), and al-Masâkin (the needy) and those employed to collect (the funds); and to attract the hearts of those who have been inclined (towards Islâm); and to free the captives; and for those in debt; and for Allâh’s Cause (i.e. for Mujâhidûn - those fighting in the holy battle), and for the wayfarer (a traveller who is cut off from everything); a duty imposed by Allâh. And Allâh is All-Knower, All-Wise. (60) “Al Tawba”

- 1+2. the ones who cannot find their daily sustenance or cannot find most of their sustenance. A rich person can be distinguished as someone who has (earnings - food and drink - clothing - medicine - and support for his family and children) according to custom and condition.
3. Zakah administrators (those employed to administer, collect and distribute Zakah).
4. Those whose hearts are to be reconciled, meaning new Muslims and Non-Muslims who are willing to convert to Islam.
5. Those in bondage: slaves and captives (no longer exists).
6. The debt-ridden: Debtors for lawful purposes who cannot pay their debts.
7. In the cause of Allah: Mujahidoun or Al-Mourabitoun - Advocates of Islam - knowledge seekers. One opinion holds that all Islamic projects may be included when deemed necessary for the country.
8. The wayfarer: a traveler who has become stranded away of his hometown

● Fifth: How to calculate Zakah

1. First, the available resources must be valued to determine whether they reach the nisab threshold by using the following equation:
2. The value of a gram of gold on the day that zakah is paid $\times 85 =$ the amount of the nisab (the minimum threshold for paying zakah, if the balance is less than this nisab, then zakah is not required).
3. The available net worth that has reached Nisab - minus the annual actual cost, including financing installments - if any.
4. Quotient $\times 2.5$ (when paying zakah in the Hijri year) and $(2.5775$ when paying zakah in the Gregorian year) $\div 100 =$ the amount to be paid.
5. Another way to calculate Zakah: the available amount $\div 40 =$ the amount payable.
6. Deduction of debts (debts of the following year).

● Sixth: General rules of Zakah

1. Intention: It is a fundamental pillar of all acts of worship, and they are not valid without it. For zakah to be valid, the payer must intend that the payment is for their own zakah or that of their dependents.
2. Time of entitlement: Zakah should be paid when it becomes due. The payer should designate a specific day each year to calculate the zakah and then pay it accordingly.
3. Delay in paying Zakah: Zakah is not nullified by the passage of time. If it has not been paid for previous years, it remains due, and the payer must make an effort to determine the amount of zakah owed for those past years based on the applicable nisab (minimum threshold) and their wealth at the time.
4. Advance payment of Zakah: It is permissible to pay the zakah in advance before it becomes due, when necessary.
5. Distribution of zakah among categories: Zakah should not be generalized to the eight categories mentioned, and it can be limited to some of them.
6. Cash liquidity to pay zakah: If the zakah payer has nothing to pay zakah on, then zakah becomes a debt owed to him, and he shall pay it whenever he is able to.
7. Categories combined in zakah:
 - similar categories are combined into a single Zakah pool. All types of money (including bank accounts, cash, articles of trade, gold and silver after valuation, and

- shares after valuation) are considered as one pool and are combined together to determine their total amount and compare it to the Nisab on the day Zakah due.
- The basic rule that zakah should be paid from the same category of wealth. Therefore, zakah money should be paid in cash. However, it is permissible for the payer to purchase what they consider more beneficial for the recipient from essential needs using the value of the zakah.
 - Resipient's Awareness: It is not required to inform the recipient that the funds given to them are from Zakah.
 - Borrowing for zakah: It is permissible to borrow money in order to pay Zakah if the payer does not have sufficient cash, and this includes the use of credit cards.
 - Paying zakah to relatives:
 - Parents and grandparents (ascendants), and children (descendants): The basic rule is that it is not permissible to pay them Zakah, as financial support for them is obligatory. However, it is permissible in certain cases, such as when the payer is unable to provide for them, or if the payer is a mother who has no husband to support her dependents.
 - Wife: As a rule, it is not permissible for a husband to give Zakah to his wife, since he is obligated to provide for her.
 - Husband: It is permissible for a wife to pay zakah to her husband.
 - Uncles, aunts, maternal uncles and maternal aunts: It is permissible to give them Zakah.
 - Other Relatives: It is permissible to give them Zakah.
 - It is permissible for a mother to pay Zakah to her children if she is not the one responsible for their financial support (for example, if the father is the provider). However, if she is the provider most of the year, then it is not permissible for her to give them Zakah.
 - Paying zakah outside the country: The basic rule is that zakah should be given in the country where the wealth upon which zakah is obligatory. However, if the people of that country are self-sufficient, or if some eligible categories are not available there, or in cases of need such as drought, wars, famine, or similar situations, it is permissible to transfer it to another country.
 - Praying for the Zakah payer: It is recommended for the zakah collector to pray for the zakah payer.

● Seventh: Zakah table for new transactions

1. Assets Zakah

Type	Sharia Ruling
Zakah on gold, silver and precious stones	
1 Gold, silver, diamonds, precious stones, etc. for the purpose of trade or investment	Zakah is payable at 2.5% of its market value.

2	Gold and silver for personal use	There is no Zakah if the total amount owned is within the customary use of women, but if it is above the custom, then the excess is zakahable at 2.5%.
3	Diamonds, precious stones and platinum for personal use	There is no Zakah if the amount owned is within the limits of custom, some scholars state you must pay Zakah if amount is above the custom, excess is zakahable at 2.5%.
Zakah on cash and currencies		
4	Banknotes (money)	It is added to the rest of assets, and the total is Zakahable at a rate of 2.5%.
5	cryptocurrencies	They are subject to zakah at a rate of 2.5% after valuation if they are treated as cueeency. However, currencies that are closer in nature to shares are treated like zakah on shares.
6	Current account balance	It is added to the rest of assets, and the total is Zakahable at a rate of 2.5%.
7	Savings account balance and deposits of all kinds	It is added to the rest of assets, and the total is Zakahable at a rate of 2.5%.
8	Undeceived employee entitlements in the pension and social insurance fund	Zakah is not obligatory, because the zakah payer cannot dispose of it. If he receives it and one whole year has passed since then, he must pay zakah on it along with the rest of his money for one year.

9	Employee's monthly salary	Zakah is not obligatory, but whatever remains of it is added to the rest of the money at the completion of the zakah year.
10	Employee savings programs	<p>If joining this program is mandatory, then there is no zakah on these funds unless the employee receives it and remains in his possession for a full year.</p> <p>If joining the account is voluntary, zakah must be paid as follows:</p> <ol style="list-style-type: none">1. Money paid by the employee, along with its profits added to the full amount, is Zakahable at the rate of 2.5%, even if profits are not received by the employee.2. Money paid by the company as a gift: There is no zakah except for the portion that is received and remained for a whole year.3. In the case where the funds are invested in deposits or investment Sukuk, the nature of those Sukuk must be examined.
11	Monthly changes on account amounts by depositing, withdrawing, etc.	<p>Zakah is payable by calculating all amounts to the opening balance at the time of zakah, then pay zakah on the entire amount at the rate of 2.5%, even if some amounts are not completed one year.</p> <p>There is an opinion that states: zakah is only obligatory on money which completed a year, and whatever is in excess during the year is permissible.</p>
12	Money saved for marriage, pilgrimage, buying a car, house, etc.	Zakah is paid if a whole year has passed and money is not used for its intended purpose.
13	Inheritance money after they are received.	Zakah is paid after one full year has passed since receiving it.

Zakah on Shares

14	Shares intended for trading through buying and selling.	Zakah is paid based on their market value at the price on the day the zakah is given.
15	Shares intended to be held and benefits from their yield (profits).	It has conditions: <ol style="list-style-type: none">1. If the company pays the zakah on all its shares, then the shareholder is exempt from paying zakah.2. If the company announces the zakah amount per share, then the shareholder pays zakah on his shares by multiplying the zakah per share by the number of shares he owns.3. If the company does not announce the zakah rate, the zakah payer must try to determine the zakah for each share and then multiply it by the number of shares he owns. If he cannot determine the percentage, he may pay the zakah on the dividends received from the shares only at 2.5% if they remain until the day of zakah, or he may add them to cash and pay.

Zakah on real estate

16	Private residential real estate and its furniture, and private-use vehicles.	Not subject to Zakah.
17	Real estate intended for sale - that is, for the purpose of trade - (land, a building under construction, or a building ready for sale), is in held by a trader who buys and sells real estate.	Zakah is paid on its market value annually if a whole year has passed.

18	real estate intended for rent.	The remaining rental income is subject to zakah, it is added to cash holdings and zakah is paid on the total.
19	Real estate held in the hands of someone who does not buy or sell real estate, but sells it when needed or prices rise (the Speculator).	Zakah is paid upon sale if one full year has passed, even if it has been owned for more than a year.
20	Real estate under construction and intended for sale.	<ul style="list-style-type: none">• If the property is intended for sale: Zakah is obligatory on it, and it should be valued at the current market price according to the stage of construction it has reached.• If it is intended for renting: Zakah is paid only on the rental income.
Zakah on Articles of trade		
21	Merchandise intended for sale include items in stores, restaurants, etc.	Merchandise prepared for sale is subject to zakah base don it evaluation on the day of zakah. However, the profit earend is not subject to zakah unless a full year has passed on it. The merchandise is valued at the price for wich it is most likely to be sild (wholesale or retail – and if the sale amounts are equals or determining this is difficult, it is valued at the cost price). And only current debts are deducted from it.
22	Stores that sell and rent commercial services.	No zakah on it because there are no goods that can be evaluated. Zakah is obligatory on cash (if available).
23	Sea products.	There is no zakah on it except what is prepared for trade, so zakah is paid at the end of the year at its market value.

24	Factory building, its equipment and production tools designated for manufacturing.	Not subject to zakah
Zakah on debts		
25	Debts owed to the zakah payer by others.	Zakah is paid on it for one year when its collected.
26	Writing off the borrower's debt and considering it as part of the zakah.	It is not permissible to consider it part of the zakah because actual receipt is required, although some scholars premitted it.
27	Personal associations (which involve a group of people, each of whom pays a monthly installment equivalent to what he will receive later on a specific date).	Zakah is not obligatory, because the zakah payer cannot dispose of it. If he receives it and a year has passed since then, he must pay zakah on it along with the rest of his money for one year.
Zakah on Waqf Funds		
28	Charitable Waqf Funds.	Not subject to zakah.
29	Privet (family) Waqf Funds.	Its income is subject to zakah at a rate of 2.5% when the income is received, if the waqf manager has not paid the zakah on it.

Zakah on Sukuk and Investments Funds

30	Investing in investment funds.	<p>Zakah is paid according to the assets it represents, the type of trade and real estate.</p> <ul style="list-style-type: none">• Murabaha funds for trading in stocks and commodities: Zakah becomes due on the fund's assets according to their market value on the day the zakah is paid• Leasing funds: Zakah is not obligatory on them. Rather, it is obligatory on the rental income of leased assets if it reach the nisab and one full year has passed. However, if the realestate is intended for sale, zakah is due annually based on their market value.• Stock funds:<ul style="list-style-type: none">- If the fund's goal is to purchase Shares and hold them for their periodic returns and the investor's intention aligns with that, then zakah must be paid on profits only.- If the goal is to trading shares through buying and selling, and the intention aligns with that, then zakah is due on shares at a rate of 2.5%.- If the goal is to purchase shares and hold them for their periodic returns and the investor's intends to trade, then zakah is due at a rate of 2.5%.
31	Zakah on Sukuk.	<p>Zakah is paid according to the assets it represents, the type of trade and real estate.</p> <ul style="list-style-type: none">• Ijarah Sukuk: Zakah is not obligatory on leased assets, rather it is due on the income received (the yield) at a rate of 2.5% if it reaches the nisab and a full year has passed.• Musharakah and Mudaraba Sukuk: Zakah is paid based on the type of underlying assets. If they are trading assets, they are subject to zakah as Articles of trade once a full year has passed. If they are leased assets, then only a quarter of the rental income are subject to zakah.

31	Zakah on Sukuk.	<ul style="list-style-type: none"> • Franchise and right Sukuk: If they represent rights, these resemble benefits, so zakah is due on the annual income generated from these right at a rate of 2.5%. • Murabaha Sukuk: they are subject to zakah as debts, and the owner pays zakah on the amounts received from both capital and profit at a rate of 2.5%, in addition to the amounts expected to be repaid (i.e., the principal and the future profit for the zakah year).
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2. Zakah on agricultural products and fruits

Type		Sharia Ruling
1	Having multiple types Cereals, dates, barley, etc.	Zakahable, and their nisab is same as agricultural products and fruits, as follows: <ul style="list-style-type: none"> • If land irrigated by machines: 5%. • If land irrigated by rain water: 10%. • If irrigation is a mixture of both 7.5%. Each type is sole in its nisab threshold.
2	Fruits and vegetables.	There is no zakah, unless it is for trade, then zakah is as on articles of trade.
3	Work in progress in agricultural establishments.	There is no zakah.
4	Production supplies: such as medicines, pesticides, fertilizers, packaging materials.	There is no zakah on it unless it is for trade, in that case, it is subject to zakah as articles of trade.
5	Land used for AL-Musaqat (irrigation), AL-Mugarasah, AL-Muzara'ah (planting).	The produce is subject to zakah according to each party's proportional share.

6	Leasehold farmland.	Zakah is owed to the lessee only.
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3. Zakah on livestock (camel, cows, and goats)

Type		Sharia Ruling
1	Livestock held for trade.	it is subject to zakah as articles of trade (2.5%).
2	Working livestock used for plowing, carrying and watering the land.	Not subject to zakah.
3	Animals other than (camel, cow, sheep/goats).	No zakah on what is intended for adornment or use, but zakah is paid upon what intended for trade only.
4	Milk, wool and eggs from chicken.	There is no zakah on it except what is prepared for trade, , it is subject to zakah as articles of trade .
5	Chickens acquired for production .	There is no zakah on it except what is prepared for trade, , it is subject to zakah as articles of trade.
6	Camels, cows and raised sheep.	According to the following table:

Cows			Camels			Goats		
Zakah on it	Amount		Zakah on it	Amount		Zakah on it	Amount	
	From	To		From	To		From	To
Tabee'a or Tabee'ah	30	39	1 Camel	5	9	1 Goat	120	40
Musinnah	40	59	2 Camels	10	19			
2 Tabee'a	60	69	3 Camels	15	19	2 Goats	200	121
Then for every 30, Tabee'a. And for every 40, Musinnah.			4 Camels	20	24			
			Bint Makhad	25	35			
			Bint Labun	36	45			
			Hiqqah	46	60			
<ul style="list-style-type: none"> • Tabee'a or Tabee'ah: a one year old Cow or Calf. • Musinnah: a two years old Cow. 			Jaza'ah	61	75	3 Goats	300	201
			2 Bint Labun	76	90			
			Hiqqatan	91	120			
			3 Bint Labun	121	129			
		<ul style="list-style-type: none"> • For every Forty, One Bint Labun. • For every Fifty, ne Hiqqah. 			Then one for every 100 Goats			
					Not to be taken by charity: a young male goat, an old female Goat, defective animals, or ill-gotten wealth.			
					Not to be taken by charity: the weak, the one in labor, the voracious, or the choicest wealth.			

- **Bint Makhad:**

One year old Camel, named so because its mother is pregnant.

- **Bint Labun:**

Two years old Camel, named so because its mother gives milk.

- **Hiqqah:**

Three years old Camel, named so because it is fit to be ridden.

- **Jaza'ah:**

Four years old Camel.

Sharia Supervisory Board Bahrain Islamic Bank

