

# Calculating your Zakat

Our mission is to connect every Muslim through Zakat



## **So how do I know if I need to give Zakat?**

Anyone who is a Muslim, an adult (has reached puberty), and is sane, is expected to give Zakat if they have the minimum amount of wealth, which is known as the Nisab. The Nisab was set by the Prophet Muhammad (peace be upon him) at a rate equivalent to 87.48 grams of gold and 612.36 grams of silver.

If you're not current on your gold and silver values, don't worry. Get the latest Nisab rates at [www.alzakati.com/nisab](http://www.alzakati.com/nisab).

Okay, It seems simple enough...

How do I work out how much Zakat I need to give?

This is the bit many Muslims get stuck on. But there's no reason to fret.

Our simple-to-use calculator will help take the stress out of working out your Zakat amount. Just go to our website and use our online calculator to instantly find out how much you need to give.

Put simply, there are 4 basic steps to working out your Zakat:

1. Work out what you own.
2. Then take off what you owe.
3. Work out the balance and check that it's more than the Nisab value.
4. Work out 2.5% of that and there you go, you've got your Zakat amount.

## **Working out what you own**

### **Cash Valuation**

Zakat is due on any cash you own above the Nisab (as explained before). Add up the current balance in all your bank accounts and any cash you have stored in your home.

### **Money owed to you**

Money owed to you can be split into two categories: strong and weak. Strong includes money owed which you are highly likely to receive, such as personal loans or outstanding payments for items you've sold commercially. Weak refers to outstanding payments for the sale of personal items, outstanding inheritance shares, and outstanding wages, among other things.

### **Gold & Silver**

Gold and silver in whichever form they are in (jewelry, coins, ingots etc.) are all subject to Zakat. If you're unsure about the value of your gold and silver items, you can go to a local jeweler who'll be able to tell you.

### **Stocks & Shares**

If you own stocks or shares, Zakat is due on your chunk of the Zakatable assets of the companies you've invested in. Normally this is done by finding out which stocks you own, and how many shares you own, and then using the company balance sheets to work out roughly what the Zakatable assets are in each company. If it's difficult for you to determine this, then simply take 25% of the current market value of your portfolio and pay 2.5% of this value.

### **Pensions**

To calculate Zakat on your pension, you need to look at the asset allocation on the Pension Factsheet in your statement or search the name of your pension fund on [www.trustnet.com](http://www.trustnet.com) to find out the asset allocation and breakdown. Once you have this information, you can figure out the total percentage of Zakatable assets in your pension fund. Apply this percentage to your total pension fund value and then pay 2.5% on the Zakatable amount. Our Zakat calculator takes the hard work out of this process. You can simply add in the name of your pension and its current value and the calculator will do the rest.

### **ISAs, Junior ISAs & Child Trust Funds**

Zakat is due on cash ISAs and if you have an ISA with stocks and shares and have no current plans to sell, then you need to pay Zakat on your share of the Zakatable assets within the companies in which you have shares. Zakat is not due on children in the Hanafi school. However, according to the Shafi'i, Maliki, and Hanbali schools, Zakat is obligatory on the

wealth of minor children also. Thus, in the Hanafi school, the issue of Zakat on CTFs will only be questioned upon the maturity and puberty of the child.

### **Business Assets**

Business assets are subject to Zakat, and these include cash, finished goods, work in progress, raw materials, and strong debts, i.e., money owed to the business that is likely to be received. Business assets must be valued at their current market price. For finished goods, this should be their retail sale price. For unfinished goods, this should be whatever price you expect the unfinished goods to fetch on your Zakat anniversary date. Read our guide on 'Business Zakat' for more details on this.

### **Taking off what you owe**

Personal liabilities: Based on the above, work out the debt you can take off your Zakatable amount by adding up the following:

1. Outstanding or overdue basic living costs that have not yet been paid for.
2. The coming year's payments of your long-term debts (not including interest).
3. Money that you owe for completed purchases.
4. Outstanding dowry owed and intended to pay.

Once you've worked out how much you own which is eligible for Zakat, you need to work out what you can take off.

It's acceptable to take away one year's worth of debt repayments from your Zakat amount, but ideally, this should only be done if paying Zakat is likely to stop you from being able to afford the repayments. If you're likely to be able to repay, the debt will not be affected by paying Zakat, the debt shouldn't be taken off.

For more information on the sort of debts you can take off your total amount, go to the Knowledge Bank on the Al Zakati website which has lots of useful info on the topic.

What you can take off:

1. Debts which need to be fully paid off within 12 months.
2. Up to 12 months installments of longer-term debts which are due to be repaid over several years.
3. Arrears and/or overdue payments.

What can't you take off:

1. Future expenses and bills which are not yet due e.g., next month's rent or bills.
2. Debts which are not payable at all in the next 12 months e.g., a student loan which is not owed until study is complete and a person is earning a certain amount.
3. Unlawful payments such as interest. Interest is not allowed in Islam but if a person does engage in interest or has interest due on a debt this can't be taken off the Zakat amount.

Now you just need to take off the amount you owe from the amount you own. The amount you're left with is the amount you're due to pay Zakat. To find out how much Zakat you should give, just calculate 2.5% of that and there you are.

To make this even simpler, just use the Al Zakati calculator which can take you through this whole process step by step and give you your Zakat amount in a matter of moments.

## **When should my Zakat be paid?**

Zakat is due immediately upon your Zakat anniversary. If you're not sure when this is or you're paying for the first time, simply work out the day you first owned wealth over and above the Nisab threshold (if you don't know the exact date you can estimate). Once you've paid your Zakat once, this then becomes your Zakat anniversary.

## **Can Zakat be prepaid before my Zakat anniversary?**

Zakat can be pre-paid before your Zakat anniversary. This is to encourage people to increase in worship and make the most of blessed times like Ramadan or the first ten days of Dhul Hijjah. If you do pay early, you still need to work out your Zakat due on your Zakat anniversary to make sure you've paid the right amount.

## **Why do we need a platform for local Zakat giving?**

In Bangladesh, thousands of Muslims can and should be giving Zakat. At the same time, Muslims across the country are in need – people who are being held back by their financial circumstances and should be receiving Zakat. Our job is to connect them, so Muslims giving Zakat can do so locally and directly to support people in need. By doing this, we can create a thriving, closer community.

## **Al Zakati's vision is a thriving, closer community of Muslims in Bangladesh powered by Zakat.**

### **FAQs**

Today Al Zakati is entrusted with millions of pounds of your Zakat each year. And over the last ten years, your Zakat has helped more than 30,000 Muslims facing hardship and desperation. We're the only platform enabling Muslims in Bangladesh to give Zakat to those who need it here.

Just go to our website, [www.alzakati.com](http://www.alzakati.com), to get started, and in a few simple steps, you'll be bringing Zakat to life where you live.

And if you still have further queries or something is unclear, no worries! Email us at [info@alzakati.com](mailto:info@alzakati.com) and we'll be happy to help.

### **Our Zakat policy** I'm ready to give my Zakat, now what?

### **About Al Zakati – Bringing Zakat to life in Bangladesh**

Those in need of Zakat can apply for one of four grants. The experienced and dedicated Al Zakati team works with applicants on a personal level to establish the type of support they need and conducts meticulous checks to ensure Zakat is given in a religiously sound and transparent way.

Our grants provide help with:

1. Essentials for women and children, especially for single mothers and those in abusive relationships.
2. Money to support people suffering from mental health issues.
3. Funding for skills and qualifications to help those who need work and education.
4. Cash and vouchers to help those struggling with basic living costs.

Every donation you make to Al Zakati helps to transform the lives of local Muslims struggling with poverty. Thanks to your support, our community is strengthened and united.

Remember, your Zakat is powerful. It can change lives and bring us all closer together.

## Contact Us

Phone: +880 1XXX XXXXXX

Email: [info@alzakati.com](mailto:info@alzakati.com)

Website: [www.alzakati.com](http://www.alzakati.com)

