



Guidelines

Zakat Jurisprudence of Individuals

Note:

This is an instructional guideline exemplifying the key religious rulings associated with the individual Zakat, as per the Fatwas of the Permanent Committee for Scholarly Research and Ifta. This document may not be considered a legal instrument where the articles herein are merely educational and not binding by the Authority.



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INTRODUCTION

In the Name of Allah, the Most Merciful

Praise be to Allah, Lord of the worlds, and may Allah's blessings and peace be upon our Prophet Muhammad, his family and all his companions.

The Zakat, Tax and Customs Authority (**ZATCA**) intends to raise awareness on and promote voluntary compliance to Zakat among other key objectives.

In its compliance to create a balanced and integrated Zakat environment, **ZATCA** has created **ZAKATY** Platform that provides individuals with the option to pay their Zakat easily through the electronic payment channels to deliver it directly to beneficiaries who are registered for Social Insurance.

These Guidelines are a compilation of the key religious rulings on individual Zakat as associated with **ZAKATY** Platform. They are developed as per the Permanent Committee for Scholarly Research and Ifta (the "Committee").



1. Zakat

1.1 Definition of Zakat

The Arabic term Zakat linguistically refers to several connotations: Purity, growth, blessing, and praise.¹

According to Sharia laws, Zakat means: The act of worship to Allah Almighty by allotting a compulsory portion of a sum of money that meets certain characteristics for a specific type of beneficiaries.²

Paying Zakat is a prominent act of worship; it is described as: "The act of worship to Allah Almighty by paying an obligatory sum." Wealth paid for Zakat is: A small portion, imposed by the Islamic Sharia laws for great ends.

Such allotted portion is not made from all the wealth that a Muslim owns, but from the funds that meet certain specifications, i.e. The Zakat wealth. It is defined as: "Meeting certain characteristics." Zakat funds are classified into: Money (gold, silver, cash), trade offers, livestock, grain and fruits.

Zakat is paid for specific beneficiaries as defined, "for a specific type of beneficiaries," who comprise eight classes as stated in the Quran:

(Zakat expenditures are only for the poor and for the needy and for those employed to collect [Zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah. And Allah is Knowing and Wise)

[At-Tawba: 60].

Sharia laws have carefully described Zakat in that nomenclature to reflect its aforementioned meanings. It purifies the soul against miserliness, cleanses wealth from whichever forms of forbidden earnings they may have acquired, blesses and grows wealth, and commends its

(1) See: Al-Nihaya (2/307), Lisan Al-Arab (14/358)

(2) Al-mauwsoah Al-kawitiah, / 23 Page 229



payer according to Sharia, as the Zakat payer obliges to Allah's orders and to logic as well, due to the mundane benefits it creates, which are only understood by the Wise.

1.2 Zakat Hukm (Ruling)

Zakat is the third pillar of Islam, and one of its great foundations. Allah Almighty has placed Zakat on equal footing with prayer in the Holy Quran in eighty-two different positions, which indicates its great virtue and importance.

Zakat is one of the Fardh (obligations) of Islam. The Quran and Sunnah provide evidence for how Zakat is mandatory.

Among the verses of Quran describing Zakat Allah says:

**(And establish prayer and give Zakah and bow with those who bow
[in worship and obedience])** [Al-Baqarah: 43].

And:

**(Indeed, those who believe and do righteous deeds and establish prayer and give Zakat will
have their reward with Allah, and there will be no fear concerning them,
nor will they grieve.)** [Al-Baqarah: 277].

Among Sunnah references on Zakat: Ibn Omar's account of Prophet Muhammad as saying:

**((The structure of) Islam is built on five: Testimony that no deity deserves to be worshiped
but Allah and that Muhammad is his worshiper and Messenger, the observance of Prayer, the
payment of Zakat, the pilgrimage to the House of Allah (Kaaba),
and Fasting during the month of Ramadan)**

Ibn Abbas (May Allah be pleased with him) reported that the Prophet appointed Muadh ibn Jabal as governor of Yemen, and at the time of his departure, he instructed him thus:

**(-----, tell them that Allah has made the payment of Zakat obligatory upon them. It
should be collected from their rich and distributed among their poor)** [Agreed Upon].

Ibn Qudamah said:

(Muslims at all times unanimously agreed that it is obligatory.) [Al-Moghny]



1.3 Purpose of Zakat

Zakat has been ordered for several great purposes, among which are:

1. It is the financial worship that involves relinquishing a person's much beloved wealth to the channels that Allah the Almighty established.
2. Among the Sharia purposes of Zakat is that it purifies wealth, negates its evil consequences, and protects it from getting misused or damaged.
3. Zakat brings growth (in abundance) and blessings to the wealth. This is indicated by the Hadith: (Sadaqah (i.e., charity) does not diminish wealth.) [Muslim]
4. Zakat purifies its payer from the filth of sin and the evils of soul, such as selfishness and miserliness, and teaches him to spend and perform almsgiving.
5. Zakat promotes social solidarity, cooperation and love among the people. When a rich person gives alms to a poor brother, the poor may relinquish their hatred and envy; thus, eliminating grudges and establishing security among people.



2. Conditions for Zakat

For Zakat to be obligatory, certain conditions must be present. However, if one of these conditions is lacked, Zakat shall not fall obligatory. Such conditions are divided into two categories:

Zakat conditions for a Zakat payer, and Zakat conditions for the wealth.

2.1 Zakat conditions for a Zakat payer

2.1.1 First Condition: Islam

Prophet Muhammad advised Muadh ibn Jabal with the following:

(You are going to (some) people from amongst the people of the Book. So, the very first thing to which you should call them is to worship Allah (alone), and when they come to know Allah, then inform them that Allah has enjoined upon them five prayers (i.e., Compulsory Congregational Prayers) in every day and night, and if they observe so, then inform them that Allah has enjoined upon them a Zakat (which would be collected) from their wealthy and distributed among their poor...) [Agreed Upon].

2.1.2 Zakat payer does not have to be mature and sane.

A Zakat payer person does not have to be a sane adult. Zakat is levied on the wealth of underage children and persons lacking mental capacity, to be paid by their guardians. Non-canonical evidence stipulates the payment of Zakat on "wealth", with no distinction between the adults or the young, the sane or the insane. On the account of Abdullah ibn Omar, the Prophet, said:

(As for one who is the guardian of an orphan who has wealth, then let him do business with it and not leave it until it becomes consumed by charity.) [at-Tirmidhi]

Abd Al-Rahman ibn Al-Qasim said:

"Aisha used to care for me and a brother of mine as orphans in her house. She would take Zakat [to pay it] out of our wealth" (Malik in Al-Muwatta).



2.2 Zakat conditions for wealth

Wealth must meet the following conditions to be subject to Zakat:

2.2.1 First Condition:

Wealth must be from Zakat money, as not all types of wealth are subject to Zakat.

Zakat is only due in four categories of wealth:

1. **All types of funds:** gold, silver and cash.
2. **Trade offers:** commodities created for sale and purchase for the purpose of making profit.
3. **Agricultural Produce:** crops and fruits
4. **Livestock:** Animals raised for commercial purposes, camels, sheep, goats, cattle and buffalo.³

The Committee issued its fatwa: "Zakat is obligatory on livestock, agricultural produce, cash, and trade offers." (2262).

Zakat is levied on the above wealth types because it generates growth and profit, helping the rich support the poor therefrom. Conversely, non-growing wealth (any wealth outside the abovementioned four types) is not subject to Zakat.

Accordingly, Zakat is not levied on the following wealth categories:

- Assets intended for ownership and use, such as houses, cars, and clothes.⁴
- Assets intended for lease, such as houses and cars. Houses and cars themselves are not Zakatable, but their rent revenues are, being money. If such money reaches Nisab (Quorum) on its own or by means of inclusion in other moneys and on which a full year elapses, then it is zakatable.
- Animals other than livestock, such as horses, chickens, and pigeons, and sea creatures such as fish, unless they are taken for trade.

(3) Alejmaa For Ibn Almonther, Page45

(4) There is no zakaah on jewellery if it is essence or rubies in which there is no gold or silver, except that it is for trade.

Alestinkar,9/75



2.2.1.1 Wealth falling under two zakatable categories

If a single wealth falls under two of the four categories, is zakat paid once for both, or twice for both?

An example is a Muslim individual owning sheep for trade; thus, such wealth is a part of the livestock and the trade offers.

Answer: A wealth falling under two categories of the zakatable wealth shall be subject to only one type of Zakat. A livestock intended for trade and sale shall fall under the trade offers zakat only, and not the livestock Zakat.⁵

2.2.3 Second Condition: Absolute ownership

Among the conditions for the obligation of Zakat is that the wealth shall be fully owned by the Zakat payer. Allah, Exalted be He, says: (Take, (O, Muhammad), from their wealth a Zakat) [At-Tawba 103], attaching wealth to its owner indicates the establishment of absolute ownership. Accordingly, the fulfillment of the condition of absolute ownership is contingent on:

First: The wealth shall be owned by a specific person or group.

Second: Such owner must also hold ownership of the wealth's benefit, disposition and revenues.

Third: The wealth must be free of second or third party rights.

Accordingly,

Zakat may not be levied on public Waqf (endowments), on the funds of charitable organizations, or funds collected to be spent on charitable causes, nor on their profits, because they are not fully owned by specific persons.

The Committee issued its fatwas: "As mentioned above, the wealth of the foundation does not belong to an individual, in fact it belongs to the charitable institute and is spent on charitable activities in general, such as Dawah (calling to Islam), building mosques, and providing for the poor. The committee therefore decides that no Zakat is due on this foundation's funds or any similar funds that are not privately owned and are spent on charity, as these funds are considered as being under the same ruling as Waqf (endowments)." (4460).

(5) Research and proceedings of the Twelfth Symposium on Contemporary Zakat Issues (310)



Zakat is not levied on the estate that was not divided during the years in which its division was delayed due to an excuse, and if each of the heirs is not able to receive his share for any reason beyond their control - such as the proximity or dispersal of some of the heirs even if they owned it, because their ownership was incomplete, as none of them may dispose of his share, unless they were shares in commercial establishments, then Zakat must be levied, because the commercial establishment has a legal personality independent of the owners.

2.2.4 Third Condition Reaching the Quorum

The wealth upon which Zakat is due shall reach the quorum, which is the minimum amount determining a person's zakatability. The scholars of Fiqh have agreed on stipulating the quorum, for example: One or two camels are not subject to zakat. Camels shall be zakatable if they reach five. The quorum of camels is five camels.

Quorum are as follows:

- **Quorum of gold:** Twenty mithqals, (85 grams of pure gold). Zakat is not due on gold if it is less than quorum.
- **Quorum of silver:** Two-hundred dirhams (595 grams of pure silver). Zakat is not due on silver if it is less than quorum.
- **Quorum of cash and trade offers:** To reach the quorum of silver or gold.⁶
- **Quorum of crops and fruits:** Five wasqs (612 kg of wheat and other crops. Zakat is not due on less grain and fruit yields.
- **Quorum of camels:** Five camels, quorum of cows: Thirty cows, and quorum of sheep: Forty sheep.

(5) The nisab of banknotes attains the lowest swindlers of gold or silver. See: Fatwas of the Permanent Committee for Scientific Research 9/257



2.2.5 Fourth Condition: Elapse of a full lunar year (Hawl):

If the zakat ability of wealth, stability of wealth ownership for the Zakat payer, the wealth has reached the amount of quorum have been established, the wealth shall still be not subject to zakat until a full lunar year (354 days) passes.

Ibn Omar reported about Prophet Muhammad:

((No Zakat (is to be paid) for a wealth until Hawl (i.e., Zakat year) has passed)

[Narrated by At-Tirmidhi]

On the authority of Aisha (No Zakat (is to be paid) for a wealth until Hawl (i.e., Zakat year))

[Narrated by Ibn Majah]

The payment of Zakat for gold, silver, money, trade offers and livestock is conditional on the elapse of a full lunar year (Hawl), as a form of mercy to the owner who should see profit and growth in his wealth before the payment of Zakat.

Meanwhile, the payment of Zakat for agricultural produce (grains and fruits) is not conditional on the elapse of the Hawl, but upon reaping thereof, since growth can be immediately reflected by the budding of crops and fruits.

Zakat is due on property after the passing of 12 lunar months according to the Hijri calendar.

The Committee issued its fatwas: The calculation of Zakah is made upon the elapse of 12 lunar months, Allah says:

(They ask you (O Muhammad) about the new moons. Say: These are signs to mark fixed periods of time for mankind and for the pilgrimage) (19665)

2.2.5.1 Zakat for Acquired Wealth

Acquired Wealth is defined as: The property owned by a Muslim individual during the Hawl.

If a Muslim individual acquires wealth that crosses the quorum on 1/1, then receives new wealth on 1/7. Such new money is called Acquired Wealth.

Is the Hawl of the new money the same as the Hawl of the first wealth on 1/1? Or does it start a new Hawl on 1/7?



Answer: Acquired Wealth comes in two classes:

- **First Class:** If there is an increase resulting from the growth of the wealth itself, such as the profit generated from trade, or the product of grazing livestock, then the Hawl of this increase is the Hawl for its principal.
- **Second Class:** Acquired Wealth is newly existing, i.e., not the profit generated from trade, or the product of grazing livestock. In this case, a Zakat payer has the option to: Pay its due Zakat in advance with the wealth that firstly reached quorum; or calculate an independent Hawl for it and pay its Zakat upon its elapse.

A common example for this class: Employee salaries that are traditionally delivered on a monthly basis. In this case, a Zakat payer may make Zakat for all the year's wages upon the receipt of the first month's wage, to be paid one time in the whole year.

3 Zakat Categories

3.1 Zakat on cash

Money is a major bliss from Allah Almighty on mankind. Money can be in the form of gold or silver or their cash equivalents in our modern times. Money is the asset that helps individuals buy their needs, establish properties and wealth; it is the backbone of life.

Allah the Almighty obligated the payment of Zakat on money as a form of showing gratitude by the rich, supporting the poor, and aiding the needy.

Allah orders Prophet Muhammad:

(Take, (O, Muhammad), from their wealth a Sadaqah (i.e., Zakat) by which you purify them and cause them increase, and invoke [Allah's blessings] upon them) [At-Tawbah: 103],

Allah obliges Muslims to pay Zakat to purify and cleanse their money.



Yet, he warned severe punishment to those who refuse to pay it. He says:

(And those who hoard gold and silver and spend it not in the way of Allah, give them tidings of a painful punishment. The Day when it will be heated in the fire of Hell and seared therewith will be their foreheads, their flanks, and their backs, (it will be said), "This is what you hoarded for yourselves, so taste what you used to hoard.) [At-Tawbah:34 -35].

Abu Hurayra reported that Prophet (peace and blessings of Allah be upon him) says:

(Any owner of gold or silver who does not pay what is due on them (i.e. Zakah), on the Day of Resurrection, plates of fire would be heated for him in the fire of Hell and with them his flank, forehead, and back will be seared. When they cool down, they will be heated again and the same process will be repeated during a day the measure of which is fifty thousand years until judgment is pronounced among the slaves and he sees his path, either to Paradise or to Hell)



3.1.1 Zakat on Cash

Zakat is due on cash, as per the Committee fatwa: "The majority of the Council of Senior Scholars has decided that banknotes paper money is an independent sort of money. Thus, Saudi paper money is a sort of money and American paper money is another sort of money and thus, every form of paper money is an independent sort of money. Consequently, the following legal rulings are applied to paper money: ... Second: It is obligatory to pay Zakat on paper money, if its value reaches the least of the quorum of gold or silver, or if it reaches the quorum when added to other money and trade offers possessed by their rightful owners." (5225)

Quorum of banknotes is: The equivalent to the value of the least of the quorum of gold or silver. While silver is often cheaper than gold, so the quorum for banknotes is often the quorum for silver.

Once banknote paper money reaches such minimum limit on its own or by being added to another money or trade offers, Zakat shall be due at the amount of the quarter of a tenth (2.5%), if a full lunar year elapses in the possession of its owner. If it does not reach the minimum limit, Zakat shall not be paid.

If the quorum for gold today is 1000 riyals and the silver is 200 riyals, for example, then the quorum for banknotes is 200 riyals. If a lunar year elapses on a Zakat payer with his money above two hundred riyals, then he must pay Zakat, at the amount of (2.5%).

The quarter of a tenth (2.5%) of the banknotes can be calculating by dividing the amount on 40. The calculation result shall be the amount due for Zakat. Thus, the owner of 25,000 riyals shall calculate his Zakat as follows: $25000 \div 40 = 625$ riyals.

3.2 Zakat on gold and silver

Zakat is due on gold, once gold reaches the quorum of twenty mithqals, (85 grams of pure gold). Zakat is due on silver, once silver reaches the quorum of 200 Islamic dirhams (595 grams of pure silver).

If the gold or silver reaches the aforementioned quorum, then it is subject to Zakat. Hereby, a



Muslim individual must pay a quarter of a tenth of it or of its value (2.5%).

As narrated by Ali ibn Abi Talib, the Prophet said:

“When you possess two hundred dirhams and one year passes on them, five dirhams are payable. Nothing is incumbent on you, that is, on gold, till it reaches twenty dinars. When you possess twenty dinars and one year passes on them, half a dinar is payable. Whatever exceeds, that will be reckoned properly” [Narrated by Abu Dawud]

Ali also narrated the following: Prophet Muhammad (peace and blessings of Allah be upon him) said:

(I have given exemption regarding horses and raiq; with regard to coins (): however, you must pay a dirham for every forty (dirhams), but nothing is payable on one hundred and ninety. When the total reaches two hundred, five dirhams are payable.)

[Narrated by Abu Dawud] **Raiq is silver.**

The owner of gold or silver shall calculate the value of a gram on the day Zakat is due, then multiply it by the number of grams, to establish the value of the gold or silver he owns on the day Zakat is due.

Then, the result shall be divided on forty to receive the value required to be paid: Quarter of a tenth.

First Equation: The price per gram on the day that Zakat is due \times the number of grams owned by the Zakat payer = the value of gold or silver that he owns.

Second Equation: The price of gold or silver that he owns $\div 40$ = due Zakat.

For example: Khaled buys 150 grams of gold on Rabi` al-Akhir 4 1443 AH. On Rabi` al-Akhir 5 1444 AH he must pay Zakat. If the price of a gram of gold on Rabi` al-Akhir 5 1444 AH is 70 riyals, Zakat shall be calculated as follows:

The number of grams (150) \times today's price per gram (70) = (the full value of gold according to today's price) 10,500 riyals.

Due Zakat - a quarter of a tenth - is calculated by dividing the full price of gold according to the price on the day that Zakat is due (10,500 riyals) $\div 40$ = 262.5 riyals, so 262.5 riyals will be given



to the poor.

3.2.1 Zakat on gold mixed with other metals

If gold is mixed with other metals, the foreign metals must first be extracted from it, then its Zakat is calculated. The following equation can be followed:

$(\text{Weight of gold} \times \text{type of karat} \times \text{price per gram (on the day Zakat is due)} \times 2.5\%) \div 24$

3.2.2 Zakat on jewelry intended for use or lending

Zakat is not due on jewelry intended for personal use or lending, Prophet Muhammad said: (Zakat is not due on jewelry) [narrated by Tabarani], because by using it, it is no longer intended for growth, and it has become another property on which Zakat is not due, such as clothes, cars, and houses.

But if it is not intended for personal use or lending, such as trading in it, renting it, or saving it to sell it when needed without using it, then Zakat shall be obligatory on it, because the basic principle is that Zakat is obligatory on gold and silver, but such obligation is relinquished for jewelry that is intended for personal use or lending.

3.2.3 Zakat on precious stones

Zakat is not due on precious stones, such as diamonds, no matter how valuable they are, because they are not cash, they are neither gold nor silver, nor can they take be their equivalent such as banknotes. They are often intended for personal use, unless they are offered for trade, in which case, Zakat is due.

Ibn Abdulbar said:

(They unanimously agreed that Zakat may not be due on precious stones such as gems, pearls or amber free of gold or silver, unless it is for trade.)

3.3 Zakat on Salaries

Salaries are customarily paid in cash money; therefore, they are subject to Zakat on banknotes. If the remainder of the salary reaches the quorum on its own or by inclusion into another money, such as the cash existing in his bank balance, or by adding trade offers to it if he is a merchant, Zakat is due in the amount of a quarter of tenth (2.5%).



For example: If an employee receives the salary of Muharram, at the amount reaching the quorum, and remains with him until Muharram of the following year, then Zakat must be paid on this salary, and thus the salary of each month is calculated according to its own hawl.

However, this may prove difficult for the Zakat payer, because the salaries are paid every month, and because his expenses differ every month, so he cannot confirm how much is remaining.

Therefore, a Zakat payer may establish a day each year to pay Zakat on all the wealth he owns, when a lunar year passes over the first quorum he owns. On such date, Zakat must be paid for the money on which a full year has passed and also advance Zakat for the wealth not passing a hawl. This manner is easy for the payer and helps the poor.

3.4 Zakat on debts

There are two types of debts:

First: Debts owed to zakat payer by third party

Debt owed to zakat payer by third party is divided into two types:

A. The third party is able to pay the debt and is not procrastinator. So, whenever the zakat payer requests the debtor to pay the debt, he pays it. Thus, the zakat payer (creditor) shall pay the zakat on this debt at the end of each year as it is like the money in his hands.

For example, if he has ten thousand riyals in cash and a debit of two thousand riyals is owed to him by the debtor, and the debtor is able to pay the debit without procrastination, the zakat payer shall pay zakat for the amount of twelve thousand riyals.

B. The third party (debtor) is unable to pay the debit or he is able to pay the debit but he is procrastinator and does not pay. The zakat payer thinks that he will not get his debit back. In this case, zakat is not obligatory. It shall be obligatory only if he receives it and one year passes after receiving it. So, he shall pay zakat for only one year.



For example, if he has ten thousand riyals in cash and a debit of two thousand riyals is owed to him by the debtor. The zakat payer thinks that he will not get these two thousand riyals. So, he will pay zakat for the amount of ten thousand riyals only. If the debtor pays the debit after three years, for instance, the zakat payer shall pay zakat only if he receives the debit and one year passes after receiving it.

Second: Debts owed to third party on zakat payer

The zakat payer shall not deduct the debts he has to pay from his zakat. He shall pay his zakat in full as if he has no debts. For example, if he has ten thousand riyals in cash, and he owes a debt of two thousand riyals, he must pay zakat for the ten thousand riyals in full and shall not deduct two thousand from it.⁷

3.5 Zakat on trade offers

Trade is a great source of livelihood. Traders are usually the richest people. That's why Sharia has imposed zakat on trade offers to thank Allah on this blessing. Allah imposes it to purify the trade and its profits from the dirty money that may be associated with it and to help the poor and the needy who see and observe this wealth.

Trade offers means: What is prepared for buying and selling by any kinds of money. The Quran and Sunnah indicate that it is obligatory to pay zakat on it. Allah says in the Quran:

(Take, (O, Muhammad), from their wealth a Sadaqah (i.e., Zakat) by which you purify them and cause them increase, and invoke [Allah's blessings] upon them) [At-Tawbah: 103]

Allah the Almighty commands to take zakat from Muslim's wealth and the trade wealth is one of the most important wealth.

Among Sunnah references on Zakat: Samurah bin Jundub (RAA) narrated that **The Prophet used to command us to pay Zakat from (the goods) we had prepared for sale.** (Abu Dawud).

(7) Alensaf Ma' Alsharh Alkabir, 339/6



3.5.1 Conditions for zakat obligation in trade offers

The general conditions for zakat obligation and the special condition of trade wealth shall be required for zakat obligation in trade offers

Among the general conditions for zakat are: Reaching the quorum and the trade wealth quorum is: The equivalent of the lower value of gold or silver quorum. If the goods value is equal to the quorum of any one of them, zakat is due on it.

If it does not reach the quorum in itself, but becomes equal after adding it to the cash or other trade wealth, zakat shall also be due on it.

For example: If the zakat payer has goods of SAR 150, and the quorum of silver is SAR 200, zakat shall not be due on these goods as they don't reach quorum of gold nor silver. If he has cash money of SAR 70, for instance, the zakat here becomes due on the total (goods + cash money) as the total is SAR 220 so it reaches quorum. He shall pay a quarter of a tenth.

Including: If a full year has passed since the goods reached the quorum, zakat becomes due.

Transferring the wealth from being trade offers to being cash money and returning it back to trade merchandise shall not separate the calculation of the year. However, the calculation of the year shall be valid as trade means flipping the money for profit. If the flipping separates the year, zakat would not have been due on trade wealth. If a year passes on the trade wealth, zakat becomes due.

There is a special condition for trade wealth, which is: The intention of trading in the goods upon acquiring it, as the owner of the goods intends to trade in it upon acquiring it. If he does not intend to trade in it, zakat shall not be due.

For example: If he has clothes with the intent of trading, zakat shall be due on them. If he does not intend to trade in these clothes but he intends to wear or give them as a gift, zakat shall not be due on them.

Likewise, if he has cars and intends to trade in them, zakat shall be due on them. If he intends otherwise such as using them, zakat shall not be due on them.



If the above-mentioned conditions are met in the goods, zakat shall be due. At the end of the year, the trader shall estimate the goods he has and pay zakat on it. If another year passes, he shall pay zakat on it again and its profits and so on every year.

3.5.2 Estimating the trade offers and paying its zakat

The zakat on trade offers is quarter of a tenth (2.5%). After one year passes on it, the trader estimates it on that day, by calculating it at their current price in the market, whether this price is equal to, less or more than its price at the time of purchase. The value shall be added to the money available in the store and the debts owed to him by customers then a quarter of a tenth shall be paid.

If he purchases the goods for SAR 1000, each piece for SAR 10, and after one year, he still has some of them, and their price becomes SAR15, he shall pay zakat on the remaining pieces at the price of SAR 15.

If he has 20 pieces \times SAR 15 = SAR 300

To know the quarter of a tenth, divide it by 40; $\text{SAR } 300 \div 40 = \text{SAR } 7.5$

There is no zakat on the expenses the trader spends from the store's profits before the end of year. Moreover, there is no zakat on the debts he pays to third parties before the end of the year. The goods that are sold at a deferred price to customers shall be zakatable if the customer is able to pay without procrastination. If the customer is procrastinator or bankrupt, he shall pay zakat on it if he receives its price and one year passes as mentioned in zakat on debts.

It is better for the trader to pay the zakat on trade offers from the money if available. If money is not available, or if it will be more beneficial for the poor to pay the zakat from the goods, zakat may be paid from the goods. For instance, if he is a cloth trader, he shall pay it from the clothes. If the amount he must pay is SAR 1000, he must present clothes with a value of SAR 1000.

3.6 Zakat on Stocks

Stock is: The partner's share in the company's capital, represented by a negotiable instrument. Stocks may be used for investment (holding them and benefiting from their earnings), or for speculation (flipping them in the market for profit).



As for the stocks intended for investment, the company's zakatable assets are considered and then, zakat shall be paid on them. As for non-zakatable assets, there is no zakat on them, such as properties, offices, factories, cars intended for use, etc.

ZATCA collects the zakat from the shareholding companies in the Kingdom. Accordingly, the shareholder is satisfied that the company pays the zakat on his behalf.

As for the stocks intended for speculation, zakat shall be due on them with their profits like trade offers zakat. The price of stock is considered on the day when zakat is due and zakat payer pays the value of one quarter of a tenth.

3.7 Zakat on Sukuk

Sukuks are the instruments, bonds and the like

Sukuks are documents of equal value, representing common portions in the ownership of real estate, utilities, services, or in the assets of a specific project or private investment activity, after collecting the value of such sukuk, closing the subscription, and starting to use them for the purpose they were issued for.

Sukuk may be used for investment (holding them and benefiting from their earnings), or for speculation (flipping them in the market for profit). If they are intended for investment, zakat shall be due on them as per their assets, considering the zakatable money they contain, such as cash, trade offers, livestock, etc. as they are zakatable.

If the sukuk is intended for speculation: Zakat shall be due with their profits like trade offers zakat. They shall be estimated on the day when zakat is due at the market price, then the zakat payer shall pay a quarter of a tenth of their value.

If one owns one hundred sukuks, value of each on the day when zakat shall be due is twenty riyals, total value of the sukuks shall be two thousand riyals (SAR 2000). Zakat payer shall pay one quarter of a tenth of them, which is fifty riyals.



3.8 Zakat on Properties

Properties may be taken for residential use, investment, or trade. Each case has its own ruling:

- If the property is used for residential or work purposes as to establish offices or stores, and the like: Zakat shall not be due.
- If the properties are used for investment as to be rented and to benefit from its earnings: Zakat shall not be due. Zakat is due on rent only if it reaches quorum on its own or by adding it to other money and one full year passes so cash zakat shall be due. Thus, zakat payer shall pay a quarter of a tenth of it.

If the properties are for trade, as zakat payer buys and sells them with the intent of gaining profit, trade offers zakat shall be due. Zakat payer estimates it on the day when zakat is due and shall pay a quarter of a tenth of its value,

3.8.1 Zakat on Real Estate Contributions

The intention of a person who enters into a real estate contribution differs:

- If he wants it for residential purpose, zakat shall not be due.
- If he wants to rent it and benefit from its revenue, zakat shall not be due on the contribution, but it shall be due on the revenue if it reaches quorum on its own or by other means and a full year passes.
- If he wants to gain profit by entering into the real estate contribution, he shall pay trade offers zakat on his full share with the profits. The land and the executed works are estimated at the end of each year, and he shall pay zakat on his share of it accordingly, by paying a quarter of a tenth of its value.



3.9 Zakat on Investment Funds

Investment fund is: A joint investment program aims to provide an opportunity for investors to participate collectively in the profits of the program [of Investment Funds Regulations in the Capital Market Authority].

Funds may be used for investment (holding them and benefiting from their earnings), or for speculation (flipping them in the market for profit). If they are intended for investment, zakat shall be due as per their assets, considering the zakatable money they contain, such as cash, trade offers, livestock, etc. as they are zakatable.

If the fund is intended for trade and speculation: Zakat shall be due with their profits like trade offers zakat. They shall be estimated on the day when zakat is due at the market price, then the zakat payer shall pay a quarter of a tenth of their value.

If one owns one hundred investment units, value of each unit on the day when zakat is due is twenty riyals, total value of the units shall be two thousand riyals (SAR 2000). Zakat payer shall pay quarter of a tenth of them, which is fifty riyals.

The investor can also calculate the zakat on his investment - if the fund announces the zakat on the fund - according to the following equation:

Fund Zakat base × the unit owner's ownership percentage in the fund × 2.5%



4.Payment of Zakat

The basic principle is that the zakat payer pays the zakat on his wealth himself, as it is a great act of worship. Thus, he should do it by himself, and he should also make sure that it reaches its beneficiaries. He shall have the intention when paying it, as Prophet Muhammad said (The deeds are considered by the intentions) (agreed upon), so intention is a condition for paying zakat. Thus, it is not valid to be paid by anyone without zakat payer's permission.

4.1 Deputization in paying zakat

Zakat payer may deputize a person he trusts to pay zakat and deliver it to those who are eligible. Accordingly, ZATCA has provided individuals with "ZAKATY" Platform that gives them the chance to pay their zakat smoothly and easily through electronic payment channels to deliver it directly to those who are eligible registered for social insurance.

His Eminence the Grand Mufti of the Kingdom of Saudi Arabia, Sheikh Abdulaziz bin Abdullah Al-Sheikh, said "The Zakaty Platform includes a list of Zakat provisions as well as the method of calculating Zakat in each kind of money, such as gold and silver, banknotes, trade offers, investment funds, stock, and debt. This Platform is the reliable channel for receiving and disbursing Zakat for people who need it.

HE Sheikh Dr. Abdullah Almutlaq, Adviser at the Royal Court and member of the Council of Senior Scholars said:

Zakaty App is a source of security because it pays zakat to its beneficiaries that is legally accepted by the guardian and that it is due to zakat after studies, research, and scrutiny, because you know that social security only gives people after sending researchers, preparing reports, and following up, and it has been connected with government entities, which gives security that zakat - God willing - reaches those who deserve it, and I am pleased with this app.



4.2 Time of zakat payment

Zakat must be paid to its disbursement channels once it becomes due. It shall not be delayed without excuse as Allah says

(give its due [Zakah] on the day of its harvest) (6 Al-Anam,141)

Uqbah bin Al-Harith (May Allah be pleased with him) said:

The Prophet (Peace be Upon Him) got up quickly after finishing the prayer with Taslim, and stepping over the people, went to one of the rooms of his wives. The people were startled at his haste, and when he came out and saw their astonishment at his urgency. He said, "I had left some gold for Sadaqah in the house, and did not wish to keep it overnight. So, I gave orders that it should be distributed."

Zakat due time is: Passing of a full year on money reaching quorum. If the year passes, zakat becomes due, except on the yields, such as grains and fruits. Zakat shall be due on grains when it ripens and on fruits when it can be eaten.

Delaying the payment of zakat is: Delaying obedience and delaying the right of the poor and that may lead to the destruction or loss of wealth or death or bankruptcy of zakat payer, so the poor's right will be lost. Hurrying in paying it shall prevent all that.

Some people may delay it to be paid in the Holy times such as Ramadan and tenth of Dhu Al-Hijja and that is not permissible unless the delay is slight, as if his zakat is due at the end of Sha'ban, then he delays it to the beginning of Ramadan.

Whoever wants to modify the time of his payment of zakat to be in the Holy times, he can amend it by paying it before the completion of the year in the month of Ramadan. In such case, his zakat is paid in advance, as the zakatable money doesn't complete a year. Then, he starts calculating a new year from the month of Ramadan.

For example: A Muslim owns SAR 10,000 on 01 Rajab, so it is obligatory to pay zakat on this money on the same date at the next year.

But if he wants to pay zakat on the first day of Ramadan of each year: When Ramadan month starts, he will pay zakat on 10,000 that he owned two months ago (01 of Rajab). In such case,



this zakat is paid in advance, and then the first day of Ramadan of each year becomes the day when zakat is obligatory.

Whoever withholds zakat for years is a sinner, and he must pay the zakat of such years as its then-current value when it was due.

Whoever forgets the number of years when he withheld zakat: He has to pay the zakat of the years he sure of, and if pays zakat on what he doubts as a precaution, then it is better for him. Whoever died and did not pay zakat on his wealth, the heirs shall take it out of his legacy.

4.3 Permissible excuses for delaying the payment of zakat

Zakat may be delayed for an excuse as follows:

1. Delaying the zakat while seeking out the eligible poor and needy people, for example, in a country where there are few poor people, or where there are many people who claim poverty, or where there few Muslims, so the zakat payer delays while searching for the poor Muslim.
2. Delaying for the purpose of calculating zakat, as if the payer owns a lot of money, or if his money is represented in trade offers and needs to know their market value and so on
3. Delaying in payment waiting for a poor relative or neighbor, or most needy

4.4 Zakat Payment in Advance

Zakat may be paid in advance by paying it before the lapse of one year, provided that the payer shall own the quorum. For example, the zakat payer owns the quorum on the first day of Safar, and in Rabi' al-Thani, he finds one of his poor relatives who is in need for money, so he may pay his zakat in advance to him. However, the following zakat will not be due on him until the first of Safar of next year

It is permissible to pay zakat for two years or less in advance, but may not be paid for more than two years. For example, we are in 1444H, so zakat payer may pay his zakat for 1444H and 1445H only.



The evidence: Al-'Abbas (may Allah be pleased with him), the uncle of the Prophet (peace and blessings of Allah be upon him), asked his permission to hasten his alms before it was due, so the Prophet gave him permission [narrated by Abu Dawud, at-Tirmidhi and Ibn Majah] In another narration, the Prophet (peace be upon him) ordered Al-Abbas to pay zakat for two years in advance [narrated by al-Qassim Ibn Salam in Kitab al-Amwal]

5. Zakat Spending

In His Holy Book, Allah Almighty specified the zakat spending channels. Allah says:

(Zakat expenditures are only for the poor and for the needy and for those employed to collect [Zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah. And Allah is Knowing and Wise) [At-Tawba: 60].

Zakat may not be paid for other than such eight categories. They are as follows:

1. The poor.
2. The needy.
3. Those employed to collect Zakat.
4. Whom paid zakat to bring their hearts together for Islam.
5. Freeing slaves.
6. Those in debts.
7. Who goes out for the cause of Allah
8. The travelers



In compliance to the above, the Royal Order was issued to disburse the Zakat funds collected by ZATCA to the Social Insurance and Empowerment Agency at the Ministry of Ministry of Human Resources and Social Development.

Zakat may be paid for one type of zakat, such as the poor, and to one person as well, because the Prophet (peace be upon him) said to Salamah ibn Sakhr (may Allah be pleased with him):

(Go to the collector of charity of Banu Zuraiq, and tell him to give it to you)

[narrated by Abu Dawud, at-Tirmidhi and Ibn Majah]

Zakat may not be paid for other than such eight categories, such as charities, mosques, hospitals, etc. as zakat spending channels are specified, and may not be paid for other channels.

Zakat is better to be paid to relatives who are eligible, who the zakat payer is not responsible for their subsistence, as the Prophet (peace be upon him) said:

(Charity given to the poor is charity, and that given to a relative is a charity and upholding the ties of kinship)

[narrated by Al-Nasa'i, at-Tirmidhi and Ibn Majah]



ZAKATY:

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