

Your guide to  
understanding and calculating

# Missed Zakat



National Zakat  
Foundation™

**Our mission is to  
distribute Zakat  
transformatively  
within the UK**

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The process:

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# Is this you?

## Below are some examples of where you may have miscalculated or missed Zakat:

- As a teenager, you may have had enough money in your bank account to warrant paying Zakat but not thought about it.
- As a student at university or upon graduation, you may have incorrectly assumed that you didn't have to pay Zakat due to having a student loan.
- You may have been unsure whether to pay Zakat on jewellery or not.
- You may not have distinguished between personal and business assets correctly.
- You may have been confused about paying Zakat on your pension.
- You and your spouse may have only been calculating your Zakat together though this should be done individually.

## Many people have a hidden debt of unpaid Zakat

**Catching up immediately is important as Zakat remains a debt to both Allah and His creation. Remember that you don't have to wait until Ramadan before you take action.**

## Catching up on your Zakat will allow you to:

### Restore the blessing in your wealth

Jabir ibn Abdullah

(Allah be pleased with him) said:

**"If you pay Zakat on your wealth then you will have its evil removed from it."**

(Al-Mustadrak)

A'ishah (Allah be pleased with her) said:

**"Sadaqah [Zakat] is never intermingled with any amount of wealth without destroying and rotting it."**

(Al-Bayhaqi)

**This step-by-step guide will help you to understand and calculate your missed Zakat quickly and accurately.**

# Zakat calculation essentials

## 1. Zakatable assets

(What you own)

## 2. Deductible liabilities

(What you owe)

## 3. Zakat calculation

(2.5% of the total)

Zakat is calculated using a simple formula by subtracting deductible debts from your Zakatable assets. If the resulting figure is above a certain threshold (known as Nisab) then you must pay 2.5% of that figure as Zakat.

The Nisab is a figure based upon the value of a certain amount of gold or silver. As the price of these fluctuate, so does the Nisab value. We will help you to work this out later in the guide.

When referring to previous years, months or days in this guide, it will be based upon the Islamic (Hijri) Calendar. We will provide tools to help you work this out.

## 1. Zakatable assets

(What you own)



### Gold and silver

**Gold and silver** – All forms of gold and silver, e.g. jewellery, coin, are subject to Zakat. The Hanafi school treats all gold and silver jewellery as Zakatable, regardless of whether it is worn or stored. The resale value will be used to determine its worth. Other schools of Islamic law do not consider personal worn gold and silver as Zakatable.



### Pension

**Pension** – Defined contribution schemes are Zakatable whereas defined benefit schemes are not. For defined contribution schemes, Zakat is only due on the Zakatable assets in the pension fund. Zakat is calculated by determining the percentage of Zakatable assets in proportion to the pension pot value. Then, 2.5% of that net figure is the Zakat due on the pension. If the portfolio consists only of equities, NZF advises to take 25% of the current market value of the portfolio as a proxy and then pay 2.5% of this figure. Rental property in a pension fund is not Zakatable regardless of the percentage.



### Cash & receivables

**Cash** – All forms of cash, e.g. in a bank account, wallet, net rental income, or even under your mattress, are Zakatable.

**Receivables** – Cash which you have lent to others and debts owed to you from any business activity are also Zakatable.



### Business assets

**Stock** – Anything purchased with the intention to resell is Zakatable and is to be valued at its sale price for Zakat.



### Investments

**Shares, Unit Trusts & Equity Investments** – If shares are purchased with the main intention for resale, then the entire shareholding is Zakatable at the current market value. However, if shares are purchased as a long-term investment to generate dividends, then Zakat is only due on the net Zakatable assets of the company. This can be calculated from the company's annual balance sheet.

## 2. Deductible liabilities

(What you owe)



### Personal liabilities

Debts that are due or outstanding for repayment on one's Zakat anniversary are deductible liabilities. Whereas debts in relation to future bills are not deductible, eg rent, utilities.

For long-term debt, eg mortgages, or student loans, the non-interest or capital amount can only be deducted for the forthcoming lunar year.

However, it is recommended that this deduction is only made if one fears the inability to repay the debt as a result of not making the deduction.

## 3. Zakat calculation

(2.5% Zakat on total)



Take the total value of your Zakatable assets and subtract the total value of deductible liabilities. If the resulting figure equals or exceeds the Nisab (minimum threshold on that day), you must pay Zakat, which is 2.5% of this figure.

**My net Zakatable assets are:**

£  — £  = £

# Paying Zakat

## 1. Do I need to pay?

**Did you know that the Nisab has fluctuated between £50–£500 in the last 20 years?**

During this time, if you've owned any Zakatable assets equal to or greater than £50 and did not pay Zakat, you potentially owe a Zakat debt.

Zakat is first due 12 Islamic months from when you initially reached the Nisab, if you are still above the Nisab on that day.

If you have never possessed Nisab after subtracting deductible liabilities (as mentioned above) then you do not need to worry about missed Zakat.

If you have possessed Nisab proceed to Step 2.

## 2. Your Zakat anniversary

**To calculate missed Zakat, you must identify the date your wealth first equalled or exceeded the Nisab.**

The lowest Nisab threshold across the last 20 years is as follow:

| 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| £61.97  | £68.10  | £67.60  | £62.07  | £62.09  | £58.72  | £69.19  | £108.72 | £108.72 | £116.02 |
| 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    |
| £115.27 | £143.75 | £193.24 | £335.44 | £366.08 | £239.27 | £188.60 | £186.58 | £231.53 | £211.64 |

The table above will help you to identify the approximate year in which you owned wealth equalling Nisab. You will need to identify the exact month in which you owned wealth by visiting: [www.missedzakat.com](http://www.missedzakat.com) where you will find a month-by-month breakdown.

Once you have identified a year and a month, you will need to determine a particular date in the month. If you cannot remember the exact day in the month, you may use any date in the month which you feel is most accurate. If you cannot determine this date in the month, you may use the first of the month as a precautionary measure.

If you cannot determine any date despite trying to identify a date, then a specific Islamic date should be selected arbitrarily and adhered to annually.

Next, you need to convert this date into the Islamic date. Zakat works with the Islamic calendar which is based on the lunar year. To work out the equivalent Islamic date, you can use an online converter tool: <http://www.islamicfinder.org/dateConversion.php>

Your Zakat due date for the first year is exactly 12 lunar months after the date you've identified. E.g. if the first time you equalled or exceeded the Nisab was on 1st Ramadan 1430 (Islamic year) and on 1st Ramadan 1431 you own the Nisab value or more, then Zakat is due.

**Going forward, this will be your Zakat anniversary so long as you have not had a deductible debt equal to or greater than your assets during the year.**

### 3. Zakatable assets

**Now you need to determine exactly how much you would have had to pay for that year. To do this, you need to determine which Zakatable assets you owned on your Zakat anniversary** (12 lunar months after you came into possession of the Nisab).



#### Gold and silver

Determine the weight of your gold and / or silver in grams. If you cannot remember the exact amount you owned, estimate an amount to the best of your ability.

Next, find out the historical price per gram for the gold and / or silver on your Zakat anniversary. You can use the following website to see the price of gold and silver per gram on your Zakat anniversary: [www.bullionbypost.co.uk/gold-price/gold-charts/](http://www.bullionbypost.co.uk/gold-price/gold-charts/).

Ensure that you select the correct period (date), metal (gold / silver), weight (grams) and currency (GBP) to get the correct value.

Multiply the price per gram by the total grams of gold and/or silver you owned. List the total value of gold and silver as separate items on your table on page 12 under the 'Zakatable assets' column.



#### Cash

Determine the total cash you had on your Zakat anniversary. You can achieve this by looking at historical bank statements, personal records and other documents. If you cannot remember the exact amount, estimate an amount to the best of your ability. Any loans which you lent

to others should be added to your Zakatable assets (even though it has not yet been repaid) and treated similarly to your cash.

List the total cash and value of debts owed to you under the 'Zakatable assets' column.



#### Pensions (Defined Contribution Schemes)

To determine the historical worth of your pension fund on your Zakat anniversary:

1. Look at statements you've received at the time of your Zakat anniversary. If you do not have any statements, you may search your pension fund on [www.trustnet.com](http://www.trustnet.com).
2. Ascertain the Zakatable assets in your pension fund. This typically includes cash and equities.
3. Determine the percentage of Zakatable assets in proportion to your pension pot value. E.g. if 50% of your pension pot consists of cash and 50% of rental properties,

the percentage of Zakatable assets in your pension pot is only 50%, as cash is a Zakatable asset and the rental property is not a Zakatable asset.

4. If the portfolio only consists of equities, you may take 40% of the fund value as a proxy. A fund which is invested in only rental property is not Zakatable.

Again, remember to list the value of your pension under the 'Zakatable assets' column.

**For help and advice you can contact our Zakat experts on 03333 123 123 who will assist you in determining how much Zakat is due on the pension.**



#### Business Assets (Stock)

The total value of your business stock on your Zakat anniversary must be added to your missed Zakat calculation. Use the historical retail/selling price of your business

stock when calculating the total. For property traders, this would be the entire market value of the house on the Zakat anniversary.



### Investments (Shares, Unit Trusts and Equity Investments)

For missed Zakat on shares purchased for resale, use the historical market value of the shares on your Zakat anniversary. For missed Zakat on shares purchased as long term investments for dividends:

1. Identify the shares you owned on your Zakat anniversary.

2. Find the historical company balance sheet. To view the historical value of market shares, you can visit: <https://uk.finance.yahoo.com>.

You can do this by entering the symbol of your company in the box below currency converter which says "Search for news, symbols or companies" as seen below. Then click on historical prices in the sub-menu



3. Next, use the historical company balance sheet to work out an approximate value of net Zakatable assets (Zakatable assets after taking away deductible liabilities) in the company on your Zakat

anniversary. If it is difficult for this to be determined, then a recommended rule of thumb is simply to take 40% of the historical market value of the portfolio as a proxy for the net Zakatable assets.

**Otherwise, you can contact our Zakat experts on 03333 123 123 who will assist you in determining how much Zakat is due on the shares. Remember to list this figure on your table under the 'Zakatable assets' column.**

## 4. Deductible liabilities

**Try to remember any personal loans or outstanding debts on your historical Zakat anniversary. You can deduct this from the gross total of your Zakatable assets for that year.**

For long-term debts, such as capital repayment mortgages, only the non-interest or capital amount can be deducted for the forthcoming lunar year. This deduction should only be made if you fear the inability to repay the debt if you do not make this deduction.

Zakat from previous years remains an outstanding debt. Therefore, you can deduct previous years' Zakat from the subsequent years.

## 5. Zakat calculation



Take the total value of your Zakatable assets and subtract the total value of deductible liabilities. If the resulting figure equals or exceeds the Nisab (minimum threshold on that day), you must pay Zakat, which is 2.5% of this figure.

**My net Zakatable assets are:**

£  — £  = £

Repeat the above process for each historical year that you were in possession of the Nisab but did not pay Zakat.

Remember to add any new assets and deduct any new liabilities in subsequent years. Also, remember to recalculate the value of any of your assets, e.g. gold, shares, etc.

## Case study for a Zakat calculation

| Zakatable assets                     | 2015 (£)     | 2016 (£)     | 2017 (£)   |
|--------------------------------------|--------------|--------------|------------|
| Gold                                 | 1,250        | 1,200        |            |
| Silver                               |              |              |            |
| Cash<br>(Including debt owed to you) | 150          | 800          | 500        |
| Stock                                |              |              |            |
| Shares                               |              | 200          |            |
| Pension                              |              |              |            |
| <b>Gross Zakatable assets</b>        | <b>1,400</b> | <b>2,200</b> | <b>500</b> |

| Deductible liabilities              | 2015 (£)      | 2016 (£)      | 2017 (£)   |
|-------------------------------------|---------------|---------------|------------|
| Personal                            | 500           |               |            |
| Business                            |               |               |            |
| Unpaid utility bills                | 67.19         | 12.5          |            |
| <b>Total deductible liabilities</b> | <b>567.19</b> | <b>12.5</b>   |            |
| <b>Net Zakatable assets</b>         | <b>832.81</b> | <b>2187.5</b> | <b>500</b> |

|                        | 2015 (£)     | 2016 (£)     | 2017 (£)    |
|------------------------|--------------|--------------|-------------|
| Historical Nisab level | 200          | 233          | 372         |
| Do I meet the Nisab    | Yes          | Yes          | Yes         |
| Zakat payable          | Yes          | Yes          | Yes         |
| <b>Total Zakat due</b> | <b>20.82</b> | <b>54.69</b> | <b>12.5</b> |

## 6. Payment

**You should make a realistic and genuine attempt to pay missed Zakat immediately. However, if you genuinely cannot pay the entire outstanding amount, pay as much as you can as quickly as possible. The outstanding amount can be divided into instalments.**

In addition, it is necessary to write in your will that you have outstanding Zakat. It will be obligatory on the executor of the will to comply with this bequest. This bequest will be fulfilled from one-third of the estate after burial costs and debts as per the Hanafi school of jurisprudence.

The Maliki, Shafi'i and Hanbali schools of jurisprudence state that a Zakat debt will be paid from the estate even if the deceased person did not bequeath it.

Note: If any amount of missed Zakat remains outstanding and your Zakat anniversary for the current year arrives, you can deduct the missed Zakat balance from the current year's gross Zakatable assets.



# Frequently asked questions

## **I have paid Zakat for some years and missed others**

If you have missed Zakat for only some years of your life, you need to:

1. Identify which years you missed a Zakat payment despite Zakat being binding on you.
2. Start from Step 3 above to calculate the net total of your Zakatable assets by subtracting any outstanding liabilities at the time.
3. If the net total is equal to or above the Nisab of that date, pay Zakat at 2.5% of this. The previous years' missed Zakat can be deducted from the following years.

## **I have not paid Zakat on a particular Zakatable asset...**

If you have missed paying Zakat on a Zakatable asset, you need to:

1. Identify the years in which you missed Zakat on that Zakatable asset.
2. Calculate the total value of the asset on your Zakat anniversary for every year.
3. Pay 2.5% of the total.
4. The first year you missed Zakat on the asset, you will pay 2.5% on the total value. The following year's payment, you can subtract last years missed Zakat amount from the total and pay 2.5% on the remaining. This sequence will continue for every year.



**Together, we have helped over 10,000 people with more than £10m of Zakat funds**

NZF is the UK's only Zakat focused institution. We distribute grants in our communities to offer support and relief for those in poverty as well as to further the cause of devotion to God in larger society.

**Our vision is for Islam to flourish in society as a source of prosperity and harmony for all.**

## Our Zakat Strategy

**The purpose of Zakat is to enable Islam to flourish in society.**

But this purpose can only be achieved when Zakat is given out efficiently and effectively.

In order for Zakat distribution to be effective, it needs to be unified, localised and balanced to address the various concerns affecting Islam and Muslims.



**Stronger together**

### Unified

Our Zakat is so much more powerful when we pool our resources.



### Focused

We distribute Zakat locally to focus on the society for which we are most responsible.



### Balanced

We distribute Zakat across the eight categories mentioned in the Qur'an.

The Qur'an (9:60) specifies eight categories for the distribution of Zakat, supported through NZF's programmes:

#### Economic Empowerment Programme

1. The poor
2. The needy
5. To [free] those in bondage
6. Those in debt
8. The stranded traveller

#### Leadership Investment Programme

4. Bringing hearts together
7. The cause of God

#### Administration

3. Those who work on [administer] it



## How can you calculate Zakat?

NZF provides Zakat payers with many ways to help ensure they pay the right amount of Zakat

- **Online Zakat calculator**
- **Website content**
- **Publications**  
(available online and hard copy)

## How can you pay Zakat?

NZF provides Zakat payers with many avenues to ensure safe and secure Zakat collection

- **Remote collection**  
(website, bank transfers, post, Al Rayan Bank branches)
- **In-person collection**  
(Zakat Centre, mosque collections)

#### For more information:

Website: [nzf.org.uk](http://nzf.org.uk)  
Helpdesk: [help.nzf.org.uk](mailto:help.nzf.org.uk)  
Guides: [zakatguide.co.uk](http://zakatguide.co.uk)

#### Contact us:

Call: 03333 123 123  
Email: [zakatquery@nzf.org.uk](mailto:zakatquery@nzf.org.uk) / [info@nzf.org.uk](mailto:info@nzf.org.uk)

#### Ensuring trust

NZF is audited by a leading auditor in the not-for-profit sector and has consistently had full, clean audits. In addition, the Strategy, Policy & Research team consults a wide range of expert advisers – scholars, researchers and practitioners – who are committed to ensuring our Zakat distribution in the UK is legally sound, purposeful and effective.

**Your Zakat will make  
a big difference.**

**Join thousands in giving  
your Zakat locally.**



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**Thank you**