

Working out and giving your Zakat

A guide



**National Zakat
Foundation**

Let's get started

Working out how much Zakat to give and where to give it can be a confusing task. Many Muslims know they have a duty to give Zakat, and some of the basics about why and how it should be given, but some of the more detailed questions can leave people in a spin. As the UK's only nationwide platform for local Zakat giving, NZF has put together this handy guide to clear up some of the most common questions and help people work out their Zakat amount in an easy, clear way.

What is Zakat?

Zakat is the third pillar of Islam. It requires Muslims to give 2.5% of their qualifying wealth each year to help Muslims who need it across a range of categories. Zakat is both a spiritual duty and a vital part of the Islamic social welfare system.

And who should be getting Zakat?

The Qur'an specifies eight groups of people who should be given Zakat:


"Indeed, Zakat expenditures are only for

- 1. The poor**
- 2. The needy**
- 3. To those who work on [administering] it**
- 4. Bringing hearts together**
- 5. To [free] those in bondage**
- 6. Those in debt**
- 7. The cause of God**
- 8. The stranded traveller**

**[This is] an obligation from God.
God is All-Knowing, All-Wise."**

(Qur'an, Chapter 9, Verse 60)





**Our simple to use
calculator will help
take the stress out
of working out
your Zakat**

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

Anyone who is a Muslim, 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 up to date on your gold and silver values then don't worry, this simply means about £3,664.54 (gold Nisab) and £286.34 (silver Nisab) as of February 2020 respectively.

Okay, seems simple enough...

How do I go about working out how much Zakat I need to give?

This is the bit many Muslims get stuck on. But there's really 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 simple 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 (jewellery, coins, or 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 jeweller 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, 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 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 maturity and puberty of the child.



Crypto Assets

If you own any crypto assets simply convert the value of the currency into your local currency at the time of giving your Zakat. Add the amount in the box and our calculator will do the rest.

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 detail on this.

Taking off what you owe

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 being able to afford the repayments. If your likely to be able to repay the debt will not be affected by paying Zakat, the debt shouldn't be taken off.

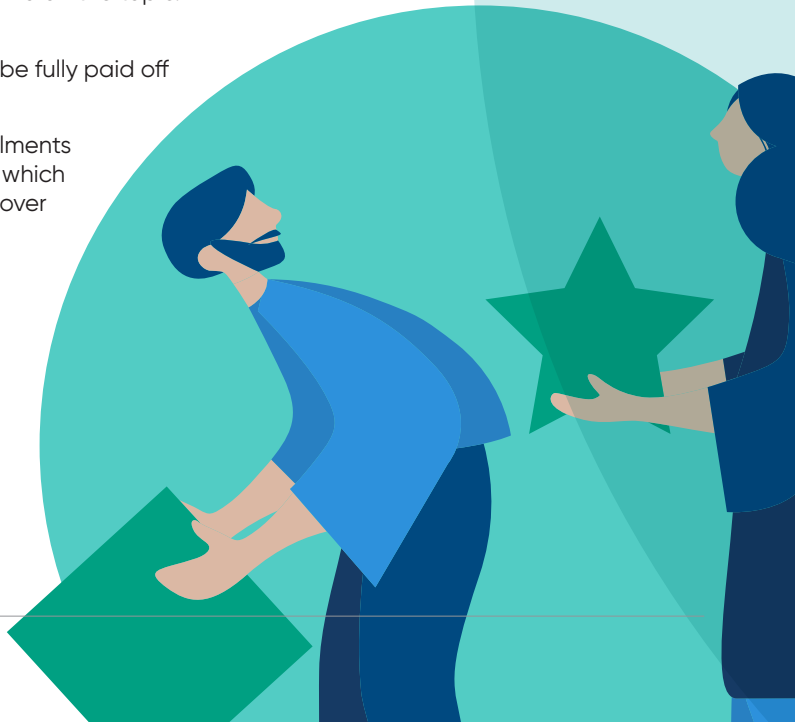
For more information on the sort of debts you can take off your total amount, go to the Knowledge Bank on the NZF website which has lots of useful info on the topic.

What you can take off:

1. Debts which need to be fully paid off within 12 months
2. Up to 12 months instalments 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.



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

Working out your 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 on. 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 NZF calculator which can take you through this whole process step by step and give you your Zakat amount in a matter of moments.

FAQ

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 the UK, 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. Doing this, we can create a thriving, closer community.



NZF's vision is a thriving, closer community of Muslims in the UK powered by Zakat

Since its launch in 2011, tens of thousands of Muslims have given over £15m of Zakat through NZF. We're the only platform enabling Britain's Muslims to give Zakat to those who need it here.

About NZF – Bringing Zakat to life in the UK

So why give Zakat through NZF?

NZF is the only UK platform connecting Muslims who can give Zakat with those who should be receiving it locally.

Zakat given through NZF helps local Muslims by giving them food, clothing, a roof over their heads, skills for work, and education to help upcoming Muslim religious leaders and other community champions reach their potential.

Through NZF, you can:

- Instantly calculate how much Zakat you need to give
- Choose exactly how to allocate your Zakat across various funds
- Get full clarity on how you can cover the costs of our experienced team getting your Zakat to those who need it

You can be confident that your Zakat will only go to those who need it, you'll be updated when your Zakat is delivered and shown how you've helped improve the lives of fellow Muslims

By giving Zakat through NZF you will:

- Help people unlock their potential
- Help create a thriving, closer Muslim community in the UK
- And become part of a ground-up movement for positive change

Our Zakat policy

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

We're confident that our Zakat policies adhere to scholarly opinions on how Zakat should be distributed, having adopted the most conservative approach to distributing across the different eligibility categories. All our policies and processes have been reviewed and certified by the Islamic Shari'ah Council. They are also currently being reviewed by other scholarly panels too.



Since 2011,
we've supported
over 15,000 Muslims
in need in the UK,
and in 2019 alone,
we supported
over 6,200.

I'm ready to give my Zakat, now what?

Just go to our website, www.nzf.org.uk 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 ask@nzf.org.uk and we'll be happy to help.

Give Zakat here



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