

# Zakah Calculation Form

Period of Calculation

**What Is Zakah?** The linguistic Arabic meaning of the word "Zakah" is purity and increase, and by the virtue of paying it one's wealth increases and receives blessings from Allah Subhana wa Taala. Zakah is an Islamic form of tax on your wealth, which is only spendable towards the welfare of the poor and needy.

Zakat is 2.5% of all zakatable wealth that has been in your possession for a full lunar year. If your wealth amounts to less than nisab amount, then no zakat is payable.

**NISAAB = 87.48 grams (or 3 ounces) of pure gold x market value of gold = (currently cash equivalent of £700.00 approximately)**

## Type of Wealth

## Zakatable Amount

### Monies

Cash in Hand and in Bank Accounts (*See Note 1*)

Deposit for some future purposes (*See Note 2*)

Interest on savings: (*See Note 3*)

Loans given to other - expected to be returned. (*See Note 4*)

### Gold, Silver and Precious stones

Value of Gold & Silver - for investment. (*See Note 5*)

Value of Gold & Silver in Ornaments / Jewellery / Coins etc. (*See Note 5*)

Value of other precious metals and stones. (*See Note 6*)

### Shares

Value of listed Shares - (*See Note 7*)

Value of non-listed Shares (*See Note 8*)

Dividend from Fixed shares. (*See Note 9*)

### Business

Stocks at Cost Price - **Not** Selling Price - (*See Note 10*)

Float or Cash in Hand - (*See Note 10*)

Building, car, tools, machinery, equipments etc. (*See Note 10*)

### Properties

Properties for Personal Use or Not Income Generating

Value of property for investment (*See Note 11*)

Income Generated from rental properties (*See Note 11*)

Sub-Total A =

## Deductible Items

## Deductible Amount

### Money owing to others

Cash Owed (Borrowed From Others) - (*See Note 12*)

Any Major Debts - mortgage etc. (*See Note 12*)

Overheads to Pay for Zakah Calculation Period - (*See Note 13*)

Commercial loans (*See Note 14*)

Sub-Total B =

Total eligible amount for Zakah (A minus B)

C =

**Total Zakah Payable : 2.5 % of Total eligible amount for Zakah or (C x 0.025)**

"Of their wealth take zakat, so that you might purify and sanctify them; and prey on their behalf. Verily your prayers are a source of security for them."

(Surah: At-Tauba, Verse:103)

"And strive in His cause as you ought to strive, (with sincerity and under discipline); He has chosen you and has imposed no difficulties on you in religion; it is the religion of your father Abraham. It is He who has named you Muslim both before and in this (Revelation); that the Messenger may be a witness for you, and you be a witness for mankind! So establish regular Prayer, give Zakah, and hold fast to Allah! He is your protector - the best to protect and the Best to help!"

(Surah: Al-Hajj, Verse:78)

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## NOTES:

1. Any money (coins/notes) at home with friend or family and any credit balance at the bank on the date of calculation is zakatable.
2. Zakah is payable on any money saved for future purposes (i.e. holiday, hajj, house/car purchase etc.), provided it is kept for one lunar year, and is at or above the Nisaab threshold at the time of calculation.
3. Interest (Riba) is Haram and therefore should be avoided, however if interest has been accumulated from savings it should not be included in the calculation for Zakah, it should be disposed-off to Charity in its entirety. Zakah is not permissible on "Haram" earnings.
4. Zakah is payable for any loan that is expected to be returned back. Total amount loaned must be used for Zakah calculation each year until you receive the loan back.  
If you are not sure whether the borrower will be able to pay you back, it is better to delay the Zakah payment until you receive it, at which point the Zakah will be payable for each year the money was owed. If you do not receive the money back, no Zakah is payable.
5. Any gold or silver you possess is zakatable, including jewellery, according to Islamic laws only these two metals have intrinsic monetary value.
6. Other precious metals and stones are not zakatable unless they were acquired for the purpose of trade. "Precious stones" is a contentious subject and should be excluded if you disagree and enter NIL in the box.
7. Zakah is calculated in two different ways on "**listed shares**", depending on the purpose of your purchase. 1. Those purchased shares specifically for the purpose of selling them and making a profit, then the entire market value (the spot price) of the shares is subject to Zakah since it is considered as stock in trade. 2. Those bought for investment and expect to receive dividends, will have to find out the "net-worth" of the company, then have to calculate the percentage of zakatable assets of the company (i.e. the percentage of the company's net-worth represents stock, raw materials, cash, gold or other zakatable items) then pay Zakah on that percentage of the value of their shares. Remember the percentage of the company's net-worth representing buildings, machinery, vehicles and so on that are essential for the business are not zakatable.
8. Non-listed Shares (i.e. Preference shares, also known as fixed shares) are of fixed purchase price with a guaranteed fixed payout. According to Islamic law these are non zakatable item.
9. Any dividend received on non-listed shares (nett of taxes) are Zakatable.
10. If you have a business, all stock in trade is liable for Zakah including land and real estate that has been bought for the purpose of resale. Raw materials and goods produced for sale are also subject to Zakah. The buildings, machinery, tools, vehicles and so on that are essential for the business are exempt from Zakah.
11. Any property other than for personal use is considered an investment, or stock in trade, and therefore it is zakatable. In some cases where large loan has been taken to purchase the **investment** property, only the realisable equity of this property is zakatable. The current market value can be estimated. Any income generated from the investment property less the running cost (repairs etc) is also zakatable.
12. In general debts should be deducted from wealth, and if the remainder is still over the nisaab threshold, Zakah is payable. Where a person has a large debt (i.e.a mortgage or a large credit card loan) which is being paid off in instalments, then only the next installment due to be paid shortly can be deducted from the asset value.
13. If you have wealth exceeding the nisaab threshold, but has overheads to pay for the calculation period then it is permissible to deduct from the wealth. After this adjustment if the wealth goes below the nissab threshold then zakah is not payable. However if these overheads have already been paid within the year, then enter NIL in the box.
14. A loan you have taken out to acquire zakatable assets, such as raw materials, goods and so on, can be deducted from your capital. You pay zakat on what remains. A loan you have taken out to acquire non-zakatable assets, such as furniture, machinery and buildings are not deductible.

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## ZAKAH Calculator

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