



Islamic Society of North America

The Calculation of Zakah

For Muslims in North America

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Revised Edition (Electronic)

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First Edition – May 1978

Second Edition– April 1980

Third Edition, Electronic (revised) January 2001

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I INTRODUCTION

The purpose of this booklet is to serve as an operational guide for the Muslims in North America to the calculation of *zakah*. It will be presented in the form of lists and schedules, similar to those used for taxes. This form of presentation has its benefits as well as its limitations. To be precise, one has to make a difficult choice among the scholarly opinions scattered in Islamic juridical literature. The difficulty increases in the case of *zakah* because of the lack of continuity in the application of the *shari'ah* by Muslim governments. The rules and regulations of *zakah* calculation, thus, were not updated. Besides, many of the rulings on *zakah* were the opinions of the Muslim scholars and jurists, which, though based on the *Qur'an* and the *Sunnah*, nevertheless, have a temporal and an historic nature. This makes it extremely difficult to solely depend on those opinions in formulating guidelines for today's *zakah* application. There have been tremendous changes in the nature of items of wealth and income. Moreover, the very idea of *zakah* as a financial duty must relate it to many ever evolving and changing circumstances that call for continuous *ijtihad*.

Issues like *nisab* for kinds of wealth that were not identified by the Prophet (*pbuh*), the relative changes in the prices of different kinds of commodities, the changes in the modes of production, the monetarization of business, i.e. its evaluation in monetary units, the rise of other classes of rich people, such as high-rank employees and professionals, who do not own much, though they live ostentatiously, and the rise of financial and securities type of wealth are some of the issues that need a new *ijtihad*.

The new economic realities call for a general theory of *zakah* derived from the texts of the *Qur'an* and the *Sunnah* and based on them. Such a new general theory of *zakah* must, at the same time, be sufficiently flexible to facilitate its application and to enable Muslim scholars to cope with the changes in times to come.

Since the time of the Prophet (*pbuh*), many changes in the items used as store of value (= wealth) or as business assets have taken place. Some changes even took place in the past and required new rulings. This is clear in *zakah* from the following examples:

Example One: The Prophet (*pbuh*) said, "I have exempted you from *zakah* on your horses and slaves."¹ Whereas, Omar, the second *khalifah*, when told how

¹Reported by Ahmad, Tirmidhi and Abu Daud.

expensive horses had become in Yemen, said, “I did not know that horses could be that expensive. Shall we take [*zakah*] on forty sheep and not take [it] on horses? Take one “*dinar*” on each horse.²” The decision of Omar apparently implies that he understood the saying of the Prophet (*pbuh*) to have relevance to circumstances similar to those prevailing at Madinah during the time of the Prophet (*pbuh*), but not to a situation where horses are expensive and represent an important item of wealth.

Example Two: The Prophet (*pbuh*) made the *nisab* of the silver 200 “*dirham*” and gold 20 “*dinar*”. It is known that 200 *dirham* were equal to 20 *dinar* at his time.³ None of these is, however, used as money in today’s world. Is paper money exempted from *zakah* as suggested by a few nineteenth-century Muslim scholars? If it is not exempted on the ground that money, in any form, is a major item of wealth for individuals, what is the *nisab* in terms of our currencies today? Is it going to be based on the value of silver or gold? Knowing that the weight of 200 silver *dirham* is 595 grams (= 19.13 troy ounces), which is priced at US \$ 101.20; and the weight of 20 golden *dinar* is 85 grams (=2,733 troy ounces), which is priced at US\$ 772.62 on January 4, 2000⁴ This paradox compels us to look into the whole issue of *nisab* and make certain generalizations based upon the sayings of the Prophet (*pbuh*).⁵ Professor

²Reported by al Baihaqi and Abd al Razzaq.

³See Yusuf al Qaradawi, *Fiqh al Zakah*, pages 252-9.

⁴On January 4, 2000, the closing prices of silver and gold were US\$ 5.29 and 282.70 an ounce, respectively. See wall Street Journal of January 5th, 2000..

⁵For items whose *nisab* are mentioned in the text of the Sayings of the Prophet (*pbuh*), we have to abide by the text and we cannot make any change in their *nisab*. However, the determination of *nisab* in terms of new items of assets, products and incomes of contemporary economies is an extremely important question that we face in the application of *zakah*. The final answer to this question rests in studying the relative prices of the items mentioned in the sayings of the Prophet (*pbuh*) in Madinah at the time of the Prophet and his early *khulafa* (*pbuh*), then deriving a formula that is applicable at our times. But until such a study is conducted thoroughly, we have to count on mere approximations.

From several sayings of the (*pbuh*) it may be suggested that prices of sheep and camels at his time were such that the *nisab* on livestock is double the *nisab* of gold and silver, i.e. equivalent of 400 *dirham*. Thus a reasonable approximation of *nisab* in U.S. dollars must take this and similar observations into account. This consistency is difficult to find in today’s prices. For instance at the beginning of the year 2000, five average camels are about US\$ 4,000, 30 average cows are US\$ 12,000, 40 sheep are US\$ 3,000, while 635 kilos of wheat are about US\$ 600 and the price of the same quantity of barley is about one half that of wheat

al Qaradawi's opinion, which seems to be generally accepted by other contemporary Muslim scholars, is that we must take the price of gold since it makes more consistency with the general principle that *zakah* is a duty on the rich and the poor is always either a recipient or at least exempt.

Furthermore, We also have to bear in mind the changes in the circumstances of the implementation of *zakah*. When it was imposed, at the time of the Prophet (*pbuh*), there was an Islamic government to take charge of the collection and distribution. Nowadays, hundreds of millions of Muslims live in non-Muslim majority countries and they do not have a formal institution that takes full charge of *zakah* implementation with an authority similar to that of a government. Here again there is a need for a new *ijtihad* to define the scope of authority of the voluntary type of organizations that takes charge of the collection and distribution of *zakah*.

This booklet takes gold as a basis for the estimation of *nisab* on other items, as suggested by professor al Qaradawi, since the price of silver tumbled dramatically. On January 4, 2000 the price of a *nisab* of gold was 772.62 and we take the *nisab* to be approximately US\$ 1000.

II METHODOLOGY

These difficulties notwithstanding, the *zakah* has to be implemented since it is the third pillar of Islam. Thus, a choice has to be made based, partly on one's understanding, analysis and approximation, i.e., on *ijtihad*.

In the calculation that follows, we draw heavily on al Qaradawi's two-volume encyclopedic treatise: *Fiqh al Zakah*. There are three areas where I felt that his reasoning, though very often marvelous, was not suitable to the business environment, the form of assets and incomes, and the mode of production and the high mobility and transformability of investments prevailing in today's industrial part of the world, especially the United States. These areas are:

1. He considers rented real estate exempted from *zakah* while only the net-earned rent as *zakatable*⁶, whereas, we think that this is a business activity like any other business and the total value of net equity in rental real estate is *zakatable*.
2. He drew an analogy between industrial products and agriculture crops, and therefore, exempted from *zakah* all fixed assets of the industries and businesses. Thus According to al Qaradawi, the output alone is subject to *zakah*. It is to be calculated at 10% on gross output or 5% net output, i.e., after deducting all expenses and allowances for depreciation of fixed assets. He did not specify the conditions or circumstances under which a payer must select either of these two methods of calculation, although we can easily realize that there may be a huge difference in the due amount of *zakah* between the two methods.⁷ We think that all fixed assets used in business and industries carry more similarity to the principal of *'urud al tijarah* (=business inventory) and to the stock of cattle, sheep and camels because all these assets are intended for investment to make growth and profits whether through production, exchange or grazing and the *shari'ah* did not intend to favor one form of business use of wealth over another. Consequently *zakah* must be paid on the net worth including fixed and variable assets.

⁶Al Qaradawi, op. cit., pages 466-468.

⁷ibid. pages 476-480.

3. On the *Zakah* on stocks, al Qaradawi seems to agree with Abu Zahra, Khallaf and Hasan as to consider stocks as tradable objects that are subject to *zakah* in analogy with '*urud al tijatah* (see *Fiqh al Zakah*), yet in a recent *fatwa*, he seems to treat stocks like farming land and exempt their principal investment from *zakah*, leaving it to be imposed only on the dividends at a tare of 10%. We treat stocks as '*urud al tijarah*.

This booklet otherwise, fairly reflects al Qaradawi's magnificent work. The scope and the purpose of study doesn't allow for full presentation and substantiation of the view that serve as the basis for our calculation because of the limitation of space and form of presentation.

Moreover, this calculation takes into consideration the American reality in structure as well as composition of wealth. Accordingly, certain kinds of wealth might have been omitted from our listing because they do not exist in North America, and certain kinds of property appear in the *zakah* schedule, because of their relevance to the American economic scene, though the same may not be found in other areas of the world. For instance, we included futures, retirement accounts and life insurance policies because they are common holdings in this country. Likewise, certain forms of wealth such as bonds, securities and savings accounts are included in the schedules in spite of the prohibition of interest in Islam because some Muslims own such assets. In all cases, where an asset of a Muslim is put to an unlawful use, only the principal amount will be considered for *zakah*, the interest accrued on it because interest, being forbidden, does not become a property of Muslims and must all be given away in charity.

Lastly, I must point out that an earlier paper on the calculation of *zakah* by Marghoob Ahmad Quraishi is, undoubtedly, a valuable and courageous endeavor; and our calculation, though adopts a different approach, yet takes consideration of Quraishi's paper.

III DEFINITIONS

1. **Zakah**: the third pillar of Islam: a religious obligation; an amount due on the wealth and income of a Muslim, as defined in *shari'ah*, to be given to the poor and needy and other purposes as specified in *shari'ah*.
2. **Zakah** Payer: The owner of a net worth income that is higher than a *nisab*.
3. **Zakah** Administrator: The fund and agency that carries out the calculation and distribution of *zakah*.
4. **Nisab**: The minimum amount that determines the *zakatability* of a person. He who owns *nisab* is a *zakah* payer. He must pay *zakah* on all that he owns. Thus, *nisab* is not exempted from *zakah*. *Nisab* differs from one *zakatable* item to another.
 - a. If all the wealth is in the form of sheep and cattle, the *nisab* is equivalent to the value of 40 sheep of average weight (including small and big all together). This is equal to about \$2000.00 in the current prices of the end of 1999. However, the livestock holdings that are intended for business, either for sale or for meat and milk production, are considered as business inventories (=assets) and their *nisab* becomes in terms of gold equivalent as in (c) below.
 - b. For agricultural products *zakah* is on the output. *Nisab* is the value of 635 kilos of wheat, corn, rye or similar basic farm products in North America. This is about \$300.00 in current prices of the end of 1999.
 - c. For all other forms of wealth: *nisab* is the equivalent of 3 ounces of gold, i.e., approximately \$1000.00 at January 4, 2000's prices⁸. This equals approximately ½ of the *nisab* on sheep.
 - d. In the afore-stated cases if the holdings of one kind of wealth are below *nisab*, then the different items must be added together, and *nisab* will be considered as a weighted average on the basis of \$1000.00 of cash equivalent, i.e., you add ½ of the value of

⁸The dollar equivalence of the gold *nisab* is, at the time of this calculation, more reflective of the spirit of *nisab* than the dollar equivalence of silver *nisab*.

animals to others.⁹

- Example 1: A person, who owns 20 sheep ($\frac{1}{2}$ *nisab*) and \$400.00 in cash (less than $\frac{1}{2}$ *nisab*) is not *zakatable* since he/she owns the equivalent of less than *nisab* of the total assets.
 - Example 2: A person owns 21 sheep, and \$500.00 in cash; he/she is *zakatable* because the total is more than *nisab*. He/she must pay *zakah* on \$450.00.
5. **Zakah Rate:** The rate of *zakah* is the percentage rate applied to the *zakatable* material. It is 2.5% on cattle, sheep, similar animals, business net worth, cash, etc. Whereas, it is one-tenth on agricultural produce, if the land is watered by rain and rivers. If irrigation is done by men or mechanically, the ratio is 5% only. For the treasures found underground, it is 20% of what is found.
6. **Zakatable Items:** Any kind of wealth or income, including agricultural products, not meant for personal or household-use. *Zakah* is basically due on the net worth.
- a. Examples of *zakatable* items:
- Cattle, sheep, buffalo, poultry, etc.
 - Plants, equipments, machinery, inventory etc., in net value after deducing debts on them.
 - All agriculture products, honey, milk, eggs, silk, etc.
 - Farms machinery after deducing debts on them.
 - Cash on hand, savings and checking accounts, saving certificates, etc.
 - Rented estates and properties after deducing loans

⁹The *nisab* in Canada may be different from that of U.S. depending on the prices of gold, silver, and other *zakatable* items.

on them.

- Men jewelry, excessive women jewelry, paintings and decoration materials if they are in excess to what is normally used by other Muslims of similar level of income and wealth.
- Net salaries, profit, income of professionals, etc. after deducting state and federal taxes, F.I. C.A., other taxes and charges, and a living allowance.
- Funds accumulated in an IRA account, or in any similar personal or company-set retirement account, not the company's matching amount, nor the government-run social security.

b. Examples of non-*zakatable* items:

- Owner occupied homes if reasonable and not luxurious; also furniture, utensils, and home appliances.
- Women jewelry within the customary level in the neighborhood (community) of the *zakah* payer.
- Personal and family clothes.
- Agricultural land farmed by the owner.

7. **Zakah** Year: It is a full lunar year. It starts from the day the net worth reaches *nisab*. It must be noted, however, that *zakah* is due on certain items at the time of acquisition, whereas, it is due on others on yearly basis, starting one year after owning *nisab*. If it is difficult to prepare a lunar balance sheet, one may use the solar calendar and use a *zakah* rate of 2.5776% instead of 2.5%. The rate of agricultural products is not affected because their *zakatability* does not depend on the passage of a year. However, al Qaradawi's opinion with regard to industrial output and stocks may require similar adjustment in the applicable rate from 10% in a *hijri* year to 10.3104% in a solar year.
8. Annuity of *zakah*: *zakah* is yearly due. It must be paid every year on the

total net wealth and income. There are four cases where it is not paid on the yearly basis: salary and professional incomes, agricultural output, business profits, and treasures found. However, any portion of these items, if saved and carried over the next year, is considered part of net wealth and is *zakatable* accordingly. The annuity of *zakah* implies that *zakah* can't be collected twice on the same *zakatable* item within one year.

IV TEST OF ZAKATABILITY

The purpose of this test is to determine the *zakatability* of a person. However, we should notice that *zakah* is personal, i.e., every *zakah* payer must calculate independently. A family owning *zakatable* items may calculate jointly, if each member owns *nisab* separately and what is below *nisab* of a person is not added to what is owned by other family members.

Before you fill in the schedule, take the following test:

| | Yes | No |
|--|-------|-------|
| 1. Do you own a business? | ----- | ----- |
| 2. Do you have cash, checking, savings and money market accounts, stocks, bonds, options, certificates, commercial papers, investment in futures, accounts with brokerage firms, etc., of a total balance of a <i>nisab</i> or more? | ----- | ----- |
| 3. Do you own any rented property? | ----- | ----- |
| 4. Do you own more than <i>nisab</i> of milk or meat producing livestock farms or a poultry farm? | ----- | ----- |
| 5. Do you own valuable jewelries, decorative and antique articles? | ----- | ----- |
| 6. Do you own more cars than the number of drivers in the family? | ----- | ----- |

If the answer to any of the questions 1 through 6 is yes, then answer the following:

| | | |
|---|-------|-------|
| 7. Are you under debt of more than you own, excluding any mortgage on owned real estates and any long-term loans? | ----- | ----- |
|---|-------|-------|

If your answer is no, then fill out the schedule.

| | | |
|---|-------|-------|
| 8. Did you find any thing that is worth a <i>nisab</i> or more not knowing about its owner? | ----- | ----- |
|---|-------|-------|

If your answer to question 9 is yes, you must fill out the *zakah* schedule.

9. Is your annual net income more than \$7,500.00 multiplied by the number of persons in your household?

If your answer to question 9 is yes, then answer the following:

10. Do you owe any amount to others payable within a year (including the mortgage on the home you occupy but not on rented property) that absorbs all the difference between your net income and \$7,500.00 multiplied by the number of the members of your household?

If your answer is no, you should fill in the schedule.

V SHORT ZAKAT SCHEDULE¹⁰

| <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> |
|---|--|---------------|------------------|
| <u>Line No</u> ¹¹ | <u>Zakatable Items</u> | <u>Amount</u> | <u>Due Zakah</u> |
| <u>Part One: Yearly Items: all subject to 2.5%</u> ¹² | | | |
| 2-7 | Cash on hand and in banks | ----- | |
| 8-11 | Shares, stocks, futures, retirement accounts, etc. including their dividends and returns | ----- - | |
| 12-14 | Gold, silver, and their certificates | ----- | |
| 15-16 | Business net worth | ----- | |
| 17-19 | Net real estate (except house occupied by owner) | ----- | |
| 20-28 | Other industrial and farming assets | ----- | |
| 29-31 | Zakatable amount of women's jewelry | ----- | |
| 32-38 | Livestock | ----- | |
| 39-46 | Net value of extra transportation and extra other recreational motors, boats, etc | ----- | |
| 47 | Total of zakatable amount and due zakah | ----- | |
| | Zakah (= total amount in col. 3 X 0.025) | ----- | ----- |

¹⁰For details of this schedule, see the **Zakah** schedule later in this paper. This short form does not cover all items but only the most common one; thus, referring to the detailed form becomes unavoidable if you own forms of property not included above.

¹¹Line numbers refer to the corresponding numbers in the detailed schedule of the Calculation of Zakah; *this is done* to simplify reading the instructions.

¹²The value of all items is considered at the end of your own **zakah** lunar year.

Part Two: Non-Yearly Items¹³

| | | |
|-------|---|-------|
| 48-55 | Rental income net of expenses and taxes, salaries and professional income (take-home income—family and similar expenses or \$7500 multiplied by the number of persons in the household) | ----- |
| 56 | Zakah (= amount in col. 3 X 0.025) | ----- |
| 57-62 | Harvest crops and other farming products not watered by man (net income after expenses – household expenses) ¹⁴ | ----- |
| 63 | Zakah (= amount in col. 3 X 0.10) | ----- |
| 64-68 | Harvest crops and other farming products watered by man (net income after expenses – household expenses) ¹⁵ | ----- |
| 69 | Zakah (= amount in col. 3 X 0.05) | ----- |
| 70-74 | Mineral products (gross output minus business and household expenses) ¹⁶ | ----- |
| 75 | Zakah (= amount in col. 3 X 0.20) | ----- |
| 76-78 | Total Zakah Due (add column 4) ¹⁷ | _____ |

¹³These items are not subject to the condition of *hawalan al hawl* [passage of one year]. Add them up over the whole lunar year.

¹⁴If not already deducted above.

¹⁵If not already deducted above.

¹⁶If not already deducted above.

¹⁷If your income and / or assets are not mentioned in this schedule, read section VI.

VI ZAKAH SCHEDULE

Part I: yearly items

| (1) Line No | (2) Items | (3A) (3) Working Columns | | (4) Zakatable Amount. | (5) Rate | (6) Zakah | (7) Date Due |
|----------------|---|-----------------------------|--|--------------------------|-------------|--------------|----------------------|
| 1 | Date you acquired <i>nisab</i> for the first time | | | | | | <input type="text"/> |
| 2 | Cash on hand |  |  | ..... |  |  |  |
| 3 | Cash in bank deposit box |  |  | ..... |  |  |  |
| 4 | Cash in saving accounts, time deposits and money market |  |  | ..... |  |  |  |
| 5 | Cash in checking accounts |  |  | ..... |  |  |  |
| 6 | Cash in pass book accounts |  |  | ..... |  |  |  |
| 7 | Saving certificates |  |  | ..... |  |  |  |
| 8 | Bonds, securities |  |  | ..... |  |  |  |
| 9 | Stocks, shares in companies and in Mutual funds |  |  | ..... |  |  |  |
| 10 | Options |  |  | ..... |  |  |  |
| 11 | Commercial papers |  |  | ..... |  |  |  |
| 12 | Investments in futures and any other brokerage accounts |  |  | ..... |  |  |  |

| | | | | | | | |
|----|--|-------------------------|--|-------|--|--|--|
| 13 | Investments in retirement accounts: IRA KEO 401K Other Retirement Accounts | | | | | | |
|----|--|-------------------------|--|-------|--|--|--|

| (1) Line No. | (2) Item | (3A) (3) Working Columns | | (4) Zakatable Amount | (5) Rate | (6) Zakah | (7) Date Due |
|-----------------|--|-----------------------------|-------|-------------------------|-------------|--------------|-----------------|
| 14 | Surrender amount of life insurance |  |  | ..... |  |  |  |
| 15 | Gold & gold accounts & gold Certificates |  |  | ..... |  |  |  |
| 16 | Silver & silver certificates |  |  | ..... |  |  |  |
| 17 | Men's golden jewelry |  |  | ..... |  |  |  |
| 18 | Private business net worth |  |  | ..... |  |  |  |
| 19 | Share in a partnership's net worth |  |  | ..... |  |  |  |
| 20 | Real estate (not including houses occupied by owner and family members free of rent and farm land Farmed by owner) | | | | | | |
| 21 | Mortgage and loans against line 20 | | ---- | | | | |
| 22 | Deduct 21 from 20 and write in Column 4 |  |  | ..... |  |  |  |
| 23 | Net worth of industrial business |  |  | ..... |  |  |  |
| 24 | Farming machines, equipments, shades, barns, and buildings |  | ..... |  |  |  |  |
| 25 | Mortgage and loans against line 24 | | ---- | | | | |

| | | | | | | | |
|----|--|--|--|-------|--|--|--|
| 26 | Deduct 25 from 24 and put it in column 4 | | | | | | |
|----|--|--|--|-------|--|--|--|

| (1) Line No | (2) Item | (3A) Working Columns | (3) (3) | (4) Zakatable Amt. | (5) Ratio | (6) Zakah | (7) Date Due |
|----------------|--|-------------------------|------------|-----------------------|--------------|--------------|-----------------|
| 27 | Extravagant excess in personal residence |  | ..... |  |  |  |  |
| 28 | Shares of the amount of line 27 in total home mortgage | | ---- | | | | |
| 29 | Shares of the amount of line 24 in total home mortgage |  |  | ..... |  |  |  |
| 30 | Gold and silver utensils |  |  | ..... |  |  |  |
| 31 | Other valuable objects and extravagant nature. |  |  | ..... |  |  |  |
| 32 | Women's jewelry |  | ..... |  |  |  |  |
| 33 | 10% of the household's yearly income multiplied by the number of women wearing jewelry in the family | | ---- | | | | |
| 34 | Deduct line 33 from line 32 |  |  | ..... |  |  |  |
| 35 | Milk & meat cattle |  |  | ..... |  |  |  |
| 36 | Milk & meat sheep |  |  | ..... |  |  |  |

| | | | | | | | |
|----|---|--|-------|-------|--|--|--|
| 37 | Milk & meat camels |  |  | ..... |  |  |  |
| 38 | Poultry (egg & meat, etc.) | | | | | | |
| 39 | Other marketable animals (horses, etc.) |  | ..... |  |  |  |  |

| (1) Line No | (2) Items | (3A) | (3) Working Columns | (4) Zakatable Amount | (5) Rate | (6) Zakah | (7) Date Due |
|----------------|---|------|------------------------|-------------------------|-------------|--------------|-----------------|
| 40 | Riding animals of the household members | | ---- | | | | |
| 41 | Deduct 40 from 39 and put in column 4 (if less than zero, write zero) |  |  | ..... |  |  |  |
| 42 | Cars, trucks (excluding household transportation cars) |  | ..... |  |  |  |  |
| 43 | Loans against line 42 |  | ..... |  |  |  |  |
| 44 | Deduct 43 from 42 and put in Column 4 |  |  | ..... |  |  |  |
| 45 | Trailers, boats, ships, etc. |  | ..... |  |  |  |  |
| 46 | Loans against 45 |  | ..... |  |  |  |  |
| 47 | Deduct 46 from 45 and put in Column 4 | | | ----- = | | | |
| 48 | Total of Part One |  |  | ..... |  |  |  |
| 49 | Loans not included above (excluding mortgage on home) | | | ----- = | | | |

| | | | | | | | |
|----|--|--|--|-------|-------|-------|----------------------|
| 50 | Deduct 49 from 48: NET ZAKATABLE AMOUNT , multiply by rate to get: AMOUNT OF ZAKAH DUE and write in column (6) | | | | 0.025 | | <input type="text"/> |
|----|--|--|--|-------|-------|-------|----------------------|

Part II: None-Yearly Items

| (1) Line No | (2) Items | (3A) | (3) Working Columns | (4) Zakatable Amount | (5) Rate | (6) Zakah | (7) Date Due |
|----------------|---|-------|------------------------|-------------------------|-------------|--------------|----------------------|
| | Section A: Salaries & professional Income | | | | | | |
| 51 | Yearly Net Income (in column 3) |  | ..... |  |  |  |  |
| 52 | Family deductions (in column 3A) | ..... |  |  |  |  |  |
| 53 | Help to parents, grandparents, etc. | ..... |  |  |  |  |  |
| 54 | Help & donations to others | ..... |  |  |  |  |  |
| 55 | Other necessary expenses | ---- | | | | | |
| 57 | Deduct 56 from 51 and put in Column 4, multiply by rate to get <i>zakah</i> |  | ..... | ..... | 0.025 | | <input type="text"/> |
| 58 | <i>Zakah</i> paid during the year (write in column 6) |  |  |  |  | ..... |  |
| 59 | Balance due at the end year (Deduct 55 from 54) |  |  |  |  | ..... |  |
| | Section B: Agricultural products, honey, Sea-products, etc. -- | | | | | | |

| | | | | | | | |
|-----|---|--|-------|--|--|--|--|
| | not watered by man. | | | | | | |
| 60 | Value of gross crops on harvest day: (Put in Column 3) | | ... | | | | |
| 60a | Wheat, barley, and other cereal |  | ..... |  |  |  |  |
| 60b | Rice, soybean |  | ..... |  |  |  |  |

| (1) Line No. | (2) Item | (3A) (3) Working Columns | (4) Zakatable Amount | (5) Ratio | (6) Zakah | (7) Date Due |
|-----------------|---------------------------------|-----------------------------|-------------------------|--------------|--------------|-----------------|
| 60c | Vegetables |  | ..... |  |  |  |
| 60d | Fruits |  | ..... |  |  |  |
| 60e | Cotton |  | .... |  |  |  |
| 60f | Rubber |  | ..... |  |  |  |
| 60g | Tobacco |  | ..... |  |  |  |
| 60h | Hays and other cattle feed |  | ..... |  |  |  |
| 60i | Lumber |  | ..... |  |  |  |
| 60j | Honey |  | ..... |  |  |  |
| 60k | Other agricultural crops |  | ..... |  |  |  |
| 61 | Sea products:- | | | | | |
| 61a | Fish |  | ..... |  |  |  |
| 61b | Earl |  | .... |  |  |  |
| 61c | Other sea-products | | ---- | | | |
| 62 | Add 60 and 61 and put in Col. 3 |  | ..... |  |  |  |

| | | | | | | | |
|-----|---|-------|--|--|--|--|--|
| 63 | Cost on products of 60 and 61 (Write in 3A) | | | | | | |
| 63a | Wages | ..... |  |  |  |  |  |
| 63b | Rent (for rented land, equipment, etc.) | ..... |  |  |  |  |  |
| 63c | Maintenance | ..... |  |  |  |  |  |
| 63d | Gas and electricity | ..... |  |  |  |  |  |

| (1) Line No | (2) Item | (3A) (3) Working Columns | (4) Zakatable Amt. | (5) Ratio | (6) Zakah | (7) Date Due |
|-----------------------|---|------------------------------------|------------------------------|---------------------|---------------------|------------------------|
| 63e | Feed | ..... |  |  |  |  |
| 63f | Insurance | ..... |  |  |  |  |
| 63g | Veterinary | ..... |  |  |  |  |
| 63h | Freight and transportation | ..... |  |  |  |  |
| 63i | Seed | ..... |  |  |  |  |
| 63j | Fertilizers | ..... |  |  |  |  |
| 63k | Pesticides | ..... |  |  |  |  |
| 63l | Other farm expenses | ..... |  |  |  |  |
| 64 | Household expenses, if not already claimed (write in 3A) | | | | | |
| 64a | Family deductions | ..... |  |  |  |  |
| 64b | Help to parents | ..... |  |  |  |  |
| 64c | Help to others | ..... |  |  |  |  |

| | | | | | | | |
|-----|---|------|------|-------|------|-------|----------------------|
| 64d | Other necessary expenses | ---- | | | | | |
| 65 | Add 63 and 64 and write in Column 3 | | ---- | | | | |
| 66 | Deduct 65 from 62 and put in column 4, multiply by rate to get <i>zakah</i> |  |  | ..... | 0.10 | | <input type="text"/> |

| (1) Line No | (2) Item | (3A) (3) Working Columns | (4) <i>Zakatable Amount</i> | (5) Rate | (6) <i>Zakah</i> | (7) Date Due |
|----------------|---|-----------------------------|--------------------------------|-------------|---------------------|-----------------|
| | Section C: Crops watered by man | | | | | |
| 67 | Value of gross crop on harvest day (Write in column 3) |  | .... |  |  |  |
| 67a | Wheat, barley, and other cereal |  | ..... |  |  |  |
| 67b | Rice, soybean |  | ..... |  |  |  |
| 67c | Vegetables |  | .... |  |  |  |
| 67d | Fruits |  | ..... |  |  |  |
| 67e | Cotton |  | ..... |  |  |  |
| 67f | Rubber |  | ..... |  |  |  |
| 67g | Tobacco |  | ..... |  |  |  |
| 67h | Hays and other cattle-feed |  | ..... |  |  |  |
| 67i | Lumber |  | ..... |  |  |  |
| 67j | Other agricultural products | | ---- | | | |

| | | | | | | | |
|-----|---|-------|-------|--|--|--|--|
| 68 | Add all 67a – j together |  | ..... |  |  |  |  |
| 69 | Cost on products of 67 , write in 3A | | | | | | |
| 69a | Wages | .... |  |  |  |  |  |
| 69b | Rent (for rented land, equipment, etc.) | ..... |  |  |  |  |  |
| 69c | Maintenance | ..... |  |  |  |  |  |
| 69d | Gas and electricity | ..... |  |  |  |  |  |

| (1) Line No | (2) Item | (3A) (3) Working Columns | (4) <i>Zakatable Amount</i> | (5) Rate | (6) <i>Zakah</i> | (7) Date Due |
|-----------------------|--|------------------------------------|--------------------------------|--------------------|---------------------|------------------------|
| 69e | Feed | ..... |  |  |  |  |
| 69f | Insurance | ..... |  |  |  |  |
| 69g | Veterinary | ..... |  |  |  |  |
| 69h | Transportation and Freight | ..... |  |  |  |  |
| 69i | Seed | ..... |  |  |  |  |
| 69j | Fertilizers | ..... |  |  |  |  |
| 69k | Pesticides | ..... |  |  |  |  |
| 69l | Other farm expenses | ..... |  |  |  |  |
| 70 | Household expenses (write in column 3A) | | | | | |
| 70a | Family deductions | ..... |  |  |  |  |
| 70b | Help to parents | ..... |  |  |  |  |
| 70c | Help to others | ..... |  |  |  |  |

| | | | | | | | |
|-----|---|------|------|-------|------|-------|----------------------|
| 70d | Other necessary expenses | ---- | | | | | |
| 71 | Add 66 and 67 and write in Column 3 | | ---- | | | | |
| 72 | Subtract 68 from 65 and put in Column 4, multiply by rate to get <i>Zakah</i> |  |  | ..... | 0.05 | | <input type="text"/> |

| (1) Line No. | (2) Item | (3A) (3) Working Columns | (4) Zakatable Amt. | (5) Rate | (6) Zakah | (7) Date Due |
|-----------------|--|-----------------------------|-----------------------|-------------|--------------|-----------------|
| | Section D: Minerals and found treasures | | | | | |
| 73 | Value of gross output (write in column 3) | | | | | |
| 73a | Gravel |  | ..... |  |  |  |
| 73b | Salt |  | ..... |  |  |  |
| 73c | Iron ore |  | ..... |  |  |  |
| 73d | Coal |  | ..... |  |  |  |
| 73e | Oil |  | ..... |  |  |  |
| 73f | Other Ores |  | ..... |  |  |  |
| 73g | Found and unclaimed treasure |  | ..... |  |  |  |
| 74 | Add 73a through 73g | | | | | |
| 75 | Cost of products of 73 (Write in column 3A) | | | | | |

| | | | | | | | |
|-----|---|-------|--|--|--|--|--|
| 75a | Wages | ..... |  |  |  |  |  |
| 75b | Rent (for rented land, equipment, etc.) | ..... |  |  |  |  |  |
| 75c | Maintenance | ..... |  |  |  |  |  |
| 75d | Gas and electricity | ..... |  |  |  |  |  |
| 75e | Office supplies | ..... |  |  |  |  |  |
| 75f | Insurance | ..... |  |  |  |  |  |
| 75g | Freight and transportation | ..... |  |  |  |  |  |

| (1) Line No. | (2) Item | (3A) (3) Working Columns | (4) Zakatable Amount | (5) Rate | (6) Zakah | (7) Dat e Due |
|--------------------|-------------|--------------------------------|----------------------------|-------------|--------------|------------------------|
|--------------------|-------------|--------------------------------|----------------------------|-------------|--------------|------------------------|

| | | | | | | |
|-----|--|-------|-------|-------|------|-------|
| 75h | Depreciation of franchise, plants, and equipment | ..... |  |  |  |  |
| 75i | Other expenses | ..... |  |  |  |  |
| 76 | Household expenses (Write in column 3A) | | | | | |
| 76a | Family deductions | ..... |  |  |  |  |
| 76b | Help to parents | ..... |  |  |  |  |
| 76c | Help to others | ..... |  |  |  |  |
| 76d | Other necessary expenses | ..... |  |  |  |  |
| 77 | Add 75 and 76 and write in Column 3 |  | ..... |  |  |  |
| 78 | Deduct 77 from 74 and put in col. 4, |  |  | ..... | 0.20 | ..... |

| | | | | | | | |
|----|--|--|--|--|--|---------------------|--|
| | multiply by rate to get <i>zakah</i> | | | | | | |
| 79 | Total <i>zakah</i> to be paid: Add col. 6, lines 50, 59, 66, 72, and 78 |  |  |  |  | ..... |  |
| 80 | <i>Zakah</i> previously paid (if not included in 58) | | | | | ----- ----- | |
| 81 | Deduct 80 from 79 NET PAYABLE <i>ZAKAH</i> | | | | | ----- = ----- | |

VII INSTRUCTIONS

Instructions hereinafter correspond with the line-numbers in the *zakah* schedule. The *zakah* schedule is divided into two major parts:

Part I for yearly items, and

Part II for non-yearly items.

Part two is further divided into four sections:

Section A: For Salaries and professional incomes.

Section B: For agricultural products, forestry and fishing, watered by rain, rivers, canals, etc.

Section C: For agricultural products and forestry watered by applying power and energy.

Section D: For minerals and treasures found.

** *** **

- 1 Write in the box on line 1, the date you first acquired *nisab*. For the meaning and method of *nisab*'s calculation, see definition 4. Remember if it is difficult to use the *hijri* calendar, you may use the solar calendar provided you multiply each rate of *zakah* by the quantum $(1 + 365-354/354)$, this makes the 2.5% a 2.5776%, other rates should have corresponding increments.
- 2-7 For each of these lines, write in column (4) the balance of each item on the same day and month, but one year after the year in the box in the box on line 1.
- 8-10 These items are valued at the established market prices on the day when *zakah* is due. The market price is considered established, if it is not expected to drop below its current level. Otherwise, the established market price is the highest price below which the market price is not expected to drop. This is to be written in column (4).
- 11 Valued at face. Since any difference is interest, a commercial paper has only one value regardless of its due date. Write in column (4).
- 12 Valued at the established market price, and if it is not available, at the market price.
- 13 Valued at the established market price and if not, at the market price as you receive it from statement of each of these accounts. Do not include the employer's matching funds and their share of capital appreciation, and reinvested capital gains and dividends, unless a number of years passed that you become the legal owner of the matching funds should you leave the company. Do not deduct any potential penalty, though you deduct actually paid penalties on amount withdrawn (such paid penalties are an item of your cost deducted at source at time of withdrawal, and they did not enter into your liquid asset anyway likes deducted income taxes and FICA).
- 14 This is the amount you actually own on the day of calculating your *zakah*.
- 15-16 Valued at the established market prices. See instruction 8 and write in column (4).
- 17 Valued at established market price, if this is not available, then at cost.
- 18 Business net worth as shown in a balance sheet duly drawn to reflect the *Zakatability* at the end of the *zakah* year. This net-worth is the difference between business assets (cash, bank accounts, and inventory valued at market purchases prices at the end of the *zakah* year regardless of its cost, accounts receivable minus reasonable provision for doubtful debts, other current assets at the market purchase value, fixed assets at cost minus depreciation, calculated at the acceptable accounting and auditing sound standards that are not meant to minimize taxes) and business liabilities (accounts payable minus provision for expected discount, loans, bonds issued at face value, and other liabilities): write the net worth in column (4).

- 19 For calculating net worth, see instruction 18.
- 20 Real estates is valued at established market prices at the end of the *zakah* year. Write in column (3). Line 20 includes the value of land designated for construction, buildings, whether rented or not, used by owner or not. Farming land cultivated by the owner is excluded. Home occupied by the owner is also not included (see line 27). Buildings given to others (friend or family) to use free of charge is not *zakatable* by owner. Farming land leased on crop sharing is also excluded (see line, 60).
- 21 This is written at the face value, principal only, do not include any interest. Write in column (3).
- 22 Line 22 is the *zakatable* amount. Write in column (4).
- 23 See instruction 18.
- 24 Valued at the established market price. If market price is not available, then it should be valued at the initial cost minus fair and reasonable depreciation.
- 25 At face value of loans and mortgages (not including interest if any).
- 27 This is excess in the value of *zakah* payer's residence (including building, land, surrounding facilities such as garage, furniture, home equipment and utensils). Such excess is beyond reasonable living facilities. Any doubt on the payment of *zakah* must be interpreted by the *zakah* administrator to the benefit of the *zakah* payer while the *zakah* payer must be keen to consider any doubt that he might have to the benefit of the *zakah* recipients. For example, a family of four with a yearly income of \$45,000 to 60,000 may have a residence in Indianapolis of \$150,000 without being extravagant. A similar family would not be extravagant if it lives in metropolitan California in a residence of \$300,000. In these examples, what is above such amounts is to be included in line 27. Write in column (3).
- 28 Write here the total face value of mortgage and loans on the residence, multiplied by the ratio of the amount on line 27 to the established market value of the residence. Write in column (3).
- 30 Valued at the established marked prices. Write in column (4).
- 31 Valued at established market prices. Include in this line, diamonds and precious stones if omitted on line 32. Write in column (4).
- 32 Women's jewelry is valued at established market prices. If such prices are not available, then at cost. Since each *zakah* payer must calculate for his/her *zakah* independently, line 29 may not be applicable to many male *zakah* payers. Write in column (3).

- 33 The estimation of the extravagance limit is always opinionated. My own judgment is that a one time 10% of annual income is a maximum for the non-luxury jewelry in North America. The Muslim community may change it. In an Islamic state, the estimation of the government becomes obligatory on the society. In this line, you may put zero if there are no females in the family; when you deduct 10% for a female then the remainder of her jewelry is *zakatable*, even though, there might be other women in the family that do not own any jewelry.
- 34 Write in column (4).
- 35-38 Write in column (4) the established market value of these items.
- 39 Valued at established market prices. Do not include value of honeybees.
- 42 Cars and trucks are valued at established market prices and if the same is not available, then at purchases value minus fair depreciation. Do not include car or cars used for family transportation. If the family owns more than one car and the additional cars are used for luxury, not for normal transportation, then luxury cars must be included. Write in column (3).
- 45 Valued at established market prices, if the market price is not available, then at purchase price minus fair depreciation. If a trailer is used as a residence of the *zakah* payer or is lent free to others for use, it must not be included on line 42. (See instruction 17 above).
- 48 In column (4), add lines 1 through 19, 22, 23, 26, 29, 31, 34, 35, 36, 37, 38, 41, 44, and 47. Write the total in line 45 in column (4).
- 49 Write on this line, the principal of all loans and mortgages not included above. Do not write the mortgage on your residence or on a residence, or real estate that is given to others for free use i.e. any real estate that is not *zakatable*— its loan is not deductible.
- 50 Multiply line 47, column (4) by 0.025 and write in column (6). **THIS IS THE AMOUNT DUE AS ZAKAH** on part one. Write in box in column (7), the same month and day but on lunar year later as in the box on line 1, column (7). **This is the due date for this part of zakah.**
- 51 Write yearly income after paying federal and state taxes, F.I.C.A., trade union fees, credit union installment, etc. Write in column (3).
- 52(a) if your net income is below \$40,000 annually, write in column (3A), the following:
The lesser of \$30,000.00 or actual expenses, if single.
The lesser of \$34,000.00 or actual expenses, if married.

The lesser of \$35,000.00 or actual expenses, if married with one child.

The lesser of \$37,000.00 or actual expenses, if married with 2 children.

The lesser of \$38,000.00 or actual expenses, if married with 3 children.

The lesser of \$38,000.00 or actual expenses, if married and with 4 ch. & up

- (b) If your net income is 40,000 – 89,999 annually, write in column (3A), the following:

The lesser of \$35,000.00 or actual expenses, if single.

The lesser of \$41,000.00 or actual expenses, if married.

The lesser of \$42,000.00 or actual expenses, if married with 1 child.

The lesser of \$42,000.00 or actual expenses, if married with 2 children.

The lesser of \$42,000.00 or actual expenses, if married with 3 children.

The lesser of \$43,000.00 or actual expenses, if married with 4 ch. & up.

- (c) If your annual net income is \$90,000 or above, write in column (3A) the following:

The lesser of \$65,000.00 or actual expenses if single.

The lesser of \$70,000.00 or actual expenses if married.

The lesser of \$73,000.00 or actual expenses in married with 1 child.

The lesser of \$73,000.00 or actual expenses if married with 2 children.

The lesser of \$76,000.00 or actual expenses if married with 3 children.

The lesser of \$78,000.00 or actual expenses if married with 4 ch. & up.

(Figures in 49(a), (b) and (c) are adapted and rounded from average consumer expenditure in the United States. See ftp://ftp.bls.gov/pub/special_requests/ce/cross_tabs/y9798/siz by Inc/xone.txt).

However, if actual spending is more than the figures given above without any reason accepted in *shari'ah*, then what is above the amounts quoted is *zakatable* even though it was actually spent. (See No 53-55)

53 Write in (3A), the amount of help paid to the parents and other members of the family who must not be recipient of your own *zakah*.

54 Write in (3A), grants, gifts, and donations given to other individuals, Islamic organizations, and charitable institutions, etc.

- 55 Write in (3A), all other final and necessary expenses if not included in 52, such as hospitable, medical, tuition, funeral, moving expenses, installment of loans for previous expenses, etc.
- 57 The amount in column (4) is the *zakatable* amount. Multiply by 0.025 and write in column (6). **THIS IS THE COMPUTED ZAKAH. IT IS DUE THE DAY INCOME IS RECEIVED**, which is generally dispersed through out the year. The *zakah* payer must make certain estimations and start paying during the year.
- 58 This line includes all the payments made during the year with the intention of *zakah*. Some of these may be included in line 54.
- 59 The balance is written in column (6). It is due at the end of the income year. It is recommended, however, to unify the due date with part one, line 50.
- 60 This line is for agricultural products watered by rain, canals and/ or other permanent fixed installations. For water carried, see 67. On lines 60a to 60j, write in column (3) all kinds of agricultural products valued at the market prices on the day of harvest provided they or their providing sources have not been included before. For example, since silkworms, honey bees, lands and trees are not included elsewhere, their product should appear on lines, 60a-60j.
- 61 Write in column (3), all kinds of sea products provided the fisherman, his family and friends, does not use them for immediate consumption free of cost. Only commercial fishing or pearl products, etc., are included at the market prices on the day of acquisition.
- 62 Write in column (3A), all costs of production of 60 and 61 whether paid actually or not, as long as they are due. Do not add anything as rent for the owned-farming land or fishing vessels nor any depreciation for barns, shades and any other farming building (see instruction 24 and 45 above). Do not add salary for yourself or any family member living with you as a part of the household if such a salary is not actually paid or credited to him / her.
- 63 Write in column (3A), family deductions. See instruction 52 to 55 provided that they are not on lines 52 to 55, i.e. do not make deduction twice for any deductible item.
- 66 Deduct 65 from 62 and write balance in column (4) if more than zero, otherwise, write zero. The rate in column (5) is 10%. Multiply the amount in column (4) by 0.10 and write in column (6). **THIS IS THE AMOUNT OF ZAKAH. THE DUE DATE IS THE HARVEST DAY**; if it is a continuous activity through out the year, then the latest due date would be the end of the lunar year. It is recommended in such a case to unify your due date with part one, line 50.

- 67 If animals or trucks bring the water, then use line 67 to 71.
- 69-71 See instruction 63, 64 and 65 above.
- 72 The balance in column (4) must be multiplied by 0.05; put the result in column (6). **THIS IS THE AMOUNT OF ZAKAH. THE DUE DATE IS THE HARVEST DAY.** (See instruction 66).
- 73 Write in column (3), all output of self-owned mineral extraction business valued on the day of extraction.
- 75 See instruction 63.
- 76 See instruction 64.
- 78 The balance in column (4) is the *zakatable* amount. Multiply by 0.20. **THE RESULT IS THE ZAKAH.** Write it in column (6). **THE DUE DATE IS THE EXTRACTION DAY;** if it is a continuous production, the latest day is the end of the lunar year. It is recommended, in this case, to unify one's *zakah* year for all items.⁷⁹ Add all amounts in column (6).
- 81 **NET ZAKAH PAYABLE.**