

Zakatul Maal, Zakatul Fitr and Fidyah 1444H – 2023

الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين، نبينا محمد وعلى آله وأصحابه أجمعين. وبعد،

Zakatul Maal

One of the most important principles of Islam is that all things belong to Allah SWT, and that wealth is therefore held by human beings in trust.

Zakah is one of the five pillars of Islam. It is obligatory. This is monetary value that is due to the poor and needy from an amount in excess of one's basic needs that has been in possession for a full lunar year. Therefore, it is applicable to people who possess this minimum amount of wealth called Nisab.

While the subject of Zakah tends to come up in or around Ramadhan, please note that Zakah becomes due on possession of Nisab for a full lunar year, it can be paid in advance. Ramadhan presents a good opportunity to keep track of this obligation.

Assets that attract Zakah

- Zakah is generally imposed on:
- Gold and silver, in any form; not on other metals
- Financial assets such as cash, banknotes and stocks
- Merchandise for business
- Livestock
- Income derived from rental business

Personal needs are not subject to Zakah. These include, among other things, clothing, household furniture, utensils, cars, pearls, diamonds and other precious or semi-precious stones etc.

Nisab of Zakah

Nisab is the threshold at which Zakah disbursement becomes obligatory, it is usually measured by standards of gold and silver. If you go to sell these precious metals at the NZ Mint, the Nisab in approximate dollar terms, based on the current market, can be worked out as follows*:

Price of pure gold - \$102.37 per gram

Price of pure silver - \$1.20 per gram

Therefore:

Gold Nisab - $87.48 \times 102.37 = \$8,955.33$

Silver Nisab - $612 \times 1.20 = \$734.40$

This means if you possess a minimum of this amount of wealth for a period of a lunar year and it is in excess to your basic needs, then you are obliged to disburse 2.5% of the total as obligatory charity.

Given the big difference between the prices of gold and silver in our time, one may question which standard to use, for example if you use the gold standard you become obligated when you have savings of around **\$8,955.33** for a year, however, if you use the silver standard then you only have to have around **\$734.40**. The difference is vast.

One thing is certain, if your wealth is in gold then you must use the gold standard and if it is in silver then you must use the silver standard.

If your wealth is in neither of these forms and you have monetary value in the bank then many Ulama say use the silver standard as it will make more money available to the poor and needy. It is advisable to pay some extra to cater for the fluctuating prices of gold and silver.

Zakat on KiwiSaver

People who have KiwiSaver are obligated to pay Zakah on it. There are two options; one is to pay annually, i.e. when you pay your Zakah every year, check the balance of your KiwiSaver and pay 2.5% of it. Obviously, you will not be able to deduct the Zakah from the KiwiSaver so you will need to pay it from your savings. The other option is to pay it when you get it in your hand, i.e. on its maturity when it is paid out, you will need to work out the amount it was each year at the time of its due since it started, then take out 2.5% for those amounts for each year, suppose for example:

Year 10 total \$10,000

Year 11 total \$15,000

Year 12 total \$20,000

You would need to take out 2.5% of \$10,000 for year ten, and 2.5% of \$15,000 for year eleven and 2.5% of \$20,000 for year twelve.

Note: Nisab is a combined total of all your wealth, whether it is in gold, silver, cash, or KiwiSaver, and is 2.5% of the total sum.

Zakat-ul-fitr

Zakat-ul-fitr, which is also referred to as Sadaqat-ul-fitr, is a different charity. It is unique to Ramadhan and payable at its end before the Eid Salah. Every Muslim is required to pay Zakat-ul-Fitr as a token of thankfulness to Allah SWT for having enabled him / her to observe fasts.

This is a fixed amount per person, regardless of age, and is not conditional on Nisab. Parents, guardians, and wardens are responsible for those under them.

Zakat-ul-fitr is determined to be \$15 per person

The Federation of Islamic Association of New Zealand (FIANZ) encourages, in order to fulfil the needs of the recipients and the purpose of Zakat Al-Fitr, that Zakat Al-Fitr is given at the earliest possible time of the month of Ramadan.

Fidyah

When a person has either become extremely weak due to old age, or they are suffering from a long term illness which prevents them from fasting and its recovery is not expected, they are not obliged to fast during Ramadan. Instead, if they have the means, they must feed a person in need two meals for every day of Ramadan. **This payment is called Fidyah.**

You can only give Fidyah if you miss fasts due to illness and *be unable to make them up later*. So if you are suffering from a temporary sickness during Ramadan, you will need to make these fasts up later.

The amount to be paid as fidya is \$15 for each missed fast.

The recipients of Zakah

Islam does not leave the question of charity to the personal estimation of those in whose trust its revenues are put, it assigns where these revenues should go, as the following verse plainly declares:

إنما الصدقات للفقراء والمساكين والعاملين عليها والمؤلفة قلوبهم وفي الرقاب والغارمين وفي سبيل الله وابن السبيل فريضة من الله، والله حكيم عليم

“The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah. Allah is All-knower, All-Wise.” (9:60).

The revenues of charity may also be offered to certain institutions like welfare hospitals and schools and to orphanages etc. Institutions like these are established for the welfare of the poor.

Whether the revenues of charity should be spent on all those who deserve it, scholars of Fiqh explain that a donor should not necessarily contribute indiscriminately, he may choose only one and contribute to it. The person in charge, however, has to give priority to socially more urgent cases, and then to less urgent ones.

Sheikh Mohammad Amir
Chairman Ulama Board

**The dollar value of these metals is always subject to change. Precise numbers may vary from place to place.*