

How to calculate Zakaat

Zakaatable Assets

a Gold

Silver

Trading Stock (Market value)

b Shares/ Securities

c Cash at hand and at bank

d Debtors

Investments (market value)

e Properties for re-selling

Finished and unfinished inventory + raw materials

Deposits (rental, electricity)

f Insurance policies, Voluntary pension & provident funds

Total Assets

Liabilities

g Liabilities due up to Zakaat calculation day

Creditors

h Home Loans

i Loans

j Bank overdraft

Total Liabilities

Total Assets – Total Liabilities = Net Asset



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Zakaat is compulsory on 2.5% of Net Assets if it is equal in value or more than 612 grams of Silver (Nisaab) R2 129.38 as on 22 Sep 2007.

Notes:

- A) There is no Zakaat on 9 carat gold, however if it is for resale purposes then there will be Zakaat on the market value of it. Zakaat is payable on gold & silver kept for personal use (Jewellery) according to the Hanafi Mazhab. According to the Shafi'ee Mazhab there is no Zakaat on gold & silver kept for personal use.
- B) Zakaat will be paid on the current market value of shares.
- C) Foreign exchange must be valued at official exchange rates.
- D) All those debts, which are recoverable even after a lengthy period should be added here. Bad debts cannot be written off from Zakaat that is due.
- E) There is no Zakaat on properties bought for investment purposes (i.e. rental purposes, Zakaat will be paid on rental income), whether bought as whole properties, or syndications.
- F) Insurance policies, retirement funds, endowment funds e.t.c.: Zakaat on the mentioned funds are calculated on the Lower of either the total contributions paid to the fund or the surrender value or actuarial value of the policy at the valuation date. This ruling applies when such funds are contrary to Shari'ah law, but in the event of these funds complying with Islamic Law then Zakaat will be calculated as the calculation of shares. Please note that if any fund fails to comply with the principles of Islamic law then it will be impermissible to invest in such funds.
- G) e.g. Edgars accounts and water & lights accounts that are due e.t.c.
- H) Only installments due within the next one year should be added here.
- I) Only installments due within the next one year should be added to the loan amount, and not the total loan amount. This would be in the case where a loan was used to purchase an asset on which Zakaat is payable, e.g. trading stock. If the loan was taken to purchase an asset on which Zakaat is not payable e.g. machinery, then the installments due on such a loan would not be added to this loan amount.
- J) The above-mentioned rule (I) applies here also. Please note that interest bearing loans are not permissible in terms of Shari'ah. Islamic alternatives should be opted for.

Zakaat should be calculated every year on a fixed date within the Islamic calendar e.g. 5th Ramadhan every year. Usage of the solar calendar could lead to complications, therefore not advised. This is a simple Zakaat calculator for majority of cases. If there are any complications or queries kindly contact your Imaam.



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