Zakat Policy:

Zakat Policy: Distributing Zakat in accordance with Sharia:

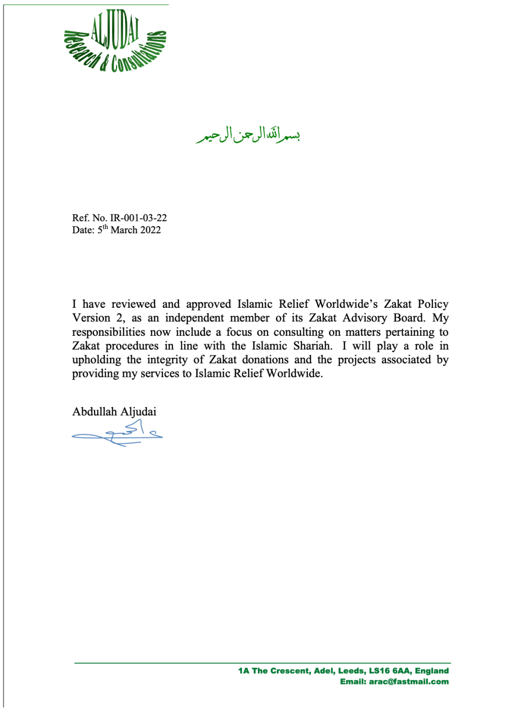
We're committed to collecting and distributing Zakat in accordance with Sharia, and in an honest and ethical manner. We believe this is paramount to fulfilling our Trust's organizational values,such as **Ihsaan (excellence)** and **Amana (custodianship)**. Therefore, we have enlisted the expertise of some of the leading and most respected Islamic scholars to form an independent Zakat Advisory Board and uphold IUIIR Trust's Zakat Policy.

The Zakat Advisory Board, made up of a group of respected scholars, have ratified our Zakat policy and will provide oversight and verification of the distribution of Zakat by IUIIR Trust.

Our Zakat Advisory Board is made up of the following renowned scholars:

- Sheikh Abdullah al-Judai
- Mufti Abdul Qadir Barkatulla
- Sheikh Mohammad Akram Nadwi

Zakat Policy: Certifications: See Certification



ALJUDAI Research & Consultations

بسم الله الرحمن الرحيم

Ref. No. IR-001-03-22
Date: 5th March 2022

I have reviewed and approved Islamic Relief Worldwide's Zakat Policy Version 2, as an independent member of its Zakat Advisory Board. My responsibilities now include a focus on consulting on matters pertaining to Zakat procedures in line with the Islamic Shariah. I will play a role in upholding the integrity of Zakat donations and the projects associated by providing my services to Islamic Relief Worldwide.

Abdullah Aljudai

1A The Crescent, Adel, Leeds, LS16 6AA, England
Email: arac@fastmail.com

Read our Zakat Policy:

1. Introduction:

The Messenger of Allah, may Allah bless and grant him peace said 'Islam is based on five things: (1)Testifying that there is no god except Allah and that Muhammad is the Messenger of Allah (shahada)…(2) Establishing the prayer (salat)…(3) Paying the Zakat…(4) the Hajj… (5) and the Fast (sawm) of Ramadan' **(Bukhari and Muslim)**

Alms are meant only for the poor, the needy, those who administer them, those whose hearts need winning over, to free slaves and help those in debt, for God's cause, and for travellers in need. This is ordained by God; God is all knowing and wise (Al Qur'an, Surah Tawbah, Verse 60)

Zakat is a duty mandated by Allah (SWT) upon any Muslim who is in possession of wealth over a certain threshold. Throughout the Qur'an, zakat is mentioned alongside prayer, emphasising the sacred and essential nature of zakat as an act of worship. Zakat is a unique mechanism which calls for the compulsory redistribution of wealth from the rich to the poorest and most vulnerable members of society. As a core pillar of Islam, the Qur'an teaches that zakat is not a matter of voluntary charity, but a matter of social justice and protecting the rights of the poor.

The benefits of zakat are both spiritual and worldly. Firstly, zakat purifies both the wealth and the heart of the payer of zakat, instilling in them virtues of humility, generosity, detachment from worldly things and providing them with a means to attain closeness to Allah (SWT). Zakat should provide the recipient with a means of lifting themselves out of poverty and need in a manner that protects their dignity. Secondly, by developing social security networks for the poorest and most vulnerable members of society and developing bonds of brotherhood and sisterhood between all levels of the community, zakat helps create flourishing societies, united by mutual love and concern.

As one of the fundamental pillars of Islam, IUIIR Trust believes that zakat should be at the core of our work. IUIIR Trust is in a unique position to assist Muslims in fulfilling their obligations by providing a means for their zakat funds to assist in protecting lives and dignity, strengthening communities, and lifting people out of poverty neighbours and around the world.

As such, IUIIR Trust takes the responsibility placed on them by donors, rights holders, and Allah (SWT) Himself seriously in order to distribute zakat in accordance with Islamic values and teachings. This policy seeks to ensure that IUIIR Trust's local and global zakat activities are in full accordance with the teachings of Islam, thus enabling IUIIR Trust to fulfil its responsibility in the best way possible.

2. Policy Statement:

IUIIR Trust recognises the importance of transparent and accountable governance of zakat funds based on the overarching principles outlined in the Qur'an and sunnah from a theological perspective and in addition the Govt. of India's the Charity Commission regulatory aspect of the Charity SORP and Indian Trust law.

This policy ensures a consistent approach to Zakat funds and that detailed and relevant guidance is centrally disseminated. This policy will assist with:

- guiding IUIIR Trust on which projects were eligible to receive zakat
- ensuring greater participation of country offices in decision-making regarding the allocation of zakat
- scholarly clarification on issues relating to our zakat activities, such as questions around support costs or the disbursement of zakat to different types of rights holders
- developing processes to ensure the collection, financial transparency, allocation, distribution, monitoring and impact of zakat funds within IUIIR Trust are transparent, participatory, efficient, and compliant with Islamic principles
- greater internal and external transparency regarding the collection, financial transparency, allocation, disbursement, monitoring and impact of zakat funds.

3. Policy Goals and Objectives:

The overall aim of the Zakat Distribution Policy is to ensure that IUIIR Trust's local and global zakat activities are in full accordance with the teachings of Islam, thus enabling IUIIR Trust to fulfil its obligation to in the best way possible.

The specific objectives are:

1. To ensure appropriate governance of the trust from theological and charity trust law of zakat funds.
2. To provide clear guidance to IUIIR trustees, management and staff on how zakat should be fundraised, accounted for, allocated, distributed, monitored and the impact of social-economical value zakat has had to enhance communities / societies.
3. To provide transparency and accountability to stakeholders on how they should expect IUIIR Trust to collect, allocate and distribute zakat.
4. To improve internal and external communications on IUIIR Trust's distribution of zakat fund and its impact locally and globally.
5. To ensure that IUIIR Trust's zakat activities are conducted in the most transparent and Islamically-compliant manner possible.
6. To enable IUIIR Trust to utilize zakat within our programmes in a manner that ensures the maximum impact and efficiency in reducing suffering and poverty.

4. Collection of Zakat:

Any IUIIR Trust office seeking to collect zakat should:

- Undertake efforts to remind local Muslim communities on the importance of paying zakat and those who are eligible to pay zakat.
- Provide clear and accessible guidelines and support to donors around calculating how much zakat they are obliged to pay. For example, this could be in the form of leaflets, booklets, hotlines, or the local IUIIR Trust website, online apps, etc. Such guidelines and support must be appropriate to the context of each office and should be prepared in consultation with local Imams Sahab's, Mufti Sahebaan's or scholars where possible.
- Provide training to fundraising staff on the obligation to pay zakat and basic elements of calculating zakat. Fundraisers should be well-trained in organizational protocols in managing and reporting on zakat, so they may be able to provide clarity and understanding to stakeholders as well as inform fundraising staff which IUIIR Trust projects are eligible to receive zakat.

Zakat funds, SORP and Trust law

Zakat funds are given for a specific purpose and can only be used for zakat eligible purposes as defined in the eight categories of zakat. The accounting records of IUIIR Trust's (across all entities and offices) should distinguish the income and spend between zakat funds and other funds.

Funds generally fundraised are either:

1. Restricted or unrestricted:

The consideration is whether Zakat funds are restricted or unrestricted funds and if unrestricted whether they should be designated funds.

2. Restricted funds:

Restricted funds are subject to conditions either specified by the funder or restrictions imposed by the donor or IUIIR Trust itself during its marketing campaigns. Therefore, restrictions can be created under Trust law. This means that IUIIR Trust fundraisers raising zakat do so by specific ask to a country or programme, and those funds can only be spent in that country or programme.

Unrestricted funds are spent or applied at the discretion of the trustees to further any of the charity's purposes. Unrestricted funds can be used to supplement expenditure made from restricted funds.

Marketing and Fundraising:

IUIIR Trust will respect the wishes and conditions which its donors place on their donations. However, in the case of zakat, IUIIR TRUST's policy is that donors must be encouraged to give zakat to a general zakat fund.

This is due to the need to ensure that zakat is spent as swiftly as possible (as the obligation will not be fully discharged until the right holder receives the zakat). Moreover, Allah (SWT) has already placed several conditions on zakat. As such, donors should be advised against placing further conditions on zakat that may prevent it being spent in the most quick and effective manner on those who need it most.

As such, IUIIR TRUST's policy regarding fundraising zakat is that:

- IUIIR TRUST's should encourage donors to pay their zakat without further restrictions added.
- IUIIR TRUST's should avoid options in their fundraising or marketing materials (e.g., website or leaflets) that allow donors to give zakat to restricted funds. Sector and country-specific zakat funds should only be made available by fundraising offices/IUIIR Family members if IUIIR Trust executive committee have confirmed such projects can be delivered in accordance with the zakat policy.

- However, if IUIIR Trust feels they are unable to respect the wishes (e.g., due to a lack of projects in that city /state /country / sector, or if the donor's conditions contravene our policy), IUIIR Trust must either:
    - communicate to the donor that IUIIR Trust may not be able to spend the zakat in the requested manner, and encourage the donor to give zakat to an alternative fund.
    - refuse the donation on the grounds that we do not have the capacity to spend the zakat in the requested manner.
    - apply the Charity Commissioner guidance and write to the Charity Commission in the Govt. of India to utilise funds for other purposes.
    - where IUIIR Trust possesses existing unspent zakat funds which are restricted by country or sector, offices must ensure that such funds are spent in accordance with the donor's conditions. If it is not possible then permission must be sought from the original donor to utilise the funds in another manner if this is possible.
- Any communication with donors that constitutes direct marketing of Zakat must follow any local / Indian laws and regulations governing privacy and electronic communications.

5. Distribution of Zakat
Who is eligible to receive zakat ?

The Qur'an clearly outlines the eight categories of people who are eligible to receive Zakat:

Alms are meant only for the poor, the needy, those who administer them, those whose hearts need winning over, to free slaves and help those in debt, for God's cause, and for travellers in need. This is ordained by God; God is all knowing and wise (Al Qur'an, Surah Tawbah, Verse 60)

These boundaries are set by Allah (SWT), and IUIIR Trust believes that we –as zakat administrators, will be held accountable by Allah (SWT) for how we distribute zakat funds, and the extent to which we adhere to the conditions and parameters set by Allah (SWT).

As such, IUIIR Trust must only distribute zakat to rights holders (directly or through projects) which are relevant to the categories outlined above. When allocating zakat to projects, or applying for zakat funds to utilise in projects, IUIIR Trust must provide a justification as to how this project matches the criteria of zakat.

While the categories themselves are clearly set, their definition and interpretation – particularly in the contemporary context – require some clarification.

1.1 Fuqara & Masakin (Poor & Needy)

1.1.1 Poverty is being in a state where one is unable to meet their essential needs. This can be assessed through local consultations and needs assessments.

1.1.2 IUIIR Trust recognises that in mentioning both fuqara (poor) and masakin (needy or extremely poor) Allah (SWT) is ensuring that we address the needs of both the poor and the ultra-poor. As such, it is critical that the needs of the ultra-poor are considered and prioritised where possible when identifying which projects to fund through zakat.

1.1.3 IUIIR Trust will use zakat to provide adequate assistance to meet the essential needs of rights holders.

1.1.4 IUIIR Trust believes that zakat can and should be used for emergency relief activities, such as the provision of medication and healthcare, food, shelter, clothing, water and sanitation, and other items or essential activities which can help alleviate the poverty or suffering of affected individuals.

1.1.5 Zakat funds cannot be used in cases where additional conditions are added for its receipt (e.g., cash for work projects).

1.1.6 Where possible, Zakat should also be utilised in a way that provides long-term solutions to the deprivations or needs of disadvantaged people. This could be achieved through developing sustainable livelihoods projects, through education or health provision, or supporting other sustainable development activities for the poor and needy.

1.1.7 IUIIR Trust will focus its zakat implementation in areas where there is a clear Muslim majority among the population. However, as a humanitarian organisation, IUIIR Trust will do this in a way that does not discriminate between people on the grounds of race, religion, sect, gender or ability and is bound by the internationally recognised humanitarian principles of impartiality, neutrality, independence and humanity. To ensure non-Muslims in such situations receive the same level of assistance, additional funding should firstly be sought from other sources of funds. If other funds are not available, then zakat may be used.

1.2 Amileena alaiha (administrators of zakat)

IUIIR Trust is a legitimate administrator of zakat. IUIIR Trust in effect is a duty-bearer, with a responsibility to respect, protect and fulfil the rights of rights holders on whose behalf zakat funds have been collected.

1.2.1 As such, IUIIR Trust is eligible to take a reasonable portion of 12.5% of zakat funds to cover the costs of delivery zakat eligible projects. Costs are incurred firstly in raising awareness and collection activities for zakat funds, and then administering those funds to ensure they reach the rights holders entitled to these funds.

1.2.2 Costs incurred by IUIIR Trust are defined as direct, direct support costs or indirect costs. IUIIR Trust must map and understand what costs are related to Zakat projects and those that eligible to be charged against the allowed administration charge from Zakat funds.

- Direct costs are frontline delivery costs that include programme costs and office costs.
- Direct Support costs link directly to the project but are shared between different projects / services. Therefore, a need to arrive at the true cost of delivery, these costs should be charged to Zakat when needed.
- Indirect Costs include IT, HR, or finance costs that cannot directly be linked to the project.
- Costs associated with fundraising, marketing, event sponsorship, influencers, generic training and governance costs are not eligible to be charged to 12.5% administration category

1.2.3 Any funds taken by IUIIR Trust offices from Zakat to cover administrative (direct support or indirect costs) must not exceed the agreed allocation of 12.5% in

1.2.4 To ensure transparency and accountability the programme and finance functions of IUIIR Trust should report on the usage of Zakat funds. IUIIR Trust must demonstrate consistency, accountability and transparency in its internal environment and reporting for Zakat purposes.

1.3 Mu'allafati quloobuhum (to reconcile hearts)

Whilst IUIIR Trust is inspired by its values, and proactively seeks to educate our supporters regarding Islamic values and teachings on poverty alleviation, as a humanitarian agency we do not engage in any **proselytisation activity**. As such, IUIIR Trust does not undertake any Zakat activities under the category of mu'allafati quloobuhum.

1.4 Riqaab (emancipation of slaves)

Where IUIIR Trust finds people suffering from a modern form of slavery – such as bonded labour, forced labour, or human trafficking – Zakat funds may be utilised to emancipate people from such forms of slavery (provided that the funds do not profit "slave-owners" who have violated national or international law).

1.5 Gharimeen (those in debt)

1.5.1 Zakat may be used to assist those in debt under the following conditions:

- The debtor must need financial aid (those with enough wealth to cover their debt cannot be assisted). However, they do not necessarily need to be destitute, but simply not have enough income or wealth to repay their debt.

- The debt should be due immediately. Those whose debts can be deferred may still be eligible to receive zakat but could be considered as less of a priority than those who need immediate assistance.

1.5.2 Zakat funds may be used to pay unsustainable/unrecoverable debts. For example, in microfinance programmes, IUIIR Worldwide is permitted to create an accounting write off against the individual's loan records using the zakat funds if the individual has incurred such a debt.

1.5.3 IUIIR executive committee will develop and use processes and criteria to verify that only those in genuine debt are supported.

1.6 Fi sabeelillah (in the cause of Allah)

1.6.1 IUIIR Trust takes the opinion that it is permissible to fund communal welfare assets and programmes – such as Surgical Operations of poor patient's health clinics, critical medical equipment, temporary food producing outlets (e.g., bakeries), clean water sources, water containers, schools, training centres, seed banks, communal farmlands, water damns, – to reduce poverty and hardship in disadvantaged communities.

Projects involving communal welfare will promote the principle of community empowerment through ownership. IUIIR Trust will endeavour to adhere to the following conditions when funding communal welfare assets with zakat:

- The clear majority of the rights holders can be classified as being eligible to receive zakat (i.e., poor, needy, traveller, etc.).
- An assessment of the rights holder community has been conducted, demonstrating the need for the asset in question in alleviating poverty and suffering.
- Consent should be sought from the target community to develop or implement the proposed asset.
- The project should ensure that rights holders can act as effective and responsible managers of the asset.
- Once completed, ownership and management of the asset is transferred to the local community (e.g., to a local community cooperative compromising of an inclusive group of people), with an agreement to protect the asset's intended usage for communities and individuals in need. It should explicitly state no person in need will be refused.
- The communal asset should always remain a not-for-profit property and for general welfare.
- The asset shall not be owned by any one person or a single group of people.

1.6.2 IUIIR Trust will use zakat to fund essential service providers – such as teachers, doctors, healthcare workers, disaster recovery personnel, trainers, agriculture specialists who provide vital services directly to rights holders, specifically addressing their needs or deprivations with the following conditions:

- The service provider is not an employee who provides general operational support and management, but someone who works on direct project delivery.
- An assessment and consultation of the rights holder community has been conducted, demonstrating the need for the service in question (for protecting lives and alleviating poverty and deprivation).
- IUIIR Trust only pays essential service providers for a limited time (no later than the project-end).

1.6.3 Zakat funds can be used for education / scholarships for students and training purposes to directly teach people about issues and skills that will allow them to come out of poverty. For example, learning how to start a home-based enterprise, farming methods, tailoring, animal rearing, health issues, hygiene and sanitation awareness and other livelihood options.

1.6.4 Any costs which are specific and limited to the distribution or implementation of zakat goods/projects (e.g., petrol for delivery of goods, short-term hiring of transportation/ storage space, etc.) and are not part of IUIIR Trust's long-term assets or costs may be covered by zakat.

1.6.5 Zakat funds can be utilised in conflict transformation projects that seek practical solutions that bring peace to communities, leading to a significant reduction in levels of hardship faced by people living in those areas.

1.6.6 However, under this category IUIIR Trust will not fund communications or advocacy work due to the difficulties in establishing and measuring the direct benefit of these initiatives to those in actual need.

1.7 Ibn as-sabeel (travellers)

1.7.1 IUIIR Trust defines travellers as people who are at least 48 miles away from their home and unable to reach their destination (including refugees and internally displaced people) and who have been cut off from their wealth, assets, or source of income.

1.7.2 This would apply to refugees who have not re-settled and are not in the category of fuqara and miskin (poor and needy).

1.7.3 IUIIR Trust may use zakat funds to provide sufficient food, clothing, shelter, transportation, education, healthcare and any other needs.

Matters relating to the allocation & distribution of zakat:

1.7.4 Each IUIIR Trust office that collects zakat should conduct research to identify the level of poverty in their respective area / country. Where poverty or need is identified locally, the office must develop a strategy to utilise a significant portion of zakat funds domestically. This amount will need to be determined by each office based on their environment.

1.7.5 IUIIR Trust will not allocate funds to each of the categories of zakat in an equal measure, as some categories do not directly apply to its mission.

1.7.6 IUIIR Trust may allocate as much zakat to each category as is relative to the need of rights holders and our capacity in each geographical location.

1.7.7 IUIIR Trust will aim to allocate zakat funding within one year of receiving it and use it as quickly as possible.

1.7.8 IUIIR Trust will not use zakat funds to use for any type of endowment or similar investment projects.

1.7.9 IUIIR Trust takes the view that zakat cannot be given for loans or any other business enterprise.

1.7.10 Zakat funds can be used on projects that are both short term (e.g., immediate humanitarian response eg.Floods, Earth quake, Famine,) and long-term (such as multi-year livelihood programmes).

1.8 Free reserves

The term “reserves” is used to describe that part of a charity’s funds that is freely available for its operating purpose not subject to commitments, planned expenditure and spending limits. Reserves do not include endowment funds, restricted funds and designated funds.

Zakat funds held have a direct impact on calculating free reserves.

The zakat funds (less than 12.5% of total zakat funds) should be excluded in calculating IUIIR Trust’s free reserve position.

NISAB

Nisab is the minimum amount that a Muslim must have before being obliged to Zakat

What is NISAB ?

The Nisab was set by Prophet Muhammad (peace be upon him) at a rate equivalent to: 87.48 grams of Gold and 612.36 grams of Silver.

As we no longer use silver or gold as currency, you need to find out the equivalent monetary exchange value of the rates the Prophet Muhammad (SAW) set in your local currency. You can do this by checking the market rate of Gold and Silver.

The two values used to calculate the Nisab threshold are Gold and Silver.

In the Hanafi madhab (School of Thought’s), the value of silver is used to ascertain the nisab threshold and eligibility to pay Zakat. The other madhabs (School of Thought’s) use the value of Gold.

IUIIR Trust advises its donors to use the Silver value (which is almost always a lower threshold to Gold) because this allows for a greater amount to be eligible for Zakat, which means more help for deserving Zakat recipients.

Current Nisab Value (31 July 2026)

Using value of Silver 612.36 grams = ₹143,904.60

Using value of Gold 087.48 grams = ₹1,262,604.84

For the latest prices, refer to the Online Zakat calculator.

Example:
In 1446-1447 AH, Suraya’s zakatable wealth came to only Rs 200. She owes no zakat. The next year was better for her, and she now owns Rs 2,500 in zakatable wealth. She will be liable for zakat after the money has been in her possession for a lunar year

Related Questions

Should I Use the Gold and Silver Nisab ?

The nisab calculated with the silver standard is significantly lower than its gold counterpart. This is because the value of silver has plummeted since the time of the Prophet (peace be upon him).

There are arguments for using either nisab value. Many scholars say that it is better to use the silver nisab since it will increase the amount of charity distributed; others say that the gold nisab is closer to the nisab in use at the time of the blessed Prophet (peace be upon him).

However, if your assets consist entirely of gold, you must use the gold nisab, and similarly, if they consist entirely of silver then the silver nisab must be used.

My wealth decreased below the nisab for a few months during the year do I still pay Zakat ?

As long as you are in possession of wealth above the nisab threshold at the beginning and end of the zakat year, zakat will be payable, even if your wealth dipped below the nisab for most of the year.

I have more money than the nisab but I need it for my living expenses ?

If a person possesses wealth exceeding the nisab threshold, but has to pay rent, purchase food, clothing, etc., for themselves and their dependants, then these costs may be deducted from one's wealth.

If, after deducting these costs, the remaining amount is less than the nisab at the end of the zakat year, then no zakat is payable

When does the Zakat Year begin ?

The zakat year begins on the date on which you were first in possessions of wealth above the nisab.

This will be your seed date, whenever it comes around you will have to calculate zakat, irrespective of any fluctuations in the amount of wealth in your possession.

The only situation in which your seed date will change is if you were to become totally bankrupt and lose all your assets and belongings. In this situation, your new seed date will begin when you are once again in possession of wealth above the nisab.

If you are not sure of your seed date, then estimate it to the best of your ability.

Do I have to Pay Zakat ?

Zakat is obligatory on someone who is:

1.**A free man: or woman**: A slave does not have to pay zakat.

2.**A Muslim:** Zakat is a religious obligation upon Muslims, like the five daily prayers.

3.**A Sane:** The person on whom zakat becomes obligatory must be of sound mind according to Imam Abu Hanifa. Imam Malik holds that an insane person is still liable for zakat.

4.**A Children** do not have to pay zakat, even if they own enough wealth to make zakat obligatory. However, both Imam Shafi'i and Imam Malik say that the guardians of the children should pay the zakat on their behalf.

5.**In complete ownership and control of their wealth:** The person must own and be in possession of the wealth, and also be free to spend or dispose of the wealth in any manner they like. If a person has made a loan of their wealth then they are not in a position to spend it until it is repaid.

6.**In possession of wealth above the nisab threshold:** The person should possess wealth above a defined amount required to satisfy the essential needs of themselves and their dependents (nisab).

7.**Free from debt:** Someone in debt may deduct his debts from his assets, if what remains is still above the nisab threshold, zakat is due, otherwise not.

8.**In possession of the wealth for one complete lunar (Hijrah) year:** If one owns zakatable wealth for a lunar year, zakat will become obligatory, provided the total amount of wealth exceeds the nisab at the beginning of the year and the end, irrespective of any fluctuations in the months between.

I gave a lot of money to charity over the year , doesn't that count as Zakat ?

For a donation to qualify as zakat, there must be a clear **intention** present, either when you separate the zakat money from the rest of your wealth, or when you make the zakat payment.

What part of my Wealth is Zakatable ?

Gold and Silver: Any gold or silver you possess is zakatable, including jewellery according to Hanafi school, because these two metals have intrinsic monetary value.

Other precious metals and stones are not zakatable unless they were acquired for the purpose of trade.

Cash or its Equivalent: Cash at home, in bank accounts, savings, money lent to others, saving certificates, bonds, shares, investment certificates and so on, are all taken into account when calculating zakat.

Stock Purchased for Trade: Any goods you have bought with the intention of selling are included in your zakatable wealth.

What part of my wealth is not Zakatable ?

Any goods , other than gold or silver that you have not bought for resale are non zakatable. No zakat is payable on your personal belongings , such us a house or a car.

Can I pay Zakat in Advance ?

Yes , zakat can be paid in advance before the year has ended , but you should make sure you have wealth equal or above the Nisab.

Do I pay Zakat on Wealth belonging to my children ?

Not according to the Hanafi school. A child is not liable to pay zakat, even if in possession of wealth above the nisab threshold. For a child who possesses the nisab or more, the first zakat payment will become due twelve lunar months reaching the age of puberty.

According to both Imam Shafi' and Imam Malik however, a child who possesses wealth above the nisab value is liable for zakat.

Recipients of Zakat

Who can receive my Zakat ?

To be eligible to receive zakat, the recipient must be poor and/or needy. A poor person is someone whose property, in excess of his basic requirements, does not reach the nisab threshold.

The recipient must not belong to your immediate family; your spouse, children, parents and grandparents cannot receive your zakat. Other relatives, however, can receive your zakat.

The recipient must not be a Hashimi, a descendant of the Prophet (peace be upon him).

Example:
Ahmed owns only Rs 10000. However he also owns two cars, one is in excess of his basic needs. To find out if Ahmed is eligible to receive zakat, the value of his second car will have to be taken into account.

Zakat On Business

I have my own business, how do I pay zakat on it?

If you have a business, all stock in trade is liable for zakat, 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 zakat. The buildings, machinery, vehicles and so on that are essential for the business are exempt from zakat.

Example:
Ahmed owns a biscuit factory. When calculating the zakat that the business owes, he takes into account the monetary value of all the biscuit ingredients he has in stock and all the unsold biscuits stored in storage. The factory building, machinery and equipment are not taken into account when calculating zakat.

Zakat on Gold:

Zakat must be paid at 2.5% of the value of the gold that you own. Based on the current gold rate of ₹14,433 per gram, the Zakat due is ₹360.83 per gram (2.5% of ₹14,433).

For example, if you own 50 grams of gold jewellery, the Zakat payable would be ₹18,041.25 (50 × ₹360.83), assuming the jewellery is zakatable and you meet the nisab and other conditions for Zakat.

Use our Zakat calculator to work out how much Zakat you owe on Gold.

(This Calculation Based on Gold Rates per 10 Gm is Rs 1,32,310/- as 31.07.2026)

Zakat: A Sacred Pillar
Zakat is not just a duty on those with wealth given for the love of Allah, but a right that the poor have over us.

Those with sufficient wealth are noted in the Holy Qur'an as for:

"Those in whose wealth there is a recognised right for the needy and the poor" (70:24-25).

Gold Rate for Zakat: ₹330.75 per gram or ₹3,750.71 per Bori/Tola (11.34 g).**

Calculation: ₹13,230 × 2.5% = ₹330.75 per gram; ₹330.75 × 11.34 = ₹3,750.71 per Bori/Tola.)

Loan and Debts :

I have debts. Do I pay zakat ?

The basic principle is that debts are deducted from wealth, and if the remainder is still above the Nisab Threshold, zakat is payable, otherwise not.

However, if a person has a large debt that is being paid off in instalments, such as a mortgage or large credit card debt, then one should only deduct the payment that is currently due from one's assets.

Example:
Zubair possesses assets worth Rs 100,000, but owes his creditors a total of Rs 70,000. When his zakat year has elapsed, he will pay zakat on Rs 30,000.
Shuayb has savings of Rs 2,000, and an Rs 80,000 mortgage which he pays in monthly instalments of Rs 400. His zakat date comes round just as his monthly payment is due, so he pays zakat on Rs 1,600.