

# Al-Zakah

*The Islamic Financial Responsibility*

A source of  
Social Security  
In the Muslim Ummah



The Institute of Islamic Knowledge

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## TEST OF ZAKATABILITY

The purpose of this test is to determine the Zakatability of the person. However, we should notice that Zakat is personal, i.e., every Zakat payer must calculate independently. A family owning Zakatable items may calculate jointly, if each member owns “Nisâb” separately. Before you fill in the schedule, take the following test:

	Yes	No
1. Do you own a business of more than \$1,200.00?	_____	_____
2. Do you have checking and savings accounts, commercial papers etc. of a total balance of \$1,200.00 or more?	_____	_____
3. Do you own more than \$1500.00 worth of milk producing or meat animals?	_____	_____
4. Do you own jewelry of more than \$1,200.00?	_____	_____
5. Do you own cars which are not actively being used by the members of your family?	_____	_____
6. Do you own property, not in your daily use, worth more than \$1,200.00?	_____	_____

*If your answer is yes to any of the above questions, then continue.*

7. Are you in debt more than you own, excluding the mortgage on home occupied by you?

**If Yes:** Stop here.

**If No:** Continue on next page for your Zakah Calculation.

## Short Form Zakat-ul-Mall Calculation

1. This form is designed for nonbusiness individuals to calculate the amount of Zakat-ul-Mall on their wealth.
2. This form does not cover all Zakatable items but only most common ones; thus, consult the AL-Zakah Manual for details if you have a wealth which is not listed in this form.

**Zakah is due:**

At the end of one year starting from the first day you acquired Nisâb for the first time.

Date: \_\_\_\_\_

#	Description	\$ Amount/Worth
1.	Cash on hand	
	* Saving and credit union accounts	
	* Checking and money market accounts	
	* IRA and Pension Fund	
	* Term Insurance's recoverable value	
	* Certificates of Deposit	
	* Guaranteed and recoverable given loans	
2.	Shares, stocks, bonds, securities, options, commercial papers, etc.	
3.	Gold and silver including: Women's jewelry if over 3 ounces of gold or over 21 ounces of Sterling Silver. Total jewelry X market price (weight X \$value) =	
4.	Merchandise inventories of your store if you are the sole proprietor	
5.	Your shares in partnerships if you are a limited or silent partner	
6.	Real estate Investment (house occupied by you not included) * Net worth = Total - Mortgage/Loan against it. =	
7.	Rental, Royalties and similar receivables for the current year	
8.	Any other current Asset not listed above  _____	
Total Zakatable Amount:		
Zakah Rate ( 1/40 th) = 2.5% =		X .025
Zakah Payable (Zakatable amount X Zakah rate) =		

## What is Az-Zakah - The Third Pillar of Islam?

Literally, Zakah means, "to purify." Without the payment of Zakah, whole wealth of a person is impure, called "Kunz," which, in the shape of gold, silver or other metal will be heated up in the hellfire and the one who has not given Zakah shall be branded with that as a punishment.

Az-Zakah is not a poor due or a levy or an income tax or a property tax, and it should not be considered like one. It is an act of worship and as such classified to be the 'Third Pillar of Islam.'

The basic principle underlying this third Pillar of Islam (Az-Zakah) is to encourage the Muslims to put their wealth in circulation and not to hold it depriving the others from its benefits of changing hands through business and trade. If any one holds the wealth from circulation for one full year, he should pay Zakah equal to the minimum benefit it would have yielded to the poor, needy, in the way of Allah and so on. This minimum benefit assigned by Prophet Muhammad (peace be upon him) is its 1/40th or 2.5%.

Based on the above stated principle, merchandise inventory change over of several times, even if amounting to millions of dollars during the year has no effect on the Zakah calculation and Zakah is only on the ending physical inventory at the end of the fiscal year. Similarly assets, which are used in business to generate income, are exempt from Zakah because those assets are responsible for putting the wealth in circulation. Zaka-tul-Mall is based on the principle of paying thanks to Allah for His grace and bounty.

Zakah is an act of worship and a method prescribed by Allah Himself for paying thanks to Allah in order to be His 'Abdan shakoor' (grateful devotee) therefore; it is not a levy or burden like income tax or a property tax. This is a Divine Commandment for the distribution of wealth among the community members. Another major difference between Zakah and Taxation is that the person paying the Zakah is not expecting any worldly benefit in return, while the person paying income tax is expecting the community or government services in return.

Do you know that Zakah rate is not only 2½% but also 5%, 10% and 20%? To study and understand this Third Pillar of Islam, the Institute of Islamic knowledge has published a complete manual along with eleven schedules for the calculation of Zakah for multi million dollar businesses, professionals such as doctors, ranching operation, mining operation, fisheries as well as oil industry.

Al-Zakah package (complete manual and all schedules) is also available upon your request through this website's home page or call our printers at 713-526-6364 and ask for Br. Shabbir Dadabhoy.

### *Important Note:*

In distribution of Zakah, relatives come first if they qualify as recipients of Zakah, however, Zakah can not be given to your own parents and children. After this category, we suggest that you consider the category of "Wa Fee Sabeelillah." In this category, the best one to consider is "Al-Qur'an Trust Fund" for printing and free distribution of the Qur'an and other Da'wah material to the non-Muslims for conveying The Message of Allah and the propagation of Islam.

Contributions to this Al-Qur'an Trust Fund can be made on-line through this website's home page.

## DETAILED ZAKAH RETURN

Year \_\_\_\_\_

Name: \_\_\_\_\_  
First                      Middle                      Last                      Social Security#

Spouse: \_\_\_\_\_  
First                      Middle                      Last                      Social Security#

Address: \_\_\_\_\_  
Street                      City                      State                      Zip Code

Your Occupation : \_\_\_\_\_ Spouse Occupation : \_\_\_\_\_

Single                       Married                       Head of household

Line	Schedule References	Zakatable Amount 1	Rate of Zakat% 2	Amount of Zakat Col. 1 x 2
1	Schedule A:		X .025	
2	Schedule B:		X .025	
3	Schedule C:		X .025	
4	Schedule D:		X .025	
5	Schedule E:		X .025	
6	Schedule F:		Transfer all Amt.	
7	Schedule G:		Transfer all Amt.	
8	Schedule H:		Transfer all Amt.	
9	Schedule I:		X .200	
10	Schedule J:		X .200	
11	Schedule K:		X .025	
12	Zakah Payable - Total line 1 through 11		=	
13	Prepayment of Zakah in prior year(s)		=	(                      )
	(Deduct line 13 from line 12 )		=	
	If line 13 is greater than line 12, write Zero		=	
	If line 13 is less than line 12, write the Amount:		=	
	<b>This is your Zakah Payable</b>		=	

## SCHEDULE A

### CURRENT ASSETS SUBJECT TO ZAKAH

*Please note that Zakah is due at the end of one year starting the first day of acquiring Nisâb for the first time and may not synchronize with the end of other financial years.*

#	Description	\$ Amount/Worth
<b>Cash:</b>		
1.	On hand	
2.	In the saving or money market accounts	\$ _____
3.	In the checking accounts	\$ _____
4.	In the credit union accounts	\$ _____
5.	In the IRA accounts	\$ _____
6.	In the pension funds	\$ _____
7.	In the certificates of deposit	\$ _____
8.	In the term insurance present value	\$ _____
9.	In the safe deposit boxes or similar safe keeping	\$ _____
<b>Loans:</b>		
10.	Recoverable loans to others	\$ _____
<b>Gold and Silver:</b>		
In compliance with Nisâb: (Nisâb = over 3 ounces of gold or over 21 ounces of silver or combination = to the value of either one)		
11.	In the form of jewelry (weight x \$value)	\$ _____
12.	In the safe deposit boxes (weight x \$value)	\$ _____
<b>Total Current Assets (A):</b> (Add lines #1 through 12) =		\$ _____
<b>Less: Outstanding Current Liabilities:</b>		
a.	Medical, dental and other such bills:	\$ _____
b.	Credit cards outstanding bills:	\$ _____
c.	Other borrowed money for expenses:	\$ _____
<b>Total Current Liabilities (B):</b> Add (a) through (c) =		\$ (_____)
<b>Zakatable amount: Deduct (B) from (A)</b> (Total Current Liabilities from Total Current Assets) =		\$ _____

*Transfer this amount to line 1, of page 1*

**SCHEDULE B**

**PROFESSIONAL BUSINESSES AND CONTRACTORS**

**REVENUE**

Gross receipts or sales: \$ \_\_\_\_\_  
Returns and allowances: \$ \_\_\_\_\_

**Total receipts or sales (A):** \$ \_\_\_\_\_

**LESS EXPENSES**

Advertising \$ \_\_\_\_\_  
Bad debts \$ \_\_\_\_\_  
Employees benefits programs \$ \_\_\_\_\_  
Insurance payments \$ \_\_\_\_\_  
Legal and professional services fees \$ \_\_\_\_\_  
Office expenses \$ \_\_\_\_\_  
Rent or lease payments \$ \_\_\_\_\_  
Supplies needed for operation \$ \_\_\_\_\_  
Taxes and licensing fees \$ \_\_\_\_\_  
Organization's membership dues \$ \_\_\_\_\_  
Utilities \$ \_\_\_\_\_  
Wages \$ \_\_\_\_\_  
Other business expenses \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

**Total business expenses (B):** \$ \_\_\_\_\_

**Zakatable amount: Deduct (B) from (A)**  
**(Revenue minus Expenses):** \$ \_\_\_\_\_

*Transfer this amount to line 2, of page 1*

## SCHEDULE C

### MERCHANDISING BUSINESSES AND STORES

**1. INVENTORY**

At beginning of the year or closing of last year: \$ \_\_\_\_\_

**2. PLUS**

a. Purchases during the year: \$ \_\_\_\_\_

b. Sales returns: \$ \_\_\_\_\_

Sub Total (A): (1 + 2a + 2b) = \$ \_\_\_\_\_

**3. LESS**

a. Items withdrawn for personal use: \$ \_\_\_\_\_

b. Items sold: \$ \_\_\_\_\_

c. Items donated to charities: \$ \_\_\_\_\_

d. Items given away: \$ \_\_\_\_\_

e. Items stolen, lost or destroyed: \$ \_\_\_\_\_

Sub Total (B): (a + b + c + d + e) = \$ \_\_\_\_\_

**Zakatable Value (Ending Inventory) Sub totals A + B =** \$ \_\_\_\_\_

OR

### ALTERNATE CALCULATION

Take the Physical Inventory at the end of the year and make the following adjustments:

Physical Inventory at the end of the year: \$ \_\_\_\_\_

**Plus** Purchases made but not received: \$ \_\_\_\_\_

**Sub Total:** \$ \_\_\_\_\_

**Less** Sales made but not shipped: \$ ( \_\_\_\_\_ )

**Zakatable Value (Actual Physical Inventory) =** \$ \_\_\_\_\_

*Transfer the value total to line 3, of page 1*

## SCHEDULE D

### *REAL ESTATE, HELD FOR INVESTMENT OR RESALE*

Description of Properties:

A: \_\_\_\_\_

B: \_\_\_\_\_

C: \_\_\_\_\_

CALCULATION STEPS	A	B	C	TOTAL
Cost or Basis				
Less: Depreciation:				
Prior Years				
This Year				
Net Value:				
Less: Outstanding loans				
Taxes and Other Expenses				
Zakatable Value:				

Grand Total :    A + B + C =                    \$ \_\_\_\_\_

*Transfer this total to Line 1, of page 1*



**SCHEDULE F**  
*FARMING*

DESCRIPTION	A IRRIGATION	B RAIN	C PARTIAL I/R
<b>CROPS CASH VALUE</b> (Fair Market)			
<u>Grain</u>			
<u>Fruits</u>			
<u>Nuts</u>			
<u>Vegetables</u>			
<u>Other Raw Crops</u>			
<u>Cotton</u>			
<u>Other Fiber Crops</u>			
<u>Wool</u>			
<u>Other Cash Crops</u>			
_____			
_____			
_____			
Zakatable Amount: =			
<b>LESS: Amount Of Crops For</b>			
<b>Personal Consumption =</b>	(            )	(            )	(            )
_____			
Zakatable Value =			
Zakah rate: =	X .10	X .05	X .75
Zakah Payable: =			
<b>Total Zakah Payable = Columns 1+2+3 =</b> _____			
<i>Transfer this value to line 3, of page 1</i>			

**SCHEDULE G**  
**RANCHING OPERATION**  
*Categories A & B*

CATEGORY	ZAKAH	\$ COST	AMOUNT
<b>A:</b>			
Goats, sheep and like animals:			
On 40 heads =	1 head		
On 121 heads =	2 heads		
On 201 heads =	3 heads		
On 400 heads =	4 heads		
On 400 + 100 =	5 heads		
Thereafter (1) head on every 100 heads but nothing on fractions. =			
Sub Total:			
<b>B:</b>			
Cows and the like animals:			
On 30 heads = one year old	1 head		
On 40 heads = two years old	1 head		
On 60 heads = one years old	2 heads		
On 70 heads = one year old and two years old,	1 head		
Thereafter, for every 30 count one year old & every 40 count two years old =	1 head		
But nothing on fractions which can not be divided into 30 or 40 counts	1 head		
Sub Total :			
Total Zakatable Value: (Sub totals 1+2) =			

*Transfer this Value to line 4, of page 1*

*If net cash value is less than value of 40 heads in category A or less than 30 heads in category B, than write zero for Zakah payable, else write the same amount on line 6 page 1 of Zakah Return.*

*\* List only those animals which were owned and held for at least one year except offsprings which were born during the year. If the heard was owned jointly, then show the share according to ownership.*

## SCHEDULE H

### RANCHING OPERATION CATEGORY C

CATEGORY	ZAKAH	\$ VALUE	AMOUNT
<b>C:</b> Camels and the like animals:  On 5 heads = 1 head of goat On 10 heads = 2 heads of goats On 15 heads = 3 heads of goats On 20 heads = 4 heads of goats On 25 heads = 1 head of same kind of over (1) year old. On 36 heads = 1 head of same kind of over (2) years old. On 46 heads = 1 head of same kind of over (3) years old. On 61 heads = 1 head of same kind of over (4) years old. On 76 heads = 2 heads of same kind of over (2) years old. On 91 heads = 2 heads of same kind of over (3) years old. From 92-120 = Nothing On 121 plus heads will start the beginning rate of (1) goat for every five and (2) goats for every ten camels or like animals.			
<b>Zakah Payable:</b>			

*Transfer the total to line 5, of page 1*



## SCHEDULE J

### *OIL, MINERALS & MINE OPERATION*

CASH VALUE UPON EXTRACTION:

Oil and Petroleum	\$	_____
Gold	\$	_____
Silver	\$	_____
Uranium	\$	_____
Platinum	\$	_____
Coal	\$	_____
Sulfur or other such mines	\$	_____
Salt	\$	_____
Other minerals and metals	\$	_____
Total Cash Value		\$ _____

LESS EXPENSES:

Wages	\$	_____
Supplies	\$	_____
Rent	\$	_____
Machinerental	\$	_____
Freight	\$	_____
Insurance	\$	_____
Fuel	\$	_____
Other Expenses	\$	_____
Total Expenses		\$ _____
ZAKATABLE VALUE (Value - Expenses):	\$	=====

*Transfer the total to line 7, of page 1*

## SCHEDULE K

### *FISHERIES & SEA RESOURCES*

FAIR MARKET VALUE:

Fish	\$	_____
Shrimp	\$	_____
Pearl	\$	_____
Coral	\$	_____
Ambe (Sea Fossil)	\$	_____
Lobster	\$	_____
Oysters	\$	_____
Crab	\$	_____
All other valuable natural resources	\$	_____
Total Cash Value		\$ _____

LESS EXPENSES:

Wages	\$	_____
Supplies	\$	_____
Rent	\$	_____
Machinerental	\$	_____
Freight	\$	_____
Insurance	\$	_____
Fuel	\$	_____
Other Expenses	\$	_____
Total Expenses		\$ _____
ZAKATABLE VALUE (Value - Expenses):		\$ <u>                    </u>

*Transfer this total to line 8, of page 1.*

# THE ZAKAT-UL-MALL AGENCY OF U.S.A.

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## *AL-ZAKAT-UL-MALL THE ISLAMIC FINANCIAL RESPONSIBILITY*

*"Take alms (Zakah) from their wealth so their wealth may thereby be cleansed and purified". [9:103]*

Knowing that Zakat is one of the pillars of Islam and that every Muslim is obligated to pay Zakah, and knowing that Zakat-ul-Mall Agency has been established for the collection and disbursement of Zakah after due consideration of All Eight categories ordained in the Holy Qur'an. I have calculated my Zakah according to the Islamic principals of calculation and hereby indicate the amount of my pledge of Zakah payable for the year .

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone#: \_\_\_\_\_ Work#: \_\_\_\_\_

Amount of Zakat: \$ \_\_\_\_\_

Method of payment (pleas circle you desired method):

Monthly     Quarterly     Semiannual     Enclosed

Signature: \_\_\_\_\_

### DISBURSEMENT OF ZAKAT:

If you would like us to disburse *your Zakat complete the above form and send your check payable to Zakat-ul-Mall agency of USA.. We shall send you an annual report as to how the Zakat was disbursed.*

Comments: \_\_\_\_\_  
\_\_\_\_\_