1.0 What is Zakat (Obligatory charity for Muslims)?

* Zakat is an important pillar among the five pillars of Islam.
* It is an obligatory act ordained by Allah (The Glorified and Exalted) to be performed by every adult and able bodied Muslim.
* It is levied on specific assets only, identified by Shariah (Islamic Law) as assets having the potential for growth.
* It is a part of the wealth and property that Muslims must pay annually, to help the poor of their community.
* It is levied at the rate of 2.5% each year (calculated according to the lunar calendar) on the market value of the Zakat-able assets after deducting
* The compulsory transfer of ownership of a portion of the property of the giver, calculated at the rate of 2.5% as aforesaid, to a poor and needy Muslim who qualifies to receive Zakat according to the Shariah.
* It is an Ibada'h (worship) and not a tax, Obligatory on every Muslim who owns Nisab viz. 613.35 grams of silver, or 87.49 grams of gold or who owns one or more assets liable to Zakat, equal in value to 613.35 grams of silver or 87.49 grams of gold.

2.0 What is the meaning of Zakat?

Zakat literally means "to be clear, to grow, to increase." It comes from the root letters za, kaf, ya, which has several meanings: to be clean, to pay the obligatory charity, to be pure, innocent, to be better in purity, and to praise oneself, to justify. It has been used in the Quran to mean all of these things. It can also be considered a form of sadaqah (charity), given to the poor.

3.0 What kind of wealth/assets requires paying zakat on them?

The wealth/assets which are productive in nature from which profit or benefit can be acquired requires paying zakat on them.

4.0 What are zakatable wealth/assets?

Business merchandise, gold, silver, cash, stocks, mutual funds, stock options, 401k-IRA, livestock, buried precious metals or minerals, or agricultures produce are zakatable wealth/assets.

5.0 What are zakatable asset's liabilities and can those be deducted while calculating zakat?

The assets which are zakatable and the person owe some amount on those assets are the liabilities on zakatable assets and can be deducted from total zakatable amount, while calculating zakat. For example you bought some gold for (e.g. for $10,000) and have not paid fully to the jeweler and you owe $2000. At the time of calculation, zakatable wealth/assets will be $10000 - $2000 = $8000

6.0 What are non-zakatable wealth/assets?

Items of personal use such as clothing, food, shelter or house one lives in, cars, money that does not reach the amount of nisab, any property that is not used for business etc. are non-zakatable wealth/assets.
**Frequently Asked Questions about Zakat**

7.0 What are non-zakatable wealth/assets liabilities and can those be deducted while calculating zakat?

Any liabilities or loans you owe on non zakatable assets such as house loan or mortgages are nonzakat able liabilities. Considering you do not pay zakat on non zakatable assets, hence you cannot deduct such liabilities during zakat calculation. For example you can not deduct your mortgage from zakatable wealth/assets because you do not pay zakat on your house.

8.0 What is Nisab?

The amount of zakatable wealth/asset which makes one liable for paying zakat is called Nisab. In other words any person who has Nisab in his possession for one lunar calendar has an obligation to pay Zakat. Similarly if a person does not have Nisab in his possession he/she can take Zakat.

9.0 What is the amount of wealth/assets where zakat becomes liable?

The prophet (pbuh) fixed the nisab of gold and silver which are 87.49 grams of gold or 613.35 of silver. The value of these 87.49 grams of gold and 613.35 might have been the same at the time of the prophet (pbuh). The value of both metals change daily in the markets. On June 30, 2010 the nisab of gold at the rate of ($40.00 per gram x 87.49) was $3499.60 and the nisab of silver at the rate of ($0.60 per gram x 613.35) was $368.01. To benefit the poor, scholars consider the nisab whichever is less between gold and silver. At present nisab of silver is less, hence whoever has $368.01 for a full year is liable to pay zakat.

10.0 How long I have to have nisab where zakat becomes liable?

A person has to have nisab for at least one year after which zakat becomes liable.

11.0 What is the rate of zakat which was fixed by prophet (pbuh)?

If wealth is above nisab over one year, the prophet (pbuh) fixed the rate of zakat which is 2.5% or (1/40) which is $2.50 on every $100.

12.0 How do I calculate my zakat for all kind of assets of what I do have?

All the values of zakatable assets are converted into cash and if it stayed above the nisab of silver for one year, 2.5% or 1/40th of that wealth/assets is given as zakat.

13. Is it necessary to give zakat in Ramadan only?

When a person’s wealth reaches above nisab he or she must right it down that date. It might be any time during the lunar calendar. Once 12 lunar calendar months has passed zakat is due whether it is Ramadan or not. If there a situation where a persons wealth/assets go below the nisab, zakat will only be due when wealth/assets reach the
value of nisab and stay above it for one year.

14.0 Who is entitled to receive Zakat?

There are eight groups of people on whom Zakat should be spent, as mentioned in the Quran: "The alms are only for the Fuqara' (the poor), and Al-Masakin (the needy) and those employed to collect (the funds); and to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allah’s Cause, and for the wayfarer (a traveler who is cut off from everything); a duty imposed by Allah. And Allah is All-Knower, All-Wise." [Al-Quran 9:60]

<table>
<thead>
<tr>
<th>Number</th>
<th>Eligibility</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The poor (al-fuqarâ’), meaning low-income or indigent</td>
<td>This can mean a homeless person on the block, kids whose families qualify for free or reduced-price lunches, or orphans. Anyone who does not have the funds to live a stable life, feed themselves and their family, go to the doctor when they need to and grow up to be a productive citizen falls under this category.</td>
</tr>
<tr>
<td>2.</td>
<td>The needy (al-masâkîn), meaning someone who is in difficulty</td>
<td>Someone in need might not necessarily be poor, right? Some people are forced from their homes by war or natural disasters. Or imagine a mother who gets sick and cannot take care of her children. Even with money in the bank, they may still need help. Your zakat can be there for them.</td>
</tr>
<tr>
<td>3.</td>
<td>Zakat administrators, meaning any trustworthy organization that helps you calculate your zakat and accepts the payment for it</td>
<td>In the United States these tend to be categorized as non-profit or 501(c)3 organizations with tax-exempt status.</td>
</tr>
<tr>
<td>4.</td>
<td>Those whose hearts are to be reconciled, meaning new Muslims and friends of the Muslim community</td>
<td>Zakat can be distributed to new Muslims, and to people in the larger community. This not only exemplifies the Muslim tradition of social justice for all, but shows reverts how important they are, and helps build bonds of cooperation and friendship between Muslims and non-Muslims.</td>
</tr>
<tr>
<td>5.</td>
<td>Those in bondage (slaves and captives)</td>
<td>Even though slavery is outlawed in most parts of the world, many people are still trafficked, meaning bought and sold, as slaves. Zakat can be used to help any of these people become free and independent again.</td>
</tr>
<tr>
<td>6.</td>
<td>The debt-ridden</td>
<td>Zakat can help people pay their debts. Living with a great burden of debt can be debilitating to an individual or family, but zakat can help.</td>
</tr>
<tr>
<td>7.</td>
<td>In the cause of God</td>
<td>Donations to your mosque, Muslim school or Muslim youth group are zakat-worthy. And the benefits of that charity keep giving for years to come!</td>
</tr>
<tr>
<td>8.</td>
<td>The wayfarer, meaning those who are stranded or traveling with few resources</td>
<td>Whether a refugee who is fleeing violence in a distant country or a motorist stranded on the side of the road, God has designated that anyone who is away from home, out of cash and in need of help is eligible to receive zakat.</td>
</tr>
</tbody>
</table>