**About**

1st Ethical Charitable Trust empowers Muslims to proactively benefit wider society through the holistic practice of their faith.

With a focus on the Islamic perspectives on financial literacy (Mu'ahdith), social responsibility (Muhabith), and good governance (Mu'did), 1st Ethical equips Muslims with the tools required to live their faith beyond worship (Ibãdãt) and belief (Iqãd). 

Alongside publishing Guides on Haslal Money, Islamic Wills and Zakãt, we work with the Muslim community in the following ways:

- By working with Imams, congregations and volunteers at over 200 Mosques and community groups nationwide on financial literacy campaigns on Zakãt, Haslal Money and Islamic Wills as well as social responsibility campaigns on feeding the homeless, Helping Older People & Animal Welfare. For such campaign, we partner with leading charities such as National Zakat Foundation, Islamic Relief, The Salvation Army, RSPCA & Age UK.
- By working with Teachers, parents and pupils at approximately 25 Muslim Faith Secondary Schools and DfE & SHGs, as well as 550 Muslim Madrassahs, we are on the ground teaching "Fitâr 2: Fàrãd curriculum", which spans Key Stages 2, 3 and 4.
- By facilitating dozens of interpersonal skills / financial literacy Scholar Workshops, as well as "Fitâr 2: Fàrãd curricula KS1&2, Ustadh Workshops and KS3&4 Teacher Workshops, all in partnership with A.Qalam Shari'ah Scholar Panel.

For further information, please visit www.1stethical.com

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**National Zakat Foundation**

National Zakat Foundation is a groundbreaking initiative that utilises Zakat funds and voluntary donations collected in the United Kingdom for the benefit of local, deserving recipients. The funds provide some of the most vulnerable members of society, including the homeless, refugees, orphans, single parents and the elderly.

NZF was launched in the summer of 2011 and by providing a complete Zakat service within the UK, it aims to achieve its vision of a more confident, secure and self-sufficient UK Muslim community, where an individual in need is left unattended.

As of June 2013, NZF has achieved the following milestones:

- processed over 150 Zakat applications from vulnerable and destitute people across the UK
- distributed over £165,000 of Zakat funds to local, deserving recipients
- launched two shelters for homeless Muslim women in London and Birmingham in partnership with St Mungo’s and Trident Reach.

The National Zakat Foundation operates a 100% Zakat distribution policy. To give your Zakat to National Zakat Foundation, or if you know someone in the UK who may be eligible to receive Zakat, please visit www.nzf.org.uk

1st Ethical and National Zakat Foundation are pleased to be working in partnership to revive the pillar of Zakat in the UK Muslim community, both in theory and practice.

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**About**

All praise is to Allah, Creator of the Heavens and the Earth, Owner of the Day of Judgement. We bear witness that there is nothing worthy of worship other than Allah, and that the Prophet Muhammad (peace be upon him) is His final messenger.

**What is Zakat?**

Zakat is a compulsory act of worship that requires Muslims who own wealth equal or over a certain threshold (called the Nisãb) to donate a portion of their qualifying wealth on the occasion of Eid al Fitr and is required of every Muslim, whether male or female, minor or adult, as long as he/she has the means to pay.

The head of the household may pay on behalf of all the members. Consult your local masjid for the recommended amount to pay per head.

See "How do I calculate my Zakat?" to know which Nisãb to use for your Zakat calculation.

Linguistically, Zakat carries meanings of purification and growth. The significance of this pillar is such that in the Quran it is mentioned 28 times in conjunction with the observance of Salãt, the obligatory prayer.

**Who pays Zakat?**

Those required to pay Zakat must be:
- Adult (have reached puberty)
- Muslim (Zakat is not paid by non-Muslims)
- Sane
- In possession of the Nisãb

Please note the three schools of thought other than the Hanafi school consider Zakat payable on qualifying wealth owned by the insane and children.

**Who receives Zakat?**

The Qur’an (Chapter 2, verse 80) specifies eight categories for the distribution of Zakat:
- The poor
- The needy
- Those employed to administer Zakat
- Those whose hearts are to be reconciled
- Those in slavery
- Those in debt
- In the way of Allah
- The destitute traveller

Poor and needy Zakat recipients are defined as those whose Zakat assets are valued below the Nisãb level and who also have surplus non-Zakatable assets.

Example 1 – Someone who is entitled to receive Zakat. Zaynab is a poor widow and owns only £100 worth of Zakatable assets and hence is not liable to pay Zakat. She does, however, own her own house, where, in addition to owning basic necessity items, she owns some surplus items which are never used, such as ascended sofa set, and also some cooking utensils. The market value of these surplus items comes to £1,000, and when added to her Zakatable assets, comes to a total of £2,000. Given this total figure is less than the Nisãb level, Zaynab can receive Zakat.

Example 2 – Someone who neither has to pay nor can receive Zakat. Zaid also owns his Zakatable assets at £200, hence he is not liable to pay Zakat. Zaid also owns his own home within which he has many unused, surplus items whose value easily exceeds the Nisãb threshold. Zaid is therefore not liable to neither receive nor pay Zakat.

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**When & Where?**

When is Zakat paid?

Your Zakat year starts on the date your wealth first equalled or exceeded the Nisãb. Zakat is then payable after one lunar year. If you cannot remember the date you first became owner of the Nisãb, then the date should be estimated. If this is not possible then a random date should be selected and adhered to. Paying Zakat in Ramadan is not necessary although giving charity in this month yields greater rewards.

When should Zakat be distributed?

Zakat should be disbursed as soon as possible. As the very latest Zakat should be distributed one year after the due date.

Where should Zakat be distributed?

It is preferred to give Zakat locally if deserving recipients exist. The number of those eligible to receive Zakat in the UK is increasing and such individuals should be notified of the support of UK Zakat payer.

At the same time, situations of extreme poverty and disaster relief around the world also warrant the community’s support. It is hoped that an appropriate balance between local and international contribution will be achieved insha’Allah.

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If you know someone struggling to make ends meet and who may be eligible to receive Zakat please visit www.nzf.org.uk or apply@ nzf.org.uk

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**Calculating & Understanding**

Your Guide to Understanding & Calculating Zakat.

What, Why, Who, When, Where & How?

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All praise is to Allah, Creator of the Heavens and the Earth, Owner of the Day of Judgement. We bear witness that there is nothing worthy of worship other than Allah, and that the Prophet Muhammad (peace be upon him) is His final messenger.
The calculator below allows you to work through your Zakāt calculation step by step.

**CASH AND LIQUID INVESTMENTS**
- Cash and liquid investments are fully subject to Zakāt.
- You should include cash in all your bank accounts, in your wallet and under your mattress!
- If interest has been earned on your liquid investments, then it should be given to charity and only the principal amount should be noted for Zakāt purposes.

<table>
<thead>
<tr>
<th>My total cash amount</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>The value of my liquid investments minus interest</td>
<td>£</td>
</tr>
</tbody>
</table>

**GOLD AND SILVER**
- Gold and silver, in whichever form (jewellery, coin, ingot etc.) are subject to Zakāt. The Hanafi school treats all gold and silver jewellery as Zakātable, regardless of whether it is worn or stored.
- If you own personal use items made from a mixture of metals, these are only liable to Zakāt if half or more of the metal is gold or silver, although some scholars hold that the proportion of gold or silver in any owned asset is Zakātable.
- You can ascertain the current value of your gold by consulting your local jeweller.

| The value of all the gold in my possession | £ |
| The value of all the silver in my possession | £ |

**SHARES, UNIT TRUSTS, EQUITY INVESTMENTS**
- If shares are purchased with the express intention for resale then the entire holding is subject to Zakāt.
- If however shares are purchased as an investment to generate dividends, then as Zakāt is only due on the Zakātable assets of the firm, a realistic attempt must be made to calculate the percentage of the shareholding relating to Zakātable assets. Please visit the Al-Qalam website for more information.
- Any dividends received should be added to one’s cash balance for Zakāt purposes.

| The total value of my shares, unit trusts and equity investments | £ |

**PROPERTY AND OTHER FIXED ASSETS**
- The house in which you live is not subject to Zakāt.
- If a property or other fixed asset has been purchased with the express intention to resell, then the entire value of the property/asset is subject to Zakāt.
- If there is any other intention, then it is not subject to Zakāt.
- Any rental income from properties owned should be added to one’s cash balance for Zakāt purposes.

| The total value of my Zakātable property and other fixed assets | £ |

**PENSION**
- Zakāt is payable in full on pensions received after retirement.
- For monies set aside for pensions prior to retirement, Zakāt is only payable if the pension assets are being invested on behalf of the pension holder. If no such investment is being made, then Zakāt is not payable. Please note if pension monies are able to be invested, care should be taken to invest in a shâri’ah compliant investment, and the Zakāt liability will be determined by the nature of the investment (property or shares etc as per points 3 and 4 above).

| The total value of my pension | £ |

**DEBTS OWED TO YOU**
- Zakāt is payable on strong debts, i.e. money that is owed to you that you are confident will be paid.
- This may include business debts, personal loans to friends and family.
- This does not include outstanding wages, dowry, inheritance or assets held in trust

| The total amount of money I have lent to others that I am confident will be repaid | £ |

**BUSINESS ASSETS**
- Business assets are subject to Zakāt.
- These include cash, finished goods, work in progress, raw materials and strong debts, i.e. money owed to the business that is likely to be received.
- All business assets should be valued at their current market price. For finished goods, this should therefore be their retail sale price. For unfinished goods, this should be whatever price you expect the unfinished good to fetch on your Zakāt anniversary date.

| The total value of cash in my business is | £ |
| The total value of finished goods for sale is | £ |
| The total value of work in progress and raw materials is | £ |
| The total value of money owed to the business that I am confident will be repaid is | £ |

**PERSONAL LIABILITIES**
- Certain liabilities can be deducted from your Zakātable assets before calculating how much Zakāt you owe.
- These include outstanding or overdue living expenses such as a rent payment or utility bill, as well as debts.
- With regards to long-term debt, such as a mortgage or student loan, then the view of the Al-Qalam panel is that the forthcoming year’s worth of payments can be deducted for Zakāt calculation purposes.
- However, because repayment of such debt is not required immediately and because such a deduction may even prevent someone on a high income from paying Zakāt, you may choose not to subtract any part of your long-term debts from your calculation.

| My outstanding or overdue basic living expenses that have not yet been paid for add up to | £ |
| My personal debts add up to | £ |
| The next year’s portion of my long-term debt is | £ |
| Money that I owe to third parties for completed purchases add up to | £ |
| The outstanding dowry that I owe and intend to pay is | £ |

**BUSINESS LIABILITIES**
- The total value of rent, bills and salaries outstanding or overdue is | £ |
| The total value of outstanding short-term commercial loans is | £ |
| The next year’s portion of the long-term debt in the business is | £ |
| The total value of goods purchased on credit is | £ |

**MY TOTAL ZAKÄTABLE ASSETS ARE**

**MY TOTAL DEDUCTIONS ARE**

| My mixture of assets | £ |
| The approximate Nisãb values as of June 2013 are £275 (silver) and £2,500 (gold), if your net assets equal or exceed the Nisãb then Zakât is due at 2.5% of your total net assets. | £ |

2.5% of my total net assets is £

Zakât due

So do I have to pay Zakât or not?
Remember you only pay Zakât if your net assets equal or exceed the Nisãb threshold. If you only have gold as an asset, then the Nisãb measure for gold must be used. If, however, you have a mixture of assets, then the Nisãb level for silver should be used. Although some scholars still maintain that gold should be used regardless, using silver is safer for the payer and more beneficial for the recipients of Zakât. Remember that the Nisãb is either 87.48 grams of gold or 612.36 grams of silver. To ascertain the current monetary equivalent of the Nisãb limit, it is necessary to establish the market rate for a gram of gold and silver. This can be obtained from www.bullionbypost.co.uk

If my net assets equal or exceed the Nisãb then Zakât is due at 2.5% of your total net assets. If your net assets equal or exceed the Nisãb then Zakât is due at 2.5% of your total net assets.

2.5% of my total net assets is £

Zakât due

ADDITIONAL NOTES
It is quite possible that your wealth may fluctuate above and below the level of Nisãb during the year. If this is the case then Zakât is only due if wealth is in excess of the Nisãb on your Zakât anniversary. Zakât is always paid on the balance of assets owed on the Zakâtable date, not on fluctuating amounts during the year or even average amounts.

It is permissible to prepay Zakât for future years. However at the time of payment this intention must clearly be for future years.

In addition, a Zakât calculation should still be made on the Zakât anniversary to ensure that sufficient Zakât has indeed been paid.

Missed Zakât payments for previous years must be paid as a matter of urgency. A realistic attempt must be made to calculate the Zakât due for each of the years missed.

Last but not least, don’t forget to intend specifically the giving of Zakât when you make your payment.