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YOUR ESSENTIAL GUIDE TO ZAKAT



What is Zakat?

Zakat is one of the five pillars of Islam, and also an act of worship.

It simply means “to purify”. Paying a small part of one’s assets to those in need will purify all of a Muslim’s wealth and makes the wealth gained pleasing to Allah (swt).



Orphan child in Pakistan

Who pays Zakat?

All Muslim adults who are sane and possess the nisab (a minimum amount of wealth held for a year) should pay Zakat.

How much is the nisab?

Nisab can be determined in terms of gold or silver – please see page 7 for further details.

How much is Zakat?

Although there are no specific guidelines in the Holy Qur’an on exact percentages to be given as Zakat, the customary practice is to give 2.5% on capital assets. On agricultural goods, precious metals and livestock, the rate varies between 2.5% and 20%.

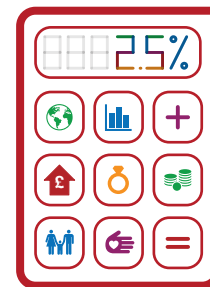


Where do Zakat payments go?

The Holy Qur’an describes to us the people who are eligible to receive Zakat payments, and these include the poor, destitute and Muslims facing hardship. Zakat can also be used to free slaves, for those who cannot repay their debt and for travellers who cannot afford to return home.

How do I work out how much Zakat to pay?

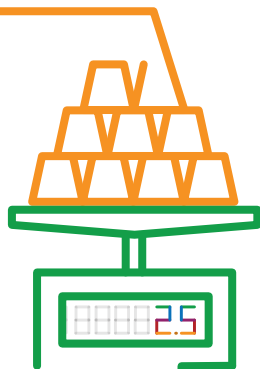
You don’t have to do lots of complicated maths to work out your Zakat payment – simply go to www.zakatcalculator.co.uk and our handy online calculator will do it for you. Or you can fill in the Zakat calculator self-assessment on pages 6-7.



What types of wealth are included in Zakat?

Assets that are included in the Zakat calculation are cash, shares, pensions, gold and silver, business goods, crops and cattle, and income from investment property.

Personal items such as home, furniture, cars, food and clothing (unless used for business purposes) are not included.



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When should I pay Zakat?

Zakat is payable as soon as the nisab (minimum amount of wealth) has been held for a lunar year. If the date of first becoming sahib-un-nisab (owner of wealth equal to or in excess of nisab) is known then use that as your Zakat date, if not a date may be chosen. Use the same date every year thereafter.

Wealth can fluctuate during the year, going above and below nisab. Zakat is only due if wealth is in excess of nisab at the end of a person's Zakat year.

Can I spread Zakat payments throughout the year?



Payments can be made monthly by setting up a Direct Debit so long as the total amount will be paid by the due date.

Signing up to a Zakat-eligible programme through Penny Appeal is an ideal way to spread payments. We have a range of Zakat-eligible campaigns, covering orphan sponsorship, well building, feeding and eyecare.

What if I miss a Zakat payment?

If Zakat has not been paid in previous years, whether through negligence or ignorance or error, then an honest attempt must be made to calculate the payment owed. This must then be paid as a matter of urgency.

Can I Gift Aid my Zakat payment? YES!

Gift Aid is a valuable tax concession that does not cost donors a penny. It enhances the value of donations made to registered charities by 25% and can be made by all UK tax payers. It is simple to allow Penny Appeal to claim Gift Aid – just tick the box on the web page or form when you make a donation.

How to work out your Zakat

① Assets

Enter all assets that have been in your possession over a lunar year in the boxes below:

Gold & Silver

Value of gold you possess: £

Value of silver you possess: £

Cash

In hand and in bank accounts: £

Savings for the future: £

Money you have loaned: £

Business investments: £

Business Assets

Stock value: £

Total Assets : £

② Liabilities

Enter all liabilities accrued in the current lunar year and still outstanding:

Money owed: (Borrowed or credit) £

Employees' salaries: £

Other outgoings due: £

(Tax, rent, utilities due in the current lunar year)

Total Liabilities : £

① Assets

£

② Liabilities

£

Net Assets

£

Net Assets x 0.025

£

Zakat

£

Nisab

Current value of Nisab in GBP:

Gold: 87.48 grams = £2,292.85 / Silver: 612.36 grams = £223.07

Values from goldprice.org, correct as of April 2015

If you measure weight in tolas, then one tola is equal to 11.66 grams

ZAKAT CALCULATOR

by pennyappeal.org[®]

To accurately work out what you owe and effortlessly pay your Zakat, log on to:

www.zakatcalculator.co.uk

Use your Zakat to transform lives around the world – call **03000 11 11 11** or visit www.pennyappeal.org to donate now.



 give with confidence

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