

# A Brief Guide to Zakāh

*HBZ Sirat Islamic Banking*

# A Message from HBZ Sirat's Islamic Banking Branch

**Dear Customers**

As-salamu alaykum wa-rahmatullahi wa-barakatuh

Our industry is not only about fulfilling the banking needs of customers, but also a broader responsibility of obedience unto Allah Ta'āla. Towards this end, Zakāh is an integral part of the life of every Muslim and we deem it our responsibility to guide you accordingly along the journey of fulfilling this obligation unto Allāh Ta'āla.

Before you is a brief guide with respect to Zakāh calculation, aimed at clarifying the treatment of products on offer at HBZ Sirat.

I hope that you find this guide useful.

May Allāh Ta'āla accept your and our effort throughout the month of Ramadān, Aameen.

Was-Salam

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# A Message from the Shari'ah team

**Dear Customers**

As-salamu alaykum wa-rahmatullahi wa-barakatuh

Zakāh forms one of five pillars of Islām and negligence regarding its fulfilment will be questioned on the Day of Qiyāmah.

While the fulfilment of Zakāh on personal physical assets is more easily understood, customers of Islamic Banking, the world, over often overlook the application of Zakāh within an Islamic banking context. This forms but one area where the difference between conventional and Islamic Banking becomes evident.

This guide aims to provide a brief snapshot of Zakāh within the framework of products on offer at HBZ Sirāt.

We hope that you find it useful.

Was-salām

**Muhammad Haffejee (Mufti)**

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# The Zakâh Equation

- Zakâtable assets (see next slide) less Deductible liabilities (see next slide) equals (Net Zakâtable wealth) multiplied by 2.5% equals Zakâh payable

## **NB:**

- If Net Zakâtable wealth exceeds or equals Nisâb = Zakâh is payable
- If Net Zakâtable wealth does not exceed Nisâb = No Zakâh is payable

# Zakâtable assets and deductible liabilities

## Zakâtable assets

- Gold
- Silver
- Cash
- Trade receivables
- Voluntary investments in Zakâtable assets
- Merchandise intended for resale
- Livestock (NB: Enquire further regarding methods if livestock is for breeding purposes)

## Deductible liabilities

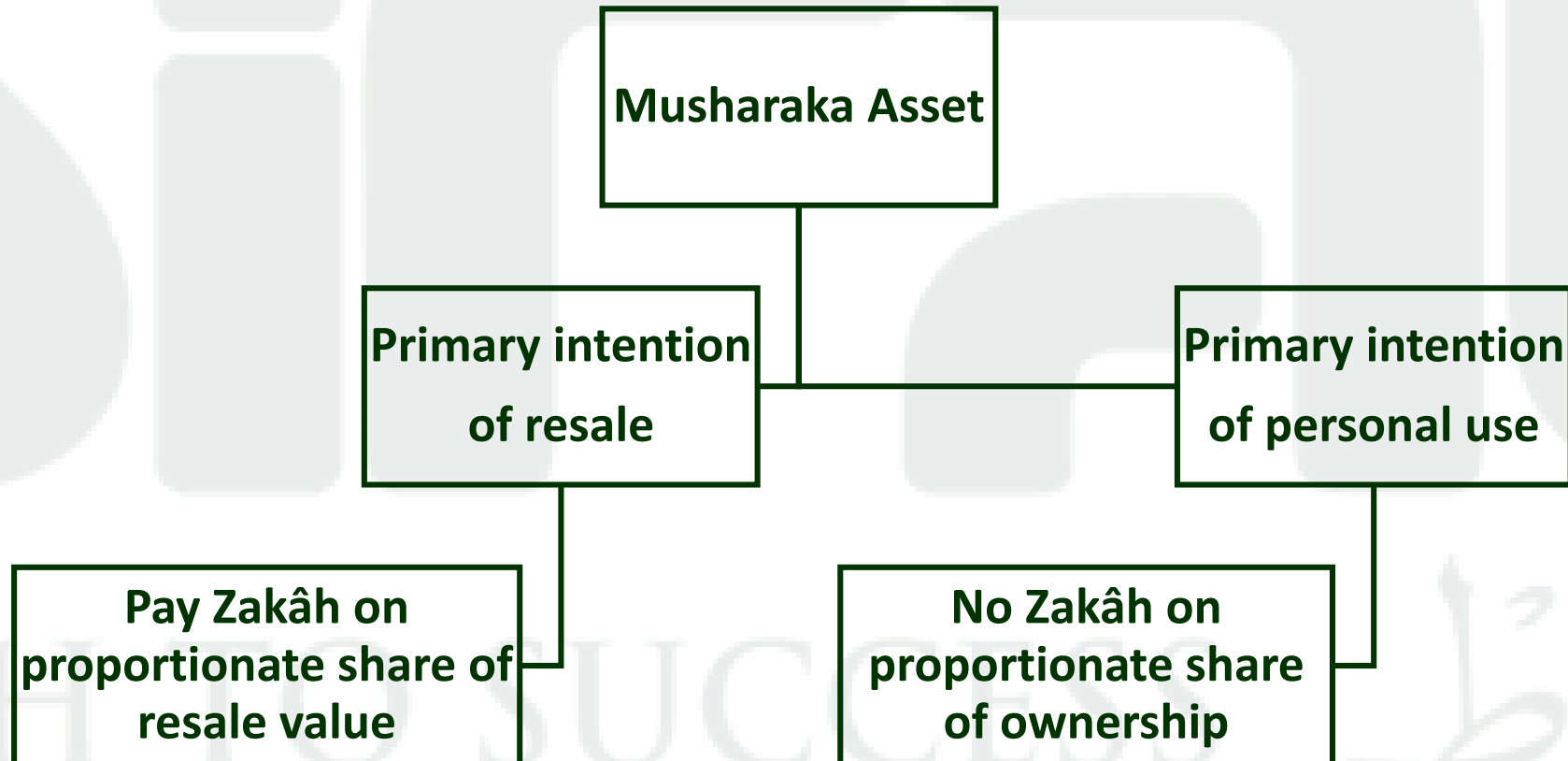
- Short term expenses for current month e.g. subscriptions, rent, telephone, school/Madrassah fees, etc.
- 12 months' instalments on long term conventional debt
- Current month instalment of diminishing Musharaka
- Debts payable in full within 12 months
- Unpaid Zakâh of past years
- Expenses due, but yet to be paid
- Accounts in arrears

# HBZ Sirat – Murabaha

- On the asset side of an individual's Zakâh equation, there should only be an entry for the Murabaha goods under finance, as stock in trade, AFTER the offer and acceptance between customer and bank is executed. (NB: From a Shari'ah standpoint, merchandise is not yet classified as property of the customer until the offer and acceptance between customer and bank is complete.)
- For this purpose, the retail price is to be used. In the case of a wholesaler, the wholesale price may be used.
- On the liability side of an individual's Zakâh equation, there should be an entry for the total amount owed to the bank for the merchandise under Murabaha finance.

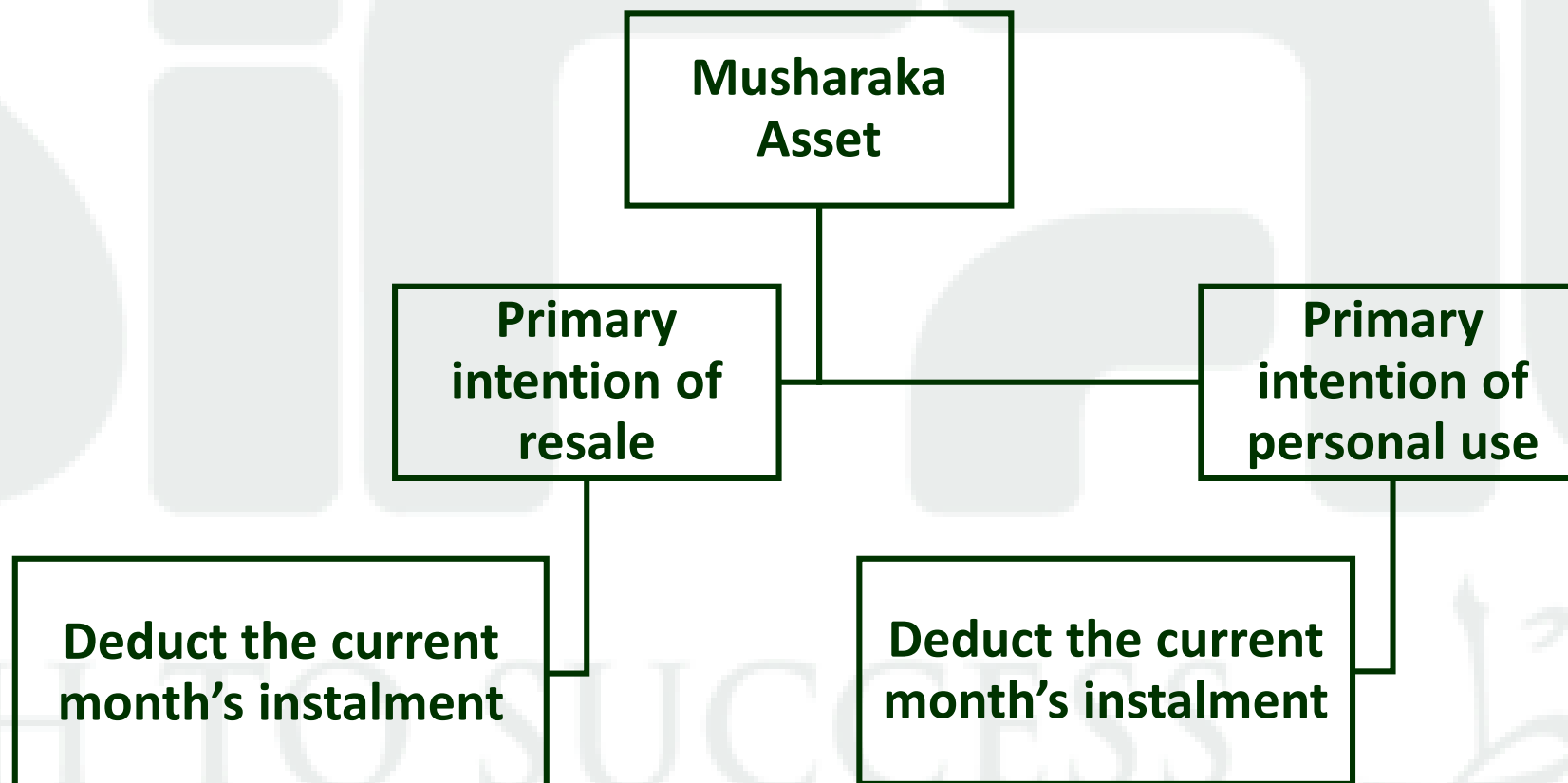
# HBZ Sirat – Diminishing Musharaka (Asset side)

- As far as the entry on the asset side of an individual's Zakâh equation is concerned, the following detail will apply:-



# HBZ Sirat – Diminishing Musharaka (Liability side)

- As far as the entry on the liability side of an individual's Zakâh equation is concerned, the following detail will apply:-





## HBZ Sirat – Lodged security/Pledge

- Zakâh is **NOT** payable on customer-owned assets lodged with the bank under an active facility.
- Zakâh **IS** however payable (for the customer's account) on assets lodged with the bank under an inactive facility.

# HBZ Sirat – Current Account

- Zakâh is only payable on the principal amount lodged with the bank.

# HBZ Sirat – Islamic Investment Certificate

- Customers are required to use their current statement value for Zakâh purposes.

# HBZ Sirat – Premium Call Account

- Customers are required to subject to Zakâh the principal amount plus the capitalised portion of profit, on the asset side of their Zakâh equation.

# HBZ Sirat – Saving Account

- Customers are required to subject to Zakâh the principal amount plus the capitalised portion of profit on the asset side of their Zakâh equation.

**Further Zakâh-related queries may be directed to:-**

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