



HBZ Sirat Islamic Banking

A Brief Guide to Zakāh

Sirat
HBZ Bank Limited

A Message from HBZ Sirat's Islamic Banking Branch

Dear Customers,

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

Before you is a brief Zakāh guide which is aimed at clarifying the treatment of products on offer at HBZ Sirat.

I hope that you find this guide useful.

May Allah Ta'ala accept your and our effort throughout the month of Ramadan, Aameen.
Was-Salam

Mohammad Mohsin Ahmed

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A Message from the Shari'ah Team

Dear Customers,

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

While the fulfilment of Zakāh on personal physical assets is more easily understood, customers often overlook the application of Zakāh within an Islamic Banking context. This is what sets Islamic Banking apart from its conventional counterpart.

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

We hope that you find it useful.

Was-salam

Muhammad Ismail (Mufti)
Shari'ah Advisor

Ibraheem Mulla (Moulana)
Shari'ah Compliance Officer

The Zakāh Equation

→ Zakātable Assets (see next page)
- *Deductible Liabilities* (see next page)
= (Net Zakātable Wealth) x 2.5% Equals Zakāh Payable

NB:

- If Net Zakātable Wealth exceeds or equals Nisāb = **Zakāh is payable**
- If Net Zakātable Wealth does not exceed Nisāb = **No Zakāh is payable**

Zakatable Assets & Deductible Liabilities

Zakatable Assets

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

Deductible Liabilities

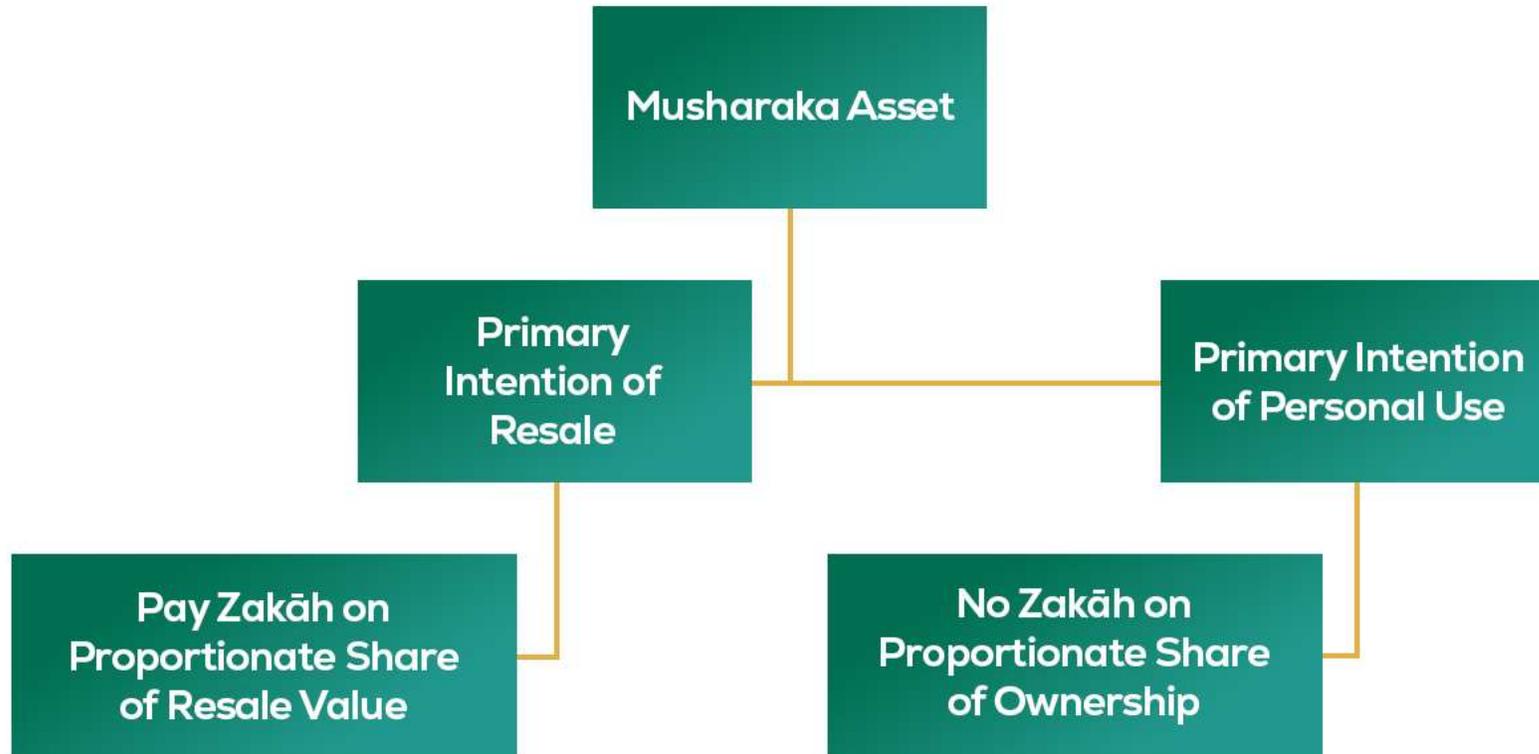
- Short term expenses for current month e.g. subscriptions, rent, telephone, school/madrassah fees, etc.
- 12 months' instalments on long term conventional debt
- Current month instalment of diminishing Musharaka
- Debts payable in full within 12 months
- Unpaid Zakāh of past years
- Expenses due, but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

HBZ Sirat – Murabaha

- On the asset side of an individual's Zakāh 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 Zakāh equation, there should be an entry for the total amount owed to the Bank for the merchandise under Murabaha finance.

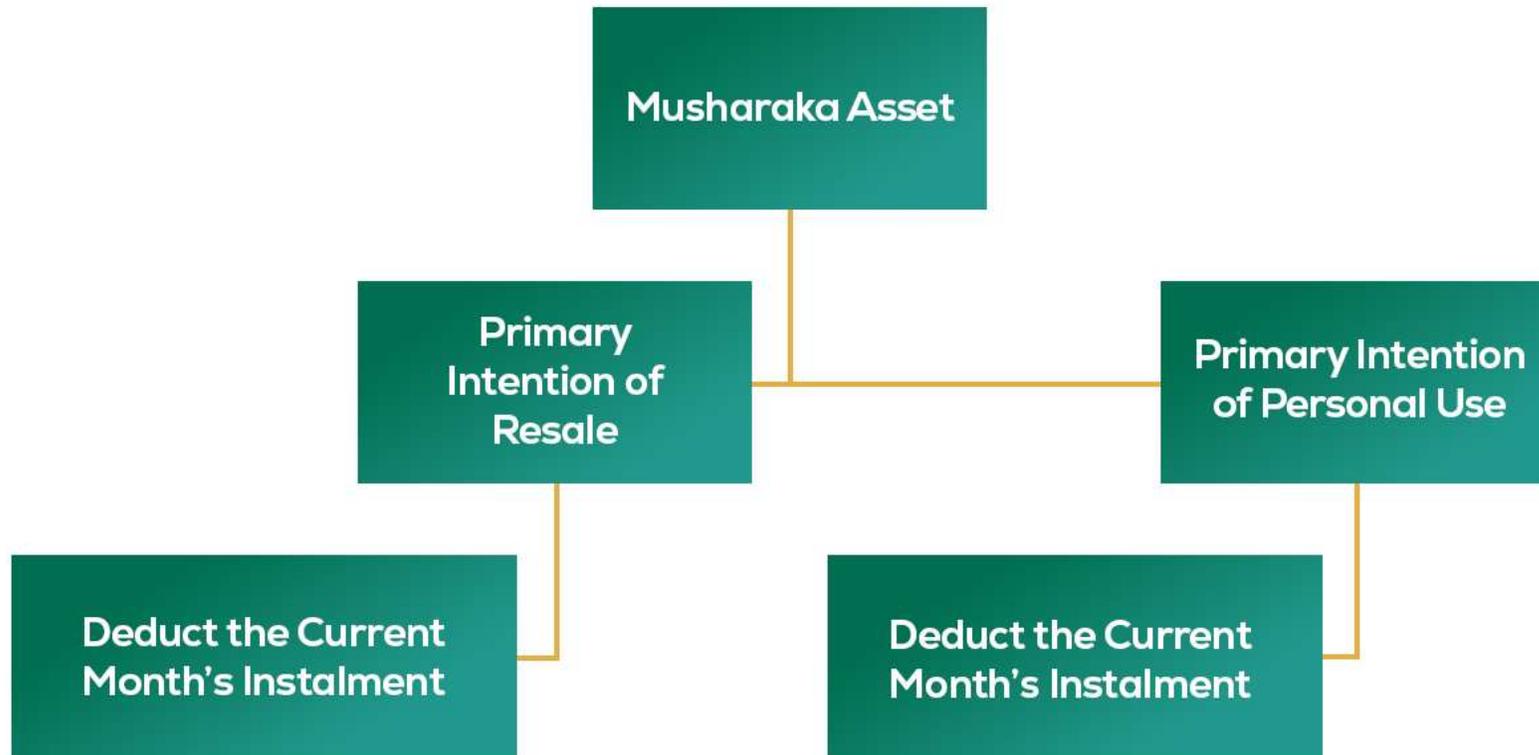
HBZ Sirat – Diminishing Musharaka (Asset side)

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



HBZ Sirat – Diminishing Musharaka (Liability side)

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



HBZ Sirat – Lodged Security/Pledge

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

HBZ Sirat – Islamic Investment Certificate

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

HBZ Sirat – Current Account

- Zakāh is only payable on the principal amount lodged with the Bank.

HBZ Sirat – Premium Call Account

- Customers are required to pay Zakāh on the principal amount plus the capitalised portion of profit.

HBZ Sirat – Saving Account

- Customers are required to pay Zakāh on the principal amount plus the capitalised portion of profit.

HBZ Sirat – FEC

- Customers are only required to consider an FEC contract value if an offer and acceptance have been concluded as at ones Zakāh due date.

HBZ Sirat – Al Bai

- Customers are only required to consider an Al Bai contract value if an Offer and Acceptance have been concluded with the Bank as at ones Zakāh due date. Thus, the amount received would be added to the cash line under Zakātable assets.
- Any stock unsold to the Bank as at one's Zakāh date should be included under the stock-in-trade line.



Further Zakāh-related queries may be directed to:-

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