

HOLDINGS SUBJECT TO ZAKAAT

Gold and Silver

In the past, paper currency was not known, and people used to barter using commodities. This is a completely impractical and ineffective method in large communities. People graduated in their types of transactions until they had settled on using gold and silver. When Allah sent His Messenger, people were dealing with gold as dinars and silver as dirhams. These moneys came to them from neighboring nations, and it is not known whether they had their own coins prior to this. There are many verses on the obligation of zakah on cash moneys. For example, Allah says, "And those who hoard up gold and silver and spend it not in the Way of Allah, announce unto them a painful torment. On the Day when that will be heated in the Fire of Hell and with it they will be branded on their foreheads, flanks and backs. And it will be said unto them: This is the treasure, which you hoarded for yourselves. Now taste of what you used to hoard'." [9:34-35]

The Prophet, sallallaahu alayhi wasallam, said, "No owner of gold or silver who does not pay the zakah due on it will, on the Day of Resurrection, have his treasure heated in the Fire of Hell and then made into plates. His flanks, forehead and back will be branded with them. Every time they get cold, they will be heated again, on a day that will last 50,000 (fifty thousand) years. This will be done to him until Allah pronounces judgment on His servants. Then one will be shown his path, leading him either to Paradise or to Hell." (Bukhari and Muslim)

Allah and His Messenger have left no doubt about how this money should be portioned out, and on its minimum requirements. The Prophet, sallallaahu alayhi wasallam, said "There is no zakah on less than five awsuq (measure of grain). There is no zakah on less than five camels. And there is no zakah on less than five awaq (of silver)." (Muslim) In another hadeeth the Prophet, sallallaahu alayhi wasallam, said, "There is no zakah on less than five awaq of silver." (Muslim) Therefore the zakah due on cash moneys is one quarter of a tenth or two and one-half percent (2.5%).

Trade and Merchandise

Allah permitted trade and earning from it if it is within lawful conditions and deals with lawful commodities. Islam also has prescribed zakah on the wealth that a merchant uses for trade as gratitude to Allah. It is also a fulfillment of the right of the needy and as a contribution in the welfare of the Muslim community. Muslim jurists paid great attention to this type of wealth and wrote about it under the category of "trade goods." These included everything planned for sale and purchases with the purpose of attaining a profit, for Allah says, "O you who believe! Spend of the good things you have earned, and of that which We have produced from the earth for you." [2:267]

Jurists, in general, say that this verse is discussing zakah on trade goods. Regarding the interpretation of this verse, Imam Tabari said, "Allah means that you should pay zakah on good legal earnings and pay the zakah from the good gold and silver and not the bad ones." In order for trade goods to be subject to zakah, jurists have established specific conditions that should be fulfilled. To fulfill these requirements, the owner should be in complete possession of the goods, the goods should constitute a nisaab as determined by gold or silver and a bawl should have passed on these goods. The zakah due on all types of trade goods is one quarter of a tenth or 2.5%. For example, if one were to own trade goods for R100,000, then the zakah that should be paid is R2,500.