Mohammed: Zakat - the Alms Tax

What is Zakat?

Giving money for charity is highly commendable, and the sky is the limit, but Zakat is different because it is obligatory and is given in a calculated amount.

Why?

Zakat represents the unbreakable bond between members of the community, whom prophet Mohammad described to be “like the organs of the body, if one suffers then all others rally in response.”

One of the most important principles of Islam is that all things belong to God, and that wealth is therefore held by human beings in trust. The word zakat means both “purification” and “growth.” Our possessions are purified by setting aside a proportion for those in need, and, like the pruning of plants, this cutting back balances and encourages new growth.

Zakah not only purifies the property of the contributor but also purifies his heart from selfishness and greed. It also purifies the heart of the recipient from envy and jealousy, from hatred and uneasiness and it fosters instead good-will and warm wishes for the contributors.

As Muslims pay the Zakat they have the genuine feeling that it is an investment and not a debit helping to establish economic balance and social justice in the society.

In general terms, what remains over and above the meeting of needs and expenses, and is hoarded for the full span of one year, is liable to Zakat. Zakat is the right of the poor in the wealth of the rich and is neither optional charity nor philanthropy.

Zakah has a deep humanitarian and social-political value; for example, it frees society from class welfare, from ill feelings and distrust and from corruption. Although Islam does not hinder private enterprise or condemn private possession, it does not tolerate selfish and greedy capitalism. Islam adopts a moderate but positive and effective course between individual and society, between the citizen and the state, between capitalism and socialism, between materialism and spiritualism.

How is it Calculated?

Zakah is a proportionately fixed contribution collected from the surplus wealth and earnings of the Muslim.
Each Muslim calculates his or her own zakat individually. Zakah is paid on the net balance after paying personal expenses, family expenses, due credits, taxes, etc. Every Muslim male or female who at the end of the year is in possession of the equivalent of 85 grams of gold (approx. $1400 in 1990) or more in cash or articles of trade, must give Zakah at the minimum rate of 2.5%. Taxes paid to government do not substitute for this religious duty. The contributor should not seek pride or fame but if disclosing his name and his contribution is likely to encourage others, it is acceptable to do so.

Other gains and profits have their respective formulae, such as proceeds from industry, agriculture and animal husbandry, real estate, etc. as thoroughly detailed in specialized references.

Note the obligatory nature of Zakah; it is required. Muslims can also go above and beyond what they pay as Zakah, in which case the offering is a strictly voluntary charity (sadaqa). Sadaqa is given preferably in secret. Although this word can be translated as “voluntary charity” it has a wider meaning. The Prophet said “even meeting your brother with a cheerful face is charity.”

The Prophet said: “Charity is a necessity for every Muslim.” He was asked: “What if a person has nothing?” The Prophet replied: “He should work with his own hands for his benefit and then give something out of such earnings in charity.” The Companions asked: “What if he is not able to work?” The Prophet said: “He should help poor and needy persons.” The Companions further asked “What if he cannot do even that?” The Prophet said “He should urge others to do good.” The Companions said “What if he lacks that also?” The Prophet said “He should check himself from doing evil. That is also charity.”