VELVET Balance

Understanding & Calculating Zakaat

Understanding Zakaat is an essential part of faith and financial responsibility. This guide offers a clear, practical overview to help Muslim women confidently understand, calculate, and fulfil their Zakaat with clarity, intention, and care.

Understanding & Calculating Zakaat

A Practical, Faith-Rooted Guide for Muslim Women

Important note:

This guide is **not official scholarly fatwa**. It is drawn from trusted sources and widely accepted principles of Islamic finance and zakat practice. Because there are sometimes **differences of opinion among scholars and in unique life situations**, please consult your local imam or Islamic scholar for personalised guidance that applies to your circumstances..

What is Zakaat?

Zakaat is one of the Five Pillars of Islam — an obligation on every eligible Muslim who owns sufficient wealth over a lunar year. It is a form of purification of wealth and a means of social support for those in need.

Step 1

Understanding the Nisab Threshold

What is Nisab?

Nisab is the minimum amount of wealth a Muslim must have before zakat becomes obligatory. If your qualifying wealth **meets or exceeds the nisab threshold** for a full lunar year, zakat is due.

There are **two established nisab values**:

- Equivalent to **87.48 grams of gold**, **or**
- Equivalent to **612.36 grams of silver**

Because gold and silver prices fluctuate daily, these thresholds change accordingly. Many scholars recommend using the **silver nisab**, as it is lower and results in greater distribution to those in need — which aligns with the spirit of zakat.

Example

If the current market value of 612.36g of silver in your currency is ₦X or $Y, that is today's silver-based nisab — and if your total zakatable wealth meets or exceeds this, eligibility begins.

Tip: You can use online reputable calculators to get live values based on current gold and silver prices.

Step 2

Deciding Your Lunar Period (Hawl)

Zakaat is due once you have held qualifying wealth above the nisab for **one full lunar year** (known as hawl).

A lunar year is about **354 days**, shorter than the solar year.
Choose a **zakaat date** (often Ramadan) and calculate backwards to confirm when your wealth first met the nisab.

Example

If your wealth first exceeded the nisab on **10 Ramadan**, zakat is due a year later on **10 Ramadan** of the next Hijri year.

Step 3

List Your Wealth

Only certain types of wealth are zakatable — meaning zakat is due on them if they meet the above conditions.

Common categories considered include:

- Cash (bank and at home)
- Savings accounts
- Gold and silver
- Shares and investment funds
- Business goods or inventory
- Rent income saved over the year
- Receivables owed to you (expected to be repaid)

Non-zakatable items generally include personal essentials (like your home, car, clothing for daily use, and household items) although scholars vary — so clarify with your own scholar.

Step 4

Subtract Immediate Liabilities

Deduct debts and liabilities that are due within the next year — such as:

- Rent or bills due
- Short-term loans you must repay
- Immediate obligations

You do not deduct debts that are distant, uncertain, or interest-based obligations that are not payable within the next year.

Step 5

Check Against the Nisab

Once you've totalled your qualifying wealth and subtracted immediate liabilities, compare the result to the **current nisab threshold**.

- If your net wealth is **below the nisab**, zakat is not required this year
- If your net wealth is **equal to or above the nisab**, zakat is due
  Remember: It must be above the nisab for the full lunar year

Step 6

Calculate Your Zakaat

Once eligibility is established, zakat is calculated as **2.5% (or 1/40)** of your qualifying wealth — including the categories listed above.

Example

If your zakatable wealth after liabilities is ₦X, then:

Zakat owed = ₦X × 0.025

This reflects the commonly accepted rate used by many scholars and institutions.

Step 7

Decide Where to Give It

Zakaat must be given to eligible recipients (asnaf), which include:

- The poor
- The needy
- Those in debt
- Wayfarers
- Others specified in Islamic teaching (e.g., abolishing bondage)

It is praiseworthy to give zakat in a way that reaches those with real need — and many people choose trustworthy zakat organisations that follow Islamic guidelines. Before giving:

- ✓ Verify that the organisation distributes zakat funds to eligible recipients
- ✓ Ask about distribution channels and accountability

Prefer local recipients when possible, to benefit your community

Important Guidance Notes

- This guide provides **standard practices** and general steps — not formal fatwa.
- There are **minor scholarly differences** on details like which items are zakatable or how to treat certain assets — especially new financial instruments like crypto or retirement accounts.
- For unique situations (e.g., business assets, shared wealth, inheritance timing), please consult your **local imam or the scholar you follow**.

Spiritual Intention

Zakaat is both a **duty and a purification** — giving with sincerity and awareness of Allah's command brings benefit to others and develops restraint over personal attachment to wealth.

Quick Checklist

1. Determine **current nisab value**
2. List all qualifying wealth
3. Subtract eligible liabilities
4. Confirm hawl (1 lunar year)
5. Calculate 2.5%
6. Choose eligible recipients
7. Distribute with sincere intention

Common Myths About Zakaat

Myth 1

Zakaat is only due on cash

Zakaat applies to several forms of wealth — including savings, gold, investments, and certain business assets — not just cash sitting in a bank account.

Myth 2

Zakaat only matters if you're very wealthy

Zakaat is not about being "rich."
It becomes obligatory once your wealth meets the **nisab threshold**, which is intentionally set at an accessible level to encourage circulation and social responsibility.

Myth 3

I don't need to calculate zakaat carefully – I'll just give roughly

While generosity is encouraged, zakaat is a **specific obligation** with defined rules. Careful calculation honours the responsibility Allah has placed on wealth.

Myth 4

Zakaat and charity (sadaqah) are the same

- Zakaat is obligatory and must go to eligible recipients.
- Sadaqah is voluntary and broader in scope.

Both are valuable — but they serve different purposes.

Myth 5

Zakaat is something you do once a year and forget

Zakaat is annual, but **awareness of wealth is ongoing**. Understanding your financial position throughout the year makes zakaat easier, calmer, and more intentional.

Myth 6

Zakaat makes you poorer

Zakaat purifies wealth — it does not diminish it.
It reinforces the understanding that wealth is a trust, not ownership.

Closing Note

Zakaat is not meant to induce fear or complexity.
It is meant to create balance — within the individual and within society.

Approached with understanding and intention, zakaat becomes an act of worship that brings clarity, humility, and barakah.

Zakaat Calculation Worksheet

A guided worksheet to support clarity and intention

This worksheet is designed to be used alongside the Zakaat guide.
Take your time — this is not meant to be rushed.

Section 1

Your Zakaat Date & Intention

My chosen Zakaat date (Hijri): ____________________
Gregorian equivalent (approx.): ____________________

☐ I understand that zakaat is calculated on a lunar year (hawl)
☐ I intend to fulfil my zakaat obligation sincerely for the sake of Allah

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Section 2

Current Nisab Threshold

Nisab reference used (circle one):
☐ Silver (612.36g) ☐ Gold (87.48g)

Current value of nisab in my currency: ____________________
Source used (e.g. trusted website or calculator): ____________________

☐ I confirm my wealth has met or exceeded this nisab for a full lunar year

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Section 3

List Your Zakatable Wealth

(Include only what applies to you)

Cash & Savings

- Cash on hand: ______________________
- Bank balances: ______________________

Subtotal: ______________________

Gold & Silver

- Gold (value): ______________________
- Silver (value): ______________________

Subtotal: ______________________

Investments

- Shares/EFTs: ______________________
- Investment accounts: ______________________

Subtotal: ______________________

Business / Other Assets

- Business cash or inventory: ______________________
- Rent income saved: ______________________
- Money owed to me (expected): ______________________

Subtotal: ______________________

Total Zakatable Wealth (A):

____

____

Section 4

Deduct Immediate Liabilities

(Only include debts due within the next 12 months)

- Bills or rent due: ____________________
- Short-term repayments: ____________________
- Other immediate obligations: ____________________

Total Liabilities (B): ____________________

Section 5

Net Zakatable Amount

Net Zakatable Wealth (A – B): ____________________

☐ This amount is equal to or above the nisab
☐ Zakaat is due this year

Section 6

Zakaat Calculation

Zakaat rate: 2.5% (1/40)

Zakaat due:
Net amount × 0.025 = ____________________

Section 7

Distribution Planning

☐ I understand who is eligible to receive zakaat
☐ I have identified individuals or organisations to give to

Planned recipients / organisations:

____

____

Section 8

Reflection & Completion

One intention I hold as I give my zakaat:

____

____

☐ I have completed my zakaat with sincerity and clarity

Date completed: ______________________________

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