



*Of their goods, take zakat, so that you might purify and sanctify them. (Qur'an 9:103)*

## Zakat on Professional Income

### Advance planning is always better

- Determine your Zakat Due Date.
- This is required for valuation of zakatable wealth.
- This date could be 1<sup>st</sup> Ramzan or any other date as per lunar calendar.
- If last year's Zakat Due Date is known, the same will continue to be Zakat Due Date this year also.

### Update all Accounts

Update all your accounts on the Zakat Due Date - Bank Balance, Mutual Funds, Fixed Deposit, Shares, Bonds, Debentures, etc. Also make a list of your investments in properties, commercial shops or other fixed assets.

Ascertain the quantity and value of gold/silver, cash in hand on Zakat Due Date.

### *Niyyat* (Intention)

Your *Niyyat* (Intention) at the time of making the investment is most important. As per your *Niyyat*, these assets will fall in the following two categories:

- i) Fixed Assets or Long-Term Investments (say 5 years, 10 years or held till maturity). Such assets could be in Shares, Bonds, Debentures, Mutual Funds, Land, Property and other such assets.
- ii) Short-Term Investments - Shares, Bonds, Debentures, Mutual Funds, Plots of Land, Flats, Shops, Currencies and assets intended for sale within a year.

### Zakatable Wealth

Check-up whether sum-total of your total wealth is above *Nisaab* level or below *Nisaab* level. If last year, it was above *Nisaab* level and this year also it continues to be above *Nisaab* level, then Zakat is payable on your wealth.

### What is *Nisaab*?

*Nisaab* is the minimum limit of wealth below which Zakat is not payable. However, if the wealth exceeds this minimum level, Zakat is payable. The *Nisaab* limit for gold is 7 ½ tolas (87.479 grams) and 52 ½ tolas for silver (612.35 grams) or its equivalent.



The price of gold say on 26<sup>th</sup> March 2020 in Mumbai is Rs.4,217 per gram and price of silver is Rs.41.81 per gram, then accordingly, *Nisaab* level is Rs.3,68,900 for gold and Rs.25,602 for silver. (Ref.: [www.goodreturns.in](http://www.goodreturns.in)). Please check up *Nisaab* level on your Zakat Due Date accordingly and as per the region of residence.

### **Market Value of Short-Term Investments**

Find out the market value of all your short-term assets (held for trade) on the Zakat Due Date. These rates are available from stock exchange or real estate brokers.

### **Income from Long Term Investments**

Find out how much dividend or rent or monetary gain is credited in your bank account on your investments held in long-term assets or fixed assets. In case, any fixed assets or long-term assets have been sold out during the year, then kindly find out how much profit you have earned on it.

### **Zakat Rate on Income from Long-Term Assets**

As per principles of Zakat, investment in land (fixed asset) is not subject to Zakat. However, the produce coming from land, is subject to Zakat @ 10% (un-irrigated land). On the same basis, all the annual returns or yields (including rent on property) arising from long term assets or fixed assets would be subject to Zakat @ 10%. Further, when you sell the long-term asset or fixed asset, the profit on sale will attract Zakat @ 10%.

### **Zakat Rate on Short-Term Investments**

Short term investments, like any other merchandise of buying and selling, would be subject to Zakat @ 2.50% on the market value of investments on Zakat Due Date. This will be considered under the category of "Trading Goods".

### **Zakat Payment**

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**Account Number: 0113883026**  
**Kotak Bank, Maratha Mandir Branch, Mumbai Central**  
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