COLLAS CRILL

Zakat

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What is Zakat?

Under Islamic law, Muslims are required to donate a certain amount of their wealth to charity. This practice, which is called Zakat, is the third of the 'five pillars of Islam'. As such, it is compulsory for Muslims, provided they meet certain conditions and criteria.

Who must pay Zakat?

Zakat requires those who can afford it to give a portion of their wealth (after living expenses etc.) to the poor and needy. The threshold at which Zakat becomes payable is called Nisaab and every adult Muslim with capacity whose net savings meet the Nisaab threshold must pay 2.5% of that wealth as Zakat.

Why must you pay Zakat?

As one of the 'five pillars of Islam', Zakat is an act of worship. The literal meaning of Zakat is ‘to cleanse’ or ‘purification’. In the Islamic faith, Zakat is a means of purifying your wealth for the will of Allah; to acknowledge that everything you own belongs to Allah and to work towards the enhancement of the Muslim community (Ummah).

Zakat is not only a means to purify one’s wealth but it is also a spiritual purification; a means of getting closer to Allah.

Who can receive Zakat?

Zakat can only be paid to specific beneficiaries and projects.

The Qur’an mentions eight classes of people who are entitled to receive Zakat:

1. The Fuqara’: The poor
2. Al-Maskin: The needy
3. Aamileen: Zakat collectors
4. Muallafatul Quloob: Those who recently converted to Islam and are poor and needy
5. Ar-Riqaab: Slaves; Zakat can be used to purchase their freedom
6. Ibnus-Sabeel: A stranded traveller in need of financial assistance

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7. Al Ghaarimeen: A debtor
8. Fi Sabeelillah: Those who are away from home in the path of Allah

How can we help?

At Collas Crill, our experienced Middle East Practice Group, led by Angela Calnan, can assist in establishing sharia-compliant structures to fulfill Zakat obligations.

There are a range of offshore vehicles which vary in complexity, cost and privacy, that are well suited for charitable and philanthropic purposes. Many of our clients choose to set up Charitable Trusts or Foundations, however there are many more options to choose from and our team is well-placed to advise on the best structure to meet your individual objectives.

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