Book Reviews


The booklet is a sort of practical manual for calculating zakāh through self-assessment. It provides a set of forms with detailed notes for filling out these forms. The audience of the book seems to be the Muslims living in the West. This is a welcome addition to the literature on zakāt and a step forward for facilitating the discharge of one’s obligations to Allah.

The booklet has five chapters besides an “Introduction.” The first two chapters are conceptual and state some of the juridical principles to be applied later in the booklet. Chapter three is the substantive part of the book which explains the methodology used in designing the zakāh calculation forms given in chapter five. Chapter four deals with the disbursement of zakāh and does not relate directly to the subject of the book, although by itself it is a useful addition to the main theme.

The methodology adopted by the author is based on the orthodox interpretation of the zakāh rules, although we can also see some some flavour of innovative thinking. For example, the author has very wisely arrived at the conclusion that the question of solving one-year-retention principle (hawlān hawl) is to look at the opening and closing balance of a type of asset and adopt the lower of the two. Similarly, the author’s support for the idea of levying zakāh on salaries and wages is also quite rational.

The author has adopted the position of going by the prescribed niṣāb (exemption limit) and not changing it. This is in keeping with the orthodox position. However, he has proposed deducting cost of living from the value of the assets to arrive at a net position and to see whether it is above or below the niṣāb. However, he has not quoted any basis in the shari‘ah to support

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The author has used the word “zakāt,” while we have used the word “zakāh,” which is more appropriate in the Arabic parlance. Both the words are, however, interchangeable.
deducting the cost of living, even though I myself think that there is. In my opinion, he has indirectly modified the \textit{nişâb} limits without saying so. The question of \textit{nişâb} has been in debate among the scholars and has given rise to divergent positions. Those who take the orthodox line are unable to answer questions arising from the changes in circumstances. The author has tried to keep the orthodox \textit{nişâb} limits but has introduced the cost of living to overcome this difficulty. A more straightforward approach would have been to say that he has modified the orthodox position on \textit{nişâb}.

The author’s adherence to the orthodox position has created some difficulties for him. We shall discuss those in the following.

(a) The author has adopted 653 kilograms as \textit{nişâb} for agricultural produce. He has allowed the holders of assets to deduct the cost of living from the value of the assets. However, in case of agricultural produce, he does not mention whether the farmer would be allowed to deduct his living expenses from the value of the produce or not. The same is the case with salaried persons. The author proposes that the “take home” salary should be taken as the basis for calculating \textit{zakāh}. What about the living expenses of the salaried persons? Shall we deduct the living expenses of the salaried persons from the take-home pay or not? These difficulties would not arise were we to modify the \textit{nişâb} so to include the effect of cost of living and levy \textit{zakāh} on any value of assets or income above the \textit{nişâb}. The question as to how \textit{nişâb} should be modified is a difficult one and needs further consideration for evolving a consensus.

(b) The author is ambiguous about the rate of \textit{zakāh} on agricultural produce (p. 27). He says: “\textit{Zakāt} is 10% of the net income or 5% of the gross income, depending on the method that is used on the output itself” (p. 27). The question arises: how do we decide which rate is to be used? A simpler approach would have been to say as follows: “\textit{Zakāh} shall be levied after deducting the cost of production (to be regulated separately) from the gross revenue from the sale of the produce at 10% if the recipient of the income is an absentee landlord and at 5 %, if the recipient of the income is an active farmer.”

(c) The author has created a series of problems for himself by getting into the debate of types of assets and then exempting some and including others in the category of the assets on which \textit{zakāh} is payable. For example, he gets into the debate of the valuation of assets, should they be taken at cost or market value. Similarly, the question of the due date for the payment of \textit{zakāh} is important. A third question which the author does not mention, how to determine the value of business with intangible assets, such as newspapers, TV channel providers, resellers of telephone calls, etc. The author could have avoided all these problems if he had taken a simpler
approach of treating a business as business and levying zakāb on its income as he has suggested for agricultural produce. If we treat a business as business (however, we may regulate its accounting), we can levy zakāb on its profits at 10% if the recipient is not actively working on it and at 5% if the recipient is actively working on it. Of course, the income would be reduced by the cost of living as the author has himself proposed. This would take care of all of the author’s worries about the stock-in-trade, valuation methods, due date, etc.

(d) Regarding the sale and purchase of assets, the author had to worry about the period for which an asset was held to take care of the condition of a year. This is especially worrisome to him in case of business of shares and stocks. A simpler approach would be to treat all investments in assets as a business proposition. Whenever a person sells an asset if there is a profit on its sale, he should pay as zakāb 10 percent of the net profit, if the recipient is not actively involved in the business at the rate of 5% if the recipient is actively engaged in the business. The same applies to the sale of real estate. A further question could be: how does the recipient use the sale proceeds? He could re-invest it in further purchase of assets. In that case he would repeat the previous cycle, i.e., wait till he re-sells the asset and pays zakāb on the profit. He could use the sale proceeds for his consumption purposes, such as the marriage of a child. In that case, he does not pay anything. Or he could deposit the sale proceeds in the bank. In that case, the condition of lower of the opening and closing balances would apply to calculating his zakāb at the end of the year.

(e) The author has got into the difficulty of handling the question of debts separately. In case of payable debts, he proposes to deduct the debts from the value of the assets (p. 31), although a debt could be payable over 10–15 years. In case of debt receivable (p. 41), he proposes to exempt them if they were not expected to be received. All this debate could be avoided if he were to treat a business as a business. The way current and long term liabilities and current and long receivables are treated in accounting should be accepted (or regulated) and zakāb should be calculated on the net income of the business.

(f) The question of what are reasonable expenses for deducting from the value of the assets also involved the author in difficulties. He had to face the question of prudence in spending, reasonable patterns of consumption and prescribing the makes, models and number of cars for a family. Instead of intruding into such private matters, the author could very easily leave them to the person concerned to decide as to what is reasonable for his living, especially in the absence of an Islamic state to regulate it.

(g) On rent income the author is ambiguous. He says: “...Zakāt is assessed at the rate of 10% of the net income or 5 % of the gross income” (p. 50). How does one decide the rate at the end?
(h) The author has suggested that the contributions for pension should not be deducted from the salary income. We think this is too harsh. Instead, a simpler position would be to charge a 10% zakāh on any lump sum amount received at the time of retirement and 10% of the monthly pension after deducting the living expenses.

(i) The author thinks that interest income and expenses should not be considered at the time of calculating zakāh. This is the orthodox position and would go well if there were an Islamic state where interest is not in vogue. But if people are dealing in interest, then they should pay or get exemption for the interest, as the case may be. Let them face Allah on the Day of Judgment for dealing in interest. The interest payable on any loans that are exempt should also be deductible. Similarly, interest income should also be treated as part of one’s income subject to zakāh. We should not try to intermingle two transactions at this stage. (Allah knows the best).

(j) The author has taken the position that nişāb for all types of assets should be applied separately and the assets should not be added up for zakāh calculation. This is the classical position. However, the question of nişāb needs re-thinking. The fundamental question is: what is the objective of having a nişāb? The obvious answer is that the shari‘ah wants to spare a bare minimum for the basic needs of a person before his wealth is subjected to zakāh. In the days of the Prophet (peace be on him), the nişāb limits prescribed by the Prophet (peace be on him) were sufficient for this purpose. With the passage of time, this is no more the case. To handle this situation, the author has devised the method of giving an allowance for the basic needs for which there is no explicit basis in the shari‘ah. He had to do this because he does not want to touch the sanctity of the nişāb. However, if we are able to overcome this mental barrier, the nişāb for different types of income groups can be determined, maybe by a regulatory authority in each country. In that event, the nişāb would be deducted from the income or assets of the person and the surplus would be subject to zakāh. In that case, the income from different sources can be clubbed and also assets of different types can be aggregated. This is just a thought for consideration. It is not legitimately within the scope of the book under review.

On the whole, I consider this book as a valuable resource for handling one’s personal obligation relating to zakāh.

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