

# Deductions

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You are permitted to deduct any amounts that you owe others from your zakat calculation

You are permitted to deduct any amounts that you owe others from your qualifying zakat wealth. The liabilities must be in existence at the time you calculate zakat, you cannot claim a deduction for planned expenditure. For example, if you plan to purchase a car, you cannot deduct the cost of the car as a liability, unless you have actually bought the car and owe money on the car.

You are only permitted deductions for liabilities that you owe and need to pay in the next year. For mortgages and other long term loans, only that element that is due in one year can be deducted. For example, if you owe \$120,000 on a mortgage and have paid \$14,000 in mortgage repayments in the last year, then only that amount is allowed as a deduction. You cannot claim the entire \$120,000. Mufti Desai: “Only the amount that is due for one year will be regarded as a liability. (Shaami vol.3 pg.177; Lebanon).”

Where you have long term loans (example a mortgage) you can only deduct whats owing in the next year.

Adil Salahi, a fiqh commentator in the monthly Indian magazine *Islamic Voice* in response to a question on this issue responded (Rs = rupees): “A mortgage loan or a loan taken in the form of hire purchase of any item such as a car or machinery is not counted in the calculation of zakah liability, because of the nature of the repayment agreement. If a person is earning Rs.100,000 a year, and spending Rs.70,000 to meet his family’s living expenses, including the installments he pays on his mortgage and hire purchase agreements, he cannot claim exemption from zakah because he still owes a substantial sum on his house or other purchases. This is because the nature of such debts does not require immediate or short-term repayment. Such a person will be saving Rs.30,000 which is liable to zakah. Only if he decides at the end of the year to reduce his outstanding loans by an additional repayment, using all this saved sum for the purpose, he does not pay zakah for it. It is wrong for anyone to defer the payment of one’s zakah, saying that he has some heavy commitments. Zakah is a debt owed to God and it must be paid on time. If one has heavy commitments, his zakah liability will be proportionately reduced. But to say that zakah is unaffordable when its rate is so low is to make a false claim. When the reader increases his mortgage repayments now, he will be saving on the total amount he has to repay. This means a direct benefit. He cannot make such a personal benefit through the failure to pay zakah.”

Note: Certain Shafi scholars are of the view that no liabilities can be deducted.

## **Bibliography**

The following books were referred to:

- The Holy Quran
- The following books containing hadith: Bukhari, Muslim, Abu Dawud, Muwatta
- Sallie: *The Book on Zakah*.
- Ullah: *The Essential Hanafi Handbook on Fiqh*, Idara-E-Islamiat.
- Al-Misri: *The Reliance of the Traveller*, Modern Printing Press.
- Nawawi: *Al-Maqasid*, Sunna Books.
- Islamonline.
- Khaf: *The Calculation of Zakah*.