

Cash

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You need to pay zakat on all cash holdings worldwide held for more than one year.

All your cash holdings (worldwide) are to be included in your zakat calculation, whether the cash is in the form of bank deposits, treasury bills, cash on hand, etc.

Only that portion of the cash held for one lunar year is included in the zakat calculation. For example, if you had \$5,000 in your bank account on 5 Ramadan last year – the date that you last calculated zakat and your bank balance now is \$6,000, then you can assume that you have saved the \$5,000 for an entire lunar year and hence need to pay zakat on it. However, if your balance now is only \$3,000 – then you only pay zakat on the \$3,000 as you have only saved \$3,000 out of the \$5,000. In reality you may not have saved anything for a year as you may have spent the \$5,000 and replenished it from new savings generated this year.

It is easier to use your closing bank balance each year.

If you have any joint accounts with your spouse, then you need to include your portion of the joint account in your zakat calculation form.

Zakat is payable on all cash reserves, even if you are saving to purchase a particular asset. Until the asset is bought, you need to pay zakat on the cash.

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*.