

# Debts due to you

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You should include in your zakat calculation all debts due to you irrespective of when they are due. Dr. Monzer Kahf author of "The Calculation of Zakah" in response to a question on the issue, states<sup>i</sup>: "Provided that the debt is strong, in the sense that the debtor acknowledges it and he or she is able to pay it back, the answer really oscillates between two opinions, each of which has its own strength and merits in Shari`ah.

"On the one hand, a debt is a property of the creditor. There is no difference between a debt on one who acknowledges the debt and is capable to pay and cash in one's bank account or on hand. Nor does it matter who is rich and who is poor. This makes the debt subject to Zakah every year (by the creditor), just like other assets subject to Zakah.

"On the other hand, you have no accessibility to the debt until you actually get your money repaid to you. This makes it subject to all probabilities, and currently you cannot make use of it.

"The Maliki School of Fiqh argues that any debt that stays for one lunar year with the debtor is subject to Zakah by the creditor once the creditor gets it back and for only one year past, regardless of the period of indebtedness. Other jurists require the payment for all the past period no matter how many years it was. Payment for all past years can be delayed until you actually get the money back.

"In calculating the Zakah on companies, the International Shari`ah Board of Zakah took the majority's stand, which seems to be more supported by the general principles of Zakah. On personal debts, it seems to me that the Maliki view may be reasonable, especially for long term debts that stay for many years.

"As for the debts of the deceased, they are not subject to Zakah. If they are ever collected, you pay only for one past year on the collected amount.

"With regard to doubtful debts, they are considered in proportion to their strength. For example, if they are only 40% doubtful, you pay on 60% of the amount of the debt."

Secured debt, such as debentures, need to be included in the zakat calculation. If you trade in debt instruments/bonds then you need to include the bonds at their current market value in the shares section.

## 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-Islamiyat.
- Al-Misri: *The Reliance of the Traveller*, Modern Printing Press.
- Nawawi: *Al-Maqasid*, Sunna Books.
- Islamonline.
- Khaf: The Calculation of Zakah.

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<sup>i</sup> Zakah on Debts – Islamonline – 26 October 2002