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Zakāt on Debts♦

In the computation of *Zakāt* one particular problem that arises is the calculation of *Zakāt* on the amount loaned to others. Since the owner of the debt is not in the direct and actual control of the amount although the lender owns it in principle, the status of such an amount or amounts should naturally differ from the normal wealth. This problem and inter-related issues were discussed in the Fifth Seminar of the IFA and the following conclusions were drawn.

- 4.1 The debts given to others are of two kinds. One, which is recoverable and there is every hope of receiving it. The second is the dead loan of which there is no hope of recovery.
- 4.2 *Zakāt* will not be obligatory on the lender if, in spite of his persistent demands, the debtor dillydallies to such an extent that the creditor loses all hope of realising repayment of the loan. If ever such a loan is realised *Zakāt* will be liable on it only after one year of its recovery.
- 4.3 The Loan, which is to be recovered, might have any of these three conditions:
 - a. That it is loaned in cash or as the price of commercial goods due from somebody. *Zakāt* will be due on this amount after its realisation for the previous years as well.
 - b. The liability, which is neither in lieu of commercial goods nor as loan, e.g. inherited goods or those, received through a will.
 - c. The liability, which is not in lieu of some goods, e.g. the amount of (*Mehr*).

Zakāt will be obligatory on (b) and (c) one year after realisation of the loaned mount. No pervious year's *Zakāt* will be payable on them.

- 4.4 As for amount of the installments to be paid in a year for the long-term loans taken from government or private institutions, *Zakāt* will be obligatory on the amount of all such long-term loans. Only the amount of yearly installments of repayment will be deducted while computing the *Nisaab*.

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