

## Table of Contents

1. Introduction to Zakat in Islam
2. Importance of Zakat on Gold
3. Nisab Threshold for Gold and Silver
4. Conditions for Zakat on Gold
5. Zakat on Jewelry
6. How to Calculate Zakat on Gold
7. Zakat on Gold vs Silver
8. Zakat on Modern Assets
9. Prohibition of Interest (Riba)
10. Historical Development of Zakat on Gold
11. Practical Examples of Zakat Calculation
12. Common Misconceptions About Zakat on Gold
13. Modern Tools and Resources for Zakat Calculation
14. FAQ on Zakat and Gold
15. Conclusion

## What is Zakat in Islam?

Zakat is not simply a form of charity—it is a pillar of Islam, ranking alongside prayer, fasting, and pilgrimage. The word “zakat” comes from the Arabic root zak?, meaning purification and growth. By giving zakat, Muslims purify their wealth and help their communities flourish.

### The Qur'an commands zakat in numerous verses:

- “And establish prayer and give zakat, and whatever good you put forward for yourselves – you will find it with Allah.” ([Qur'an 2:110](#))
- “Take from their wealth a charity by which you purify them and cause them to increase, and invoke [Allah's blessings] upon them.” ([Qur'an 9:103](#))

### Zakat applies to many forms of wealth, including:

- Zakat on wealth such as cash, business stock, property, and savings.

- Zakat on gold and silver, which historically served as the basis for nisab (threshold).
- Zakat on money and modern equivalents like bank balances and investments.

This makes zakat a universal financial obligation designed to keep wealth circulating and prevent economic stagnation.

## Why is Zakat on Gold Important?

Gold has been used as money for thousands of years. It is a stable store of value, unlike paper currencies which lose value through inflation. Because of its durability, scholars chose gold (and silver) as the benchmark for zakat nisab.

The Prophet Muhammad ﷺ emphasised the importance of zakat on gold and warned against hoarding it:

- “Those who hoard up gold and silver and do not spend it in the cause of Allah – give them tidings of a painful torment.” ([Qur'an 9:34](#))
- “No owner of gold or silver who does not pay zakat will be spared. Plates of fire will be heated in Hell and branded onto their sides and foreheads.” (Bukhari and Muslim)

## Social Importance of Zakat on Gold

- **Prevents hoarding:**

Ensures wealth does not remain idle in safes and vaults.

- **Redistributes resources:**

Transfers wealth to the poor, needy, and indebted.

- **Encourages investment:**

People are incentivised to use gold productively instead of letting it sit unused.

- **Purifies wealth:**

Keeps a Muslim's finances halal and blessed.

Thus, zakat on gold links personal piety with community well-being.

## **Nisab Threshold for Gold**

The nisab is the minimum wealth required before zakat becomes obligatory.

- Nisab for gold: 85 grams (~3 ounces or 7.2 tolas).
- Nisab for silver: 595 grams.

If your gold holdings reach or exceed this weight and remain with you for one full lunar year (haul), you must pay zakat.

### **Why 85 Grams?**

This comes from the hadith:

"There is nothing on you in gold until it reaches twenty dinars. When you have twenty dinars and a year has passed, half a dinar is due." (Abu Dawud)

Twenty dinars is equivalent to about 85 grams.

### **Practical Calculation**

- Gold price per gram  $\times$  85 = Nisab in currency.
- Example:  $\$65 \times 85 = \$5,525$ .

So if your total zakat on assets (including gold, savings, and cash) is equal to or above \$5,525, zakat is due.

## **Conditions for Zakat on Gold**

Not every Muslim automatically owes zakat. Certain conditions apply:

- Muslim: Non-Muslims are not obligated.
- Adult & Sane: Zakat is only due to adults of sound mind.

- Ownership: The gold must be fully owned and under your control.
- Nisab: Your holdings must meet the nisab threshold
- Haul: One lunar year must pass while you own that gold.
- Surplus Wealth: Gold must be beyond basic needs like clothing, housing, and food.

Only when these are met does zakat on gold become obligatory.

## **Zakat on Jewelry**

Jewelry has always been central to zakat debates. The key question: is gold jewelry used daily for adornment exempt from zakat?

### **General Rulings**

- Investment jewelry (stored, unused, bullion, coins): Always zakatable.

### **Daily use jewelry**

- Hanafi: Zakat due even on personal jewelry.
- Shafi'i, Maliki, Hanbali: Jewelry for regular use is exempt.
- Excessive jewelry: If a woman owns unusually large quantities, zakat is required.

### **Evidence from Hadith**

A woman once came to the Prophet ﷺ with her daughter wearing gold bracelets. He asked: "Have you given zakat on this?" She said no. He replied: "Would you like Allah to put two bracelets of fire on you instead?" (Abu Dawud)

This clear hadith shows that jewelry, even if worn, can be subject to zakat.

### **Men's Jewelry**

Men are prohibited from wearing gold. However, if a man owns gold jewelry, he must still pay zakat on it, because zakat is based on ownership, not use.

## **Different Scholarly Opinions**

Scholars across the four main schools have nuanced views:

- Hanafi: Strongly insist zakat applies to all gold and silver, whether used or stored.
- Shafi'i, Maliki, Hanbali: Exempt jewelry for ordinary personal use but require zakat on stored or excessive amounts.
- Modern jurists: Some allow small exemptions but recommend paying zakat as a precaution.

This diversity shows Islam's flexibility, but most Muslims choose to pay zakat on jewelry to be safe.

## **How to Calculate Zakat on Gold?**



The calculation process is simple:

- Weigh your gold in grams.
- Find the current market rate per gram.
- Multiply weight by price to find total value.
- If value  $\geq$  nisab, pay 2.5% zakat percentage.

### **Formula**

Gold weight × Price per gram × 0.025

**Example:**

- 120g gold × \$65 = \$7,800.
- Zakat = \$7,800 × 0.025 = \$195.

For jewelry with stones: Ask a jeweler to weigh the gold only, excluding diamonds and gems.

## **Zakat on Gold vs Silver**

The Prophet ﷺ used both gold and silver as benchmarks.

- Zakat on gold: Stable and fair.
- Zakat on silver: Much lower threshold, making more people eligible.

Today, silver nisab (~\$500) is far lower than gold nisab (~\$5,500). Using silver nisab might force poor people to pay zakat, so many scholars prefer the gold standard.

## **Zakat on Savings, Cash, and Modern Assets**

**Zakat is not limited to gold. It applies to:**

- Zakat on savings: Money in bank accounts.
- Zakat on cash: Notes and coins.
- Zakat on assets: Trade goods and business stock.
- Zakat on property: Only if purchased for trade or resale.
- Zakat on investments: Halal investment portfolios, retirement funds.
- This ensures zakat remains relevant in the modern world.

## **Zakat on Stocks and Investments**

**Stocks are a major modern asset.**

- Trading shares (for resale): Pay zakat on full market value.

- Long-term shares: Pay zakat on dividends and liquid portion.
- Halal stocks only: Avoid riba, alcohol, gambling, and unethical industries.

### **Example:**

- You own stocks worth \$10,000.
- If bought for resale: Zakat =  $\$10,000 \times 0.025 = \$250$ .
- If long-term: Only zakat on profit and tradable assets.

## **Is Interest (Riba) Haram in Islam?**

Yes. Interest (riba) is categorically forbidden.

Allah says:

“Allah has permitted trade and forbidden riba.” (Qur’an 2:275)

The Prophet (SAW), cursed those who take, give, record, or witness interest (Muslim).

This is why Muslims are encouraged to use halal stocks, Islamic savings accounts, and gold investments—all of which are subject to zakat but free from riba.

## **Historical Development of Zakat on Gold**

- In early Islam, the dinar (gold coin) and dirham (silver coin) were the standard measures. Umar ibn al-Khattab (RA) established consistent weights.
- Ibn Khaldun later confirmed the equivalence between dinars and dirhams, ensuring zakat calculations remain consistent across centuries.
- This continuity shows that zakat on gold is rooted in revelation, not human innovation.

## **Step-by-Step Practical Examples**

### **Example 1 – Gold Bars**

- $150\text{g} \times \$65 = \$9,750$ .
- Zakat = \$243.75.

### **Example 2 – Jewelry**

- 100g owned, 30g daily wear.
- Majority: Only 70g zakatable ? \$4,550 (below nisab).
- Hanafi: Full 100g zakatable ?  $\$6,500 \times 0.025 = \$162.50$ .

### **Example 3 – Mixed Assets**

- Gold: \$5,000.
- Savings: \$3,000.
- Stocks: \$4,000.
- Total wealth = \$12,000.
- Zakat =  $\$12,000 \times 0.025 = \$300$ .

These examples show zakat covers all forms of wealth, not just gold.

## **Common Misconceptions About Zakat on Gold**

“Zakat is only on cash.”

Zakat applies to gold, silver, savings, property, and investments.

“Jewelry is exempt.”

Only small daily-use jewelry may be exempt. Excessive amounts are zakatable.

“Diamonds and pearls need zakat.”

Only gold and silver require zakat unless traded as business.

“Paying zakat decreases wealth.”

Prophet ﷺ said: “Charity does not decrease wealth.” (Muslim)

## **Practical Tools for Muslims Today**

- Zakat calculator online: Offered by Islamic charities.
- Jewelers: Can weigh gold excluding stones.
- Islamic finance apps: Track nisab, savings, and haul.

- Local imams and fatwa boards: Provide rulings for specific cases.

## FAQ



**Q.How do I calculate zakat on gold jewelry with stones?**

A: Weigh only the gold portion. Pay 2.5% of that value.

**Q. Do I pay zakat on my wedding ring?**

A: Yes, in Hanafi school. Other schools exempt daily-use items. Safer to pay.

**Q. Can I give zakat in gold instead of cash?**

A: Yes, actual gold may be given directly to the poor.

**4. Do men pay zakat on gold even though they cannot wear it?**

A: Yes. Zakat is based on ownership, not usage.

**Q. Is there zakat on property?**

A: Yes, if bought for resale or investment. Personal homes are exempt.

**Q. Who pays zakat in Islam?**

A: Every adult Muslim of sound mind with wealth above nisab for one lunar year.

**Q. Is there zakat on silver too?**

A: Yes, at 595g.

**Q. Can zakat be paid monthly?**

A: Yes, though annually is standard. Some Muslims pay monthly for convenience