

Q: 6 Is Zakah payable on:

- a) Premium of Insurance Policies (Personal). If payable, whether on the total premium amount paid. Should it be paid yearly or can be paid at maturity on total receipt inclusive of bonus etc.?
- b) Investments made in Bearer Instruments such as -prize Bond, NDFC, where no Zakah deductions are made. Is Zakah payable on the Face Value or on the accrued value? Can Zakah be paid on maturity?
- c) On investment in Securities such as NIT Units, Khas Deposit Certificates (Registered), in this case Thkat' is deducted on profits and on the Face Value each year, and net amounts paid to investor. Are we liable to pay any other amount as "Zakat"?
- d) Investment made in Public Limited Shares where Thkah' is deducted on Dividend paid. Thkah' is not deducted if dividends are unpaid.

Are we liable to pay "Zakah" each year if not paid by the company.

Also whether Thkah payable on Market Value of Shares = (Difference Value i.e. Market Value - Purchase Value)?

A:

- a) Most of the conventional insurance modes are impermissible according to the Shariah.

Anyone who has entered into such conventional insurance modes, should refrain therefrom. However, he is entitled to receive the amount of the actual premiums which he has paid into the company. So if he receives the premium back, he must pay Zakah on the amount which he has received. If he has received it after a number of years, Zakah will be payable for all the preceding years as well.

Any bonus, interest or insured amount paid to him by the company will be impermissible. He must refuse to accept such sums or distribute it to those entitled to receive Zakah.

- b) The 'prize bond' and other investment instruments of the NDFC are in direct conflict to the injunctions of Islam. Any returns accrued from such investments will resultantly be classified as impermissible. Zakah will be paid on the face value of the bonds and certificates issued by the NDFC (National Development Finance Corporation Pakistan).

If Zakah is paid at maturity, then Zakah will have to be discharged for the previous years as well.

Any profit, prize or interest received on these bonds or certificates would be Haraam, hence not liable to Zakah. Yet the entire amount of this profit, prize or interest should be given as Sadaqah to anyone entitled to receive Zakah.

c) The Zakah deducted on NIT Units (National Investment Trust-Pakistan) each year, need not be re-given, provided that Zakah, is deducted on both the face value and the profit.

As for the Khas Deposit Certificate, profits given on them are impermissible in Shariah. Zakah is therefore payable on the face value of such certificates. Profits accrued on them are of interest and should therefore not be accepted. Anyone receiving such sums should distribute them to those entitled to receive Zakah.

d) Yes, if Zakah has not been deducted by the company, you are under obligation to pay Zakah on the market value of the shares. You can deduct from the Zakatable Value a proportion equivalent to that of the fixed assets of the company (which are nonzakatable). If it is difficult to ascertain that proportion, then it would be advisable to pay Zakah on the total market value of the share.

Contemporary fatawaa