



ISLAMIC FAMILY  
& SOCIAL SERVICES  
ASSOCIATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

# IFSSA Zakat Policy

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After ten months of consultation with scholars, IFSSA compiled a document on the “*Obligations of Zakat Collectors*.<sup>1</sup>” Based on this document, as well as the growing chorus of research on guaranteed income supports, direct income transfers and the End Poverty (Edmonton) initiative IFSSA developed the following policy to guide the responsible future use of zakat funds.

The objective of this policy is to ensure the responsible management of zakat funds and guide the organization. This document does not cover who should pay zakat and how or when zakat should be paid, for information on this see Sheikh Joe Bradford’s “[Simple Zakat Guide](#).<sup>2</sup>” For IFSSA’s policy on zakat-ul-fitr and fidya please continue to the end of this document.

## Terminology

**Zakat** is an obligatory element of Islam, and requires that Muslims who have certain amounts or types of wealth under specific conditions give a portion of those possessions to specific categories of individuals. For the purpose of this document, zakat refers only to money given to IFSSA by zakat-eligible individuals who want IFSSA to redistribute this money to the poor and needy.

**Sadaqa** refers to charity given to IFSSA for distribution in a discretionary manner and may be used by the organization for feeding the homeless, covering operating costs, running programs and the like.

## How does IFSSA understand zakat?

The cornerstones of IFSSA’s zakat policy are allowing zakat recipients to have dignity and choice, asking for consent and addressing systemic issues.

IFSSA sees zakat as the wealth of the poor and endeavors to give recipients maximum autonomy while ensuring proper oversight & CRA<sup>3</sup> compliance. Zakat is a sacred trust not to be used for administration or people who fall outside the eight categories<sup>4</sup> mentioned

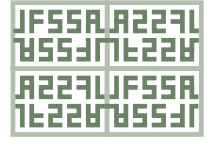
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<sup>1</sup> See: <http://bit.ly/IFSSA-Zakat>

<sup>2</sup> Available from: <https://www.amazon.ca/Simple-Zakat-Guide-Understand-Calculate/dp/0996519203>

<sup>3</sup> Canada Revenue Agency: <http://www.cra-arc.gc.ca/>

<sup>4</sup> Of the eight groups IFSSA focusses only on the poor (*al-fuqarâ*) and needy (*al-masâkîn*).



in the Quran. The priority of zakat is the community from which it comes, (Edmonton).

## What will IFSSA use zakat funds for?

IFSSA will ask zakat eligible recipients for authorization to direct their zakat toward short-term financial relief, food hampers or other services (not covered by IFSSA's other funding sources).

## How will IFSSA determine zakat eligibility?

During the client intake process<sup>5</sup>, IFSSA will ask questions to ascertain the financial situation and needs of the client - this would include, but not be limited to:

- The amount of wealth they have once all debts and landholdings (other than current place of residence) are considered. This will be substantiated by T4s and/or other documentation. (IFSSA will not ask about jewelry or similar holdings<sup>6</sup>).
- (Potential) Access to government support.
- Severity of need.
- Prior use of service, (existing clients will have less of a priority than new ones with comparable needs).

Based on this information, IFSSA can i) determine zakat eligibility and ii) prioritize clients based on need.

Being zakat eligible does not guarantee one will receive zakat – In the event of limited funds, higher needs cases will receive priority. The rationale for prioritizing clients is due to the limited amount of zakat available and desire to serve those in the greatest need.

## How will IFSSA obtain consent from the zakat recipients?

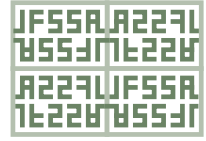
Following the intake and verification process, we will inform the client that some of IFSSA's services are funded through zakat.<sup>7</sup> In order to mitigate the stigma of being eligible for zakat, we will define what makes someone eligible for zakat while emphasizing that zakat is a God given *right*. We will then discuss the services IFSSA can provide and ask the client to authorize IFSSA to use zakat funds to provide them with these services (to be documented with a signed consent form). IFSSA would need to specify each service and the length of time the client is to receive this service.

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<sup>5</sup> Clients are re-evaluated on an annual basis.

<sup>6</sup> Assessing the value of jewelry would dramatically impede the ability to provide timely financial crisis intervention.

<sup>7</sup> A common theme that emerged from “*Obligations of Zakat Collectors*” was that it should be up to the discretion of the recipient how they choose to spend zakat funds.



For example, if a client is struggling with affordable housing and medical bills they may authorize IFSSA to use zakat funds to pay for the following:

- Rent for 6 months
- Food hampers for 6 months
- Medical bills
- 10 hours/week with an outreach worker who can help them find more affordable housing resources as well as more gainful employment; should these services not be covered by other funding<sup>8</sup>

IFSSA will issue payment directly to landlords and bill collectors. For services IFSSA offers internally (ie outreach workers) IFSSA tracks the value of the service (ie number of hours an outreach workers spend on each client) and will then charge this expense to zakat funds on a cost recovery basis.

## Why not give money directly to those who are zakat eligible?

IFSSA does not provide direct financial assistance for the following reasons: 1) it could jeopardize the organizations charitable status, 2) it could impact the recipient's ability to receive government benefits, 3) to mitigate fraud/abuse.

## How does IFSSA track zakat?

IFSSA tracks donations and records the intent of the giver. Donation slips and online giving forms clearly and prominently ask givers to specify if a donation is zakat. If a donation's direction is not given it will be directed to operating costs and other programs.

IFSSA will endeavor to dispense zakat within a year of the collection date.

## How does IFSSA decide how much zakat to give out?

IFSSA will determine the amount of zakat available at the end of Ramadan each year. It will use this sum to determine an annual budget for zakat disbursement. Based on the amount of available zakat, IFSSA's programs will be able to determine how much financial support they can offer to individuals.

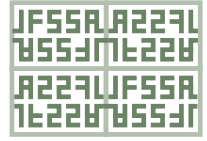
If a client exceeds the maximum zakat disbursement allotment, they will have to wait until the following year to reapply (unless there are exceptional circumstances). This is due to the limited amount of zakat funds and desire to reach more people.

## Can IFSSA help me direct zakat to an individual?

No. IFSSA cannot direct zakat to a specific pre-determined individual due to CRA compliance. You may however choose to direct zakat towards areas such as refugees, women leaving domestic violence, housing support etc.

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<sup>8</sup> Many of IFSSA's services are covered by government grants, however government often limits provision of services. I.e. Government only covers 4 hours of short-term counselling; when long-term support is needed.



## The descendants of the Prophet ﷺ and Zakat

IFSSA takes the opinion that the descendants of the Prophet ﷺ, are entitled to zakat because this group does not receive the special treatment normally accorded to them. If they are adamant about not accepting zakat, funds may be directed to their spouse or an eligible relative if applicable or they may be served through sadaqa.

## Non-Muslims & Zakat

Non-Muslims who approach IFSSA are offered identical services, but they are paid for through sadaqa (general charity) funds, not zakat.

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## Zakat-ul-Fitr

Zakat-ul-Fitr, a nominal sum equivalent to the value of one meal, that is paid by every capable Muslim in Ramadan. It bares the same conditions as zakat-ul-mal, with the additional restrictions that it must be dispersed in the month of Ramadan before the beginning of Eid. IFSSA uses zakat-ul-fitr to provide additional food to its regular hampers with an emphasis on in-demand and long-lasting items like meat, cooking oil, dates and staples.

## Zakat-ul-Fitr Collection

Because the primary collection vehicle for zakat-ul-fitr is via mosques; IFSSA asks local mosques to pledge anticipated zakat-ul-fitr collections to IFSSA in advance of Ramadan, and then spends based on the amount of anticipated collection during the month of Ramadan. If a mosque collects fewer funds than estimated, IFSSA will make up the difference with sadaqa or zakat-ul-mal. If a mosque collects more funds than estimated, IFSSA will work to ensure proper dispensation of the wealth to the poor as quickly as possible.

## Fidya

Fidya, which is payment made to expiate fasts, is treated the same manner as zakat-ul-fitr; it is directed towards topping up IFSSA's regular food hampers with additional goods during the month of Ramadan.