

# Sapience Zakat Policy

Dec. 2022

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# 1. Zakat

- 1.1. Zakat is the third pillar of Islam. It is a religious obligation on every individual Muslim, which involves a contribution of 2.5% of their savings to those eligible.
- 1.2. Any Muslim who satisfies the zakat threshold (also known as the nisab threshold), is obligated to contribute a portion of their wealth.
- 1.3. The nisab threshold is the minimum wealth a Muslim possesses to be eligible to contribute their zakat.
- 1.4. Gold and silver are the two values used to calculate the nisab threshold. The values include:
  - 1.4.1. 87.48 grams of gold.
  - 1.4.2. 612.36 grams of silver.
- 1.5. There are eight categories of people who are eligible to receive zakat contributions. These include:
  - 1.5.1. The poor, meaning low-income or indigent.
  - 1.5.2. The needy, meaning someone who is in difficulty.
  - 1.5.3. Zakat administrators.
  - 1.5.4. Those whose hearts are to be reconciled.
  - 1.5.5. Those in bondage (slaves and captives).
  - 1.5.6. The debt-ridden.
  - 1.5.7. Those in the cause of God.
  - 1.5.8. The wayfarer, meaning those who are stranded or traveling with few resources.<sup>1</sup>

# 2. Outreach and Zakat

- 2.1. The directors of Sapience Institute (USA) and Sapience Education (UK) [henceforth the 'Sapience Group'] are aware of valid Islamic scholarly opinions on the permissibility of allocating zakat funds to outreach (dawah). This opinion maintains that the "those in the cause of God" category is to be interpreted, in our contemporary context, as upholding and strengthening Islam through outreach.
- 2.2. Although the above scholarly opinion has classical and modern advocates adhering to various schools of thoughts, the trustees have decided not to use zakat funds on outreach.

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<sup>1</sup> "Zakat expenditures are only for the poor and for the needy and for those employed to collect [zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah . And Allah is Knowing and Wise." The Qur'an, Chapter 9, Verse 60

### 3. Lighthouse, addressing doubts and Zakat

- 3.1. The board of trustees adopted the valid Islamic scholarly opinion that zakat funds can be used for mentoring and addressing doubts. This is based on an interpretation of the “Those whose hearts are to be reconciled” category.
- 3.2. These funds can be used to ensure people who have embraced Islam, and for born Muslims, continue to remain Muslim and strengthen their faith. This position is adopted by many scholars from all the Islamic schools of jurisprudence.<sup>2</sup>

### 4. Zakat Administration

#### 4.1. Receiving donations

- 4.1.1. Donations to the Sapience group can be received via 3 ways:
  - 4.1.1.1. Single donations
  - 4.1.1.2. Regular donations
  - 4.1.1.3. Cheque or bank transfer
  - 4.1.1.4. Cash.
  - 4.1.1.5. Single donations: When a donor wants to donate with a one-off donation and they want to pay with their zakat funds, they will click the relevant box provided online.
  - 4.1.1.6. Regular donations: Sapience group does not accept zakat as a regular donation. This is clearly stipulated on the relevant webpage.
  - 4.1.1.7. Cheque and bank transfer: When a donor seeks to transfer money to Sapience group’s bank account or send a cheque, they have to clearly specify if the entire amount or a portion of it is zakat. This is clearly indicated on the relevant webpage.
  - 4.1.1.8. Cash: When a donor hands in cash to Sapience group, the donor will specify how much is for zakat.
- 4.1.2. A link on the relevant web pages is placed under the relevant section so the donor can access and read Sapience group’s Zakat Policy Statement.

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<sup>2</sup> See Shaykh Alawi Al-Saqqaf. Encyclopedia of Jurisprudence. The Book of Zakat. Chapter Eight: Zakat Expenses. Available online at:

## 4.2. Recording donations

- 4.2.1. Every month the administrator manager downloads the CSV file that lists the online donation details and whether they are zakat funds. Any funds that are zakat will be recorded in the operations team's zakat spreadsheet and spent on related work, projects and activities.
- 4.2.2. Once cheques are received and have a stipulation that part or all of the amount is zakat, the finance team will record the zakat amount on the zakat spreadsheet.
- 4.2.3. Once an email or call is received requesting Sapience group's bank details, the amount that is stipulated as zakat will be recorded on the zakat spreadsheet. An email is sent to the donor with a unique reference number. Once the payment is received this is matched to the reference number.
- 4.2.4. Cash donations are recorded in Sapience group's cash log book. Any monies stipulated as zakat will be recorded in the zakat spreadsheet. This will be followed by a confirmation email sent to the donor.

## 4.3. Zakat administration and spending

- 4.3.1. Administrative costs are not claimed on any zakat payment.
- 4.3.2. 100% of zakat is spent on mentoring and addressing doubts, projects and activities. These include, but are not limited to:
  - 4.3.2.1. Lighthouse mentoring service
  - 4.3.2.2. Doubts related work
- 4.3.3. Zakat donations collected are spent within the annual spend.
- 4.3.4. Gift aid can also be claimed on zakat payments, if the zakat donor is eligible and willing to complete a gift aid declaration (relevant to the UK and if Sapience Education becomes a registered charity).
- 4.3.5. This element will be treated as a general donation and allocated to any area of Sapience group's work.