



A Good Practice Guide to Disbursement of Huqooq Funds

Presented to
The Tenth Ordinary Conference
Dubai, 15-17 September 2006



THE
WORLD
FEDERATION

OF KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITIES

Registered charity in the UK No. 282303



Presented to the Executive Council Meeting of The World Federation of KSIMC, Brampton, 20 March 2004. Revised and adapted at the Executive Council Meeting of The World Federation of KSIMC, Leeds 25 September 2004.

1 INTRODUCTION

Islam has laid down guidelines on how best to achieve a just and equitable society in all aspects of life. The overall objective of Islam has always been to achieve a harmonious society capable of worshipping exclusively the One Creator in synchrony.

To accomplish this, one of the provisions for a just and equitable society is the balanced distribution of wealth and resources. Allah (SWT) has imposed certain obligatory taxes and other recommended alms in order to balance the distribution of wealth in the society. In the Holy Quran, the Almighty says:

لَا كَيْفُ السَّبِيلِ وَأَبْنِ الْمَسَاكِينَ وَالْيَتَامَى الْقُرْبَىٰ وَلِذِي الرَّسُولِ فَلِلَّهِ الْقُرْبَىٰ أَهْلٌ مِّن رَّسُولِهِ عَلَى اللَّهِ أَقَاءٌ مَّا شَدِيدُ اللَّهُ إِنَّ اللَّهَ وَاتَّقُوا فَانْتَهُوا نُهُءَ نَهَاكُمْ وَمَا فَخَذُوهُ الرَّسُولُ أَتَاكُمْ وَمَا مِنْكُمْ الْأَغْنِيَاءَ بَيْنَ ذَوْلَةِ بَيْتِ الْعَقَابِ

(59:7) Whatever Allah has restored to His Messenger from the people of the towns, it is for Allah and for the Messenger, and for the near of kin and the orphans and the needy and the wayfarer, so that it may not be a thing taken by turns among the rich of you, and whatever the Messenger gives you, accept it, and from whatever he forbids you, keep back, and be careful of (your duty to) Allah; surely Allah is severe in retributing (evil):

“Islam asserts unambiguously that poverty is neither caused by scarcity and paucity of natural resources nor is it due to lack of proper synchronisation between the mode of production and the relation of distribution, but as a result of waste, opulence, extravagance and non-payment of what rightfully belongs to the less able segment of the society.

Nothing makes a poor person starve except that with which a rich person avails a luxury. (Imam Ali (AS))'- General Characteristics of an Islamic Economic System by Dr Abbas Mirakhor.

It is indeed very important for a person taking charge or full responsibility for the collection and disbursement of all Huqooq to understand the rationale behind the imposition of such taxes. This will enable the person make a correct judgement in areas and fields where the funds are channelled.

In our community, the main funds that are collected are as follows:

- a) Khums
- b) Zakaat
- c) Kaffara/Fidya
- d) Nadhr
- e) Sadaqa
- f) Radd-e-Mazalim
- g) Waqf
- h) Qard-e-Hasana



2

KHUMS

إِن السَّبِيلِ وَالْبَنِّ وَالْمَسَاكِينِ وَالْيَتَامَى الْفُرْبَى وَلِذِي سُوْلٍ وَلِلرَّحْمَةِ لِلَّهِ فَإِنَّ شَيْءٌ مِّنْ غَنِيْمَتِكُمْ أَنَّمَا وَعَلَّمُوا
قَدِيرٌ شَيْءٌ كُلٌّ عَلَى وَاللَّهُ الْجَمْعَانِ التَّقَى يَوْمَ الْفُرْقَانِ يَوْمَ عَبَدْنَا عَلَى أَنْزَلْنَا وَمَا بِاللَّهِ أَمْنُكُمْ كُنْتُمْ

(8:41) And know that whatever thing you gain, a fifth of it is for Allah and for the Messenger and for the near of kin and the orphans and the needy and the wayfarer, if you believe in Allah and in that which We revealed to Our servant, on the day of distinction, the day on which the two parties met; and Allah has power over all things.

Khums is the obligatory one-fifth of savings tax that is incumbent on all Mumineen who have liquidity surplus to their annual needs. The One-Fifth amount is further divided into two – one to be distributed amongst needy Sadaat (members of the progeny of the Holy Prophet) and the other one – in the period of the occultation of our present Imam (AS) – to be handed over to the Imam's representative or his appointed agent.

As leaders of the community, we are concerned about where and how we can disburse these funds and I will restrict the focus of this presentation to discuss only that.

In Minhaj-us-Swaliheen, Ayatullah Seestani says: "The half that belongs to the Imam, may Peace be on him and his fathers, is referred to, in the period of his occultation, to his representative who is the authority of Jurisprudence, trustworthy and knowledgeable on how to expend these funds. These are either remitted to him or spent using his permission. The funds can be spent in places where the Imam (AS) would be pleased with, for example, alleviate the needs of Mumineen (both from the Sadaat and non-Sadaat).

It is highly recommended that these funds are spent with the clear intention that it is on behalf of the Imam (AS). It is incumbent to maintain priority of importance – the more important ones to be addressed first. In these times, the most important area in which Sehme Imam (AS) can be spent is to establish the correct practice of religion, propagate the divine message, spread the teachings of our religion and to provide and cover for the costs of the learned people who spend their time in learning. They have dedicated their lives to teaching the ignorant, guiding the misled, advising the Believers, counselling the aggrieved and many more such activities that contribute to the promotion of their faith and perfection of their own selves allowing them to gain proximity to the Almighty." Minhajus Swaliheen Page 411 Rule No. 1265



3 ZAKAAT

Zakaat is the 2.5% tax obligatory only on certain items like cattle, produce, minerals, gold, silver, etc. According to Ayatullah Seestani, it is an obligatory precaution to pay Zakaat on all stock purchased for purposes of making profit and that remains as stock for one year. There is also a cash payment of Zakaat that is normally paid during the Eid ul Fitr period – the Zakaatul Fitra. Moreover, Sadaqa is considered a form of Sunnat and Mustahab Zakaat and all places in which Zakaat can be used, Sadaqa money can also be used. It is important to note that Sadaat are generally excluded from receiving Zakaat and Sadaqat except if the funds have been paid by Sadaat in which case they also qualify should they fulfil the undermentioned conditions.

Allah (SWT) says in the Holy Quran:

اللَّهُ سَبِيلٌ وَفِي الْعَارِمِينَ الرَّقَابِ وَفِي قُلُوبِهِمْ وَالْمَوْلَقَةِ عَلَيْهَا وَالْعَامِلِينَ وَالْمَسَاكِينَ لِلْفُقَرَاءِ الصَّدَقَاتُ إِنَّمَا
حَكِيمٌ عَلِيمٌ وَاللَّهُ اللَّهُ مَنْ فَرِيضَةَ السَّبِيلِ وَأَبْنِ

(9:60) Alms are only for the poor and the needy, and the officials (appointed) over them, and those whose hearts are made to incline (to truth) and the (ransoming of) captives and those in debts and in the way of Allah and the wayfarer; an ordinance from Allah; and Allah is knowing, Wise.

The eight places in which Zakaat, Sadaqaat and General Charity funds can be used are classified as follows:

- 3.1 Fuqara – These are poor who may be able to afford their meal for the day, but are incapable of surviving through the whole year without any external assistance.
- 3.2 Masakeen – These are the destitute who cannot afford even the meal of the day for themselves or their families.
- 3.3 Those who are involved in the collection and disbursement – are entitled to utilise part of these funds that would cover their expenses and time.
- 3.4 To win peoples' hearts – Be they Mumineen of weak faith, or Muslims who may incline towards Shiasm by receiving certain monies or even Kuffar (Non-believers) whose hearts may become 'soft' towards Islam if they were to receive some money.
- 3.5 To free people from bondage
- 3.6 To relieve people from their debts
- 3.7 In the way of Allah – covering all aspects which fulfil the needs of Muslims like constructing roads, bridges, clinics, hospitals, hostels for the poor, religious schools, Mosques, book publications, etc.
- 3.8 Stranded traveller who needs help to get back home.



4 **KAFFARA/FIDYA**

This is a specialised and restricted fund that collects contributions from those paying a penalty for not being able to fast. The distribution is in a unique manner requiring packets of 3/4Kgs of grains to be distributed to the poor and needy. Moreover, each person is given only one serving per day. To monitor these stringent conditions of distribution, it is important to identify agents who conform to the requirements. The World Federation has identified a few and is always channelling these funds through them.

5 **RADD-E-MAZALIM**

As the name suggests, this is a fund that represents a compensation for the injustices that people may have done and forgotten about it. Alternatively it may include sums that belong to people who cannot be traced. This belongs solely to the Imam (AS) or his representative to be utilised in places that the Imam (AS) would be happy with.

6 **NADHR**

Funds collected under this may be for specific purpose or may be for general charity. In case it is for specific purpose, it makes it a restricted one to be used for the purpose outlined only. For general purpose, the overall policy of the institution will prevail in determining where the funds may be used.

7 **WAQF**

A lot of properties and cash endowments are made for specific usage. Buildings, furnitures that are donated as Waqf for certain usage only cannot be used elsewhere. The history of our institution is full of examples where properties have been endowed with specific stipulation to where the income generated from the property is to be used. Such stipulation cannot be altered or changed except with the explicit permission from the Imam (AS) or his representative. A classic example that comes to mind is that of the Moloo Trust of Mombasa where the income was endowed for Nyaz on Thursdays. The income far outnumbers the cost and a surplus has been accumulating. Can we put the money to other use? This can only be done with the permission of the Naib-e-Imam (AS).

8 **QARD-E-HASANA**

جَعُونَ لَكَ وَاللَّهِ وَيَبْسُطُ يَقْبِضُ وَاللَّهُ كَثِيرَةٌ أضعافاً لَهُ فَيضَاعِفُهُ حَسَنًا قَرْضًا اللَّهُ يُقْرِضُ الَّذِي دَا مَنْ

(2:245) Who is he that will loan to Allah a beautiful loan, which Allah will double unto his credit and multiply many times? It is



Allah that giveth (you) Want or plenty, and to Him shall be your return.

A vote that has totally been ignored by our community is that of the Qardul Hasana. This is in the form of loans requiring repayment only if and when the recipient is able. This particular type of charity has been encouraged and is preferred to outright charity or grant.

9 CONCLUSION

What has to be understood is that most of these funds are to be utilised in projects and places where the Imam (AS) would be pleased. However, at the level of practical experience in discharging our responsibilities and identifying the projects, we come across several issues that have to be tackled:

9.1 Prioritisation

The whole world is in need of charity. Wherever we turn to, there is always need to do something or the other. We as a community cannot fulfil the needs of the whole world and therefore have to determine the policies which will guide us in identifying the more important ones from the less important ones. Whilst this may be subjective, it is our judgement that would determine and, provided we exercise due diligence, our conscious should be clear that we have made the right decision.

9.2 Individual vis a vis Institution

Problems that are found in the society can be at individual level and at the collective level of institutions. When discharging our duty, do we restrict ourselves to helping institutions only? Or do we also cater for individuals?

9.3 Proactive vs Reactive

In discharging our duties, do we wait for applicants, whether an individual or an organisation to come to us, seeking assistance? Or do we proactively look for projects and people where we can correctly utilise the funds of which we are trustees?

I have tried to raise several issues in the conclusion which demands attention and consideration from all community leaders. This presentation is a first draft of a manual that will outline all funds and their utilisation. We hope we can rely on feedback from all participants here to enable us produce a comprehensive guide.

For all feedback, queries, etc., please write to secretariat@world-federation.org

SECRETARIAT
September 2004 / Sha'ban 1425