370380 - Is the Nisab for Paper Money Based on Silver or Gold?

the question

I am from Uzbekistan, and the Muslim Board of Uzbekistan has announced that the minimum threshold (Nisab) for Zakah is $2700. But the value of 85 gm of pure gold is $5100. Am I obliged to follow the Muslim Board of Uzbekistan regarding this matter? In other words, how should I work out my Zakah now? In what way should I work out my Zakah? Should I work out my Zakah based on the value of pure gold or based on the Fatwa of the Muslim Board of Uzbekistan?

Summary of answer

The correct view is that the minimum threshold (Nisab) for paper money is based on silver, not gold, because that is in the best interests of the poor. The minimum threshold for silver is 595 grams. So whoever has cash that is equivalent in value to that must give Zakah on it.

Detailed answer

Praise be to Allah.

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The earlier jurists decided on that with regard to trade goods , so they paid attention to what is in the best interests of the poor.

It says in Ar-Rawd Al-Murbi`, p. 211: “Trade goods are to be evaluated at the end of the Hijri year on the basis of what is in the best interests of the poor, to be evaluated against gold or silver. If their value reaches the minimum threshold (Nisab) according to one of the two and not the other,

that is what should be regarded as the minimum threshold.”

In statements issued by the Fiqh Council of the Muslim World League, and in a statement issued by the Council of Senior Scholars in Saudi – which is also the view favoured by the Permanent Committee, and by Shaykh Ibn Baz (may Allah have mercy on him) and others – it was stated that cash is to be evaluated on the basis of the lower of the minimum thresholds of gold and silver, as that is what is in the best interests of the poor.

It says in a statement issued by the Fiqh Council of the Muslim World League:

“Zakah must be paid on paper money if its value reaches the lower of the minimum thresholds of gold or silver, or if it reaches the minimum threshold when put together with other wealth [gold and silver] and trade goods." (Al-Qarar 6, p.101)

It says in Fatawa Al-Lajnah Ad-Da’imah (9/257): Question: I would like to know the amount of the minimum threshold for Zakah (Nisab) in dollars.

Answer:

“The amount of the minimum threshold for Zakah (Nisab) in dollars and other currencies is the equivalent value of twenty Mithqals of gold or one hundred and forty Mithqals of silver, at the time when Zakah becomes due on the dollars or other currency, and it should be whichever of the two minimum thresholds is in the best interests of the poor. That is because prices differ from time to time, and from one country to another.

And Allah is the source of strength. May Allah send blessings and peace upon our Prophet Muhammad and his family and companions.” (`Abdullah ibn Qa‘ud, `Abdullah ibn Ghadyan, `Abd Ar-Razzaq `Afifi, `Abd Al-`Aziz ibn `Abdullah ibn Baz) (See: Majmu` Fatawa Ibn Baz, 14/125)

Based on that, you should look at how much 595 grams of silver are worth, then if your cash is equal to that amount, Zakah must be paid on it at a rate of 2.5%.

And Allah knows best.