



Zakat Treatment of The Manzil Mortgage Fund

Unit holders who meet the conditions for the obligation of Zakat will be liable to **pay Zakat on the face value of their units in addition to any income they have in their possession from the Fund.**

Each unit represents an interest in a pool of residential property financed through Murabahah and Diminishing Musharakah structures.

As such, the ratio of Murabahah receivables is entirely Zakatable as it is a receivable from a trade asset.

The ratio of the Diminishing Musharakah equity is also entirely Zakatable as the property is primarily purchased to resell to the mortgagee. Hence, the equity represents a tradeable asset.

Net earnings from the Fund which one possesses on their Zakat anniversary will also be Zakatable.

Since the investors' monies are used to purchase and on-sell property to buyers, the units represent an interest in property bought to resell. Any item purchased with the intention to resell is a Zakatable asset.

Samurah bin Jundub (May Allah be pleased with him) said: "The messenger of God commanded us to give *Sadaqah* (Zakat) on what we intended for trade." (Sunan Abu Dawud)

The AAOIFI Sharia Standard confirms the Murabahah receivables as well as the Musharakah assets as Zakatable asset in the following words:

5/3/4/9 Murabahah debtors: It indicates the amounts owed by purchasers. Zakah in this case is payable on total price including profits.

Zakatable assets include: cash and the like, receivables (minus) doubtful debts, assets prepared for trading (such as goods, financial papers and real estate), and financing assets (Mudarabah, Musharakah, Salam, Istisna'a).

Allah knows best

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