

True Meaning of Niṣāb

1. Definition of Niṣāb Revisited

We have mentioned before that *an-niṣāb* refers to the “maximum limit of exemption.” *An-niṣāb*, in the Arabic lexicon, refers to “the place to which something returns or is set,” e.g. place of sunset, handle of a knife, or the like.

Technically, in the discourse of Islamic Law, *niṣāb* indicates “the amount of wealth that makes it mandatory on its possessor or owner to pay the *Zakāh*.” In other words, *niṣāb* is the maximum limit of exemption on which *Zakāh* is due, as evident from Islamic legal proof texts of the Qur’an and Ḥadīth.

2. Calculating the Niṣāb in Modern Times

Is the *niṣāb* a tangible quantity, say, 200 dirhams, 20 dinars, 40 sheep, or 5 bushels of wheat, dried dates, etc, or is it an economic standard applicable to the relative values of zakatable wealth in the community?

Scholars differ. Firstly, the majority of Muslim jurists held (and still holds) to the first point of view that the *niṣāb* is a tangible quantity of 200 dirhams, or 20 dinars, etc.

Secondly, a handful of scholars hold that the *niṣāb* is rather a just economic standard on various kinds of wealth. Dr. Mahmoud Abu Saud (d. 1993) wrote, “The maximum limit of

exemption (i.e. *niṣāb*) was indicated by the Prophet ﷺ according to the relative values of zakatable wealth in his community and at his era. The ratio between gold dinars and silver dirhams was one to ten (1:10), and accordingly he fixed the *niṣāb* on money in existence at that time. This same amount at the time bought then 40 sheep, five camels, five bushels of wheat or barley or dried dates, etc [as reported by al-Bukhārī].

“It was natural and logical that the Prophet ﷺ applied a just *Zakāh* standard on all kinds of economic wealth. This standard limit was not in essence a tangible quantum of, say, 200 dirhams, or 40 sheep, or five bushels of barley; but it was in reality a value representing what he called the ‘limit of sufficiency’ (*ḥudūd al-ghina*). . .

“*Niṣāb* in essence is meant to exempt that amount of zakatable wealth possessed by the Muslim, which is equivalent to the sufficiency limit. In modern language, one has to deduct an amount equivalent to the basic requirement of the individual and his dependents for one year. In the United States, for example, the social security administration determines every year the amount which should be paid to the poor to sustain them at a

reasonable human level, i.e. sufficiency level.”

We endorse Dr. Saud’s brilliant analysis, believing it to be a proper economic understanding of the wisdom behind the *niṣāb* of *Zakāh*. At least two statements of the Prophet ﷺ buttress Dr. Saud’s argument.

The first is a *ḥadīth* of Sahl b. Abī Hathamah (may Allah be pleased with him!) who narrated that “the Prophet ﷺ appointed me as a *Zakāh* collector. A man went to the Prophet ﷺ and said, ‘Ibn Abī Hathamah has over-estimated the assessment of the *Zakāh* due on my dates.’ The Prophet ﷺ summoned me and said, ‘*Your cousin alleges that you have over-estimated the assessment on his Zakāh.*’ I said, ‘O Prophet, I have left him enough provision for himself and his family and for giving to the poor, which should last him from this autumn to the next.’ The Prophet ﷺ said, ‘*Your cousin has given you enough and was just to you*’” (Reported by ad-Dāraquṭni).

In another *ḥadīth*, ‘Ali bn Abī Ṭālib (may Allah be pleased with him!) narrated that the Prophet ﷺ said, “*Allah has enjoined upon rich Muslims a due to be taken from their properties corresponding to the needs of the poor among them. The poor will never suffer from starvation or lack of clothes unless the rich neglect*

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their dues. If they do so, Allah will surely hold them accountable and punish them severely” (Reported by aṭ-Ṭabarāni).

3. *Zakāh* is Due on Money— Not Gold and Silver—in Today’s Economy

We mentioned earlier (see no. 3 of this *Zakāh* series) that both dirham and dinar constituted money in the time of the Prophet ﷺ. The dirham was a silver coin was of Persian mintage, whereas the dinar was minted in the Byzantine Empire. The Arabs used them in their economy and did not minted coins of their own.

But what money is made of is incidental to its primary function, which is a medium of exchange. A social invention, money was first introduced into the economy of trading societies in order to alleviate the difficulties encountered in the barter system. Money has not always been made of gold or silver. History records that the materials from which money has been made include cowry shells, beads, cattle, pelts, gold, silver and other precious metals, and paper, and so forth.

There are two main reasons why using the price of gold and silver on the stock exchange is wrong and untenable. The first reason is that when the Prophet ﷺ imposed the *Zakāh* of 5 dirhams (i.e. 2.5%) on 200 dirhams and

½ dinar (2.5%) on 20 dinars that a person owns and a year has passed, he did not do so based on their metallic nature—gold and silver—but on their economic function nature as money, that is, a medium of exchange regardless of what they were made. Indeed, the Qur’an says “**And those who hoard gold and silver and do not spend it in the Path of Allah give them tidings of a severe punishment. On that Day, it will be heated in the Fire of Hell and their foreheads, flanks, and backs will be branded by it, (and it will be said unto them): ‘This is the treasure which you hoarded for yourselves (and did not pay the *Zakāh* and charity). Now taste of what you used to hoard!’**” (Q.9:35), indicating not only the futility of hoarding beyond what is necessary but also misusing gold and silver, that is, treating it as a treasure instead of a medium of exchange.

The second reason is that since 1948, the international community has moved away from the gold standard, making money legal tender based on government decree or fiat money, which is no longer backed by solid gold bars stored at Fort Knox far less silver. Therefore, to base the *niṣāb* of money in modern times on the current prices of gold and silver traded as precious metals on global stock exchanges, when

money is no longer based on a bi-metallic standard of measurement or theory of value is untenable, illogical, and economically unsound judgment.

5. Poverty Level as Correct Measurement or Standard of *Niṣāb*

Absolute poverty is understood in economics as the level of poverty in terms of minimal requirements necessary to afford minimum standards of food. The poverty threshold is the minimum level of income deemed adequate for human subsistence in a particular country. Several approaches are used to calculate the poverty line, which invariably involves finding the total cost of all essential resources that a so-called average human adult consumes in one year. For example, the ‘basic needs’ approach attempts to define absolute minimum resources needed for long-term physical well-being, usually in terms of consumption of goods. The poverty line is then defined as the amount of income required to satisfy those needs, according to International Labor Organization in 1976. Thus, a traditional list of immediate ‘basic needs’ includes food, drink, shelter, and clothing. Modern versions of it include also education, health care, sanitation, and the like. (For

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more on determining the poverty level, see the article “Poverty Threshold” at Wikipedia - http://en.wikipedia.org/wiki/Poverty_threshold).

In USA, the poverty threshold for a single person under 65 in 2013 was an annual income of \$11,490.00 USD; the threshold for a family of four (4), including two (2) children was \$23,550, according to US Census Bureau data. Here is a chart of partial data, indicating the poverty level in US for 2014 with household sizes and incomes:

Poverty Level in US

2014 Federal Poverty Guidelines

Household Size	Income
1	\$11,670
2	\$15,730
3	\$19,790
4	\$23,850
5	\$27,910
6	\$31,970
7	\$36,030

To illustrate based on the above data, the head of a Muslim family of four individuals (father, mother, son, and daughter) in 2014 (at the time that this article was prepared) wishes to pay *Zakāh*. He examines his sources of economic wealth, finding the only thing he possesses, which is zakatable, is money held in different accounts (savings, CDs, checking, etc) at the bank. He determines that the portion of his economic wealth, on

which a year has passed (2013-14), amounts to \$72,000 USD. He understands the *niṣāb* for his family size is \$23,850, so the *Zakāh* he pays on it is 2.5%, that is, 2.5% x \$72,000, which totals \$1,800. He wonders if to give the entire amount of his *Zakāh* to the masjid or distribute it himself among the various beneficiaries of *Zakāh* mentioned in the Qur’an (which is the next and final topic in this series).