

## **Zakat Fund Policy**

Approved by: Board of Trustees, Aishah Help

Date Approved: 31st March 2025

Review Date: 31st March 2026

### **1. Introduction**

Aishah Help is committed to distributing Zakat funds in strict accordance with Shariah principles, ensuring the highest standards of honesty, transparency, and ethical conduct. This policy outlines our approach to managing Zakat responsibly and reflects our core values of supporting disadvantaged communities to achieve personal, social, and economic well-being.

Zakat is a sacred trust (Amana) and one of the five pillars of Islam. As such, we treat its administration with the utmost care, ensuring compliance with Islamic law and relevant regulatory requirements.

### **2. Definitions**

AH: Aishah Help

Zakat: A religious obligation requiring Muslims who meet certain criteria to donate a portion of their wealth annually to the eight eligible categories outlined in Surah At-Tawbah (9:60).

Nisab: The minimum amount of wealth a Muslim must possess before being liable to pay Zakat.

Wakalah: An agency agreement in which an individual or organisation acts on behalf of another, ensuring the proper and lawful distribution of funds.

“Alms are for the poor, the needy, those who administer it, those whose hearts are to be reconciled, to free slaves, those in debt, in the cause of Allah, and for the wayfarer. This is an obligation from Allah. Allah is All-Knowing, All-Wise.” Qur’an, Surah At-Tawbah (9:60)

### **3. Policy Statement**

Aishah Help will:

- Distribute Zakat funds exclusively to the eight categories stated in the Qur’an, prioritising the poor and needy.
- Ensure all Zakat activities comply with Islamic jurisprudence, particularly under the Hanafi school, unless otherwise stated.
- Operate under the Wakalah model, where Aishah Help acts as an agent on behalf of eligible beneficiaries to disburse Zakat in line with their needs.
- Uphold UK regulatory standards, including Charity Commission guidance, SORP (Statement of Recommended Practice), and Trust Law.
- Maintain transparency and accountability, with clear record-keeping and annual reporting to stakeholders.

### **4. Policy Goals and Objectives**

- Compliance with Shariah: All Zakat processes and decisions must align with established Islamic rulings.
- Efficient Distribution: Zakat will be disbursed promptly to eligible recipients with minimal delay.
- Transparency: Donors and stakeholders will be kept informed about how Zakat is used through regular reports.
- Community Awareness: Aishah Help will promote awareness of Zakat eligibility and proper utilisation within the community.

### **5. Collection of Zakat**

Aishah Help does not collect Zakat directly. All Zakat funds handled by the organisation are received from authorised entities that ensure the lawful collection of Zakat. Aishah Help acts as a distribution partner, implementing pre-approved programmes in accordance with Shariah guidelines.

## 6. Eligibility Criteria and Verification

To ensure the rightful recipients benefit from Zakat:

- Recipients must be Muslim and fall within one or more of the eight eligible categories.
- Priority is given to those who are poor, needy, in debt, or facing severe hardship.
- Applicants must possess less than the Nisab threshold in Zakatable assets.

Verification includes a review of:

- Identity documents
- Financial status (income, expenses, debts, assets)
- Household composition and needs
- Any supporting documentation (e.g., rent arrears, health reports)

All assessments are conducted confidentially and respectfully, with attention to the dignity of the individual.

## 7. Disbursement Methods

Zakat funds may be disbursed through:

- Direct cash assistance or bank transfers to the recipient.
- Hardship vouchers, prepaid cards, or digital support for essential goods.
- Payments to third parties (e.g., landlords, utility providers, training centres) with the recipient's authorisation.
- In-kind aid, such as food parcels or hygiene kits.
- In all cases where a third party receives Zakat on behalf of the recipient, a Wakalah agreement is in place to ensure Shariah compliance.

## 8. Ownership and the Wakalah Model

Aishah Help applies the Wakalah model, whereby:

- The recipient authorises Aishah Help to act as their agent to receive and use Zakat on their behalf.
- Funds are considered owned by the recipient upon distribution—either directly or indirectly via authorised expenditure.
- This model ensures valid transfer of ownership, even when aid is in-kind or paid to third parties.

## 9. Use of Zakat Funds

Zakat may be used to support:

- Provision of food, water, clothing, or basic shelter.
- Support for rental payments or to prevent eviction.
- Medical aid or access to healthcare.
- Vocational training and education that enables self-reliance.
- Assistance for those in debt or stranded travellers.
- Emergency relief in response to disasters or conflicts.
- Programmes that help individuals exit modern forms of slavery or extreme vulnerability.

## 10. Administrative Costs

Aishah Help ensures that:

- Zakat funds are not used for core operational or fundraising costs.
- Any administrative cost directly linked to the delivery of Zakat (e.g., printing vouchers, outreach costs) must:
- Be in accordance with Shariah rulings.
- Not exceed permitted thresholds (typically 12.5%) only if explicitly allowed and necessary.
- Be preferably covered through non-Zakat sources (e.g., Sadaqah, unrestricted funds).

### **11. Records, Data Protection, and Transparency**

Detailed records of all Zakat disbursements are securely maintained.

Beneficiary data is stored and processed in accordance with UK GDPR and Aishah Help's Data Protection Policy.

Reports on Zakat distribution are shared with funders and included in Aishah Help's annual impact reports.

Internal financial systems ensure that Zakat funds are ringfenced and separately accounted.

### **12. Governance and Oversight**

The Board of Trustees is responsible for approving and overseeing this policy.

Shariah advisors may be consulted to review compliance and provide guidance.

Periodic internal and external audits will assess adherence to this policy.

Ongoing training will be provided to staff involved in Zakat activities.

### **13. Appeals and Complaints**

Applicants may request a review of decisions made regarding their eligibility or the type of support received.

Complaints are managed according to Aishah Help's Complaints and Safeguarding Policy.

Reviews are conducted by a senior staff member not involved in the original decision.

### **14. Review and Amendments**

This policy will be reviewed annually or earlier if required due to:

Changes in Shariah guidance

Updates in UK regulatory frameworks

Evolving organisational practices

Any amendments must be approved by the Board of Trustees and, where necessary, Shariah advisors.

### **15. Final Statement**

Aishah Help recognises Zakat as a divine trust. We are honoured to serve as a channel for fulfilling this pillar of Islam, ensuring the utmost care in delivering support to those in need. All our Zakat operations are conducted with transparency, dignity, and Shariah integrity, while complying with UK charity law and Islamic values.

## **Annex 1: Zakat Distribution Flowchart (Wakalah Model)**

### **Process Description**

#### **Zakat Funds Received from Authorised Institution**

Funds are received from pre-approved, Shariah-compliant sources that have lawfully collected Zakat.

#### **Pre-Approved Zakat Programmes**

Funds are allocated to designated Zakat distribution programmes such as hardship vouchers, in-kind aid, or direct assistance.

#### **Applicant Applies / Identified by Welfare Officer**

A beneficiary either applies directly for Zakat assistance or is identified through outreach and referrals.

#### **Eligibility Assessment (Shariah & Financial Check)**

The applicant undergoes verification:

- Must be Muslim
- Must be eligible under one of the 8 Qur'anic categories
- Financial and household situation is reviewed
- Identity and supporting documents are checked

#### **Wakalah Agreement**

If eligible, the recipient authorises Aishah Help to act as their *wakil* (agent) for receiving and spending Zakat on their behalf.

#### **Zakat Disbursed**

Support is provided via:

- Direct Cash Transfers
- Digital Vouchers or Prepaid Cards
- In-kind Aid (e.g. food, hygiene kits)
- Third-party payments (e.g. rent, utilities)

#### **Record-Keeping + Secure Storage**

All data is securely recorded in line with GDPR and internal data protection protocols.

**Report to Trustees + Funders:** Summary reports are prepared for internal governance and external accountability, and included in annual reviews or audits.

**Annex 2: Glossary of Arabic & Zakat Terms**

Term	Meaning
Zakat	A mandatory form of charity for Muslims, one of the five pillars of Islam.
Nisab	The minimum amount of wealth a Muslim must possess before Zakat is obligatory.
Faqir	A person who has some wealth but not enough to meet basic needs.
Miskin	A person in extreme poverty with little to no possessions or income.
Wakalah	A Shariah-compliant agency agreement allowing someone to act on another's behalf.
Amana	A trust; Zakat is considered a sacred trust entrusted by Allah.
Sadaqah	Voluntary charity that is not obligatory like Zakat.
Mu'allafah al-qulub	"Those whose hearts are to be reconciled" —one of the Zakat categories.
Ibn al-sabil	A stranded traveller or displaced person eligible for Zakat.

**Annex 3: Zakat Fund Report Template**

The following is a suggested reporting template for documenting Zakat distribution activities for any given quarter or year:

Zakat Distribution Report – [Quarter/Year]

Total Zakat Received: £[Amount]

Source(s) of Zakat: [Partner or Institution]

Date Range: [Start Date – End Date]

Total Beneficiaries: [Number of individuals/families]

Breakdown by Category:

- Poor & Needy: X%
- Debt Relief: X%
- Wayfarer: X%

Disbursement Methods:

- Cash: £X
- Vouchers: £X
- In-kind Aid: £X

Project Areas:

- Housing: £X
- Food Security: £X
- Healthcare: £X

Administrative Costs: £0 (or explain if applicable)

Impact Summary:

[Short narrative of how Zakat helped improve lives]

Testimonials/Case Studies:

[Include anonymised case studies if applicable]

Notes/Challenges:

[Any issues encountered and resolutions proposed]

Prepared by: [Staff Name & Title]

Approved by: [Trustee or Shariah Advisor if required]

Date of Submission: [Insert Date]