

Zakat on THEMAR Pmplatform

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First: Definitions and Terms

Zakat A Shariah financial obligation, paid annually at 2.5% on wealth if it reaches the Nisab and a Hawl has passed.

Nisab The minimum wealth threshold obligating Zakat, equivalent to 85 grams of gold or 595 grams of silver.

Hawl A full lunar year of owning the Nisab without interruption.

Installment Total amounts due to the investor, including Principal and profits.

Deferred Return Amounts not yet received from financing but due to the investor, including Principal and profits.

Solvent and Willing-to-Pay A person financially capable of repayment and not known for delays; Zakat is obligatory on the investor's funds if owed by such a person.

Payment in progress Debt expected to be collected, typically from a non-defaulting person.

Default/Delinquent Debt deemed uncollectible due to permanent default or debtor bankruptcy.

Murabaha An Islamic financing contract where the financier buys a commodity and sells it to the borrower at cost plus an agreed profit.

Murabaha-Based Financing A Shariah-compliant structure where the financing entity buys a commodity and sells it to the borrower at cost plus an agreed profit.

Zakatable Base Total wealth subject to Zakat, including all Zakatable funds such as Principal and due profits.

Default A temporary or permanent inability of the borrower to meet financial obligations.

Investment wallet The collection of investments owned by the investor on the platform, across one or multiple projects.

Reinvested Return Profits realized and reinvested into a new project.



Second: General Rulings for Zakat in Investment through THEMAR

1. Is Zakat obligatory on the funds invested through the THEMAR platform?

Yes, if the total investment amount, combined with the investor's other funds, reaches the Nisab (the minimum threshold for Zakat), then Zakat must be paid on all Zakatable funds. This includes both funds invested and not invested through THEMAR platform, calculated upon the completion of the investor's personal Hawl (lunar year). Zakat encompasses:

- The Principal,
 - Received installments (Principal + profits),
 - Deferred installments (not yet received), provided the financing recipient is committed to repayment and not in default.
- This ruling aligns with Shariah Standard No. (35) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

2. What is the nature of investment in the THEMAR platform regarding Zakat?

The financing in the THEMAR platform is structured as Murabaha, where the investor sells a commodity to the borrower for a deferred profit. Consequently:

- Installments (Principal + profits) received by the investor and retained until the Hawl are subject to Zakat.
- Deferred installments (not yet received) are considered a debt owed by the borrower to the investor. These must be included in Zakat if the debtor is solvent (Mali') and non-defaulting (Badhil), i.e., committed to repayment without delay.

3. How do I calculate my Zakat as an investor in THEMAR?

At the time of your Zakat due date, include the following in your Zakatable base:

- Remaining Principal in your investment wallet.
- Remaining received installments from investment projects.
- All unreceived installments (provided the borrower is committed to repayment). Then, calculate Zakat at 2.5% of the total (or divide the total by 40 for simplicity).

Example

- Total Principal paid + profits = **6,000 SAR** over 6 months.
- At Zakat time (e.g., **1 Ramadan**), you've received **4,000 SAR**, with **2,000 SAR** deferred.
- Zakat is calculated on: **(remaining of 4,000 + 2,000 deferred) × 2.5%**.



4. What if I haven't received any profit yet?

You must include the entire Principal plus deferred profit in your Zakat calculation if the borrower is capable of repayment and not in default/delinquent, even if no payments have been received yet.

5. Do I pay Zakat on overdue amounts not paid by the Borrower?

If the borrower is unable to pay or is in default/delinquent, Zakat is not obligatory on the entire unreceived amount (Principal + profits). However, you have two options:

- Pay Zakat annually as a precaution.
- Wait until the amount is collected, then pay 2.5% for each past year.

6. How do I know if the borrower is in default/delinquent?

THEMAR notifies investors via its electronic platform if any ongoing opportunities are in default/delinquent.

7. What happens if the borrower cannot repay the full amount?

As long as the borrower remains committed to repayment, Zakat remains obligatory. However, if they become completely unable to repay and the debt is deemed bad debt, Zakat is not due on the defaulted portion.

8. What amounts are exempt from Zakat?

Only defaulted/delinquent debts proven to be uncollectible from the borrower are exempt from Zakat.

9. Does THEMAR help investors calculate their Zakat?

Yes, upon request, THEMAR provides support in calculating Zakat based on guidelines approved by its Shariah Committee.



Additional Questions

10. What does the Zakatable base for investors in THEMAR include?

The Zakatable base includes, at the time of the investor's personal Hawl:

- Remaining total Principal (invested and not invested in ongoing projects).
- Due profits (received or unreceived), provided these amounts are payable and not in default/delinquent.

11. In case of partial repayment, how is Zakat calculated?

For partial repayment, Zakat is calculated on:

- Remaining received Principal and profit at the time of Hawl.
- Due but unreceived Principal and profits.

12. Does THEMAR pay Zakat on behalf of the investor?

No, THEMAR does not pay Zakat for investors, as Zakat is an individual obligation tied to the investor's personal Hawl and contingent on reaching the Nisab. However, the platform provides data to assist in calculating Zakat on funds invested in THEMAR.

13. When does the Hawl calculation start for each investor?

The Hawl begins from the date the investor owns the Nisab amount, provided the minimum Nisab is maintained for a full lunar year. The Hawl for invested funds aligns with the investor's original Hawl, and investing does not initiate a new Hawl.

14. Is there a minimum amount for Zakat to be obligatory, and what is the Nisab for Zakat?

Yes, Zakat is obligatory only if the wealth reaches the Shariah Nisab. The Nisab is:

- 85 grams of gold (or its cash equivalent).
- Alternatively, some scholars advocate 595 grams of silver (or its cash equivalent), as it benefits the poor more. Investors should consult a trusted scholar to determine the applicable Nisab.

Example

- If gold is 250 SAR/gram at Hawl time: $\text{Nisab} = 85 \times 250 = 21,250 \text{ SAR (approx.)}$.
- For silver, multiply the silver price per gram by 595.



15. On whom is Zakat obligatory?

Zakat is obligatory on every Muslim investor—individual or entity—who owns the Nisab and completes a Hawl, provided Zakat conditions are met.

16. Is Zakat obligatory on the investor wallet even if the funds are not withdrawn?

Yes, if the Hawl has passed on the invested funds and they reach the Nisab, Zakat is due, whether withdrawn or not, since the funds remain owned by the investor and are accessible.

17. What is the type of financing provided by THEMAR, and how is it subject to Zakat?

THEMAR offers Murabaha-based financing, where it purchases a commodity on behalf of investors via Mudarabah and sells it to the borrower in deferred installments. Thus, the invested Principal and profits are a debt owed by the borrower, subject to Zakat under the conditions outlined earlier.

18. Is Zakat obligatory on reinvested profits?

Yes, reinvested profits are added to the Zakatable base and subject to Zakat at the investor's Hawl, per the stated conditions.

19. Is Zakat on returns calculated annually at the Hawl or at the end of the financing?

Zakat is calculated annually based on the investor's Zakat Hawl, not deferred to the financing's end, as long as the funds are being repaid and not in default/delinquent.

20. Does the platform provide classification for projects to determine Zakat on them?

Zakat is generally obligatory on all investments. THEMAR does not provide direct Shariah classification for projects regarding Zakat but offers detailed project data at the time of project offering to aid investors in decision-making and accurate Zakat calculations.

21. Is it permissible to defer Zakat in case of project default/delinquent?

If a project defaults permanently, Zakat on that portion can be deferred until recovery.



22. Is paying Zakat a Shariah obligation or optional in investments?

Paying Zakat is a Shariah obligation for Muslims if the conditions are met, regardless of the investment type or method.

23. Does the ruling differ if the projects are directed to the commercial or governmental sector?

No, the ruling remains consistent, as Zakat pertains to the investor's liability, not the nature of the financed entity, provided Zakat conditions are met.

23. In case of early repayment, is Zakat obligatory?

Yes, Zakat is obligatory as detailed previously. For example, if the investor's Hawl is in Ramadan and all Principal and profits are received in Sha'ban, all remaining received installments (Principal + profits) must be included in Zakat.



Glossary of Terms

Term	Simplified Definition
Zakat	A Shariah financial obligation, paid annually at 2.5% on wealth if it reaches the Nisab and a Hawl has passed.
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Murabaha	An Islamic financing contract where the financier buys a commodity and sells it to the borrower at cost plus profit.
Murabaha Based Financing	A Shariah-compliant structure where the financing entity buys a commodity and sells it to the borrower at cost plus an agreed profit.
Zakatable Base	Total wealth subject to Zakat, including all Zakatable funds such as Principal and due profits.
Default	A temporary or permanent inability of the borrower to meet financial obligations.
Investment wallet	The collection of investments owned by the investor on the platform.
Reinvested Return	Profits realized and reinvested into a new project.

Sharia Committee



Financing is Sharia-compliant, as the **THEMAR** platform is committed to ensuring that all its operations comply with Sharia principles in cooperation with the **Sharia Review Bureau**.

The business model is based on the **Mudaraba** formula with investors and the **Murabaha** formula with businesses. The platform purchases products and resells them at a deferred price with a known profit, in accordance with Sharia guidelines.

All transactions are audited by the Sharia Committee to ensure transparency and compliance with Islamic principles. All questions and answers related to Zakat were completed in cooperation with the Sharia Review Bureau.

Still have questions?

Contact us directly at customer@THEMAR.sa and we will be happy to serve you.