

ZAKAH ON THE EMPLOYEES PROVIDENT FUND

Q: 6- In Malaysia, 20% of monthly salary is paid to the Employees Provident Fund which keeps and manages the funds for us until retirement age. We are not allowed to take the money before retirement except in the case of death of the employee where it is paid to the heirs. How do we treat this asset in the payment of zakat?" (Ibid)

A: If 20% of the salary is deducted at source without giving this amount to the employee, zakah is not payable on the amount kept in the Employees' Provident Fund until the same is received by the employee. When an employee receives it on his retirement, the amount so received shall form part of his zakatable assets of that year only, and such part of it as is not spent before the valuation date shall be subject to zakah, and zakah will be payable on the aggregate balance of his assets (including the balance of the amount received from the Fund) on the valuation date.'

Contemporary fatawaa