

KHUMS

Khums literally means "one-fifth or 20%". In Islamic legal terminology, it means "one-fifth of certain items which a person acquires as wealth, and which must be paid as an Islamic tax".

The items which are eligible for *khums* are seven:

1. the profit or the surplus of the income.
2. the legitimate wealth which is mixed with some illegitimate wealth.
3. mines and minerals.
4. the precious stones obtained from sea by diving.
5. treasures.
6. the land which a *dhimmi kâfir* buys from a Muslim.
7. the spoils of war.

Khums is *wajib* on seven items; but we will discuss only two items:

1. The profit or surplus of the income after deducting the annual expenses.
2. Legitimate wealth which is mixed with some illegitimate wealth.

The reason for being selective in this discussion is that the other items eligible for *khums* (for example, mines and minerals, precious stones and treasure) are not common to all people and, therefore, it is decided not to burden the Madressa teachers and students with details about those items.

KHUMS ON THE SURPLUS OR PROFIT OF THE INCOME

A. WHEN TO PAY KHUMS

Khums becomes *wajib* at the beginning of the new financial year on the profit or surplus of the past year's income.

BEGINNING:

The "beginning" of a new year means the time when the profit or surplus of the income becomes clear. So whenever there is profit or surplus of the

income, and it is not used up on the household or commercial expenses of that year-- then pay one-fifth of it as *khums*.

YEAR:

The consideration of the "year" in *khums* is because in most cases the surplus of the income becomes clear at the end of the year. Otherwise, the *khums* is actually associated with the profit or the surplus of the income as soon as it is known, and the owner may pay the *khums* before the end of the year.

HIJRAH OR CHRISTIAN CALENDAR:

One is allowed to fix any day of the year (or for that matter, the beginning of a fiscal year according to the Christian calendar) as the "beginning" of his year. Then he may every year count the surplus of his income on that day and pay *khums*. It is always easier to count from the day one starts earning.

B. DEFINITIONS OF INCOME, PROFIT & SURPLUS

Khums is *wajib* on the profit or surplus of one's income after deducting the annual expenditure. To make the meaning of this sentence more clear, let me explain the definition of "income," "surplus" and "expenditure".

INCOME:

Income means whatever you earn from business, wage or salary, dividend income, or by other means of possession recognized by the *shari`ah*.

Is *khums* also *wajib* on *gift, prize, legacy, charity, zakat and khums?*

According to Ayatullah Sayyid Al-Sistani Dama-Dhilluhu, it is precautionary *wajib* to pay *khums* from such items also.

However, *khums* is not liable on dowry (*Mahr*) or inheritance except when one inherits from the least expected person; for example, a very remote relative from whom one does not expect to inherit.

SURPLUS OR PROFIT:

In case of a wage earning person, the "surplus" of the income means whatever remains after deducting the annual expenditure of oneself and one's dependents.

The "dependents of a person" mean those persons whose maintenance is your responsibility. It does not make any difference whether the maintenance of these persons is obligatory on you (like wife, children and parents) or not obligatory (like a relative, a friend or an orphan).

In case of a business person, the "profit" means whatever remains after deducting the annual business expenses which includes the person's salary.

THE HOUSEHOLD EXPENSES

(a) The Eligible Deductions:

i. The items:

The deductible household expenses include food, drink, accommodation, transportation, furniture, marriage expenses, medical expenses, payment of *sadaqah*, *hajj*, *ziyarat*, gifts, donations and charity, paying debts, legal penalties, wages of servants, insurance premiums, the amount deducted from your salary for mandatory provident fund or for mandatory pension plan, income tax, etc.

In case of "paying debts", only the debts for the essential needs can be deducted from the income, not the payment of loan or debt which is for expanding the business, etc. In the latter case, first one has to pay *khums* from the surplus of the income and then pay such debts from the remaining 80%.

ii. Is there a limit in household expenses?

All these household expenses differ from person to person. The manner and amount of the expenditure should be considered according to the needs and status of the person himself.

For example, if a person's annual income is \$ 20,000 and his needs and status require him to spend \$ 10,000 on his annual household expenses, but he exceed his limit and spends \$ 15,000 -- then he must pay the *khums* on everything over \$ 10,000.

However, if he lives meagerly and only spends \$ 7,000, then he must pay *khums* on everything over \$ 7,000. If his total income and his needs are equal, then there is no *khums* on him.

(b) Rules On Household Expenses:

Two sources of income:

One is permitted to deduct the household expenses from the income even if he has some other wealth which is not liable for *khums*.

For example, Ahmad's annual expenditure is \$ 10,000. He inherits \$ 10,000 from his father, and he also earns \$ 20,000 during that year. He has the option of either using the \$ 10,000 inherited money for his expenditure and pay the *khums* from the entire \$ 20,000 which he earned that year; or deducting the \$ 10,000 for his annual expenditure from his income, and pay *khums* from the remaining \$ 10,000 which is the surplus of the income. The \$ 10,000 dollars which Ahmad inherited is not liable for *khums*.

New unused household items:

All new items that have not been used (even once) by the end of your *khums* year must be counted as your savings.

For example, Ahmad has fixed the 30th of June as the end of his "year". On that day he realizes that he still has, for example, 10 lbs. sugar, 5 lbs. salt, 20 lbs. rice which has not been used in the "previous year". In such a case, he cannot deduct the price of these remaining food stuff from the profit or the income of that year. He can only deduct the price of the food which had been consumed in the year which ended on 30th June. Therefore, these food items must be included in calculating his annual savings.

A minor's income:

Khums is *wajib* on a non-*baligh* child (boys become *baligh* at completion of fifteen lunar years and girls at completion of nine lunar years) So if a non-*baligh* person gets any wealth which is more than his or her annual expenses, or owns some capital, and profit accrues on it, *Khums* becomes liable and it is obligatory upon his/her guardian to pay the *Khums*. If he does not, the minor child will have to pay it when he/she attains puberty.

2. THE COMMERCIAL EXPENSES

The Deductible Expenses:

This covers every expenditure in the way of business: wages or salaries of the employees, rent, insurance premiums, taxes demanded by government, purchasing machines and the expenditure of their maintenance, etc..

The Non-Deductible Expenses

The following expenses are not allowed to be deducted when calculating *Khums* payment:

- ❖ *Israaf* (extravagance) in spending during the year.

Islam allows a person to lead a comfortable life according to his needs and status but does not allow him to indulge in wasteful, excessive, lavish or reckless spending.

- ❖ *Haraam* (forbidden) expenditure during the year. Expenses made in respect of *haraam* purchases or activities.

Haraam expenses include spending on those things which have been prohibited and are sinful in Islam such as money spent on *haraam* movies or musical tapes, lottery tickets, *haraam* food or drinks.

I NEVER PAID KHUMS BEFORE

A person who has never paid *khums* in his life and then, by the Grace of Allah, decides to pay *khums*, for such a person there are the following possibilities:

1. It is *wajib* on him to pay the *khums* from every item which he has bought, built or planted and which is also in excess to his needs. For example, an apartment bought for renting purpose or a taxi for transportation business.
2. If such items are among his needs (for example, his own house or his own car) then:
 - ❖ If he has come to own these items from the profit or the surplus of the income of that same year, then there is no *khums* on them. For example, in 1995, he earned \$25,000 and in the same year he bought a car for \$7,000 from that income, then there is no *khums* on his car.
 - ❖ If he has come to own these items from the accumulated surplus of previous years, then it is *wajib* to pay *khums* from those items also. For example, from 1990 to 1995, a person annually earned \$20,000. Then at the end of 1995, he buys a house of \$80,000. It is obvious that this house was not bought from the income of a single year. In this case, he has to pay *khums* on \$60,000 which was definitely from the savings of the previous years.
3. If a person's income was not stable, in some years he had profited and in some years he had been in loss, and he cannot determine, then such a person should explain his circumstances to his *Marja'* and come to a compromise with him about the amount of *khums*. This can be done by personal contact with his *Marja'* or by correspondence with him or his authorized representative.

THE LEGITIMATE WEALTH MIXED WITH ILLEGITIMATE WEALTH.

DEFINITIONS

It is *wajib* to pay *khums* from a wealth which is mixed with some illegitimate wealth.

By "illegitimate" we mean anything that has been acquired by the means not permitted in the *shari'ah*, for example, usury, gambling or liquor business.

By "mixed" we mean that the owner is unable to distinguish the amount or the items which have come to his possession by lawful and legitimate means from those which he has acquired by unlawful means.

POSSIBILITIES

In such a situation, there are the following possibilities:-

- a person who cannot distinguish the amount, the item and the owner of the wealth acquired by unlawful means from the legitimate wealth. In such a case, the only way to make his existing properties lawful is to pay *khums* from the entire wealth.
- a person who knows the amount or the item possessed by unlawful means but does not know the owner or owners -- then he must give that amount or item to the needy as charity (*sadaqah*) on behalf of the unknown owner. However, before giving that amount or item as *sadaqah*, it is precautionary *wajib* to ask the permission of the *mujtahid*.
- If the person knows the rightful owner but does not know the amount of the unlawfully acquired wealth, then he must come to a compromise with the owner.
- If the person knows the amount and also the owner, then it is *wajib* for him to return the unlawfully obtained property to its rightful owner.

THE DISTRIBUTION OF KHUMS

We divide the *khums* into two equal shares:

1. the share of the Present Imam (a.s.)
2. the share of the *sadat* (the *sayyids*)

The first part is *sihmu 'l-Imam* (a.s.). During the present time when the Imam (a.s.) is in occultation, it should be given to a *Mujtahid* (your *Muqallad*), or be spent for such purposes as allowed by your *Marja'*.

The second part of *sihmu 's-sadat* should be given to a Sayyid who is poor, or orphan, or a stranded traveler during his journey.

The recipients of the *sihmu 's-sadat* change all the time: an 'orphan' ceases to be legally an orphan as soon as he becomes an adult; a 'needy' ceases to be a needy as soon he becomes financially independent; and an 'stranded traveler' ceases to be an stranded traveler as soon as he reaches home.

But the recipient of the *sihmu 'l-Imam*, that is Imam Muhammad al-Mahdi (upon whom be peace), will never cease to be the Prophet's 'near relative' and his rightful successor. herefore, his right is perpetual and will never end.