

**THE KHYBER PAKHTUNKHWA
ZAKAT AND USHR ACT, 2011.**

(KHYBER PAKHTUNKHWA ACT NO. XVII OF 2011)

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**THE KHYBER PAKHTUNKHWA
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(KHYBER PAKHTUNKHWA ACT NO. XVII OF 2011)

*(first published after having received the assent of the Governor of
the Khyber Pakhtunkhwa in the Gazette of Khyber Pakhtunkhwa
(Extraordinary), dated the 6th October, 2011).*

**AN
ACT**

*to provide provisions relating to the assessment,
collection and disbursement of Zakat and Ushr.*

Preamble.---WHEREAS it is expedient to make provisions relating to the assessment, collection and disbursement of Zakat and Ushr and matters connected therewith or incidental thereto;

AND WHEREAS Pakistan, being an Islamic State, must provide for the implementation of Islamic precepts;

AND WHEREAS the Constitution of the Islamic Republic of Pakistan lays down that the Muslims of Pakistan shall be enabled to order their lives, in the individual and collective spheres, in accordance with the tenants of Islam;

AND WHEREAS Zakat including Ushr, is one of the fundamental pillars (arkan) of Islam;

AND WHEREAS the prime objective of the collection of Zakat and Ushr, and disbursements therefrom, is to assist the needy, the indigent and the poor;

AND WHEREAS the rates of Zakat and Ushr, as also the purposes for the utilization of Zakat and Ushr, are specified in Shariah;

AND WHEREAS Shariah enjoins all Muslims who are sahib-e-nishab to pay, and the Government of the Khyber Pakhtunkhwa to arrange for the proper collection, disbursement and utilization of Zakat and Ushr, and also allows such Muslims to disburse for the purposes authorized by Shariah the part thereof not collected by the Government of the Khyber Pakhtunkhwa;

AND WHEREAS Article 31 of the Constitution of the Islamic Republic of Pakistan also provides that the State shall endeavour, as respects the Muslims of Pakistan, to secure, inter alia, the proper organization of Zakat;

It is hereby enacted as follows:

CHAPTER-I
PRELIMINARY

1. Short title, extent, application and commencement.---(1) This Act may be called the Khyber Pakhtunkhwa Zakat and Ushr Act, 2011.

(2) It extends to the whole of the Province of the Khyber Pakhtunkhwa, but as regards payment and recovery of Zakat and Ushr applies only to Muslim persons of Province and a company, or other association of persons, or body of individuals, whether incorporated or not, majority of the shares of which is owned, or the beneficial ownership of which is held, by such persons.

(3) In respect of a person who may believe that the whole or any part of the recoveries effected from him in the manner laid down in this Act are not according to his belief, such recoveries shall nevertheless be made, but shall be deemed to be contribution to Zakat Funds on the part of that person:

Provided that-

- (a) no Zakat or Ushr shall be charged or collected on compulsory basis in respect of the assets or the produce of a person who, not less than thirty days preceding the valuation date in the case of Zakat, and at any time before the valuation date in the case of Ushr, files with the deducting agency, or with the Local Committee in the case of Ushr, a declaration, or an attested copy thereof, in the prescribed form, sworn by him before a Magistrate, an oath Commissioner, a notary public, or any other person authorized to administer oath in the presence of two witnesses who identify him, to the effect that he is a Muslim and a follower of one of the recognized fiqhs, which he shall specify in the declaration, and that his faith and the said fiqh do not oblige him to pay the whole or any part of Zakat or Ushr in the manner laid down in this Act; and
- (b) a declaration or an attested copy thereof, filed as aforesaid in one Zakat year shall continue to be valid for so long as-
 - (i) the declaration or copy, and the asset liable to Zakat to which it relates, remain in the custody of the deducting agency; or
 - (ii) the person filing the declaration or copy continues to hold, in respect of the land to the produce of which it relates, the same status as he held at the time of filing

the declaration, and the declaration copy remains in the custody of the Local Committee:

Provided further that, where for any reason Zakat or Ushr is collected on compulsory basis from such a person and he does not wish to leave it in the Zakat Funds as sadaqah or khairat in the name of Allah as a manifestation of the unity of the Ummah and claims refund, on the basis of a declaration as aforesaid filed by him within the period specified in the first proviso or within such further period as may be prescribed, the amount so collected shall be refunded to him in the prescribed manner.

Explanation.---In this Act, reference to Zakat deductible at source or to Ushr realizable on compulsory basis shall be construed to imply a reference to contributions to Zakat Funds.

(4) The Federal Shariat Court may, on the application of any person, decide the question whether a declaration such as is referred to in the first or second proviso to sub-section (3) as above made by any person is valid according to the fiqh he professes to follow:

Provided that if the Federal Shariat Court decides that the declaration is not valid, such person shall, without prejudice to any other action that may be taken against him under any other law, be liable to pay Zakat or Ushr, as the case may be, in the manner laid down in this Act.

(5) It shall come into force at once.

2. Definitions.---In this Act, unless there is anything repugnant in the subject or context,-

- (i) “annuity” means the sum payable periodically, according to the annuity policy conditions, to an annuitant during his life-time, or for a fixed number of years, as the case may be, and includes the scheme of postal annuities as notified by Government;
- (ii) “assets” means assets liable to Zakat as provided in this Act;
- (iii) “atiyyat” means voluntary donations to the Zakat Funds otherwise than on account of Zakat or Ushr, and includes sadaqat-e-nafilah;

- (iv) “Chief Administrator” means a person appointed as such under section 13, and includes an officer authorized by him to exercise or perform any power or function of Chief Administrator under this Act;
- (v) “Chief Minister” means the Chief Minister of the Khyber Pakhtunkhwa;
- (vi) “company” means a company as defined in the Companies Ordinance, 1984 (XLVII of 1984);
- (vii) “deducting agency” means a bank, post office or other institution referred to in the fifth column of the First Schedule;
- (viii) “deducting date” means, in respect of the assets mentioned in the First Schedule, the date or dates on which Zakat is to be deducted at source and which is or are specified in the fourth column of that Schedule;
- (ix) “District Committee” means a District Zakat and Ushr Committee constituted under section 14;
- (x) “Government” means the Government of the Khyber Pakhtunkhwa;
- (xi) “Government Security” means the Government Security as defined in the Securities Act, 1920 (Act No. X of 1920);
- (xii) “institution” means deeni madaris, educational, vocational and social welfare institutions, public hospitals, charitable institutions and other institutions providing health care;
- (xiii) “insurer” means the State Life Insurance Corporation of Pakistan or Postal Life Insurance;
- (xiv) “Local Committee” means a Local Zakat and Ushr Committee constituted under section 15;
- (xv) “locality” means the area within the jurisdiction of Local Committee ;
- (xvi) “maturity value” means the sum payable, according to stipulated conditions, on survival of the life insured to the specified age or to the end of the term of the policy;

- (xvii) “nisab”, in relation to assets liable to Zakat, except agricultural produce and animals fed free in pastures, means 612.32 grams of silver, or cash or gold, or goods for trade, or any assets liable to Zakat under Shariah, the aggregate value of which is equal to the value of 612.32 grams of silver, as notified by the Chief Administrator for each Zakat year or, in the case of a person whose assets liable to Zakat consist only of gold, 87.48 grams of gold;
- (xviii) “prescribed” means prescribed by rules and regulations;
- (xix) “produce” means gross agricultural, horticultural or forest produce;
- (xx) “Provident Fund” means the Provident Fund as defined in the Provident Funds Act, 1925 (Act No. XIX of 1925);
- (xxi) “Province” means the Province of the Khyber Pakhtunkhwa;
- (xxii) “recognized Provident Fund” means a Provident Fund recognized as such, by the competent authority, under the Income Tax Ordinance, 2001 (Act No. XLIX of 2001);
- (xxiii) “regulations” mean regulations made under this Act;
- (xxiv) “return” means income, howsoever described, accruing on an asset;
- (xxv) “rules” mean rules made under this Act;
- (xxvi) “sahib-e-nisab” means a person who owns or possesses assets not less than nisab, but does not include-
 - (a) the Federal Government, Government, any other Provincial Government or a local authority;
 - (b) a statutory corporation, a company or other enterprise, owned wholly, directly or indirectly, by the Federal Government, Government, a local authority or a corporation owned by the Federal Government or Government, either singly or jointly with one or more of the other three.,

- (c) a subsidiary of a statutory corporation, a company or other enterprise referred to in sub-clause (b) and wholly owned by it;
- (d) the National Investment (Unit) Trust;
- (e) the Investment Corporation of Pakistan and its Mutual Fund;
- (f) a recognized Provident Fund;
- (g) any Unit Fund maintained by the Defense Services, including the Civil/Armed Forces;
- (h) Zakat Funds;
- (i) an institution, fund, trust, endowment or society:
 - (i) registered as a charitable organization under the Societies Registration Act, 1860 (XXI of 1860), or as a company under section 42 of the Companies Ordinance, 1984 (XLVII of 1984), or registered or approved as a charitable or social welfare organization under any other law for the time being in force; and
 - (ii) approved by the Federal Board of Revenue for the purposes of section 61 of the Income Tax Ordinance, 2001 (Ord. No. XLIX of 2001);
- (j) a deeni madrasah enlisted as such by the Zakat, Ushr, Social Welfare and Women Development Department and registered under relevant laws;
- (k) a mosque;
- (l) an orphanage registered as such under the law relating to orphanages;
- (m) a Worker Participation Fund established under the Companies Profits (Workers Participation) Act, 1968 (XII of 1968); or
- (n) amount of a party to suit or case kept with or under the orders of a court pending decision of the suit or case;

- (xxvii) “Schedule” means a Schedule appended to this Act;
- (xxviii) “security” means any stock, share, script, debenture, bond, pre-organization certificate, or instrument commonly known as security;
- (xxix) “share” means a share in the share-capital of a company, or in any body corporate established by or under the Federal Law or the provincial law and includes stock;
- (xxx) “surrender value” means the sum payable by an insurer on cancellation of a life-insurance policy or annuity, according to stipulated terms and conditions, at any time before maturity benefits become available;
- (xxxi) “survival benefit” means the amount payable according to life-insurance policy conditions, during the currency of a policy, on survival of the life assured to the specified date as stipulated in the policy;
- (xxxii) “valuation date” means-
- (a) in respect of assets liable to Zakat, the first day of the Zakat year; and
- (b) in respect of produce liable to Ushr, such date or dates as may be prescribed or as may be notified by the Chief Administrator for the evaluation of assets or the produce for the purposes of this Act;
- (xxxiii) “Zakat Funds” mean Funds established under section 7;
- (xxxiv) “Zakat and Ushr Council” means the Khyber Pakhtunkhwa Zakat and Ushr Council, established under section 12; and
- (xxxv) “Zakat year” means year according to the Hijra calendar for which Zakat is chargeable, commencing on the first day of Ramadhan-ul-Mubarak and ending with the last day of the following Sha'ban-ul-Moazzam.

CHAPTER-II

ZAKAT

3. Charge and collection of Zakat.---(1) Subject to the other provisions of this Act, Zakat in respect of assets mentioned in the First Schedule shall be charged and

collected, on compulsory basis, for each Zakat year, at the rates and in the manner specified therein, and as may be prescribed, from every person who is on the valuation date, and has for whole of the preceding Zakat year been, sahib-e-nisab and who owns or possesses such assets on the valuation date:

Provided that where an asset mentioned in the First Schedule has been assigned by the person owning or possessing it, in favour of another person, Zakat in respect of that asset shall be charged and collected on compulsory basis as if the asset had not been so assigned:

Provided further that, if an asset was owned or possessed by a person on the valuation date but is owned or possessed by some other person on the deducting date, the Zakat on such asset shall be charged and collected from such other person on behalf of the person owning or possessing it on the valuation date:

Provided further that, if a person proves in the prescribed manner to the satisfaction of the Local Committee of the locality where he ordinarily resides that he was not a sahib-e-nisab on the valuation date or was not in ownership or possession of assets of the value of nisab for the whole of the preceding Zakat year, Zakat shall not be so charged and collected from him, or if collected shall be refunded to him in the prescribed manner:

Provided further that no Zakat shall be charged and collected from the assets of a person who died on or before the deduction date.

Provided further that no Zakat shall be charged or collected on compulsory basis in respect of any of the assets mentioned in the First Schedule which-

- (a) have been acquired against payment in foreign currency; or
- (b) are maintained in foreign currency and the return on which and the value on encashment, redemption or withdrawal of which, is payable in foreign currency;

Provided further that Government may, by notification in the official Gazette, exempt any class of bonds or certificates issued by the Federal Government or Government or a statutory corporation, a company or other enterprise, owned, directly or indirectly by the Federal Government, Government, a local authority or a corporation owned by the Federal Government or Government, either singly or jointly with one or more of the other three, from deduction of Zakat on compulsory basis.

(2) In determining the amount to be collected as Zakat on compulsory basis, the value of an asset on which Zakat is deductible at source may be reduced, to the extent and in the manner prescribed, only on account of debts which have been-

- (a) primarily secured by that asset;
- (b) used for the creation of an asset on which Zakat is deductible at source; and
- (c) obtained from the deducting agency having custody of the asset securing the debt and of the asset created under clause (b).

(3) Where a person from whom Zakat has been deducted at source-

- (a) proves that-
 - (i) he is not a Muslim; or
 - (ii) he is not a citizen of Pakistan; or
 - (iii) the amount deducted from him is more than what is due under this Act, either on account of an error apparent from the record, or on account of reduction provided for in sub-section (2) not having been duly allowed to him; or
 - (iv) he falls under any of the exclusions given in sub-clauses (a) to (n) of clause (xxvi) of section 2; or
- (b) proves, as laid down in the third proviso to sub-section (1), that he is not a sahib-e-nisab or was not in ownership or possession of nisab for the whole of the preceding Zakat year, or
- (c) files a declaration such as is referred to in the second proviso to sub-section (3) of section 1, which has not been challenged in the Federal Shariat Court under sub-section 4 of that section and claims refund, the amount so deducted or, as the case may be, the amount so deducted in excess shall be refunded to him in the prescribed manner.

(4) Where the recovery of Zakat deductible at source, in respect of any of the assets mentioned in the First Schedule, falls into arrears, the Chief Administrator may forward to the Collector of the district concerned a duly signed certificate specifying the amount of arrears due and the particulars of the person from whom due, and the Collector shall, on receipt of such certificate, proceed to recover the amount so specified, as if it were an arrear of land revenue.

(5) A sahib-e-nisab may pay either to a Zakat Funds or directly to those eligible under Shariah to receive Zakat so much of the Zakat due under Shariah as is not deductible at source under this Act.

(6) Any amount deducted at source by the deducting agency from any person shall be treated as payment of Zakat on behalf of such person or, in the case of a person referred to in sub-section (3) of section 1, as contribution to Zakat Funds or sadaqah or khairat in the name of Allah, as the case may be, on the part of that person.

4. Secrecy of information.---Any information furnished or collected in connection with the deduction of Zakat at source under this Act shall be treated as secret and shall not be used for any other purpose, including the assessment or collection of any tax.

CHAPTER-III **USHR**

5. Charge and collection of Ushr.---(1) Subject to the other provisions of this Act, there shall be charged and collected, on compulsory basis, in such manner as is laid down in section 6, and as may be prescribed, from every land-owner, guarantee, allottee, lessee, lease-holder or land-holder (other than a person excluded from the definition of sahib-e-nisab) Ushr at the rate of five per cent of his share of the produce, as on the valuation date:

Provided that if any plot of land is used principally for growing one crop and a small portion thereof, not exceeding one-fourth of an acre, is used for growing another crop, Ushr shall not be charged in respect of the produce of such small portion.

Explanation.---In this section and section 6, land-owner, guarantee, 'allottee', 'lessee', 'lease-holder' and 'land-holder' shall have the same meaning as in the laws relating to land administration and 'land-holder' includes a person in possession of any plot of land who has grown a crop on such plot.

(2) An individual land-owner, guarantee, allottee, lessee, lease-holder or land-holder shall be exempted from the compulsory levy of Ushr if-

- (a) he is eligible under shariah to receive Zakat; or
- (b) the produce from his land is less than five wasqs (= 948 kilograms) of wheat, or its equivalent in value in the case of other crops liable to Ushr.

(3) The currency equivalent of five wasqs of wheat in value shall be such

as may be notified for each Zakat year by the Chief Administrator.

(4) Ushr shall be the first charge on the produce.

(5) Ushr shall be collected in cash:

Provided that where the produce consists of wheat or paddy, ushr at the option of the Zakat and Ushr Council may be collected in kind.

(6) A sahib-e-nisab may pay either to the Local Zakat Fund or directly to those eligible under Shariah to receive Zakat, so much of the Ushr due under Shariah as is not compulsorily realizable under this Act.

¹[6. Mode of assessment and collection of Ushr.---(1) The Zakat, Ushr, Social Welfare, Special Education and Women Empowerment Department shall assess and collect Ushr in respect of a landowner, guarantee, lessee, lease holder or landholder in the prescribed manner and maintain the record containing such information for a crop season as may be required for the purposes of this Act.

(2) In the case of lease, the liability of the lessor and lessee to pay Ushr shall be equitably apportioned between them by the Tehsildar.

(3) An assessee aggrieved by the assessment under sub-section (1), or as the case may be, a lessor or lessee aggrieved by the apportionment under sub-section (2), may within thirty (30) days of the assessment, or, as the case may be apportionment, apply, in the prescribed form and manner to the District Zakat Officer for a revision of the assessment or apportionment:

Provided that no such application shall be admitted unless the applicant has deposited into the District Zakat Fund not less than fifty (50) per cent of his liability as assessed or apportioned by Zakat, Ushr, Social Welfare, Special Education and Women Empowerment Department.]

(4) The District Zakat Officer may, at any time, either of his own motion or on the application of an adult Muslim, residing within his jurisdiction, make an order enhancing the liability assessed under sub-section (1) or apportioned under sub-section (2):

Provided that no such order shall be made unless the person likely to be affected has been given an opportunity of showing cause against it and of being heard.

¹Substituted vide Khyber Pakhtunkhwa Act No. XXXI of 2014

(5) The District Zakat Officer to whom application is made under sub-section (3) or sub-section (4), or who takes up a matter under sub-section (4) of his own motion, shall give his decision within a period not exceeding one (01) month counted from the date on which he receives the application or, as the case may be so takes up the matter, and such decision shall be final and shall not be questioned before any court or other authority.

(6) The demand as determined under sub-section (1) or as the case may be under sub-section (4) or sub-section (5), shall be paid by the assessee and collected by the Tehsildar Zakat in such manner as may be prescribed and deposited into the District Zakat Fund.

(7) Where the recovery of Ushr compulsorily realizable under this Act falls into arrears, the Tehsildar Zakat shall proceed to recover the amount so specified as if it were arrears of land revenue.

CHAPTER-IV **ZAKAT FUNDS**

7. Establishment of Zakat Funds.---There shall be established the following Zakat Funds, namely:

- (a) a Provincial Zakat Fund to which shall be credited the-
 - (i) Zakat deducted at source;
 - (ii) Zakat paid into it voluntarily including voluntary contribution made by Pakistani citizens and other persons residing abroad;
 - (iii) transfers, if any, from the District Zakat Funds; and
 - (iv) grants, atiyat and any other receipts including voluntary contributions made by Pakistani citizens and other persons residing abroad;
 - (v) transfer of fund, if any, from the Federal Government;
- (b) a District Zakat Fund for each district to which shall be credited the-
 - (i) transfers to it from the Provincial Zakat Fund;
 - (ii) Zakat paid into it voluntarily;

- (iii) proceeds of Ushr to be deposited ¹[Deleted] in the PLA of District Zakat Fund;
 - (iv) transfers, if any, from the Local Zakat Funds; and
 - (v) grants, atiyyat and any other receipts;
- (c) a Local Zakat Fund for each Local Committee to which shall be credited the-
- (i) Zakat paid- into it voluntarily;
 - (ii) transfers to it from the District Zakat Fund;
 - (iii) transfer to it from the Provincial Zakat Fund; and
 - (iv) grants, atiyyat and any other receipts.

8. Utilization of Zakat Funds.---The moneys ²[(prevailing currency including gold and silver)] in a Zakat Funds including Ushr proceeds shall be utilized for the following purposes, namely:

- (a) assistance to the needy, the indigent and the poor particularly orphans and widows, the handicapped and the disabled, eligible to receive Zakat under Shariah for their subsistence or rehabilitation, either directly or indirectly through deeni madaris or educational, vocational or social institutions, public hospitals, charitable institutions and other institutions providing health care:

Provided that the lists of the individuals to be assisted directly and of the institutions through which assistance is to be given from a Zakat Funds shall be prepared and maintained in such form and manner as may be prescribed;

- (b) assistance to the needy persons affected or rendered homeless due to natural calamities like floods, earthquakes and terrorism and for their rehabilitation;
- (c) expenditure on the collection, disbursement and administration of Zakat and Ushr:

¹Deleted vide Khyber Pakhtunkhwa Act No. XXXI of 2014

²Inserted vide Khyber Pakhtunkhwa Act No. XXXI of 2014

Provided that-

- (i) the expenditure on the administrative organization of the Chief Administrator, the Zakat and Ushr Council, and a District Committee shall be met by Government;
- (ii) the funds not exceeding ten per cent approved in the Zakat budget shall be retained in the Provincial Zakat Fund to meet such additional expenditure of a Local Committee as may be approved by the Zakat and Ushr Council:

Provided that where expenditure on the administrative organization of a District Committee is not fully met by Government due to paucity of funds during a financial year, the Zakat and Ushr Council may provide supplementary funds not exceeding two percent from within the limit specified in clause (ii):

Provided further that the banking services and the services connected with the assessment, collection or disbursement of Zakat and Ushr realizable on compulsory basis under this Act shall be rendered free of charge, except that the Chief Administrator, in regard to Ushr, may authorize payment of remuneration for any specified services;

- (d) investment in any non-interest bearing instruments as is permitted under Shariah; and
- (e) any other purpose permitted by Shariah.

9. Disbursements from Zakat Funds.---(1) The Zakat and Ushr Council shall prepare Zakat budget for each financial year and may, from the Provincial Zakat Fund, make disbursements and transfer funds to the District Zakat Fund on population basis and institutions in such form and manner as may be prescribed and as would help in ensuring satisfaction of the needs of the needy and the poor throughout the Province, as far as possible, on a uniform basis.

(2) A District Committee may make disbursements and transfer funds from District Zakat Fund to a Local Zakat Fund or to an institution or incur other administrative expenditure subject to such conditions as may be prescribed and may, whenever directed by the Zakat and Ushr Council, transfer any funds surplus to its need to the Provincial Zakat Fund.

(3) A Local Committee may disburse or incur expenditure from the Local Zakat Fund as may be prescribed through crossed cheques ¹[or any mode prescribed and approved by the Zakat and Ushr Council]:

Provided that a Local Committee may, if so required by the Zakat and Ushr Council or the District Committee, transfer any funds surplus to its needs from the Local Zakat Fund to the Provincial Zakat Fund or, as the case may be, District Zakat Fund:

Provided further that the Zakat and Ushr Council or a District Committee shall disburse Zakat through a Bank or a Post Office or any other financial institution as may be determined by the Zakat and Ushr Council in such form and manner as may be prescribed.

10. Accounts.---(1) The accounts of the Provincial Zakat Fund, a District Zakat Fund, and a Local Zakat Fund shall be maintained and operated, respectively, by the Chief Administrator, the District Zakat Officer and Chairman of the Local Committee, in such form and manner as may be prescribed.

(2) The records of the accounts of the Zakat Funds shall be preserved for such period, and shall be made available for audit or inspection to such persons or agencies, and in such manner, as may be prescribed.

11. Audit.---(1) To carry out audit of the Provincial Zakat Fund annually or at shorter intervals, the Zakat and Ushr Council, shall request the Auditor General of Pakistan to conduct the audit.

(2) To carry out audit of a District Zakat Fund annually or at shorter intervals, the Zakat and Ushr Council shall request the Auditor General of Pakistan to conduct the audit.

(3) To carry out audit of the Local Zakat Funds within a district annually or at shorter intervals, the District Committee shall request Auditor General of Pakistan to conduct audit of the Local Zakat Fund.

(4) The audit performed by the Auditor General of Pakistan under subsections (1), (2) and (3) shall include propriety audit.

(5) The annual report of the Auditor General of Pakistan on the Provincial Zakat Fund shall be laid before the Provincial Assembly and in case of a District Zakat Fund or a Local Zakat Fund shall be laid before the District Council concerned established under the Local Government Ordinance, 2001 (NWFP Ord. No. XIV of 2001).

¹Added vide Khyber Pakhtunkhwa Act No. XXXI of 2014

- (6) Nothing in this section shall be deemed to prevent-
- (a) the Zakat and Ushr Council from getting audited any of the Provincial Zakat Fund or District Zakat Fund or Local Zakat Fund; or
 - (b) a Local Committee from getting its own Local Zakat Fund audited.

(7) Notwithstanding anything contained in the preceding sub-sections, the Auditor General shall conduct annual audit of the Provincial Zakat Fund, District Zakat Fund and Local Zakat Fund including the accounts of a Deducting Agency or an institution receiving Zakat.

CHAPTER-V **ORGANIZATION AND ADMINISTRATION**

12. Khyber Pakhtunkhwa Zakat and Ushr Council.---(1) Government shall, by notification in the official Gazette, establish the Khyber Pakhtunkhwa Zakat and Ushr Council, to exercise general superintendence and control over matters relating to Zakat and Ushr, particularly the Zakat Funds in the Province and the maintenance of their accounts in the prescribed manner.

- (2) The Zakat and Ushr Council shall consist of-
- (a) a Chairman;
 - ¹[(b) six persons, of whom, two shall be, Islamic scholars and one representative of a well established and recognized donor organization];
 - (c) two women, who shall not be less than forty-five years of age;
 - (d) the Secretary to Government, Finance Department;
 - (e) the Secretary to Government, Health Department;
 - (f) the Secretary to Government, Zakat, Ushr, Social Welfare and Women development Department; and
 - (g) the Chief Administrator, who shall also be the Secretary of the Council.

¹Substituted vide Khyber Pakhtunkhwa Act No. XXXI of 2014

(3) The Chairman and members mentioned in clauses (b) and (c) of sub-section (2) shall be appointed by the Chief Minister.

(4) The Chairman of the Zakat and Ushr Council shall be a person who is a Muslim, bonafide resident of the Province and not less than forty-five years of age.

(5) The Chairman and members of the Zakat and Ushr Council, not being an ex-officio member, shall hold office for a term of three years and shall be eligible for re-appointment for another term only.

(6) The Chairman or a member, not being an ex-officio member, may, by writing under his hand addressed to the Chief Minister resign his office.

(7) Subject to sub-section (6) the Chairman or a member, as the case may be, shall continue to hold office until his resignation is accepted by the Chief Minister.

(8) Any vacancy in the office of Chairman or member, other than an ex-officio member, shall be filled, in accordance with sub-section (3) or sub-section (4) as the case may be, of a person qualified to hold the office.

(9) The Chairman or the member appointed under sub-section (8) shall hold office for the unexpired term of his predecessor.

13. Chief Administrator,---For carrying out the purposes of this Act, Government shall appoint a Chief Administrator on such terms and conditions as may be determined by Government or the Secretary Zakat and Ushr Department will act as Chief Administrator.

14. District Zakat and Ushr Committee,---(1) In each district, a District Zakat and Ushr Committee, shall be constituted by Zakat and Ushr Council.

(2) The District Committee shall, perform the following functions:

- (a) oversee, generally, the functioning of administrative organization of Zakat and, more particularly, the assessment of Ushr and atiyat and the disbursement and utilization of the moneys in the District Zakat Fund and the Local Zakat Fund;
- (b) for the purposes mentioned in clause (a), make plans for the district, in such form and manner as may be prescribed;
- (c) prepare and maintain accounts of the District Zakat Fund in such form and manner as may be prescribed;

- (d) compile accounts of the Local Zakat Fund, for the district, in such form and manner as may be prescribed;
- (e) arrange, in the prescribed manner, audit of the Local Zakat Fund in the district; and
- (f) any other function to be assigned by Government or Zakat and Ushr Council.

(3) The District Committee shall consist of-

- (a) a Chairman, who shall be non-official,¹[the District Collector or an officer not below the rank of BPS-17, nominated by him], District Social Welfare Officer and two women from the district who shall not be less than forty-five years of age, and one non-official member from each tehsil or sub-division in the district:

Provided that where the number of tehsils or sub-divisions in a district is less than five, the number of members other than the Chairman and the women members shall be raised to seven ²[any co-opted member from well established and recognized donor organization];

- (b) the District Zakat Officer, who shall also be the Secretary of the Committee.

(4) The Chairman shall be nominated by Zakat and Ushr Council and members shall be nominated by Zakat and Ushr Council in consultation with Chairman.

Provided that the Chairman and members of the District Committee shall be the persons who possess Secondary School Certificate and are of good moral character and are not commonly known as persons who violate Islamic Injunctions and are of financial integrity and are not indulged in any anti-social activities.

(5) The Chairman and members, not being an ex-officio member, shall hold office for a term of three years and shall be eligible for re-appointment for another term of three years only.

Provided that in the event of delay in the constitution of the new District Committee under sub-section (3), Zakat and Ushr Council may ask a District

¹Substituted vide Khyber Pakhtunkhwa Act No. XXXI of 2014

²Added vide Khyber Pakhtunkhwa Act No. XXXI of 2014

Committee to continue to function for a period not exceeding six months after the expiry of the term of its office.

(6) The Chairman or a member, not being an ex-officio member, may, by writing under his hand addressed to the Chief Administrator, resign his office

(7) Subject to sub-section (6), the Chairman or, as the case may be, a member shall continue to hold office until his resignation is accepted by Zakat and Ushr Council.

(8) Any vacancy in the office of Chairman or member, other than an ex-officio member, shall be filled in accordance with sub-section (4) of a person qualified to hold the office.

(9) The Chairman or member appointed under sub-section (8) shall hold office for the unexpired term of his predecessor.

(10) The District Committee shall hold meetings at least once in every three months.

15. Local Zakat and Ushr Committee.---(1) A Local Zakat and Ushr Committee shall be constituted for each-

- (a) revenue estate in settled rural area;
- (b) deh or village in non-settled rural area; and
- (c) ward in urban area:

Provided that, if in the opinion of the Zakat and Ushr Council, the population of a revenue estate, deh or village is too large, or too small, to have one local Zakat and Ushr Committee such revenue estate, deh or village may, if too large, be divided into two or more localities, or if too small, grouped with any other revenue estate, deh or village to form one locality, and where a revenue estate, deh or village is so divided or grouped after the constitution of a Local Committee that it covers a population of ten thousand persons the Zakat and Ushr Council may make such consequential orders as may be necessary for the purposes of this Act.

Explanation.---In this sub-section,-

- (a) “urban area” means a notified as an urban area under any law or as the case may be, notified by Government;
- (b) “rural area” means area other than urban area;
- (c) “settled rural area” means rural area for which, revenue settlement record exists;
- (d) “non-settled rural area” means rural area other than settled rural area; and
- (e) “ward” means a distinct and compact locality the population of which does not exceed ten thousand persons approximately.

(2) The Local Committee shall, subject to such guidelines as may be given by Zakat and Ushr Council and the District Committee, perform the following functions:

- (a) determine istehqaq separately for-
 - (i) subsistence allowance;
 - (ii) rehabilitation, either directly or indirectly through deeni madaris, educational, vocational and social welfare institutions;
 - (iii) treatment through public hospitals, charitable institutions and other institutions providing health care; and
 - (iv) any other purpose as may be permitted by Shariah;
- (b) collect voluntarily Zakat, Ushr and attiyyat and deposit the moneys in the District Zakat Fund;
- (c) prepare and maintain accounts of the Local Zakat Fund in such form and manner as may be prescribed; and
- (d) tender to the District Committee advice on any matter connected with collection, disbursement and utilization of Zakat, Ushr and attiyyat.

(3) The Local Committee shall consist of nine members, of whom two shall be Muslim women who are not less than forty-five years of age selected by the residents of the locality in the manner specified in sub-section (4).

(4) The District Committee shall constitute a team of three or more persons including at least one gazetted officer, one aalim-e-deen and one member of the District Committee to organize a public gathering of the adult Muslims, teachers and ulema residents of a locality and call upon them to select, in the prescribed manner, seven adult Muslims residing in that locality who possess Secondary School Certificate and are known to be pious, and have sound moral and financial integrity and are not indulged in any anti-social activities:

Provided that a person who is a member of a team constituted for the selection of members of a Local Committee shall not be eligible to be member of such Local Committee or a person who is a salaried employee of Government or of a local authority otherwise than as Pesh Imam of a local mosque or a teacher of a local school, or of a corporation set up, owned or controlled by Government, shall not be eligible to be member of Local Committee:

Provided further that, where in a district the number of local Committees is so large that the members of the District Committee cannot be put on all the teams constituted for the selection of members of Local Committees in the district, the District Committee may, at its discretion, nominate any other non-official person of the district to represent it on the said teams:

Provided also that the team constituted by the District Committee shall organize a separate gathering of the adult Muslim female residents of the locality and call upon them to select, in the prescribed manner, two Muslim women residing in that locality who are known to be pious and who enjoy their trust to be members of the Local Committee.

(5) The members shall elect one of their members, being a person who possesses Secondary School Certificate, to be the Chairman of the Local Committee, and if two or more persons secure an equal number of votes, the result of the election shall be determined by drawing lots.

(6) The Local Committee so constituted shall be duly notified by the District Zakat Officer concerned:

Provided that where election or selection for the constitution of Local Committees cannot be held for certain reasons, the District Committee at its discretion may appoint any non official persons as "Administrators" to perform functions of the Local Committees.

(7) Any adult Muslim resident of a locality who is aggrieved by the conduct or the result of the proceedings for the selection of the members, or the election of the Chairman, of the Local Committee concerned may prefer an appeal to District Committee:

Provided that the District Committee which shall not grant any injunction or make any interim order, including a stay order, during the period an appeal is pending.

(8) The District Committee to which an appeal under sub-section (7) is preferred shall decide the appeal within such time as may be prescribed and the decision of the District Zakat Officer shall be final and shall not be called in question before any court or other authority.

(9) The Chairman and members shall hold office for a term of three years and shall be eligible for re-election or re-selection as the case may be:

Provided that the District Committee may, in consultation with Government remove a Chairman or a member from his office and nominate another person as Chairman or, as the case may be, a member for the unexpired term of his predecessor:

Provided further that the Chairman shall not be eligible to hold office for more than two consecutive terms of three years each:

Provided also that the District Committee may, in the event of delay in the constitution of the new Local Committee, ask a Local Committee to continue to function for a period not exceeding six months after the expiry of term of its office.

(10) The Chairman or a member may, by writing under his hand addressed to the District Committee, resign his office:

(11) Subject to sub-section (10) the Chairman or, as the case may be, a member of the Local Committee shall continue to hold office until his resignation is accepted by the District Committee.

(12) Any vacancy in the office of Chairman or member shall be filled by election or selection of a person qualified to hold the office, in accordance with the provisions of sub-section (4) or, as the case may be, sub-section (7).

(13) The Chairman, or the member elected or selected, under sub-section (12) shall hold office for the unexpired term of his predecessor.

16. Vacancy etc., not to invalidate acts or proceedings.---Notwithstanding any thing contained in this Act, no act or proceeding of Zakat and Ushr Council or

District Committee or Local Committee established or constituted under this Act shall be invalid by reason only of the existence of a vacancy in, or defect in the constitution of, such Zakat and Ushr Council or District Committee or Local Committee.

17. Members of Zakat and Ushr Council, a District Committee and a Local Committee to be Muslim.---All members of Zakat and Ushr Council, a District Committee and a Local Committee shall be Muslim and where the ex-officio members are non-Muslim, the Government in case of Zakat and Ushr Council, Zakat and Ushr Council in case of a District Committee shall nominate a Muslim official in his place.

18. Persons to preside at meetings in the absence of Chairman.---(1) If the Office of Chairman Zakat and Ushr Council or District Committee or Local Committee established or constituted under this Act is for the time being vacant, or the Chairman is absent from a meeting of the Zakat and Ushr Council or District Committee or Local Committee, the meetings thereof or, as the case may be, the meeting from which the Chairman is absent, shall be presided at:

- (a) in the case of the Zakat and Ushr Council, by the Chief Administrator;
- (b) in the case of a District Committee, by the District Zakat Officer, and
- (c) in the case of Local Committee, by the member elected by the members present:

Provided that in case of temporary disability of the Chairman, District Committee, the District Zakat Officer shall perform the functions of the Chairman of the District Committee.

19. Power of supersession and removal.---(1) If Zakat and Ushr Council in the case of a District Committee, and the District Committee in the case of a Local Committee is of the opinion that a Committee constituted under the Act-

- (a) is unable to discharge or persistently fails in discharging its duties; or
- (b) is unable to administer its affairs; or
- (c) acts in a manner contrary to public interest; or
- (d) otherwise exceeds or abuses its powers; or

- (e) has a majority of members who are not pious Muslims and are indulged in anti-social activities.

Government on the recommendation of Zakat and Ushr Council or as the case may be, the District Committee may, by a notification, declare the District Committee or as the case may be, Local Committee to be superseded for such period not exceeding one year as may be specified in the notification:

Provided that the period of supersession may, if the Zakat and Ushr Council or as the case may be the District Committee considers it necessary to do so, be extended, beyond a period of one year.

(2) When a declaration is made under sub-section (1) in respect of a District Committee or a Local Committee,-

- (a) the persons holding office as Chairman and members of the District Committee or Local Committee, as the case may be, to which the resolution relates shall cease to hold office;
- (b) all functions of the District Committee shall, during the period of supersession, be performed by an Administrator appointed by the Zakat and Ushr Council and in the case of Local Committee such functions shall be performed by the Administrator appointed by the District Committee;
- (c) before the expiry of the period of supersession, elections shall be held and selection or nomination made in accordance with the provisions of this Act to reconstitute the District Committee or Local Committee, as the case may be.

(3) If Zakat and Ushr Council, in the case of a District Committee, and the District Committee, in the case of a Local Committee, is of the opinion that the Chairman or a member of District Committee, as the case may be, the Local Committee constituted under this Act-

- (a) was at the time of his selection, election or appointment,-
 - (i) not a pious Muslim;
 - (ii) not an adult;
 - (iii) not a resident of the area within the jurisdiction of the Committee;
 - (iv) an undischarged insolvent; or

- (v) not of sound mind; or
- (vi) indulged in any anti-social activities; or
- (b) has been, during the period of three years preceding the date of his selection, election or appointment:
 - (i) ordered to execute a bond under section 108, 109 or 110 of the Code of Criminal Procedure, 1898 (Act No. V of 1898); or
 - (ii) convicted for an offence involving moral turpitude; or
 - (iii) declared goonda under the law relating to the control of goondas;
- (c) has after his selection, election or appointment, incurred any of the disqualifications referred to in sub-clause (i) or (ii) or (iii) of clause (b);
- (d) has, without reasonable excuse, absented himself from three consecutive meetings of the Committee;
- (e) has been guilty of abuse of power or of misconduct in the discharge of his duties as Chairman or member, or been responsible for any loss or misapplication, misappropriation or misuse of any money or property of the Committee; or
- (f) has become physically disabled or unable on any count from performing functions as Chairman or member; Zakat and Ushr Council in the case of District Committee, and the District Committee, in the case of Local Committee may by a resolution, remove such Chairman or member from office.

(4) If, after such inquiry as may be considered necessary, Zakat and Ushr Council, in the case of a District Committee, or the District Committee in the case of a Local Committee, is of the opinion that the Chairman or a member of District or as the case may be, Local Committee or an employee assigned to work with a District Committee or as the case may be, the Local Committee or an institution receiving Zakat Funds under this Act, was guilty of misconduct in the discharge of his duties, or is responsible for the loss, misapplication or misuse of Zakat Funds, Zakat and Ushr Council or as the case may be, the District Committee shall initiate criminal proceeding against such Chairman, member, person or institution.

Explanation.---For the purpose of clause (e) of sub-section (3) and subsection 4, the expression “misconduct” means bribery, corruption, jobbery, favoritism, nepotism, willful mal-administration or willful diversion of funds and shall include and attempt or abetment of such misconduct.

(5) When the Chairman or a member of District or Local Committee, as the case may be, Committee is removed from, or otherwise ceases to hold office, the vacancy in the office of such Chairman or member shall be filled by Zakat and Ushr Council or District Committee by the election, selection or appointment, as the case may be, in accordance with the provisions of this Act, of a person qualified to hold the office.

(6) The Chairman or member elected, selected or appointed under subsection (5) shall hold office for the unexpired term of his predecessor.

(7) Zakat and Ushr Council may delegate to the Chief Administrator all or any of its powers and functions under the preceding provisions of this section in respect of a District Committee.

(8) The Chairman or a member of a District Committee or as the case may be, the Local Committee superseded under subsection (1) or a Chairman or member removed from office under sub-section (3) may, within such time and in such form and manner as may be prescribed apply to Zakat and Ushr Council for a review of its decision and the decision of Zakat and Ushr Council in such review given after, after giving to the applicant an opportunity of being heard, shall be final and shall not be called in question before any court or other authority.

20. Vote of no confidence.---(1) Where in case of a Local Committee, the District Committee after such enquiry as it may deem fit, is of the opinion that the members of that Local Committee no longer have confidence in the Chairman, the District Committee may in the prescribed manner remove the Chairman from his office.

(2) Where in the case of a member of a Local Committee or a Local Committee as a whole, the District Committee after such enquiry as it may deem fit is of the opinion that the adult Muslim residents of the locality no longer have confidence in the member, or in the Local Committee as a whole, the District Committee may, in the prescribed manner, remove the member from his office or dissolve the Local Committee as a whole.

(3) The vacancy in the office of Chairman or member so caused shall be notified by the District Committee and shall be filled in accordance with the provisions of this Act.

21. Administrative Organization.---The administrative organization under this Act shall be through Zakat and Ushr Department and may include such organizations as are performing social security and other complementary functions and that of a Chief Administrator.

22. Certain persons to be public servants.---Every person engaged in, or employed for, the administration of this Act shall be deemed to be a public servant within the meaning of section 21 of the Pakistan Penal Code, 1860 (Act No. XIV of 1860).

Explanation.---For the purposes of this section, the Chairman and members of the District Committee or Local Committee shall be the persons engaged in the administration of this Act.

CHAPTER-VI **MISCELLANEOUS**

23. Exemption.---Government may, in consultation with the Council of Islamic Ideology, exempt, by notification in the official Gazette, any specified class of cases or persons from payment of compulsory levy of Zakat or Ushr.

24. Certain tax concessions.---Notwithstanding anything contained in any other law for the time being in force-

- (a) in determining the tax liability of an assessee for an assessment year;
 - (i) under the Income Tax Ordinance, 1979 (Ord. No. XXXI of 1979), his total income shall be reduced by the amount paid by him to a Zakat Fund, during the income year relevant to that assessment year;
 - (ii) under the Wealth Tax Act, 1963 (Act No. XV of 1963), his assets in respect of which Zakat or contribution in lieu thereof, has been deducted at source during the year relevant to that assessment year shall be excluded from his taxable wealth; and
- (b) land revenue and development cess shall not be levied on land on the produce of which Ushr or contribution in lieu thereof, has been charged on compulsory basis.

(2) Nothing in the preceding sub-section shall be deemed to affect liability to pay income tax, wealth tax, land revenue or development cess in respect of any period preceding the enforcement of the relevant provisions of this Act.

25. Power to make rules and regulations.---(1) Government may by notification in an official Gazette, make rules for carrying out the purposes of this Act.

(2) Zakat and Ushr Council, with approval of Government, may by notification in an official Gazette, make regulations for carrying out the purposes of this Act.

26. Power to call for information and issued directions.---The Zakat and Ushr Council, Chief Administrator, a District Committee, District Zakat Officer or a Local Committee, may, within its or his jurisdiction, call for such information or record from, and issue such directions to the concerned persons or agencies as may be necessary for the performance of its or his functions under this Act.

27. Indemnity and bar of jurisdiction.---(1) No suit, prosecution or other legal proceedings shall lie against any person for anything in good faith done or intended to be done under this Act or any rule framed thereunder.

(2) No court shall call in question, or permit to be called in question, anything done or any action taken under this Act or any rule framed thereunder.

(3) No court shall grant any injunction or make any order, nor shall any court entertain any proceedings, in relation to anything done or intended to be done or any action taken or intended to be taken under this Act or any rule framed thereunder.

28. Removal of Difficulties.---Government may make such provisions as may be necessary to remove any difficulty in carrying out the purposes of this Act.

29. Repeal, succession and saving.---The Zakat and Ushr Ordinance, 1980 (XVIII of 1980), to the extent of the Province is hereby repealed.

(2) Notwithstanding the repeal of the Zakat and Ushr Ordinance, 1980 (Ord. No. XVIII of 1980)-

(a) the Zakat and Ushr Council shall succeed all the assets and liabilities of the Central Zakat Council and Provincial Zakat Council established or constituted under the repealed Ordinance;

(b) a District Zakat and Ushr Committee and a Local Zakat and Ushr Committee shall succeed all the assets and liabilities of the District Zakat and Ushr Committee and the Local Zakat and Ushr Committee constituted under the repealed Ordinance;

- (c) the Provincial Zakat Council constituted under the repealed Ordinance shall be deemed to be the Zakat and Ushr Council under this Act;
- (d) the District Zakat and Ushr Committee constituted under the repealed Ordinance shall be deemed to be the District Zakat and Ushr Committee under this Act;
- (e) the Local Zakat and Ushr Committee constituted under the repealed Ordinance shall be deemed to be the Local Zakat and Ushr Committee under this Act; and
- (f) an action or proceedings taken under the repealed Ordinance or the rules made thereunder shall be deemed to have been taken under this Act in so far as these are not inconsistent with the provisions of this Act.

FIRST SCHEDULE

(See sections 2 and 3)

**ASSETS SUBJECT TO COMPULSORY LEVY OF ZAKAT THROUGH DEDUCTION
AT SOURCE FOR CREDIT TO THE PROVINCIAL ZAKAT FUND.**

S.No.	Assets.	Rate and basis for computing the amount to be deducted as Zakat.	The Deducting Date.	The Deducting Agency.
1.	2.	3.	4.	5.
1.	Savings Bank Accounts and similar accounts by whatever name described with the Banks operating in Province, post offices, National Savings Centers and financial institutions keeping such accounts.	2.5% of the amount standing to the credit of an account at the commencement of the day on the valuation date. No deduction shall be made in case the amount standing to the credit of an account does not exceed the amount notified by the Chief Administrator.	As notified by the Chief Administrator Zakat for the Zakat year.	The Bank, Officer, Centre of institution as the case may be, keeping the account.
2.	Notice Deposit Receipts and Accounts and similar receipts and accounts by whatever name described with the banks operating in Province, post offices, National Savings Centers and financial institutions issuing such receipts and keeping such accounts.	2.5% of the face value of a receipt or the amount standing to the credit of an account, as the case may be, at the commencement of the day on the valuation date, in each Zakat year.	The date on which the first return is paid or the date of encashment/ withdrawal, whichever be earlier in the Zakat year.	The bank, office. Centre or institution, as the case may be. issuing the receipt or keeping the account and responsible for paying the return or the amount encashed/withdrawn.

3.	Fixed Deposit Receipts and Accounts and similar receipts and accounts and certificates (e.g., Khas, Deposit certificates), by whatever name described, issued by the banks operating in Province, post offices, National Savings Centers and financial institutions, on which return is receivable by the holder periodically or is received earlier than maturity or withdrawal.	2.5% of the face value of a receipt or a certificate, or the amount standing to the credit of an account, as the case may be, as at the commencement of the day on the valuation date, in each Zakat year.	The date on which the first return is paid, or the date of encashment /redemption/ withdrawal, whichever be earlier in the Zakat year.	The bank, office. Centres or institution, as the case may be, issuing the receipt or certificate or keeping the account, and responsible for paying the return or encashment/redemption with drawl.
4.	Savings/deposit certificates (e.g. Defense Savings Certificates. National Deposit Certificates), receipts and accounts by whatever name described, issued or kept by the banks operating in Province, post offices, National Savings Centers, financial institutions, companies and statutory corporations, on which return is receivable and is received, by the holder, only on maturity or encashment.	2.5% of the payable value of certificates or receipts or the amount standing to the credit of an account as the case may be, as on the valuation date.	The date on which the maturity value is paid, or of encashment/ withdrawal.	The bank, office. Centre, company, or corporation, as the case may be, responsible for paying the return or the amount withdrawn, or redeeming encashing the certificates or receipts

5.	Units of the National Investment (Unit) Trust.	2.5% of the face value or repurchase value of the Units whichever be lower, as on the valuation date, in each Zakat year.	The date on which the first return is paid or the repurchase value is whichever be earlier in the Zakat year.	The Trustee of the National Investment (Unit) Trust or its authorized agent paying the return on, or the " repurchase value of, the Units.
6.	I.C.P. Mutual Fund Certificates.	2.5% of the face value, or the market value based on the closing rate at the Karachi Stock Exchange, whichever be lower as on the valuation date, in each Zakat year.	The date on' which the first return is paid in the Zakat year.	The investment Corporation of Pakistan.
7.	Government securities (other than prize bonds and certificates ¹ mentioned at serial No. 3 and 4) on which return is receivable by the holder periodically	2.5% of the face value of Government securities as on valuation date in each Zakat year.	The date on which the first return is paid or the date of encashment/ redemption, whichever be earlier in the Zakat year.	The bank, office or institution, as the case may be. responsible for the return or encashing/redeeming the security
8.	Securities including shares and debentures (other than those mentioned at serial No. 5, 6 and 7 above), of 'companies or statutory corporations (excluding those held in the name of a company or a statutory corporation), on which return is payable periodically or otherwise, and is paid.	If listed on the stock exchange, 2.5% of the paid-up value, or the market value based on the closing rate at the Karachi Stock Exchange, whichever be lower as on the valuation date, in each Zakat year. If not listed on the stock exchange 2.5% of the paid-up value on the valuation date, in each Zakat year.	The date on which the first return Is paid, or the date of encashment redemption whichever be earlier in the Zakat year.	The corporation, company or institution, as the case may be, responsible for paying the return or encasing/redeeming the security.

9.	Annuities.	2.5% of the amount of annuity benefit in each Zakat year 4[and, in case of surrender, 2.5% of the surrender value on the valuation date, as the case may be.	The date of first payment of the annuity benefit and of the surrender value.	The insurer or the bank keeping and the amount in the form of an annuity.
10.	Life insurance policies.	2.5% of the surrender value as on the advance. Date in the Zakat year in which the policy matures or its survival benefit or surrender value is paid, as the case may be.	The date of payment of maturity value or of survival benefit or of surrender value	The insurer.
11.	Provident Funds.	In case of non-refundable advance, 2.5% of the amount drawn or, in case of final settlement, 2.5% of the balance standing to the credit of the subscriber as on the valuation date, excluding in both cases the employer's contribution and the return accrued thereon.	The date of payment of the advance or of the balance	The authorized officer or institution making payment of the advance or of the balance.

Note:-1. Deducting at source exceeding two and one half percent of the value of an asset specified in this Schedule, shall not be made in respect of that asset within the same Zakat year.

2. No Zakat shall be charged on the amount paid as premium of a life insurance policy of a person from his provident fund and, where the proceeds of a life insurance policy of a person are credited to this Provident Fund during a Zakat year, no Zakat shall be charged on the amount received or drawn during that year as final settlement of his account in the Provident Fund or as non refundable advances, to the extent of the proceeds so credited.

3. If the amount to be deducted at source as Zakat, in a particular case, is less than a rupee, it shall not be charged, and if it is more than a rupee but has a fraction of a rupee, fifty paises and more shall be treated as the next higher rupee and less than fifty paises shall not be charges, where the entire amount of the return of balance is to be appropriated towards Zakat, and the amount contains a fraction of a rupee, this fraction shall not be so appropriated.
4. The deducting date for serial No. 1 shall be deemed to be a public holiday, for banks only, within the meaning of the Negotiable Instruments Bill, 1881 (XXVI of 1881) Banks shall, however, remain open for their employees.
5. In case the amount of the first return on any of the assets specified at serial No. 2, 3 and 5 to 8 is than the Zakat due the entire amount of such return shall be appropriated towards Zakat year or as the case may be, from the encashment or surrender value.

SECOND SCHEDULE
[see sections 2, 3 (5) and 5]

ITEMS NOT SUBJECT TO COMPULSORY LEVY OF ZAKAT BUT ON WHICH ZAKAT IS PAYABLE BY EVERY SAHIB-E-NISAB ACCORDING TO THE RELEVANT NISAB, ON SELF-ASSESSMENT BASIS, EITHER TO A ZAKAT FUNDS OR TO ANY INDIVIDUAL OR INSTITUTION ELIGIBLE, UNDER THE SHARIAH, TO RECEIVE ZAKAT

S.No.	Items.	Rate and Basis for Self-assessment.
1.	2.	3.
1.	Gold and silver and manufacturers thereof	2.5% of the market value as on the valuation date.
2.	Cash	2.5% of the amount, as on the valuation date.
3.	Prize bonds	2.5% of the face value as on the valuation date.
4.	Current Accounts and foreign currency accounts and to the extent not subject to compulsory levy of Zakat under the First Schedule, other accounts, certificates, receipts. Units of National Investment (Unit) Trust, ICP-Mutual Fund Certificates Government securities, annuities, Life Insurance Policies and Provident Funds.	2.5% of the value of the asset, as on the valuation date.
5.	Loans receivable excepting loans receivable by banks, other Financial institutions, statutory corporations and companies	2.5% of the amount of loan receivable, as on the valuation date.

6.	Securities including shares and debentures, to the extent not subject to compulsory levy of Zakat under the First Schedule.	If listed on the stock exchanges, 2.5% of the market value i.e., the closing rate of the Karachi Stock Exchange as on the Valuation Date If not listed on the stock exchange, 2.5% of the paid-up value as on the valuation date.
7.	Stock-in-trade of: (a) Commercial undertakings including dealers in real estate; (b) Industrial under king (c) Precious metals and stones and manufacturers thereof.	(a) 2.5% of the book value or at the option of the sahib-e-nisab. the market value as on the valuation date; (b) 2.5% of the book value or at the option of the sahib-e-nisab the market value of raw materials and finished goods as on the valuation date; (c) 2.5% of the market value, as on the valuation date
8.	Agricultural /including horticultural and forest produce (a) Tenant share (b) other than tenant's share	(a) (i) 10% of the produce, as on the valuation date, in the barani area. (ii) 5% of the produce as on the valuation date in the non-barani area. (b) (i) 5% over and above the compulsory 5% in the barani area, as on the valuation date: and (ii) One-fourth off the value of produce allowed as an allowance for expenses on production.
9.	Animal (fed free in pastures) (a) sheep or goat	As on the valuation date: (a) (i) For owners of one to 39 heads: nil; (ii) For owners of 40 to 120 heads: one sheep/goat; (iii) For owners of 121 to 200 heads: two

	(b) Bovine Animals	<p>sheep/goats;</p> <p>(iv) For owners of 201 to 400 heads: three sheep/goats; and</p> <p>(v) heads: one sheep/goat, as on the valuation date;</p> <p>(b) (i) For owners of one to 29 heads: nil;</p> <p>(ii) For owners of 30 to 39 heads: one year old calf;</p> <p>(iii) For owners of 40 to 59 heads: two years old calf ;</p> <p>(iv) For owners of 60 heads and every additional 10 heads: one year old calf for each 30 heads and two years old calf for each 40 heads;</p>
	(c) Camels	<p>(c) (i) For owners of one to 4 heads: nil;</p> <p>(ii) For owners of 5 to 25 heads: one;</p> <p>(iii) For owners of 26 to 35 heads: one she-camel between one year and two years old; and</p> <p>(iv) For owners of 36 to 45 heads: one she-camel between two and three years old; and so on, as on the valuation date.</p>
10.	Wealth and financial assets other than those listed in Schedule on which Zakat is payable according to Shariah.	-