

## Zakat Treatment

Currently there are two types of Yielders investments:

1. retail deals - with 2-5 year investment terms and monthly dividends, and
2. Top Yielder deals with 12-18 month investment terms with capital appreciation.

For retail investments, you would pay Zakat on the income for the years that the property isn't sold, so for the 3 years of income you receive from rental income you would add this to your overall cash balance that you calculate for zakat. In the final year, the year that the property is subject to be sold, you calculate the value of your share and pay zakat on the entire amount e.g. If your share was £1k in value, the first 2 years you would pay zakat on the 5-6% rental income you are receiving, and the final year 3<sup>rd</sup> year, you would pay zakat on the £1k+profit as it becomes a saleable good (stock) as well as any income from rent.

With regards to the Top Yielder development deals; you would expect to pay Zakat on the total amount you have invested and the profit you intend to receive from this, as you are developing the asset for sale. However, whilst still in development phase as you are not aware of the total return at this point you can pay zakat on the cost element (total investment amount), however if you sell for a profit (within the same year) but have not realised the profit, you can pay Zakat on the invested amount, and then if sold and profit is realised, you must pay zakat on the profit as well.

The above is offered as guidance only and we advise you speak to scholars you trust for personal zakat obligations