ETERNAL VIRTUE
CANADA



Eternal Virtue - Zakat Policy

1. Purpose

1.1 The purpose of this Zakat Policy ("Policy") is to establish a clear framework for the collection, management, administration, and distribution of Zakat funds by Eternal Virtue ("the organization").

1.2 This Policy ensures that all Zakat-related activities:

- Comply with applicable guidelines of Islamic Law (Fiqh)
- Meet all relevant Canadian legal and regulatory requirements
- Uphold the highest standards of transparency, accountability, and governance

1.3 This Policy also serves to inform donors, and guide the Board of Directors, management, staff, and volunteers in the proper handling and application of Zakat funds.

2. Scope

2.1 This Policy applies to all Zakat funds received, managed, administered, and distributed by Eternal Virtue.

2.2 It applies to:

- The Board of Directors
- Officers and management
- Volunteers
- Any third-party partners involved in Zakat-related activities

2.3 The organization shall distribute Zakat exclusively to eligible individuals residing in Canada.

3. Guiding Principles

3.1 Eternal Virtue recognizes Zakat as a mandatory act of worship and a fundamental pillar of Islam.

3.2 The organization shall administer Zakat in accordance with:

- The Qur'an and Sunnah according to the understanding and interpretation of the mainstream established scholarly tradition.
- Applicable Canadian laws and regulations, including the **Income Tax Act (Canada)** and guidance from the **Canada Revenue Agency (CRA) Charities Directorate**

3.3 Zakat funds shall be treated as a **restricted trust** for the benefit of eligible recipients.

3.4 Eternal Virtue is committed to:

- Preserving the dignity and autonomy of recipients
- Ensuring transparency and accountability in all transactions
- Maximizing impact in poverty alleviation and humanitarian support

4. Definitions

For the purposes of this Policy:

4.1 **Zakat** refers to the obligatory charitable contribution payable by eligible Muslims, calculated as a percentage of qualifying wealth, and entrusted to Eternal Virtue for distribution to eligible recipients.

4.2 **Sadaqah** refers to voluntary charitable donations that may be used at the discretion of Eternal Virtue for general charitable purposes.

4.3 **Nisab** refers to the minimum threshold of wealth one must possess that determines the obligation to pay Zakat.

4.4 **Zakat-ul-Fitr (**also known as **Fitrana)** refers to the obligatory charity payable at the end of Ramadan on behalf of each individual.

4.5 **Scholar Advisory Board** refers to the qualified Islamic scholars appointed by Eternal Virtue to provide religious guidance, oversight, and approval concerning the organization's Zakat policies, eligibility criteria, and distribution practices.

5. Eligibility of Recipients

5.1 In accordance with Qur'an (9:60), Zakat distribution is restricted to eight categories of eligible recipients.

5.2 In accordance with the Hanafi school of Islamic jurisprudence, which permits Zakat distribution to selected eligible categories, Eternal Virtue shall restrict its distributions to the following three categories:

- The Poor (*Al-Fuqara*)
- The Needy (*Al-Masakin*)
- Those in Debt (*Al-Gharimun*)

5.3 All recipients must meet the financial need criteria and fall below the applicable Nisab threshold.

- **Nisab Benchmark**

Eternal Virtue adopts the silver-based nisab as the benchmark for calculating Zakat payable and assessing applicants' financial eligibility to receive Zakat.

- **Nisab Valuation**

Eternal Virtue shall determine the Canadian-dollar value of the silver-based nisab using a consistent, reliable, and religiously approved valuation methodology, as established in its Zakat Governance and Operational Controls document.

6. Collection of Zakat

6.1 Eternal Virtue may collect Zakat (including cash and securities) year-around through its various platforms, events, and initiatives. All Zakat contributions shall be recorded separately from general donations, with receipts issued where applicable.

7. Segregation and Management of Funds

7.1 All Zakat funds shall be maintained separately from non-Zakat funds through the organization's dedicated Zakat bank account.

7.2 Where Zakat contributions are received through general donation channels or require reclassification, appropriate transfers and adjustments may be made to ensure their proper allocation to the dedicated Zakat account, subject to established financial controls.

7.3 Zakat funds shall be used exclusively for the purposes permitted by this Policy. They shall not be borrowed, advanced, pledged, temporarily transferred, or otherwise used to finance any other campaign, program, operating expense, or cash-flow requirement, even where repayment is intended.

8. Distribution of Zakat

8.1 Zakat funds shall be distributed exclusively to eligible recipients as defined in Section 5.

8.2 Zakat shall be distributed in cash (Canadian currency) or goods. Payments to third parties on a recipient's behalf are permitted with the recipient's authorization.

8.3 Eternal Virtue shall aim to distribute Zakat funds within six (6) months of receipt, but in no case shall distribution exceed one (1) lunar year from the date of receipt.

9. Use of Zakat Funds

9.1 Zakat funds may be used for:

- Emergency relief (food, shelter, basic needs)
- Poverty alleviation initiatives
- Health support

All assistance under this Section shall be provided in accordance with the recipient eligibility and ownership-transfer requirements established under Sections 5 and 8.

10. Zakat-ul-Fitr

10.1 Eternal Virtue shall collect and distribute Zakat-ul-Fitr in accordance with the guidelines applicable to general Zakat distribution.

10.2 The Zakat-ul-Fitr amount shall be established annually in consultation with Eternal Virtue's religious advisors, based on the prescribed quantity of staple food or its Canadian-dollar equivalent.

10.3 Eternal Virtue shall establish an annual collection deadline during Ramadan to ensure that all Zakat-ul-Fitr contributions are distributed to eligible recipients before Eid al-Fitr.

11. Compliance and Governance

11.1 Eternal Virtue shall ensure compliance with:

- **Islamic Zakat principles**, including eligibility requirements, the recognized categories of Zakat recipients, proper calculation and distribution, and the appropriate use of Zakat funds, with guidance from its Scholar Advisory Board where necessary.
- **Applicable Canadian federal and provincial laws governing registered charities**, including Canada Revenue Agency (CRA) requirements for financial accountability, recordkeeping, and charitable distributions.

11.2 The Board of Directors shall oversee adherence to this Policy

12. Reporting

12.1 Eternal Virtue shall maintain transparency in all Zakat-related activities.

12.2 Eternal Virtue shall include financial reporting on Zakat funds received, administered, and distributed as part of its annual year-end financial reporting.

12.3 Eternal Virtue shall maintain a Board-approved Zakat Charter setting out its service commitments, responsibilities, approval authorities, and performance measures. The Charter shall support this Policy and shall not override its restrictions or approved religious criteria.

13. Non-Discrimination

13.1 Eternal Virtue shall administer Zakat fairly and without discrimination based on ethnicity, nationality, or background, while adhering to the Islamic eligibility requirements established under this Policy.

14. Review and Amendments

14.1 The Board of Directors shall review and approve this Policy and the Zakat Charter at least annually.

14.2 Any amendments to this Policy shall require formal majority approval by the Board of Directors and alignment with its Scholar Advisory Board.

14.3 This Policy shall be made available on Eternal Virtue's official website and provided to donors, beneficiaries, and other stakeholders upon request to promote transparency and accountability.

15. Islamic Advisory and Consultation

15.1 The Board shall not waive religious eligibility requirements or override an adverse religious determination to authorize a Zakat transaction. Where religious approval and applicable legal requirements cannot be satisfied, the affected activity shall be paused until a compliant and harmonious approach is approved.

— END OF POLICY —