

Status:  Law in force

FED LAW No. 4 of 2003

**Gazette No. 394**

## UAE Official Gazette

### **Federal Law No. 4 of 2003 concerning the Establishment of the Zakat Fund.**

**We, Zayed Bin Sultan Al Nahyan, President of the United Arab Emirate,**

After reviewing the Constitution,

[Federal Law No. 1 of 1972](#) concerning the responsibilities of Ministries and the powers of Ministers, as amended;

[Federal Law No. 7 of 1976](#) concerning the establishment of the Audit Bureau;

Pensions and Social Securities Law promulgated by [Federal Law No. 7 of 1999](#);

[Federal Law No. 21 of 2001](#) concerning civil service in the Federal Government;

Upon the proposal made by the Minister of Justice, Islamic Affairs and Endowments,

The approval of the Cabinet, and

The ratification of the Supreme Council of the Federation,

Have issued the following Law:

#### **Article 1 Definitions**

In the application of the provisions of this Law, the following words and expressions shall have the meanings set out opposite each of them unless the context requires otherwise:

State: United Arab Emirates

Ministry: Ministry of Justice, Islamic Affairs and Endowments.

Minister: Minister of Justice, Islamic Affairs and Endowments

Fund: Zakat Fund

Board of Directors: Board of Directors of the Fund

General Secretariat: General Secretariat of the Fund

#### **Article 2**

A Fund called Zakat Fund shall be established in the State. It shall have a corporate personality and financial and administrative independence. It shall have a separate budget and shall be associated with the Minister.

#### **Article 3 Objectives of the Fund**

The Fund aims at:

1. Accepting the Zakat money, increasing and disbursing them in the manner prescribed by Sharia according to its priorities.
2. Raising awareness of the Zakat and its role in life.
3. Spreading the spirit of solidarity and compassion among the community members.

#### **Article 4**

The Head Office of the Fund shall be in Abu Dhabi City. Branches in the cities of the State may be established by a resolution of the Board of Directors.

#### **Article 5**

The Fund resources shall comprise of:

1. Zakat money that the Muslims desire to pay directly to the Fund or that are sent to the Fund by charitable associations and entities or any other entity to be disbursed in the manners prescribed by the Sharia to its beneficiaries.
2. Donations, bequests and subsidies presented by third parties not in conflict with the Fund objectives and approved by the Board of Directors.
3. Letters of credit allocated for the Fund in the general budget of the State to disburse on administrative expenditures incurred by the Fund.
4. Money generated from the Fund conducting activities not in conflict with its objectives.

#### **Article 6**

One section of the balance sheet may be transferred to another section by a resolution of the Board of Directors upon the proposal made by the Chairman of the Board. Transferring from one Clause to another in the same section of the balance sheet may be permitted by a resolution of the Chairman of the Board of Director upon the proposal made by the Secretary General.

#### **Article 7**

Money of the Zakat Fund shall be deemed as public funds and the Zakat shall be exempted from the prior audit of the Audit Bureau.

#### **Article 8**

The financial year of the Fund shall commence on January first and shall end on the thirty first of December of each year. The first financial year shall also commence from the effective date of this Law and shall end on the thirty first of the following year.

#### **Article 9**

The Fund shall have a Board of Directors formed and presided by the Minister and a number of Directors whose nomination and determination of their remuneration shall be conducted by a resolution issued by the Cabinet.

The term of the Board of Directors shall be three years renewable. The Board shall, in its first meeting, select from among its Directors a Vice Chairman that replaces the Chairman when absent or due to a reason preventing him from attending.

#### **Article 10**

The Board of Director is the supreme authority supervising the Fund works and conducting its affairs. It shall exercise all the powers required to achieve its objectives, in particular:

1. Determining the general policy of the Fund and approving the disbursement of Zakat money in the manner prescribed by Sharia and opening bank accounts.

2. Using the Da'wa methods to remind the Muslims of the aim of the Zakat and urge them to paying it.
3. Coordinating and cooperating between the Fund and the charitable associations and entities that receive the legal Zakat money to disburse them in the channels prescribed by Sharia.
4. Appointing Auditors and determining their remunerations and ratifying their reports.
5. Approving annual the Draft balance sheet of the Fund and its final account and submitting them to the Cabinet for approval. The Fund's resources generated from the Zakat money shall be excluded from such Draft. The Board of Directors shall undertake ratifying the Fund's resources and the balance sheet thereof.
6. Preparing the organizational structure, Employees' affairs regulation and the financial regulation of the Fund. A Resolution thereon shall be issued by the Cabinet.
7. Proposing Draft Laws related to the Fund work.
8. Forming Committees emerging from the Secretariat General.
9. Issuing the necessary Resolutions to execute the provisions of this Law.

#### **Article 11**

The Board of Directors shall meet at least once every three months by the invitation of its Chairman. The Chairman of the Board may call for a meeting whenever necessary. The Board may meet upon the request of at least one third of its Directors.

The quorum shall not be present unless attended by at least one third of its members. The resolutions shall be taken by majority votes of the attendees. In the event of parity, the side of the Chairman shall have the casting vote.

#### **Article 12**

The Board of Director may form, from among of its members, one or more committee to which it shall entrust some of its responsibilities. The Board may also entrust the Chairman of the Board or one of the members to carry out a specific task provided that he shall present what such member accomplishes to the Board to take the actions it deems appropriate.

#### **Article 13**

The Board of Directors shall have a Secretariat General that undertakes preparing for the Board's meetings, following up the execution of its resolutions and coordinating between the concerned entities with respect to the resolutions issued by the Board and the works entrusted to it. It shall particularly undertake the following:

1. Proposing the plans that ensure the management and disbursement of the money of the Fund.
2. Proposing the regulations of the Fund's money.
3. Preparing the Organization Structure of the Fund and the apparatuses working therein.
4. Proposing the regulations of the Fund's money.
5. Preparing the Draft annual balance sheet and the final account of the Fund.
6. Submitting the Auditors' reports to the Board of Directors.
7. Submitting periodic reports of the work flow of the Fund to the Board.

#### **Article 14**

The following two committees shall be associated with the Secretariat General:

1. The Sharia Committee: It shall undertake providing the Sharia's opinion with respect to the rulings of the Zakat and Da'wah to remind of and perform the rulings of the Zakat.
2. The Disbursement Committee: It shall undertake preparing the policies of the disbursement of the Fund's money according to the Sharia channels or in execution of what is prescribed by the Zakat payers.

#### **Article 15**

The Fund shall have a Secretary General of a degree of Undersecretary appointed by a Federal Decree issued upon the proposal made by the Minister. Such Secretary General shall execute the resolutions of the Board and shall be responsible for the work flow in the Secretariat General and shall represent the Fund for third parties and before the judicature.

## **Article 16**

All transactions and Fund's claims shall be exempted from taxes and fees of different types.

## **Article 17**

The national employees of the Fund shall be subject to Laws and regulations of civil service in the Federal Government until the regulation of employees' affairs of the Fund is issued. The provisions of Pensions and Social Securities Law shall also apply to such employees.

## **Article 18**

The contracts concluded with the non national workers of the Fund and the Regulation of the Employees Affairs shall apply to non national workers with respect to what has not been provided for in such contracts.

## **Article 19**

This Law shall be published in the Official Gazette and shall come into force after six months from the date of its publication.

## **Signed**

**Zayed Bin Sultan Al Nahyan**

**President of the United Arab Emirates**

**Issued by us in the Presidential Palace in Abu Dhabi:**

**On: 14 Dhu Al Hijjah 1423 Hijri**

**Corresponding to: 15 February 2003**