ENDOWMENT

Islamic Endowment (Waqf)

What is an Islamic endowment (waqf)?

The Prophet (God bless him and give him peace) said: “When a human being dies, his work comes to an end, except for three things: ongoing charity, knowledge benefited from, or a pious son who prays for him.” (Muslim) The establishment of an endowment (waqf) is a recommended act entailing that the owner of a property give up ownership interest in the property (for the sake of God, “to” God) while specifying how it is to be used after its disposition, whereby any financial benefit accruing from the given property be directed to a specified purpose as supervised by some designated manager.

Endowment Of Usufruct Must Accompany Ownership Transfer

Is it permissible to endow the usufruct of a property, without endowing its ownership?

Usufruct alone is not endowable. While it is permissible to specify the manner in which the endowment is to be used (e.g. “the usufruct of this building goes to the poor and needy”), it is impermissible to endow only the use of a property while maintaining private ownership.

Endowment Of Consumable Item

Is endowment of a consumable item permissible?

Property whose consumption materially diminishes the property itself is not valid to endow (e.g. a fruit tree is endowable, while its fruit alone is not).

Proceeds Of Endowment

Who is entitled to the proceeds of an endowment?

After the endowment’s establishment, the property itself is “owned” in a worldly sense by God, but the proceeds from the property are owned by the endowment manager who spends it according to the endowment’s guidelines.
Returning Endowment Found To Be Stolen

What is the ruling on returning an endowment later found to be stolen property?

Third parties (i.e. non-thief and non-owner) who acquire stolen property through an endowment are obligated to return the item to the original owner (and compensate for damage and depreciation), even if they had no prior knowledge of the property’s misappropriation.

Assigning Portion Of Endowment Income To Non-Beneficiary

Is it permissible for the one endowing to allocate a share of the endowment’s income for parties other than those already intended as beneficiaries?

It is permissible for the one endowing to allocate a portion of the endowment’s income to specified parties other than those already intended as beneficiaries; for example, the endower may allocate a percentage of a property’s income to his heirs, and the remaining to the needy.

Buying And Selling Items Within Endowment

May an endowment manager buy, sell or replace peripheral items contained within the endowment?

It is permissible for the endowment manager to buy, sell or replace peripheral items contained within the property in a manner that benefits the endowment without diminishing its overall value. For example, for an endowed mosque the manager might buy new carpeting.

On Using Endowments For Personal Gains

Can endowments be used for personal gain?

Endowments may not be used for personal gain unrelated to the endowment’s purpose or unspecified in the endowment’s guidelines.

Classification Of Endowments

How are endowments classified?

Endowments are classified according to the circumstances in which they are given:
1. without a will, during the giver’s lifetime, they are considered to be from the giver’s personal property;
2. without a will, after the giver’s lifetime, they are considered to be part of the bequest;
3. in a will, they are considered to be part of the bequest; and
4. with or without a will, if they are given under circumstances that ultimately lead to the individual’s death (e.g. illness, war, travel, etc.), they are considered bequests.

Ushr On Endowment

Is ushr, an Islamic tax on agricultural produce, levied on an endowment?

Ushr is payable on an endowment.