1533 - Charitable funding within a family

the question

Some people formed a co-operative whereby each male, old or young, pays one hundred dollars at the beginning of the year, so that the money is saved in case any of them has to pay diyah (blood-money) or is faced with some other disaster. Do they have to pay zakaat on this money each time a year has passed?

Detailed answer

Praise be to Allah.

If the situation is as you describe, and the money does not go back to the person who donated it according to the proportion that he donated, but is now no longer owned by any one of them and is to be spent only for the purpose for which they donated it, then there is no zakaat due on it. And Allaah knows best.