

**FREQUENTLY ASKED QUESTIONS (FAQS)
OCBC ZAKAT AUTO DEDUCTION SERVICE –OPT-IN**

A. APPLICATION FOR THE ZAKAT SERVICE

Q1. IS THIS SERVICE OPEN TO ALL OCBC ACCOUNT HOLDERS?

A1. This service is only applicable to **personal AND Muslims** Al-Wadiah Savings and Current Account holders only. This service is not applicable to non Muslims, non-personal Al-Wadiah account holders and other types of OCBC account holders.

Q2. HOW CAN I OPT-IN FOR THIS SERVICE?

A2. You can opt in by:

1. Complete the Authorization form which is available at www.ocbc.com. or
2. Visit any of our branches to complete the Authorization Form or
3. Calling our Customer Service Hotline at 1800 438 3333 to request for the form to be mailed to your address. Upon completing the form, simply mail it to:

Bras Basah Post Office,
Locked Bag Service No. 8,
Singapore 911886

Q3. WHAT DO I NEED TO DO IF I HAVE MORE THAN ONE AL-WADIAH ACCOUNT?

A3. If you have more than one Al-Wadiah Account, you have to list the account numbers you would like to include for this service on the Authorisation Form.

If any of your account(s) has more than one joint holder, he/she will need to complete a separate Authorization Form.

Q4. HOW CAN I FIND OUT THE STATUS OF MY APPLICATION?

A4. By calling our Customer Hotline at 1800 438 3333. If your application is unsuccessful you will be notified via mail.

B. COMPUTATION OF ZAKAT

Q5. HOW IS ZAKAT CONTRIBUTION FOR MY ACCOUNT(S) BEING CALCULATED?

A5. The steps being taken by the Bank in calculating your contribution are as follows:

Step 1: The Bank will determine your “haul” start and end date.

The “haul” starts on the 1st of the following month after your application has been successfully processed. The “haul” end date is 355 days from the “haul” start date. For example if the “haul” start date is 1 Jan 2005, the “haul” end date is 21 Dec 2005.

Step 2: The Bank will obtain the nisab rate from Muis.

The nisab rate is equivalent to the monthly price of 86 grams of gold. The nisab rate is obtained from MUIS in the following month. The nisab rate obtained is matched against the minimum credit balances of the previous month.

For example, a nisab rate obtained on 2nd March 2004 would be matched against the lowest minimum credit balance for the month of February 2004

Step 3: The Bank will determine if your account balance is greater or equal to the nisab rate (Dividend received on the account will be included into the calculation.)

When there is a broken haul:

Broken Haul happens when the minimum credit balance is lower than the nisab rate for that corresponding month. When this happens, the haul start date will be reset to the 1st of the month when the minimum credit balance starts to be equal to or more than the nisab rate for that corresponding month.

Step 4: Upon completion of the haul period, the Bank will identify the lowest minimum credit balance during

the haul period.

The lowest minimum credit balance during the haul period must be equal to or more than the corresponding month's nisab rate.

For example, the nisab rate forwarded on 2nd March 2004 is \$1,927. The lowest minimum credit balance of the Al Wadi'ah account for the haul period ending 21st Dec 2004 is in the month of February 04 which is \$2,000. Since the amount is more than the nisab rate, the account has therefore met the conditions of zakat.

Step 5: The Bank will calculate the zakat contribution.

The amount of zakat to be deducted is calculated by multiplying the lowest minimum credit balance during the haul period with 2.5%.

Here is an example of zakat calculation for an Al-Wadi'ah account:

1. The haul period starts on 1 January 2004 and ends on 20 December 2004. Assume no broken haul.
2. The lowest minimum credit balance during the 355 days haul period is in August 2004 which is \$2,500. The nisab rate given on 2 September 2004 which corresponds to the month of August 04 is \$1,927. The lowest minimum credit balance in August 2004 which is \$2500 is higher than the nisab rate corresponding to that month which is \$1,927. The account, therefore, meets the conditions of zakat.
3. The zakat payable and to be deducted from the account is $\$2,500 \times 2.5\% = \62.50

Step 6: The zakat amount deducted will be reflected on the customer's monthly statement

When customer receives his statement of account, he will be able to see his zakat amount which has been deducted

C. OTHER QUESTIONS YOU MAY HAVE ABOUT THE ZAKAT SERVICE

Q6. HAS THE ZAKAT COMPUTATION BEEN VERIFIED BY MUIS?

A6. Yes, please be rest assured that the Zakat formula used by the Bank has been verified by Muis.

Q7. HOW DOES THE BANK OBTAIN THE MONTHLY NISAB RATE?

A7. Muis will forward to OCBC the previous month nisab rate on every 2nd of the following month.

Q8. WOULD THERE BE ANY REASONS WHY ZAKAT IS NOT DEDUCTED FROM MY ACCOUNT?

A8. Yes, the following are some of the reasons why there is no zakat deduction for your account:

1. the account has not completed the haul period
2. the account has broken haul
3. the customer has terminated the authorization
4. the account has insufficient funds at the point of deduction

Q9. WILL MY ZAKAT CONTRIBUTION BE INCLUDED IN MY TAX ASSESSMENT IF I WERE TO OPT IN FOR THIS SERVICE?

A9. If you complete the column "Source of Income" on the authorization form, your Zakat contribution will be automatically included as part of your Income Tax Claims in your Tax Assessment. If you do not want your Zakat contributions to be part of your Income Tax Claims, please choose "07 Not Applicable" as the "Source of Income".

Q10. WHAT HAPPENS IF MY ACCOUNT MINIMUM CREDIT BALANCE FALLS BELOW THE NISAB RATE?

A10. There would be a "broken haul" and the new "haul" start date will be the 1st of the following month.

Q11. HOW CAN I TERMINATE THIS SERVICE?

A11. You could terminate this service by writing to us and:

1. Submit at any OCBC Bank Branch or
2. Mail the letter to:

Bras Basah Post Office,
Locked Bag Service No. 8,
Singapore 911886

When we have successfully processed your request, we will inform you of the termination date via mail.