



THE ADMINISTRATION OF ZAKAT WORLDWIDE AND AN OVERVIEW OF THEIR PERFORMANCE

Contemporary Administration

- 1. Voluntary zakat administration- Kuwait, South Africa, Jordan, Egypt
- 2. Compulsory Collection of zakat by the State- Malaysia, Pakistan, Brunei, Singapore, Indonesia.

Indonesia

- Undang-undang Pengelolaan Zakat
- Badan Amil Zakat Nasional
- Badan Amil Zakat Daerah

Singapura

- Akta Majlis Agama Islam 1968-
- Majlis Ugama Islam Singapura has the power to collect and distribute zakat
- Jabatan Zakat dan Awqaf
- I- Zakat- Zakat system online.

Brunei

- Enakmen Majlis Ugama dan Mah. Kadhi 1955
- Majlis Ugama Islam Brunei-administer zakat
- Pengelola Baitul Mal Zakat dan Fitrah
- Peraturan Zakat dan Fitrah 1969
- JKuasa Zakat dan Fitrah.

Zakat Organisation 2005

State	Zakat orga	Collection
Malaysia	14	127 million
Singapore	1	8.77 million
Indonesia	No data	No data
Brunei	1	9.19 million

Why? Less Collection

- Ineffective administration
- High Administration Cost- 30%
- Less effective information on zakat awareness
- Public confidence
- Public understanding- Only zakat fitrah is compulsory

Why? Increase of Zakat Collection

- For eg Msia and Spore
- Awareness
- Effective campaign
- Zakat on income
- In Indonesia and Brunei there is no ruling on the issue of zakat on income.

Distribution Issues

- Surplus. Eg 2004 22% zakat surplus.
- Fatwa coordination and standardization on the issue of asnaf. Eg transfer of zakat collection to another jurisdiction.
- Issue on the interpretation of beneficiaries.

Zakat Corporation

- Basic principles- Effective, honest, equitable, transparent and accountable.

Zakat Organisation in Malaysia

Corporation	Non-Corporation
PPZ WP	Jab. Zakat Kedah
LZS	MAI Swak
PUZPP	MAIS dan AITganu
PKZPahang	MAI dan AIPerlis
PZMelaka	MUISabah
PZN.9	MAI dan AIKtan, Perak
	MAIJohor

Corporation? Collection or Distribution

State	Collection	Disbursement
Kelantan, Sarawak, Perak, Perlis and other state	Govt	Govt
WP/N.9/Pahang/ Melaka	Corp	Govt
Selangor/Penang	Corp	Corporation

Cont....Administration Cost

- Corporation:
- Only represent 1-13%.
- Relatively very low cost.
- It depends on various factors- size, collection, distribution and etc.
- It could be reduced through effective strategic plan.

Zakat Synergy in ASEAN

- Big Muslim Population
- Surplus of zakat fund
- Imbalance development of muslims community
- T4 a body or organization needs to be established in the region.

What aspects?

- To manage poverty
- To manage the imbalance economic development
- Access to education
- Dakwah to non-muslims
- Aid to victims of any calamities.

Pakistan

- Art 31 Pakistan Constitution-
- Zakat and Ushr Ordinance 1980.
- Ministry of Finance
- Federal Zakah Council
- Provincial Zakah Council
- District and subdistrict- Voluntary zakat committee

Pakistan

- Two Types of Zakat Collection:-
- 1. Collected by the govt- saving, shares and agriculture
- 2. Left to nisab owners- Gold and livestock
- Govt bears the administrative expenses to central, provincial local and district.
- Admin cost not exceed 10% of the collection.

Pakistan

- Weaknesses:-
 - 1. No audit
 - 2. No comprehensive planning
 - 3. Not able to distribute effectively.
 - 4. No fatwa on zakat on income.

Kuwait

- Zakat Law 1982.
- Ministry of Awqaf
- House of Zakah-Voluntary committee
- Shariah Consultative Body
- All zakat payments are made voluntarily.
- No tax concession

Kuwait

- Sources of Fund House of Zakah
 - 1. Govt. aid
 - 2. Zakah collection
 - 3. Charity
- Zakat House- R&D Department, Social Services Dept and Public Relation and Overseas Activities

Jordan

- Zakat Law 1944 Abolished with Social Services Tax Act 1978.
- Zakat Fund Act 1978- Autonomy to establish zakat fund.
- Ministry of Awqaf- Directorate of zakah- Capital- Province
- There are others 43 Voluntary Zakat Committee.
- Shariah Experts under Ministry of Awqaf

Jordan

- Voluntary basis-collection
- Tax concession: - $\frac{1}{4}$ to full amount of rebate
- Payer may designate zakat to specific asnaf.
- Reserve fund 10%- building infrastructure for hospitalisation and rehabilitation series to asnaf
- Does not adhere to principle of tamlik.

Egypt

- 1. Voluntary Committee unaffiliated with any public body
- 2. Nasir Social Bank
- 3. The Ministry of Awqaf
- 4. Egyptian Faisal Islamic Bank
- Zakat is voluntary
- Distribution- discretion of committees
- No tax incentives
- Act No 1977-obligates Faisal Islamic Bank to pay zakat and autonomous fund for zakat.

Nasir Social Bank Model -1971

- Central Directorate
- Local Zakat Committee
- Central- branches at urban and rural area
- Managerial support by directorate
- Bank bears all admin cost
- Close cooperation with the ministry of awqaf
- Separate account of zakat

South Africa

- No law on zakah.
- But there is Non-profit organisation under NPO Act 1997.
- Zakat Institution is governed by this Act.
- NPO must have constitution that outlines the objective of the NPO.

South Africa

- NPO Act 1997:-
- Membership
- Operation organization structure:-
- Governance
- Financial statement
- Accounting records
- Expenditure
- Asset and liabilities

South Africa

- Income Tax Act 2001- tax exempt status to various public benefit organizations provided that they do not undertake business of income more than 75%.

Zakat Institution in SA

- 9 institutions. Eg Islamic Council of SA. And SA National Zakat Fund.
- Board of Trustee- elected and voluntary- They will frame the policy and oversee the operation.
- Executive Committee- voluntary- making management decision as manager and administrator.
- Sources of fund. 1. zakah 2. sadaqah from business and individual.

Method of Collection SA

- 1. Field workers
- 2. salary deduction
- 3. fund-raisers employed
- 4. debit order system
- 5. at the office

Year	Collect ion	Disbur semen t	Expen diture	Surplu s
2002-2003	R35.4 million	R28.9 million 81%	R5.25 million 16.7%	R0.49 million 1.4%

Disbursement SA

2003	Amount
Welfare	R28.9 M =83%
Salaries	R3 m=8.6%
Operational	R2.8 m= 8.2%
Media	R0.05% = 0.1%

Asnaf for South & Western Cape	Amount	Percentage
Poor	2.42 m	66.3%
Needy	0.38 m	10.5%
Amil	0.48 m	13.2%
Muallaf	0.084 m	2.3%
Riqab	-	-
Gharim	0.203 m	5.6%
Fisabilillah	-	-
Way farer	0.0005 m	0.1%
Total	3.65 m	98%

Observation

- 1. Collection Performance= Less and small.
- Some country received govt fund- Without this fund the collection is far more lower.
- Less effective method of collection

Observation

- 2. Disbursement Performance-
- Some country- reserved 10% for admin cost.
- To hold emergency reserves.
- Inadequacy of effective control
- Limited capacity of workers.

Observation

- 3. Performance in Reaching People:-
- Advantage- volunteers. Able to reach people effectively. Eg Pakistan 250,000 volunteers. Egypt- Nasir Social Bank 15000 volunteers.
- Jordan and Kuwait- Less effective.
- Should maintain relationship with payers and recipients.

Managerial Cost

- 1. Paid Cost for the management of zakah
 - Total expenditure to manage zakat
 - Govt assistance to cover this cost.
 - Minimal utilization of zakat fund.
- 2. Amount of labour-
 - i. paid full time
 - ii. Paid part time.

Issues and Problems

- 1. Fiqhi Related Problems
- A. zakat imposed financial asset
- Eg Sudan- no zakat imposed on the financial assets.
- B. Zakat on income
- Eg Saudi Arabia- imposed zakat on professional income
- Trend to follow traditional fiqh literature

Fiqhi Related Problems

- 3. Deposit- is zakatable= amwal zahirah. No fiqh literature discuss this type of zakat. We need ijtiihad.
- 4. Utilizing zakat fund on loan basis = Acceptable. For eg Pakistan.Hospital for benefit of the poors.
- This fiqhi issues should be resolved by ulama effectively.

2. Coverage of zakah

- Zakat Collection is relatively small
- Cannot cover all zakatable items.
- Only few types of zakat is compulsory.
- Eg Saudi Arabia= Only zakat mal is compulsory.
- Less effective method of collection.

2. Coverage of zakah

- It could be changed with minor changes
 - A. Improve the assessment
 - B. Improve the collection

3. High Administrative Cost

- Wages and salaries. Shoud minimise the usage of zakat fund for this cost.
- Sudan- 18% for admin cost.
- Need effective zakat administration to minimise the cost or even better if the govt. funded this cost.

4. Disbursement of zakah

- To upgrade economic condition of the most disadvantage population.
- Effective mechanism in redistributing the zakat collection to the worst sufferers.
- Highest share of zakah should go to those who really deserves it.

5. Zakat Assessment

- Majority= Based on the payers' assessment.
- Assessment of zakah on commercial asset= difficult and the payers do not know how to calculate it.
- The zakat institutions should provide consultancy for payers in assessing the zakat.

6. Payment through Non-official Channel

- Reason:- 1. Inconvenience to go to the office 2. inefficiency efforts 3. lack of confidence 4. satisfaction of giving zakat directly 5. political factors.
- Eg Malaysia=Less than 10% zakat collected from business sector.

7. Information Gap

- Lack of knowledge and information about the laws and syariah on zakah.
- Lack of publicity.
- Effective campaign in mass media to educate public on zakat obligation.

8. zakat law

- Lack of supporting laws concerning zakat.
- The existing law - Weak penalties, substantive and prosecution
- No law on zakat evasion
- Law Reforms 1. to include all zakatable items 2. procedure or manual of zakat. 3. define the distribution mechanism. 4. Suitable penalties.