



# **THE COLLECTION AND DISTRIBUTION OF ZAKAT IN MALAYSIA**

**2006 (RM)****State****Zakat Harta****Zakat  
Fitrah****Total**

W.P

143,304,403.0  
84,283,495.4  
0

147,587,898.48

Selango  
r149,943,584.6  
99,892,668.1  
0

159,836,252.79

Johor

46,478,287.95

8,254,654.5  
0

54,732,942.45

# Sources of Zakat Fund

- Zakat on business
- Zakat on agriculture
- Zakat on Savings
- Zakat on livestock
- Zakat on mining
- Zakat on earnings
- zakat fitr.

| <b>TYPES OF ZAKAT</b>  | <b>2004</b>          | <b>2005</b>          | <b>2006</b>          |
|--|----------------------|----------------------|----------------------|
| <b>Paddy Zakat</b>   | <b>1,538,685.97</b>  | <b>1,810,399.95</b>  | <b>1,744,606.95</b>  |
| <b>Property Zakat</b><br>- Savings Zakat<br>- Salary Zakat<br>- KWSP Zakat<br>- Share Zakat<br>- Crops Zakat | <b>20,313,628.02</b> | <b>24,967,985.78</b> | <b>32,983,062.04</b> |
| <b>Zakat Al-Fitr</b>   | <b>348,750.00</b>    | <b>424,610.00</b>    | <b>499,420.00</b>    |
| <b>Paddy Field and Land Rental</b>   | <b>253,854.20</b>    | <b>264,811.15</b>    | <b>260,795.79</b>    |
| <b>Building and Appliances Rental</b>  | <b>1,588,626.00</b>  | <b>1,140,479.00</b>  | <b>1,684,368.92</b>  |
| <b>Others</b>  | <b>997,367.17</b>    | <b>1,530,970.81</b>  | <b>1,977,257.74</b>  |
| <b>AMOUNT</b>  | <b>25,040,911.36</b> | <b>30,139,256.69</b> | <b>39,145,262.29</b> |

# Method of Collection

- 1. Collection by appointed staff
- 2. Collection through offices of the state religious department
- 3. Collection through salary deduction

# Calculation of Zakat

- a) *Zakat* For Income
- The meaning of salary is someone income from his services with the employer or somebody or company or institution. For example : Annual salary, arrears salary, variety allowance (transport, food, meeting) and others (including bonus and anything which can be describe as income).

# Method A

- 2.5 % on the amount of income per year.
- Example :
- $\text{RM } 1,500,00 \times 12 \text{ month} = \text{RM } 18,000.00$
- Rate of *Zakat* that should be paid is:
- $\text{RM } 18,000.00 \times 2.5 \% = \text{RM } 450.00$   
per year
- $\text{RM } 450.00 \text{ per year divided with } 12 \text{ month} = \text{RM } 37.50$

# Method B

- The income per year will be deducted with the life requirement (basic) per year.
- A was married and his salary is RM 1,500.00 per month x 12 month = RM 18,000.00 per year.
- Then, the salary is deducted to the household expenses including himself (per year) RM 8,000.00, his wife (per year) RM 3,000.00 and his child (each one) RM 8,000.00. The amount is RM 11,800.00 minus to the per year income per year = RM 6,200.00 per year. Therefore the rate of *Zakat* is:
- $RM\ 6,200.00 \times 2.5\ \% = RM\ 155.00$  per year
- RM 155.00 per year will divided with 12 month = RM 12.91 per month



# *Zakat* of KWSP

- Two views:-
  - 1. to pay when retire
  - 2. to pay every year when the conditions are correct even the money still in KWSP. The rate of *Zakat* is 2.5 percent

# *Zakat* of Agriculture

- Paddy price = 1 kilogram = RM0.60
- Subsidy price = 1 kilogram = RM0.24
- Price of paddy per KG = RM 0.84
- RM 0.84 X 1,300.49 kilogram (5 *Ausuk* equal to 2 *Kunca* 2 *Nalih* 6 *gantang*) = RM 1,102.94
- The rate of Paddy Zakat is 1/10
- RM 1,102.94 X 1/10 = RM 110.29

# Tax Incentive

- The Income Tax (Reduction from Retired) (Amendment) Act 2000 anybody who pays *Zakat* will enjoy rebate for their income tax.
- But this amendment only covers an individual.
- How about a company?

# Law Related on Zakat Collection

- The penalties vary from state to another
- Eg. Kedah- Only zakat on agriculture is required to pay at the office.
- Eg maximum penalty RM500  
minimum RM10

# Reason for Weak Enforcement

- 1. No database of zakat payer
- 2. Unwillingness of zakat officer to list down those who fail to pay zakat
- 3. Shortage of staff
- 4. No zakat laws give the authority to zakat officer to investigate
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# Zakat Distribution in Malaysia

- Basis of distribution:
- 1. Principle of Isti'ab-
- To distribute to all asnaf
- 2. Principle of had alkifayah
- Sufficient to asnaf
- 3. Principle of Khususiah
- Special to specific asnaf

## Cont..

- 4. Principle of Istiqlal
- Zakat property should be separated from other property
- 5. Principle of Iqtisad
- Smart distribution
- 6. Principle of Musuliyat al-amil
- Amil responsible upon his collection
- 7. Principle of al-riabah
- Good safekeeping

## Cont...

- 8. Zakat collection should not be allocated for general expenses
- 9. Zakat collection should not be utilised to cover Majlis expenditure
- 10. Zakat collection should not be used to build mosque, bridge, road, school and etc.



# Basic Criteria for Distribution

- 1. Accommodation
- 2. Food
- 3. Education
- 4. Health
- 5. Clothes
- 6. Transportation

# Interpretation of the Beneficiaries

- Faqir- The Poor of Straited Means ((الفقراء)). These include all Muslims whose means are, in spite of their best efforts or due to some physical disability, insufficient to adequately provide for the basic lawful material necessities of life such as food, clothing and shelter.
- income under 50 percent from their needs for life.

# The Poor Destitute

- **المساكين**). These include all Muslims whose means are, lacking or are so deficient as to deny them the basic lawful material necessities of life.
- income more than 50 percent from their needs for life. individuals below *nisab*
- The real poor people can be defining as people who earn RM529 per month and above.
- the group of people who are closely to be poor can be defining as people who earn RM1200 per month

# The *Zakat* Officials

- *Zakat*-officials, who regularly serve as members of the various *Zakat*-staffs, are entitled to receive remuneration payable out of the *Zakat* funds

## Amil includes:-

- The collectors ((المصدقون)), whose duty it is to collect the *Zakat* dues and deposit them in the authorized *Zakat*-centres.
- The distributors ((القسامون)), whose duty it is to apportion the *Zakat* funds.
- The custodians ((الحافظون)), whose duty it is to keep safe and disburse the *Zakat* funds to the lawful beneficiaries.
- The custodians include : the treasurers – the caretakers of the *Zakat* granaries and *Zakat* storehouses and the caretakers of domestic animals levied as *Zakat* (shepherds, herdsman, waterers).

## Cont...

- The measures ((الكيالون)), to measure or weigh the cereals and other kinds of agricultural produce levied as *Zakat*.
- The scribes or clerks ((الكاتبون)), to keep the *Zakat* files and records.
- The accountants ((الحاسبون)), to keep account of the *Zakat* revenue and expenditure.
- The informers ((العارفون)), to seek out those persons who are deserving of receiving *Zakat* assistance and to inform the *Zakat*-officials of their condition and whereabouts.

## Cont...

- The assemblers ((الحاشرون)), to assemble the *Zakat*-payers or the beneficiaries of *Zakat*, when required.
- The officers in charge ((رؤساء العاملين)), to direct and manage the various *Zakat*-centres and responsible to the state and to the public for the proper functioning of their respective centres.

Those their Hearts are reconciled  
(to Islam) ((المؤلفة قلوبهم)).

- the *Quran* included the new converts in the category of lawful beneficiaries of *Zakat*,
- solicitude of Islamic brotherhood.



# The slaves and Captivates (الرقاب)

- *Zakat* funds may be used to assist newly enfranchised slaves, whose former masters were either non-Muslims or Muslims
- The term of *Riqab* has further been interpreted as applying to those Muslims who have fallen prisoner into the hands of the enemy. Hence, it is generally agreed that, whenever such action is possible, *Zakat* funds may be to ransom Muslim prisoners of war.

# The Debtors (الغارمون)

- All debtors who find themselves unable to repay their debts without suffering undue distress or destitution, or who are absolutely unable to do so being devoid of all means of subsistence, may lawfully seek relief from their burden through the agency of *Zakat*
- the debtor is in genuine difficulty or truly needy

# For the cause of Allah (فی سبیل)

- lawful warfare for the defense of Islam and of the Muslim peoples and territories
- collective efforts which are directed toward reducing hardships arising out of emergencies of any nature – natural calamities, famine, war or others

# The wayfarer (ابن السبيل)

- Category of people who, for some valid reason are unable to return home temporarily or permanently.
- This would include people facing religious or racial persecution, political exiles or refugees, those seeking safety from oppression and those pursuing knowledge and education or involved in satisfying meritorious social wants away from home.
- For such people, *Zakat* serves as a social insurance fund, the medium of temporary help until they can stand on their own feet

# Problems with Zakat System

- 1. Lack of commitment and management expertise
- Not academically or professionally qualified
- 2. Lack of database
- No comprehensive database on zakat payer.
- 3. Legal aspects
- Weak law on zakat

## Cont...

- 4. Zakat payment through unofficial channel and unpaid zakat
- Weak enforcement
- 5.

## To what extent the distribution of zakat in Malaysia meets its objectives

- Zakat is not really transferred from the wealthy to the poor.
- Zakat is collected mainly to farmers and government servant. Less than 10% zakat on business.

# Proposed Reforms

- 1. Education system
- 2. Role of ulama
- 3. To improve zakat laws and enforcement
- 4. To improve zakat administration
- 5. Establishment of consultancy services network
- 6. To improve the corporate governance of zakat administration