The Analysis of Fatwa Development Regarding to Zakat Collection in Malaysia

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Abstract: Fatwa of zakat is the most important element in driving the growth of zakat collection in Malaysia. In facing the changing times, zakat must also be able to change. Changes in the emergence of new sources of wealth and changes in wealth ownership should be addressed by the fatwa. The study aims to see how far the fatwas on zakat collection issued by the authoritative body in Malaysia are working to meet the needs of times. The state of Selangor as the most advanced state in Malaysia has been used as a subject for the study. The findings show that from 2001 to 2017, a total of 23 fatwas were issued. The fatwa covers various aspects of the issues of zakat collection. In conclusion, fatwa on collection in Selangor has been able to adapt and grow, in line with the needs of times. This good practices could be implemented in other places as well, in order to maximize the collection of zakat for the benefit of asnaf.

1 INTRODUCTION

Some jurists say that the fatwa has been issued since the time of Prophet Muhammad SAW alive. This is because the position of Prophet Muhammad is not only as the Prophet; but he also held the position of the head of government, mufti and judge. He became the people’s reference to solve all the problems and disputes. Some problems related to routine of life, and some are directly related to the aspect of fiqh law. Besides he himself issuing a fatwa, he also allowed some of his companions to do the same. (Salleh, 1992).

For example, while sending Saiyidina Muadz bin Jabal to Yemen, the Prophet Muhammad has questioned Muadz what he would do if he was faced with problems by the Yemeni people. Muadz explained that he would refer to the Qur’an and as-Sunnah to find the answer. If it is still not found, then Muadz will use his mind (without exceeding the limits of the Qur’an and as-Sunnah) to find the answer. This has been agreed upon by Prophet Muhammad (Abdul, 2006).

The emergence of new era, the changes to human needs and the difference of places has raised new influence on Islamic law. Islam also spread to various parts of the world including the archipelago, and has witnessed many things emerged and influenced Islamic law (Nashirudin, 2015). But Islam is always welcome the change, even the fiqh method stated, the law also changes in line with the changes of needs and times (Basri, 2011). Certainly, from the aspect of zakat management implementation, it also changes and need urgent of ijtihad process (Jani, 2017).

Selangor is the most advanced state in Malaysia with the largest population and represents the true Malaysian demographic aspect (Azzis, 2014). According to Malaysia Population Statistics (2016), The Statistics Report 2016 released by the Department of Statistics Malaysia, Selangor is estimated to have the highest population in Malaysia, which is 19 percent or 6.02 million people out of the total 31.7 million Malaysians.

Selangor is also the richest state in Malaysia with the largest contributor to Gross Domestic Product (GDP) of 22.7 per cent (Selangorkini, 2017). This scenario occurs, because the Selangor State economy is directly affected by international factors. For example, Selangor is directly included in the Indonesia-Malaysia-Thailand Triangle Growth (IMT-GT). Through this collaboration, key strategies have been developed and focused on various sectors of the economy such as investment, industry, agriculture, fisheries, transportation, communication, energy and tourism. (Laporan Tinjauan Rancangan Kajian Struktur Negeri Selangor 2035, 2017). Certainly Selangor receives a wealth of wealth and can increase income to its residents.
Selangor also still remains one of Malaysia's largest agricultural land. It involves the plantation and fisheries sector. In 2000, the primary sector contributed Gross Domestic Product (GDP) by RM1, 509 million or 3.2% of the total GDP of the State of Selangor. Of these, 69% or RM1, 038 million were contributions from agriculture and forestry activities, while 31% were from mining activities, as reported in the Selangor State Structural Plan 2020. The value of this GDP increased by 51% to RM2, 282 million (1.8% of total GDP in Selangor) in 2010, accounting for 93% of contribution to agriculture and forestry activities, and 7% of mining activities (Laporan Tinjauan Rancangan Kajian Struktur Negeri Selangor 2035, 2017).

It is clear that Selangor is indeed a richest state and its rich resources are also very diverse. It can be summarized into three main sources. The first source of employment-based wealth (employment income), second from wealth-based business resources and third, wealth based on agricultural resources. On that basis, the zakat fatwa in Selangor must take into consideration the diversity of these resources. It is to ensure the sustainability of zakat-based wealth sharing can be implemented and ensure the fate of the needy Muslims continue to be assisted.

2 LITERATURE REVIEW

2.1 Fatwa

Fatwa means to explain. In the term of syarak, fatwa means the answer is made by the mufti or the person who is faqih on a matter or fiqh law when asked about it, or reveals the law of Allah SWT whether it is obligatory or not obligatory (Bahari, 2014). A fatwa issued by a state has legislative power (legally) so it binds the public to stick with it (Kasan, 2006). It is reasonable, in order to create unity of mind and practice among Muslims. It fulfils the requirement of the fatwa itself, as a mechanism to avoid conflicts and prolonged disputes among Muslims (Kasan, 2006).

Mufti means, everyone who has the ability of Islamic knowledge, so he can issue fatwa. However, in order to safeguard the state's interests and prevent the seeds of differences that may cause of the dispute, the mufti is appointed by the government (Kasan, 2006). The mufti is given power and responsibility to issuing fatwa that can help the government's duties in executing the government. The earliest Islamic government to appoint a kadi or mufti is the Bani of Abbasid Empire who has appointed Abu Yusuf to issue a fatwa (Buang, 2016).

In the context of the state of Selangor, the mufti was appointed by His Royal Highness the Sultan as the Head of State Islamic Religion. Mufti is also the Chairman of the State Fatwa Committee, which is responsible for holding meetings and discussions on a legal issue. Each fatwa issued by the committee is referred to as fatwa jamaie (Kasan, 2006).

The Malaysian Constitution has given the right to administer Islamic religion to the state government. This is explained in the Malaysian Constitution. In 1989, the Selangor State Legislative Assembly as state lawmakers made an amendments to the Islamic Law Administration Enactment, by separating between the administration of the Selangor Islamic Religious Council, the Mufti Department and the Syariah Courts. From that same year, job of issuing fatwa, which was previously handled by the Selangor Islamic Religious Council, was handed over to the Mufti Department (Selangor Islamic Legal Enactment (EPPI), Section 28, 30) (Nasohah, 2005).

However, the Mufti Department or Mufti itself, cannot issue a fatwa privately. The Mufti will carry out his duties with a committee known as the Fatwa Committee, comprised of several other specialists, either representing governmental agencies or even individuals who are accredited to be a member of the fatwa committee (Nasohah, 2005). Hence, laws across the country in Malaysia including Selangor prescribe, a statement or religious law issued by a mufti should not be considered a fatwa, unless it is officially issued through an official Fatwa Committee appointed by the Sultan or the government. Each fatwa must also go through some of the established procedures (Bahrom, 2011).

2.2 Fatwa-Fatwa Analysis Collection Zakat

In 16 years, 23 fatwas on zakat collection have been issued by the Selangor Fatwa Committee, which is can be divided into five categories:

1) Fatwa on new wealth of zakat
   a) January 16, 2001, fatwa on income. The decision, the zakat income law is mandatory for Muslims and all Muslims who live or work in Selangor shall pay income zakat to the Selangor Zakat Center.
   b) 22 December 2009, fatwa on zakat investment stock. The decision, the zakat law on stock investment, is equal to zakat of business goods (‘arud tijarah), regardless of whether the stock investment is to be traded or stored.
   c) 20 April 2010, fatwa on zakat payment by unit trust management company. The result, zakat...
on the unit trust fund is according to the zakat method of business goods (‘arud tijarah).

2) Fatwa on the ownership of new forms of zakat property

a) July 24, 2001, zakat fatwa on companies owned by various types of shareholders who mix Muslim and non-Muslims. The decision, a company that is mixed between Muslim and non-Muslim shareholders, is subject to zakat on Muslim only.

b) July 24, 2001, zakat fatwa on firms and consulting firms. The decision, obligatory zakat on firms and consulting firms if enough obligatory zakat.

c) March 24, 2005, fatwa on collection of rice zakat through direct deduction from paddy pads in Selangor. As a result, zakat padi should be deducted by 5 per cent of the proceeds obtained without deducting any costs by paddy entrepreneurs. Money from paddy coupons is calculated as subsidies from the government and should be issued zakat by 2.5 percent (as income zakat) if sufficient nisab.

d) February 21, 2006, the fatwa on the income tax (business) of Felda and its subsidiaries. The result, Felda is obliged to issue zakat on its revenue and its subsidiaries if its accounts are controlled by Felda. If the accounts of felda subsidiaries are operated separately, the subsidiaries are obliged to issue separate income (business) zakat.

e) 27 August 2009, a fatwa on approval and view on issues of obligations to pay business zakat for Registered / unregistered business, Muslim and State / Federal Government-Linked Companies (GLCs), Payments in Selangor if trading in Selangor, and the parent company pays zakat business on behalf of the subsidiary.

3) Fatwa on payment methods or wealth zakat collection method

a) Date not recorded. Fatwa on zakat payout of the Employees Provident Fund (EPF) immediately upon withdrawal. As a result, EPF contributors are encouraged to issue zakat after receiving or withdrawing the EPF money if it reaches the nisab, without having to wait a year.

b) January 16, 2001, the fatwa on payment of zakat through Maybank2u (internet). The decision, should use zakat payment method through Maybank2u (internet) service.

c) 19 February 2002, the fatwa on zakat payment via Islamic credit card / card bank. The decision, pay zakat with credit card / Islamic bank card.

d) July 23, 2002, fatwa (proposed zakat payment) Bizz Channel (by Bank Bumiputra Commerce). The decision, not allowing the zakat of Selangor to use the service as it involves usury which is banned by Islam.

e) 4 August 2009, Fatwa payment of zakat fitrah via electronic payment. The decision, should use the payment method of zakat fitrah via Short Message Service (SMS), either by prepaid or postpaid.

4) Fatwa on administration and management of zakat collection

a) July 24, 2001, a fatwa on the proposals of women and non-Muslims as amil zakat salaries (income). The decision, should be appointed by Muslims to manage salary and income zakat (should not appoint non-Muslims as amil). Whereas, it should appoint women as amil zakat.

b) April 16, 2002, fatwa co-ordinating the method of determining zakat fitrah throughout Malaysia. The decision, agreed to set the weight of rice at a rate of 2.7 kg and according to the rice price set by the National Rice (Bernas).

c) October 4, 2016, the fatwa on the handover of zakat to the NGO appointed by the Islamic Religious Council and Malay Customs Perlis (MAIPs, an entity outside of Selangor). The decision, the assignment of zakat to those who are not appointed by the Selangor Islamic Religious Council (MAIS) and the Selangor Zakat Board (LZS) without the permission of the ulama amri are illegal by the law and do not comply with existing laws (enactment).

d) 31 January 2017, a fatwa on the Selangor zakat management system. As a result, the fatwa agreed to update the existing zakah property with 9 improvements:

i. Common Affiliate Property Type, that is, all the same property of the property shall be incorporated including the property based on the golden nisab.

ii. Income Zakat, which is an additional, that is Resource / Non-Employment Outcomes. And The Take-Up Position for a single proprietary Trader who takes a personal purpose is calculated as a mandatory income.

iii. Assessment of Zakat Wang Simpanan, is based on the amount of savings at the end / end of the haul after deducting the
moneys earned in the current year that has been disbursed.

iv. Zakat on Takaful Savings / Insurance
Charged with zakat on cash can be issued. Upon maturity or receipt of compensation:

v. Zakat on Shariah Non-compliant Gold Investments (invalid), only the original capital of the investment is subject to zakat.

vi. EPF Zakat, there are three decisions. For retirees who are under age of retirement (55 years), EPF contributions are deductible when calculating income tax. All production is calculated as income and should be added together with other income. Money in the EPF is not subject to zakat. For contributors who work / still retire after the retirement age of 55 (55 years), contributions to the EPF can not be deducted from the calculation of income zakat. Money that is still stored (not removed) is considered to be the property of the owner and must be included in the calculation of the deposit zakat. There is no need to clean up all the EPF funds before the creation of EPF Islamic.

vii. The Savings Fund position at Tabung Haji, it is bestowed on two. Contributions during the current year and Existing Deposits in Tabung Haji, then the savings fund in Tabung Haji needs to be added together with Other Properties for Gold for the purpose of sufficiency nisab.

viii. The effect of Zakat on Debt, which is for debts believed to be earned is obligatory zakat and is included in the category of savings. The payable is calculated as the property of the owner and is obligatory.

ix. Double Zakat Adjustment, i.e. for property acquired from the current income that has been sustained, shall be refused to prevent the incidence of double immunization on the same property.

5) Update format for zakat property combination of gold nisab and zakat property income.

3 RESEARCH METHOD

Malaysia has 14 states, 14 fatwa institutions, led by 14 different mufti (Jabatan Kemajuan Islam Malaysia, 2011). Therefore, Malaysia does not have the National Mufti, as this is the case because the Malaysian Constitution puts the legislative authority on Islamic religion under the jurisdiction of the state. It is provided under the Ninth Schedule, II, State List, Item 1 which provides for, among others, zakat, fitrah and baitulmal or similar Islamic religious results (Bahrom, 2011).

Accordingly, this study will focus only on the development of fatwa in the State of Selangor which is considered to represent the true aspects of Malaysian demographics. Meanwhile, the fatwa that will be analysed is from 2001 to 2017, which involves a period of 16 years. This study wanted to analyse what fatwa has been developed over the past 16 years in Selangor. It also wants to study, whether the fatwa meets the changing form of wealth and changes in property ownership. The study also wanted to analyse, to what extent the development of the fatwa has affected the performance of zakat collection in Malaysia.

4 RESULTS AND DISCUSSION

After analyzing, there are some findings on the development of zakat collection in Selangor, it is:

1) The development of fatwa on zakat collection in Selangor is divided into five segments:
   a) Fatwa on new wealth of zakat
   b) Fatwa on the ownership of new forms of zakat property
   c) Fatwa on payment methods or wealth zakat collection method
   d) Fatwa on administration and management of zakat collection
   e) Fatwa on the update of zakat harta

2) On average, annually for 16 years, 1.4 fatwa issued by the Selangor Fatwa Committee on the collection of zakat property in Selangor. This shows that the process of issuing fatwa zakat property in Selangor is running consistently and constantly updated to celebrate the continuing changes in the rapid development of wealth in the state of Selangor.

3) The fatwas issued are more focused on the Fatwa on the Zakat Property Update (six fatwa), followed by the Fatwa on the New Property Sharing of Zakah and Fatwa Properties on
Payment Methods or Zakat Collection Methods (five fatwa), then the Fatwa on Administration and Management of Zakat Collection (four fatwa) and the least is the Fatwa on the New Zakat Wealth (three fatwa).

4) Found in the New Zakat Fatwa segment in Selangor, zakat property income is the most important issue in production. It was issued five times, the first time in 2001 that obliges zakat on employment, the second time on 24 March 2005 touching on zakat on rice coupons backed up to the third, fourth and fourth income on October 13, 2009 regarding the income zakat of the non-compliant property of sharia and the payer's and fifth-rate bills on January 31, 2017, which adds to the provisioning and collection-based property of the private business. It seems that the development of property zakat fatwa in Selangor strongly emphasizes the aspect of zakat on property income, in accordance with Selangor's position as a developed state and has a high-income workforce.

5) Found on the New Property Sharing of Zakah Properties, most fatwa touches on business zakat. Overall there are six new things about zakat on the business that has been touched, namely (1) zakat on mixed and Muslim non-Muslim business (24 July 2001); (2) zakat on firms and consulting firms (who carry out non-commodity business services) (24 July 2001); (3) zakat on holding company and subsidiary (21 February 2006); and 27 August 2009 covers two issues, namely (4) business zakat for registered and unregistered Business and (5) zakat for State / Federal Government-Linked Companies (GLCs); and last (6) place of payment of zakat for business company. This shows that the development of fatwa in Selangor also takes into account aspects of wealth in Selangor now dominated by business development, including individualized businesses, partnerships, government ownership and stock investment.

6) Found in the Fatwa segment on Administration and Zakat Collection Management, the whole fatwa touches current issues which require immediate response, namely (1) 24 July 2001, a fatwa on the proposals of women and non-Muslims as amil zakat in salary / income; (2) 16 April 2002, fatwa co-ordinating the method of determining the zakat fitrah throughout Malaysia; (3) 4 October 2016, the fatwa on zakat handing over to a party who does not have a valid cite permit; (4) January 31, 2017, the fatwa on the Selangor zakat management system has a huge impact, which includes nine improvements in the zakat collection system, including merger of property, the addition of zakah property, zakat on debt, zakat savings and change in assessment method zakat. The speed of the fatwa issuers in responding to these changes has enabled the LZS as zakat operators to adapt to the changing times.

7) It is found in the Segment Zakat Segmentation Fatwa segment, it also focuses on the changes that occur from time to time in socioeconomic aspects in the state of Selangor. It involves (1) May 9, 2004, a fatwa on the determination of the rate of ‘gold or gold of Selangor (2004 - 2009); (2) September 14, 2004, the fatwa on the rate of ‘uruf of gold jewelry in Selangor; (3) October 13, 2009, the fatwa on the revaluation of zakat property income obtained from a non-compliance path; (4) 13 October 2009, the fatwa on the revision of income zakat on the breakdown of kifayah limit; (5) 11 August 2015, the fatwa on the obligations of business-related government-linked companies (GLCs); and the latest is (6) 27 April 2017, a fatwa on the amendment of investment status in Permodalan Nasional Berhad (PNB) which was previously declared non-compliant at all. Again, the strength of the Fatwa Committee to respond to socio-economic changes has enabled the LZS to prepare itself for the needs of times.

5 CONCLUSIONS

Clearly from this study that the rapid development of fatwa and celebrating the changing times in Selangor has had a very positive impact on the collection of zakat in Selangor. It is evident in Figure 1, until LZS is able to make zakat collection of RM674 Million in 2016. If the Selangor State Fatwa Committee is slow and too rigid (does not celebrate the various fuqaha views in issuing zakat fatwa, which is very desirable to study in future research), then there are many issues regarding the development of zakat property as well as zakat management that cannot be answered immediately. This is fairly paradoxical by various parties handling fatwa deals, especially in states that put fatwa as the basis and guidelines for law enforcement. As soon as the fatwa is released, many new property issues can be addressed and, most importantly, have had a very positive effect on Muslims and raised the image of the Islamic State in the eyes of the world.
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580