

# Zakat Al-Mal Al-Mustafad in Selangor: It's Implementation and Challenges

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**Abstract:** Zakat *al-Mal al-Mustafad* refers to zakat on salary and income. It is considered as one of the contemporary issues even though in Malaysia there are various *fatwas* on its obligation on Muslims has been issued in many states. The related religious authorities under the Majlis Agama Islam Negeri (MAIN) has been adopting the views of Imam Yusuf al-Qaradawi in this view. In Selangor, Zakat *al-Mal al-Mustafad* has become an individual obligatory on Muslim in 2004. Despite this, there are still some issues and challenges that worth to be discussed in regard to both in its implementation and challenges in this state. This research paper will discuss all the related issues especially pertaining to the implementation whether it is still in line of syariah perspectives or not. This is because *hawl* and *nisab* are the key arising issues in Zakat *al-Mal al-Mustafad*'s implementation in Selangor. These issues lead to the confusion for public in understanding the obligation on Zakat *al-Mal al-Mustafad*. The methodology used is a library study where various primary and secondary sources are analyzed critically to obtain real information on the issues discussed. The research finds that the implementation of Zakat *al-Mal al-Mustafad* in Selangor are still in line with the syariah understandings on zakat, Islamic contemporary thoughts and fatwas. Selangor Fatwa Council as the highest authority in religious matters in Selangor together with Lembaga Zakat Selangor have actively doing many researches on zakat from time to time. The research also find that there are many continuous efforts has been done by the Lembaga Zakat Selangor in its implementation such as salary deduction scheme, e-majikan and so on.

## 1 INTRODUCTION

Zakat is the third pillar from the five main pillars of Islam and its payment has been ordained by Allah S.W.T through His Messenger Prophet Muhammad SAW with a view to achieve social harmony. It has been made obligatory on Muslims when the conditions stipulated are met to help the poor and the needy. It was ordained in Madinah during the month of Syawal in the second year of Hijrah. Islam has been the first to lay down general principles for the economic welfare of the common people in the society (Mohammad et al., 2011).

Zakat is defined as "purification" or "growth" or "blessing" and it is one of the important mechanism for poverty eradication. There are two types of zakat, zakat al-Fitrah which has to be given in the month of Ramadhan before Eid prayers on every single Muslim, and zakat on wealth. Regarding to the zakat on wealth, there are specific types of zakatable assets that have been listed down in the Quran and Hadith, namely, livestock, agricultural products, trade

goods, buried treasures (rikaz) and minerals, gold and silver (Aidit Ghazali, 1998).

Zakat *al-Mal al-Mustafad* refers to the zakat on salary and income which are now days in the form of paper money. The jurists have expanded al-Mal al-Mustafad by using an analogy to that mentioned in the Quran and Hadis. It is an Islamic levy on personal income derived from sources or activities where labours are involved. It includes salaries, wages, bonuses, labour compensation, gifts, professional fees and so on (Nur Barizah, 2008). In Malaysia, Zakat *al-Mal al-Mustafad* is not only different rulings among states, but also different extent of its enforcement and implementation.

This paper discusses on the implementation of Zakat *al-Mal al-Mustafad* in Selangor whether it is still in line of syariah and zakat general perspectives or not. This is because zakatability of income has been a long debatable issue especially related to *hawl* and *nisab*. The methodology used is a library study and using qualitative methodology where various primary and secondary sources are analyzed critically

to obtain real information on the issues discussed. This study is an exploratory one, data was collected from various sources such as the Holy Book Al-Quran, hadith of the Prophet Muhammad SAW, journals, interview and annual reports from Lembaga Zakat Selangor (LZS) and Majlis Agama Islam Selangor (MAIS). It begins with the source of regulation of the zakatability of al-Mal al-Mustafad, and then provides a brief discussion on the debatable syariah issues and justifications related to its current practice in Selangor. Finally, it discusses the results of the study.

## 2 THE ZAKAT SYSTEM IN MALAYSIA

In Malaysia, all religious matters are under the governance of each state in this country. Therefore, the administration of zakat in this country is under the respective Islamic Council of each state. Each state has its own zakat institutions with different strategies of administration and rulings (Aidit, 1988).

Selangor is one of the states in Peninsular Malaysia ruled by a Sultan as the Religious Head of State. One of the most interesting facts about Selangor is it is the richest state in Malaysia with diversified economic activities. In the state of Selangor, Lembaga Zakat Selangor is an institution that manages the collection and distribution of zakat and play a significant role in the development of Muslim citizens and residents. Since its inception 20 years ago, it has successfully managed very well for both zakat collection and distribution.

## 3 OVERVIEW ON ZAKAT AL-MAL AL-MUSTAFAD

As the third pillar of Islam, zakat is obligatory upon all Muslims to give part of their wealth and assets once it meets *nisab* (the minimum benchmark assigned on annual basis or once harvested). The beauty of zakat can be understood as it is not only to purify one's wealth but it is also a spiritual purification which draw an individual closer to the Creator, Allah S.W.T (Mohamed Ariff. 1991). First and foremost, it teaches Muslims to free themselves from the love of possessions and greed. There are five conditions that need to be fulfilled before it is compulsory for an individual to pay zakat on his wealth, these conditions are ( Monzer Kahf, 1997) :

- i. The payer is a Muslim
- ii. A Freedom Man: The person whose wealth meets the nisab but still does not fulfill his basic need is not subject to pay zakat.
- iii. Full Ownership : Every Muslim who has full and legal ownership of enough assets is required to pay zakat.
- iv. Fulfilling the Nisab : Nisab is the minimum amount liable to zakat. In term of the zakat on income and salary, there is a consensus among Muslim Scholars that zakat will only be imposed after the actual basic needs expenses are deducted from the total annual income.
- v. Completion of *Hawl* : *Hawl* means the passage of a year.

## 4 SYARIAH ISSUES AND JUSTIFICATIONS RELATED TO ZAKAT ON INCOME

As what has been mentioned earlier, the implementation of zakat on income receives some arguments from some Muslim Scholars in Malaysia particularly on the issues related to *hawl* and *nisab*. According to them, issues on *hawl* and *nisab* has been identified as the key arising issues pertaining to the obligation on *Zakat al-Mal Al-Mustafad* in Selangor. This raises the following questions among the Muslim community regarding the zakat on their income which are nowadays in the form of paper money. Can zakat on income be given on monthly basis without completion of *hawl* (one year)? Can zakat on income be given on monthly basis without meeting the nisab? Besides that, these related scholars see the fact that zakat on income violates the condition of the passage of the year (*hawl*) which to them, must be satisfied, the view that was held by Abu Bakar (the first caliph) and Aishah – wife of the Prophet SAW.

Generally, as what has been discussed earlier, *hawl* is a requirement in zakat, the consensus of those who came after the companions (*tabi'in*) and the jurists as it is based on the hadith (Al-Zuhaili, 2011):

لَا زَكَاةَ فِي مَالٍ حَتَّى يَحُولَ عَلَيْهِ الْحَوْلُ  
(رواه ابن عمر)

Means : “No zakat is to be imposed on wealth until the *hawl* has passed”

There is no disagreement among scholars whom either the early generations or later ones that zakat on capital assets such as business inventory, livestock,

gold, silver and money, is required only once a year. It does not apply to crops, fruits, honey, extracted minerals and found treasure.

However, there are some variations among the companions and followers on this *haul* condition. It was reported that Ibn Mas'ud, Ibn 'Abbas and Mu'awiyah to have taken the view that zakat is due on assets when acquired, without needing the passage of a year, if that earned asset fulfills the nisab on its own or after being added to the assets that were already owned before its accrual. In fact, this is also the opinion of Imam Yusuf al-Qardawi (1999) where he chose not to establish the requirement of the haul on the zakat on income as what we have previously discussed. This is because according to him the hadith and *athar* related to the *haul* of the zakat is not at the level of *sahih* or *hasan*. Therefore, it cannot be used as an argument in establishing the requirement of *haul* in zakat *al-Mal al-Mustafad*. The requirement of *haul* is waived by some jurists and scholars as it can be considered as in an advance payment of zakat. An advance payment of zakat refers to a payment of zakat before the completeness of a *haul* and it may take place before or after the completion of *nisab*.

The advance payment of zakat is approved and strongly based on hadiths such as the one narrated by 'Ali where Ibnu Abbas has asked the Prophet Muhammad SAW regarding advancing his zakat before the completion of the haul, and the Prophet Muhammad SAW has allowed him to perform it (al-Qarafi, 1994). Besides that, there is Islamic legal maxim which states that :

ان تقديم الحكم على شرطه اذا تقدم سببه جائز

Means: Preceding a law before its requirement when its reason precedes, is permissible”

Furthermore, when the payer or the owner of zakatable wealth is willing to forgot his right to the obligation of the *haul*, it no longer becomes a requirement in the payment of zakat and it is similar to the case of debt which is paid earlier than the originally promised sttlement date. Based on Islamic history, the first one who collected zakat from salary and income was Mu'awiyah ibn Abi Sufyan as it is reported in al-Muwatta' of Malik (al-Qardawi, 1999).

It is beyond imagination to assume that Islam may impose zakat on a poor farmer who produces the nisab and exempt the owner of a building that produces many times the income of the farmer, or a professional corporate like Senior Executive and Chief Financial Officer, whose daily income may be equal to that of the farmer for one full year. As highlighted above, therefore these categories of professional people cannot be excluded from the payment of zakat.

These facts show us that the implementation of zakat al-Mal al-Mustafad in Selangor are actually still in line with the syariah understandings on zakat. This is because some prominent Muslim scholars like Professor Dr. Yusuf Al-Qardawi and many others agreed on the obligation of zakat on income without completing a *haul*, based on the *athar* sahabat and tabi'in (Abdullah bin Abbas, Abdullah bin Mas'ud, Mu'awiyah bin Abi Sufyan, and Umar bin Abdul Aziz):

"فِي الرَّجْلِ يَسْتَفِيدُ مَالًا قَالَ يُرَكِّبُهُ حِينَ يَسْتَفِيدُهُ"

Which means: "A person who obtain *al-Mal al-Mustafad* is obliged to pay zakat when obtained."

Furthermore, regarding the issue of the implementation of zakat on income which does not fulfilling the nisab for those who are their monthly salaries and income are lower but generally the total income for one whole year will fulfill the nisab, the concept of *ta'jil* (paid before the end of the haul period) is the best way to pay zakat. This method is very important to reduce the burden of payers at the end of the year (end of *haul*) to pay zakat in large amounts, and at the same time, *ta'jil* can also prevent them from running out not to pay zakat on income as what has been regulated to them by Allah The All Mighty and the enacted laws.

## 5 ZAKAT AL-MAL AL-MUSTAFAD IN SELANGOR

Selangor can be considered as the most advanced state in terms of its implementation and enforcement where the Selangor state government has required all Muslim employees of the statutory bodies, state government bodies, agencies and subsidiary companies serving at the state of Selangor to pay Zakat *al-Mal al-Mustafad* to Lembaga Zakat Selangor (LZS) through salary deduction scheme known as "Skim Berkat" (Berkat Scheme) (Suryani,2012).

This fatwa on the obligatory of zakat on income earnings by Muslim individuals had been gazatted on 9 May 2002 under the Administration of Islamic Law Enactment 1989, stating that zakat on income is mandatory for Muslims who are living or working in Selangor, and they must pay zakat on income to the Lembaga Zakat Selangor. Indeed, zakat al-Mal al-Mustafad in Selangor is not subject to haul requirement. Therefore zakat al-Mal al-Mustafad must be paid once received or earned. This is still in line with the syariah jurisdiction contained in the Fatwa Collection System of Selangor State Zakat

2013 which based on the *athar* sahabat and tabi'in (Abdullah bin Abbas, Abdullah bin Mas'ud, Mu'awiyah bin Abi Sufyan, and Umar bin Abdul Aziz) that we have discussed before (Suryani,2012).

Regarding to the zakat on salary and income in the state of Selangor, the categories of zakat *al-Mal al-Mustafad* which is based on the Fatwa Sistem Kutipan Zakat Negeri Selangor 2013 is divided into four categories:

1. Zakat on Salary and Wages ( )
2. Zakat on Professional Income (المهين)
3. Zakat on Income of *Mustaghallat* Property ( )
4. Zakah on Giving, Inheritance and so on which is not based on salary (العطية)

There is a facility for the employers and employees to view all the zakat payment that has been made from time to time known as *e-majikan*. There is also a scheme for salary deduction for all employees and employers known as Skim Berkat which plays major role in order to facilitate the payment for each individual zakat payer. The amount of zakat will only be imposed after deducting all basic expenses known as *Haddul Kifayah* from the total annual gross income. The balance, if it meets the nisab, will be subjected to zakat of 2.5%. Then, it will be divided for 12 months. This scheme was introduced as a facility for all employers and government employees as well as private employees to pay their obligations on zakat in monthly installments basis through salary deduction. This "Skim Berkat" impose zakat on payers based on the concept of *ta'jil* (paid before the end of the haul period). This method is said to reduce the burden of payers at the end of the year (end of *haul*) to pay zakat in large amounts, and at the same time, *ta'jil* can also prevent them from running out not to pay zakat on income as what has been regulated to them by Allah The AlMighty and the enacted laws.

## 6 CONCLUSION

The implementation of Zakat al-Mal al-Mustafad in Selangor are still in line with the syariah understandings on zakat, Islamic contemporary thoughts and fatwas. Selangor Fatwa Council as the highest authority in religious matters in Selangor together with Lembaga Zakat Selangor have actively doing many researches on zakat from time to time. There are many continuous efforts has been done by the Lembaga Zakat Selangor in spreading and promoting the obligatory of Zakat al-Mal al-Mustafad. It is hoped that the outcome of this

discussion will contribute to a better understanding of Zakat *al-Mal al-Mustafad* and its implementation in Selangor as it may eventually help the Ummah to benefit from the noble system of zakat.

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