



UNIVERSITI SAINS ISLAM MALAYSIA

جَامِعَةُ الْعُلُومِ الْإِسْلَامِيَّةِ الْمَالِيزِيَّةِ

ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

# Islamic Law of Property

LAB2033

DR. ZULKIFLI HASAN

# Contents

- Administration of Zakat
- Regulation on Zakat

# Management of zakah During the Prophet's time

- Prophet appointed officer to collect and distribute zakah.
- Eg. More than 25 companions were zakat officer. Muadh in Yemen
- Prophet give written instruction on zakatibility.
- Prophet also appointed accountant and record keepers
- Prophet instructed the officers to distribute all zakat collection to the recipients.
- Zakah funds were separate entity from other revenues.

# Management During 4 Caliphs

- Umar RA- Introduced
- 1. system of record keeping or al-dawawin.  
Record for zakat and other revenues.
- 2. System of deduction at source began
- 3. System of obligatory collection of zakah on merchandise, gold, silver by installing public officers at road and bridges

# After Four Chalips

- Rise of the four schools of jurisprudence.
- Zakah management is the authority of muslim government.
- Separate account of zakah known as bait almal.
- Government to collect zakah of all zakatable items
- No voluntary zakah organisation to collect zakah.

# Models of Zakat Management

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

# Types of Zakat Management

State/Country	Collection	Disbursement
Pakistan	Government	Govt
WP/N.9	Corporation	Govt
Selangor/Penang	Corporation	Corporation
Jordan/Kuwait/Egypt	NPO	NPO
South Africa	NPO	NPO

# Administration of Zakat

- Zakat is the responsibility of the Islamic Council of each state in the country or Majlis. The state Majlis is empowered to collect zakat and fitrah due from every muslim in accordance with hukum syarak
- There are 14 Islamic Councils, one of each of the 13 states and one for the Federal Territory (Wilayah Persekutuan).
- Eg. Islamic Council of the Federal Territory of Kuala Lumpur has set up a Zakat Collection Centre for such purpose.
- Lembaga zakat, Baitulmal Office, Zakat Committee, Zakat Unit or Zakat Department



# JAWHAR

- The government of Malaysia has formed a department for *zakat*, *waqf* and *hajj* on the 27th March 2004 with the aim of making the administration systematic and effective. This department however does not have an authority to administer and manage *zakat fund* but rather plays a role as a planning coordinator and observes the *zakat* matter.
- JAWHAR has issued Guidelines or manual for zakat management

# Zakat Management in Malaysia

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

# Power to collect zakat

- S 86: Majlis to collect zakat and fitrah due from every Muslim

# Function of the Majlis

- Section 87 of the Administration of the Religion of Islam (State of Selangor) Enactment 2003  
The Majlis has the power to make regulations
- to determine the rate of value of zakat and fitrah portion payable by every Muslim,
- create procedures on collection,
- appoint amils, create penalties and provide punishment in relation to the collection and delivery of all proceeds of zakat and fitrah.

## Cont...

- S 81 (1) AILS 2003 stated that fund to be known as baitulmal is to be established. It shall consist of money or property, movable or immovable which under Muslim law or the enactment accrues or is contributed by any person to the fund.
- All money vested to Majlis who will administer the fund. Any investment of such asset may be sold, utilised and disposed of, the proceeds may be invested from time to time being an investment of trust fund.

# Zakat Practices

- In Malaysia, Muslims are obliged to pay zakat on savings, business, shares, gold, corps, and earnings including zakat fitr.
- The fatwa authorities differ on the obligation to pay zakat of earnings.
- In 2002, National Fatwa Council issued a fatwa to pay zakat of earnings as an obligation.
- Most of the Muslims pay zakat mal and zakat fitr. They normally pay in month of December with a purpose to get rebate from income tax payment for a particular year.

State	Zakat Harta	Zakat Fitrah	Total
W.P	143,304,403.08	4,283,495.40	147,587,898.48
Selangor	149,943,584.69 2010: 336 juta	9,892,668.10	159,836,252.79
Johor	46,478,287.95	8,254,654.50	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.



# 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 on Income

- Annual salary, arrears salary, variety allowance (transport, food, meeting) and others (including bonus and anything which can be describe as income).
- 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

# Regulation on Zakat

- Zakat is part and parcel of Muslim's obligation in Malaysia
- Terengganu was the first state to control the collection of zakat formally through MAJLIS and controlled by the Chief Minister.
- Kelantan- 1<sup>st</sup> state to introduce Peraturan Zakat dan Fitrah 1907.
- Perlis 1930 and Kedah 1936.
- RM25 million 1980s and 2001-RM320 million RM50 million zakat fitr and RM270 million zakat on property.

# Tax Incentive

- The Income Tax (Reduction from Retired) (Amendment) Act 2000 anybody who pays *Zakat* will enjoy rebate for their income tax.
- Effective from 2005, exemption from tax is permitted for businesses and companies paying zakat for maximum amount of RM20,000 or 3 percent from the net income.

## Cont...

- Enakmen Kutipan Zakat Kelantan 1927.
- Undang2 Zakat Tganu 1947.
- Enakmen Zakat Perlis 1949
- Enakmen Baitul Mal, Zakat dan Fitrah Perak 1951.
- Enakmen Zakat Kedah 1955, 1987, Peraturan Zakat 1982
- Enakmen Zakat dan Fitrah Johor 1957.
- All the above laws have been repealed and be replaced with more comprehensive law namely Peraturan Zakat dan Fitrah Perak 1975, Phg 1970, Penang 1962, Johor 1962, Kedah 1982, Perlis 1966.

# Features of the Zakat Regulation

- Definition
- Power to collect zakat
- Muslim's Obligatory to pay zakat
- Way of distribution
- The needs to prepare zakat account
- The needs to have separate account of zakat and baitul mal.
- Penalties



# Kelantan

- Enakmen Kutipan Zakat Kelantan 1927.
- Regulation:-
  - 1. Peraturan Kutipan Fitrah 1938
  - 2. Peraturan Kutipan Zakat 1938
- The above laws were repealed with the Enakmen MAI dan Adat Melayu dan Mahkamah Kadi 1953.
- Peraturan Tadbiran Zakat Padi 1978.

# Perlis

- Peraturan Mengutip Zakat dan Fitrah 1930
- The above regulation was replaced with Peraturan Zakat dan Fitrah Perlis through the Enactment of Zakat Perlis 1949 and then this enactment was replaced by the Administration of Islamic Law Enactment Perlis 1950.

# Selangor

- Atoran Pentadbiran Ugama Islam (Zakat dan Fitrah) 1953 through the Administration of Islamic Law Selangor 1952.
- Peraturan Kutipan Zakat dan Fitrah Selangor 1973.

# Malacca

- Peraturan Pada Menjalankan Kerja-kerja Zakat dan Fitrah Melaka 1960 through the Administration of Islamic Law Enactment Malacca 1959.
- Peraturan –peraturan Zakat dan Fitrah, Urusan Waqf dan Baitulmal Negeri Melaka 1982.

# Johor

- Peraturan2 Zakat dan Fitrah Johor 1962 through Undang2 Zakat dan Fitrah Johor 1957.

# Federal Territories

- Kaedah Baitul Mal Wilayah Persekutuan (Perbelanjaan dan Penggunaan) 1980
- Amended twice in 1988 and 1996.

## Other States

- Kedah- Enakmen Zakat Kedah 1955 and later was replaced by Peraturan Zakat Kedah 1982
- Pahang- Kaedah Zakat dan Fitrah 1970.
- Perak- Peraturan Zakat dan Fitrah 1952 and later 1975 through The Administration of Islamic Law Perak 1965.
- Penang- Peraturan Fitrah Penang 1962 and later was replaced by Peraturan Pungutan Zakat dan Fitrah Pulau Pinang 1979.
- N.9- Kaedah Zakat N. 9 1998.

# Offences for Non-Payment of Zakat and Fitrah

- S 16, Syariah criminal offences enactment Selangor 1997
- Non-payment of *zakat* or *fitrah*
- Any person who, being liable to pay *zakat* or *fitrah*--
- (a) refuses or wilfully fails to pay the *zakat* or *fitrah*; or
- (b) refuses or wilfully fails to pay the *zakat* or *fitrah* through an *amil* appointed, or any other person authorized, by the Majlis to collect *zakat* or *fitrah*, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding one thousand ringgit or to imprisonment for a term not exceeding six months or to both.



# Zakat Enforcement

- Majlis is the sole authority to monitor the collection of zakat.
- There were cases in Kelantan, Kedah, Perlis and Perak whereby some of the Muslims were prosecuted and penalized for not paying zakat.

# MAJLIS VS Musa dan Lain2

- Sh. Ct imposed fine to 16 muslims due to failure to pay zakat fitrah in 1947.
- Each of them was fined with RM15 or 1 month imprisonment under the section 8 Peraturan Kutipan Fitrah Kelantan 1938.

# Annual Report, Department of Zakat Perlis 1953

- Ten farmers who refused to pay zakat were prosecuted and imprisoned.

# Perak

- 1953- 52 muslims were prosecuted due to failure to pay zakat.
- 1956- Majlis planned to summon 49 muslims in the district of Selama and 38 muslims in the district of Setiawan due to failure to pay fitrah.
- 1953- 69000 did not pay fitrah
- 1954- 84000 did not pay fitrah

# Kedah

- 1965-1966-36 cases.
- Offences
- 1. Refuse to cooperate with amil on the land 2. Receive zakat without authority 3. Refuse to pay zakat 4. Offences on the part of amil.

# Regulatory Issues

- 1. No specific zakat laws
- 2. Investigation
- 3. prosecution
- 4. Enforcement