

THE ADMINISTRATION OF ZAKAT IN KEDAH DARUL AMAN

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AUTHOR DECLARATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I hereby declare that the work in this academic project is my own except for quotations and summaries which have been duly acknowledged.

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ABSTRAK

Zakat merupakan salah satu rukun dari rukun Islam yang lima yang diwajibkan ke atas orang Islam menunaikannya. Ianya terbahagi kepada dua jenis iaitu Zakat Al-Fitr dan Zakat Al-Mal. Di bawah Zakat Al-Mal ialah Zakat Perniagaan, Pendapatan, Emas dan Perak serta Zakat Pertanian. Kutipan dan agihan Zakat merupakan dua elemen utama dalam sistem pengurusan Zakat. Kedua-dua komponen ini perlu dirancang dengan teliti supaya institusi Zakat dapat beroperasi dengan cekap demi mencapai matlamatnya dalam mengutip Zakat dari golongan yang kaya dan mengagihkannya kepada semua golongan Asnaf. Justeru, kajian ini dibuat terhadap Jabatan Zakat Negeri Kedah Darul Aman (JZNK) yang merupakan institusi Zakat paling utama di negeri 'jelapang padi' ini. Di bawah JZNK terdapat beberapa jawatankuasa yang mempunyai peranan yang berlainan. Setiap jawatankuasa inilah yang bertanggungjawab menguruskan perkara-perkara Zakat di negeri Kedah sepertimana yang telah diperuntukkan di bawah Undang-Undang Zakat Negeri Kedah, antaranya pengagihan dan pengumpulan Zakat. Kajian ini telah menggunakan kaedah kajian perpustakaan dan temu bual. Selain itu, kajian ini juga membincangkan tentang permasalahan yang sedang dihadapi JZNK dalam urusan kutipan dan agihan Zakat.

ABSTRACT

Zakat is one of five Islamic pillars that being compulsory on every Muslim to practice it. It is divided into two types, *Zakat Al-Fitr* and *Zakat Al-Mal*. Under *Zakat Al-Mal* are *Zakat* of business, income, gold and silver and *Zakat* for crops. The collection and distribution of *Zakat* are the two main elements in *Zakat* management system. Both components should be planned conscientiously for efficiency in operation to achieve its aims in collection *Zakat* from the rich parties and distribute to the recipients. Nevertheless, this research is conducted at *Jabatan Zakat Negeri Kedah Darul Aman* which is the main *Zakat* institution in this 'state of granary'. Under JZNK there are some committees which have their own functions like what had been provided in *Undang-Undang Zakat Negeri Kedah*. These committees have responsibilities in all *Zakat* matters in this state, among of that are distribution and the collection of *Zakat*. This research had been used the library methodology research and interviewing system. Beside that, the study also discussed about problems about problems faced by JZNK in collection and distribution of *Zakat*.

ملخص البحث

الزكاة ركن من أركان الإسلام الخمسة التي فرض على المسلمين أداؤها. وهي تنقسم إلى قسمين، وهي زكاة الفطر و زكاة المال. تحت زكاة المال هي زكاة التجارة والدخل و الذهب والفضة و زكاة الإنتاج الزراعي. وجمع الزكاة وتوزيعها أمران هامان في نظام إدارة الزكاة. وهذان عنصران مهمان يحتاجان إلى خطة دقيقة لكي تكون عمليات جمع وتوزيع الزكاة والتأهيل محققة لغايتها في جمع الزكاة من الأغنياء وتوزيعها على الأصناف المحتاجين فيما يعرف بمصارف الزكاة. ولذلك كانت هذه الدراسة التحليلية في شعبة الزكاة ولاية قدح دار الأمن. وهي مركز الزكاة الأولى في هذا البلاد. تحت هذا القسم يوجد اللجان الذي في كل منها نفس وظائفه كما قد تخصص في نظام الذكاة في القدح. وهم تحمل المسؤوليات في كل أفكار الزكاة في هذا البلاد، ومنها في يوزع ويقتطف الزكاة. هذا البحث قد استعمل منهج المكتبة و منهج المقابلة. وغير ذلك، كما اهتم هذا البحث أيضا بمناقشة قضية المشاكل التي تواجه شعبة الزكاة ولاية قدح دار الأمن في إجراءات جمع الزكاة وتوزيعها.

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GLOSSARY

Terminologies used throughout the book

<i>Akhirat</i>	life after death
<i>Amil</i>	the collectors of <i>Zakat</i> properties
<i>Asnaf</i>	group of peoples that deserve <i>Zakat</i>
<i>Ausuk</i>	measure of capacity
<i>Aqli</i>	human opinion
<i>Ayah</i>	the words in <i>Al-Quran</i>
<i>Bani Hashim</i>	who has a relationship with the Prophet family
<i>Dai'e</i>	the Islamic preacher
<i>Dakwah</i>	Islamic preach
<i>Dalil</i>	legal reason
<i>Dirhams</i>	Arabs currency
<i>Eid-ul Fitr</i>	Muslims celebration during the month of <i>Syawal</i>
<i>Fatwa</i>	decree or religious edict from a qualified scholar
<i>Fi sabil Allah</i>	in the way of or for the cause of Allah
<i>Fiqh</i>	substantive law
<i>Fuqaha</i>	an expert in Islamic Law
<i>Fuqara</i>	the poor of straitened means
<i>Gantang</i>	measure of capacity (about 4.54 liters)
<i>Gharimun</i>	the debtors
<i>Hadiths</i>	traditions relating to the words and deeds of Muhammad
<i>Haji</i>	pilgrimage to Mecca
<i>Halal</i>	permissible according to <i>Syara'</i>
<i>Hari Raya</i>	Muslims celebration during the month of <i>Syawal</i>
<i>Hijrah</i>	Hegira (Islamic month)
<i>Hukum</i>	legal text
<i>Ibn al sabil</i>	the wayfarer
<i>Infaq</i>	the habitual inclination to give rather than take in life
<i>Kereta Jenazah</i>	corpse vehicle
<i>Kunca</i>	measure of capacity
<i>Masakin</i>	the poor destitute
<i>Mazhab</i>	denomination
<i>Misqaal</i>	measure of capacity
<i>Muallaf</i>	those their Hearts are reconciled (to Islam)
<i>Nafkah</i>	maintenance
<i>Nalih</i>	measure of capacity
<i>Nisab</i>	a minimum level in the worth of <i>Zakat</i>
<i>Quran</i>	holy book of Islam
<i>Quraisy</i>	the dominant tribe of Mecca
<i>Qurba</i>	next of kin
<i>Ramadhan</i>	ninth month of Islamic month (hegira)
<i>Rasulullah</i>	Prophet Muhammad S.A.W
<i>Riba</i>	usury
<i>Riqab</i>	the slaves and captivates

<i>Sa'ilin</i>	those who ask for help
<i>Sadaqa</i>	a charity which is given for the sake of Allah
<i>Sadaqat-ul-Fitr</i>	a type of <i>Sadaqa</i> which must be paid at the end of fasting
<i>Salat</i>	Muslims prayer
<i>Shari'ah</i>	Islamic law
<i>Sunnah</i>	the words and action of the Prophet
<i>Syawal</i>	tenth month of Islamic month (hegira)
<i>Syiar</i>	the prestige of Islam
<i>Ulama</i>	an expert in the knowledge of Islam
<i>Ummah</i>	society
<i>Umumi</i>	generally
<i>Warta</i>	public notice
<i>Yatama</i>	orphans
<i>Zakat</i>	religious alms
<i>Zakat Al-Fitr</i>	mandatory <i>Zakat</i> at the end of Ramadhan
<i>Zakat Al-Mal</i>	<i>Zakat</i> of property

TRANSLITERATION

1. Alphabet

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
ء	'	النساء	An-Nisā'
ب	B	بدري	Badri
ت	T	تفكّر	Tafakkur
ث	Th	مباحث	Mabāhith
ج	J	جيلاني	Jālānī
ح	ḥ	حديد	Ḥadīd
خ	Kh	خليل	Khalīl
د	D	داعي	Dā'i
ذ	Dz	ذكر	Dzikh
ر	R	رابطة	Rābiṭah
ز	Z	زكّير	Zakīr
س	S	سيد	Said
ش	Sy	شيخ	Syeikh
ص	ṣ	صبر	Ṣabr
ض	ḍ	ضعيف	Dai'f
ط	ṭ	الطور	At-Ṭur
ظ	ẓ	عظيم	'Aẓīm
ع	'	عمّان	'Ammān
غ	Gh	غافر	Ghāfir
ف	F	فتح الله	Fethullah
ق	Q	القسطون	Al-Qāsiṭūn
ك	K	كثير	Kathīr
ل	L	لم	Lam
م	M	مسلم	Muslim
ن	N	نطفة	Nuṭfah
و	W	وجودية	Wujūdiah

هـ	H	هريرة	Hurayrah
ي	Y	يوسف	Yūsuf

2. Short Vowel

<u>Arabic Vocal</u>	<u>Latin Vocal</u>	<u>Example</u>	<u>Transliteration</u>
َ	A	أمر	Amr
ِ	I	عاصم	‘Aṣim
ُ	U	صبر	Ṣabr

3. Long Vocal

<u>Arabic Vocal</u>	<u>Latin Vocal</u>	<u>Example</u>	<u>Transliteration</u>
آ	Ā	مذاكرة	Muzākarah
و	Ū	المتقون	Al-Muttaqūn
ي	Ī	عالمين	‘Ālamīn

4. Diphthong

<u>Arabic Vocal</u>	<u>Latin Vocal</u>	<u>Example</u>	<u>Transliteration</u>
و	Ww	منورة	Munawwarah
ي	Yy	تيمية	Taimiyyah
ي	Iyy	البخاري	Al-Bukhāriyy

5. Exemption

5.1. Arabic letter ء (hamzah) found at the beginning of a word is transliterated to the letter “a” not to ‘, example:

<u>Example</u>	<u>Transliterated</u>
أحمد	Ahmad

ABBREVIATIONS

A.M.H	May Allah have mercy on him
A.P.H	May Allah be praised with him
DYMMS	Duli Yang Maha Mulia Sultan
JZNK	Jabatan Zakat Negeri Kedah
PBUH	Peace be upon him
S.A.W	Sallallah Hua'laih Hiwasallam
n.a	no author
p.	page
pp.	pages

RESEARCH PROPOSAL

INTRODUCTION

1.1 Introduction

Zakat, which is one of the Five Tenets of Islam, has been instituted for the purifying and cleansing both one's soul and one's property. In a wider context, however it is also intended as a means to achieve an Equilibrium (*al-'Adl*), or what is now often referred to as social justice. As an instrument of income and wealth redistribution, *Zakat* is supposed to be levied on all income and wealth in excess of certain minimum levels acquired or earned over the period of a year or, in the case of farmers (according to *Shafi'i* school) all produce in excess of a specified minimum production for each harvest.

In the state of Kedah Darul Aman, the major portions of the *Zakat* revenue collected is derived from *Zakat* on paddy, an agricultural produce while other agricultural producers, property owners, wage and salary earners and others hardly pay any *Zakat* at all. It seems to be so important to know more all about the *Zakat* matters in Kedah furthermore the farmers in this state are almost exclusively Muslims and majority of other workers in any institution in this state are also the Muslim.

This study will attempt to trace the historical, background, and other information about the Jabatan Zakat Negeri Kedah (JZNK) as they are the largest and most important *Zakat* institution in this state. The study will also attempt to analyse comprehensively the manner of the administration of *Zakat* on any types of occupation with special reference to the farmers in Kedah.

1.2 Problems Statement

- 1) The legal framework in Jabatan Zakat Negeri Kedah are not clear
- 2) The enforcement of law about *Zakat* are not complete
- 3) The Fatwa about types of *Zakat* in this state are still not clear
- 4) No standard operational procedures in the collection of *Zakat* dues

1.3 Significance of Research

My contribution towards improving the administration of *Zakat* in Kedah is by giving the research findings particularly in the legal framework and other matters which related with the *Syari'ah* aspects. For me all this are important for Jabatan Zakat Negeri Kedah to manage the *Zakat* matters in Kedah. I also hope that my research about this topic will help Jabatan Zakat Negeri Kedah to find any weakness and give them an advantage to improve their work.

1.4 Aims of Research

First of all, the researcher wants to study about the legal framework on the administration of *Zakat* in Kedah Darul Aman. Through this research also, the researcher wants to study about the implementation of *Zakat* in Kedah particularly refers to the Jabatan Zakat Negeri Kedah Darul Aman.

1.5 Objectives

- 1) To know the exact roles and responsibilities of Jabatan Zakat Negeri Kedah Darul Aman.
- 2) To discover how *Zakat* properties will be administered in this state.
- 3) To know how far the implementation of *Zakat* in this state.
- 4) To help the Jabatan Zakat Negeri Kedah to improve their administration.

1.6 Hypothesis

Based on the above objectives, there are legal frameworks which are served particularly to the administration of *Zakat*. This is important things especially to know the way to implement the obligation of *Zakat* and what are the roles and responsibilities of the Jabatan Zakat Negeri. In addition, by giving the research findings particularly in the legal framework, it will gives the advantages to discover more about how far the implementation of *Zakat* in this state and how the *Zakat* properties in this state will be managed.

1.7 Scope of Research

This research focuses on the administration of *Zakat* in the state of Kedah only. Apart from that, this research also includes the comparison between the practices in this state with other states in Malaysia which the Jabatan Zakat Negeri Kedah is the sample. Then the research finds any other sources which related with the research the

topic for example the legal framework such as the enactment of *Zakat* in Kedah and the *Syari'ah* framework which contain the *Fatwa* from *Ulama*. Besides that, any other information from other books, magazines or journals which correlating to this research topic will also be taken as one of the research sources.

1.8 Literature Review

By making the search deeply, found that the topic which was decided before had never been choose by anyone to make their research comprehensively, especially according to the methodology of research about the management of *Zakat* in Kedah and their scope of research.

However, there have some articles, books and other sources which correlate with this topic directly or indirectly. Therefore, all of these sources should be presented to show that this topic is important to the Islamic education generally. One of them is “*Laporan Ringkas Pentadbiran Dan Aktiviti Pejabat Zakat Negeri Kedah Darul Aman*”¹. This report books which all about the history of *Zakat* in Kedah and how the *Zakat* properties will be managed in this state. So, it’s correlate with this research topic directly. In this report also will be explain about the meaning of some Arabic words which correlate to the *Zakat* matters, the function of *Zakat* officers in this state and also whose are compulsory to pay *Zakat* in this state. Also provided in this report is the account of *Zakat* properties in this state and all data about it. To make the research more complete, this report will be combined to the other sources to make some comparison about the previous and recent management of *Zakat* in Kedah.

¹ Laporan Ringkas Pentadbiran Dan Aktiviti Pejabat Zakat Negeri Kedah Darul Aman 1980. Jabatan Zakat Kedah

Next, one book which entitles under the topic “*Third Zakah Conference 1990*”². This book will show the whole presentation of *Zakat* by Fuad Abdullah Al-Omar. In his presentation, deals with the matters of *Zakat* such as general, administrative and organizational aspects, wealth subject to *Zakat*, the payment of which to the *Zakat* institution has been obligated by law and method of collecting it. After that, some explanation about the historical introduction to *Zakat* systems, the research aims at comparing the laws, legislations and systems, administrative and executive instructions of all Muslim countries which have enacted laws or regulations pertinent to *Zakat*.

After that, “*Fiqh Az-Zakat*”³ which written by Dr Yusuf Al-Qardawi. His book is all about the *Zakat* matters according to *Fiqh* perspective. It will explain about some history of *Zakat* management in some countries and how *Zakat* changed the life among the people in the previous time or the poor in ancient civilization. The book also will give the definitions of some Arabic words which correlate to the *Zakat* matters and also will explain the function of workers in *Zakat* administration according to *Syari'ah* perspective.

Besides that, the book which entitles under the topic “*Zakatul-Fitr*”⁴ will explain about the obligatory of Muslims which are recommended by Allah to pay *Zakat Al-Fitr* during the month of Ramadan. This money goes towards helping the poor and the needy in society so that all may enjoy the blessings of ‘*Eid* (in a happy and equitable manner). From this book people will know how the properties of *Zakat Al-Fitr* calculated and who is required to pay it. So, people can learn how to personally calculate this amount and other matters concerning *Zakat Al-Fitr*.

Next, the book which called “*The Law and Institution of Zakat*”⁵ written by Farishta G. de Zayas. The book critically discusses the opinions of famous doctors of law pertaining to the rules of *Zakat*. It is her strong conviction that the law of *Zakat* must be

² Third Zakat Conference (1990). Organized by Islamic Centre Malaysia Kuala Lumpur. Presented by Fuad Abdullah Al-Omar

³ Dr Yusuf Al-Qardawi. 1999. *Fiqh Az-Zakat*. London: Dar Al Taqwa LTD.

⁴ Dr Hussain H. Shahata (Prof. of Accountancy Al-Azhar University). 1999. *Zakatul-Fitr*. Cairo, Egypt: Al-Falah Foundation

⁵ Farishta G. de Zayas. 1960. *The Law and Institution of Zakat*. Damascus: Al-Jadidah Press

revised strictly based on the principles of the *Quran* and *Sunnah*. The author also points out in the book that it is important that every Muslim, man or woman, rich or poor, to possess the knowledge of the fundamental principles of *Zakat*. This book should be an essential aid for the administration of *Zakat* with justice and fairness. The book emphasizes the need for the *Zakat* officials to be efficient.

In "*Pemikiran Ekonomi Islam*"⁶ provided the investigation or research about the benefits of *Zakat* for economy according to Islamic perspective and how it will change the development of economy according to the Islamic perspective. It also explains about the dispensation of *Zakat* properties, *Zakat* on farmers' product and the revenue of mineral and also the function of *Zakat*. So, this book will help the research to see the importance of *Zakat* for Islamic society and how about its situation in the future.

On the other hand, in the "*Majalah Al-Islam*"⁷ provided eight *Asnaf* which have the rights to get *Zakat* properties. It will also explain about the categories of poor people in this country. It will also give the comparison or distribution of *Zakat* properties during the time of *Rasulullah* and now. After that, it will see how the *Zakat* institution in this country can prevent the indigence and how they manage the *Zakat* properties.

Apart from that, one important source that will be referred in this research is the Enactment of *Zakat* in Kedah year 1955 or 1374 according to the year of Hegira. This enactment had been checked by the advisor of law in state of Kedah Darul Aman. It's contain all amendments until 16 October 1997⁸

⁶ Muhammad Nejatullah Siddiqi. 1989. *Pemikiran Ekonomi Islam-Suatu Tinjauan Penulisan Semasa*. Hakcipta Edisi Bahasa Malaysia, Dewan Bahasa Dan Pustaka

⁷ Noorzila Jamaludin & Wan Mohd. Hafiz Wan Hamzah. 2006. *Zakat : "Tidak Patut Ada Lagi Orang Miskin"*. *Majalah Al-Islam*. (1). April. pp 16-18

⁸ Enakmen *Zakat* Tahun 1374 (1995)

Last but not least, the two Arabic books " al-Raudhah al-Nariyyah "⁹and " Haqiqah al-Ibadah 'inda Muhyiddin Ibn 'Arabi "¹⁰. The main points in both books are about the definitions of *Zakat* and the philosophy of *Zakat* according to Islamic perspective. Also explain about the *hukum* of *Zakat* according to *aqli* and *Syari'e* and the opinion about the *Zakat* matters from other *Ulama* and sect (*mazhab*). Apart from that, also explain about the types of *Zakat* on such things or properties like farm animal, gold and silver and the plant or vegetables.

1.9 Research Methodology

To make this study more complete, some of methodology will be used, among them:

a) Data collection: The study that decided embracing both aspects theoretical and practical. From theoretical aspects, library methodology research will be used especially to collect the information and data correlated with *Zakat* system and the structure of *Zakat* management in Kedah. The interviewing system also will be used to see either student can accommodate with the sources which they have got.

Apart from that, from practical aspects, the methodology research like interviewing, perceive and others will be used to collect the sources about the management and structure of *Zakat* in Kedah and after that make some comparison and analysis on how the effective of the *Zakat* management in Kedah.

⁹ Al-Bukhari. 1990. al-Raudhah al-Nariyyah – Sharh al-Dirar al-Bahiyyah. Beirut: Dar al-Kutb al-'Ilmi.

¹⁰ Ibn Arabi. 1997. Haqiqah al-Ibadah 'inda Muhyiddin Ibn 'Arabi. Kaherah: Dar al-Amin.

- b) Comparison: The data that had collected will classified according to the comparison process to identify the similarities and differences between methodologies which had been used. In this step, the information which had been collected will help to identify the point similarities and differences that exist.
- c) Assessment: The assessment on the *Zakat* will manage according Jabatan Zakat Negeri Kedah and how the management of *Zakat* in Kedah will be improve in the future.
- d) Recommendation: The recommendation that will be giving must be on how to make the management of *Zakat* in Kedah can give many benefits to the Islamic society in this state.

1.10 Summary

This chapter has given a general view about the outline and direction of research execution. The focus on this chapter is to define the main questions about the research area that are administration of *Zakat* in the state of Kedah. The researcher has affirmed background of the research, statement of hypotheses, significance of study, scope of the study and the outline of the study. For the next chapter will be attempting to sketch out the research framework based on previous research and also emphasizing hypotheses.

CHAPTER 1

ZAKAT

2.1 Definition

Zakat, the compulsory levy on the income and wealth of Muslims, literally means that which cleans and purifies and signifies justness, integrity and vindication, as well as increase and growth. It is a tax which is meant to purify the property of a person from the taint of selfishness and make it *halal* (permissible) for one's personal use and benefit.

Zakat is not only a moral obligation toward God and society, a basic element of worship and faith it is also a legal right of society without the rendering of which, one's justification and vindication as a Muslim is both doubtful and questionable. The *Quran* clearly makes the latter point by stating:

الذين لا يؤمنون الزكوة وهم بالأخرة هم كفرون (فصلت : 7)

*Woe unto those who ascribe divinity to others besides Him, (and) those who do not give Zakat, for it is they who (thus) deny the truth of the life to come. (Fushilat: 7)*¹

Technically, *Zakat* means to purify one's possession of wealth by distributing a prescribed amount imposed on the rich, which has to be given to the poor as their right as an essential mode of worship and not alms. By paying the *Zakat*, one inspires to attain purification in heart and in self and the cultivation of good deeds on the one hand and the blessing of increase wealth on the other hand.²

¹ Irfan Ul Haq. 1996. *Economic Doctrines of Islam*. Herndon. Virginia. U.S.A: International Institute of Islamic Thought. p 178

² Yaseen Ibrahim Al-Sheikh. 1998. *Zakat the Third Pillar of Islam*. Beirut: Al-Maktab Al-Islami. p 28

In the legal definition, according to the Enactment of *Zakat* in Kedah year 1374 Hegira (1955) section 2 explain that *Zakat* is some needed given by the Muslims according to *Syara'*.³

Therefore, the real meaning of *Zakat* is very wide. *Zakat* gives a clear vindication of what one's responsibilities to others should be. Everyone is required to recognize the rights of others, just as everyone is expected to sympathize with those afflicted by adversity. Even where there are no ties of friendship, one should wish others well and guard their honour as if it were one's own.

2.2 Dalil

The commandment to pay *Zakat* among Muslim was started on the second *Hijrah* during the *Syawal* period.

2.2.1 Al-Quran Al-Karim

The *Quran* mentions *Zakat* in 29 verses out of which 20 are of the Madinan period and nine Meccan. In certain other places, the *Quran* uses the term *sadaqa*, whereas what is meant is *Zakat*. The first verse on *Zakat* (73:20) was revealed in the early Meccan period, signifying the importance of welfare expenditures in the Islamic scheme of life. Since the Muslims were a relatively small group without formal institutions, *Zakat* was given privately, without specific rules or rates. It was essentially used for two purposes: to assist the indigent and the poor and to buy the freedom of those in slavery or bondage. In the initial Madinan period, *Zakat* was given both privately to needy individuals and families as well as to the state.

³*Enakmen Zakat Tahun 1374 (1955)* (Pindaan sehingga 16 Oktober 1997)

The proceed of the *Zakat* tax is to be spent for social welfare purposes in a broad sense, as specified by the Quran:

إنما الصدقات للفقراء والمساكين والعاملين عليها والمؤلفة قلوبهم وفى الرقاب والغرمين وفى سبيل الله
وابن السبيل فريضة من الله والله عليم حكيم (التوبة : 60)

The Zakat is (meant) only for the poor and the needy, those who collect the tax, those whose hearts are to be won over, for the freeing of human beings from bondage, for the relief of those overwhelmed by debts, for the cause of Allah (all priority social needs) and for the wayfarer: (this is) an ordinance from Allah – and Allah is All- Knowing, Wise. (At-Taubah : 60)

The *Quran* views *Zakat* as the opposite of *riba* (usury). While *riba* was meant to bring the capital-lender a multifold increase through an exploitative practice, *Zakat*, the *Quran* argues, brings the investor a several fold increase in a beneficial way. The two are opposites also in terms of distributive effects: whereas *riba* transfers wealth away from society to the rich, *Zakat* redistributes wealth away from society to the rich, *Zakat* redistributes wealth from the well-to-do the poverty groups. When the ground for the banning of usury was prepared, the *Quran* stated: "The wealth you invest in usury so that it should grow at the expense of other people's wealth, does not grow in the sight of God, but whatever wealth you spend on welfare (*Zakat*) supporting sincerely the cause of God (will increase): it is these who will get a recompense multiplied"(30:39). Here the multiple increases in the return to *Zakat* investment in society is essentially in eschatological terms. However, the multiplier effect of *Zakat* through increased consumption, output, employment and income cannot be denied. Thus, when a small expenditure of one's capital is done by a large number of people, it can have a substantial positive effect, especially if the expenditure is targeted toward poverty groups and is