



THE GROWTH TREND OF ZAKAT COLLECTION ON GOLD: THE CASE OF SABAH

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ABSTRACT

During the reigns of Caliphs Umar Al-Khattab and Umar Abdul Aziz, zakat was proven to eradicate poverty. As zakat is a religious obligation that every Muslims must fulfil, it provides assistance to the *asnaf* (e.g., poor and needy). The efficiency of zakat collection and distribution is utmost essential to attain the *maqasid al-Shariah* in society. In the context of Malaysia, the Malaysian government has improved the zakat administration policy from federal to corporatisation. This idea is a strategy for increasing the quality of the management system – competent and effective. The State Islamic Religious Council (SIRC) has widely used this approach as the primary body for zakat management. Following, SIRC establishing a subsidiary zakat management on behalf of its party. Therefore, this study examines the percentage growth trend of zakat collection and distribution in Sabah using the gold price and *nisab*, which are graphically depicted. Furthermore, this paper will expand on the amount of zakat collected from Pusat Zakat Sabah (PZS).

Keywords: Gold Price, Nisab, Sabah, Zakat collection, Zakat distribution.

INTRODUCTION

Majlis Ugama Islam Sabah (MUIS) was founded in the 1970s. Baitulmal section was assigned under MUIS for the purpose of managing the collection and

distribution of zakat in Sabah. In order to comply with the regulations of the Sabah State Zakat and Fitrah Enactment No.6 of 1993, the Baitulmal unit's name was changed and promoted to the Baitulmal and Zakat Division beginning in 1994. Furthermore, the incorporation of Baitulmal into the Sabah State Baitulmal Corporation merged two separate companies. At the end of 2004, the Baitulmal and Zakat Division was renamed the Zakat and Fitrah Division.

Further, in early 2007, the Right Honourable Chief Minister of Sabah, Datuk Seri Panglima Musa Hj Aman, established a Special Committee on Zakat Management, Chief Minister's Department, chaired by YB Datuk Seri Hj. Nasir Tun Hj Sakaran, to conduct research and studies to determine the direction of zakat management in Sabah. At the same time, the Zakat and Fitrah Division's name was given fresh life and renamed by integrating the commercial term "Pusat Zakat Sabah." Nonetheless, it is still one of the divisions within the MUIS administrative system.

Zakat by definition is fulfilling (paying) the third pillar of Islam (Majlis Ugama Islam Sabah, 2022). It is obligatory for every Muslim who has sufficient conditions to give zakat. This is based on the hadith of the Prophet S.A.W:

"I heard Rasulullah S.A.W says: Islam is founded on five principles, namely, to testify that there is no god who has the right to be worshiped in truth except Allah and Muhammad S.A.W is Rasulullah, establish prayers, pay zakat, perform Hajj in Baitullah and fast in Ramadan."
(HN Bukhari and Muslim).

Literally, zakat means clean, holy, fertile, blessed, and growing in Arabic. While zakat, in terms of the terminology of something like the portion of the property provided by Allah SWT to the *amil* approved as alms, is necessary to be donated to those who have been allocated according to the requirements stipulated by shariah. Furthermore, zakat is compulsory and known as one of *Fardhu Ain* for every Muslim who fulfils all the obligatory conditions. Therefore, a Muslim who denies the obligation of zakat can result in apostasy. While a Muslim individual who leaves zakat without denying his obligation is a great sinner. It is the responsibility of the government to manage the collection and distribution of zakat. The wisdom of zakat can be seen through the holy verses of the Qur'an. For instance:

“O you who believe! Spread out some of what We have given you, before the day comes when there will be no trade, no friend, and no intercession. And those who disbelieve, these are they. the oppressors.” (QS al-Baqarah (02): 254)

“And establish prayer and pay zakat and whatever you put forward of good for yourselves, you will surely get its reward with Allah. Indeed, Allah is ever Seer of what you do.” (QS al-Baqarah (02): 110)

“He is the One who has sent His Messenger (Mubammad) with guidance and the true religion (Islam), to be won and exalted above all other religions, even though the polytheists do not like it.” (Surat al-Taubah (09): 103)

The wisdom of zakat can also be seen in a few Hadith. For example:

“A man from Bani Tamim came to Rasulullah S.A.W and asked: “O Rasulullah, I have a lot of property and also have a family and children. Explain to me, how should I spend it and what should I do?”. Rasulullah S.A.W replied: “You pay zakat part of your property because indeed it (zakat) is a purifier that purifies you and you connect the friendship of your relatives.” (HN Ahmad)

“Rasulullah S.A.W has made zakat fitrah obligatory (in the month of Ramadan) to purify the fasting person from all acts of lagha (abomination) and bad words (done while fasting) and to be used as food for the poor.” (HN Abu Daud)

Therefore, punishment for failure to pay zakat was asserted and described in the holy Qur’an as well as hadith as follows:

“Never let those who are stingy with the wealth that God has given them of His grace think, that stinginess is good for them. Evil is niggardliness for them, the wealth they niggard will be hung around their necks on the Day of

Resurrection, and to Allah belongs all inheritance in the heavens and the earth. And Allah knows what you do.” (QS Ali ‘Imran (03): 180)

“O you who believe! surely many of the scholars and the people of the religion (Jews and Christians) devour the wealth of the people in a wrong way, and they hinder (mankind) from the path of Allah (Islam). And (remember) those who board up gold and silver and spend it not in the way of Allah, then inform them of a painful doom. On the day when the gold and silver will be burned in Hell, and their foreheads and their ribs and their backs will be struck with it: This is what you have reserved for yourselves. so taste what you keep.” (QS al-Taubah (09): 34-35)

“I (Asma 'bint Yazid) went in with my aunt to see Rasulullah and at that time my aunt wore some gold bracelets. Rasulullah S.A.W asked us, "Have you paid this zakat?" We answered, "No." Rasulullah S.A.W said, “Are you not afraid that Allah will put on you bracelets from the fire of hell. Therefore, pay the zakat.” (HN Ahmad)

Therefore, the current study investigate the growth trend of zakat collection on gold in Sabah from the year 2009 to 2021. Moreover, this study reveals of the growth trend on gold based on the gold price and *nisab* in Sabah. According to Abdul Lateff *et al.* (2014), table 1 reveal the collection of zakat in Sabah which shows the lowest collection from 2008 to 2010. Following, in table 2 portrays the zakat branches located throughout Sabah.

Table 1: Statistics of Zakat Collection and Distribution of Zakat Institutions in Malaysia for the Year 2008 to 2010

States	Total zakat collection (RM Million)			Total zakat distribution (RM Million)			Distribution surplus (%)		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Johor	100.70	109.23	122.34	78.63	96.37	115.0	21.95	11.77	5:95
Perak	57.50	62.30	70.20	47.20	59.50	65.20	17.91	4.49	7.12

Perlis	23.07	29.63	38.09	N/A	N/A	N/A	N/A	N/A	N/A
Kelantan	58.17	66.52	70.37	30.81	58.83	64.81	47.03	11.57	7.91
Terengganu	64.42	73.56	76.44	35.81	52.58	61.74	44.42	28.52	19.23
Wilayah Persekutuan	210.88	247.94	280.63	117.18	135.11	186.52	44.43	45.51	33.53
Negeri Sembilan	38.47	42.86	51.63	37.33	41.02	50.57	2.96	4.29	2.07
Melaka	26.94	30.78	34.43	21.43	32.16	31.77	20.46	(4.47)	7.73
Pahang	57.00	72.70	80.87	26.36	40.74	50.30	53.76	43.96	37.80
Selangor	244.47	283.79	336.93	189.00	279.19	330.36	22.69	J.62	1.95
Pulau Pinang	38.64	44.88	49.95	45.70	49.35	58.18	(18.28)	(9.97)	(16.47)
Sabah	23.80	25.40	32.88	19.38	24.37	26.02	18.60	4.07	20.86
Sarawak	36.13	36.91	39.14	18.59	23.20	23.93	48.54	37.14	38.86
Kedah	53.20	70.90	76.95	42.62	55.76	N/A	19.89	21.32	N/A

Source: Annual Report of the State Islamic Religious Council and Statistics of Zakat Collection by State Department of Wakaf, Zakat and Haj

Despite the fact that zakat collection has increased annually, particularly in the state of Sabah, as shown on the website of the Sabah Zakat Centre (Majlis Ugama Islam Sabah, 2022), is the collection sufficient to reduce and further eradicate poverty in the state of Sabah? Is the method of zakat distribution in accordance with the Shafie school of thought? This study provides data and discussion of MUIS zakat collection and distribution from 2009 to 2021, demonstrating the percentage growth of zakat collection and distribution, the percentage growth of nisab and gold price, and the percentage growth for the top five asnaf.

Table 2: Zakat Branches in Sabah

District	Address	Phone No.	Fax No.
Kota Kinabalu (HQ)	Bahagian Zakat & Fitrah (MUIS) Tingkat 1, Blok A & B, Wisma MUIS, Peti Surat 11666, 88818 Kota Kinabalu.	088-279206/ 279100	088-260246
Sandakan	Tingkat 1, Bangunan Urusetia Negeri, Batu 7, Jalan Labuk, Sandakan.	089-675067	089-660149
Tawau	Tingkat 1, Blok C, Lot 10 Taipan Commercial Centre, Jalan Kuhara, Tawau.	089-777027	089-776028
Beaufort	Tingkat 1, Blok C, Lot 20 New Beaufort Jaya, Beaufort.	087-214377	087-214378
Kota Marudu	Tingkat Bawah, Blok A3, Lot 1, Bandau Commercial Centre, Jalan Kota Marudu-Pitas, Kota Marudu.	088-663277	088-663276
Keningau	Tingkat Bawah, Blok 1, Lot 1, Kota Plaza 1, Jalan Masjid, Keningau.	087-339791	087-339792
Lahad Datu	Lot 6, Circular Block A, Level 1, Harbour Town, Lahad Datu.	089-863511	089-863510

LITERATURE REVIEW

Zakat is the third pillars in Islam after the *shabadab* and five times daily prayer. Accordingly, the fourth pillar of Islam is fasting in the month full of blessings; Ramadhan and the fifth is pilgrimage to Mecca for those who are afford. To emphasis, the part of zakat were thirty-two times recorded in the Quran. For instance, in *surah at-Taubah*, verses number sixty asserted for those who are eligible to receive the zakat fund. From the verses, there are eight groups of *asnaf* people viz. *fakir* (needy), *miskin* (poor), *amil* (zakat collector), *muallaf* (those who have faith in Allah), *al-riqab* (slaves), *al-gharimin* (those who are burden with debt), *fisabilillah* (uphold the commands of Allah) and *ibnu sabil* (travelers). Rendering to Imam Syafie, from the eight groups of *asnaf*, the four groups of *asnaf* should be given priority to receive the zakat namely *al-fuqara'*, *al-masakin*, *al-gharimin* and *ibn*

sabil (Abdul Lateff *et al.*, 2014). This means, the zakat authority should focus more on four groups of *asnaf* when it comes to distribution as mentioned by Imam Syafie to eradicate and reduces the poverty in Malaysia, at least.

Malaysia as one of the majority Muslim countries, obviously have zakat institution across the states. To note, the zakat institution management were solely under the State Islamic Religious Council (SIRC). From the Sabah context, the zakat management in Sabah were administrate by the Pusat Zakat Sabah, Majlis Ugama Islam Sabah (MUIS). Likewise in Selangor, Penang and Sarawak, the collection and distribution of zakat in Sabah were under the same entity and have been corporatized and privatized (Abdul Lateff *et al.*, 2014). The zakat collection and distribution of zakat collection often employed the competency of zakat institutions administration. Consequently, several prior studies had examined the efficiency of zakat based on the trend of zakat collection and distribution viz. (Abdul Lateff *et al.*, 2014; Abu Bakar & Rashid, 2010; Buang & Mohd Said, 2014; Embong *et al.*, 2013; Omar, 2020).

A study by Abdul Lateff *et al.* (2014) asserted that *haddul kifayah* play the significant role in determining the eligibility of the *asnaf* to receive the zakat. *Haddul kifayah* is the basic rate based on the minimum needs for individual and dependents. The zakat recipient was accordance to the place, time, needs and socioeconomic condition. In more details, *haddul kifayah* affect the performance of zakat distributions among the zakat receivers. From their study, it discovers that if the *haddul kifayah* rate is low, the probability of excessive zakat is high. They suggested that the zakat institution should revised the minimum rate of *haddul kifayah*. This is because, many of the *asnaf* did not get the zakat because they were not catogerized as *al-fuqara* and *al-masakin* due to their basic salary is slightly high. Thus, it is to prevent such incident which in a real situation they face the hardship of life and needs help in terms of daily necessity and financial.

Besides that, Embong *et al.* (2013) in their study on the role of zakat to eradicate poverty in Malaysia had mentioned that the issue and mismanagement of zakat distribution gives an undesirable perception among society. The dissatisfaction could affect the trust of society. Consequently, the zakat payers are intense to pay zakat via unofficial channels for their self-satisfaction and confidence to execute the third pillars of Islam. Other findings in their study were the inaccurate database on *asnaf*, bureaucracy, under-identification of potential *asnaf*, ignorance of *asnaf*, attitude of *amil* and geographical distance to

asnaf complicate the zakat distribution for those who were really needed. Moreover, the priority is sometimes given under groups of *asnaf* namely *fisabilillah*, which in reality the allocation given for the development and renovation of mosques, schools and roads. Therefore, it is crucial for the zakat authorities to review the existing method and principles of zakat distribution. It is expected that from zakat, the *asnaf* of needy and poor groups would be able to free themselves from poverty life.

On the other hand, a study by Omar (2020), during the financial crisis, the total amount of zakat collection is lower than the prior year. It is expected to be distributed and fully utilized to meet the increasing needs from the *asnaf*. Their study suggested that the zakat management should plan for wealth accumulation and savings as well as prepare reserves for zakat collection in order to face uncertain economic condition. An appropriate financial planning will help to solve the needs from *asnaf* during a hard time. This is because, zakat financial planning is crucial to enhance the socioeconomic of Muslim society. Therefore, it is important to have proper and effective financial planning as zakat largely attributed to its efficiency as a distribution tool in the process of wealth circulation and social security. The effective management of zakat collection and distribution help to improve the quality of life and alleviate the poverty of recipients.

Furthermore, a previous study on zakat administration and awareness conducted in Kota Belud, Sabah (Buang & Mohd Said, 2014). Their study discovers that the people in Kota Belud, Sabah were lack of awareness and knowledge to execute the zakat. Majority of them thinking that zakat is only pay on Ramadhan which is known as zakat fitrah. Explained in details, zakat fitrah is compulsory for all the Muslim to perform during Ramadhan as the symbol of pureness. Basically, zakat was divided into two namely zakat fitrah and zakat for property. Besides, from their finding the community in Kota Belud, Sabah was thinking that paying zakat will decreases their wealth. Thus, they are lack of awareness and appreciation of Islam in their soul. To add, their research suggested the Pusat Zakat Sabah, Majlis Ugama Islam Sabah (MUIS) should increase their staffs to administrate especially on zakat for property to explain in details among the community in Sabah.

METHODOLOGY

The percentage growth trend reflects the pace of growth over a certain span of time. As an outcome, the gold price and *nisab* rate were used to calculate the growth trend of zakat collection in this study. This study is considered exploratory in terms of acquiring information regarding the rise of zakat collection in Bahagian Zakat dan Fitrah, Majlis Ugama Islam Sabah (MUIS). This organisation was chosen as a sample data source due to the lowest overall zakat collection and distribution accomplished in Malaysia when compared to other states. Besides, MUIS is situated in Kota Kinabalu (KK) area which is highly populated and is centre for economic activities and KK is Sabah's most developed district, particularly in terms of development and State's administration, as well as job opportunities for the people of Sabah. Secondary annual data, such as total zakat collection and distribution from 2009 to 2021 (12 years), are derived from MUIS annual reports. The gold price and *nisab* rate for the last 13 years were obtained from the MUIS website. All statistics are converted into percentage growth to observe the growing trend in zakat collection depending on the gold price and *nisab*.

DISCUSSION

Figure 1 shows the percentage growth of zakat collection and distribution in Sabah from 2009 till 2021. The percentage growth of zakat distribution and the percentage growth of zakat collection are seen to be uncertain. For instance, there was a modest rise in percentage growth in both zakat distribution and zakat collection in 2010. However, in 2011, the percentage growth of zakat distribution continued to rise, but the percentage growth of zakat collection declined drastically. The same situation happens in almost every year. While percentage growth in zakat distribution is seen to be lower than percentage growth in zakat collection on average. The 13-year average percentage growth for zakat distribution (11.66) is lower than the 13-year average percentage growth for zakat collection (13.86). The highest percentage growth in zakat collection is in 2012 (44.37%) and the lowest in 2018 (-9.78%). The highest percentage of growth in zakat distribution is in 2014 (33.99%) and the lowest in 2016 (-10.90%).

Figure 2 depicts the percentage rise of *nisab* and gold prices from 2009 to 2022. From 2009 to 2012, the percentage growth of the *nisab* rate paralleled

the percentage growth of the gold price. However, from 2012 to 2014, both the percentage growth of *nisab* and the gold price fell dramatically. Although there was an increase in both the percentage growth of *nisab* and the gold price after 2014, there was still a dip in the percentage growth of both in 2018 and 2019. The same situation (rise and fall) happens again after 2019. It can be seen that the percentage growth of *nisab* and the gold price move in tandem. When the price of gold falls, the *nisab* rate falls as well.

Figure 3 illustrates the top five *asnaf* recipients, who are from *fakir*, *miskin*, *amil*, *muallaf*, and *fisabilillah*. The labelled data represent the *asnaf fakir* and *fisabilillah* which are the biggest zakat recipients, accounting for more than half of the overall distribution. *Asnaf fakir* contributes 42.61% of the overall distribution, while *fisabilillah* contributes 18%. The largest percentage rise in zakat distribution for *fakir* is in 2013, when it contributes 53%, while the highest percentage growth in zakat distribution for *fisabilillah* is in 2014, when it contributes 77%. In terms of percentage growth of zakat distribution from year to year, *asnaf miskin* does not appear to differ much from the trend shown by *asnaf fakir* and *fisabilillah*.

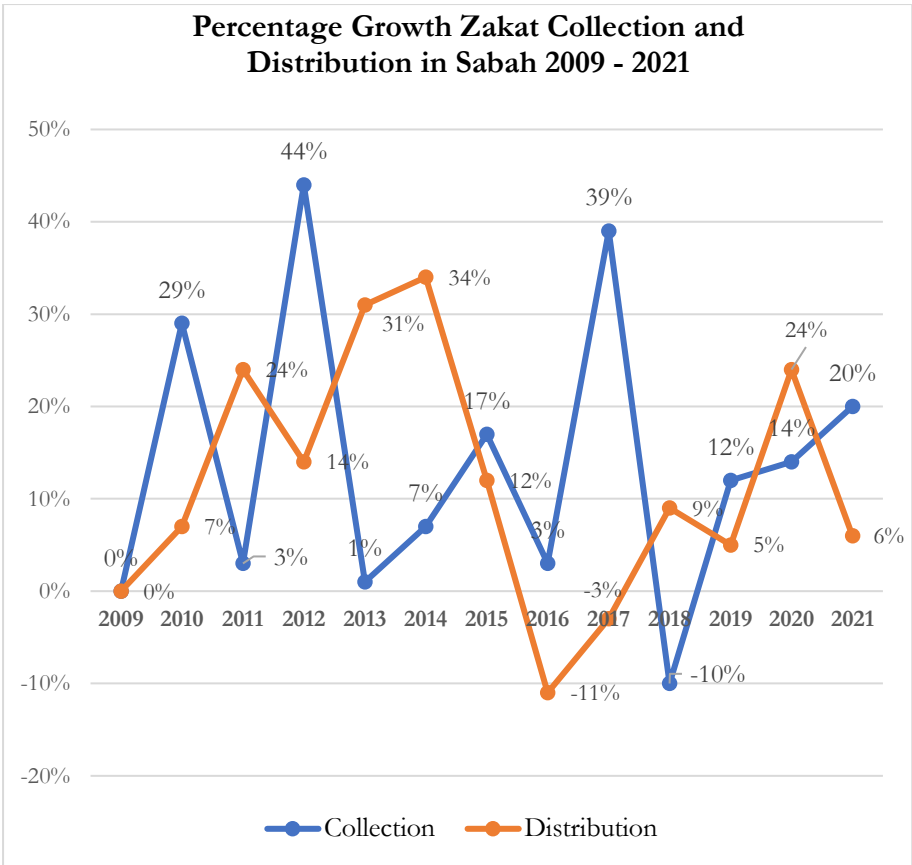


Figure 1: Percentage Growth Zakat Collection and Distribution in Sabah 2009 - 2021

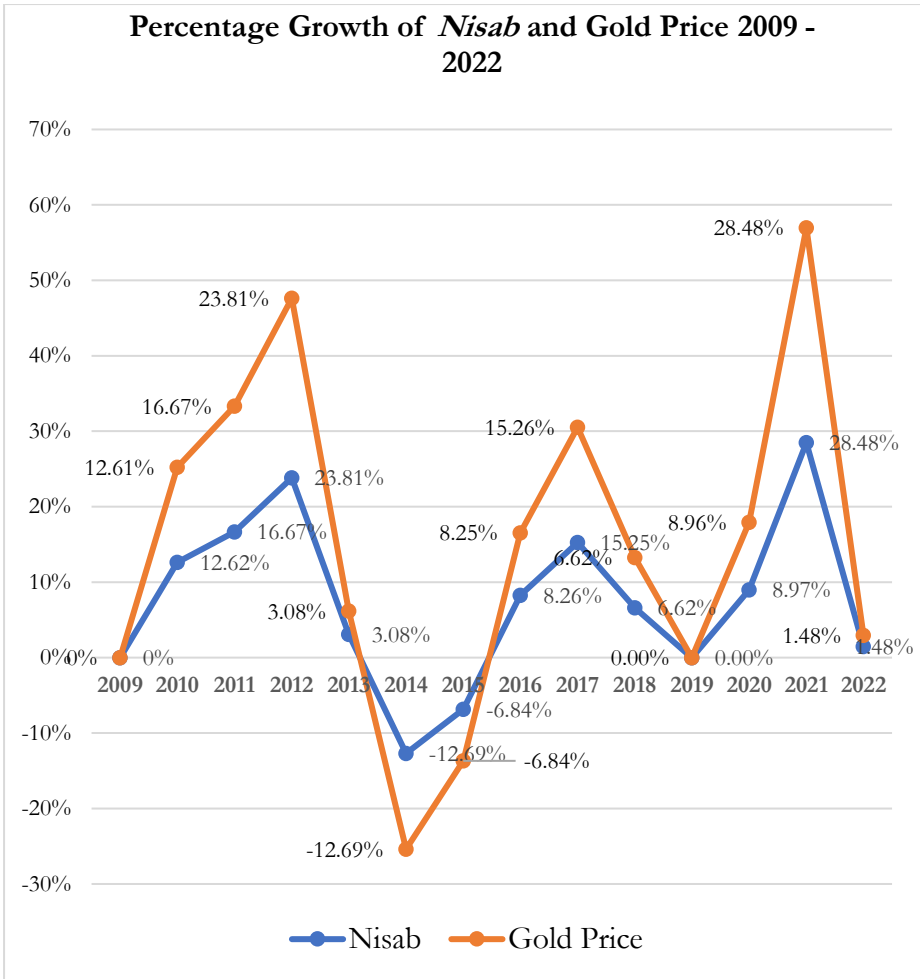


Figure 2: Percentage Growth of *Nisab* and Gold Price 2009 - 2022

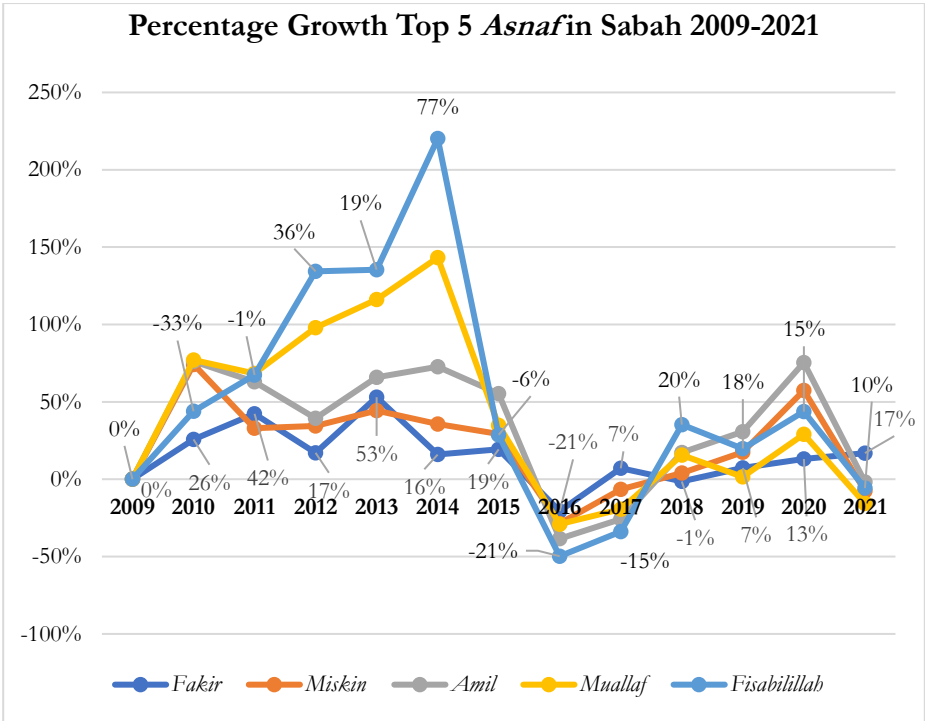


Figure 3: Percentage Growth Top 5 *Asnaf* in Sabah 2009-2021

CONCLUDING REMARK

In conclusion, as shown in figure 1, figure 2 and figure 3, the percentage rise in zakat collection and distribution in Sabah is uncertain. This might be because of some of the factors highlighted in prior research. According to Embong *et al.* (2013), the problem and mishandling of zakat distribution creates a poor reputation within the community. This leads potential zakat payers to give zakat through informal channels in order to satisfy themselves and confidence in implementing Islam's third pillar. Besides, the inaccuracy of the *asnaf* database, bureaucracy, under-identification of prospective *asnaf*, ignorance of *asnaf*, amil's attitude, and geographical distance to *asnaf* all impede zakat distribution for people who were truly in need.

The investigation of corroborated these conclusions (Fatimah *et al.*, 2019). According to the survey, Sabah had the lowest grade in terms of interior

comfort and physical facilities. In the same survey, Sabah had the lowest score for staff desire to understand client demands, as well as the lowest score for confidentiality of customer information and a lack of value-added services in terms of financial and personal counselling. According to Fatimah *et al.* (2019) Sabah obtained bad grades for counter service effectiveness and an insufficient quantity of workers available. This may be seen when the State of Sabah, apart from Sarawak, is a very large state in Malaysia yet has just seven zakat branches situated throughout Sabah which are in Kota Kinabalu (HQ), Sandakan, Tawau, Beaufort, Kota Marudu, Keningau, and Lahad Datu.

The efficiency of MUIS in distributing zakat to *asnaf* is also questioned when the data in figure 3 shows that *asnaf jisabilillah* leads the total distribution than total distribution of *asnaf miskin*. If these distributional priorities are not altered, it will be impossible to accomplish the proportion of the *fakir* and *miskin asnaf* to be free from poverty in the future. Another factor found when reviewing the study made by (Buang & Mohd Said, 2014). The study explicates that, a portion of Sabah's problem was a lack of awareness and information about how to carry out zakat as they are only aware of zakat fitrah and not included zakat *maal* or zakat property. Moreover, they also lack of religious respect for Islam. They believe that zakat is only paid during Ramadhan and that paying zakat reduces their income. Thus, all these misunderstanding and mismanagement should be solved by the zakat management for tap the gap in reducing yet eradicate the poverty in Sabah, perhaps

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