

UNIVERSITI TEKNOLOGI MARA

**BUSINESS ZAKAT COLLECTION
POTENTIAL PAYMENT AMONG SUBSIDIARY
COMPANY GOLDEN PHORAS**

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ABSTRACT

In this era of globalization, the landscape of life has transformed, including the practice of business zakat, which serves as an essential instrument for wealth redistribution and the enhancement of social welfare. However, its implementation among businesses remains limited due to insufficient awareness, inadequate zakat calculation systems, and varying levels of compliance. This study aims to assess the potential of Golden Phoras Berhad's subsidiaries in implementing business zakat collection and payment, focusing on the aspects of knowledge, compliance, and willingness to participate in such practices. Using data analysis methods qualitative approach, data were collected through interviews with financial department heads and senior executive accountants, providing in-depth insights into the practices and challenges related to zakat. The findings reveal significant untapped potential to enhance zakat contributions through more effective awareness efforts, standardized calculation systems, and adherence to corporate social responsibility (CSR) initiatives. The study also highlights key challenges, such as limited training, low awareness, and inconsistent calculation methods, and proposes the implementation of systematic zakat management procedures to maximize social impact and ensure compliance with Islamic standards, thereby contributing to the integration of faith-based financial systems into contemporary corporate operations.

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Business zakat is a crucial aspect of Islamic finance that emphasizes the ethical and moral responsibility of business owners in contributing to societal welfare. It is a mandatory charitable contribution for Muslim businesses (Hassan, 2002), meant to purify wealth and promote economic justice. The core idea behind business zakat is that wealth should not only be accumulated for personal gain but also shared with those who are less fortunate. This ensures a balanced distribution of resources, preventing the accumulation of riches among a select few.

Business zakat applies to various types of wealth generated from business activities, such as inventory, cash, and receivables. Inventory, or goods held for sale, forms a major part of zakatable assets, as these items are seen as productive wealth intended to generate income. Cash, whether held in hand or in bank accounts, is also subject to zakat, as well as any debts owed that should be obtained from the firm (Ismail, 2013). After these assets reach the nisab, which is the bare minimum wealth required prior to zakat, it becomes obligatory. 2.5% of the amount is required as zakat, which is normally equal to 85 grammes of gold.

One of the zakats levied on properties with the goal of commerce is zakat on business. It encompasses a broad range of commercial sectors, including infrastructure, construction, plantations, services, industrial and consumer goods, and commerce. Businesses of all kinds, including partnerships, single proprietorships, private businesses, public companies, and cooperatives, are required to pay zakat. Interestingly, whether a firm is profitable or losing money in a certain accounting period, zakat is determined by the net wealth of the company at hawl completion (Tajudin, 2017). The entities are obligated to pay zakat when they have met all business zakat requirements.

Fixed assets such as machinery, buildings, and vehicles used in the daily activities of the company are exempt from zakat because they are seen as tools necessary to generate income rather than wealth in themselves. Zakat is only due on wealth that is surplus and productive, meaning it has the potential to grow or multiply