



**ISSUES AND CHALLENGES ZAKAT ON BUSINESS:
CASE STUDY ON MAJLIS AGAMA ISLAM JOHOR
(MAINJ)**

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Abstract

Zakat acts as a mean of cleaning dirt and sin as well as to eradicate poverty among Muslims. In reality, Muslims only concern on fulfilling the obligation of Zakat Fitr but not aware on the obligation of other types of zakat such as zakat on business. Previous studies show the collection of zakat for individual income is greater than zakat for business income. This study attempts to look several issues and challenges of zakat on business. In this research, data collection will be conducted through secondary sources and in order to strengthen the information collected, interview on selected respondent from Pusat Zakat Johor will be performed. From analysis, this study reveals that law enforcement, requirement of qualified company that need to pay zakat, and low level of awareness to pay zakat variables have positive and significant effect on the fulfillment of zakat on business. The fulfillment of zakat on business can promote social justice and fulfill its social accountability to Allah.

Keywords: Zakat, Zakat on business, compliance zakat on business

CHAPTER 1

1.0 INTRODUCTION

Zakat is a term used in the Quran signifying the special obligation for Muslims to give some of their possessions to charity. Etymologically, *zakat* is derived from an Arabic word meaning “to purify” and “to grow” (Mannan, 1986). Zakat is one of the pillars in Islam and a part of the ibadah for Muslims. It has been identified as an important source of financial seed to jumpstart the economy of the Muslim community and gives an impact on socio-economic development of nation (Anita et al., 2011).

Zakat was divided into two categories, first is zakat Fitr. Zakat Fitr is payment that must be paid by every Muslim once in hijri year and can be paid in month of Ramadhan and first day of Syawal only. The amount of zakat payable is 3kg of staple food in every country or amount of money that equivalent to the price of the staple food. Second category of zakat is zakat Al-Mal. It was an annual payment upon wealth owned by individual or organization. This payment must be paid by Muslims once their wealth reach nisab and haul. The payment is 2.5% from total wealth

Basically, there are many types of zakat on wealth and one of them is zakat on business. In the current situation, issues regarding zakat on business often debated and discussed among zakat experts in Malaysia (Ram, 2010) especially related on how to increase the total payer of zakat on business and at the same time to attract more Muslim business