
Sustainable Zakat Accounting in Malaysia: An Analysis

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Abstract

This paper aims to identify and analyze sustainable zakat accounting as practiced by zakat institutions as well as the opinions of the scholars of zakat on sustainable zakat accounting. Based on content analysis, the findings showed there are practices of sustainable zakat accounting in zakat institutions in Malaysia. This includes first, the broadening of assets which are made compulsory for zakat; second, the assessment based on net assets; and third, changes in the assessment method of assets required for zakat. Sustainable zakat accounting is also supported by the scholars of zakat in Malaysia. It is argued that the foundations used in developing zakat accounting for assets which are non-unanimously agreed upon are based on the method of qiyas (analogy). As such sustainable zakat accounting will continue to be used due to its suitability with the demands of current needs and local circumstances.

Keyword: zakat accounting, sustainable, *zakatable* assets, income

Introduction

Zakat accounting means the process of identifying assets that are required for *zakat*, determine the conditions of assets that necessitates obligatory *zakat*, ascertaining the applicable *zakat* rates and calculating the assessment of *zakat* on the related assets.¹ In the meantime, sustainable *zakat* accounting means *zakat* accounting that always take into account the current needs and local circumstances in determining *zakat* of a particular asset. Sustainable accounting is not something new. It has been practiced since the time of *Khulafa 'al-Rashidun*. Sustainable *zakat* accounting is expected to take place on an ongoing basis. Sheikh Mahmud Syaltut, former Shaykh al-Azhar for example, said that this is due to the differences of opinions among jurists on the types of asset that necessitate the imposition of obligatory *zakat* (Muhammad Abdul Mun'im Al-Jammal, 2000).

Generally, jurists divide the assets that necessitate obligatory *zakat* into two categories. First, are the unanimously agreed *zakatable* assets such as gold, silver, agriculture, livestock and business; Second, are the non-unanimously agreed *zakatable* assets such as income from employment and consultation services, stock investments and manufacturing. These non-unanimously agreed *zakatable* assets can change from time to time. In fact the people in Malaysia respond well enough on the imposition of *zakat* on these non-unanimously agreed *zakatable* assets. Table 1 displays the said assets which can be divided into four categories. First, the income; second, agricultural products; third, poultry; and fourth, minerals.

¹ Zakat accounting in Arabic is termed as muhasabah al-zakah. Zakat accounting actually involves five stages. First, determine the assets that necessitates for zakat. Second, evaluate the assets that are necessitates compulsory zakat. Third, determine the appropriate rate of zakat. Fourth, the collection of the zakat from zakat payers and distribute the zakat to its recipients. Fifth, provide a report to the authorities about the collection and distribution of zakat.

Table 1 Non-unanimously Agreed *Zakat* Assets

Categories of Assets	Types of Assets
Income	Salary, open income, shares, bonds, gifts, royalties, honorarium, consultations and <i>al-mustaghallat</i> .
Agriculture	Palm oil, orchards, rubber, cocoa, vegetables and honey.
Livestock	Chickens, ducks, fish, birds, ostriches and rabbits.
Minerals	Tin, iron pieces, gems and petroleum.

Source: Sanep Hairunnizam Ahmad & Wahid (2003)

This paper intends to explore *zakat* accounting practices of *zakat* institutions in Malaysia and then explore the opinions of scholars of *zakat* towards sustainable *zakat* accounting that is practiced in Malaysia. It is divided into three parts. The first part identifies the basics of *zakat* accounting before exploring the sustainable *zakat* accounting practiced by the *Khulafa 'al-Rashidun*. It provides the background to this paper. The second part analyzes the broadening of assets that necessitate obligatory *zakat*, calculating the assessment of *zakat* based on the net asset, and the method of determining the rate of *zakat* assessment. It is meant to showcase the advent of sustainable *zakat* accounting of *zakat* institutions in Malaysia. The third part analyzes the opinions of scholars of *zakat* in Malaysia on sustainable *zakat* accounting in Malaysia, particularly the *zakat* accounting for income and business.

Sustainable *Zakat* Accounting and Practices of The *Khulafa 'Al-Rashidun*

The basis of sustainable *zakat* accounting is actually sourced from the Quran and the Sunnah of the Prophet Muhammad (pbuh) himself.¹ It is as a result of the mentioning of the word assets in which *zakat* is compulsory to be imposed upon in two forms by the Quran and the Sunnah of the Prophet (pbuh). First is in the general form; and the second is in the specific form (Mahmood Zuhdi Abdul Majid, 2003). In the general form, the Qur'an only mentions one part of the assets (wealth) (*al-Tawbah*, 9: 103) or assets (properties) (*al-Dhariyat*, 51: 19). In the specific form, the Quran mentions about gold and silver (*al-Tawbah*, 9: 34), agriculture (*al-An'am*, 6: 141), business and mineral resources (*al-Baqarah*, 2: 267).

According to Mahmood Zuhdi Abdul Majid (2003), although the Qur'an mentions specifically certain types of asset in which *zakat* is compulsorily imposed on them (*al-Tawbah*, 9: 34; *al-An'am*, 6: 141, and *al-Baqarah*, 2: 267), but there is no indication that restricts the general sense that is found in verse 103 of *Surat al-Tawbah* and verse 19 of *Surat al-Dhariyat*. According to him, these three verses describe only certain types of asset in which *zakat* is to be compulsorily imposed but this does not mean that for other types of assets *zakat* is not obligatory.

In the general form, the Prophet mentions the word "their wealth" (al-Bukhari, No. 478). While in the specific form, the Prophet mentions the types of wealth such as business assets (Abu Dawud, No. 1557), agricultural products such as wheat, barley and vines, livestock such as sheep (Al-Bukhari, No. 525), camel (al- Bukhari, No. 533), and mineral resources (Al-Bukhari, No. 575). The Prophet also mentioned the conditions in which it is obligatory to impose *zakat* on the wealth such as sufficient *nisab* (the passage one year) which bears the following meaning:-

"No zakat is imposed on less than five camels, and no zakat is imposed on silver that is less than five silver awaq, and no zakat is imposed on grains if less than five awsuq" (al-Bukhari, No.538).

Furthermore sustainable *zakat* accounting has also been detected from the writings of classical scholars. Among them is Abu Ubayd (1991). Abu Ubayd has compiled the Hadiths concerning the types of assets in which obligatory *zakat* is to be imposed upon them. He also made a review and then gave an opinion on an issue pertaining to the imposition of *zakat* on the assets or wealth in which *zakat* is compulsory to be imposed based on the Hadith of Prophet (pbuh) and opinions of jurists.

¹ The word wealth is a translation from the Arabic word amwal. The word amwal can also be translated as assets. For example, Allah says in the Quran: "Take (part) of the wealth (amwal) they become alms (zakat), (to him) you would cleanse them (of sin) and purifying them (from the bad manners) ..." (al-Tawbah, 9: 103).

Among the writings of contemporary scholars about sustainable *zakat* accounting is Muhammad Kamal 'Atiyah (1995). Muhammad Kamal 'Atiyah concluded that assets in which *zakat* are to be compulsorily imposed can be divided into two categories. First, fixed assets; and second, current assets.¹ Fixed assets are subject to *zakat* based on the income derived from the assets only while current assets are subject to *zakat* on both the assets and income derived from the assets. Al Yasa 'Abubakar (2009) on the other hand, concluded that assets or wealth in which *zakat* is compulsorily imposed can be divided into two categories. First, assets in possessions (treasures), such as gold, silver and livestock. Second, income such as agriculture, mineral resources and salary.

If this is the case, then this proves that sustainable *zakat* accounting will continue to be applicable. In fact the reign of the *Khulafa' al-Rasyidin* exhibited such a stand.² Sustainability can at the very least be divided into three categories (Zahri Hamat, 2006). First, the government may reassess the property in which *zakat* is to be compulsorily imposed to suit current needs and local circumstances. Caliph 'Umar al-Khattab imposed *zakat* on horses, although, in the days of Prophet (pbuh) horses were exempted from *zakat* ('Ali Muhammad as-Sallabi, 2007). In contrast, during the caliphate of Ali b. Abi Talib, the horses were not subject to the imposition of *zakat*.³

Second, the government can broaden the basis of the imposition of *zakat* on a newly found asset or newly existed in society. Caliph 'Umar al-Khattab for example broaden the basis of *zakat* for livestock by imposing *zakat* on horses and the basis of *zakat* for agriculture by imposing *zakat* on peanuts, cotton and olives, as well as a few types of sea produce.

Third, the government can make changes to *zakat* accounting that is being practiced. Caliph 'Umar al-Khattab imposed *zakat* on honey at a rate of 5 - 10 per cent based on the energy used in processing honey. Caliph Uthman b. Affan on the other hand imposed *zakat* on net assets. *Zakat* is assessed after deducting all the debts of the *zakat* payer first. *Zakat* is then imposed on the remaining asset or net asset. Caliph Ali b. Abi Talib, for example introduced the *zakat* rate for the first five camels, which can be replaced with a younger camel or an older one provided that compensation is paid to its owner with two sheep or 10 *dirhams*.

Sustainable *zakat* accounting occurs among others due to the mentioning of assets or wealth in which *zakat* is to be compulsorily imposed by the Qur'an and the *Sunnah* of Prophet (pbuh) himself either in general or in the specific sense. Sustainability is very much alive during the reign of the *Khulafa' al-Rasyidin*, specifically during the reign of Caliph 'Umar al-Khattab. The government then had re-evaluated the assets in accordance with the needs and local circumstances of the time. The government extended the basis of *zakat* by imposing *zakat* on new assets in the community. In fact changes in *zakat* accounting which was practiced then were also made.

Sustainable Zakat Accounting and Practices of Zakat Institutions in Malaysia

At the federal level, sustainable *zakat* accounting directly involves the Department of Islamic Development Malaysia (JAKIM). Among others JAKIM published a handbook on *zakat* in 2001. This handbook showcased the sustainability in *zakat* accounting. In fact the changes contained in the handbook are so great specifically on *zakat* accounting. Experts in the fields of Shariah, accounting and other professionals were involved in publishing this *zakat* handbook (JAKIM, 2001). The discussions in this handbook can be divided into three categories. First, *zakat* is only applicable to a particular asset. It covers *zakat* of gold and silver. Second, *zakat* is imposed on asset and the income derived from the asset. It covers the *zakat* on animals and *zakat* on business. Third, *zakat* is imposed only on the income derived from the asset. It covers *zakat* of agriculture, *zakat ma'adin*, *kunuz* and *rikaz* (buried treasure), as well as *zakat* of self-income.⁴ This handbook was re-published by the Department of Awqaf, Zakat and Hajj (JAWHAR) in 2008 with the title *Manual Pengurusan Pengiraan Zakat* (Manual of Zakat Calculation Management).

¹ The obligatory *zakat* on assets are in two categories that is tangible assets and intangible assets. Tangible assets are assets that cannot be concealed to avoid *zakat* such as agriculture, cattle and so on. Intangible assets are assets that can be hidden to avoid *zakat*, such as gold, silver and business commodities.

² Reported by Abu 'Ubayd which bears the following meaning: "One day, 'Umar al-Khattab past the Himas, and said: "O Himas, pay *zakat* of your wealth. "Himas said: "I do not have anything other than arrows and a few strands of leather. "Then 'Umar said: "Determine the price of the goods and then pay *zakat*" (Abu 'Ubayd, 1991: 362).

³ Changes in the *zakat* rulings happened because the meaning and purpose of breeding horses had changed. During Caliph 'Umar al-Khattab's time, horses were bred for commercial purposes, but during the time of Caliph Ali b. Abi Talib, horses were bred for the purpose of transportation and plowing.

⁴ Obligatory *zakat* for assets can be divided into eight types. One is gold and silver; second is business; third is livestock; fourth of agricultural products; fifth is the money; sixth *ma'adin*, *kunuz* and extractive; seventh stocks and bonds; and the eighth is the income (JAKIM, 2001).

For *zakat* institutions in Malaysia, sustainable *zakat* accounting can at least be divided into three categories. First, the broadening of assets, wealth or properties subjected to obligatory *zakat*. It is an essential component of sustainable *zakat* accounting adopted by the institutions of *zakat* in Malaysia. Second, the assessment of *zakat* is based on net income or net asset. This means that *zakat* is imposed after deducting basic needs expenses of the *zakat* payers and their families. Third, is the sustainability of *zakat* accounting regarding the methods of interpreting obligatory *zakat*. It is used to assess assets in the two categories which are the unanimously agreed *zakatable* assets and the non-unanimously agreed *zakatable* assets.

Some of the significant broadening of assets or wealth on which *zakat* is compulsorily imposed is the *zakat* on income. Income is imposed as obligatory *zakat* based on the decision of the 31st Muzakarah Jawatankuasa Fatwa Kebangsaan (the 13th Dialogue of the National Fatwa Committee) held on December 9, 1992. This was followed with Special Muzakarah Jawatankuasa Fatwa Kebangsaan which met on June 22, 1997.

It is also made as obligatory *zakat* by several State Islamic Religious Councils through the States Fatwa Committees.¹ The Islamic Religious Council and Malay Customs of Kelantan (MAIK) requires *zakat* on employment income earned from work in the form of salaries, allowances, gratuities, compensation or income transfers or acquired through career oriented professionals, expertise or skills (Kelantan State Mufti Department, 1999). The Islamic Religious Council of Sarawak (MAIS) also imposes obligatory *zakat* on salaries, arrears of salaries, allowances and other income related to income after deducting basic needs, work financing, debts and any financing that is the cause to the real reason a person takes financing when the *nisab* (a minimum amount) is reached then *zakat* is to be imposed (State Fatwa Committee of Sarawak, 1996).

However, this differs from the Perak Syariah Committee's decision. This is because the salary or income is included in the category of obligatory *zakat* when *nisab* and *haul* (the passage of one year) have been reached as a condition that was *ittifaq* (consensus) by the majority of scholars in the four schools of thoughts. This requirement does not occur to salaries or income, thus there is no *zakat* imposed on salary or income (Perak Syariah Committee, 1990).²

Income means revenue received which incorporates employment income and open income. Employment income is the reward of a service with the employer covering the annual salary, arrears of salary, allowances and other income related to employment. Open income is an income through a job or business or expertise that is in the form of reward for the service rendered. This type of income includes legal services, counseling, consultation, health care, engineering, the arts and others (JAWHAR, 2008).³

In addition to income, the contributions or savings with the Employees Provident Fund (EPF) falls under the category of assets or properties that is not unanimously agreed upon. The National Fatwa Committee in November 1982 imposed compulsory *zakat* on EPF. The Selangor State also imposes obligatory *zakat* on EPF (Selangor Fatwa Committee, 2000). Assessment is made by two methods. First, *zakat* must be issued on the day the EPF contribution is received at a rate of 2.5 percent. Second, *zakat* must be issued when a *haul* (time frame) of one year has been reached after its receipt at the rate of 2.5 per cent (JAWHAR, 2008).

Holdings and investments in stocks and bonds are obligatory for *zakat* (JAWHAR, 2008). Perlis for example imposed compulsory *zakat* on stock trading activities (Perlis State Syariah Committee, 1988). *Zakat* is also imposed on *sukuk* and bonds holders (Melaka State Fatwa Committee, 2002). Owners of shares and *sukuk* are obliged to issue *zakat* if the company does not pay *zakat* on behalf of the owner of such shares. For shares owned after the *haul* is reached the rate imposed is at 2.5 per cent on the lower price between the market price and the purchase price. For stocks traded throughout

¹ The broadening of assets which in turn contributes to substantial zakat collection is the income received by the individual Muslim. Lembaga Zakat Selngor in 2012 for example zakat collection for income is RM268.8 million (58%) of the total collection of zakat of RM451.3 million.

² Committee for each state in Malaysia are as follows: Perlis State Syariah Committee, Fatwa Committee of Kedah, Penang State Fatwa Committee, the Perak State Syariah Committee, Selangor State Fatwa Committee, Federal Territory Islamic Law Consultative Committee, Negeri Sembilan State Fatwa Committee, Melaka State Fatwa Committee, Johor State Fatwa Committee, Terengganu State Fatwa Committee, Board of Ulama' (Scholars) of the Islamic Religious Council and Malay Custom, Kelantan, Sabah State Fatwa Council, and Members of the Fatwa Board of the Sarawak State.

³ Perlis State Syariah Committee categorized zakat from income based on two types of qiyas (analogy). The first is analogous to the zakat of agriculture based on the acquisition at a certain time. The second is analogous to the zakat of gold and silver. It subscribes to the ground that obtained from an employee's salary that is it based on the value of gold as if what is available is gold. Therefore zakat from income is deemed as analogous to zakat of gold and silver.

the *haul*, *zakat* is imposed at a rate of 2.5 per cent on the sale of shares after deducting the cost of purchasing the said shares (JAWHAR, 2008).

Statutory body which carries on business such as the Federal Land Development Authority (FELDA) *zakat* is compulsorily imposed on its business income (National Fatwa Committee, 2005). For the income of FELDA subsidiaries managed through separate accounts, the subsidiaries are required to pay *zakat* on the subsidiaries' revenues separately.

Zakat is assessed based on the net income after deducting the *daruriyah* expenses. *Daruriyah* expenses are the daily basic needs based on current expenses. *Daruriyah* expenses is an *ijtihadi* (legal reasoning) issue (Perlis State Shariah Committee). It is guided by the opinion of Ibn 'Abbas and Ibn 'Umar. They agreed that the *daruriyah* expenses should be deducted prior to the payment of *zakat*. The opinion is supported by Ahmad b. Hanbal.¹

In Kelantan the established rate for *daruriyah* expenses must be the most moderate for one year. The rates cover personal expenses and that of their families. Thus the rate for personal expenses is at RM5,000, expenses for wife at RM3,000 and expenses for children at RM2,000. These rates act as a general guide only because actual *daruriyah* expenses rate depends on the number of liabilities and other *daruriyah* expenses such as groceries and food, education, transportation costs and so on (Kelantan State Mufti Department, 1999). Selangor allow personal expenses of RM8,000 while for kids is RM1,000 per child (Selangor State Fatwa Committee). Perlis Mufti Department allows personal expenses of RM8,000, for a wife who does not work at RM5,000.00, while for the parents is the actual expenses. This *daruriyah* expenses generally include personal expenses, spouse, children, parents and other responsibilities such as brothers, sisters, neighbours and travellers (guests). *Daruriyah* expenses also include obligatory contributions such as EPF contribution. The *zakat* rate is 2.5 percent on the net income (JAWHAR, 2008).

Zakat institutions in Malaysia have been practicing sustainability in *zakat* accounting for some time. Business *zakat* accounting have been practiced by such institutions can be divided into three methods. First, *zakat* applies only to current assets² as practiced in the state of Kedah, Johor and Kelantan. Secondly, *zakat* is imposed on the working capital assets as practiced in Perlis.³ Third, *zakat* is imposed on the adjusted working capital as practiced in states other than the states of Kedah, Johor, Kelantan and Perlis. However at this point, all states in Malaysia impose *zakat* on the adjusted working capital.

Adjusted working capital means the adjustments made on current assets and liabilities appearing in the financial statements. These are some of the examples that exhibit the significance of sustainable *zakat* accounting for business. Adjustments that need to be made is first, the issue of the current asset items such as goods and *haram* (non-permissible) proceeds, deposits for utilities such as water, electricity and telephone and others as these items do not meet the conditions of perfect ownership; money borrowed because of the inability to fulfill the conditions of full or perfect ownership, the value of dividends in which *zakat* has been paid by the investing company; bad and expired stocks; contribution to funds of charitable nature; and stocks of raw materials as well as work-in-progress. Second, the adjusted current assets deduct current liabilities that are operating in nature such as trade payables and operational costs such as salaries, electricity, telephone and tax (JAWHAR, 2008).

There is also sustainable *zakat* accounting in *zakat* for agriculture. In Selangor, *zakat* for rice farming is charged at 5 per cent of the gross income (Selangor State Fatwa Committee). In the state of Terengganu, however, *zakat* is imposed at the rate of 10 per cent (Terengganu State Fatwa Committee). This rate is set at 10 per cent as the cost of irrigation applied by the authorities is not a burden to the farmers. Rental expenses on the agricultural land cannot be allowed.

However, this differs from the farmers in the state of Perlis. In Perlis, *zakat* is imposed on net revenue after deducting the production costs. The production costs include the rental of land, ploughing and planting, the price of fertilizers, pesticides, harvesting fee and the cost of transportation (Perlis State Shariah Committee). The irrigation cost is not allowed because it is used to determine the rate of *zakat* to be charged. Subsidies in any form cannot be treated as income from agriculture (Penang State Fatwa Committee).

¹ Reported from Jabir bin Zaid saying to men who owed which had been used for the needs of his family and his farm, he said: Ibn 'Abbas said deduct net debt (expenses) related to the farm, Ibn' Umar said: deducted the net debt (expenses) for the production costs and also for his family (Abu Ubyd, 2006: 424).

² Current assets are cash or other assets that are readily convertible to cash, which can be sold or used in the manufacture of goods for the longest period between one accounting year or one operating cycle such as accounts receivable, inventory and prepaid expenses.

³ Working capital is current assets less current liabilities. Current liabilities are commitments that need to be settled in the longest period between one accounting period or one operating cycle.

In general, the rate of *zakat* for agriculture is determined by the use of irrigation. For crops using irrigation without incurring any costs such as rain water, the rate of *zakat* is 10 per cent. For irrigated crops involving expensive costs, then the *zakat* rate is 5 per cent. For irrigated crops using paid irrigation at the rate of 50 per cent water and the other 50 per cent with rain water which incur expensive costs, then the rate of *zakat* is 7.5 per cent (JAWHAR, 2008).

Sustainable *Zakat* Accounting and Scholars' Opinions In Malaysia

Sustainable *zakat* accounting may or may not occur continuously, thus several questions about the ability of *zakat* accounting to change in accordance with the current needs and local circumstances have been raised to a few scholars of *zakat* in Malaysia. Three questions were posed. First, what is the argument in allowing a change in accounting *zakat* to be made? Second, what is the basis that can be used in the realization of a change in *zakat* accounting? Third, how to apply a method which can be used to implement a change in *zakat* accounting?

The selected scholars of *zakat* are divided into three categories. First, the jurists' category;¹ second, the economists' category;² and third, the *zakat* practitioners' category.³ Each category is represented by 4 scholars of *zakat*. The total number of scholars of *zakat* involved is 12 people. A questionnaire was distributed to each of the selected scholar.

In accordance with the questions asked, the analysis of the opinions of these scholars of *zakat* is divided into three sections. First, analyze the reasons for the changes in *zakat* accounting. The second section analyzes the basis of the change in *zakat* accounting. Third, analyze the method to these changes in *zakat* accounting. The opinions of the selected scholars of *zakat* in Malaysia pertaining to the changes in *zakat* accounting is summarized in Table 2 as follows:

Table 2: Opinion on Sustainable *Zakat* Accounting

Basis	Jurists	Economists	Practitioners	Total
Arguments for Sustainable <i>Zakat</i> Accounting	3	3	4	10
Basis of Sustainable <i>Zakat</i> Accounting	2	4	4	10
Basis for Sustainable <i>Zakat</i> Accounting Methods	2	3	3	8

Arguments for Sustainable *Zakat* Accounting

A review of previous studies shows that *ijtihad* has played an important role in the sustainability of *zakat* rulings. It occurs both during the time of Prophet (pbuh), the Companions and during the *Tabi'in* (successors of the Companions' time). Thus the sustainability of *zakat* rulings through *ijtihad* should be continued.

The majority of scholars of *zakat* were of the same opinion. Table 2 shows 10 scholars of *zakat* (83.3 per cent) agree that *zakat* accounting changes can be done through *ijtihad*. However according to them, the duty of *zakat* is *qat'i* (clear, unequivocal and fixed), while developments in its *zakat* accounting is *ijtihad*. The changes can be made through several methods such as *qiyas* (analogy), *maslahah mursalah* (public good and benefit) and other *fiqhiyah* methods.

¹ They consist of the Director of the Islamic Academy (then), University of Malaya, Department Head of Sharia (at the time), Faculty of Islamic Studies, Universiti Kebangsaan Malaysia and two Mufti.

² They consist of an economics professor, a professor of taxation and the two individual who have expertise in the field of Islamic finance in particular *zakat*.

³ They consist of two *zakat* managers, two academicians who are directly involved with *zakat* accounting in Malaysia.

In other words, although *zakat* accounting can be changed based on *ijtihad*, nonetheless the changes made must be allowed by the Islamic tenets and laws. That was emphasized by the scholars of *zakat* in Malaysia. It must take into account the purpose of *nas* (revealed text), whether the *nas* is based on the Qur'an or Prophet Muhammad (pbuh). '*Illah* (the reason) behind any rulings on *zakat* reached must also be examined.

However, they argue that *ijtihad* is allowed on newly discovered assets such as shares, stocks and bonds. Various agricultural products that are not mentioned by the *Hadith* of Prophet Muhammad (pbuh), such as oil palm, rubber, coconut and others are also open to *ijtihad*. Thus for newly discovered property, *ijtihad* must be made immediately.

More specifically, they asserted that the party (or parties) making *ijtihad* must meet two main requirements before carrying out *ijtihad*. The first requirement is to understand the *dalil* (proofs) of al-Qur'an and the Sunnah in shaping the rules of law. The second condition is the understanding to Arabic language as used by the Arabic language experts. To enhance the decision made, a scholar suggested that the *ijtihad* is collectively reached either through an official dialogue, seminars, discussions and the like.

Basis of Sustainable *Zakat* Accounting

The basis for sustainable *zakat* accounting is due to word assets, wealth or property (*al-Tawbah*, 9:103) and the fruits (produce) thereof (*al-Baqarah*, 2: 267) itself. Assets and fruits (produce) thereof in which obligatory *zakat* is imposed upon are mentioned in the general sense. This is one of the main reasons that sustainable *zakat* accounting will continue to transpire throughout time.

This was agreed by majority of the scholars of *zakat* in Malaysia. Table 2 displays 10 of these scholars (83.3 per cent) agreed that the word assets and the fruits (produce) thereof mentioned in the Qur'an is in the general form (*al-Tawbah*, 9: 103; *al-Baqarah*, 2:267). One of the scholars of *zakat* said, in effect, the verses are exposed to changes in interpretation. In fact it opens the door for the jurists to study, analyze and then explore methods of *zakat* accounting. Thus, according to another scholar of *zakat*, the *zakat* accounting methods developed will take into consideration, current needs and local circumstances.

In understanding the general terms ascribed by the Qur'anic verses in question, the scholars suggested that reference need to be made to the Sunnah of Prophet Muhammad (pbuh), *sirah* (biography) of Prophet (pbuh), the practices of the Khulafa 'al-Rasyidun and the Companions. Another economist suggested that the meanings to *zakat*, *sadaqah jariah* (charitable alms), *infaq* (donations), *qard al-hasan* (benevolent loan) and others need to be studied in-depth. This study needs to be carried out so that the words could be construed in accordance with the word itself.

Sustainable *Zakat* Accounting Methods

In ensuring the continuity of sustainable *zakat* accounting, among the methods that can be employed is to find the '*illah* as to why *zakat* itself is made compulsory. The jurists have agreed that a property will be imposed *zakat* if the asset has '*illah* that grow or has growth potential. Growing can be defined as 'the ability to produce income or profit' (Yusuf al-Qaradawi, 1999). Apart from growing as an '*illah*, there is also the view that richness (*al-ghina*) itself is the '*illah* (Monzer Kahf, 1991).

The majority of scholars are of the opinion that '*illah* can change. Table 2 shows eight scholars of *zakat* (66.7 percent) agreed with the statement. In addition, they also argued that there are similarities between growing as the '*illah* with that of richness as the '*illah*. This is because whoever owns the property that grows and exceeds a certain limit in which obligatory *zakat* is imposed, they are classified as rich or wealthy.

Even the current situation can also affect '*illah* of the asset. According to them, if anyone has a lot of assets that are not growing such as copper money which is no longer valid, notwithstanding the amount in possession, he is not considered rich although copper itself has a price.

As such growing and wealth can be accepted as the property's '*illah* in which obligatory *zakat* is imposed. Both the '*illah* do not contradict each other. Upon application of the wealth as the '*illah* is used, then the property in which *zakat* is imposed could be further broadened.

Conclusion

Zakat management of *zakat* institutions in Malaysia have from time to time made some appropriate changes in accordance with sustainable *zakat* accounting itself. It is so glaringly significant in *zakat* accounting for income, agriculture and business. Scholars of *zakat* in Malaysia are of the opinion that this can be realized because the fundamentals applied in the formation of *zakat* accounting for income, agricultures and business are general in form. They are of the view that through the application of *qiyas* for example *zakat* accounting can be modified in accordance with the current needs and local circumstances. Therefore it is appropriate that *zakat* institutions and scholars of *zakat* work together continuously so that sustainable *zakat* accounting can be realized at all times by taking into account current needs and local circumstances.

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