

ANALYSIS OF ZAKAT SYSTEM IN HIGH-INCOME ISLAMIC COUNTRIES

Izlawanie Muhammad
Universiti Sains Islam Malaysia

ABSTRACT

Many Islamic countries are facing *zakat* governance issues including transparency, trust, inconsistency of *zakat* law with al-Quran and hadith, non-compliance and bureaucracy. Despite of the ongoing issues, little is known about *zakat* system in Islamic countries particularly the high-income Islamic countries. The high-income Islamic countries should be exemplary models to other Islamic countries as they have unlimited resources to build a dynamic zakat system that includes participation from renowned Islamic scholars to give opinions and fatwa on zakat law and the use of modern technologies to promote transparency and compliance. This study adopts a content analysis technique to analyse *zakat* system in seven high-income Islamic countries – Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. The data of *zakat* governance, *zakat* collection, *zakat* distribution, transparency, use of modern technology, issues and recognitions for each country were collected and analysed. This study added value to the minimal *zakat* system literature in Islamic countries. It is hoped that a harmonized zakat system can be adopted by Islamic countries and a strong commitment by all Islamic countries members to help *asnaf* particularly those who live in the under-developed countries.

Keywords: *Zakat*, high-income Islamic countries, *zakat* system.

INTRODUCTION

Allah SWT mentions the responsibility of a Muslim to pay *zakat* 30 times in the al-Quran which 28 verses are combined with the obligation to perform prayers. This affirms the importance of *zakat* in Shariah of Islam. By performing the obligation, not only Muslims get rewards from Allah SWT but also strengthen relationship between Muslims and assisting the country to reduce poverty. Allah SWT explains in the al-Quran that performing *zakat* is one the main indicators of a good Muslim who gets rewards and blessings from Allah SWT in the world and the life of here after. Muslims who pay *zakat* can cleanse their wealth and avoid negative attitudes such as selfishness and greed.

Allah SWT also explains in the al-Quran, in surah at-Taubah verse 60 that *zakat* collected must be distributed specifically to eight group of beneficiaries or *asnaf* – the poor, destitute, *amil* (*zakat* collector), *muallaf* (non-Muslims who embraced Islam), *riqab* (persons who want to free themselves from bondage of slavery), *gharimin* (persons in debt but need assistance for their basic needs), *fsabilillah* (persons who strives in the cause of Allah for the betterment of community) and *ibnusabil* (stranded travellers on permissible journey). *Zakat* collected cannot be used for other purposes and the *asnaf* has the right to receive *zakat* to improve their economic and social position.

Two types of *zakat* that must be paid by Muslims are *zakat fitr* and *zakat mal* or *zakat* on wealth. The former is a yearly *zakat* payment compulsory to all Muslims; *zakat fitr* must be paid between the first day of Ramadhan until prior to the Eid Fitri prayer on the first day of Syawal. The latter is *zakat* on several types of wealth including business, agriculture, savings, gold, silver

and animals. *Zakat* on wealth must be paid when a person holds the wealth for one complete *hijrah* year and achieve the minimum threshold or *nisab*. Each type of *zakat* has different requirements and calculations which are determined by *zakat* governing bodies. In general, Muslims are required to pay *zakat* with the rate of 2.5 percent from their income and wealth.

LITERATURE REVIEW

Zakat System in Islamic Countries

Good *zakat* system is vital for several purposes. First, good *zakat* system ensures that the *zakat* law implemented is in accordance with al-Quran and hadith. A - *zakat* law that contradicts al-Quran and hadith is a sin and will cause the wrath of Allah SWT. Second, Muslims can refer to an authority to help calculate the correct amount of *zakat*. Third, Muslims may not have adequate information about *asnaf* or may not know who are the *asnaf*; so, the *zakat* authority can distribute *zakat* to the correct beneficiaries or *asnaf* efficiently. Forth, with the advancement of technology, several platforms can be provided to pay *zakat* and promote *zakat* compliance thus fulfil Muslims' responsibilities as a servant of Allah SWT. Lastly, good *zakat* system supports economic and spiritual development of Muslims community.

Managing *zakat* is a responsibility of the ruler in the Islamic country. While for the non-Islamic country, a Muslim organisation should be set up to administer *zakat* collection and distribution. Each Islamic country has different approach in managing *zakat*. The majority of published studies on *zakat* system focused to a selected country. Studies on Brunei *zakat* system were conducted by several researchers including Abdullah (2010), Bashir & Ali (2012) and Ali (2015). They explored the *zakat* system development, examined *zakat* compliance and highlighted issues encountered by the *zakat* authority. While Ahmad et al. (2015) and Allami (2015) focused on Kuwait and Saudi Arabia *zakat* system respectively. Only several researchers analysed *zakat* system of several countries; for example, Guermat et al. (2003) explored the evaluation, collection and payment of *zakat* of the Gulf Cooperation Council countries – Kuwait, Bahrain, Saudi Arabia and United Arab Emirates. The authors found that there are significant differences of *zakat* system between these countries that harmonisation and unification of *zakat* systems would be difficult to achieve.

Many Islamic countries are facing several issues of *zakat* governance including transparency, inconsistency of *zakat* law with al-Quran and hadith, bureaucracy to obtain *zakat* fund and complexities to calculate the correct amount of *zakat*. Despite of the issues, little is known about *zakat* system in Islamic countries (Guermat et al., 2003) particularly the high-income Islamic countries. The high-income Islamic countries should be the exemplary models to other Islamic countries as they have unlimited resources to build a dynamic *zakat* governing body that includes having renowned Islamic scholars to give opinions and *fatwa* on *zakat* law and the use of modern technologies to promote transparency and compliance. This paper aims to analyse the *zakat* systems in seven high-income Islamic countries and to identify their strengths and weaknesses. The high-income Islamic countries should be the exemplary models to other Islamic countries as they have unlimited resources to build a dynamic *zakat* system that includes participation from renowned Islamic scholars to give opinions and *fatwa* on *zakat* law and the use of modern technologies to promote transparency and compliance.

High-Income Islamic Countries

The Organisation of Islamic Cooperation (OIC) has 57 Islamic countries as its members. The countries spread over four continents and they can be classified as high-income, upper-middle-income, lower-middle-income and low-income economies. The World Bank has classified Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates as the high-income countries. The main sources of income for these countries are oil, petroleum and natural gas trading. These countries have more than 60 percent of Muslim population and

their minimum gross national income (GNI)¹ per capita is US\$12,476 (World Bank, 2018). Guermat et al. (2013) are in the opinion that Kuwait, Bahrain, Saudi Arabia and United States of Emirates are amongst the most conservative Muslim nations in the world and their citizens are more likely to observe its ordinances. High-income Islamic countries with high GNI may not have extreme poverty but rather a relative poverty issue which is due to unemployment, low education, drug abuse, refugee and divorce (Abdullah, 2009).

METHODOLOGY

In analyzing *zakat* system of the high-income Islamic countries, this study focuses on the following components – *zakat* governance, *zakat* collection, *zakat* distribution, transparency, use of modern technology, issues and achievements. Characteristics of each component are shown in **Table 1** below.

Table 1: List of components and its characteristic

Component	Characteristic
<i>Zakat</i> governance	Name of governing body Governance: Centralised or State
<i>Zakat</i> collection	Types of <i>zakat</i> collected Imposition: Compulsory or voluntary
<i>Zakat</i> distribution	Types of <i>asnaf</i> Location of <i>asnaf</i> : local and oversea
Transparency	Statistics of <i>zakat</i> collection and distribution Audit
Component	Characteristic
Use of modern technology	Online payment Online application for <i>zakat</i>
Issues	Any issues raised by the public regarding <i>zakat</i> system
Achievements	Awards and recognitions

This study adopts the qualitative research methodology by using the content analysis technique. The content analysis was conducted by following the analysis, interpretation, synthesis and documentation procedures on information gathered through various secondary data resources including *zakat* governing body official websites, newspaper articles, reports and published studies on *zakat* system of the high-income Islamic countries.

ZAKAT SYSTEM OF HIGH-INCOME ISLAMIC COUNTRIES

Bahrain

Bahrain is located in a continent of Asia. It has nearly 1.5 million population, with more than 73 percent Muslims. Bahrain's GNI per capita in 2017 was US\$20,240. From the seven high-income Islamic countries, Bahrain *zakat* system has the least published studies and information on its website. The Ministry of Justice and Islamic Affairs (MJIA) is responsible for managing *zakat* in Bahrain. Other than *zakat*, MJIA also collects *sadaqah* (donation) from the public. The funds that the Ministry collect are subject to financial and administrative control by other ministries and organizing bodies including ministry of finance and external audit. These controls are essential to

¹ Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is gross national income divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method and measures the economy strength of citizens in of a country (World Bank, 2018).

ensure the funds are being managed with integrity and transparent. However, data for total collection and reports from the Ministry of Finance are not published in the MJIA's website.

MJIA imposes *zakat* on savings and gold only. Unfortunately, the *zakat* funds are not separated with *sadaqah* (donation) funds thus *zakat* fund may be distributed to non-*asnaf* (Abdelbaki, 2013). In terms of fund distribution, MJIA conducts various programs including food coupons to family in needs, Eid Fitri costume, project for people with disabilities and autism and winter clothing. Statistics on total *zakat* distribution to *asnaf* are also not publicly available.

The MJIA provides online *zakat* services including *zakat* calculations tool and online *zakat* payment. Beginning 2018, the Ministry has upgraded the *zakat* payment services by introducing the online *zakat* payment through the e-government *Islamiyat* mobile app. This helps *zakat* payers to pay *zakat* anytime and anywhere. With modernisation, MJIA should also improve its administration to be more transparent.

Brunei Darussalam

Brunei Darussalam is another high-income Islamic country in Asia. Its' GNI per capita in 2017 was US\$29,600. Total population in Brunei is nearly 430,000 in which, more than 79 percent are Muslims. *Zakat* management in Brunei Darussalam is governed by the Islamic Religious Council of Brunei (IRCB) under the Ministry of Religious Affairs. Types of *zakat mal* collected by the IRCB are *zakat* on income and salary, business, savings, stocks, gold, silver, agriculture and poultry.

The IRCB reported that in 2017 the total amount of *zakat* collected was BN\$18,434,856 , which were both from *zakat fitr* and *zakat mal* (Pelita Brunei, 2018). IRCB provides various assistance specifically for people living in poverty such as providing basic food necessities, education fund, accommodation, medical assistance, disaster relief and capital assistance scheme.

Several studies have been conducted on *zakat* management in Brunei. Bashir & Ali (2012) criticized IRCB because *zakat* distribution projects failed to achieve the objective of improving *asnaf's* economic development mainly because the recipients of the capital assistance scheme had not been monitored properly after receiving the assistance. *Asnaf* should be given training to enhance their skills and improve their knowledge to engage in investments (Bashir et al., 2012). However, Ali (2015) stated that *zakat* governance by IRCB is progressing and consistently improving in terms of disbursement, cost efficiency and time efficiency.

Similar with Bahrain, the Ministry of Religious Affairs website shows that there is a lack of *zakat* information. There is no statistics for *zakat* collections and distributions or services for online *zakat* payment. The only information and service available are *zakat nisab* and *zakat* calculators.

Kuwait

Kuwait is also located in Asia with approximately 4.13 million of population with more than 70 percent Muslims. In 2017, Kuwait's GNI per capita in 2017 was US\$31,340. The *zakat* system in Kuwait is unique as compared to other high-income Islamic countries because the *zakat* administrative powers are shared between the Ministry of Waqf and Islamic Affairs (MWIA) and Ministry of Finance (MOF).

Zakat system under the MWIA is administered by Kuwaiti Zakat House (KWH). This is similar with *zakat* system in Bahrain and Brunei, where KWH main activities are to collect *zakat* (both *zakat fitr* and *zakat mal*) and to distribute *zakat* to *asnaf*. Types of *zakat mal* collected by KWH are *zakat* on gold, silver, shares and currency. In terms of *zakat* distributions, KWH distributes *zakat* to *asnaf* in Kuwait and other Islamic countries particularly those involved in war crisis for example Syria and Palestine. KWH also distributes *zakat* to *asnaf* in low-income countries like Mauritania and Republic of Mali which shows KWH's commitment in helping *asnaf* around the world.

Zakat administration under MOF, on the other hand, administers *zakat* as one of the components in tax system. The component was established in 2007 when the government introduced a mandatory *zakat* payment to public and closed listed share holding company. In the mandatory *zakat* payment system, companies must pay *zakat* at the rate of 1 percent on annual net profit. Exception is given to government-owned companies, companies listed in the special laws and foreign entity companies. The MOF is allowed to disburse the *zakat* fund to legal organisations with the approval of MWIA (Ahmad et al., 2015).

In 2016, the public criticizes the MOF for not responding to taxpayers and charity organizations' demand to allow tax exempt for *zakat* paid which is a similar tax treatment for donations to social charities. They also claimed that *zakat* collected by the MOF has not been distributed fairly and there was no report on *zakat* distributions by MOF. The public demand for a humane *zakat* law and more transparent *zakat* system in Kuwait (Arab Times Online, 2016).

Although KWH has won the third place in Kuwait E-awards for enriching E-content in 2012, there is a lack of information in KWH website. Similar with Bahrain and Brunei, Kuwait does not provide statistics on *zakat* collection and distribution for public's reference. However, KWH provides online *zakat* payment which *zakat* payers can directly choose the type of project, and location of *asnaf* they want to contribute.

Oman

Oman has more than 4.6 million of population which consists of nearly 86 percent Muslims. Nearly 46 percent of population in Oman is expatriates working in various industries including oil and information technology. Its GNI per capita in 2017 was US\$14,440 which is the lowest among other high-income Islamic countries.

Zakat in Oman is administered by Zakat Department under the administrative structure of the Ministry of Endowments and Religious Affairs. Other than *zakat fitr*, the Zakat Department also collects *zakat* on gold, silver, trade offers, shares, crops and cattle. There are minimal published studies on *zakat* administration in Oman. Analysis on Zakat Department's website shows that the website is interactive and provides various assistance to *zakat* payers and beneficiaries. In line with the development of technology, the Zakat Department has introduced the e-Zakat app in 2017. With the app, *zakat* payers can calculate their payable *zakat* through online *zakat* calculators.

The Oman Zakat Department also provides online application facility to beneficiaries or *asnaf*. *Asnaf* can submit and monitor their applications through the Zakat Department website. All communications and updates on the applications are received through emails that does not require *asnaf's* presence at Zakat Department office. This saves the *asnaf's* time and costs and makes the application process easy.

Another smart technology feature in the Zakat Department's website is the real-time statistics for online *zakat* collection and balance. For example, from 1 January to 17 December 2018, the total online *zakat* collection from the Sultanate's general account was OMR110,294 while the *zakat* balance after distribution to beneficiaries was OMR186,779. Some of the programs conducted by Zakat Department in assisting the *asnaf* are living, housing, education, treatment and disaster programs which are focusing on local *asnaf*.

Qatar

Comparing to other high-income Islamic countries, Qatar has the highest GNI per capita in 2017, which was US\$61,070. The total population in Qatar is approximately 2.6 million with more than 77 per cent Muslims. Zakat Fund of the Ministry of Awqaf and Islamic Affairs governs *zakat* collection and distribution in Qatar. Zakat Fund was established in 1992 and administered by seven board of directors (Al-Meezan, 2018). The Ministry implements several types of *zakat mal* including *zakat* on savings, gold and silver, mining produce and animals.

Although Qatar adopts voluntary *zakat* payment law, all listed public companies must pay 2.5 per cent of their net annual profits to support sports, cultural and charitable activities (Qatar Philanthropy Report, 2016). This is almost similar with the Kuwait *zakat* system for companies except that the Qatar law does not specify the type of contributions. Although the contribution rate is similar with *zakat*, which is 2.5 percent, the contribution may not be *zakat* payment only. Other types of contribution are also accepted for example *sadaqah*, sponsorship or *awqaf*.

Some of *zakat* law in Qatar is vague or lack of explanation which can be misinterpreted by *zakat* payers. For example, Article 5 of the Zakat Fund law states that “all transactions and claims related to the Fund and its property shall be exempted from all taxation and duties.” However, there are no technical or application details of the exemption – whether the *zakat* paid can be claimed as an expense deductible from business revenue or claimed as a rebate from tax payable.

Similar to many other high-income Islamic countries, there is lack of published studies on Oman *zakat* administrations. Review on the Zakat Fund’s website found that it provides *zakat* calculation and online *zakat* payment facilities. However, there is no recent statistics provided on *zakat* collection. In terms of distribution, in October 2018, Zakat Fund reported that it has distributed QR13,699,623 to *asnaf* – for Qatari and non-Qatari – through various programs and methods including cyclical assistance, one-time aid, tuition fees and treatment (Market Screener, 2018).

Saudi Arabia

Total population in Saudi Arabia is approximately 33 million, in which 97 percent are Muslims. In 2017, Saudi Arabia’s GNI per capita was US\$20,080. Although Saudi Arabia is a rich country with the highest domestic product (GDP) of US\$683,827 in 2017 as compared to other high-income Islamic countries, the low GNI per capita indicates that a relative poverty issue does exist.

Zakat system in Saudi Arabia has gone through several revolutions and it has the oldest statutory system of *zakat* collection (Powell, 2010). Saudi Arabia is the only country that governs both *zakat* and tax under one governing body which is the General Authority of Zakat and Tax (GAZT) under the Ministry of Finance. Under the Saudi Arabia *zakat*-tax system, *zakat* is regarded as a form of taxation. Saudi Arabia has signed 30 bilateral tax treaties with other countries which confirms that *zakat* is a tax.

Unlike other high-income Islamic countries, payment of business *zakat* in Saudi Arabia is compulsory to all Saudi individuals and companies with the rate of 2.5 percent from the assessable amount. Upon payment, *zakat* payers are given Zakat Certificate and *zakat* payers must keep proper records and documents for *zakat* assessment and audit purposes. *Zakat* payers can object the *zakat* assessment within 15 days of receipt date. Although *zakat* is compulsory in Saudi Arabia, there is no laws and regulations on *zakat* evaders or non-compliant individuals. The only penalty for those who do not possess a Zakat Certificate is that they are not entitled to apply for certain governmental process, for example, payment of salary and recruitment of foreign employees. Another type of *zakat* imposed in Saudi Arabia is *zakat* on investment in government instruments which must be paid by each state.

Income tax, on the other hand, is imposed only to foreigners and other individuals, for example, a resident capital company with respect to shares of non-Saudi partners and a resident non-Saudi natural person who conducts business in Saudi Arabia. Tax to Saudi individuals and companies can only be imposed or collected when there is a specific need by the government on a just basis (Allami, 2015).

In terms of distributions, *zakat* collected are transferred to the Saudi Arabian Monetary Agency (SAMA), which is the central bank of Saudi Arabia. Then, SAMA transfers the funds to the Social Insurance Agency of the Ministry of Social Affairs for distributions to *asnaf*. Several

layers of *zakat* disbursement have created bureaucratic issues which affected *asnaf*'s right to receive *zakat*.

Other than *zakat* distribution, researchers also raised their concerns on *zakat* governance issues by GAZT including vague interpretation of *zakat* law, the actual practice of collecting *zakat* from companies and commercial entities and not individuals, classification of *asnaf*, and litigation (Allami, 2015). These issues contribute to low *zakat* collection and should be managed systematically to ensure Muslims are able to perform their obligations accordingly.

United Arab Emirates

United Arab Emirates (UAE) has a total population of more than 9.4 million, which 76 percent are Muslims. Its GNI per capita in 2017 was US\$39,130. The governing body of *zakat* in the UAE is Zakat Fund under the Minister of Islamic Affairs and Endowments. It was established under Federal Law No. 4 of 2003 (Allami, 2015). Other than *zakat fitr*, Zakat Fund collects *zakat* on shares, professional, crops, business, companies, gold, silver, money and livestock.

Zakat Fund's website is interactive and user-friendly. It provides explanations on *zakat*, calculation tools and online *zakat* payment. Other than online *zakat* payment through its website, Zakat Fund also provides 15 other *zakat* payment methods including auto teller machine, internet banking and mobile applications. From these payment methods, Zakat Fund collected UAED190,426,977 in 2017. The *zakat* collections and distributions are publicly available in the website and the information are downloadable in excel format. This shows transparency of Zakat Fund and it helps researchers to study the Zakat Fund's achievements and progress. Despite the publicly available data, there is still lack of research on *zakat* system in UAE.

Zakat Fund has 18 *zakat* projects in 2017, which the total fund distributed to these projects was UAED195,239,657. Among the projects were "The Read Project for Students" and "The Reward and Recovery Project for Patients". Similar with Oman Zakat Department, Zakat Fund provides online *zakat* fund application for *asnaf*. This service is beneficial for the *asnaf* to reach Zakat Fund easily. Correspondingly, Zakat Fund can provide assistances to the *asnaf* promptly.

Zakat Fund also works closely with various government and non-government agencies, banks, hospitals, charities and private entities in administering *zakat*. Their supports are essential in ensuring *zakat* funds can be collected and distributed efficiently. However, there is an issue of *zakat* recipients; the list of activities reported in the Zakat Fund's website show that recipients of *zakat* include orphans and prisoners' families. These beneficiaries are not included in the list of *asnaf* determined by Allah SWT in the al-Quran. Detail information and research must be conducted to examine whether these beneficiaries should get the *zakat* fund.

CONCLUSION

This study analysed *zakat* system of seven high-income Islamic countries – Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. Content analysis technique was conducted on secondary data gathered from various resources. The *zakat* system for the seven countries are summarised in **Table 2** and **Table 3** below.

Table 2: Zakat System in Bahrain, Brunei, Kuwait and Oman

	Bahrain	Brunei	Kuwait	Oman
Zakat Governance				
Governing body	Ministry of Justice and Islamic Justice	Religious Council of Brunei under the Ministry of Religious Affairs	Ministry of Waqf and Islamic Affairs (MWIA) and Ministry of Finance (MOF)	Zakat Department under Ministry of Endowments and Religious Affairs
Structure	Centralised	Centralised	Centralised	Centralised
Zakat Collection				
Types of <i>zakat</i>	<i>Fitr</i> , savings and gold	<i>Fitr</i> , income and salary, business, savings, stocks, gold, silver, agriculture and poultry	<i>Fitr</i> , gold, silver, shares and currency	<i>Fitr</i> , gold, silver, trade offers, shares, crops and cattle
Imposition	Voluntary	Voluntary	Voluntary under MWIA, compulsory under MOF	Voluntary
Zakat Distribution				
Types of <i>asnaf</i>	Poor and needy	Poor and needy	Poor and needy	Poor and needy
Location of <i>asnaf</i>	Local	Local	Local and oversea	Local
Transparency				
Statistics availability	Not available	Not available	Not available	Available
Audit for financial statement	Yes	No information	No information	No information
Use of Modern Technology				
Online payment	Yes	Yes	Yes	Yes
Online application for <i>zakat</i>	No	No	No	Yes
Issues	<i>Zakat</i> funds are not separated with <i>sadaqah</i>	Monitoring <i>zakat</i> recipient's performance on the capital assistance scheme	Criticisms on MOF: do not allow <i>zakat</i> paid as a tax exempt and <i>zakat</i> was not distributed fairly.	No information
Awards and recognition	No information	No information	Won 3rd place in Kuwait E-awards for enriching website content	No information

Table 3: Zakat System in Qatar, Saudi Arabia and United Arab Emirates

	Qatar	Saudi Arabia	United Arab Emirates
Zakat Governance			
Governing body	Zakat Fund of the Ministry of Awqaf and Islamic Affairs	General Authority of Zakat and Tax under the Ministry of Finance	Zakat Fund under the Minister of Islamic Affairs and Endowments
Structure	Centralised	Centralised	Centralised
Zakat Collection			
Types of <i>zakat</i>	<i>Fitr</i> , savings, gold and silver, mining produce and animals	Business and investment in government bonds	<i>Fitr</i> , shares, professional, crops, business, companies, gold, silver, money and livestock
Imposition	Compulsory for all public listed companies. Voluntary to others.	Compulsory to all Saudi individuals and companies	Voluntary
Zakat Distribution			
Types of <i>asnaf</i>	Poor and needy	Poor and needy	Poor and needy
Location of <i>asnaf</i>	Local and oversea	Local and oversea	Local and oversea
Transparency			
Statistics availability	Not available	Not available	Available
Audit for financial statement	No information	No information	No information
Use of Modern Technology			
Online payment	Yes	Yes	Yes
Online application for zakat	No	No	Yes
Issues	<i>Zakat</i> law is vague or lack of explanation which can be misinterpreted by <i>zakat</i> payers.	1. Bureaucratic issues in processing <i>zakat</i> distribution. 2. Vague interpretation of <i>zakat</i> law	<i>Zakat</i> recipients including non- <i>asnaf</i> for example orphans and prisoners' family.
Awards and recognition	No information	No information	No information

This study found that all the high-income Islamic countries have implemented a centralized *zakat* system. Except for Saudi Arabia and Kuwait, all the other *zakat* governance bodies are administered by the Ministry of Islamic Affairs. Saudi Arabia recognized *zakat* as tax hence it is governed under the General Authority of Zakat and Tax while *zakat* governance in Kuwait is shared by two ministries – Ministry of Islamic Affairs and Ministry of Finance.

From the seven countries, Kuwait and Saudi Arabia implemented the compulsory *zakat* payment law. It is mandatory for public and closed listed share holding company in Kuwait to pay *zakat* at the rate of 1 per cent on annual net profit. In Saudi Arabia, all Saudi individuals and companies except for several exempted companies must pay *zakat* at the rate of 2.5 percent from the assessable amount. Researchers highlight several issues pertaining to the *zakat* systems in Kuwait and Saudi Arabia. Kuwaiti requests for a tax rebate from the *zakat* paid – a similar tax treatment for donation. While in Saudi Arabia, the researchers commented on the General Authority of Zakat and Tax's non-compliance on Allah's rules for *zakat* beneficiaries and its vague interpretation of *zakat* law. As the oldest *zakat* authority, Saudi Arabia should resolve these issues according to sharia law and enforce the law accordingly. The OIC should also play a significant role in advising and assisting their members in resolving *zakat* governance issues particularly in harmonizing the concept of *zakat* and protecting *zakat* beneficiaries' rights.

In terms of the services provided to *zakat* payers and beneficiaries, Oman and UAE are the most advanced and transparent in its governance. Recognizing the importance of internet in reaching the societies from various parts in a country, Bahrain Ministry of Justice and Islamic Affairs, Oman Zakat Department and UAE Zakat Fund provide several channels for *zakat* payers to pay *zakat*, for example, online banking and mobile apps through their e-government facilities. Various methods of *zakat* payment have proven to increase *zakat* compliance and collection in Oman and UAE. Real-time *zakat* collection statistics are available in the Oman Zakat Department website while UAE Zakat Fund provides 13 years of collections and distributions statistics in the website. Other countries like Bahrain, Brunei and Kuwait should learn from Oman and UAE; in which *zakat* collections and distributions are published and accessible by the public because transparency is one of criteria of a good governance which will inculcate compliance behaviour by the public.

Beneficiaries or the *asnaf* in Oman and UAE also benefited the advancement of technology as they can apply for *zakat* funds through the websites. The use of advanced technology should be adopted and empowered by other *zakat* governing bodies to be able to handle the large numbers of applicants and to reach out to those who really need help in the society. It also can improve the *zakat* governance structure and establish better cooperation and coordination with other agencies and organizations. However, the *zakat* beneficiaries should not be limited to the population in a country. Kuwaiti Zakat House's efforts in distributing *zakat* fund to *asnaf* from other countries particularly those affected by war crisis should be followed by other *zakat* governing bodies. This shows Muslims' strong support in helping and assisting each other.

This study contributes to the minimal literature on *zakat* system in Islamic countries. Future research should focus on *fiqh* or law on different types of *zakat mal* collected by *zakat* governing bodies, the impact of technology in *zakat* system, empirical evidence on *zakat* compliance and the role of high-income countries in assisting *asnaf* in under-developed countries. This will assist the *zakat* governing bodies to improve its administration, to support Muslims in performing their duties as Allah's slaves and to improve the economic status of *asnaf*.

ACKNOWLEDGMENTS

My sincerely thanks to the Ministry of Higher Education Malaysia for the research grant – *Model Kutipan Cukai dan Zakat di Negara-Negara Islam*, USIM/FRGS/FEM/32/50415.

REFERENCES

- Abdelbaki, H. H. (2013). The impact of zakat on poverty and income inequality in Bahrain. *Review of Integrative Business & Economics Research*, 2(1), 133-154.
- Abdullah, R. (2009). *Zakat and its socio-economic roles in Brunei Darussalam: A case study* (Master thesis). University Brunei Darussalam.
- Abdullah, R. (2010). Zakat management in Brunei Darussalam: A case study. In *Proceedings of the 7th International Conference – The Tawhid Epistemology: Zakat and Waqf Economy* (Bangi, Selangor, 6-7 January). Bangi, Selangor, Malaysia.
- Ahmad, M., Rashid, S. K, Ibrahim, U. & Oseni, U. A. (2015). The legal and regulatory framework for zakat and waqf administration in Kuwait: Lessons for Nigerian zakah and waqf institutions. *International Journal of Business, Economics and Law*, 7(4), 9-21.
- Allami, A. W. (2015). *Principlizing Islamic zakat as a system of taxation* (PhD Thesis). Brunei Law School.
- Al-Meezan. (2008). *Law No. 8 of 1992 on the establishment of the zakat fund*. Retrieved on 12 December 2018 from <http://www.almeezan.qa/LawView.aspx?opt&LawID=420&language=en>.
- Al-Quran
- Ali, N. N. (2015). *The influence of governance to zakat disbursement efficiency: Empirical evidence from Brunei Darussalam* (Master thesis). International Islamic University Malaysia, Malaysia.
- Arab Times Online. (2016, October 27). Time now to reform tax law – Deserving should get zakat. Retrieved on 10 December 2018 from <http://www.arabtimesonline.com/news/time-now-reform-tax-law-deserving-get-zakat/>.
- Bashir, M. S. & Ali, N. N. (2012). Analysis of zakat management in Brunei Darussalam. *International Journal of Management Studies*, 19(2), 75-102.
- Bashir, M.S., Sarbini, N. A. & Abdullah, R. (2012). Zakat management and capital assistances programme in Brunei Darussalam. *The Journal of Muamalat and Islamic Finance Research*, 9(1), 27-60.
- Guermat, C., Al-Utaibi, A. T. & Tucker, J. P. (2003). *The practice of zakat: An empirical examination of four gulf countries*. Economics Department Discussion Papers Series, Paper Number 03/02.
- Market Screener. (2018, November 18). Zakat fund gives aid worth qr22mn in October. Retrieved on 9 December 2018 from <https://www.marketscreener.com/QATAR-ISLAMIC-BANK-QPSC-6498229/news/Qatar-Islamic-Bank-QPSC-Zakat-Fund-gives-aid-worth-QR22-mn-in-Oct-27630115/>.
- Pelita Brunei. (2018, May 9). Laksanakan penutipan zakat penuh tanggungjawab. Retrieved on 17 December 2018 from <http://pelitabrunei.gov.bn/Lists/Berita%202018/NewDisplayForm.aspx?ID=14504> ada
- Powell, R. (2010). Zakat: Drawing insights for legal theory and economic policy from Islamic jurisprudence. *University of Pittsburgh Tax Review*, 7(43), 43-101.
- Qatar Philanthropy Report. (2016). *International center for not-for-profit law*. Washington, DC.
- The World Bank. (2008). Retrieved on 8 december 2018 from www.worldbank.org.

Received date: 12th February 2019
Acceptance date: 12th September 2019
Published date: 29th November 2019

Izlawanie Muhammad
Faculty of Economics and Muamalat
Universiti Sains Islam Malaysia
Bandar Baru Nilai
71800 Nilai, Negeri Sembilan, MALAYSIA
Email: izlawanie@usim.edu.my