

ZAKAT FOR ASNAFS' BUSINESS BY LEMBAGA ZAKAT SELANGOR

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Abstract

Islam provides a beautiful way of life in maintaining proper socio-economy of the ummah through the implementation of zakat. In this paper, the zakat distribution by way of zakat for Asnaf's Business is looked at from the efforts made by Lembaga Zakat Selangor (LZS). Various entrepreneurship programmes have been carried out by LZS and these activities are strengthened by the corroboration with the expert parties. Zakat distribution is able to help the Asnaf (beneficiaries) in surviving life so as to alleviate poverty from the Muslim society. This Islamic socio-economic justice will beautifully reach its circle when the successful Asnaf who received the Zakat for Asnaf's Business are no longer in need of the zakat, and in turn contribute to the zakat for the other Asnaf who are still surviving.

Keywords: *zakat distribution, Asnaf, Baitul Maal, Lembaga Zakat Selangor, Malaysia.*

Introduction

*Zakat (sometimes transliterated as *zakah* in English) is derived from the Arabic word 'Zakaa' which means to purify, increase and bless as our assets are purified when a portion of it is set aside for those who are in need. Zakat is*

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essential as a social welfare levy imposed to the Islamic society's wealthier members and more prosperous businesses. The rich, with a certain level of accumulated wealth, are obliged to pay *zakat* to purify them from sin of greed (Clarke, Craig and Hamid, 1996). From the *zakat* gained, the poor could be helped so that they could exit from poverty. Thus, *zakat* is one of the most important elements in establishing social justice among the Muslim community by distributing the wealth of the rich among the less fortunate (Taheri, 2001). In fact, a study by Ibrahim (2006) found that the *zakat* distribution in Selangor has reduced poverty incidence and the extent of poverty and lessened the severity of poverty.

According to Zarqa (1992), three of the major goals of *zakat* are: guarantee the fulfillment of basic needs for all, reduce inequalities in income and wealth, and purify the donors' inner self and wealth. Thus the philosophy of *zakat* can be viewed from a different perspective which is religious, social and economic goals. In addition, *zakat* creates a sense of brotherhood, mutual economic commitment and social harmony in society (Ahmed-Abbasi, 1985). *Zakat* aims not only to achieve religious merit but also to become part of the modern state fiscal policies and share a greater role in removing inequalities in the society (Nur Barizah and Abdul Rahim 2007)

The *religious goal* derived from *Shari'ah Islamiah* (Islamic Teaching) requires that Muslim to do what Allah has asked them to do and refrain from what He has cautioned them against. In this context, Allah has ordered Muslims to give *zakat* (Quran, Al-Baqarah, 2:110). The payment of *zakat* means that the Muslims have obeyed Allah, which gives the individual spiritual satisfaction.

The *social goal* could be achieved as Allah has given the poor an established right (receiving *zakat*) in the wealth of the rich. This right relieves the poor from the onerous task of asking for sympathy, charity, and for begging. In addition, the *zakat* also relieves the poor from committing crime or any illegal activities to secure their livelihood in order to meet their life necessities. Thus, the *zakat* helps in closing the gap between the poor and the rich.

By looking at the *economic goal* perspective, *zakat* allows redistribution of wealth within a society. The imposition of *zakat* provides an incentive to invest (El-Badawi and Al-Sultan, 1992) among the beneficiaries. It definitely will increase the purchasing power of the poor which will enable them to contribute positively to the economic growth through an increase in consumption expenditure and aggregate demand. This is due to the fact that *zakat* is levied on idle resources or savings, which are above the *nisab*¹. So, if there is no increment in savings, then the imposition of 2.5 percent *zakat* rate will reduce the savings amount and eventually diminish the wealth. El-Badawi and Al-Sultan (1992) opine that in order to protect the wealth from a steady erosion, an individual may turn the idle wealth into active resources via investments.

One of *zakat* distributions is the *zakat* for business; providing capital to start up business, to expand the business or/and provide the working capital. From this *zakat*, it is expected that the poor could change their lifestyle, have financial freedom and live independently, finally exiting from poverty. An amount of RM2,000 to RM50,000

would be given to the successful applicants for this *zakat* for business (Asnaf, 2007). As it involves a huge sum of money, the Selangor Zakat Board (LZS²) would conduct a few meetings namely Majlis Fatwa. The committee would assess whether the applicants are eligible for the fund. There are a few fundamental criteria that need to be fulfilled (will be discussed later)

The following sections are organised as follows: 2.0 *Zakat* in general and *Zakat Asnaf*; 3.0 Development and Functions of Zakat Offices – Baitulmal in Malaysia; 4.0 *Zakat* for *Asnaf's* Business by Lembaga Zakat Selangor; and 5.0 Conclusion.

Zakat in General and Zakat Asnaf

Muslims are obliged to pay *zakat* as a major pillar in Islam. *Zakat* was first introduced by the Prophet (s.a.w.) 1400 years ago in Madinah. Muslims who consisted of the Ansar (Madinites) and Muhajirin (Meccans) were found to have fulfilled their obligations towards *zakat* with great effectiveness. The success of managing *zakat* during the Righteous Caliphate caused other races to feel that they were being challenged by the Ummah. In fact the Muslims were feared by the Jews and the pagan Quraish at that time as *Zakat* enabled the Ummah to function extremely well (<http://www.yadim.com.my>)

Zakat is the third of the five basic pillars of Islamic faith, relating to wealth and welfare of the society. According to Clarke et al. (1996) *zakat* is essential as a social welfare levy imposed to the Islamic society's wealthier members and more prosperous businesses; thus helping to close the gap between the poor and the rich. This pronouncement of the compulsory act is closely related to the five prayers and is reflected in the Al-Quran. Prayer is an act of worship expressing a Muslim's gratitude for the bodily blessings bellowed by God, while *zakat* is an act of worship expressing a Muslim's gratitude for God's financial gifts. Linguistically, *zakat* means growth, increase and purification, i.e. the wealth of the one who pays *zakat* is purified by it. This is attested by the words of the Al-Mighty, "Take *sadaqa*³ from their wealth to purify and cleanse them" (Quran, Attaubah, 9:103) and "...anything you give as *zakat*, seeking the Face of Allah-whoever does that will get back twice as much" (Quran, Ar-Ruum 30:39) *Zakat* continues to play an important role in the development of the *Ummah* as a model of Islam. The role of the "*amil*" as a collector and distributor of *zakat* plays an important role in the success of the *Zakat* Institution.

Basically, there are two types of *zakat*, namely *zakat* on wealth (*zakat mal*) and *zakat* on self (*zakat fitr*). *Zakat* on self is paid in the month of Ramadhan, before the celebration of the *Eid* (Aidilfitri)⁴. The obligation is imposed to all Muslims whose life is included in the whole year of *Hijra* until the end of Ramadhan of that particular year. *Zakat* on self is equivalent to about RM7 per head (originally in terms of wheat or dates or rice of about RM7 a kilogram). It is paid to the *zakat* collectors (*Amil*) by the head of a family for him and his dependents for the purpose of onward distribution to the less fortunate so that they can also celebrate the completion of the Ramadhan month.

On the other hand, the types of wealth on which *zakat* must be paid are monetary wealth, crops and livestock. *Zakat* on wealth is payable by a payer at any time of the year after 12 months ('haul') of his wealth reaching or exceeding the exemption limit ('*nisab*'). The rate is 2.5% of the *zakat* wealth. *Zakat* of livestock refers to camels, cattle, sheep, goats and / or herds.

In addition, the rate of *zakat* is usually 2.5% of the balance of accumulated wealth in excess of the *nisab* or threshold and payable once a year (Clarke et.al, 1996). The rate mentioned is based on the *hadith* from the prophet (pbuh) which is as follows:

... وليس عليك شيء - يعني في الذهب حتى يكون لك
عشرون ديناراً. فإذا كان لك عشرون، وحال عليها
الحول ففيها نصف دينار، فما زاد فبحساب ذلك ...

"It is obligatory to pay *zakat* if you own more than 85 grams of gold (equivalent to 20 *dinar*) at the rate of 2.5% (half *dinar*). If it is greater than 20 *dinar*, then the excess needs to be measured 2.5% from the overall weight of gold".

(Hadith Reported by Abu Daud)

As mentioned in the Al-Quran (Surah Al-Taubah 9:60) *zakat* funds should be disbursed immediately to the right beneficiaries, i.e. eight (8) categories of *asnaf* in order to avoid misuse and mismanagement of the *zakat* funds.

Alms are for the poor and the needy, and those employed to administer the funds; for those whose hearts have been (recently) reconciled (to the truth); for those who are in bondage and in debt; in the cause of Allah; and for the wayfarer; (thus it is) ordained by Allah, and Allah is full of knowledge and wisdom.

(Surah Al-Taubah, 9:60)

As shown above, the Holy Quran states that the charities are (exclusively) for the recipients (*asnaf*) of *Masakeen* (poor), *Fuqara* (needy) or '*Miskin*', *Al-Amileen* (Workers on *zakat*), *Mu-Allafatul-Qulub* (New converters to Islam), *Ar-Riqab* (Slaves), *Al-Ghaarimeen* (Debtors), *Fi-Sabilillah* (For the sake of Allah) and *Ibnus-Sabeel* (Wayfarers). The first four *asnaf* is classified as *muqaddam* and the rest as *muakhkhar*. Table 1 summarises various applications of *zakat* distribution for each *asnaf* currently practiced by Baitumal (*zakat* offices) in Malaysia.

Methods of distribution practiced are based on three basic needs as suggested by Abraham Maslow, the American psychologist which are food, clothing and shelter. However, the *Baitulmal* has added three more categories which include education,

Table 1 The Application of Zakat Distribution for Each Asnaf

Asnaf	Applications
<i>Masakeen & Fuqara</i> (Poor & Needy)	<ol style="list-style-type: none"> 1) Capital gift for the <i>fakir</i> or <i>miskin</i> who has the ability or skill, such as carpenter tools for the carpenter, farm yield and plant seeds for the farmer, money for the merchants, etc. 2) Monthly or annual fund for incapable Muslims, such as senior citizens, paralysed man, orphaned children 3). To build a house for incapable Muslims 4). Scholarship for Muslim students whose parents are not able to finance their education
<i>Al-Amileen</i> (Amil)	To pay the wages of one who performs all the <i>zakat</i> matters such as <i>zakat</i> collector, <i>zakat</i> distributor, <i>zakat</i> treasury, <i>zakat</i> warehouse keeper, etc.
<i>Mu-Allafatul-Qulub</i> (new converters to Islam)	<ol style="list-style-type: none"> 1) Funding for the <i>muallaf</i> foundation 2) To build a mosque for the <i>muallaf</i> who live in the <i>kafir</i> region or <i>kafir</i> country 3). Scholarship for Muslim students who study in an un-Islamic school or in a <i>kafir</i> region 4) Humanity gift for Muslims who are threatened by Christianity or others religious programmes such as Muslims who live in poor region 5) Humanity gift for Muslims in conflict areas such as the African or Iraqi Muslims
<i>Ar-Riqab</i> (Slave)	<ol style="list-style-type: none"> 1) To release the Muslims prisoners who are arrested because of their <i>da'wah</i> activity 2) To release the Muslim women employees who are under pressure of their employer 3) To finance the jihad of Muslims to get their independency from the <i>kafir</i> ruler/country
<i>Al-Ghaarimeen</i> (Debtor)	<ol style="list-style-type: none"> 1) To pay the liabilities of Muslims who are trapped in their obligation for their basic needs 2) Humanity gift for Muslims who become the victims of disasters such as fire, flood, robbery, etc
<i>Fi-Sabilillah</i> (For the sake of Allah)	<ol style="list-style-type: none"> 1) To finance the Islamic jihad against the <i>kafir</i> who fight them such as the Muslims in Ambon Indonesia or Palestine 2) To finance the Islamic mass media such as the Islamic newspaper, Islamic magazine, Islamic television and other Islamic publication media 3) Scholarship for Muslim students who do well in their studies
<i>Ibnus-Sabeel</i> (Wayfarer)	<ol style="list-style-type: none"> 1) Scholarship for Muslim students who study in other countries 2) To finance the elimination of beggars or homeless people 3) To help the discarded children 4) To help a merchant whose merchandise is borrowed by others and he cannot collect it back 5) To help Muslims who are chased away from their country since they keep their <i>iman</i> (faith)

medical and transportation based on the current needs and demands. The aid for the cost of living including the three basic necessities mentioned above is given on a monthly basis to family of the beneficiaries. The distribution should be based on the necessities of all the *asnaf* even though the priority is for the first 4 *asnaf* (*muqaddam*).

Development and Function of Zakat Offices – Baitulmal in Malaysia

In Malaysia, *zakat* funds are managed and administered by the State Islamic Religious Organisations namely the Baitulmal. The Baitulmal have gone through steady developments. The development or evolution in this area can be seen in three phases which are as follows:

1. the pre-colonial period
2. the colonial period and
3. after independence

(Ghazali, 1988)

In the first phase there was no formal framework for the *zakat* administration. During this phase, *zakat* was given by peasants to their religious teachers as a form of appreciation for the services provided by the teachers. Some portions of the *zakat* proceeds were then distributed by the religious teachers to the *asnafs* (*zakat* beneficiaries) as stipulated in the Qur'an while the remaining portion was used for the maintenance and expansion of the *madrasah* (religious centres for worship and the teachings of the Islamic Knowledge) (Muhammad, 1993)

Next, during the colonial phase, the British administration set up a council for religious and Malay customs known as "Majlis Agama dan Istiadat Melayu" in every state. As a result, all matters regarding religion and customs were administered under this council. Thus, *zakat* administration, being a religious matter also fell under the jurisdiction of the same council. At this time, *zakat* was collected by religious leaders in every village and given to the council for the purpose of financing the administration of Islamic matters (Ghazali, 1988).

The third phase of the *zakat* system came after Malaysia gained its independence. It was observed that during the early independence period, the Malaysian government was still heavily influenced by the British system, especially on the structure of the government and also on the legal framework. Due to these influences, under Article 3 of the Malaysian Constitution, all Islamic affairs were under the state jurisdiction with the ruler of the state who is a Malay Sultan having prerogative power (Ghazali, 1988). As a result, the *zakat* administration, which was regarded as a religious matter, was separated from the Federal Administration and was handled independently by the Islamic religious council in each state. By looking at this situation, in regards to the setting up of the *zakat* institution after the independence of this country, it is

merely a continuation of the British intention in making Islam as a plain ritual and ceremony religion (Nik Hassan, 1991).

Presently, the administration of *zakat* in Malaysia varies from one state to another. In certain states, the *zakat* jurisdiction falls under the Islamic Department in that respective state, whereas in other states, it is within the State Islamic Religious Council (SIRC). It is found that there are different forms and styles in managing *zakat*. For example, in Kuala Lumpur even though the *zakat* is under the responsibility of the State Islamic Religious Council (SIRC-WP), its administration is handled by the government officers from the Federal Territory Islamic Department. Realising that *zakat* institution needs a better administration and management, the SIRC-WP has taken the initiative to set up a *Zakat* Collection Center (known as *Pusat Pungutan Zakat* or PPZ) in 1991 with the intention of improving the efficiency and effectiveness of the *zakat* collection system in the Federal Territory, Kuala Lumpur (Abdul-Latiff, 1998). The PPZ is a commercialised organisation or unit of the respective State Religious Authority set up in Malaysia that is responsible to organise the collection of *zakat* in each state (Abdul Rahman and Awang, 2003). The establishment of PPZ has changed the SIRC style of managing and administering *zakat* collection.

For the first time, a corporate body with a well structure organisation has been given the responsibility to collect *zakat*. PPZ has appointed its officer to act as *amil* (*zakat* collector) for the religious council. The institution of the *zakat* collection centre initiated by the SIRC-WP has then been followed by other states such as Selangor (in 1994), Pulau Pinang (in 1994), Pahang (in 1996) and Negeri Sembilan (in 1998) (Saad and Mahmud, 2001). Interestingly, Selangor and Pulau Pinang have taken a further step by assigning both the collection and distribution of *zakat* to the *zakat* centres which are known as *Pusat Zakat* Selangor and *Pusat Urus Zakat* for Pulau Pinang.

Baitulmal distribute the *zakat* funds to the beneficiaries (*asnafs*) to utilise them efficiently. Baitulmal facilitate financial intermediation and its management in order to stimulate economic development.

The functions include:

- collect, manage accounts of, and distribute *zakat* and general proceedings.
- administer the collection and distribution of trust funds.
- publish printing materials on Baitulmal's activities and
- manage *waqaf* assets earnings and other earnings under the Council's entitlement.

Specific tasks relating to *zakat* management in *Baitulmal* include the following:

- Collecting all categories of *zakat*.
- Allocating, spending and utilising *zakat* money,
- Implementing policies specified by the Council.
- Receiving and distributing or utilising general source of revenue.
- Managing the finance and accounts of the Council.

- Managing the recruitment of staff and supporting service to the Council's staff
- Receiving and distributing or utilising earnings from *waqaf*, heritage and trust.

Meanwhile, the *Zakat* Distributing Policy is notably guided by the following allocations:

- Priorities in allocation of *zakat* which are given first to the agreed recipients i.e. *fakir* (destitute), poor and *amils*.
- Then, the allocations are given to the other beneficiaries (*asnafs*).

The main fund of the *Baitulmal* in Malaysia is derived from the *zakat* revenue. The revenue from the monthly salary deduction of Muslims is the main contributor to the fund each year. The other half is derived from businesses and other income. Its revenues also come primarily from *sadaqah*⁵, *waqaf*⁶, *ghanimah*⁷ and others. The government of Malaysia has made a move a few years ago permitting a rebate from the tax of Muslims on all types of *zakat* payments, as long as there was a valid receipt in the same year. Federal Territories of Kuala Lumpur, Putrajaya dan Labuan have been the most successful *zakat* administrators in Malaysia (ATAIC, 2006)

***Zakat* for *Asnafs*' Business by Lembaga Zakat Selangor**

This section, discusses the *zakat* offices in Malaysia in particular the Selangor Zakat Board (LZS⁸). Selangor is the most developed states in Malaysia. Thus, the *zakat* collection is expected to be greater as compared to the other states (Asnaf, 2009). According to the *zakat* collection statistics, Selangor has had significant developments in terms of *zakat* collection from only RM11.5 million in 1994 to RM244.5 million in 2008. From the significant increase in the collection, it has led to tremendous increase in the *zakat* distribution of only RM14million in 1994 to RM188million in 2008 (Asnaf, 2009). (Refer to the Appendix I) This development has led LZS to be the benchmark for the other *zakat* offices in Malaysia (Asnaf, 2009).

Pusat Zakat Selangor (PZS) is a subsidiary of *Majlis Agama Islam Selangor* (MAIS). PZS was established on 15 February 1994 with a paid up capital of RM500 000 (Abdul Rahman and Awang, 2003). The main objective of its formation was to collect *zakat* and also to improve the current management of the *zakat* collection system in Selangor.

Basically, the main functions of PZS are as follows (Abdul Rahman and Awang, 2003):-

- i. strengthen the management of *zakat*
- ii. smoothen the administration, collection and distribution of *zakat*.
- iii. reshape the new image of *zakat* institution to be more progressive and proactive.
- iv. be a 'role model' in *zakat* institution within the region
- v. rebuild the society's confidence towards the *zakat* institution.

Before the establishment of PZS, the *zakat* payers would pay the *zakat* informally and directly to the *Asnafs*. Thus, the collection via a formal channel was not maximised and led to injustice in the *zakat* distribution (Ahmad and Wahid, 2005). Over the years, the

function of the *zakat* administrative bodies have evolved from *zakat* collection to all aspects of *zakat* administration, including *zakat* distribution, *asnafs* development and poverty eradication activities (Mohd Balwi and Abd Halim, 2008). After the establishment and empowerment of its role, PZS has conducted various awareness programmes to encourage the *zakat* payers to pay this religious obligations through the formal channel that is PZS. These included campaigns and exhibitions, seminars and workshops; launching the month of *zakat* in Selangor; as well as organising various activities such as 'jejak poket' operation, 'jejak sahabat' operation, and mosque operation as well as consultations and appointments with *zakat* payers.

Upon having more *zakat* fund collected, various *zakat* distributions could be carried out in helping the *Asnafs*. As shown in Table 1, one of *zakat's* distributions is *zakat* for the poor and needy, and this can be applied to *Asnafs'* business; to help the *asnafs* to exit from the life of poverty and hardships and finally become successful entrepreneurs. These *asnafs* might have the basic business knowledge and skills, but lack the capital in starting and working up the business. Here, Islam has a beautiful way of strategising its economy via the *zakat* distribution to the *asnafs*. Hence, the *asnafs* would be provided with the capital to start their business or even to expand their current business.

Prior to 2003, various entrepreneurship programmes have been developed. However, the successful rate is very low as the *Pusat Zakat* would just provide the capital, without providing proper guidelines in sustaining the business in the market. In 2003, PZS started to focus on the entrepreneurship in distributing the *zakat*. In 2005, LZS established the *Jabatan Pembangunan Asnaf* in ensuring the *asnafs* development was in line with the *asnafs* requirements. The successful *asnafs* then went through the five stages of the LZS requirements as highlighted in Mohd Balwi and Abd Halim (2008). The stages were business exposure, education, implementation, marketing and finally monitoring. LZS now helped the *asnafs* from the date of their commencement of their business until they succeeded in their respective fields.

Apart from the *zakat* fund given, these *asnafs* would also be guided through entrepreneurship courses such as *Hijrah Niaga*. In addition, there are also extension courses namely the Apprentice Course for the selected *asnaf*. Apart from the courses given, these *asnafs* are also exposed to the market prospects, premises and promotions. In realising this objective, LZS corroborates with other agencies such as MARDI⁹, MARA¹⁰, SMIDEC¹¹, UPEN¹² and the Selangor State Government. Every year, LZS makes more than RM5 million provisions for these programmes (Asnaf, 2007).

Asnafs who are interested in the PZS business programmes and fulfill the requirements are encouraged to apply. (Refer to Appendix I). As a general rule, the applicants must be living Muslims who do not possess wealth equals to or an excess of a prescribed threshold amount of *nisab*¹³ (not qualified to pay *zakat*). All the applicants would go through a very thorough inspection process in ensuring they are qualified in getting the *asnaf zakat*. Their background, business interest, talent and physical and mind ability would be analysed by the "Capital- Assistance Secretariat" (*Sekretariat bantuan Modal*). Injection of a capital between RM2, 000 to RM50, 000 would be granted after potential businesses

are identified (Asnaf, 2007). Unlike a bank loan, this capital is given for free without repayment. However, they would closely be monitored by LZS's appointed consultants. The monitoring process would take one year. If the *asnaf* has succeeded, he/she would be out from the original *asnaf* group so that he/she could expand his/her business. The consultants would help in getting some other outside help and show the ways to prepare the business proposals to get more capital injection.

In determining the potential businesses, the Research and Development Department of LZS would carry out business research in ensuring the *zakat* distribution is in line with the needs of the *asnaf*. Basically, the applicants could choose the interested businesses; however LZS would re-ensure that the businesses have the potential and are competitive. For instance, in the Economy Development Programme, LZS classified this programme into a few sectors, namely manufacturing, trading, food and services. Currently, the businesses that are carried out by the *asnafs* are laundry, traditional food manufacturing, restaurant, handicraft and workshops (Asnaf, 2007).

From the *asnafs'* perspective, LZS has proactively initiated to introduce several business and entrepreneurship development schemes. LZS has resulted to the introduction of several projects currently being carried out such as the following (Asnaf, 2007 and <http://www.e-zakat.com.my>)

- *Asnaf Zakat* Entrepreneur Group (KUAZ) – Its objective is to help *zakat* entrepreneurs to expand their businesses and act as a business information centre.
- D'*Asnaf* Craft – Its objective is to generate more income through home based activities; to strengthen the confidence of the *asnafs* in the way of creating handicraft entrepreneurs; and to increase the *asnafs'* standard of living
- *Asnaf Zakat* Training Centre (PULAZ) - Its objective is to train selected *asnafs* to ensure they give an efficient, quality and flexible service and also when handling any types of services that are offered.
- Laundry Service Centre – Its objective is to give an opportunity to the *asnafs* to handle and manage a full-time laundry centre.
- Bakery - Its objective is to give an opportunity for the selected *asnafs* to handle and manage a bakery.
- Sewing Workshop – Its objective is to train the *asnafs* to sew so that they are able to have a sewing business.

Meanwhile, every Saturday more than 40 *asnaf* entrepreneurs would run their agriculture-based businesses at the *Pasar Rakyat Asnaf*, at Wisma MAIS, Section 3, Shah Alam. In addition, there are also mobile entrepreneurs who are given lorries to run food-based mobile businesses (Asnaf, 2007).

Asnaf (2009) provides some success stories on *asnafs* for business. For example, one of the *asnafs* who has successfully exited from poverty is Mr Tohid (44). His income in 1996 was only RM5 per day by doing village work and selling cookies/food in which was unable to give him the breakeven point. In addition, he has a wife and children. Later, he received the *Asnaf* distribution with a startup capital of RM3,000 and also

business equipment for baking and packing cookies. LZS has provided not only the capital, but also business guidelines and knowledge. After operating the business for a few years, Mr Tohid now has 20 poor / needy workers, his own company called A&T Sekicho and a new branch. His monthly income is more than RM10, 000 and indeed he no longer receives *zakat*, but pays *zakat* (Asnaf, 2009). In addition, he was the winner for The Best Entrepreneur for *Kumpulan Usahawan Asnaf Zakat* (KUAZ).

Another example is Madam Raja Rohaya Raja Anuar (48), a single mother with five children who had to struggle by doing various work in raising her children. With the help of LZS who gave a start up and working capital of RM50,000, she now has a laundry business called "Dobi Point" situated at Wisma MAIS, Section 3, Shah Alam. Among the help she received during the first seven months included payment on overhead cost such as electricity, water, shop rental. With the business, she has been able to change her family's life (Asnaf, 2007).

Another success story includes Mr Abdul Wahab Osman. He had to close his food stall due to the stiff competition. He almost gave up on his life when he was unable to feed his family. His hardships caught the attention of the LZS whereby he was given RM650 as a working capital to restart his food business. The fund was used to purchase the cutleries as well as the raw cooking materials. The help from LZS has led his '*char kuey teow*' business to get more customers. Now he earns RM2, 500 a month.

Finally, Halimatus Saadiah Muhammad (30) is a single mother who has obtained the help of LZS. She was given RM5, 000 as a start up capital for her *Kak Long Café*. An additional injection of RM2, 000 was given to her for the café's renovation. Due to stiff competition, LZS provided an additional RM2, 000 for her working capital to purchase the necessary raw cooking materials. Now, she is one of the successful *asnafs* who in turn is paying *zakat*. She has been awarded the Successful Entrepreneur Award during the "*Zakat Asnaf Entrepreneur Convention, 2006*". In addition, she is called by other agencies such as MARA to give motivational talks to the other single mothers in life surviving programmes (Asnaf, 2007).

From the successful stories above, various benefits are derived with the help of LZS. The poor who have the determination to exit from life's hardships and have the ability to run a business would be helped by LZS. The main benefits derived from the Business for *Asnaf* is mainly:-

- help the poor to change their lifestyle
- help them earn more income
- help them to be respected socially as they do not have to beg for help
- would help to generate more household income economically.

From these programmes, some of the *asnafs* have successfully exited from poverty, and as such are no longer receiving the *zakat* while now are contributing by paying the *zakat*. The *zakat* payment would then be returned to the poor and they in turn are expected to also exit from poverty as well.

Conclusion

Zakat will reduce the burden of the *Ummah*, bring the *Ummah* closer, unite the *Ummah* and develop the *Ummah*. The impact of *zakat* needs to be restored for the benefit of the socioeconomic of the Muslims. The original teaching of Islam concerning *zakat*, including its mechanism, is capable in determining its impact upon the *Ummah*. The willingness and loyalty of the *Ummah* needs to be raised to its original foundation in Islam.

LZS distributes various *zakat* to the *asnafs*. One of the distribution is *Zakat* for *Asnaf*'s business. Rather than just provide the capital as what LZS had done prior to 2003, LZS has now helped the *asnafs* from the beginning until they succeeded in their respective fields. The *asnafs* are given assistance in terms of business exposure, education, implementation, marketing and finally monitoring.

To strengthen their functions, LZS corroborates with other agencies such as MARDI¹⁴, MARA¹⁵, SMIDEC¹⁶, UPEN¹⁷ and Selangor State Government. These corroborations are mainly to provide more guidelines and assistance to the *Asnaf* based on different skills provided.

It is expected that from the *Zakat* for *Asnaf*'s business, the *asnafs* would be able to exit from poverty and life hardships and finally become successful entrepreneurs. Then, *zakat* would achieve its goals to improve the quality of life of all *asnafs* in Selangor economically, socially and spiritually.

Notes

- ¹ Nisab is either the equivalent of the price of eighty five (85) grams of gold, which, according to today's market value, 5 grams of gold is equivalent to RM9,000 in 2010 (<http://www.e-zakat.com.my>)
- ² Well known as Lembaga Zakat Selangor, the body that is responsible for managing the *zakat* collection and distribution on behalf of the Selangor Islamic Council (MAIS).
- ³ Charity
- ⁴ A pious day in Islam whereby all Muslims celebrate the day after one month of fasting.
- ⁵ *Sadaqah* here refers to *zakat* (Nur Barizah and Abdul Rahim, 2007)
- ⁶ *Waqaf*; literally means detention. The legal meaning of *Waqf* according to Imam Abu Hanifa is the detention of a specific thing in the ownership of *waqif* and the devoting its profit or products in charity for the poor or other good objects
- ⁷ *Ghanimah* refers to property which has been acquired from non-Muslims after a war, which is stated in the *surat al-Anfal* of the *al-Qur'an*. One-fifth of the spoils of war was apportioned for the state while four-fifths were generally distributed among the fighters. This was a significant source of revenue during those periods (Nur Barizah and Abdul Rahim, 2007)

- ⁸ Well known as *Lembaga Zakat Selangor*, the body that is responsible to manage the zakat collection and distribution on behalf of the Selangor Islamic Council (MAIS).
- ⁹ Malaysian Agricultural Research and Development Institute.
- ¹⁰ Majlis Amanah Rakyat
- ¹¹ Small and Medium Industries Development Corporations
- ¹² *Unit Perancangan Ekonomi Negeri*
- ¹³ *nisab* or threshold, the minimum *zakat* amount that is reached, based on the market value of gold (approximately 85 grams of gold) (Abdul Rahman and Awang, 2003). 85 grams of gold is equivalent to RM9,000 in 2010 (<http://www.e-zakat.com.my>)
- ¹⁴ Malaysian Agricultural *Research and Development Institute*.
- ¹⁵ *Majlis Amanah Rakyat*
- ¹⁶ Small and Medium Industries Development Corporations
- ¹⁷ *Unit Perancangan Ekonomi Negeri*

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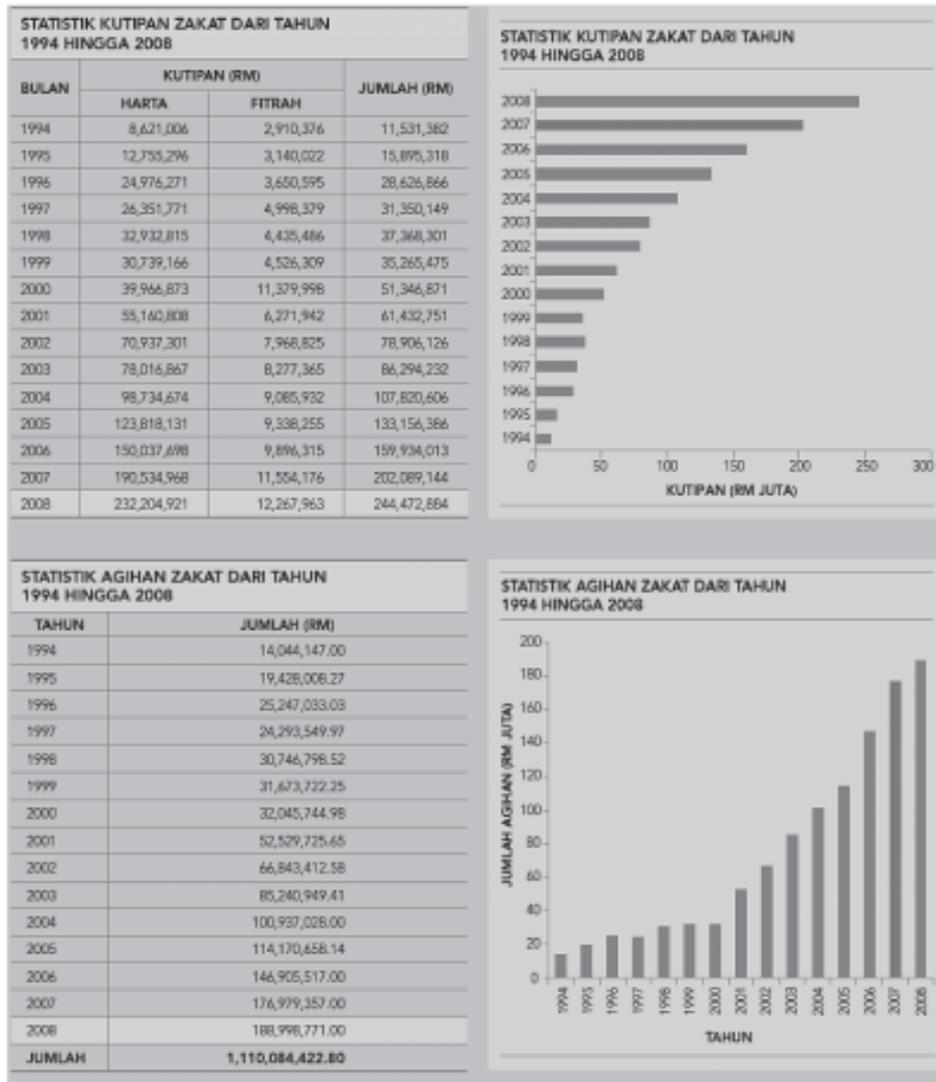
Appendices

Appendix I

Asnaf yang Layak	Bentuk Bantuan	Syarat- Syarat dan Dokumen yang Diperlukan	Bentuk Bantuan yang Diberikan oleh LZS (MAIS)
Faki, Miskin dan Muallaf	<ol style="list-style-type: none"> 1. Bentuk bantuan modal yang disediakan ialah: <ol style="list-style-type: none"> a. Modal perniagaan. b. Modal perikanan. c. Modal pertanian. d. Modal pertanian. e. Modal pusingan. • Ia merupakan bantuan diberikan kepada asnaf faki/miskin/muallaf yang berdaya maju dan mempunyai kemahiran dalam bidang yang dipohon atau yang telah mencubai bidang tersebut dengan tujuan dapat memberikan sumber pendapatan agar mereka dapat membebaskan diri dari kelompok asnaf. 2. Projek Ekonomi Berkelompok. Bantuan modal diberikan dalam bentuk pelaksanaan sesuatu projek ekonomi berdaya maju yang dianjurkan oleh LZS (MAIS) kepada kumpulan baical usahawan asnaf yang dikenal pasti layak. Antara projek yang dilaksanakan termasuklah: <ol style="list-style-type: none"> a. Projek IKS Desa Kaifi/Desa Ehsan. b. Projek Bergel Jahitan. c. Projek Pertanian Berkelompok. d. Projek D' Asnaf kraf (ibu-ibu tunggal asnaf) 	<ol style="list-style-type: none"> 1. Pemohon terdiri daripada asnaf yang didaftarkan sebagai golongan faki miskin Negeri Selangor mengikut kiraan Had Kijayah. 2. Pemohon hendaklah mempunyai pengalaman/potensi untuk menjalankan aktiviti ekonomi yang dipohon. 3. Bentuk perniagaan yang dipohon adalah dibenarkan dari segi syarak dan undang-undang. 4. Aktiviti yang hendak dijalankan adalah milik sendiri atau sekiranya dilaksanakan secara usahasama, bahagian pemohon hendaklah sekurang-kurangnya 51% daripada jumlah pegangan saham tersebut. 5. Pemohon hendaklah mengemukakan lesen perniagaan sekiranya diperlukan. 6. Pemohon dikehendaki merandatangani dokumen perjanjian penerimaan bantuan modal LZS (MAIS). 	<ul style="list-style-type: none"> • Membelikan barangan/perkakasan yang diperlukan untuk memulakan aktiviti ekonomi yang dipohon. • Menyediakan prasarana yang diperlukan seperti tapak sawah, tapak gajah, bengkel dan sebagainya. • Pemberian wang tunai sebagai modal pusingan.

(Extracted from Asnaf, 2007)

Appendix II



(Extracted from Asnaf, 2009)