TOWARDS ACCOMMODATING THE CONTEMPORARY WEALTH INTO THE ZAKAT FOLDS

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ABSTRACT

Contemporary Muslim jurist have paid more attention to many sources and properties invented and recognized as wealth, and to some extent some are among these properties are seen to be more recognized as wealth than those mentioned in the prophetic traditions, for instance; the introduction of invented farming properties e.g. fish and underwater wealth, poultry and eggs, birds, fruits farming and etc. that are seen as more sourcing to wealth than the traditionally known livestock and crops. Other newly invented sources includes; salaries and wages, shares and bonds, rents and leasing properties, banking business, customer’s account and retirements benefits are all not found available during the life time of the prophet and as such they should be added to the Zakat folds. This study is aimed at defining Zakat and examine its objectives and role among the Muslim Communities, assess the contemporary wealth discovered over time as Zakatable properties and justify their Zakatability with convincing facts from the Qu’an, Sunnah and the view of Muslim classical and contemporary scholars.

Introduction

One can argue that Zakat collection changes over time. The contemporary changes in the global economy invented different types of wealth, and changes the concepts of traditionally known wealth to a modern types. Currently, a paper currency was introduced and replaced the traditionally used dinar and dirham. The establishment of industrial sectors mining activities plays a big role in turning the economic focus from the inherited types of wealth e.g. traditional agriculture, livestock, gold and silver. Today’s agricultural activities has been transformed and developed into highly technical profession that requires expertise and working capital. Other newly a source of wealth includes: leasing companies, corporate bodies, salaries and wages, bonds, shares and so on (Haneef and Mahmud 2011).This new trend in the global economy has become a source of confusion among many Muslims regarding the rules applied on the zakatability of these assets, and their calculation methods. Under this topic, the legal provisions and analytical deduction of Muslim scholars will be reviewed.

1.1- Problem Statement

Zakat is compulsory alms imposed by the creator upon the rich Muslims with a view to establish social welfare and egalitarian Muslim society free from poverty, greed and enmity. With the changes of time, the concept of wealth and properties changed from the classically recognized wealth to modern sources of wealth that are not mentioned in the traditions, as such many people deny to pay Zakat believing that only those wealth strictly mentioned in the Qur’an is Zakatable and therefore they denied to pay their Zakat dues. This resulted to negligence and partial collapse of Zakat systems among many Muslim communities.

1.2- Research Questions

1- What are the Obligations of Zakat and its objectives among Muslim Communities?
2- What is the contemporary wealth added to Zakat base by Muslim scholars?
3- What are the Islamic reasons supporting the consideration of new invented wealth among Zakat properties?

1.3- Research Objectives

1- Examine the obligation of Zakat and its objectives among Muslim communities
2- Asses the contemporary wealth believed to be Zakatable by Islamic jurist
3- Elaborate reasons supporting the consideration of those properties among the Zakat base.
1.4- Significance of the Research

This research is important for the role its designed to play in bringing to lights the obligation of Zakat among Muslims, and bring out the contemporary wealth as Zakatable items justifying all arguments from the Islamic legislative sources. May the research be used by Muslim scholars in advancing their advocacy on the obligation of Zakat, government and agencies charged with Zakat collection and distribution by discovering of more Zakat wealth to be collected, the rich among the communities by knowing the extent in which Zakat base covered, and it will help the poor by accessing more of Zakat funds from the able hands.

2- The Objectives and Obligation of Zakat

Zakat is compulsory alms imposed on Muslims by Allah upon acquiring a minimum amount of wealth called Nisab, to be given to particular category of people called Asnaf, as explained in the Quran (Muhammad, Amin and Oladokun 2013). The concept of Zakat from Fiqh perspective, Zakat means a specific amount of particular properties made compulsory by Allah to be distributed to the rightful people (Qardawi, 2006). Zakat is obligatory (Fard) on all Muslims men and women who are Sahib-e-Nisabie possess a specified limit of wealth, to pay each year a prescribed portion from capital or savings like farm produce, cattle, business activities, paper currency and precious metals such as gold and silver (Abdullah 2001). It can also be understood that zakat is used in the Quran to refer to giving out properties to categories of man specified by Islam at a specific period or for owning a certain amount of wealth which may include money or properties.

Zakat is a system of social welfare designed by Allah with a view to establishing justice and fairness among mankind and structuring a human and cohesive society. Among the roles played by the Zakat is the protection of people from poverty, hunger, ensuring social security and preservation of honor and dignity that Allah has bestowed on the entire mankind. To this effect, Allah says:

وَلَقَدْ كَرَّمْنَا بَنِي آدَمَ وَحَمَلْنَاهُمْ بَيْنَ الْبَرِّ وَالْبَحْرِ وَرَزَقْنَاهُمْ مِنَ الطَّيِّبَاتِ وَفَضَّلْنَاهُمْ عَلَىٰ كَثِيرٍ مِمَّنْ خَلَقْنَا تَفْضِيلًا (٧)

“We have honored the sons of Adam; provided them with transport on land and sea; given them sustenance things good and pure; and conferred on them special favors, above a great part of Our Creation” (Al-Quran, Al-Isra’ a 17:70).

This honor can be protected through Zakat system which rescues the poor and needy from starvation, and guarantees socio-economic justice among communities.

Muslim scholars have unanimously agreed over the obligation of Zakat (Qardawi 2006). They uphold that Zakat plays a very significant role in assisting the poor and needy and empowering the weak people in the society. And that it enables them carry out religious duties assigned to them by Allah. Zakat also purifies the soul of the giver, clears his heart from greed and eventually makes him to be grateful to Allah for the bounties of wealth He has bestowed on him (Alkasani 1986). Al-Shaukani (1281H) upholds that there is a unanimous consensus among Muslim scholars on Zakat obligation, although there have been different views over its system. Muslim scholars also mentioned that the defaulters of Zakat are subject to the wrath of Allah and divided the defaulters into two categories: a defaulter who does not pay Zakat due as a result of greed and desire for accumulating wealth. Thus kind of defaulter is considered a sinner who commits one of the grievous offences in Islam. While a defaulter who denounces Zakat or claims not to believe in its obligation is regarded as an unbeliever. In this regard Imam Al-Nawawi (1992) said: Zakat is one of the five pillars of Islam and whoever denounces Zakat is considered an unbeliever except if he is a new convert and does not know the extent of its obligation; then he should be taught. Similar remarks are reported from IbnQudamah (1968).

3.0- Discussion

The discussion of paper covered the newly discovered wealth added to Zakat folds by the contemporary Muslim scholars and give justifiable reasons in line in line with Islamic Injunctions, this items includes; invented farming properties e.g. fish and underwater wealth, poultry and eggs, birds, fruits farming. Other newly invented sources includes; salaries and wages, shares and bonds, rents and leasing properties, banking business, customer’s account and retirements benefits among others.

Salary and Wages

During the life time of the prophet S.A.W salaries and wages were not considered as a means of earning as such they were no specific injunctions governing their zakatability or not from the Quran or Sunnah. Although a general injunction in the Quran has indicated that all wealth are subject to Zakat where Allah says:

سَيْ أَلْهَا اً لَّمْ يَفْقِهَا مِنْ طَيِّبَاتِهَا مَا كَسَبْتُمْ وَمَا أُخْرِجْتُمْ مِنْ الأَرْضِ وَلَا تَيَمَّمُواْ الْخَبِيثَ مِنْهُ تُنفِقُونَ وَلَسْتُم بِآخِذِهِ إِلَّا أَنْ تَعْضَضُواْ فِيهِ وَأَعْلَمُواْ أَنَّ اللَّهَ عَطَيْنَاهَا تَحْيَةً غَيْرَ مَيْتَيْةً (٢٥)
“O ye who believe! Give of the good things which ye have (honourably) earned, and of the fruits of the earth which We have produced for you, and do not even aim at getting anything which is bad, in order that out of it ye may give away something, when ye yourselves would not receive it except with closed eyes. And know that Allah is Free of all wants, and worthy of all praise.” (Al-Quran. Al-Baqarah, 2:265).

Qardawi (1999) maintained that, salaries and wages are considered among the category of (al-mal almustafad) i.e. a kind of wealth that is legitimately acquired through any lawful means recognized by Shariah. He also believed in the zakatability of this kind of wealth relying on a hadith reported by Ibn Abbas, that the prophet S.A.W. said: “whoever earns an income he must pay Zakat the day he receives it”. He also traced the roots of Zakat on salaries in the views of some companions like Ibn Abbas and IbnMas‘ud and early Muslim jurist and legist. Mu‘awiya is reported to have imposed Zakat on the salaries he pays his staff, the living companions might have faulted this action if it’s not in line Shariah. Similarly IbnMas‘ud and Umar ibnAbdulazeez are reported to have been collecting Zakat out of their workers salary (Haneef and Mahmud 2011).

Many Muslim jurists maintained this view believing that zakat should be paid on salaries and wages, notable among thus are: a-Zuhri, al-Hassan, al-Makbul, ibnHazm, al-Awza’i, and Imam Ahmad ibnHanbal. (Qardawi 1999).

Logically, if Zakat is imposed on the farmer that produces little percentage of crops, in order to purify his wealth and redistribute his income to help the weak and the people of need in the society, then a person who earns in a monthly basis more than what that farmer will earn annually, is more legible for Zakat. This view may concur with the concept of Maqasid al-Shariahand the concept of Ilah. That since the reason for giving out Zakat as clearly stated in the Quran is to purify the wealth and the soul of the rich, then the person earning excess in his monthly income should not be excluded from this injunctions.

Another important point to support this argument is the concept of contract al-Aqd al-Islam, going by the definition of contract we understand that since the total annual income is clearly stated in the contract and both parties have agreed and the periods for Khiyaral elapsed, the contract is considered sealed and is therefore bonded to be fulfilled by both parties. Under these circumstances it is assumed that the proceeds expected from the contract falls under Zakat properties in line with the traditions related by Ibn Abbas and supported by many companions and Muslim jurist as mentioned above.

Agricultural Products

Muslims are required to pay Zakat out of what Allah has blessed them with on earth. This type of Zakat is popularly known as ushur and does not require the passage of a year. It only reckons with the agricultural products during their harvest seasons. There are lots of arguments among jurists on agricultural products from which Zakat should be paid. Meanwhile, through the analysis and reasoning, the view Hanafi school of thought is adopted. This school believes that anything that is produced from the soil is due for zakat (Qardawi 2006).

The nisab of agricultural products is five wasq and each wasq is determined at six sa‘a and one saa is equivalent to five hundred (Qardawi 2006).

For the amount of Zakat, a hadith reported by Umar Ibn Al-Khattab R.A stated that “a one tenth due is obligatory on that which is watered by the sky or spring or that which is not watered at all and half one tenth is obligatory on that which is watered by carried water.

Shares

Shares are defined as “a unit of ownership that represents an equal proportion of a company's capital. It entitles its holder (the shareholder) to an equal claim on the company’s profits and an equal obligation for the company's debts and losses”. (www.businessdictionary.com cited on 9-05-2013).

Following the above definition we established that share has market and exchange value, and fluctuates in line with market forces. This feature makes shares to fall under the definition of al-mal and thus Zakatable. But scholars have argued who is liable to pay Zakat on shares between the shareholder and the company? While some scholars maintained that the traditional method of Zakat payment should always be observed, i.e. every shareholder should collect his share and distribute individually (Muharib 2006). Others believed that; the company should be liable for Zakat based on the nature of company’s activities. They maintained that if the company is engaged in industrial activities such as shipping, transportation hotel management etc. Zakat is due in the dividends of individual shareholders which are added to their other assets. But if the company is engaged in trading activities e.g. import and export or operates mix activities the Zakat to be considered on the current market value of the company’s respective shares at the end of the fiscal year. (Haneef and Mahmud 2011).
The latter opinion may be preferred as it is more facilitating more organized and will help in easy calculation and distribution.

Bonds

According to business dictionary bind is “a written and signed promise to pay a certain sum of money on a certain date, or on fulfillment of a specified condition. All documented contracts and loan agreements are bonds” (www.businessdictionary.com cited on 9-05-2013).

The above definition indicates that; bonds are similar to shares as they represent capital exchange, thus bonds are Zakatable. Jurist discussed the nature of Zakat payment in two ways as in line with the rulings on the Zakat on debts, which is to pay for one year at the point of collection (Sultan 1988) and the second view by Qardawi (1999) which differentiates between traditional debts and bonds to conclude that, Zakat is to be paid every year on bonds.

Retirement Benefits and Grants of Employees:

The above stated term refer to the savings normally designed by employers and retained by particular bodies, to be given to employees after their retirement. For Zakat to be given out of this property there must be consideration for the nature of the grants. If the grants are found to be the right of the employee can make use of it at any time as he wills, then it is due for Zakat. But if it is just a mere grants or gift that only became legitimate property of the employee after retirement, it is not due for Zakat (Qardawi 2006).

Zakat on Contemporary Animal Products

In recent times, many incomes are generated through the developed animal products e.g. milk, eggs, silk, meat, fish poultry and etc. These products were not considered as a source of wealth during the life time of the Prophet S.A.W. and His companions. Scholars maintained divergent views regarding their Zakatability. Hanafiyya jurist, a-Awza’i, Imam Ahmad are of the opinion that; these products including honey and horses are Zakatable and regarded them as trading assets, relying on a reported hadith that the Prophet S.A.W. have collected Zakat on honey. The other view was upheld by Malikiyyah, Shafi’iyyah who faulted the above hadith to be a weak hadith (see sunan al-Bayhaqi Vol. 4 pp, 126) and believed that even if the hadith was sound, the analogy of honey and milk is not accepted as they are parallel issues, therefore. Since the above opinion to them lacks any tradition to support it, it’s considered unacceptable (Qardawi 1999).

The first group however, replied that the prohibition of Zakat on milk by the prophet was to avoid duplication of Zakat payment since the animal itself was subject to Zakat. They maintained that, since honey, eggs, fish etc. are originated from non Zakatabale source there outputs is subject to Zakat. (Qardawi 1999).

Considering the above arguments, it will be observed that nowadays, proceeds that realized from these sources are huge and therefore need to be purified, and exempting these properties from Zakat may leave some wealthy people among the community free from Zakat payment and not legible to receive Zakat. This will create a gap as Muslim community is made of either Zakat giver or collector.

Rents and Leasing Properties

Leasing and renting properties such as buildings, factories, modes of transportation and furniture are considered as a means of generating wealth, these are also not present in the time of Islamic legislation. In order to find their rulings in Islam the Zahiriyya jurist upholds that these properties are not Zakatable for the lack of any provision supporting their Zakatability (Qardawi 1999).

Malikiyyah, Hanafiyyah and the majority of the contemporary scholars; maintained that since Quran has clearly instructs that all properties are to be cleansed and purified, they should be subject to zakat. They argued that, it will be rationally accepted for the owner of such properties to pay Zakat since the farmer with a little income is asked to purify it with by giving Zakat (Qardawi 1999).

If this view by Malikiyyah is accepted, then we refer back to their objection on Zakat on new animal products to believe that all properties are subject to Zakat.

Rents and Leasing Properties

There are two divergent views regarding the rate of Zakat on these properties: Aqil and Zaidiyyah consider their Zakat rate at 2.5% adding both the capital of the property and income together, as the case with the trade items. This view was faulted by the majority of scholars, Imam Ahmad is reported to have said that Zakat is to be paid on the rent amount alone not the property, he also gives Zakat on the few shops he rented out. (Qardawi 1999) concurs with Zaidiyyah view regarding the 2.5% to be paid as rate of Zakat.
Fish and under Water Wealth

The above discussion on the general principle of purification of wealth is applied on the case of this wealth. A practical example of this type of Zakat is found where Umar Ibn al-Khattab obliged Zakat on jewels obtained from the sea. Umar ibn Abdul-azeez is also reported to have collected Zakat from fishing activities. This injunction covers other mineral resources. (Qardawi 1999)

Banking Business

Bank is considered as an artificial person (shakhsi’itibari) making him not legally obliged to pay Zakat, the persons responsible for Zakat are the banks shareholders as (mukallafin). Since the contract of the shareholding has guaranteed the bank manager to act on behalf of each shareholder via representation (wakalah), then the manager will be responsible for payment of Zakat on their behalf. He is also obliged to inform them the percentage of Zakat disbursed from their share (Qardawi 1999).

Zakat on banking business fall under the rule of Zakat on trade and business properties (urud al-tijarah) i.e. the market price of the capital and profit from the business are subject to Zakat. Banking assets are normally classified into three categories; mainly cash and balance, working and fixed capital, and receivable loans. Zakat is paid only on cash and balance, and receivable loans, other assets are excluded from Zakat (Sultan 1988).

Khan (2003) stressed the need to note that; Zakat paid by banks should not be considered as banks expenses, in order to avoid trying to recover it through the customers’ account “thus frustrates the whole objective of Zakat”.

Customer’s account

Legible customers are also expected to pay Zakat, in a situation where the customer entrusted the bank to pay Zakat on his behalf, the nature of the account he operates with the bank should be considered. If he operates an investment account for instance; Zakat will be on the investor himself, if it’s a general investment; Zakat will be imposed on the profit he receives only, but if it is financing a specific project; Zakat will be on both capital and profit.

For savings and current accounts holders, are to pay their Zakat in line with the rule of 2.5% Zakat on money (Khan 2003).

Conclusion

Zakat is discussed in this study as a system that is designed by Allah in order to ensure equitable redistribution of wealth among mankind, established social welfare and create sense of affection love and mercy among mankind, and above all Zakat is seen as religious obligation through which the giver can attain to Allah’s pleasures and good rewards in the life after. Looking at the socio-economic objectives of Zakat, it is obvious that the system of Zakat accommodates changes in accordance with the changes in the concept of wealth recognized at any given time or in by any given society, therefore it will be clearly observed that the study extends it looks to cover those items and wealth not recognized as worthy of Zakat or even not available when the obligation of Zakat is enshrined. This goes in line with efforts to understand the reasons and objectives upon which Zakat is obliged. This study suggests that Muslim scholars are expected to broaden their search to discover more items supposed to be among Zakatable properties. Governments and other Zakat organizations are also to take from the findings of the study and look for a better way to enlighten the general public about the extension of Zakat based items to cover anything considered as wealth at any given time or society. Similarly, the rich among the communities are also expected to explore the research findings and practice it as a means to fulfill Allah’s commands and avoid His anger.

References


Busnes Dictionary on web http://www.businessdictionary.com/definition/capital-lease.html