

The Awareness of Business Zakat Reporting Among of Entrepreneur's In Terengganu, Malaysia

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Abstract: Entrepreneurs play a vital role in a society. They are always perceived as people with ethically high values and they are promised to achieve a good reward and 'falah' in hereafter provided they understand and apply business concept from Islamic perspective with sincerity and honesty. Being an entrepreneur means being a man who successfully performs zakat obligation. This study concentrates on the level of awareness towards business zakat among 168 entrepreneurs in the state of Terengganu, Malaysia. The findings of this study discusses about, among others, resources on entrepreneurs information about zakat, entrepreneurs' awareness towards obligations of zakat, zakat as a part of Islamic commandments, 'nisab' for business zakat, zakat rate, and entrepreneurs' knowledge on zakat.

Key words: Zakat • Nisab

INTRODUCTION

Entrepreneurs have special roles and responsibilities in a society and being Muslims, they have to perform their duties in very best manner [1]. Islam views entrepreneurs as noble and promises them with good reward in hereafter provided that they are sincere and honest in understanding and applying concept that is in compliance with Syariah rulings.

Prophet Muhammad (peace be upon him) said, "An honest businessman will be in proximity with prophets, siddiqin and shuhada on the day of judgment". Entrepreneurs with good Islamic ethics and morality (akhlak) with approach and adaptation of the teachings of Prophet Muhammad (peace be upon him) will contribute towards strengthening brotherhood and maintaining a good bilateral relationship between sellers and buyers [2].

Being entrepreneurs mean being successful Muslims who perform zakat obligation as stipulated in Islamic rulings. Therefore, initiative towards accumulating wealth and becoming richer until zakat payments become obligatory is a move towards becoming good Muslim.

Allah ruled that in a wealth of the rich there are certain portions of the poor and this can be flowed through zakat [3]. Al Quran says that performing zakat

obligation is a behavior of the believers, Muslim with 'taqwa' and donators. It is also a sign for faith and belief, as well as evidence of sincerity.

Definition of Entrepreneurs and Zakat: Entrepreneurs can be defined as individuals or a group of individual who invent or create products and services, run a business, develop it from time to time with contribution to economy for the benefit of a society and country [4]. Entrepreneurs are also contribute to a successful business. They identify opportunities, innovate and their good performance can be a standard in a 'free enterprise' era. They create job opportunities to the society and helps in country's development through reduction in unemployment rate.

[4] define entrepreneurs as follows:

"An individual who creates new business opportunity and faces uncertain environment in order to obtain profit and development through identification of opportunities and establish resources in order to obtain them. An entrepreneur always start with existing ideas and these ideas are usually simple and provide relevant resources in order to transfer that idea into business operation".

Entrepreneurships are important nowadays. They facilitate changes and economic development [5]. Entrepreneurs role in developing an economy not only helps in increasing production per capita and earnings. They include change to the current business structure and society.

Zakat means grow or increase. It also means 'barakah', clean, pure, fertile and growth up. The meaning of the saying of Allah S.W.T., "So establish regular Prayer and give regular Charity; and obey the Messenger; that ye may receive mercy", [6].

Evident from the history shows that Caliph Abu Bakar As-Siddiq fought against those who disobey to pay zakat because the rich and the wealthy Muslim must be aware that inside their wealth, there are the rights of the poor and the poorest. Among the wisdom of zakat are as follows:

- Distribution of wealth from the surplus units (the wealthy) to the needy (deficit units) based on Islamic socio-economic system.
- Lessen the burden of the needy or the poor and the poorest.
- Get rid with bad behavior such as greed and jealousy among Muslims.
- Strengthen the 'ukhwah' or brotherhood between the wealthy Muslims and the needy ones.
- Purification of the self through payment of zakat.
- Purification of wealth or assets of zakat payers.
- Enhance gratefulness towards what has been given by Allah S.W.T. among the wealthy Muslims.

Direction to pay zakat has been stressed in the Al-Quran and there are many evidences (dalil) which encourage Muslims to pay zakat [7]. Besides that, there are a number of threats or punishments for those who deny zakat payment.

The meaning of the sayings of Allah S.W.T.,

in Surah Ali-Imran:180, "And let not those who covetously withhold of the gifts which Allah hath given them of His Grace, think that it is good for them: nay, it will be the worse for them; soon shall the things which they covetously withheld be tied to their necks like a twisted collar, on the Day of Judgment. To Allah belongs the heritage of the heavens and the earth; and Allah is well-acquainted with all that ye do"

in Surah At-Taubah:103, "Of their goods take alms, that so thou mightest purify and sanctify them; and pray on their behalf, verily thy prayers are a source of security for them: and Allah is One Who heareth and knoweth."

in Surah Adz-Dzariyah:19, "And in their wealth and possessions (was remembered) the right of the (needy), him who asked and him who (for some reason) was prevented (from asking)"

In Hadith as Narrated Abu Hurairah: Allah's Apostle said, "Whoever is made wealthy by Allah and does not pay the Zakat of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes. The snake will encircle his neck and bite his cheeks and say, 'I am your wealth, I am your treasure.'" [8].

Entrepreneurs' Roles and Responsibilities and the Obligation of Zakat: The obligation of zakat in Islam are based on the primary sources namely Al-Quran and As-Sunnah and secondary sources which is 'Ijma' (Consensus of the jurists). Muslims who understand the implied meaning of zakat and its obligation will not disobey their obligations and responsibilities in paying zakat. Failure to pay zakat impliedly means go against the divine rules and those who fail to fulfill their obligation of zakat are considered as conducting theft and eating others assets without consent by the rightful parties [9]. The sayings of Allah S.W.T. in Surah Al-Baqarah:188, which mean:

"And do not eat up your property among yourselves for vanities, nor use it as bait for the judges, with intent that ye may eat up wrongfully and knowingly a little of (other) people's property"

The behavior of the believers (Mukmins) is that they perform their social obligation by performing zakat payment. In searching for 'nafkah' and wealth, there are possibilities of wrong doings or wrongfully taking the others rights, thus zakat will cleanse and purify the wealth. Allah says, which mean:

"Of their goods take alms, that so thou mightest purify and sanctify them; and pray on their behalf, verily thy prayers are a source of security for them: and Allah is One Who heareth and knoweth." (Surah Al-Taubah:103)

Advantages of Zakat Payment: The advantages of zakat, among others, are as follows:

- Always remember Allah in every single time. This means that performing zakat obligation is one of the commandments by Allah S.W.T.
- Increase satisfaction in applying and complying with the commandments by Allah S.W.T.
- Purification of wealth and earnings. In other words, any wealth or assets that are not cleansed through zakat are dirty assets and do not match with human values and cultures as the best being created by Allah S.W.T. as mentioned in the Glorious Quran, Surah al-Taubah: 103.
- Help reducing burden of the 8 ‘asnaf’ who are eligible in receiving zakat payments.

Roles of Zakat Institutions: Based on past studies, the roles institutions of zakat as organizations that help the needy poor are still not promising as evident by the marginally small number of total collections of zakat compared to the number of qualified zakat payers [10].

There are two factors identified as the causes of this lesser amount of total zakat collections by the state religious Islamic department [11]. The first factor is because of entrepreneurs non compliance in zakat payment especially for assets that are zakatable. The second factor is that there are leakages in zakat payment where zakat payers pay directly to the ‘asnaf’ without going through zakat institutions [9]. This leads to decreasing amount of total zakat collections although many zakat payers had performed their zakat obligations [12].

Methodology of Research: The study uses quantitative method where a set of questionnaires are distributed to 168 entrepreneurs in Terengganu by using convenience sampling. Data are then analyzed by using descriptive analysis in order to investigate frequency and percentage of respondents’ profile and entrepreneurs’ awareness on zakat.

RESULT

Respondent Profile: The findings of the study show that majority of respondents (55.4%) are male entrepreneurs, the remaining 44.6% are female whereas most of them are in the range of 26-35 years old. 48.2% of the respondents are educated at SPM level, while only 16.1% are bachelor degrees’ university graduates and 17.3% are diploma holders.70.2% are from science background while only 29.8% are from religious background.

Table 1: Respondents’ total income per annum.

Annual Income	Frequency	Percentage
<RM50,000	72	42.9
RM50,001-RM100,000	46	27.4
RM100,001-RM150,000	25	14.9
RM150,001-RM200,000	5	3.0
RM200,001-RM250,000	3	1.8
RM250,001-RM300,000	8	4.8
>RM300,001	9	5.4
Total	168	100.0

Table 2: Respondents’ information resources on zakat.

Source of Information	Frequency	Percentage
Religious lectures	64	38.1
Handouts, flyers/pamphletson zakat	23	13.7
Radio	3	1.8
Posters/buntings	4	2.4
Television	6	3.6
Friends	16	9.5
Newspapers	9	5.4
No information	43	25.6
Jumlah	168	100.0

Table 3: Responds regarding ‘nisab’ of business zakat is the same with gold and silver zakat

Scale	Frequency	Percentage
Yes	21	12.5
No	53	31.5
Not sure	94	56.0
Total	168	100.0

The sectors or sub sectors involved in the entrepreneurship business include services (33.3%), food (28.6%), telecommunication (11.9%), tailoring (9.5%), animal feed (6.5%), agriculture (3.6%), laundry services (3.6%) and furniture industry (3.0%).

Table 1 shows that most respondents have net income of less than RM50,000 per year after deducting their total expenses. 15 percent of the respondents have net income of more than RM200,000 per year. This indicates thatthey are eligible to and must pay zakat.

Entrepreneurs’ Awareness on Zakat: Table 2 shows that religious lectures (38%) and handouts, flyers/ pamphlets (13.7%) are the respondents’ main sources of information on business zakat. However, 26% of the respondents have no information on business zakat.

With regards to respondents’ knowledge on business zakat ‘nisab’, Table 3 shows that majority of the respondents are not sure (56%) and deny (31.5%) that business zakat ‘nisab’ is synonymously same with gold and silver zakat ‘nisab’.

Table 4: Responds on business zakat rate of 2.5%.

Scale	Frequency	Percentage
Yes	46	27.4
No	18	10.7
Not sure	104	61.9
Total	168	100.0

Table 5: Responds on 'As a Muslim, performing zakat payment is obligatory'.

Scale	Frequency	Percentage
Strongly disagree	0	0
Disagree	0	0
Not sure	14	8.3
Agree	28	16.7
Strongly Agree	126	75.0
Total	168	100.0

Table 6: Responds on 'I am aware that the purpose of zakat payment is to purify soul and wealth of zakat payers'.

Scale	Frequency	Percentage
Strongly disagree	0	0
Disagree	0	0
Not sure	17	10.1
Agree	27	16.1
Strongly Agree	124	73.8
Total	168	100.0

Table 7: Responds on 'I am aware that non payment of zakat is a sin'.

Scale	Frequency	Percentage
Strongly disagree	0	0
Disagree	2	1.2
Not sure	15	8.9
Agree	27	16.1
Strongly Agree	124	73.8
Total	168	100.0

Table 4 shows that majority (62%) are not sure and only 27% of them have knowledge that business zakat rate is 2.5%.

Results analysis on respondents' respond in relation with notions on entrepreneurs' awareness towards zakat as shown in Table 5 to Table 9.

Table 5 indicates that 75% of the respondents are aware and strongly agree that zakat payment is obligatory for a Muslim.

Table 6 exhibits that majority (74%) of the respondents are strongly agree that the purpose of zakat payment is to purify soul and wealth of zakat payers.

Table 7 illustrates that majority (73.8%) of the respondents are aware that not paying zakat is in fact a sin.

Table 8 demonstrates that although 70% of the respondents are aware (strongly agree and agree) that those who fail to pay zakat will get punishment here and hereafter, 25% of the respondents are still not sure about punishment for those who fail to pay zakat.

Table 8: Responds on 'Failure of zakat payment will be punished here and hereafter'.

Scale	Frequency	Percentage
Strongly disagree	0	0
Disagree	9	5.4
Not sure	42	25.0
Agree	31	18.5
Strongly Agree	86	51.2
Total	168	100.0

Table 9: Responds on 'main objective of zakat is to alleviate poverty among Muslim community'.

Scale	Frequency	Percentage
Strongly disagree	0	0
Disagree	3	1.8
Not sure	29	17.3
Agree	33	19.6
Strongly Agree	103	61.3
Total	168	100.0

Table 9 shows that 81% of the respondents are strongly agree and agree on the notion that 'main objective of zakat is to alleviate poverty among Muslim community'.

CONCLUSION

Entrepreneurs' awareness on business zakat is quite high compared with knowledge on 'nisab' and business zakat rate. Performing zakat payment is a duty of entrepreneurs in satisfying their roles and social responsibilities as a Muslim. Institutions of zakat together with media must play active role in creating awareness and improving knowledge on zakat. This is to make sure that no qualified Muslim entrepreneurs end up with not paying zakat.

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