



INCOME ZAKAT COLLECTION THROUGH SALARY DEDUCTION IN SELANGOR. A PROPOSED FRAMEWORK FOR SUSTAINABILITY

MOHAMAD ZAIDY BIN DARAPAR

International Islamic University Malaysia. Email: zaidy@iium.edu.my

ASSOC PROF DR RAZALI HARON

International Islamic University Malaysia. Email: hrazali@iium.edu.my

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ABSTRACT

This study aims to improve the method of zakat collection through salary deduction by improving calculation in the salary system. Specifically, the objectives of this study are to increase zakat collection in the future in Selangor, to recommend suitable measures to develop income zakat calculation in the salary system and to suggest deduction of income zakat as of the deduction of LHDN income tax deduction (MTD or PCB) in the salary system. The aim of this study are, to increase income zakat collection, to calculate income zakat with accurate calculation for employees based on their eligibility in the salary system and to avoid a non-movement of zakat deduction in employees' salaries in the coming years. To achieve this, auto calculation will be imposed by employer on employees for income zakat in the salary system before income tax deduction for organisations in Selangor. This study is significant since zakat is one the important elements in Islamic Social Finance that is very crucial to be explored and utilized for *ummah* betterment. Hence, for the significance of this study, it will be beneficial for the *ummah*, especially for zakat payer (*mu_zakki*) and zakat receiver (*asnaf*). The benefit is also for the Lembaga Zakat Selangor and to the future researchers on how to improve income zakat collection. This is by proposing a framework on how to maintain zakat sustainability in future by improving the collection method especially for income zakat and to ensure zakat collection is more than zakat distribution in the future in Selangor.

Keywords: Income Zakat, Income Tax, Zakat Collection, Sustainability, Islamic Social Finance

INTRODUCTION

Background of the Study

Zakat is a tax on wealth and income and an obligatory alms-giving to the *muzakki* (zakat payer) who are prescribed and obliged to pay zakat on their surplus wealth. As its meaning from Arabic *azkat* is “that which purified”, zakat will purify, increase and bless the remainder or the excess of a zakat payer’s wealth (Islamic Relief, 2022). The receiver of the zakat is called *asnaf* and its categories are quoted in Al Qur’an (9:60):

“Zakat expenditures are only for the poor and the needy, and for those employed to collect [Zakat] and for bringing hearts together and for freeing captives and for those in debt and in the way of Allah and for the traveller – an obligation imposed by God and God is Knowing and Wise”.

Thereby, in modern contemporary Islamic finance terms, zakat can be used to reduce poverty, fund the overhead of welfare programme, build community unity, promote human rights and civil freedom, become personal insolvency settlement, fund security, help homeless people, refugees and migrants and many other aspects related to contemporary issues (Islamic Relief, 2022).

The main function of zakat is to help the needy by levying the excess income from capable Muslims. Zakat is divided into two categories which are zakat *Al Fitr* (zakat on individual) and zakat *Al Mal* (zakat on wealth) (PPZ, 2022). Thus, related to the topic of this study and part of zakat *Al Mal*, the researcher aims to focus more on income zakat where the collection of income zakat is a priority to be studied. The performance of collection compared to distribution will be discussed more later in this study.

Corresponding to the purpose of this study, the researcher will concentrate on income zakat within the state of Selangor. Particularly, in the case of International Islamic University Malaysia (IIUM) which is in Selangor where we will examine zakat on income deduction for IIUM staff. Currently, there are only four states involved in IIUM staff’s salary deduction for income zakat since IIUM campuses are located and Selangor, Pahang, Wilayah Persekutuan and Negeri Sembilan. Each state has its own *nisab* and zakat relief calculation. In this study, we will focus on Lembaga Zakat Selangor (LZS). As reported by LZS, the highest collection of overall zakat is income zakat which represent 60% out of total zakat collection in 2020.

Income Zakat in Selangor

In this study, the researcher has no intention to discuss or focus on the Shariah aspect of zakat. Shariah is briefly discussed to explain the basic understanding on zakat obligation. The researcher intends to focus on the sustainability of zakat especially on zakat collection. According to the LZS annual reports, the trend of zakat collection is lower than zakat distributions in 2010, 2014, 2015, 2016, 2018 and 2019 (LZS, 2021) and this trend should be minimised to ensure the sustainability of the zakat fund in Selangor in the future. As defined by the World Commission on Environment and Development (WCED, 1987), sustainability is a development that meets the needs of the present generations without compromising the ability of future generations to meet their own needs (Jarvie, 2016). Therefore, the researcher intends to develop a new method or framework on zakat collection, especially on income zakat to meet the needs of present zakat collection trend without compromising the future trend. It is also to ensure zakat collection will be higher than zakat distribution, especially in Selangor in the future.

In relation to the above, on 9th May 2002, the Mufti for the state of Selangor provided a fatwa stating that zakat on income for all Muslims who are working and residing in Selangor must be paid to the LZS. LZS was established approximately 20 years ago to manage the collection and distribution of zakat in Selangor in accordance with Islamic requirement and Shariah compliance (LZS, 2021). In 2020, LZS collected RM912,956,543 and distributed RM867,230,577 in Selangor. However, in 2019, according to LZS annual report, LZS collected RM855,137,860 yet distributed RM868,263,524 of zakat in Selangor. Following this, there was a deficit of RM13,125,664.

Based on the LZS report, it shows that there was a deficit for the year 2019 on zakat collection compared to zakat distribution. Furthermore, (refer to Figure 1) based on the trend in the past ten years, the deficit also occurred in 2010 (collection RM336.7 million; distribution RM364.9 million), 2014 (collection RM582.3 million; distribution RM595.7 million), 2015 (collection RM627.2 million; distribution RM676.0 million), 2016 (collection RM673.7 million; distribution RM697.5 million), 2018 (collection RM793.7 million; distribution RM829.9 million). There were only five years when the collections were higher than the distributions (2011, 2012, 2013, 2017 and 2020). With this trend, the possibility of having a deficit in collections could also happen in the coming years. Hence, to minimize the chances of a deficit trend, there is an urgent need for an improvement in the current method of zakat collection. Furthermore, a more accurate collection method or framework is crucially needed.

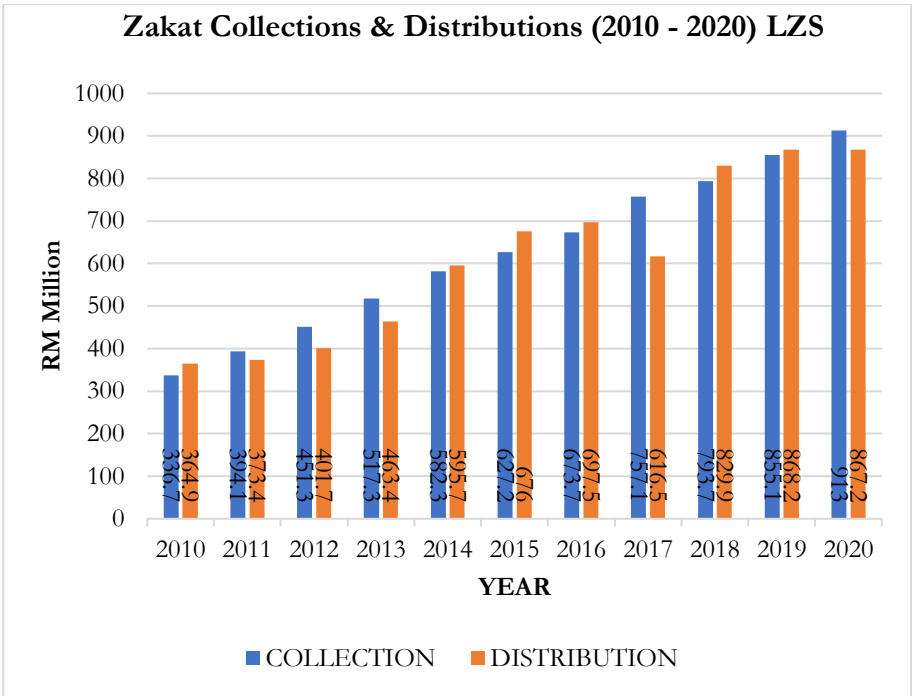


Figure 1

In this current study, the researcher intends to focus on zakat collection and identify ways to improve income zakat collection method or framework. From the findings, this study could suggest an improvement in income zakat calculation, hence increasing its accuracy.

The improvement in the method or framework of zakat collection will be through salary deduction whereby the income on zakat will be calculated from an employee’s monthly salary like income tax calculation. After income zakat has been calculated, the tax rebate will be charged after deducting the income tax. In 2020, zakat collection from salary through monthly deduction was RM528,771,379 out of RM912,956,543 (LZS, 2021). This is about 57.92% of the total zakat collection for 2020. The researcher suggests that zakat on income can be increased with the improvement in zakat collection method. It is possible for zakat collection method to improve like the calculation of Monthly Tax Deduction (MTD or PCB) that has been imposed on monthly salary deduction, successfully implemented by LHDN on employers.

Income Zakat Deduction for IIUM Staff in Gombak

The zakat on income for IIUM staff in Gombak Campus is paid through IIUM Endowment Fund (IEF), where the IEF has initiated the collaboration with LZS for zakat collection on IIUM staff through counter collection and monthly salary deduction (IEF, 2022). For salary deduction, the process starts with the staff going to LZS branch office in IIUM to get the calculation of their income zakat. Then the income zakat will be derived through calculation of their gross income minus the income zakat relief after considering the *nisab* of the zakat of that year. For information, the *nisab* threshold is different between states in Malaysia. For Gombak Campus staff, we will use the *nisab* for Selangor state. After the income zakat calculation is derived, the LZS office will send the list of the calculated income zakat deduction advice to the Payroll Unit of Human Resource Department through the IIUM Endowment Fund office, to key in the deduction advice into the payroll system. After salary is disbursed and the income zakat is deducted, the collection of income zakat through salary deduction will be transferred to LZS through online payment. Some of the zakat collected and transferred to LZS will be contributed back to IIUM through IEF based on a certain percentage agreed between LZS and IIUM.

Problem Statement

The current income zakat deduction for employees in Selangor is a voluntary deduction based on LZS calculation (website: <https://www.zakatselangor.com.my/zakat-pendapatan/>) to get the total of monthly income zakat. From the calculation, the LZS or employees themselves will advise the Payroll Unit to deduct their monthly income zakat through salary deduction. The problems are; first, since income zakat is voluntary deduction, it will not guarantee employees will deduct income zakat through salary deduction which leads to disobedience to paying income zakat. This may also relate to the motivation and acceptance of the employees as well as proper and effectiveness of zakat recognition, measurement, collection and distribution process. Second, it is not an automatic calculation in the salary system based on monthly income as income tax MTD or PCB done by LHDN, and it is manually keyed in in the salary system. Hence, it will result in inaccurate calculation of monthly income zakat and a non-movement of yearly income zakat deduction. This could happen if there is no new income zakat advised by LZS or individual to Payroll Unit, for any changes of employees' salary or income. If income increases, the income zakat should also increase and vice versa. But depending on the zakat relief in a particular year, for example if there is an increase in children then the zakat relief will also increase and as well as children who are no longer under their care, will not be counted for their zakat relief anymore. Dail (1988) stated that income

zakat is at the top of the pyramid of the financial structure of Islamic countries and income zakat should be prioritized over income tax. However, many Muslims do not feel obliged to pay income zakat because it is non-mandatory and once income tax is paid, income zakat is no need to be paid anymore.

Research Objectives

The objectives of this study are:

1. To identify the barriers of income zakat collection through salary deduction.
2. To identify the method to improve income zakat collection through salary deduction in Selangor.
3. To develop a new calculation method or framework in the salary system by improving and increasing the accuracy of income zakat collection through salary deduction in Selangor.

Research Questions

1. What are the barriers of income zakat collection through salary deduction?
2. How to improve income zakat collection through salary deduction in Selangor?
3. How to increase income zakat collection through salary deduction in the salary system in Selangor?

Significance of the Study

The research aims to improve and increase income zakat collection in Selangor. This is related to the trends of collection that is less than distribution in recent years as reported by LZS in their annual reports. To increase annual zakat distributions, there is a need for effective method of collection of zakat to assist the *asnaf* who are in need and keep increasing in numbers every year. Thus, an effective new method of zakat collection, especially for income zakat, is needed. This will be beneficial to the Muslim ummah, whether as a zakat payer (*muzakki*) or a zakat receiver (*asnaf*). As zakat payers (*muzakki*), they will be obedient Muslims and as zakat receiver (*asnaf*), their burden will be reduced and will feel grateful to Allah SWT. For LZS, their collection will increase, and many welfare activities can be conducted with the increased collection of zakat. For other researchers, this study can provide the reference on the method to increase zakat collection in the future.

LITERATURE REVIEW

Zakat was commanded to mankind 1400 years ago by Allah SWT through Prophet Muhammad (PBUH) to help poor people and eliminate poverty. It is an annually financial obligation onto the rich that must be surrendered to the poor and needy as their right, which must be a continues duty so that all of the poor and needy in society are fully satisfied (Kahf, 1997). Zakat will be calculated after fulfilling the obligatory conditions such as *nisab* and *haul* and after fulfilling the basic necessary expenditure of the zakat payer which is aligned with the Maqasid al-Shariah (objective of Shariah). Maqasid al-Shariah is defined as the purpose or the beauty behind the law where it is to meet the interests of mankind through the approach of bringing good or repelling harm (Mahmood Zuhdi, et al., 2012, p.1; Al-Zuhayli, 1996, p.1017). In addition, zakat can also increase the socio-economic situation of the society (Al-Mamun et al., 2019) by creating a circle of socio-economic success where the successful *asnaf* (zakat receivers) who are no more in need of zakat, become zakat contributors themselves who will contribute back to other *asnaf* (zakat receivers) (Haron & Hassan, 2010). There is also no other system in the world such as zakat which is clearly and committedly giving a right to the poor, through individuals or with government intervention (Md Shariff et al., 2015; Haron et al., 2021).

Fatwa of Income zakat in Malaysia

Accordingly, the National Fatwa in Malaysia stated that zakat on income is to be paid by eligible Muslims in three phases. In the first phase, it was discussed and agreed during the 31st National Fatwa Muzakarah on 9th December 1992 stated as follows (JAKIM, 2015):

1. Muslims can pay zakat from their salaries and the Inland Revenue Board (IRB/LHDN) must provide a zakat rebate on the amount paid.
2. Professional income is mandatory to be charged of zakat because it is considered as business zakat.

In the second phase, on 22nd June 1997, at the Special National Fatwa Muzakarah, the Muzakarah decided that zakat on employment income is obligatory on Muslims who are eligible to pay zakat (JAKIM, 2015).

In the third phase, the 56th National Fatwa Muzakarah on 7th May 2003 discussed issues regarding zakat on income and its rate. The Muzakarah decided that the basis for calculating zakat on salary and income is based on gross income per year and the rate of zakat charged is 2.5% of the total income (JAKIM, 2015).

With that, Paizin (2021) in his article cited Yusuf Al Qaradawi (1999) in his book “Fiqh Az Zakah” that in the early days of Islam, there was no such zakat on income which was specifically written in Islamic law because wages were paid traditionally in gold, silver or livestock. For these, there are in their own category of zakat. However, after a series of discussions by Muslim scholars, zakat on income was decided from the concept of *Al Mal Al Mustafad* where it was originally referred to as benefits or advantages in the context of wealth.

Al Mal Al Mustafad is defined by Yusuf Al Qardawi (1973) as a property acquired without sales and purchase process and as “Income or return in the form of salary, gratuity, gift, compensation or any grant from the government or non-government in return for services rendered to him based on a specified period of time such as annual, weekly, hourly (time) during life or after retirement or after death or based on a career such as doctorate, law, etc. provided the return/income is not due to investment or business gains.”

In Malaysia, the method of calculating zakat on income was introduced by Ab. Rashid Hj. Dail in 1988 (Dail, 1988) where the total income will be deducted from the basic necessities, management cost, debts and taxes to the government to determine the *nisab*. The *nisab* is equal to 85 grammes of gold as based on a hadith narrated by Ali bin Abi Talib (RA). For *haul* conditions, contemporary *fugaba* argue that no reason is needed to wait for the *haul* on zakat on income (Yusuf Al-Qaradawi, 1973) which leads to no *haul* on income zakat.

The *Nisab* and *Haul* Determination for Income Zakat

In connection with the above, Suryani Masnan (2012) mentioned that Al-Qaradawi has categorized income zakat as a different kind of zakat from other zakat on wealth or properties (*Zakat Al-Mal*) and it has its own category and calculation. The method of assessment of income zakat is based on monthly salary and it is imposed onto the income received by employed individuals and wages from independent workers. Then the assessment is divided into two categories, whether the *nisab* on monthly salary or wages received is sufficient or insufficient. If the *nisab* is sufficient, zakat should be paid as soon as it is received, in case would be spent before the end of the year (*al-hajz fi al-manbaʿ*). But if the zakat money is spent, the *mukallaf* still liable to pay the zakat in that year because the obligation to pay zakat has been made obligatory on him or her. Otherwise, the zakat can be paid together with other zakat properties, most probably at the end of the year. On the other hand, if the monthly salary or wages *nisab* is insufficient, the assessment must be mixed with other zakat properties to fulfil the *nisab* and *haul* for the zakat payment. However, according to Suryani Masnan (2012), it is contrary with the income zakat assessment method practised by the LZS through Salary Deduction Scheme or Skim

Potongan Gaji (SPG). The determination of *nisab* is still based on annual salary but income zakat is collected from the beginning of the year or from the first month of the salary payment, even though the *nisab* is insufficient. This is inconsistent with the method proposed by al-Qaradawi, whereby the zakat can only be calculated when the *nisab* is fulfilled, but for SPG the zakat is calculated even if the monthly salary does not exceed the *nisab* (Masnan, 2012).

Masnan (2012) also points out that although contract between employer and employee allows salary to be paid for his services, if the employee breaches the contract, the salary will be discontinued. This means that the employee is not guaranteed to fulfil the contract until the end of the year or complete a full year. The income is not yet completely owned by the employee until the end of the year. So, to include the income yet to be received as determination of *nisab* does not comply with the condition and reason for zakat obligation. Another issue raised by Suryani Masnan (2012) is the concept of *ta'jil* used by LZS for SPG. *Ta'jil* is where zakat is paid in advance before the *haul* is completed but the *nisab* has been fulfilled. In 2011 the *haul* was not a condition of income zakat anymore by LZS, but if the *nisab* is still not fulfilled, the concept of *ta'jil* cannot be applied still. So, the author concludes that income zakat can be charged on employees before the *nisab* is fulfilled by SPG at the beginning of the year does not comply with Shariah and the condition of zakat obligation. In addition, the *ta'jil* concept can only be applied if there is a *haul* as a condition of income zakat calculation for SPG.

Meanwhile, Abdullah (2018) states that it is beyond imagination that zakat is imposed on poor farmers but exempted from the rich senior corporates for instance, even though the daily income of the rich senior corporates maybe equal to poor farmers' annual income. Due to this fact, the author mentions that zakat of *Al Mal Al Mustafad* in Selangor is still in line with the Shariah. This is supported by prominent contemporary scholars like Al Qaradawi and *athbar* companions also *tab'in* (e.g., Abdullah bin Abbas, Abdullah bin Mas'ud, Mu'awiyah bin Abi Sufyan and Umar bin Abdul Aziz).

Zakat *Al Mal Al Mustafad* refers to the salary or wages obtained by employees in the form of money, and it is levied to the activities or sources of income related to labour and services of employees. Other than salary and wages, gifts, bonuses, labour compensations, professional fees are also included in *Al Mal Al Mustafad* and obligated as zakat. In Malaysia, every state has its own ruling over zakat *Al Mal Al Mustafad*, especially on the calculation and it is the same for the enforcement and implementation in every state in Malaysia. Furthermore, the issue raised regarding the monthly income that has not yet reached the *nisab* to be zakat and the *ta'jil* concept (paid before the end of the *haul* period) is the best solution in paying zakat. It is relevant because it will reduce the burden of zakat

payers that have to pay in bulk at the end of the year (*haul*) and to prevent zakat payers from avoiding paying income zakat as obligated to them by Allah SWT. In Selangor, LZS has introduced *Skim Berkat* to facilitate employees to pay income zakat through salary deduction and zakat will be imposed after deducting the basic expenses from the gross income. The zakat will be levied from 2.5% of the net income. Abdullah (2018) concludes that the zakat of *Al Mal Al Mustafad* (SPG) in Selangor is still relevant and in line with the Shariah on zakat, Islamic contemporary thoughts and fatwas. The Selangor Fatwa Council together with LZS have actively conducted many researches on zakat from time to time and have also spread and promoted the obligation to pay zakat *Al Mal Al Mustafad* or income zakat after considering the minimum of basic needs of households known as *Haddul Kifayah* (Abdullah, 2018) and also after considering the basic necessities of daily life.

Basic Necessities for Income Zakat Calculation

The basic necessities are also known as *Al-Hawa'ij al-asliyyah* or *al-hawa'ij al-asiyyah*. Pisol et al. (2002) defined *Al-Hawa'ij al-asliyyah (al-hawa'ij al-asiyyah)* as basic needs for a person in his daily life. With reference to this, Hanafi's fuqaha also discussed that *Al-Hawa'ij al-asliyyah* is a condition for calculating zakat after these necessities have been fulfilled and this aligns with the purpose of *Maqasid al-Syariah*. The definition of *fuqaha* about this is conveyed by Al-Syatibi (1996), explains that *Al-Hawa'ij al-asliyyah* is something that is necessary for people to overcome the hardship of life such as food, drinks, clothing and shelter.

In order to fulfil *Al-Hawa'ij al-asliyyah*, Hairon et al. (2019) state that the implementation of *Maqasid al-Syariah* (Al-Syatibi, 1996) is very important. It is to fulfil human needs by doing good or avoiding harm and protecting religion, life, intellect, lineage/dignity and property which is, according to Al Ghazali, to be measured according to *Daruriyyat*, *Hajiyyat* and *Tasiniyyat* categories. *Daruriyyat* means to safeguard basic needs and interests without crippling human life. *Hajiyyat*, on the other hand, means to take care of additional needs, either to facilitate affairs or to avoid or ward off difficulties, while *Tasiniyyat* means to maintain the desire to enjoy luxury and beauty in life. By achieving that purpose, it will indirectly motivate people to pay zakat.

Motivation, Awareness and Perception Towards Income Zakat

As mentioned in problem statement, although income zakat is one the higher contribution in total zakat collection in Malaysia and only voluntary deduction, the motivation to pay income zakat instead of income tax among civil servants is still low (Yusoff et al, 2018). This is due to lack of awareness on religious obligation, knowledge about zakat, helping the poor, confidence in fair

distribution of zakat collection to asnaf, reward from Allah SWT, helping Muslim communities, influence of parents, influence of zakat officers, tax rebate incentive, purifying one's income and properties, influence of spouse, influence of family, convenience to pay zakat and influence of religious teachers (Othman et al, 2018). The intrinsic (attitude, knowledge, compliance, awareness and avoidance) and extrinsic (salary, incentives and welfare) motivation factors also need to be explored (Doktoralina, 2016b). Besides that, their perception toward zakat management ability to manage and distribute the zakat effectively and equitably to asnaf is the main reason why they do not pay the zakat to their state zakat board (Pusat Zakat/Pejabat Zakat) (Othman et al, 2019) and pay their zakat to unauthorised channel. This is contradicted with the Al Quran (9:103) : (O Prophet)! "Take alms out of their riches and thereby cleanse them and bring about their growth (in righteousness)" which Allah SWT ask Prophet Muhammad to lead the zakat collection and to be a head of zakat institution and well manage it.

In conclusion, as suggested by Ellany and Lateff (2011), government or authorities should continue enhancing zakat management and their system to ensure confidence of zakat payers. While Othman et al. (2020) has suggested that the zakat institutions and authorities should have same computerised system as the Inland Revenue Board (LHDN) by having registration or reference number for zakat or non-zakat payer to monitor and get an update information for zakat payers. Therefore, the method or framework of calculation of income zakat like PCB or MTD calculation by LHDN is crucially needed to ensure the zakat collection and management is in place and will create the sustainability of zakat fund, especially in Selangor.

METHODOLOGY

Research Design

The research design will be a mixed methodology of qualitative and quantitative methods. This type of mixed methodology will be an exploratory sequential design, where the qualitative data collection and analysis will be conducted first, then followed by the quantitative data collection and analysis. The qualitative method will be started by interviewing scholars and experts from the LZS, International Islamic University (IIUM) and Lembaga Hasil Dalam Negara (LHDN) to get their opinions, suggestions and information regarding income zakat and the new method that will be studied by the researcher. The secondary set of data will be gathered and analysed to get more information. Then the new method will be developed and tested on selected organisation(s). The result of the analysis will be analyzed using quantitative method. The illustration of the method is as Table 1:

Table 1: Research Methodology
MIXED METHODOLOGY
(Exploratory sequential design)

QUALITATIVE		QUANTITATIVE		
PHASE 1		PHASE 2	PHASE 3	
Interview LZS, IIUM and LHDN scholars or experts to get their opinions, suggestions and information regarding the problem statement of this study. Also extract data from secondary sources.	→	Develop a new method of income zakat calculation in the salary system to answer the research questions.	→	Test the new method on two groups to find its accuracy in achieving the research objectives.

Proposed Framework of Zakat Calculation for Employees

Then after all information has been gathered and analysed, the second phase will be followed by the development of a new method of income zakat calculation on the salary system. The new mechanism of calculation is shown in Table 2. This second phase will answer the research questions of this study to examine the purpose and to mitigate the inaccuracy of income zakat calculation. Both first and second phases of this study will be conducted using a qualitative method.

Table 2: Framework of Proposed Zakat Calculation

Proposed Framework of Zakat Calculation for Employees				
	Stage 1 = Monthly Income Zakat Charged (The New Method In Salary System)	Stage 2 = Monthly Income Tax Charged	Stage 3 = Monthly Tax Rebate Charged	

Monthly Employees' Gross Salary	Zakatable Income (Monthly Basic Salary + Zakatable Allowance - (Self & Dependant Relief + Allowable Deduction))	Taxable Income (Monthly Basic Salary + Taxable Allowance - (Self & Dependant Relief + Allowable Deduction))	Income Tax Charged - Income Zakat Charged (Involuntary) Calculated By New Method Calculation From Salary System	Monthly Employees Net Salary (Zakat Deduction Will Be More Accurate Due to Zakat Calculation in Salary System)
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In the third phase, after the new method of income zakat calculation on the salary system is successfully developed, the new method will be tested onto the two groups to find its accuracy on the salary system. If the test is successful, this will achieve the research objectives to develop new method or mechanism and to increase the accuracy of income zakat calculation on the salary system. This test will be conducted using a quantitative method.

EXPECTED RESULTS/FINDINGS

The proposed system is expected to strengthen the method of zakat collection through technology that can increase the accuracy of calculation on income zakat according to the employees' eligibility and the income changes over the years by proposing a framework that can create the sustainability of zakat fund. Hence, the possibility of an employee to under pay or over-pay the income zakat can be mitigated and eliminated. This can be imposed by organizations or employers towards their Muslim employees which is like the implementation of income tax by Inland Revenue (LHDN) on eligible employees and not as a voluntary deduction by employees that can lead to disobedience (options) toward paying income zakat. The amount of income zakat will be calculated after deduction of allowable relief of zakat and will be more accurate if it is implemented monthly. Zakat is one of the Islamic pillars that should be complied with by every Muslim. The implementation of new zakat calculation method or framework on the salary system will enforce Muslim employees to perform their duties as obligated by Islam. Besides that, the increment of zakat collections especially from income zakat can generate the sustainability on zakat fund by having higher collections than zakat distributions in the future in Selangor. In conclusion, the main objective of Islamic Social Finance is to stabilize and resolve the economic and financial issues with sustainability.

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