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The System of Zakat in Pakistan and Malaysia [A Comparative and Analytical Study]

Hafiz Atif Iqbal, Assistant Professor
Dept of Islamic Studies, Govt. Islamia Graduate College
Railway Road, Lahore, Pakistan

Mohd Roslan Bin Mohd Nor
Chairman Dept. of Islamic History & Civilization
University of Malaya Malaysia

Abstract

KEYWORDS

Pivot; Recipients;
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In Islamic teachings, Zakat is a pivot approach for dealing with social issues like poverty in society by allocating a specific amount of wealth to the recipients as an obligation to those who can have a Nisab. This research makes an effort to assess the collection and disbursement system of zakat in Pakistan and Malaysia. The variables that make up this research are as: Firstly, reliable legal sources have been reviewed to describe the history of the zakat system in both countries. Secondly, the collection and disbursement system of Zakat has been outlined sequentially. Thirdly, the merits and drawbacks of the Zakat systems in both countries have been brought to light. Finally, the two countries zakat practices have been compared, with the goal of determining which is better. As a result, Pakistan's Zakat system needs to be rectified in comparison to Malaysia. However, it is encouraging that the proportion of Zakat collected in both countries is increasing year after year. But unfortunately, Pakistan has not been able to completely get rid of poverty and Malaysia is slightly less. It is hoped that this study will be crucial in highlighting the elegance of the Islamic Zakat system as well as a beneficial advancement in the Zakat system.

Introduction:

Zakah is essential in the economic system of Islam. It bridges the social gap between 'have' and 'have nots'.¹ After prayer, the most crucial part of Islam is Zakat, and there are twenty-eight (28) places in the Holy Qur'an where the obligation of prayer and zakat is mentioned together.²

Literally, the word Zakat is used in two senses. One of its meanings is purity, and the other is growth and development.³ Zakah is defined in Fiqh as "a due right on specific items of assets/properties, in specific percentages with consideration of the passage of a year and satisfaction of the condition of Nisab".⁴

Zakat is crucial to the socio-economic prosperity of a nation.⁵ Since its initial rollout by the Prophet Muhammad (SAW) in the 2nd year of the hijrah, zakat has remained one of the key obligations of Muslim states.⁶

One of the financial tools available to an Islamic nation to develop its society and economy, particularly in the short term, is zakat. A prosperous life for the Asnaf will result from efficient zakat management in terms of collection and distribution (zakat recipient). The Zakat institution only not serves the poor and needy Muslims but also can significantly support the government's efforts to end poverty.⁷ During the rulership of the second Caliph of Islam, Hazrat Umar bin Khattab (R.A), who governed from 13-22 AH, and Umer bin Abdul Aziz, who held power from 99-101 AH, the condition of the people was so prosperous that there was no eligible recipient of zakat during those times. This illustrates that zakat has been a successful tool for reducing or even completely eradicating poverty. Zakat, when administered properly, has been shown in history that zakat can be a mode to alleviate poverty.⁸

Research Objectives:

This study aims to present the system of zakat in Pakistan & Malaysia in order to achieve aims and objectives. i.e., to examine the collection and disbursement system of Zakat in Pakistan., to examine the collection and disbursement system of Zakat in Malaysia, to identify the merits and demerits of the Zakat system in Pakistan and Malaysia, to compare the performance of both countries' Zakat systems.

Research Questions:

Based on the above objectives, the research questions have been constructed. Is the Zakat system of Pakistan and Malaysia exactly the same? Is the Zakat system of Pakistan and Malaysia completely different

from each other? Is there a slight difference between the Zakat system of Pakistan and Malaysia? Which of the Zakat systems [Pakistan, Malaysia] is better than the other?

Literature Review:

In this study, the Zakat system of Pakistan and Malaysia will be introduced, so, the system of zakat in any country depends on its history, collection, and disbursement. Therefore, all these aspects are described with the help of primary and secondary data.

The History of Zakat Development in Pakistan:

Pakistan lacked a functional official zakat system from 14 August 1947 until May 1980. The wealthy (Sahib-e-Nisab) were disbursing their Zakat to deserving relatives, charitable organizations, and others on an individual and self-assessed basis. At the end of the Islamic year (the lunar year), they were free to assess their wealth, and they calculated their Zakat using the revealed Nisab. The numerous Darul Ifta (Shariah Consultancy) of various religious Scholars (Ulama and Mufti) released the Nisab for that year. The Nisab at that time varied slightly between provinces, and the populace adhered to their respective province in this regard.⁹

The establishment of the Zakat organization was mentioned in all the constitutions of Pakistan, but it was implemented in 1980. The initial reference to organizing a system of Zakat in Pakistan was made in article 25, section 2 of the constitution of Pakistan in 1956 “to secure the proper organization of zakat, wakfs and mosques.”¹⁰

After the abrogation of the 1956 constitution, the 1962 constitution also ensured the establishment of the Zakat department “The proper organization of zakat, wakfs and mosques should be ensured.”¹¹ In the 1973 Constitution, under Section (C) of Article 31, the exact words were copied as in the constitution of 1956.¹² President Gen. Muhammad Zia-ul-Haq began his effort to Islamize the economy in 1978. One of the most crucial actions he took in the direction of Islamizing Pakistan's economy was the establishment of the Zakat and Ushr Institution.¹³ However, a presidential edict issued on June 24, 1979, marked the first time that Zakat was formally instituted in Pakistan. The ordinance was promulgated on June 20, 1980, and on June 21, 1980, banks and other financial institutions started deducting zakat.¹⁴

Eighteenth Constitutional Amendment: This amendment became part of the Constitution of Pakistan 1973 on 20 April 2010.

- The issue of Zakat was removed from the concurrent legislative list and devolved to the provinces as a result of the 18th Amendment to

the Constitution of the Islamic Republic of Pakistan, 1973. The Zakat and Ushr Act of 2011 provides the framework for its operation under the law.¹⁵

Under this eighteenth amendment, 17 ministries were handed over to the provinces, in which one ministry was also related to Zakat, after which each province formulated its own Zakat and Usher law, which is detailed as follows.

- Zakat and Usher Bill, Punjab 2012: This law was introduced in the Punjab Assembly on 19 July 2012 and was officially notified on 20 July.¹⁶
- Sindh Zakat and Usher Law 2011: The law was introduced in the Sindh Assembly on 17 January 2011 and was officially notified on 11 April 2011.¹⁷
- Zakat and Usher Law, K.P.K 2011: This law officially came into effect on 06 October 2011 after the approval of the Governor of Khyber Pakhtunkhwa.¹⁸
- Zakat and Usher Law, Balochistan 2012: This law officially came into effect on March 27, 2012, after the approval of Governor Balochistan.¹⁹

The system of Zakat in Pakistan:

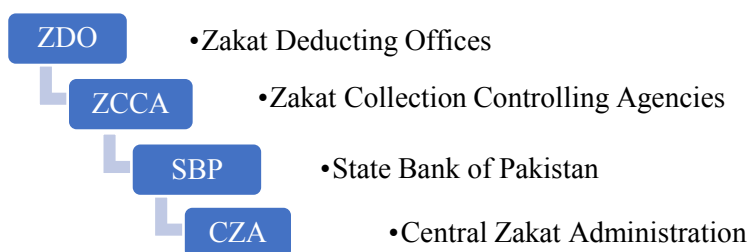
In every country, this system depends on two things. i.e., how to collect zakat and how to distribute zakat.

Method of Zakat Collection in Pakistan:

For the collection of the Zakat in Pakistan, the official ordinance declared the three organizations/ agencies to deduct the Zakat i.e., Banks, Post Offices, and financial institutions.²⁰ Under these three, there are thousands of branches that are increasing every year.

The above said various financial institutions/ agencies first deduct the *Zakat* on the prescribed thing on the prescribed date and deposit it in the account of the Central *Zakat* Council, maintained at the State Bank of Pakistan. The main deduction agency is the bank, and there are around 75 banks in Pakistan including the public sector, private, and foreign. The top of them has thousands of branches, and some are many, but all of them deduct *Zakat* at source on the 1st of Ramadan every year. These branches of the banks transfer the amount so deducted to their controlling offices, termed *Zakat* Collection Controlling Agencies (ZCCA). There are more than four thousand companies (other than banks) and other organizations that deducted *Zakat* from the dividend at source and transferred it to the State Bank of Pakistan.

Table: 1. The process of collecting the Zakat in Pakistan



Bank and Post offices deduct zakat from people's money on the date specified in the federal and provisional Zakat ordinances and immediately deposit it in the designated accounts of the State Bank of Pakistan whereas financial institutions deduct zakat from the shares, Insurance policies, and General Provident Funds.²¹

Dates for Zakat Deducting: Federal and provisional Zakat ordinances have prescribed the following dates for all Zakat-eligible items.

- Savings and all types of savings-related accounts on the first day of Ramadan every year.²²
- Shares, fixed accounts, and all types of accounts related to fixed accounts on the date of receipt of the first profit of the value/asset.
- On the date of withdrawal before maturity in fixed accounts, insurance policies etc
- On the date of receipt of money at maturity in case of fixed accounts, insurance policies etc.²³

Zakat Collection Sources:

Moreover, Zakat collections come from the following sources:

- Zakat deducted at the source
- Voluntary payments of zakat
- Transfer from Provincial Zakat Funds
- Transfers from District Zakat Funds
- Grants, Donations, etc.²⁴

List of assets subject to compulsory levy of Zakat at the official level in Pakistan: (i) Saving bank accounts, (ii) Notice deposits receipts and accounts, (iii) Fixed deposit receipts, (iv) Saving deposits/saving certificates, (v) Units of National Investment (Unit) Trust, (vi) Investment Corporation of Pakistan mutual funds, (vii) Government securities, (viii) Securities including shares and debentures of companies on which return is payable periodically, (ix) Annuities, (x) Life Insurance Policies, (xi) Provident funds.²⁵

List of assets exempt from compulsory levy of zakat at the official level in Pakistan: (i) Gold and silver, (ii) Cash, (iii) Prize

Bonds, (iv) Current accounts and foreign currency accounts, (v) Loans receivable, (vi) Securities and shares are not subject to compulsory deduction under the first schedule, (vii) Stocks-in-trade, (viii) Animals fed in pastures, (ix) Mineral production, (x) livestock, (xi) Fish and other catch of the sea.²⁶

Method of Zakat Distribution in Pakistan:

In Pakistan, the Zakat Cell, organized by the Ministry of Religious Affairs, makes the annual budget of Zakat data obtained from the State Bank of Pakistan on June 30 of every year and then after the approval of this budget by the Prime Minister, Zakat Cell distributes the zakat with a fixed rate based on the Finance Commission Award (NFC) to all provinces and territory areas.²⁷

Moreover, an important thing regarding the distribution of Zakat in Pakistan is that the Zakat received in one year is distributed in another year, for example, the Zakat received in the year 2021 will be distributed in the next year 2022.

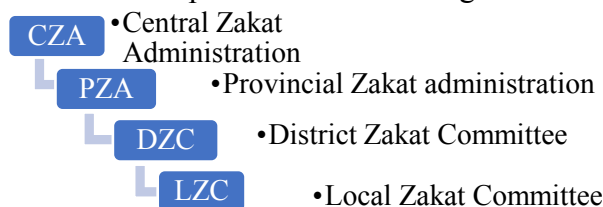
Table: 2. Zakat Fixed Rates to Provinces & Territory Areas

Provinces & Territory Areas	Before the 18 th Amendment of the Ordinance	After the 18 th Amendment of the Ordinance
Punjab	55.97%	51.74%
Sindh	23.14%	24.55%
KPK	13.49%	14.62%
Balochistan	04.0%	09.09%
Territory Areas	06.67%	07.00%

28

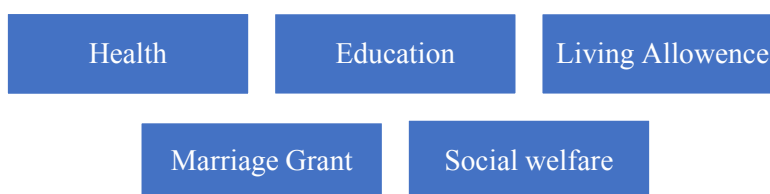
The Central *Zakat* Administration transfer the funds of Zakat to Provincial *Zakat* Councils, which in turn transfers it to District *Zakat* Committees. There were four provincial and two federal territories for which *zakat* councils existed.²⁹

Table: 3. The process of distributing the Zakat in Pakistan



After the distribution of Zakat in this phased manner, Zakat is distributed into five expenditures., Health Centres, Educational Scholarships [General and Technical, Living Allowance, Marriage Grants, Social Welfare

Table: 4. Distribution of Zakat in five expenditures



Health: This is a safety net for sick people who aren't able to pay for their care. All hospitals in Pakistan receive zakat funds for the medical care of needy (mustahiq) patients.³⁰

Education: The purpose of the Educational Stipend (general/technical) is to give worthy students financial support so they can continue their studies.³¹

Livelihood Allowance: Livelihood Allowance is financial assistance monthly, which is a fixed amount of money given by the districts to local deserving people in the tehsil to reduce or alleviate their poverty.³²

Marriage Grant: A marriage grant provides financial assistance to an unmarried woman for her marriage if she herself or her guardians are unable to bear the marriage expenses.³³

Social Welfare: The purpose of this program is to eradicate poverty and increase economic welfare in the country. It is possible only when the recipients of Zakat are enabled to earn their livelihood in a dignified manner and be self-sufficient. Acquiring assistance is generally given to small-scale businesses.³⁴

How to avail of all these grants: To avail of all these grants, it is compulsory to fulfil the requirements of the Istehqaq form which is a designed official form for every expenditure with the recommendation of the appointed concerned officer or chairman of the local Zakat Committee.³⁵

The History of Zakat Development in Malaysia:

In the thirteenth century, Islam made its way to the Malay Archipelago. As a corollary, this is when Malaysian zakat history began. Data on the collection and distribution of zakat during early history seem to be difficult to find.³⁶ The administration of zakat during the pre-colonial era lacked a defined framework. It was originally carried out by giving supplies to religious leaders, who then distributed them as needed to the asnaf (zakat beneficiaries).³⁷

Religion, customs, and temporal affairs were kept apart during the British Colonial era. All issues pertaining to Islamic law and Malay customs were handled by a specific body known as Majlis Agama Islam Negeri (MAIN). The criminal and civil legal systems in Britain

oversaw the remaining matters. As a result, Zakat Satu Tinjauan was initially implemented in Kelantan and thereafter served as a template for other Malay states. According to this model, the Imam (spiritual leader) has the authority to oversee zakat-related concerns, and a portion of the zakat collection is given to the state government as a source of funding for Islamic affairs. That is how the zakat administration developed up until the present when State Islamic Councils are still in charge.³⁸

Administrative law that is consistent with the constitution's authority over religious matters. Zakat clauses are usually included in the law.

Table 5. Islamic administrative law for Malaysia's state

States	MAIN and ZI
Kelantan	Majlis Agama Islam dan Adat Istiadat Melayu
Terengganu	Majlis Agama Islam dan Adat Istiadat Melayu Terengganu
Pahang	Majlis Ugama Islam dan Adat Resam Melayu Pahang Pusat Kutipan Zakat
Perlis	Majlis Agama Islam dan Adat Istiadat Melayu
Johor	Majlis Agama Islam Negeri Johor
Kedah	Majlis Agama Islam Negeri Kedah Jabatan Zakat Kedah
Selangor	Majlis Agama Islam Selangor Lembaga Zakat Selangor
Perak	Majlis Agama Islam dan Adat Istiadat Melayu
Negeri Sembilan	Majlis Agama Islam Negeri Sembilan Pusat Zakat Negeri Sembilan
Melaka	Majlis Agama Islam Melaka Pusat Zakat Melaka
Penang	Majlis Agama Islam Negeri Pulau Pinang Pusat Urus Zakat Pulau Pinang
Wilayah Persekutuan	Majlis Agama Islam Wilayah Persekutuan Pusat Pungutan Zakat
Sabah	Majlis Agama Islam Sabah Pusat Zakat Sabah
Sarawak	Jabatan Agama Islam Sarawak Tabung Baitulmal Sarawak

Source: (Ebtehal, Yuserrie, 2017)

The system of Zakat in Malaysia:

This system is reliant on two factors in every country. Particularly, how to collect and distribute zakat.

Method of Zakat Collection in Malaysia:

The zakat laws are enacted by each state as a matter of religion, and they only apply to that state. Similarly, the management of zakat is also duly delegated to the MAINs (Majlis Agama Islam Negeri) i.e., State Islamic Religious Council (SRICs). At the federal level, the Jabatan Kemajuan Islam Malaysia (Department of Islamic Development Malaysia) and the Jabatan wakf, Zakat dan Haji oversee and support the administration of zakat. By promoting the

harmonization of the administration of Islamic law, the first of them is in charge of determining policies pertaining to the development of Islamic affairs in Malaysia, while the other is crucial in ensuring a more organized and efficient administration.³⁹

At the state level, there are fourteen SIRC (State Islamic Religious Council) in total, one for each of the thirteen states and one for the federal territory.⁴⁰ Each state has its own system of zakat because of some differences between zakat practices in different states. For example, Nisab etc.⁴¹ Only Selangor, Pulau Pinang, and Sarawak in Malaysia have privatized their zakat management procedures. Zakat management in Malaysia differs by state. While the distribution will be handled by the State Islamic Religious Council (SIRC), the states of Kuala Lumpur Federal Territory, Negeri Sembilan, Melaka, and Pahang have merely privatized zakat collecting. The zakat collection and distribution functions are still solely handled by SIRC in the other states, which include Kedah, Perlis, Sabah, Kelantan, Perak, Terengganu, Johor, Putrajaya, and Labuan Federal Territory.⁴²

Types of Zakat: Every Muslim who fulfils the prerequisites of Zakat Harta is obligated to pay it. There are multiple kinds of Zakat Harta, including Zakat on Income, Zakat on Businesses, Zakat on Savings, Zakat on Gold and Silver, Zakat on Employee Pension Funds, Zakat on Farming, Zakat on Takaful, Zakat on Investments, and Zakat on Livestock.⁴³

Dates for Zakat Deducting:

Zakat is divided into two categories: Zakat Al-Mal and Zakat Al-Fitr. Zakat Al-Mal is a zakat that is withheld from a Muslim's wealth, whereas zakat Al-Fitr is a zakat that is imposed on all Muslims. The collection of Zakat Al-Fitr begins during Ramadan, but the amount to be paid varies by region and is determined by SIRC. When a person's wealth exceeds a predetermined amount called Nisab, Al-Mal requires them to pay a specific sum of money. The amount of Nisab will be calculated at the end of the year to determine how much will be paid to SIRC.⁴⁴

Zakat Collection Sources:

In Malaysia, zakat payers have a wide range of options for online or offline payment methods but nowadays, technological advancements have improved the zakat collection. Because many people are unable to determine the appropriate zakat payment. The organization offers a calculator available on its website that may determine the overall sum due based on the type of zakat, such as zakat on income, zakat on businesses, zakat on gold and silver, and others. Muslims have a variety

of ways to pay zakat. For instance, Zakat Selangor offers Muslims in the state four ways to pay their zakat.

1. Internet Banking: There are currently ten banks that provide this service.
2. Through credit card and debit card: Those who wish to pay zakat with a credit card may do so at any LembZaaga Zakat Selangor (LZS) counter by simply swiping the card.
3. Through MyClear FPX (Financial Process Exchange): FPX is a service that allows people to pay in real-time using their internet banking.
4. Other Methods (Salary Deduction, LZS (Lembaga Zakat Selangor) counter, Postage, SMS, and others) ⁴⁵

Some other electronic sources were also introduced like Kiosk Machines for the collection of zakat in Malaysia. ⁴⁶

Method of Zakat Distribution in Malaysia:

In Malaysia, the MAINs in each state have the authority to distribute zakat. Similarly, to the Zakat collection, the MAINs distribute zakat through the Baitul Mal division or an incorporated subsidiary that has delegated the distribution right. Selangor, Penang, and Sarawak are the three states that have incorporated both their distribution and collection units. (Ahmad, Abdullah, 2022)

In Malaysia, Zakat payment is mandatory for individuals who fulfil the Nisab, and certain groups of people are also eligible to receive it. As a result, in order to implement zakat collection and distribution more efficiently and justly, it is critical to fully understand the entire zakat system, including zakat payers and zakat recipients. This section will explain briefly the eight zakat recipient categories that are mentioned in the Holy Quran.

”إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمَوْلَمَةِ قُلُوبِهِمْ وَفِي الرِّقَابِ وَالْغَرْمِينَ وَفِي سَبِيلِ اللَّهِ وَآبِنِ السَّبِيلِ “

“**Translation:** Alms-tax is only for the poor [1] and the needy [2], for those employed to administer it [3], for those whose hearts are attracted ‘to the faith’ [4], for ‘freeing’ slaves [5], for those in debt [6], for Allah’s cause [7], and for ‘needy’ travellers [8].” ⁴⁷

In Malaysia, a Nisab is designed for Zakat payers as well as Zakat receivers and this Nisab is called Had al-Kifayah.

Had al-Kifayah:

The poor and destitute are the primary targets of zakat institutions because they are assumed to be the most in need of the eight eligible recipients. When determining the eligibility level of zakat recipients for the poor and needy Asnaf, had al-Kifayah is the fundamental rate of

minimum personal needs and dependents, taking into account variations in place, time, needs, and socioeconomic conditions.⁴⁸

Utilization of Zakat Funds in Malaysia:

In Malaysia, each zakat institution has a unique method for distributing the zakat funds to the beneficiaries, but zakat funds are spent directly on the expenses mentioned in the Holy Quran, which are mostly spent on the poor, the needy, the Amilin and for the cause of Allah.⁴⁹

Research Methodology:

To determine in-depth information and therefore fulfil the objective of this study, a qualitative approach has been selected. The qualitative research approach is useful in research because it examines a subject matter with careful consideration of numerous factors and interprets it with a broader perspective and clearer understanding.⁵⁰ Primary and secondary data can be used for the qualitative method. This research has been collected from articles, books, conference papers, resolutions, and related standards. Some of the data are collected from the official websites of those financial institutions that were not available elsewhere. The websites of those financial institutions are the main sources to obtain those data.

4. Results and Discussions:

After a complete review of the Zakat system of Pakistan and Malaysia, the facts are presented in the form of results in the context of merits and demerits. Merits and demerits of the Zakat system in Pakistan and Malaysia i.e., regarding the collection and disbursement system Zakat.

Merits [Zakat system of Pakistan]

- Compulsory Obligation by Govt but on the above-listed 11 Items only
- Total received zakat distributed among the recipients.
- The Nisab of Zakat has been set as Silver by MORA (Ministry of Religious Affairs), Islamabad, Pakistan.
- Contributes significantly to poverty alleviation-
- Some very beneficial schemes for deserving students.
- To avail of the zakat opportunity, the istehqaq form is introduced.
- Not invest the assets of zakat.
- Zakat collection increasing from year to year

Demerits [Zakat system of Pakistan]

- Receipt of Zakat before the end of the year.

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- The condition “Excluding the basic necessities” is not kept in view before the deduction of zakat.
 - Deduction of Zakat from the wealth of children and lunatics.
 - Only the debt taken from the government is waived.
 - Excluded the livestock in Zakat.
 - Excluded the current account in the banks
 - Very slow system regarding the Zakat distribution among the recipients.
 - Lack of the main condition of Zakat “Possession” in few expenditures.
 - Recruitment of Minorities in the Zakat Department.
 - Few written mistakes in Zakat Laws.
 - Income tax is also deducted besides the zakat deduction. ⁵¹

Merits [Zakat system of Malaysia]

- Contributes significantly to poverty alleviation-
- Zakat collection increasing from year to year
- Introduce the term “Had Al-Kifayah”, it means the eligibility level of zakat recipients.
- The Nisab of Zakat has been set as gold by SIRC.
- The Completion of the Zakat year is necessary.
- Muslims are encouraged to pay Zakat through Friday sermons and other means of communication.
- Only State level system of Zakat is admissible.
- The official system of “Aamil” or “Agent”. The nominee is appointed with an official letter.
- Zakat on livestock
- Income tax is not charged after the payment of Zakat
- Also deduct Zakat Al-Fitr on an official level
- Qadha Zakat & Fitrah: It is introduced to pay previous missed Zakat & Fitrah
- Issuance of Zakat receipt to Zakat payer.
- Monthly Zakat Deduction availability.

Demerits [Zakat system of Malaysia]

- Many researchers indicate that the distribution of zakat to recipients is quite slow due to bureaucratic problems that would slow down the application process.
- There is a lack of transparency in providing the details of the collection of zakat and distribution from the zakat institutions.
- Some institutions do not disclose the surplus amount of zakat which results in reducing the trust level among the zakat payers towards the zakat institutions.

- Understanding of Zakat among Malaysian Muslims can be divided into two groups, i.e., some are completely unaware of the obligation of Zakat and pay Zakat out of fear of government action. Most of them know the obligation of zakat but reluctant to pay zakat until they are informed.
- According to Norlelabat Zaman and others, Many Muslims in Malaysia are still dissatisfied with the distribution strategy.⁵²

Table 6. A comparative outlook.

Pakistan	Malaysia
Nisab of Zakat [Silver]	Nisab of Zakat [Gold]
Zakat on Cash Only	Zakat on livestock also but in the form of cash
Income tax is also charged besides Zakat	Income tax is not charged after the payment of Zakat. i.e., 100% Income tax rebate
Not having the official system of "Aamil"	Having the official system of "Aamil"
Non-governmental organizations can collect and spend zakat without official permission or authority.	Non-governmental organizations can do this with official permission or authority, but they are limited.
Not deduct Zakat Al-Fitr on an official level	Also, deduct Zakat Al-Fitr on an official level
Had Al-Kifayah Nisab is not issued officially	Issued the Had Al-Kifayah Nisab officially
Mandatory to distribute all received Zakat	Not mandatory to distribute all received Zakat
Not having the Qadha Zakat & Fitrah option	Qadha Zakat & Fitrah option
Sufficient digitalized system of zakat collection	Excellent digitalized system of zakat collection i.e., Issuance of zakat receipt to zakat payer and nominee of "Amil" etc.
There is a single Nisab-e-Zakat in Pakistan. For example, the Nisab-e-Zakat was 88, 927 rupees for the year 2022.	In Malaysia, each state has its own Nisab-e-Zakat. For example, the Nisab-e-Zakat for the year 2022, Johor State (22,578.76 RM) and Kedah State (20402. 25 RM)
No Availability of Monthly Zakat Deduction	Monthly Zakat Deduction availability
Zakat is enforced by Pakistani Law on prescribed items.	Zakat is not enforced by Malaysian Law

Conclusion:

The research has produced the following findings in order to fulfil all of the specified goals. Few Shariah flaws have been observed in Pakistan's zakat system while zakat is being collected, for instance, when someone opens an account in a bank a few days ago the first of Ramadan, zakat is taken out before the year has ended. Furthermore, in Pakistan's Zakat system, livestock, industry and trade, shares, and so on are exempt from Zakat deduction at the official level. And for this, people have been advised to pay their own zakat, which is not permissible under Shariah law. Although there are no Shariah violations in Malaysia's zakat system, it is evident that the zakat deduction is optional at the official level, whereas it should be mandatory. Nevertheless, despite Zakat being optional, the collection of Zakat is significantly rising every year. During the research, it was determined that this occurs because the Malaysian government deemed income tax to be mandatory in contrast to zakat and granted a concession that those who pay zakat will not be subject to income tax, i.e., zakat has been declared as a substitute for income tax. Moreover, in the Zakat system of Pakistan, various Shariah deficiencies have also been observed during the distribution of Zakat. For instance, there is no prerequisite of ownership for the rehabilitation of flood-affected areas. However, in some of these weaknesses, both countries share the same dilemma. i.e., bureaucratic problems and lack of Transparency. The finding of this study is that the zakat system in Malaysia is significantly better than the zakat system in Pakistan on these grounds, i.e., Qadha Zakat & Fitrah option, digitalized system of Zakat compared to Pakistan, completion of the whole year for deduction of Zakat, monthly Zakat Deduction availability, tax rebate, Had Al-Kifayah system while there are improvements that scholars suggest might be made. This study also aimed to enlighten the corpus of knowledge, particularly in terms of Zakat.

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