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DYNAMIC OF DIVERSITY OF RATE ESTABLISHMENT IN THE PRACTICE OF AGRICULTURAL ZAKAT COLLECTION IN MALAYSIA

Muhamad Firdaus Ab Rahman[1*], Hussein 'Azeemi Abdullah Thaidi[1] and Siti Farahiyah Ab Rahim[2]

[1]Faculty of Syariah and Law, Institute of Fatwa and Halal, Universiti Sains Islam Malaysia, Negeri Sembilan, MALAYSIA
[2]School of Law, University of Glasgow, Scotland, UNITED KINGDOM

[*]Corresponding author: mfirdaus.rahman@usim.edu.my

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ABSTRACT

The advancement of the agricultural sector necessitates modern technology and high-quality seeds as well as fertilisers; such growth parallels the increased cost of paddy planting in Malaysia. However, Islamic scholars have debated several issues regarding the evaluation of the agricultural zakat, including the reason behind the refusal of plant operation and farmers' self-sustenance cost before zakat imposition. This article aims to analyse the diversity of rate establishment in the practice of agricultural zakat collection in Malaysia by examining the rates imposed based on irrigation and the deduction of some costs before the imposition of zakat. A qualitative approach was employed to interpret the data through inductive, deductive and comparative methods. As for field research, this study conducted semi-structured interviews in selected states of Malaysia, namely Selangor, Sarawak, Pulau Pinang, Terengganu and Perlis. The findings indicate that agricultural rates vary significantly between states, ranging from 5% to 7.5% or 10% of the total amount of the crop produced that has reached its nisab. These distinctions arose due to (1) the varied interpretations of the Islamic legal tradition by various schools of juristic thought and (2) the rate of zakat on crops, which requires discussion of irrigation and energy use by farmers. However, this non-

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uniformity is not attributable to disparities in living levels throughout Malaysia's states. Therefore, further research is required to determine the substantial cost reduction of agricultural zakat in Malaysia, including self-sufficiency cost, considering the current agrarian economy's needs and public interest.

Keywords: dynamic, diversity, rate, agricultural zakat, Malaysia

INTRODUCTION

Nowadays, the appropriateness of certain cost deductions before imposing zakat is continuously being debated either at the national or international level, since this issue is deemed as a contemporary issue compared to the case of inconsistency in deciding the *nisab* (a threshold, referring to the minimum amount of wealth that a Muslim must own before being obligated to pay zakat) for the *gantang* (sa`) metric weight as the rate stipulated by *shara*' (Islamic law) as a yardstick of the status of one's qualification for zakat to be imposed on him, or otherwise (Zahri and Mohd Shukri 2016; Asmak et al. 2010). National Metrology Institute of Malaysia defines *gantang* as a dry volume measure akin to the gallon, and it has a smaller version, which is known as *cupak* (mudd) (Azman et al. 2015).

This matter is closely related to the fixing rate for zakat on crops since it involves discussion on irrigation and energy effort used by the farmers. Debates by previous Islamic scholars (*fuqaha*) such as Ibn Qudamah (1994), al-Nawawi (2002) and Ibn Hazm (n.d.) on the deduction of costs only involved irrigation, by the current situation and local condition during the absence of modern technologies and high costs.

The burden is currently not limited to the irrigation method; rather, it can be understood as production costs borne by the farmers, such as input materials, planting operations concerning modern machinery and high capital, and living costs. Therefore, the researchers believe that farmers' welfare and the aspect of beneficiaries (*asnaf*) should be given adequate consideration in expanding the scope of crops subjected to zakat. Bilo and Machado (2020), Zauro, Saad and Sawandi (2020), and Abdullahi (2019) supported this view by highlighting that the purpose of zakat should enhance socioeconomic justice among zakat payers and zakat administrators while not limiting zakat as a tool for social cause marketing. Hence, the appropriateness of deduction on crops' operational cost and living cost before zakat is regarded as practical reciprocity.

In Malaysia, zakat distribution is categorised into two groups. First, the zakat distribution is performed in Perlis, Kedah, Perak, Johor, Sabah, Kelantan, Pahang, Melaka, Negeri Sembilan, Sarawak, Federal Territory and Terengganu under the State Islamic Religious Councils (SIRCs) of the respective states of Baitulmal. Even though SIRCs has formed a "corporate governance" corporate subsidiary that manages zakat in their respective states as Pusat Pungutan Zakat, Zakat Melaka, Pusat Kutipan Zakat Pahang and Pusat Zakat Negeri Sembilan, the power to distribute zakat still remains under the SIRCs' Baitulmal Collection Centre (Mohamad Idham et al. 2013; Muhamad Firdaus et al. 2014).

The second category is the distribution rendered by a company or a subsidiary founded specifically by SIRCs to manage the collection and distribution of zakat in an asynchronous and unified manner on behalf of SIRCs, as in Lembaga Zakat Selangor and Pusat Tadbir Urus Zakat Pulau Pinang (Muhamad Firdaus et al. 2014). Table 1 shows the administration of agricultural zakat in the states that produced the study samples:

Table 1: Agricultural zakat administration in the selected states of Malaysia

State	Management	Zones
Selangor	Lembaga Zakat Selangor (LZS)	Central Zone
Pulau Pinang	Majlis Agama Islam Negeri Pulau Pinang (MAINPP)	Northern Zone
Sarawak	Tabung Baitulmal Sarawak (TBS)	East Coast Zone
Terengganu	Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM)	Sabah dan Sarawak Zones
Perlis	Majlis Agama Islam dan Adat Istiadat Melayu Perlis (MAIPs)	Northern Zone

Source: LZS (2018); Zakat Pulau Pinang (2021); TBS (2013); MAIDAM (2021); MAIPs (2019).

This article's aim is to examine the rate of agricultural zakat evaluation in Malaysia and the deduction of operating and living costs in Malaysia. The researchers explore management and laws inextricably linked with the agricultural zakat among the chosen states: Selangor, Perlis, Sarawak, Pulau Pinang and Terengganu. There are several justifications for the states' selection: firstly, every chosen state represents a zone in Malaysia, as depicted in Table 1. Secondly, it refers to the diversity of rates and the deduction of different agricultural zakat' costs, as can beviewed in Table 2.

Table 2: Evaluation of the agricultural zakat in Malaysia (as of September 2022)

State	Rate	Cost of crops
Selangor	5% only	Operational cost waived
Kedah/Pulau Pinang	10% only	Operational cost waived
Pahang/Terengganu/Negeri Sembilan/Kelantan/Johor	5% = energy and machinery 10% = rain/river/drainage	Not waived
Perlis	5% = if not waiving any costs 10% = if all costs waived	Waiving the operational
Melaka/Sarawak/Kuala Lumpur	5% = energy and machinery 10% = rain/river/drainage 7.5% = both measures	Only Sarawak waives the operational cost

Source: LZS (2018); Zakat Pulau Pinang (2021); TBS (2013); MAIDAM (2021); MAIPs (2019).

The significant contributions of this study should explain zakat estimation that is consistent with the current reality and the demand of the objective of Islamic law (shariah). It also scrutinises the justification for the change made to the estimation of zakat caused by the globalisation of the technological revolution that imposes the high cost of crops. It also probes into the prerequisites and the method of agricultural zakat by concluding the opinions of earlier Islamic scholars and contemporary scholars. Finally, it offers recommendations for the estimation of agricultural zakat based on the more dynamic objective of shariah.

HARMONISING TECHNOLOGY AND AGRICULTURAL ZAKAT

Technological growth has paved the way for significant innovations in different regions. From day to day, the development of borderless, infinite technology has been relentless as it creates numerous up-to-date systems, resources and facilities to help people execute their everyday activities, including those in the education system. As a result, fast-paced technology has a profound influence on almost all processes in the world.

Such radical progress makes a system quick, improving the output quantity and increasing the workflow. New methods and approaches to technical knowledge and facts constantly emerge from time to time. Technology has become an integral part of society's life and complements the modern world. Agriculture is among the areas that have been established in the growth of technology, where the development of the agricultural sector needs modern technology, as well as high-quality seeds and fertilisers; such growth is parallel to the increased cost of paddy planting in Malaysia, and local food security could be ensured (Muhamad Firdaus et al. 2019b; Hossain et al. 2019).

Islamic scholars have been discussing several issues regarding the evaluation of the agricultural zakat, including the reason behind the refusal of the cost of plant operation and farmers' self-sustenance cost before zakat imposition (Ibn Qudamah 1994; al-Nawawi 2002; Ibn Hazm n.d.). However, Ibn Hazm believes that both costs are not waived, and the zakat is imposed on the gross product alone because there has been no clear evidence of this decline (Ibn Hazm n.d.). This view was echoed by Ibn Humam (1970), who argued that the cost decline is only permitted when involving irrigation, based on the hadith by Ibn 'Umar that there is a reduction from 10% to 5% when involving efforts in the crop irrigation method, [Translation: "On poured by the sky or springs, or container, 10%, and poured by energy 5%"] (Al-Bukharī 1993, hadith 1483).

On the other hand, the second group of Islamic scholars, including Ibn 'Abbas, Ibn 'Umar and Ahmad Ibn Hanbal, allows for the decline of both costs of operation and self-sustenance, to be particular about the farmers' welfare. They agreed that this is acceptable on the grounds that the re-extracting to the law (*ijtihadiyyah*) problems arising from the independent reasoning (*ijtihad*) of Islamic thinkers according to a hadith are necessary debts in matters of operating cost deduction, which means:

> Narrated by Abu 'Ubaid in the Book of al-Amwal chapter from Jabir bin Zaid who said upon a man who made a loan for his family and farm, he said: Ibn `Abbas said debt related to his farm is to be deducted, Ibn 'Umar said: productivity debt and funds for his family is also deducted (self-sufficiency). (Al-Qasim 1989)

Yahya bin Adam also narrated: Ibn 'Umar said that yields obtained from crops must first pay off debt, and zakat is paid out of the remaining sum. Ibn Abbas stated that what is owed must first be charged as the commodity's cost, and the remainder must be counted as zakat. It is not regarded as zakat unless it is imposed upon the rich. Zakat is to be taken from the rich and returned to the poor (Al-Bukharī 1993, hadith no. 1395). As Allah S.W.T. dictates in Surah at-Taubah, verse 60 (translation), "the beneficiaries who form one of the aims of zakat collection are helping the needy."

Other than that, al-Qaradawi (1997) opined that load and cost are factors that impact Islamic laws. He argued the view of Ibn Humam (1970) whereby the multitude of zakat intended is based on the irrigation method alone, exclusive of the operational costs other than irrigation that is not explained by the text (*nas*). Al-Qaradawi's (1997) opinion is based on hadith and the sayings, actions and consent of the companions of the Prophet Muhammad (*athar*) mentioned earlier, showing that farmers need to be treated mercifully, not burdened by heavy zakat and leaving behind some zakat for their life needs.

The reason behind the deduction of the self-sustenance cost is also agreed upon in this second opinion. The interpretation of "needs" means one's basic needs that are centred on current needs like food, accommodation, clothes, education and others. Therefore, the self-sustenance cost bears the fundamental needs of farmers and their families as well as the people under their care (Muhamad Firdaus et al. 2019a).

Ibn 'Umar supported both these opinions by arguing about the need to prioritise on family's income by waiving the self-sustenance cost to assure the interest of the farmers and the people under their care. It is supported by the reference to the hadith narrated by Jabir that Rasulullah (PBUH) had dictated:

> Translation: "Prioritise yourself first, when you have more give it to your wife when there is still more give it to your nearest family, and when you still have more, give it to others." (Muslim 2006, no. hadith 997)

Ibn al-'Arabi (n.d.) stated that the reason for the waiver of the costs before the imposition of the agricultural zakat rests on the tradition of the Prophet (PBUH), who instructed the evaluators to be considerate, as mentioned in the hadith by Sahl bin Abi Hathamah, by releasing ⅓ or ¼ of the total yield of crops for the use of farmers, [Translation: "When you evaluate the total of the zakat, collect them and leave behind ⅓ or ¼"] (Tirmidhī 1970, no. hadith 643).

The hadith illustrates that Rasulullah (PBUH) waived the farmers' operational costs for their benefits due to several reasons; crops are rotten, and the masses demand yields. Based on the evidence and discussion above, Islamic law's distinctive specification is anchored on the law's flexibility in question. History has proven that many Islamic jurisprudence (*fiqh*) issues vary in their rules, considering various primary factors of current and local values. It takes credit for its philosophy of adapting the law to achieve the objective of shariah, which is maintaining this noble intention and safeguarding it from any damage.

The initiatives seek to reduce costs for farmers and the Muslim economy in general, particularly in Malaysia. Thus, this study believes that Malaysia's operational and living costs should be removed before applying zakat. The significance of this work lies in rendering the objective of shariah as a mechanism of law issuance, other than serving to consolidate the existing methods to preserve benefits and decline the harms upon issuing a given law, on the platform of safeguarding the essential (*al-ḍaruriyyāt*), the complimentary (*al-ḥājiyyāt*) and the embellishments

(*al-taḥsiniyyāt*) in the current economics, especially in light of zakat. This view is supported by Mahadi (2019) and Nor Naemah (2002) by having the idea that the fatwa institution has experienced the revival of the legislation. Among the elements would be a more open legislative nature and the principle of Islamic jurisdiction, which is pro-*ijtihad*, serving as a progressive solution by giving attention to the local interest's needs and the current well-being.

METHODOLOGY

A qualitative approach was employed in the broadest sense to refer to a study that generates descriptive data, including information gleaned from people's utterances, whether written or spoken, and observed nature and behaviour (Taylor, Bogdan and DeVault 2016).

This study used qualitative data collection to elicit the necessary information in addressing the study questions. Flick (2018) defined qualitative data collection as the process of selecting and producing verbal (or visual) data to analyse phenomena, social fields, subjective and collective experiences, and the accompanying meaning-making process (personal or social meanings can be referred to). According to the study, qualitative data collection is obtained through experiences, events, and linguistic resources.

The documentary approach was adopted to acquire data for the research. Bailey (2008) defined documentary research as investigating documents that contain the studied issue. According to Neely and Ponshumugam (2019), this strategy collects data via documents, past studies and records. This method appraises data gathered from written documents, and primary and secondary sources. The primary text was evaluated in view of the Quran and prophetic traditions (*sunnah*). Both are primary sources because they are unaffected by the researcher's viewpoint or dependability. Secondary sources include books, journals, articles, statutes, and classical and contemporary Islamic jurisprudence texts.

Additionally, data collection was conducted through interviews with zakat experts and practitioners in Selangor, Sarawak, Pulau Pinang, Terengganu and Perlis. According to Daniel and Turner (2006), interviews can yield detailed information on a research issue based on the participants' experiences and perspectives. Furthermore, it is a well-known strategy for qualitative experts to collect data since an interview is viewed as "talking", and talking is one of the natural ways to obtain

information (Griffee 2005). Therefore, conducting a semi-structured interview with the Islamic jurist qualified to issue a nonbinding opinion (*muftis*) and the SIRC officers in the selected states enabled the research to assess the legitimacy of applying the agricultural zakat from a legal and Islamic law perspective.

In terms of data analysis, once information has been gathered from written and oral sources, it should be thoroughly analysed to determine critical data. The researcher used the content analysis method to analyse the data. Content analysis can be defined as a method for categorising, analysing, and evaluating recorded communications objectively and methodically (Lac 2016; Stemler 2001). This technique enables the researcher to classify and evaluate data acquired from primary and secondary sources. This strategy is crucial for data analysis and data organisation.

Due to the qualitative nature of this study, the content analysis method was used inductively and deductively. The inductive technique entails devising a recursive strategy for data gathering and analysis in connection with the application of a rule, definition, or process to a subsequent conclusion (Hayes, Heit and Swendsen 2019). According to Creswell and Creswell (2018), the inductive analysis method involves alternating between themes and data-based analysis until a set of broad themes is established. In contrast, deductive analysis is the act of reviewing the data from established themes to discover if additional evidence exists to support each theme or if additional information or data must be gathered (Creswell and Creswell 2018). Based on the explanation supplied, the inductive process of building the study's themes will begin. Next, they will apply an analytic technique to construct a new theme based on the established themes.

Aside from content analysis, hermeneutic analysis was used in this study. According to Gerbaudo (2016), hermeneutics traditions are techniques for analysing various traditional texts, including novels, films, political speeches, and news stories. The author argued that hermeneutics is a framework of deep meaning and subjective worldviews centred on a specific book of ancient scripture. According to the statement, hermeneutic analysis is the process of interpreting and translating a classic manuscript. The importance of this strategy is to understand the core Islamic scripture and a few specific Arabic words by consulting many original Islamic jurisprudence works.

The researchers also employed computer-assisted qualitative data analysis (CAQDAS) or qualitative data analysis software such as NVivo 12 to conduct the analysis (Miles, Huberman and Saldana 2014). This software codes data and

visualises it in a diagrammatic format. Given that most of the researcher's critical data are gathered during an interview session, it is appropriate to code and analyse them using NVivo 12. Thus, a diagrammatic representation of the analysed data would make it more appealing.

THE RATE OF AGRICULTURAL ZAKAT ASSESSMENT IN MALAYSIA: RULES AND PRACTICES

The Peninsular Malaysian states have agreed to a consensus to base agriculture zakat rates on 10% and 5%. Following that, the zakat crop was classified into two categories: the irrigation system and the quantity of energy consumed through natural irrigation or technology and labour. However, by imposing a single rate of 10% or 5% only, some states restrict the rate. According to Ibn Qudamah (1994), a third alternative rate of 7.5% is applied in Sarawak, as shown in Table 2.

Based on Table 2, it is deduced that the three categories are applied to determine the zakat crop rate. Firstly, in Selangor and Pulau Pinang, a single rate setting of either 5% or 10% was introduced. The permitted crop zakat rate in Selangor was initially optional in 1989, either 5% or 10% according to farmers' willingness. Because of the lack of a detailed guide, the Islamic Consultative Committee agreed that the zakat rate for paddy crops is only 10% based on the statement contained in the Book of Majmu 'Sharh al-Muhazzab, which states that up to 10% of zakat will still be subjected to irrigation and ditches that are linked to large rivers and cost dearly (Muhamad Firdaus et al. 2014). Mohd Farid bin Mohd Zainal stated that the Lembaga Zakat Selangor set the 5% rate for crop zakat using modern agricultural technology.[1] On the ground, 100% of state farmers who grow paddy fields use irrigation provided by the Department of Irrigation and Drainage, including planned and systematic drainage.

Islamic scholars also differ on this water purchasing issue. Al-Rafi'e differs from al-Dusuqi by imposing a 5% rate if water (irrigation tax) is included, because he believed that liabilities include water purchase. However, before reducing the zakat rate, certain conditions must be met, such as the cost being high, according to the current agricultural *'urf* (the manner of the common people or communities), and that cost directly affecting agricultural productivity. Most Islamic scholars excluded the cost of drainage or reservoir creation as part of the cost of planting based on the opinion of Imam Nawawi, and backed by Imam Haramain (al-Nawawi 2002; al-Dusuqi 1996).

The re-evaluation of the rate-setting law also happened in Pulau Pinang. The 5% rate is the rate previously applied by the Islamic Religious Council of Pulau Pinang, but the State Fatwa Committee agreed in 2005 that the rate for paddy crop zakat by offering operating cost relief would be 10%. The Mufti of Pulau Pinang, Dato' Seri Haji Hassan bin Haji Ahmad, adhered to the opinion of Al-Dusuqi (1996) in determining this judgement.[2]

The State Drainage and Irrigation Department (JPN) irrigation tax was also an issue. Irrigation tax is not that much and inappropriate to be included in irrigation costs to make the rate 5%. The cost of one "relong", for example, would be negligible. (Relong = a land area unit = 30,976 square feet, approximately 2,870 square metres [approximately 0.7111 acres]).

Reviewing the above argument, it appears that the Mufti of Pulau Pinang prioritised the welfare of the beneficiaries instead of fully considering all zakat bodies, including the zakat payers. Nonetheless, based on the Pulau Pinang Fatwa Committee's decision to assess the 10% rate by considering the deduction of operating costs, it would be equal to the 5% rate levied in Selangor.

The second category of fixing the crop zakat rate is formed on the direct understanding of the hadith, which is 10% for natural irrigation and 5% for irrigation as practised in the state of Perlis and Terengganu involving human resources. The zakat rate set in 1980 in Perlis was only 5%, or only a single rate (FIRAS 2018). Baitulmal of Perlis (2018) revised the method by implementing a 5% rate if no cost deduction was permitted and 10% to comply with shariah's requirement when it includes cost reduction. By balancing crop zakat rate-fixing with deduction of actual costs, the new approach enforced by Perlis's Baitulmal emphasises fairness for farmers and beneficiaries of zakat.

A single rate of 10% was charged in Terengganu in 1990 as the water was collected from irrigation ditches and was free, and the water tax imposed during that period was not burdensome. Up to the present moment, the rate of zakat has not changed. However, attempts were made to use modern machinery in the irrigation sector in 1994, and the situation had since then changed; hence, a rate of 5% was applied, while a rate of 10% was still levied on farmers who used conventional irrigation such as ditches, reservoirs, and water catchment.

The third group, namely of 7.5% after 5 and 10%, falls into the third alternative rate. According to Zulhazmi bin Bohari, the Tabung Baitulmal Sarawak only levied an average rate of 7.5%, based on Ibn Qudamah's (1994) opinion.[3] In addition to

various crops such as paddy rice, upland rice, and hilly crop regions, Sarawak's geographical factors vary from one place to another, restricting modern technology in irrigation and agriculture.

According to Ibn Qudamah (1994), he did not include works for digging ditches or irrigation in his description of irrigation issues and did not reduce the zakat pace because the word "heavy work" is both too subjective and difficult to decide (al-Nawawi 2002). The researcher claims that if it includes two or more types of crops, mixed-watering, and if the irrigation type ratio is the same, the authority should impose a significance rate of 7.5%. Al-Malkawi and Javaid (2018) agreed that a win-win solution should be adopted to optimise zakat collections while taking society into account, supporting this view.

The study on these three categories above concludes that the rate of agricultural zakat in Malaysia varies according to the country's climate. The diversity is due to the effect, in some areas, of factors such as drainage capability, environment, energy resources, technology and geographical changes. Zahri (2014) and Asmak et al. (2010) supported this view and assumed that the rate of agricultural zakat is subjected to the irrigation system used, as defined in the Department of Awqaf, Zakat and Hajj (JAWHAR), (JAWHAR 2008). It is certain that the basis for fixing the crop zakat rate is clear evidence (*dalil*) *nas* from an explicit hadith narrated by Ibn 'Umar and a hadith narrated by Mu'az on irrigation, whether 10% or 5%, but shariah's target recognises the location's condition (Al-Bukharī 1993, hadith no. 1483; Al-'Asqalani 1992; Muhamad Firdaus et al. 2014).

All Islamic scholars have detailed this rate-setting approach in each sectarian (*mazhab*) for example, al-Kasani (2002) allegorised burden as a justification for fixing (*'illah*), similarly with al-'Imrani (2000) and Ibn Qudamah (1994) who provided examples of animal livestock that are compulsory for zakat, since zakat is mandatory for human efforts and their productivity will be reduced by burden. Nevertheless, al-Dusuqi (1996) emphasised that fixing a 10% rate requires purchasing water or recruiting human irrigation resources because the pressure is comparatively light. The rate of agricultural zakat is no longer determined by farmers as historically practised, which involves rules and regulations in all acts. The State Drainage and Irrigation Department currently oversees agricultural irrigation affairs. Therefore, the State's Baitulmal must interact from time to time with the parties that directly administer this agricultural field, update the law, and develop a method based on irrigation suitable to the current situation.

CURRENT AGRICULTURAL EXPENSES AND THE SIGNIFICANCE OF THE AGRICULTURAL ZAKAT'S COST EXPENSES DEDUCTION IN MALAYSIA

In Malaysia, the paddy crop zakat assessment includes the acquired subsidy money, which is considered salary and income (*al-Mal al-Mustafad*), and 2.5% is mandatory zakat if the *nisab* is observed in the states of Selangor, Sarawak, Perlis and Pulau Pinang. Hence, various regulations govern the assessment of agricultural zakat. According to Al-Mamun, Haque and Jan (2019), Selangor, Pulau Pinang, Perlis and Sarawak officially adopted cost relief before agricultural zakat to aid farmers, allowing for the deduction of crop running costs, as shown in Table 2.

All the selected states agreed to allow paddy expenses such as fertilisers, herbicides, land rentals, soil ploughing, rental of harvesting machines and salaries for human resources to relieve overhead costs. Besides, transport costs are permitted to all the states mentioned above except Terengganu, Sarawak, and Selangor. As indicated in Table 3, the researcher details the cost deduction in the selected states.

In Terengganu, the Terengganu State Fatwa Council decided on expense deduction on 21 November 1999. However, farmers in Terengganu are not currently implementing this law, as evidenced by the fact that it was not mentioned in the Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) guide to agricultural zakat brochure or on the council's official website (MAIDAM 2021). According to Tuan Zuhaimi bin Tuan Sembok, many farmers who pay zakat aspired to perform good deeds for the sake of Allah.[4] As a result, they adhere to most Islamic scholars' view that the fulfilment of *nisab* determines one's wealth. While MAIDAM has already notified the Terengganu farmers' community, they disagree with Ibn 'Abbas and Ibn 'Umar on the permissibility of expense deductions for necessities and fundamental needs.

On the other hand, before 2017, crop zakat was solely charged on gross revenue in Selangor, as per the Selangor Consultative Committee of Islamic Law (1989), citing the Book of al-'Ubab, which states: "Upon completion of harvest, farmers are not allowed to eat the harvest, pay a wage for harvest, or give alms before paying the crop zakat. Furthermore, *takzir* (a type of corporal punishment administered at the judge's discretion) will be imposed if the farmer defaults while bearing all expenses on crop costs." Mohd Farid bin Mohd Zainal supported this regulation, saying that "after harvesting, farmers should prioritise agriculture zakat payment".[1] However, at the Selangor state fatwa committee's sixth meeting in 2017, it was determined to allow for operating expenditures before enforcing zakat, in accordance with the farmers' economics and current circumstances.

Table 3: Deduction of operational cost and cost of living in Malays

Cost	Lembaga Zakat Selangor	Majlis Agama Islam dan Adat Melayu Terengganu	Tabung Baitulmal Sarawak	Majlis Agama Islam Negeri Pulau Pinang	Majlis Agama Islam dan Adat Istiadat Melayu Perlis
Operational cost	Plant expenses involved, such as plowing wages, fertilizer and so on (New rule 2017)	Wage ploughing the soil Price of fertilisers Fertilising wage Harvesting wage (Was abolished in 2012)	Fertilisers/ herbicides Rentals The wage for human resources/ harvesting (machine) Transportation	Cost of fertilisers/Herbicides Rental (if applicable) The wage for human resources/ harvesting (machine) Transportation (lorry) ---------- Contingency deduction ¼ (bird attacks, natural disasters, and others) (Was abolished in 2012)	Land rental Ploughing and planting (if hiring/paying wage) Price of fertilisers (if bought) Herbicides (if bought) Harvesting wage Transportation wage
Self-efficiency cost	–	–	–	Cost of living (if no other source of income) (Was abolished in 2012)	Self-sufficiency cost Personal cost Wife Children Parents Medical *Daruriyyat* debt (Was abolished in 2012)

Sources: State of Terengganu Mufti Department (1999); E-SMAF (2017); Lembaga Zakat Selangor (2018); Majlis Agama Islam dan Adat Melayu Terengganu (2021); Tabung Baitulmal Sarawak (2013); Majlis Agama Islam Negeri Pulau Pinang (n.d.); Majlis Agama Islam dan Adat Istiadat Melayu Perlis (2019; n.d.).

From 2005 to 2012, another relief was permitted in Pulau Pinang, namely the ¼ of contingency discount for bird attacks, natural catastrophes and other unforeseen events. However, according to Azhari bin Ahmad, this specific relief was not mentioned, implying that it is no longer administered by the Zakat Management Centre of the Majlis Agama Islam Negeri Pulau Pinang.[5] Recently, none of the states allowed for the deduction of the living cost expenses, as illustrated in Table 3.

Regardless, before 2012, the states of Perlis and Pulau Pinang allowed for the deduction of self-sufficiency costs. There was a demand for a re-evaluation of the cost of living (*had kifayah*) cost deduction on farmers and those assisted by them until the duty to pay crop zakat is rendered so it could take better care of their interests.

In the 1980s, the Fatwa Council of Perlis resolved to deduct the cost of productivity and self-sufficiency. In Perlis, the deduction of productivity costs is permitted for all farmers. However, the cost of living in a self-sufficient manner is allowed only if the farmer has no other source of income other than farming. Perlis's Baitulmal balances rate fixing and cost deduction; if cost reduction occurs before zakat payment, the rate imposed is 10% (actual rate). If the farmer did not subtract any expenses in the second case, then the fixed rate is 5% a concession rate (*ruksah*).[6]

Perlis's Baitulmal has set a particular formula for the cost-of-living deduction, covering the farmer's personal needs at RM14.12 daily, the wife's daily needs at RM8.47, and the daily needs of children at RM3.28. The maximum deduction allowable each year for the needs of farmers, wives and children is RM5,000, RM3,000 and RM1,200, respectively. It is also permitted to subtract debts, cars, lodging, medical and gifts from parents' necessities (Baitulmal Islamic Religious Council of Perlis n.d.). However, without adequate authorisation, information, and an alternative from the Baitulmal, this alleviation ceased in the state of Perlis.

The researcher leans towards Perlis's previous practice in deducting high costs accordingly. In support of this view, Rahman et al. (2017), Kasri (2016), and Mahyuddin and Abdullah (2011) indicated that a decision based on the current and local economy to safeguard the interests of farmers and the poor is made to achieve the goals of shariah and the best practice of agricultural zakat.

At the shariah committee in Pulau Pinang, Item 3.0 (e) of the Majlis Agama Islam Negeri Pulau Pinang No.1/2005 recommended deducting the cost of living, as is done in Perlis. According to Azhari bin Ahmad, this ruling was not enforced

by the Zakat Management Centre of the Majlis Agama Islam Negeri Pulau Pinang.[5] However, the shariah committee removed the provision and subject from a paddy crop pamphlet published by Pulau Pinang Baitulmal in 2012.

Based on the above study, the researcher argues that the deduction of operating costs and living costs in Malaysia should be relieved before zakat is implemented for various reasons. First, farmers are obliged to pay agricultural zakat for each harvesting season, and for each subsidy earned, they levy wages and profits (*al-Mal al-Mustafad*). Based on the hadith of Rasulullah (PBUH): "One would not donate (perform zakat) unless he is well-to-do" (Al-Bukharī 1993, hadith 1360), zakat is only applicable to the wealthy (applies to all adult Muslims who meet the minimum amount of wealth *nisab* threshold) ones.

The goal is to offset the zakat poverty line (*had al-kifayah*) by providing standard relief for farmers' basic needs and those they sponsor, such as food, clothing, shelter and education. An analysis performed by Asmak and Pazim (2005) supported these views on the cost of paddy cultivation in the states of Selangor, especially in Tanjung Karang and Sabak Bernam, and was discovered that some paddy zakat payees from the poor have the impact of not reducing the aforementioned costs. It was revealed that 14.1% of farmers who pay for zakat only have a gross monthly income of around RM510 and 45.7% with a monthly net income below the poverty line. This problem would quickly generate a dispute between the beneficiaries and payees of the zakat distribution, which goes against the zakat goals, as described in a hadith by Ibn 'Umar: "Take from the well-to-do and return it to the poor" (Al-Bukharī 1993, no. hadith 1395).

These exemptions correspond to the specifications of shariah, which are based on the law's adaptability. It takes credit for its philosophy of modifying the law to accomplish shariah's objective (*maqasid shariah*), providing for the people's welfare, preserving this noble goal and safeguarding it from any harm. All the provisions and ordinances of any specified divine laws aim to seek profit and repel harm. If the reduction in these costs is not likely to occur, it will cause further damage.

CONCLUSION

Zakat rates have varied, with some states enforcing a flat charge of 5% or 10%, while others allow for irrigation-based options, whether the conventional 10% or 5% human resources or mechanical requirements. Sarawak is the only state that uses a 7.5% rate for both forms of irrigation. The validity of deducting individual

charges also emerges before the zakat calculation. As practised in Selangor, Pulau Pinang, Perlis and Sarawak, zakat is levied on the crop after harvest, eliminating operational expenditures. This contrasts with the deduction of living expenses, which no state permits. These findings illustrate the dynamics of Malaysia's diverse agricultural zakat collection practices. To conclude, three critical aspects contribute to the success of diversity initiatives:

1. The SIRC's commitment to a dynamic diversity and inclusion policy that the Federal Government mandates in the ninth schedule to the Federal Constitution of Malaysia is set out in the state list. This commitment and jurisdiction are different in every state. However, this diversity reflects a nation's success and resilience.

2. Establishing diversity in zakat collection is imperative as ensuring that executives are held accountable for the institution's effective implementation. In addition, the zakat's rules and restrictions regarding agricultural production should be re-evaluated. Before the imposition of zakat, self-sustenance and running costs should be waived by considering the current agrarian economy's demands and the public interest.

3. The role of Zakat Corporations and SIRC needs to incorporate peace, justice and strong institutions as part of the Global Challenge for Government Transparency: The Sustainable Development Goals (SDG) 2030 Agenda. Among the Islamic corporate governance best practices are establishing regulatory framework and internal policies and tasks, as well as manifesting functions of the shariah board.

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NOTES

1. Mohd Farid bin Mohd Zainal. Executive for Corporate Information Sector, Lembaga Zakat Selangor, interview, 12 September 2012.
2. Sahibul Samahah Dato' Seri Haji Hassan bin Haji Ahmad. Mufti of the State of Pulau Pinang, interview, 20 September 2012.
3. Zulhazmi bin Bohari. Executive Officer, Tabung Baitulmal Sarawak, Bandar Sri Aman Branch, interview, 24 September 2012.
4. Tuan Zuhaimi bin Tuan Sembok. Executive Officer for Zakat Assessment, Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), interview, 3 October 2012.
5. Azhari bin Ahmad. Executive Officer for Dakwah Shara' Consultancy, Collection and Marketing Department, Zakat Management Centre, Majlis Agama Islam Negeri Pulau Pinang (MAINPP), interview, 18 September 2012.
6. Mohd Nazim bin Hj Md Noor. Head of Zakat Unit, Baitulmal Islamic Religious Council of Perlis, interview, 12 September 2012.

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