

Housing Assistance Under the Zakat, Disbursement Schemes in Malaysia

Azila Ahmad Sarkawi*

Department of Urban and Regional Planning, Kaed, Iium, Malaysia

Srazali Aripin

Department of Architecture, Kaed, Iium, Malaysia

Abstract

Housing assistances such as rental, repair, deposit and construction have been part of the zakat disbursement schemes in Malaysia. Majority of the fourteen States in Malaysia do provide this kind of assistances under their zakat disbursement schemes though the practice varies from one State to another. At the Federal level however, the proposal for standardization has been made by the Department of Awqaf, Zakat and Pilgrimage (JAWHAR), Malaysia. Thus, it is the objective of the paper to document the practice of providing housing assistances to the eligible *asnafs* (zakat recipient) using the Manual of Zakat Disbursement Administration by JAWHAR as the basis. The study employed content analysis method to unveil the practices of providing housing assistances taking the state of Perak practices as an example. The study confirms that the zakat fund is used for housing assistances stemming from the principle that accommodation is one of the human necessities other than food, costumes, medication, education and transportation, but it is not on the large scale of housing development. These housing assistances are aimed to provide a better living environment for the wellbeing of *asnafs*.

Keywords: Zakat; Disbursement scheme; *Asnaf*; Housing.



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1. Introduction

The underlying principle of zakat prescription in Islam is for the betterment of people spiritually, socially and economically. It gives benefits to both sides: zakat givers and the recipients. Islam propagates the idea of wealth sharing through zakat while requiring people to work for their live (Yusuf al-Qardawi, n.d). Being a religious instrument, the management of zakat ought to be done according to the principles of Islam irrespective of its collection or disbursement. Consequently, the study focusses on the disbursement of zakat with specific reference to the housing assistances. Although zakat is always associated with helping the *asnafs* with their immediate needs such as foods and clothes, shelter is equal important in order for them to enjoy a good living. For that matter, housing assistances such as rental, deposit, repair and construction have been allocated in the zakat disbursement schemes.

The objectives of this paper are to document the practices of providing housing assistances under the zakat disbursement schemes and to confirm that zakat fund do allocate some money for housing assistances. This paper is then structured into five parts commencing with the introduction as Part One. Part Two explains zakat disbursement schemes in Malaysia. Part Three elaborates the research methodology followed by case study and discussion in Part Four. The paper concludes with findings in Part Five.

2. Zakat Disbursement Schemes In Malaysia

Zakat disbursement schemes in Malaysia have considered six areas of human necessities namely accommodation, food, costumes, medication, education and transportation.

Department of Awqaf, Zakat and Pilgrimage (JAWHAR, in Malay) is a government agency at Federal level established in 2004 under the Prime Minister's Department mainly to coordinate and to enhance the development of waqaf, zakat and hajj in Malaysia. With regard to zakat disbursement, thirty-two schemes were devised to assist the *asnaf* as shown in Table 1.

Table-1. Zakat disbursement schemes/assistances

TYPES OF SCHEMES/ ASSISTANCES	CATEGORIES OF ELIGIBLE ASNAF							
	Fakir	Miskin	Amil	Muallaf	Fisabilillah	Gharimin	Riqab	Ibnussabil
1. Monthly monetary assistance	√	√		√				
2. Educational supports	√	√		√				
3. Business supports	√	√		√				
4. Deposit for taxi-rent-to-own	√	√		√				
5. House repair, build or deposit for low cost house	√	√		√				
6. House provision/construction	√	√		√				
7. Ibnussabil								√
8. Emergency	√	√		√	√	√	√	√
9. Riqab							√	
10. General scholarship for furthering study	√	√		√	√			
11. Welfare agencies and da'wah institutions				√	√			
12. 'Idulfitri	√	√		√				
13. 'Iduladha	√	√		√				
14. Medical treatment	√	√		√	√			√
15. Marriage support	√	√		√				
16. Deposit for house rental, electricity and water	√	√		√				
17. Quit rent, land tax and utility's bills	√	√		√				
18. Debt settlement						√		
19. Disaster	√	√		√	√	√		
20. School and examination fee for primary & secondary level	√	√		√				
21. Voluntary counselor					√			
22. Management of old folk house	√	√		√				
23. Encouragement of circumcision for Muallaf				√				
24. Group Takaful	√	√		√				
25. Organisation's/association's debt					√	√		
26. Marriage and Divorce Registrar					√			
27. Trainings for skill improvement	√	√		√	√			
28. Special allowance for basic religious class	√	√		√	√			
29. Research and publication					√			
30. Educational activity and visit	√	√		√	√			
31. Allowance and honorarium for religious teacher and officer					√			
32. Communal development project					√			

Source: (Jawhar, 2009)

For Scheme 5, the implementation will be carried out by means of the appointed contractor, the identified house maker or *gotong royong*. Direct payment will be made to the contractor registered with the State Islamic Religious Council (SIRC), or to the supplier or advanced payment to the developer of low cost housing. The implementation under Scheme 6, would be firstly the determination of the housing area and the appointment of contractor will be carried out by zakat authority accordingly. Reference to the Construction Industry Development Board must be made to ensure transparency and accountability of the appointed contractor. More importantly, viability of the project is a pre-condition to zakat fund investment.

For *asnafs* who ought to rent or are renting a house, under Scheme 16, there would be monetary assistance by means of payment for a deposit of house rental and utility bills for electricity and water. However, they are required to provide evidence of certified letter from the house owner stating the rate of house rent and its deposits. For *asnafs* who already owned a house but could not afford to pay a quit rent, land charge and bills for electricity and/or water can also make application for zakat assistances under Scheme 17.

The recipients of the assistances are subjected to the general conditions set by JAWHAR as follows:

- i. Islam (except for *muallaf*)
- ii. Malaysia citizenship (except *ibnussabil*)
- iii. Permanent resident (except *ibnussabil*)
- iv. Household income not achieving *haddul kifayah*
- v. Not a recipient to other assistances that sufficiently support their financial

For each scheme, specific conditions are also applied. In this paper, the focus is on the specific conditions for schemes related to housing assistances as presented in Table 2.

Table-2. Specific conditions for housing assistances related schemes for zakat eligibility

(5) Repair, build or deposit for low cost house	(6) House provision/ construction
a. Applicant fulfils general conditions, b. Applicant's house destruction is due to natural disaster and/or dilapidated aged house, c. Applicant has a piece of land with title or written permission from the land owner, d. Applicant obtained Temporary Occupancy Licence (TOL) from Land Office; or e. Applicant have gotten offer to buy low cost house from the State Government.	a. Applicant fulfils general conditions, b. Applicant does not have other house, c. Applicant is selected by the Authority

Source: (Jawhar, 2009)

All the above schemes show the seriousness and the scope of zakat authority related to housing assistances, in helping the *asnafs* to have better living conditions.

3. Methodology

The paper intends to document the practices of providing housing assistances in the zakat disbursement schemes and to confirm that zakat fund do allocate assistances for housing. Consequently, it adopted a desk-study approach where content analysis was carried out to the JAWHAR's Manual of Zakat Disbursement Administration and the state of Perak practice of providing housing assistances to *asnaf*. Out of fourteen states in Malaysia, Perak was selected as a case study because of its comprehensive details contained in the study conducted by Azman and Hasanah (2015) on *asnaf* coupled with the published materials available in the Perak's State Islamic Religious and Malay Custom website.

4. Case Study and Discussion

Out of 2,352,743 million population of Perak in 2010 in which it is projected to be 2,522,100 in 2017 (<http://www.epu.gov.my/>), 55.3 percentage is Muslims (<https://www.statistics.gov.my/>). According to the validated statistics of eKasih poverty registry (urban) as of 31 March 2015, Perak has 158 hardcore, 1564 poor and 886 vulnerable families. Hardcore is defined as household income less than RM510 per month, RM840, RM1500 respectively (<http://www.kpkt.gov.my/>). However this figure of poverty registry could be said as unexhausted as it is for urban area only. More importantly it depends on the methodology of conducting the household income survey and its variables used.

This issue of poverty registry is not in isolation to the zakat authority for the purpose of zakat disbursement. (Ram and Norfaiezah, 2016) identified this issue in highlighting factors affecting zakat surplus in Malaysia, doubled with factor of late zakat payment notably end month of the year. Hasan A. (2015) and (Mansor *et al.*, 2015) raised the issue of *haddul kifayah* (living sufficiency line) as one of the factors that contribute to zakat surplus. (Mansor *et al.*, 2015) studied the methodology of arriving at this poverty rate according to Islamic point of views. Abd *et al.* (2007), Hasan B. and Syawal (2007) and Eza *et al.* (2014) studied the efficiency of zakat authority in disbursing zakat fund in the context of good governance in order to gain people's confidence in zakat paying and to ensure the welfare of *asnaf* is taken care of.

As far as Perak's zakat disbursement administration is concerned, the categorization is made under the four programs namely social, educational, economic and human capital development. Each category of zakat disbursement comprises several schemes in which housing assistances schemes fall under social development program (Azman and Hasanah, 2015). Other schemes are quite similar to JAWHAR's proposals (see Table 1).

In 2015, RM6,181,800.00 was spent for house repair to 416 eligible *asnaf* in Perak. In principle cost for house repair is limited to RM12,000.00 only per unit. This figure constitutes 3.75 percentage of total zakat disbursement for that year excluding house construction scheme. For house construction, three types of house are included as follows:

No. of rooms	Size	Max allocation
Type A		
3 rooms	20' x 30'	RM46,000.00
Type B		
2 rooms	18' x 28'	RM40,000.00
Type C		
Studio	Data not available	RM20,000.00

Additional fund of RM3,000.00 can be considered for construction site located in remote area where cost for transportation and/or land in-fill for low area might incur.

Types of house is considering number of family members. Two-rooms house is considered for eligible *asnaf* who is living alone or husband and wife only or mother and/or father with one dependent. Three-rooms house is eligible for *asnaf* with more than the aforesaid mentioned of 2-room house. However, the provisions of size and space of the house need further study to determine its suitability and comfort for living condition. In this case, low cost house or public house scheme that is 750 square feet in size becomes the benchmark. Other than general and specific conditions imposed by JAWHAR, SIRC Perak adds eligibility criteria into account that include age factor (around 40 to 60 years old), number of dependents, sickness, closed relatives, ability to work and readiness to stay in that completed house within 21 days of completion.

Applicant to housing assistances needs to fill up application form available in the SIRC's website submitted with supporting documents (refer to <file:///C:/Users/user/Downloads/borangzakatpps.pdf>)

Completed application will go through investigation process by SIRC's officer. The report will specify the scope of work required whether it is a house repair, construction or completion of an abandoned house. Approval will be made by the *Jawatankuasa Baitulmal Tertinggi*. Appointment of contractor was made according to the government's policies. There are cases construction or repair been done by home maker or by way of *gotong royong*. Office of the District Administration will liaise with the supplier of construction materials following the plan and the design stipulated. Progress monitoring and reporting will be done by the Office including start, end and actual completion dates with photos as evidences. Payment will be made by local order direct to the contractor/home maker or supplier upon completion of works.

Overall, zakat disbursement in Perak for 2015 is totaling to RM164,530,512 while the collection is RM132,224,707.37. It is obvious that total zakat disbursement is higher than its collection, which records similar trend in 2016: the collection is RM140,019,980.75, while the disbursement is RM142,808,962.95 (<http://www.maiamp.gov.my/>). This implies the restricted zakat fund to be spent thus its disbursement process must be carefully scrutinized and implemented.

5. Conclusion

In short, zakat disbursement schemes, in Malaysia generally and in Perak specifically, have considered wide range of *asnafs'* needs including house for accommodation. To a certain extent, the housing assistances cover various types of accommodation needs for a living as explicitly stipulated under Schemes 5, 6, 16 and 17 of JAWHAR's guidelines (see Table 1). In term of its implementation practice, Perak shows detailed records. However, there is a limitation in accessing to some data that hinders this study to reveal the findings on the success stories of the housing provisions under zakat disbursement schemes. The study has successfully confirmed that there is a provision for housing assistances from zakat fund though the amount is in a small amount to a maximum of RM46,000.00 per unit. Hence, further study is required on the usage of zakat fund for a development of mass housing be it for the direct benefit of the *asnaf* or indirect in kind of its proceeds.

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