

## THE USE OF ZAKAT LOGO IN OPTIMIZING THE COLLECTION OF CORPORATE ZAKAT IN THE STATE OF KEDAH

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### ABSTRACT

*All approaches to increase corporate zakat collection must be intensified by zakat institutions and supported by corporate company owners so that the annual corporate zakat collection target is achieved despite the challenges that zakat institutions have to go through. Various initiatives have been implemented by zakat institutions such as Lembaga Zakat Negeri Kedah (LZNK) by introducing innovative corporate zakat collection promotion methods through the use of zakat logos for corporate companies in the state of Kedah. This effort not only demands the duty of the amil to collect corporate zakat from corporate companies, but it is also a human need for the property to guarantee the blessing of corporate companies in their business when paying Zakat. Thus, this article aims to discuss the concept of using the zakat logo in Kedah. This article will also examine the procedures for obtaining the zakat logo by corporate companies in Kedah. This qualitative study uses documentation, observation, and interview methods in the data collection process. The results of the study found that the use of the zakat logo on corporate companies can increase corporate zakat collection in addition to achieving the objective of zakat shari'a through property care in the aspect of maqasid shari'a. The study also found that only corporate companies that meet the specified conditions are eligible to get a zakat logo from the LZNK such as Muslims, zakat payers at LZNK according to the actual count, and others. It is hoped that this study can provide guidance and references to zakat institutions or certain organizations in managing affairs related to corporate zakat collection in facing the challenges of corporate zakat collection in Malaysia. Further research needs to be done to encourage the use of the zakat logo so that it can be applied by all states in Malaysia so that the corporate zakat collection rate can be optimized from time to time.*

**Keywords:** Usage, Zakat Logo, Collection, Corporate Zakat

## 1. INTRODUCTION

Islam prescribes zakat as a means of strengthening the economy of Muslims as a means of purifying property and sharing wealth. This point illustrates that Islam is not only concerned with the aspects of worship, faith and morals, but it is also holistic in nature which includes economic and development aspects. The zakat institution has planned, managed and arranged various strategies to remove the *asnaf* from the shackles of poverty in line with current changes and needs. This effort is in line with the government's recommendations towards achieving the Shared Prosperity Vision 2030. Various approaches and methods have been implemented by zakat institutions to ensure an increase in zakat collection, create transparency in distribution and the distribution is inclusive.

New methods to promote zakat should be thought of to attract more new zakat payers, especially from corporate companies operating in their respective states. Based on statistics, the annual report found that although corporate zakat collection is the second highest after income zakat, the rate of zakat payment by corporate companies is still at a low level compared to the number of companies operating in the state. This shows that, corporate zakat has great potential to be optimized if there is one element that these companies consider important can be identified that causes them to feel called to pay zakat to zakat institutions.

Among the important elements for corporate companies is advertising. Generally, advertising is a medium used to publicize the products and services offered to their target customers. In addition, advertising is also important to show the company's commitment to compliance with standards related to product quality such as SIRIM, Islamic Manufacturing Practice (IMP), Good Manufacturing Practice (GMP) and Halal JAKIM. This can increase the reputation and confidence of customers in the company and thus bring profit to them (Mohd Helmi, 2009).

Therefore, elements like this can be modified and integrated into promotional methods to attract their interest in paying zakat. This kind of promotional method is important because it can have a high impact on the total amount of zakat collection and can then be used to reduce the wealth gap between the rich and the poor as found in the objective of *Wawasan Kemakmuran Bersama* (WKB) 2030.

## 2. HISTORY OF ZAKAT LOGO IN KEDAH

Awareness of business zakat payment among corporate companies is still at a less than satisfactory level even though statistics show that business zakat collection is the second highest after income zakat. This at the same time reduces the space and potential of zakat distribution to the *asnaf* group and those in need more optimally. Meanwhile, among the highest zakat paying entities under business zakat are corporate companies where they contribute as much as eight percent of the total zakat collection in 2019 (PPZ-MAIWP, 2020). Because of this, business zakat collection through corporate companies has the potential to be optimized to achieve the targeted collection. This corporate zakat collection is important to increase resources and revenue for zakat institutions as well as to further increase the provision of assistance to recipients of zakat assistance.

An innovative effort has been introduced using the zakat logo by several zakat institutions in Malaysia as an effort to boost corporate zakat collection rates. The use of this zakat logo was introduced in Malaysia for the first time through the initiative of the Kedah State Zakat Board (LZKN) through the Sahabat Zakat Kedah Logo and the Muzakki Certificate for corporate companies in the state of Kedah. The Sahabat Zakat Kedah logo has been widely introduced in the state of Kedah and was officiated by Dato' Dr Zulkifli Al Bakri in March 2020. The use of the Zakat Logo in Kedah was formed as a result of an idea from the Chief Executive Officer, LZKN which is Y.Bhg. Dato' Sheikh Zakaria Othman by looking at the potential and ability to increase the percentage of corporate zakat collection in the state of Kedah (Omar Jamaduddin, 2022). The purpose of introducing the zakat logo is to give recognition to corporate zakat payers among corporate company owners who have carried out the responsibility of paying corporate zakat. Not only that, but it also aims to give awareness to the owners of other corporate companies to pay corporate zakat in addition to introducing to the public companies that pay corporate zakat in the state of Kedah (Omar Jamaduddin, 2022).

The Sahabat Zakat Kedah logo can be widely used either placed in the premises or pasted on the company's products or goods. It can be used as an advertising medium that shows the goods belong to Muslim traders and pay corporate zakat (Omar Jamaduddin, 2022). This will have a direct effect on the increase in sales of Muslim companies which will increase the amount of zakat payments of the company. Until December 2021, a total of 245 companies including Sdn Bhd, Enterprise Bhd and cooperatives have successfully obtained the Muzakki Certificate and Zakat Payer Logo from

LZNK. This proves the role of using the zakat logo can give awareness to other Muslim companies to pay zakat together.

At the initial stage to obtain the Muzakki Certificate and the Kedah Zakat Payer Logo, the application can be made manually by filling in a form that can be found at LZNK. But starting November 11, 2021, applications must be made completely online through the Zakat On Touch (ZOT) application. Among the conditions to qualify a Muslim company to obtain the Muzakki Certificate and the Sahabat Zakat Kedah Logo is to have sufficient haul and nisab. Other conditions include payment of zakat for Enterprise companies of not less than RM 1000.00 within a year. While for the company Sdn. Bhd. zakat payment is not less than RM 3000.00 within a year. As for small companies, they can also make the application by paying zakat of RM 1000.00 in instalments over a year (Omar Jamaduddin, 2022).

This LZNK initiative was then followed by PPZ-MAIWP through the presentation of zakat certificates to companies that pay zakat in addition to introducing the zakat payer logo as a sign of support for zakat payers. The introduction of the corporate zakat certificate and logo is seen as a very good action from the zakat institution in optimizing corporate zakat collection. This logo factor is also expected to be one of the marketing mediums of a company, where when customers see that the company has a zakat logo, it will increase the number and loyalty of customers and will have a direct effect, which is economic profit for the corporate company.

The economic market shows that traders who pay zakat must compete with traders who do not pay zakat either among Muslim traders or vice versa. This point clearly shows that the use of the zakat logo is intended to give Muslim buyers a choice to choose products, goods or services given and sold by Muslim-owned corporate companies. This directly supports the Buy Muslim First (BMF) campaign, the benefits of which can be felt by Muslim traders through an increase in their sales volume. When the sales volume of a corporate company increases, then the payment of corporate zakat will be paid also increases. The effect can be felt by more eligible *asnaf* through the distribution of zakat by state zakat institutions through Majlis Agama Islam Negeri (MAIN).

The benefit of this zakat logo can provide guidance to users to choose items that are believed to be the owner of a religious person and pay zakat from his wealth. According to Syeikh Zakaria Othman (2020), the purpose of introducing the zakat logo is not to replace the halal logo, but it was launched as a sign of LZNK's support and appreciation to corporate zakat payers

consisting of corporate companies in the state of Kedah. As for companies that open branches in various states in Malaysia, including in the state of Kedah, their companies can also apply to obtain a zakat logo from the LZNK.

### **3. ZAKAT LOGO APPLICATION PROCEDURE IN KEDAH**

To obtain the zakat logo, each applicant must follow the conditions set by the LZNK. Among the required conditions are such as being Muslim, paying zakat at LZNK according to the actual count, the business form must be permitted in terms of Shariah and law, the business must operate and transact in the State of Kedah and LZNK has the right to reject the application if it is found not to comply with the conditions- conditions or information provided is not true. While the minimum limit of zakat payment is RM 1,000.00 per year for Small and Medium Enterprises (SMEs) and Enterprises. As for Sole Proprietorship Berhad (Sdn. Bhd) and Berhad type businesses, the minimum zakat payment limit is RM 3,000.00. The period for validity of the certificate is for 1 year, which is from the payment of zakat issued until the end of the haul each year (Omar Jamaduddin, 2022).

Eligibility to obtain the recognition of the zakat logo and muzakki certificate must be made in accordance with the application procedure that has been determined by the LZNK. Among the application methods are that every application must be made directly to LZNK. During the application process, the applicant must submit a copy of the applicant's/owner's identity card, submit a copy of registration (SSM, ROS, SKM & Others), submit a copy of the business zakat receipt of the current year or the previous year that has not yet completed the haul. Each applicant must also clearly fill in all the fields in the Muzakki Certificate Application Form and the Sahabat Zakat Kedah (SZK) Logo. For applicants who wish to renew the certificate, it can be done directly by the LZNK according to the current year's zakat payment receipt date. Every successful application will be supplied with a Muzakki Certificate along with an A4 size frame. Sahabat Zakat Kedah (SZK) logo along with the serial number and Sahabat Zakat Kedah banner will be given in soft copy.

### **4. THE IMPACT OF USING ZAKAT LOGO IN OPTIMIZING BUSINESS ZAKAT COLLECTION IN KEDAH**

The use of the zakat logo plays a role as one of the new initiatives in further optimizing corporate zakat collection and making distribution sources more comprehensive for zakat institutions as well as increasing assistance to the needy *asnaf*. Among the impacts of using the zakat logo in increased corporate zakat collection in Kedah are as follows:

#### 4.1 Impact on Zakat Paying Companies

Using the zakat logo on the products of zakat paying companies, it acts as advertising material for the products in the market. As we all know, companies that pay zakat must be 100% Muslim-owned. Therefore, if buyers find the display of the zakat logo on products in the market, their confidence will increase to prioritize the purchase of Muslim products. The impact of Buy Muslim First (BMF) support will have a significant impact on the return of the corporate company.

Based on the researcher's interview with the marketing officer of Mudim Zakaria Food Industries Sdn. Bhd (2022), he explained that their company had been awarded the zakat logo as a sign of LZNK's recognition of their company as one of the highest corporate zakat payers in Kedah since 2018. The effect of the awarding of the zakat logo caused an increase in the company's profit rate from 15 million to 20 million profit per year (En. Izzat, 2022). The impact of using the zakat logo on corporate companies can provide a good return in the framework of efforts to optimize corporate zakat collection, especially in the state of Kedah.

#### 4.2 Impact on Zakat Institutions

The efforts implemented by the zakat institution through the introduction of the zakat logo are increasingly being welcomed by zakat payers among corporate companies when now the LZNK has a list of zakat logo owners known as Sahabat Zakat Kedah which is increasing day by day. The awareness of the application to become a Sahabat Zakat Kedah is also well received among small or medium-sized traders.

This happens because the effect of the zakat logo that has been used by existing corporate companies shows success when the average company obtains double profits after applying the zakat logo on each of their products. The profit will cause business zakat payments by corporate companies to be made more in line with the increase in the annual profit of a company. The benefit is felt by zakat institutions when their objective to increase the amount of corporate zakat collection through the introduction of the zakat logo to corporate companies is seen as successful.

#### 4.3 Impact on Asnaf:

The quality of life among urban *asnaf* is seen to be still at the same level and beset by poverty. Although zakat institutions have favoured the *asnaf*

with various forms of development and self-help programs, there is still a gap that still exists, which is the income distribution gap that still reflects urban poverty, making zakat distribution less effective.

The innovation of using the zakat logo given to corporate companies is seen to be able to be a catalyst for the economic acceleration of corporate companies. The effect of the implementation will cause an increase in corporate zakat collection. When the amount of corporate zakat collection increases, it will make the overall zakat collection also increase. Therefore, zakat collection results can be optimized and will be distributed to *asnaf* more effectively and fairly. The impact of increasing corporate zakat collection is very important for *asnaf* for the sake of their continuity of life towards well-being and a stable family economy.

## 5. CONCLUSION

In conclusion, the use of the zakat logo on corporate companies is seen as a suitable alternative measure to optimize corporate zakat collection. Using this method, it can convince consumers to buy goods or products under the company's brand. As a result, the economy of the Muslim community will increase through its corporate image that is increasingly trusted and known. This effort also supports the recommendation to prioritize the purchase of Muslim companies. Not only that, but the impact can also be felt by the *asnaf* group who need help through the results of one of the corporate zakat collections by state zakat institutions. Thus, the application of the use of zakat logos to corporate companies acts as a very accurate step to increase zakat collection of existing businesses. Therefore, a detailed study is very necessary to study and see the best approach in implementing the use of the zakat logo by corporate companies in Malaysia in the future. It is believed to be able to become the policy and policy of the government and zakat institutions in optimizing corporate zakat collection according to the correct method in line with the requirements of syariah so that it can guarantee the continuity of *asnaf* development in line with WKB 2030 targets.

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