

Zakat collections and distributions within *Zakat* institutions in Malaysia

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ARTICLE INFO

Article history:

Received 10 October 2023

Accepted 2 December 2023

Published 31 January 2024

Keywords:

Asnaf

COVID-19

Zakat Collection

Zakat Distribution

Malaysia

DOI:

10.24191/jeeir.v12i1.852

ABSTRACT

Zakat is one of the pillars of Islam. The obligation of *zakat* has been established in the al-Quran, and all Muslims are obliged to pay it. The use of *zakat* is limited to eight groups: are *masakin* (poor), *al-fuqara* (needy), *al-gharimun* (people in debt), *ibn sabil* (traveller or wayfarer), *al-riqab* (slave), *muallaf* (convert or return to Islam), *fi-sabilillah* (doing something for Islam's cause), and *amil* (has the right to collect *zakat*). This study aims to assess the extent of information disclosure at *zakat* institutions in Malaysia as well as examine the collection and distribution of *zakat* before, during, and after the Covid-19 pandemic in Malaysia. The design of this research is quantitative, using websites and research papers as research instruments. The data collected in this research were analysed descriptively. The results of the study found that most states have reported the amount of collection and distribution of *zakat* on their websites. Apart from that, the collections and distributions of *zakat* during the COVID-19 pandemic have fluctuated. This research also provides recommendations for *zakat* institutions to have a more systematic reporting system to make it easier for the public to obtain detailed information related to *zakat* collection and distribution.

1. Introduction

It is widely known to practicing Muslims that *zakat* is compulsory for those who can afford it, as it is one of the five pillars of Islam. Zakat Institution is a non-profit organisation established on the basis of religion, as Muslims are obliged to extract part of their wealth from the specified beneficiaries, called the eight *asnaf* (Htay & Salman, 2013). Giving away money to the poor is said to purify yearly earnings that are over and above what is required to provide a person and their family with their essential needs (Liberto,

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2022). The establishment of zakat as an institution was first introduced by the second Caliph, Umar Al-Khattab, following the passing of Prophet Muhammad. This practice has been embraced globally, persisting to the present day. However, in Malaysia, matter pertaining to Islamic laws and practices are under the jurisdiction of the State Islamic Religious Council (SIRC), and this includes the management and distribution of zakat to the beneficiaries. This implies that different states will have different regulations for how to manage zakat money, depending on the state's governing law.

Zakat is a mandatory contribution imposed on individuals within the Muslim community. Its purpose is to collect excess funds from wealthier members of society and distribute them to those who are impoverished and in need. (Sapingi, Nelson, & Obid, 2023). This compulsory obligation is in line with the Quran and Hadiths as follows:

“O you who believe! Give of the good things which you have (honorably) earned and of the fruits of the earth which We have produced for you, and do not even aim at getting anything which is bad, in order that out of it you may give away something when you yourselves would not receive it except with closed eyes. And know that Allah is Free of all wants, and worthy of all praise. (Al-Baqarah: 267)

“Whereas Prophet (SAW) urged us to pay zakat on products that we offer for sale.” (narrated by Abu Daud)

The zakat has been mentioned more than 80 times in the Holy Quran. It is mandatory and placed with the same importance as *salat*: *“So, establish salat and give zakat, and hold fast to Allah.” (Al-Hajj: 78)*

Islam mandates the zakat as a mandatory charitable contribution applicable to eight distinct categories of individuals, as stated clearly in the verse of al-Quran below:

“Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to truth); for those in bondage and in debt; in the cause of Allah; and for the wayfarer; (Thus it is) ordained by Allah, and Allah is full of knowledge and wisdom.” (Al-Taubah: 60)

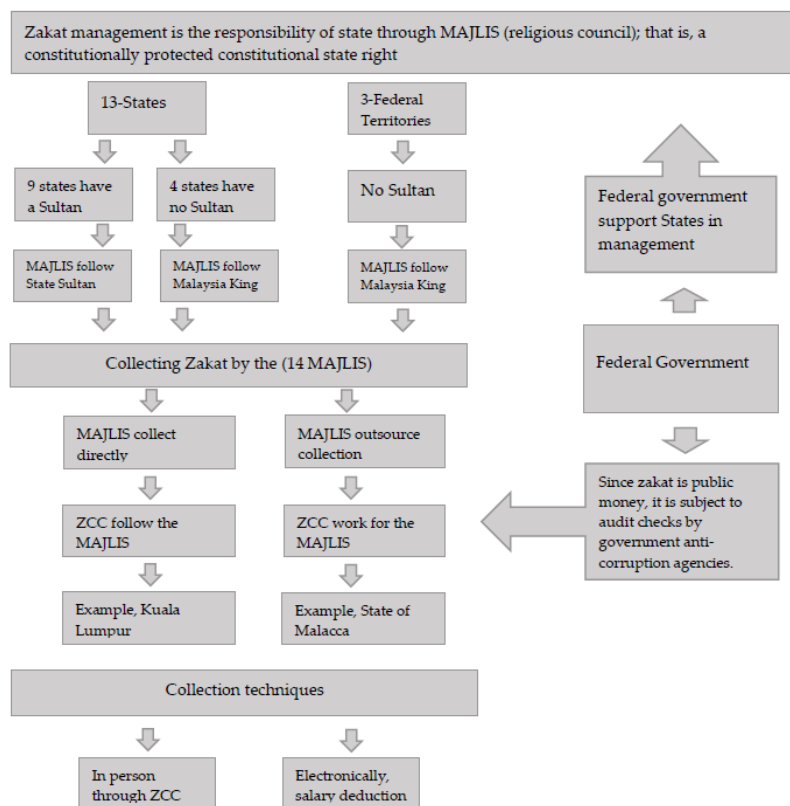
Within these eight categories, five are specifically intended for alleviating poverty, including the poor, the needy, debtors, slaves (to facilitate their emancipation), and travellers facing financial hardship. The remaining three categories consist of those responsible for zakat administration, individuals whose hearts are inclined towards Islam, and those engaged in the path of Allah. While the Qur'an identifies these eight categories of individuals, the primary emphasis in allocating zakat funds should be given to addressing poverty by providing assistance to the poor and the needy (Johari, Ab. Aziz, & Mohd Ali, 2014).

However, previous research has addressed whether the information disclosed by zakat institutions is sufficient and consistent (Abidin, Saad, & Mohd Muhaiyuddin, 2014; Ramli & Kamaruddin, 2017). Masruki, et al. (2017) stated that the present reporting approach is frequently limited in scope as it acknowledges and reports solely on financial details, neglecting socio-economic and environmental concerns. Moreover, the absence of a dedicated reporting standard leads to variations in disclosed information, impeding performance assessment and comparison. Inadequate and inconsistent information has the potential to diminish public trust in the institution, resulting in decreased credibility and financial support. Therefore, according to Sapingi, Sheikh Obid, & Nelson (2014), it is proposed that a fresh reporting methodology is essential to foster the development and backing of zakat institutions. Hence, to enhance comprehension of this issue, the paper aims to examine the zakat collection and distribution carried out by different states in Malaysia. Additionally, it seeks to analyse the zakat collection and distribution by various states in Malaysia prior to, during, and post the Covid-19 pandemic.

2. Literature review

Zakat plays an integral economic instrument in the development of a country as it harmonises social security by bridging the gap between high-income earners and low-income earners. Zakat is also one of the mechanisms for ensuring the economic independence of the Muslim community through sadaqah and waqf. To add more, the distribution of zakat funds could help in elevating the Malaysian economy by elevating Muslims' purchasing power and, in turn, alleviating poverty. The administration of zakat has undergone many improvements in terms of standard of procedure, infrastructure, human resource development, delivery system, and governance disclosure, yet there are still issues that need to be tackled to ensure that the administration of zakat is moving on the right track due to the fact that the fund is public (Takkiril & Othman, 2020).

In Malaysia, the zakat institution is under the jurisdiction of each state, with each state having its own governing law concerning matters related to zakat. For example, in Selangor, the highest authority is the Sultan of Selangor, followed by the State Islamic Religious Council, also known as the Majlis Agama Islam Selangor. However, some states, for administrative purposes, have privatised their zakat institutions, such as Selangor, Wilayah Persekutuan, Kuala Lumpur, Pahang, Pulau Pinang, Melaka, and Negeri Sembilan (Ahmad et al., 2006). This privatisation aims to ensure that zakat management can provide quality service by maximising customers' satisfaction through a professional approach, including the use of the latest technology while aligning with Islamic values. The figure below illustrates the management of zakat in Malaysia:



Source: Managing Zakat through institutions: Case of Malaysia (Migdad, A. (2019)

Unfortunately, issues regarding zakat distribution to the asnaf still need improvement (Lubis et al., 2011). Additionally, the channel and method of distribution continue to be a central concern among the Muslim community, especially among zakat payers (Zainal et al., 2016). Generally, zakat payers would like to know the identity and location of the zakat beneficiaries.

2.1 Zakat collections and distribution in Malaysia

Most countries do not have an official structure and lack advanced circulation mechanisms for zakat collections and distributions. However, Malaysia has developed state-centralised institutions for collecting and distributing zakat. Thus, zakat is not exclusively managed by a specific body set up by individuals or organizations. As a result, the management of zakat funds differs from one state to another. It is generally acknowledged that the Malaysian zakat system is advanced and set as a benchmark for a successful zakat institution's management (Migdad, 2019).

Zakat institutions in Malaysia are unique because all matters related to religious affairs will be managed by the state authority. However, there are various guidelines on zakat rulings, such as the Malaysian Accounting Standard Board (MASB), the Companies Act, the financial best practices of the respective State Islamic Religious Councils (SIRCs), and the National Procedure for Corporate Accounting. Due to the various zakat management styles, internal control is a crucial factor in ensuring proper accountability practices and management (Anuar, Mohd Alwi, & Mohd Ariffin, 2019).

Although the administration of zakat collection is improving year by year, there are still many issues, disagreements, and controversies surrounding zakat distribution. The distribution method of zakat is still unclear, as most countries still do not have a fixed distribution method. Even though zakat distribution has been implemented, poverty is still happening. Some zakat institutions had a shortage of zakat funds, while some others had surpluses, which showed poor performance and achievement by the zakat institution. Additionally, if zakat payers pay zakat directly to the poor and in need, problems with leakage of zakat collections and distributions might arise (Islam & Umme, 2020). Wan Khairul et al. (2019) have criticised the distribution of zakat collection, which most institutional zakat only considers based on family income. The term asnaf is broad and encompasses more than just those with lower financial capability. The zakat collection funds must also be used to protect lives, religion, ancestry, property, and knowledge. The distribution must be done according to Sharia law (Azhar, Kader Mydin, & Pitchay, 2023).

Malaysia's economic progress has an impact on the collections and distributions of zakat in Malaysia. According to the Department of Statistics Malaysia's website, the poverty rate increased from 5.6 percent in 2019 to 8.4 percent in 2020, with a change of 2.8 percent. The main reason for this increase is due to the attack from the COVID-19 outbreak, which directly impacts household income and subsequently impacts the national economy. A fair zakat distribution is one of the methods for reducing the poverty rate in Malaysia. The amount of zakat collection in each state in Malaysia keeps increasing year over year. However, coordination on zakat performance management must be enhanced (Fizol, et al., 2022).

3. Research methodology

This study adapts a quantitative approach by using the Zakat institutions website and Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia. This form of research was chosen because it is easy for researchers to gather information and can save costs, time, and effort. To obtain information about collections and distributions in each state, researchers obtained data from several related institutional websites. Thirteen states were reviewed in this study are Johor, Kedah, Kelantan, Melaka, Negeri Sembilan, Pahang, Pulau Pinang, Perak, Perlis, Selangor, Terengganu, Sabah, Sarawak and federal territories. The data on zakat collections and distributions were taken for five years, which is 2018-2022. This data was

analysed by reviewing the collections and distributions of zakat in Malaysia to see the differences in zakat collection and distribution before, during, and after the COVID-19 pandemic in Malaysia.

4. Results

The results are analysed based on the Zakat institutions website and Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia. Thus, the discussion is based on the results that have been analyzed in this paper.

4.1 Zakat collection in Malaysia from 2019-2022

Table 1. Zakat collection by state in Malaysia from various zakat institution website

No.	State	Year					Total collection
		2018	2019	2020	2021	2022	
1.	Johor	285,784,094.35	311,727,367.23	300,855,626.51	323,033,096.38	-	1,221,400,184.47
2.	Kedah	182,744,672.38	207,213,689.67	228,109,210.64	242,189,134.20	252,042,296.93	1,112,299,003.82
3.	Kelantan	185,229,090.00	196,659,479.00	204,684,291.00	-	-	586,572,860.00
4.	Melaka	89,177,084	99,855,914.00	101,386,857.00	106,077,327.87	116,888,477.42	513,385,660.29
5.	Negeri Sembilan	-	-	-	147,553,304.91	152,067,453.41	299,620,758.32
6.	Pahang	145,609,506.06	157,237,738.46	-	-	-	302,847,244.52
7.	Pulau Pinang	114,826,389.91	121,483,234.90	125,297,037.00	147,247,345.00	150,144,855.00	658,998,861.81
8.	Perak	176,239,032.21	207,187,053.49	194,852,777.46	183,483,492.17	190,004,527.46	951,766,882.79
9.	Perlis	-	-	-	-	-	-
10.	Sabah	79,661,792.60	88,997,519.91	101,788,328.22	122,458,982.03	133,427,075.97	526,333,698.73
11.	Sarawak	-	-	-	-	-	-
12.	Selangor	793,679,701.00	855,137,860.00	912,956,543.00	992,911,959.00	1,070,000,000.00	4,624,686,063.00
13.	Terengganu	160,718,725.50	178,654,905.67	185,460,080.11	205,291,423.60	-	730,125,134.88
14.	Wilayah Persekutuan	657,430,000.00	688,410,000.00	-	-	-	1,345,840,000.00
Total collection		2,871,100,088.01	3,112,564,762.33	2,355,390,750.94	2,470,246,065.16	2,064,574,686.19	12,873,876,352.63

Table 2. Zakat collection by state in Malaysia from Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia

No. State	Year					Total collection
	2018	2019	2020	2021	2022	
1. Johor	285,784,094.35	311,727,367.23	300,855,626.51	323,033,096.38	-	1,221,400,184.47
2. Kedah	183,556,547.63	206,055,559.61	217,913,020.82	-	252,250,187.78	859,775,315.84
3. Kelantan	183,034,916.35	195,138,060.00	202,654,987.00	209,988,475.00	228,219,483.00	1,019,035,921.35
4. Melaka	87,815,011.74	98,838,098.55	100,720,991.88	106,077,328.00	-	393,451,430.17
5. Negeri Sembilan	131,116,487.35	141,521,193.35	144,088,231.79	-	-	416,725,912.49
6. Pahang	138,696,397.46	167,220,290.72	165,260,316.30	186,733,529.07	-	657,910,533.55
7. Pulau Pinang	119,734,212.91	121,432,704.21	130,875,632.57	147,265,438.00	-	519,307,987.69
8. Perak	176,246,175.19	207,187,053.49	191,633,580.59	-	-	575,066,809.27
9. Perlis	-	-	-	-	-	-
10. Selangor	793,679,701.00	855,137,860.00	912,956,543.00	-	1,067,855,832.00	3,629,629,936.00
11. Terengganu	160,718,725.50	178,654,905.67	185,104,612.29	-	228,036,120.32	752,514,363.78
12. Sabah	79,661,792.60	88,997,519.92	101,788,328.22	122,458,982.03	133,427,075.97	526,333,698.74
13. Sarawak	-	105,963,561.49	110,374,938.58	-	-	216,338,500.07
14. Wilayah Persekutuan	658,763,367.96	688,405,441.00	761,851,601.45	708,623,134.93	928,302,963.05	3,745,946,508.39
Total collection	2,998,807,430.04	3,366,279,615.24	3,526,078,411.00	1,804,179,983.41	2,838,091,662.12	14,533,437,101.80

4.2 Zakat distribution in Malaysia from 2019-2022

Table 3. Zakat distribution by state in Malaysia from various zakat institution websites

No.	State	Year					Total distribution
		2018	2019	2020	2021	2022	
1.	Johor	261,310,155.66	299,809,512.74	299,837,853.40	-	-	860,957,521.80
2.	Kedah	178,621,610.00	192,622,521.12	195,698,217.47	205,744,821.50	177,289,628.90	949,976,798.99
3.	Kelantan	181,950,131.00	189,034,875.00	185,594,009.00	-	-	556,579,015.00
4.	Melaka	89,946,408.00	96,643,716.00	80,269,974.00	-	-	266,860,098.00
5.	Negeri Sembilan	-	-	-	123,042,865.45	152,396,497.87	275,439,363.32
6.	Pahang	141,910,722.20	146,767,912.00	-	-	-	288,678,634.20
7.	Pulau Pinang	101,010,171.00	110,989,506.00	126,581,574.00	141,551,752.00	155,178,694.00	635,311,697.00
8.	Perak	175,163,270.08	196,043,522.92	189,920,200.65	169,561,173.66	145,305,575.53	875,993,742.84
9.	Perlis	-	-	-	-	-	-
10.	Sabah	68,268,316.44	71,621,952.82	88,575,346.45	93,586,964.34	121,998,470.08	444,051,050.13
11.	Sarawak	-	-	-	-	-	-
12.	Selangor	829,878,020.00	868,263,524.00	867,230,577.00	922,315,855.00	1,050,000,000.00	4,537,687,976.00
13.	Terengganu	188,510,053.96	191,240,463.33	171,122,295.83	202,281,370.23	-	753,154,183.35
14.	Wilayah Persekutuan	505,680,000.00	554,170,000.00	-	-	-	1,059,850,000.00
Total Distribution		2,722,248,858.34	2,917,207,505.93	2,204,830,047.80	1858084802	1,802,168,866.38	11,504,540,080.63

Table 4.: Zakat distribution by state in Malaysia from Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia.

No. State	Year					Total Distribution
	2018	2019	2020	2021	2022	
1. Johor	261,310,155.66	299,809,512.74	299,837,853.40	-	-	860,957,521.80
2. Kedah	178,463,803.20	192,622,521.12	195,698,217.47	-	177,289,628.90	744,074,170.69
3. Kelantan	181,936,430.62	189,017,291.00	185,584,047.39	174,126,345.00	200,412,526.00	931,076,640.01
4. Melaka	87,073,849.00	96,620,295.08	80,269,854.00	97,811,396.00	-	361,775,394.08
5. Negeri Sembilan	127,748,585.30	123,406,206.16	114,237,224.28	-	-	365,392,015.74
6. Pahang	141,910,722.23	146,767,912.17	134,991,563.56	-	-	423,670,197.96
7. Pulau Pinang	101,010,171.69	111,384,871.79	126,581,574.21	126,531,077.06	-	465,507,694.75
8. Perak	171,489,516.00	196,836,278.44	165,047,590.88	-	-	533,373,385.32
9. Perlis	-	-	-	-	-	-
10. Selangor	829,878,020.00	868,263,524.00	867,227,310.00	-	1,049,288,951.00	3,614,657,805.00
11. Terengganu	163,138,683.29	191,240,463.33	171,122,295.83	-	233,339,524.95	758,840,967.40
12. Sabah	68,268,316.44	71,621,952.82	88,575,346.45	93,586,964.34	121,998,470.08	444,051,050.13
13. Sarawak	-	68,143,055.82	71,597,655.81	-	-	139,740,711.63
14. Wilayah Persekutuan	550,231,376.46	445,352,346.00	526,470,916.70	732,445,878.00	-	2,254,500,517.16
Total Collection	2,862,459,629.89	3,001,086,230.47	3,027,241,449.98	1,224,501,660.40	1,782,329,100.93	11,897,618,071.67

The tables mentioned the number of zakat collections and distributions in 13 states and federal territories in Malaysia from 2018 to 2022. Two sources of data were used in this study, extracted from various zakat institution websites and Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia.

Table 1 illustrates the total amount of zakat collected from various zakat institution websites from 2018 to 2022. As shown in Table 1, Selangor recorded the highest zakat collection (RM 4,624,686,063.00). This was followed by the Federal Territories (RM 1,345,840,000.00) and Johor (RM 1,221,400,184.47). However, the lowest was Negeri Sembilan (RM 299,620,758.32), followed by Pahang (RM 302,847,244.52) and Melaka (RM 513,385,660.29). There was no information recorded on the zakat collection for Perlis. The information is slightly different from the data taken from Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia, whereby in Table 2, Selangor recorded the highest zakat collection (RM 3,629,629,936.00). This was followed by the Federal Territories (RM 3,745,946,508.39) and Johor (RM 1,221,400,184.47). Meanwhile, Sarawak recorded the lowest zakat distribution (RM 216,338,500.07), followed by Melaka (RM 393,451,430.17) and Negeri Sembilan (RM 416,725,912.49). From the data, it was found that there was no data on zakat collection by Perlis from 2018-2022.

Table 3 discloses zakat distribution by state in Malaysia from various zakat institution websites from 2018-2022. Selangor was the highest (RM 4,537,687,976.00), followed by the Federal Territories (RM 1,059,850,000.00) and Kedah (RM 949,976,798.99). The fewest zakat distributions were Melaka (RM 266,860,098.00), Negeri Sembilan (RM 275,439,363.32) and Pahang (RM 288,678,634.20). Table 4 shows on the zakat distribution from Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia in 2018-2022. The highest was Selangor (RM 3,614,657,805.00), followed by the Federal Territories (RM 2,254,500,517.16), and Kelantan (RM 931,076,640.01). However, the lowest recorded was Sarawak (RM 139,740,711.63), Melaka (RM 361,775,394.08), and Negeri Sembilan (RM 365,392,015.74).

4.3 Zakat collection in Malaysia during and post COVID-19

Table 5. : Zakat collection and distribution by state in Malaysia from various zakat institution websites

No.	State	Zakat collection		Zakat distribution	
		2020	2021	2020	2021
1.	Johor	300,855,626.51	323,033,096.38	299,837,853.40	-
2.	Kedah	228,109,210.64	242,189,134.20	195,698,217.47	205,744,821.50
3.	Kelantan	204,684,291.00	-	185,594,009.00	-
4.	Melaka	101,386,857.00	106,077,327.87	80,269,974.00	-
5.	Negeri Sembilan	-	147,553,304.91	-	123,042,865.45
6.	Pahang	-	-	-	-
7.	Pulau Pinang	125,297,037.00	147,247,345.00	126,581,574.00	141,551,752.00
8.	Perak	194,852,777.46	183,483,492.17	189,920,200.65	169,561,173.66
9.	Perlis	-	-	-	-
10.	Selangor	101,788,328.22	122,458,982.03	88,575,346.45	93,586,964.34
11.	Terengganu	-	-	-	-
12.	Sabah	912,956,543.00	992,911,959.00	867,230,577.00	922,315,855.00
13.	Sarawak	185,460,080.11	205,291,423.60	171,122,295.83	202,281,370.23
14.	Wilayah Persekutuan	-	-	-	-
Total collection and distribution		2,355,390,750.94	2,470,246,065.16	2,204,830,047.80	1,858,084,802.00

Table 6. Zakat collection and distribution by state in Malaysia from Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia

No.	State	Zakat collection		Zakat distribution	
		2020	2021	2020	2021
1.	Johor	300,855,626.51	323,033,096.38	299,837,853.40	-
2.	Kedah	217,913,020.82	-	195,698,217.47	-
3.	Kelantan	202,654,987.00	209,988,475.00	185,584,047.39	174,126,345.00
4.	Melaka	100,720,991.88	106,077,328.00	80,269,854.00	97,811,396.00
5.	Negeri Sembilan	144,088,231.79	-	114,237,224.28	-
6.	Pahang	165,260,316.30	186,733,529.07	134,991,563.56	-
7.	Pulau Pinang	130,875,632.57	147,265,438.00	126,581,574.21	126,531,077.06
8.	Perak	191,633,580.59	-	165,047,590.88	-
9.	Perlis	-	-	-	-
10.	Selangor	912,956,543.00	-	867,227,310.00	-
11.	Terengganu	185,104,612.29	-	171,122,295.83	-
12.	Sabah	101,788,328.22	122,458,982.03	88,575,346.45	93,586,964.34
13.	Sarawak	110,374,938.58	-	71,597,655.81	-
14.	Wilayah Persekutuan	761,851,601.45	708,623,134.93	526,470,916.70	732,445,878.00
Total collection and distribution		3,526,078,411.00	1,804,179,983.41	3,027,241,449.98	1,224,501,660.40

Tables 5 and 6 present the rates of *zakat* collections and distributions during and after COVID-19 for 13 states and federal territories. Table 5 illustrates the *zakat* collection and distribution from various *zakat* websites. In 2019, the amount of *zakat* collected was RM 3,112,564,762.33. However, the amount has dropped to RM 2,355,390,750.94 in 2020. The rate of *zakat* collection was slightly increased in 2021 to RM 2,470,246,065.16. The distribution of *zakat* in 2019 was RM 2,917,207,505.93, with a declining trend in distribution in 2020 (RM 2,204,830,047.80), and 2021 (RM 1,858,084,802.00).

Table 6 shows the *zakat* collections and distributions taken from *Portal Pengurusan Maklumat Zakat dan Baitulmal Malaysia*. The trend for the *zakat* collection during COVID-19 increased from 2019 (RM 3,366,279,615.24) to 2020 (RM 3,526,078,411.00). Nonetheless, there was a significant decrease in 2021 (RM 1,804,179,983.41) because most states did not report on the number of *zakat* collections made. For the *zakat* distribution, there was a slight increase in distribution from 2019 (RM 3,001,086,230.47) to 2020 (RM 3,027,241,449.98). However, there was a significant decrease in 2021 (RM 1,224,501,660.40) due to a lack of reporting.

5. Discussion and conclusions

The study found that majority of states documented the *zakat* collections and distributions, with the exception for Perlis, where no records were found. According to the analysis, *zakat* is placed under the state-level, granting each state the authority to regulate all aspects pertaining to religious issues. Furthermore, there are no explicit regulations mandating the report on *zakat* collection and distribution. Nevertheless, there was media coverage regarding the collections and distributions of *zakat* funds for Perlis, despite the absence of formal documentation. Selangor achieved the highest *zakat* collections and distributions among fourteen states and the federal territory. Based on the acquired data, Selangor possesses the most substantial Muslim population. Furthermore, Selangor's state income surpasses that of other states. Hence, these two factors played a significant role in the substantial *zakat* collection. In 2021, most states did not report the number of collections and distributions of *zakat* on their websites due to the COVID-19 pandemic. During the pandemic, *zakat* institutions, like other industries, were adversely impacted. There has been a significant decline in income, resulting in widespread job losses. It has an indirect impact on the collection and distribution of *zakat*.

In conclusion, most of the states reported on the *zakat* collections and distributions on a yearly basis. However, there was an inconsistency of information from one website to another. It is advisable for each state and federal territory to implement systematic reporting on the *zakat* collections and distributions. It is intended to ensure the transparency of the information required by the parties concerned. The function of the *zakat* institution needs to be strengthened, because, this institution is not only to help needy people but also to provide basic needs of the community, such as education, welfare, and others. Apart from giving monetary assistance, *zakat* institutions could also provide free tuition centres, one-stop centres on health, and relevant training that can help beneficiaries look for employment. In order to have better *zakat* collections and distribution information, the government of Malaysia should establish a standardised system of reporting to ensure all State Islamic Religious Councils (SIRC) have the same practices in *zakat* collection and distribution methods.

Acknowledgement

The authors would like to acknowledge the support of the Academy of Contemporary Islamic Studies, the Academy of Language Studies, and the Faculty of Accountancy, University Teknologi MARA, Sarawak Branch, Mukah Campus, in providing academic consultation and administrative support in this research.

Conflict of interest statement

The authors agree that this research was conducted in the absence of any self-benefits, commercial or financial conflicts and declare the absence of conflicting interests with the funding organisation.

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