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## Zakat on Shares in Developing Hifz Mal

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### Abstract

Zakat is obligatory by Allah SWT for every Muslim who fulfills the conditions to release part of his wealth to be distributed to those who are entitled to receive it. There are various types of zakat in Islam and one of them is zakat in stock investments. Investment or participation in business through the purchase of company shares is a new form of asset ownership and therefore this method of ownership is not discussed in the classic references. Therefore, the discussion about the law of zakat on shares depends on how shares are understood from the point of view of fiqh. The shari'at of zakat is to purify the wealth of Muslims from elements that are doubtful when acquiring it. By giving zakat, it actually prevents the accumulation of wealth in the hands of certain groups or groups without giving it to those who need it. The obligation to pay zakat whether it is property zakat, business zakat, agricultural zakat, and other types of zakat is generally known by Muslims. Among the contemporary issues regarding zakat that often raise questions among the Muslim community today is the status of the obligation of zakat on shares. This study aims to examine zakat in investment as well as the importance of zakat because from this zakat, the expansion of property can be expanded taking into account that the investment property that is invested is not manipulated by scammers because the Maqasid Syariah in the category of Hifzul mal is guaranteed. The data obtained were systematically analyzed using content analysis techniques. The results of the study show that zakat in share is done in accordance with the concept of zakat investment in Islam in terms of principles, objectives and benefits.

**Keywords:** Zakat, Shares, Investment, Wealth

### Introduction

The obligation to give zakat is one of the pillars of Islam for every Muslim to give a portion of their property to those who deserve it. This obligation applies when a Muslim meets the conditions that obligate him to pay zakat. People who pay zakat are promised by Allah SWT with His mercy and pleasure (Surah al-Taubah, 9: 71). Whereas those who are obligated to pay zakat but refuse to do so, they receive a rebuke from Allah SWT and their sin is equated

with shirk. Zakat is one of the pillars of Islam that must be paid by every Muslim when certain conditions have been met. This act of worship is called zakat because it contains three meanings that are included in the word az-zaka, namely development, purification of the soul and barakah (blessing). In Malaysia, there are various types of zakat that are imposed such as zakat fitrah, income zakat, gold zakat, EPF zakat, savings zakat, agricultural zakat, livestock zakat and also stock zakat. In addition to being a proof of obedience and obedience to Allah SWT, zakat also plays a role in building the soul to have noble qualities and eliminate reprehensible qualities (Nasir et al., 2017).

### **Methodology**

This paper is conducted based on a literature review that highlights writings, reports and the results of previous studies related to zakat in investment. The focus of this article is based on zakat in investment. The method used in producing this paper is part of a qualitative approach that involves highlighting and analyzing secondary data obtained through documents, research results and researched writing. The data obtained were systematically analyzed using content analysis techniques. According to Nawawi (1983), the descriptive method is understood as a procedure to answer the research problem by describing the situation being studied such as people, institutions, society, etc. at the present time based on the facts that happened.

### **Obligation to Pay Zakat on Shares**

Shares are property that must be paid attention to by Muslim investors regarding the obligation to pay zakat. There are no texts that clearly explain the obligation of zakat on shares. However, we can take the texts that explain the obligation of zakat on commercial property to be used as the basis for the law on the obligation of zakat on shares because shares are also considered business property. According to Muhammad Sulayman al-Ashqar, Muhammad 'Uthman Shabir, Muhamad Na'im Yasin and 'Umar Sulayman al-Ashqar, anyone who trades shares then the shares are considered as merchandise (Al Ashqar, 1998). Shari'at has emphasized that the establishment of a just, humane and united society, protecting people from hunger, guaranteeing social security and maintaining human dignity and honor are very important elements in the social life of the community. Therefore, Islam places zakat as a mechanism that can save people from hunger, guarantee socio-economic justice in society and provide an environment that allows people to maintain honor and fulfill their responsibilities to God. Zakat has been mandated to fulfill a clear goal in society. In summary, according to Al-Harran (1993), zakat was established by Allah SWT with the main goal of creating a social security system for those who are poor and in need, developing a balanced economic growth through the redistribution of wealth in society, and also as a form of purification and spiritual development. Zakat is an important aspect in managing wealth in the Muslim community. This is because in the wealth that is owned there is a right or part of the community members, especially for the poor and needy (Ilyana et al., 2020)

Zakat has the potential to be a major fiscal policy instrument in the economy of Islamic countries because zakat acts as a natural stabilizer especially when the country faces economic turmoil, i.e. zakat collection automatically decreases (Yusoff, 2006). Zakat is an innovation and solution for improving community welfare (Subekti et al., 2022). This allows Muslims to spend again to restore and stimulate economic growth. When the economy is in good condition, of course a lot of zakat is collected, and this will reduce a person's expenses,

and it simultaneously reduces economic activity and economic fluctuations. Kesedaran, pengetahuan dan kemahiran berkaitan pengurusan kewangan dalam kalangan pengguna perlu dipertingkatkan melalui kaedah pendidikan pengguna yang berkesan (Alias, 2022). Therefore, Zakat can act as one of the sources in solving problems during economic turmoil. With the existence of zakat, it can solve the problems of the poor and can increase productive efforts so that it can help the income of this group (Haron & Rahman, 2016) The obligation of zakat on shares is also subject to all the general conditions of zakat that are also applied to other types of property. Two of the general conditions of zakat are given special emphasis, namely the ownership conditions and the nisab conditions. In the context of shareholding, there is a lengthy discussion regarding the status of asset ownership by shareholders, and also the rate of nisab that is taken into account in share zakat. Shareholders are counted as owners of part of the company's assets and nisab for share zakat is calculated individually and not collectively (Lokmanulhakim, 2015).

Shares that are held for a short period of time, i.e. bought for the purpose of trading, all contemporary scholars agree that the shares are subject to the law of zakat on business goods ('urud tijarah). However, they have different views on the rate and method of calculating zakat. The mandatory zakat rate is 2.5% of the current market value of the shares that are in their possession when the haul is sufficient. This view is presented by most scholars when talking about traded stocks. For shares that are held for the long term, which are purchased for investment purposes to generate returns or annual dividends, the strongest argument among the views of some contemporary jurists is that zakat on shares must be issued only as a percentage of the company's assets that are subject to zakat. Based on this view, shareholders need to know the rate of the company's assets that are subject to zakat and pay zakat on shares according to the percentage of the company's assets that are subject to zakat. Assets subject to zakat include company cash, business goods, and other parties' debts with the company (expected settlement).

The opinion that states that shares are classified as 'urud tijarah (business goods) is based on several arguments, among them: (1) Shares are considered property that can be bought and sold and have their own market. People who are involved in buying and selling shares can profit from the stock business just as a commodity trader can profit from the sale of his goods. This shows that it is equivalent to business goods or 'urud tijarah' (Al-Ghufayli, t.t., 6). (2) Share prices fluctuate and change not because of the increase or decrease in the value of assets in the company, but it depends on the value of shares in the market which is influenced by various factors such as speculation and the like. Thus, shares are considered as business goods that have their own variable value. (3) Shares do not represent ownership of the company's assets because shareholders do not have the right to dispose of the company's assets such as selling, renting, pledging the assets or giving them as grants to others. In fact, shareholders do not have the right to use any of the company's assets freely. This shows that the shareholders do not own the assets of the company. Therefore, the shares he owns are considered as business goods that are bought and can be resold (Al-Ghufayli, p.t. 6).

### **Forms of Shares Subject to Zakat Unlisted Stocks**

This type of stock is not easy to redeem. It is a form of shares that are not listed on the Stock Exchange or shares in a cooperative. In practice, zakat is calculated on dividends received. If the dividend received equals or exceeds the nisab, then 2.5% zakat must be paid. 2. Listed shares This type of stock is easy to redeem. It is a stock listed on the Stock Exchange. This type

of share zakat can be categorized into two forms, namely: Zakat on shares still owned after enough hawl. This means that the shares are still in storage and are not intended to be traded during the hawl. It is also known as a stock that is more intended for investment. Zakat is calculated on the price of the lowest value per unit. Zakat for shares that are traded during the hawl period that aims to make a profit. It is also better known as a speculative stock. So, it is calculated on the profit of buying and selling shares. Shares in companies that issue zakat. Zakat does not need to be paid on shares if a company has already issued business zakat on behalf of its shareholders. So are stock dividends. If the company does not issue its business zakat, individuals who own shares in the company must pay zakat privately. This means that these individual Muslim shareholders must pay zakat on shares according to the percentage of the investment owned by them separately (Aini, 2003).

### **Zakat Calculation Method Share**

Zakat of shares is calculated when the money invested is fully owned, ie own money. This is the main basis that needs to be taken into account before calculating zakat for the shares. This means that the portion purchased through the loan must be deducted first before calculating the total shares. When calculating the annual income, the shares should be counted as fixed assets that can bring profit such as grants, collateral or factories of the company (Aini, 2013). In practice, the general method of calculating zakat on shares is a rate of 2.5% multiplied by the lowest value of all shares owned by an individual or company throughout the year of assessment after deducting the principal loan to purchase shares (if any). If the lowest value is difficult to determine, then it uses the value at the beginning or at the end of the year whichever is lower. In particular, there are three methods used to calculate share zakat rates according to the type of shares owned by an individual or company, namely the lowest share value method, profit from the sale of shares and dividends.

### **Maqasid Shariah In Hifz Mal**

The knowledge of Maqasid Al Syariah is the pinnacle of Islamic jurisprudence. It is likened to the voice of syarak that leads the community in facing the changing times and facing new problems (Nadirah et al., 2020). Other scholars define Maqasid Al-Shari'ah as the objective of Islamic law (Auda, 2021). Malaysia is the leader of the Islamic economy in the world, always taking a step forward to lead the evolution of the Islamic economy (Ahmad et al., 2020). Maqasad hifz al mal or the goal of guarding and preserving property is one of the five maqasid Shariah, as mentioned by Imam Al-Ghazali in his previous definition, namely: religion, life, intellect, lineage and property. Sheikh Al-Tahir bin `Ashur in his book "Maqasid al-Shariah al-Islamiyyah" has stated in detail especially in the chapter "Maqasid al-Tasarrufat al-Maliyyah" (Al-Tahir, 2001). about the goal of property preservation. According to him, Islamic Sharia came to protect and preserve the life system of mankind, so that it becomes strong and noble. Of course, the possessions and treasures of mankind are also given great attention by Islamic Sharia. When we look at the arguments of Sharia in the Quran and Sunnah, it is clear that property and its preservation have an important place according to Sharia. For example, zakat is made by the Al-Quran as a precept of Islam and a sign of believers (Al-Maidah: 55; Fussilat: 6-7). Likewise, property is said to bring benefits to the community when it is acquired and spent well (Al-Qasas: 82; Al-Baqarah: 3, 254; Al Muzzammil: 20).

Maqasid al-syariah according to Imam al-Syatibi is basically summarized in three categories, namely dharuriyyat, hajiyyat, and tahsiniyyat. Dharuriyyat is everything that is very important in human survival to be fulfilled. Dharuriyyat includes five things which are to protect religion, life, intellect, property and offspring (dignity). These five things are basic needs that every human being needs. If one of these needs is not met, then human life has no meaning anymore (Haq, 2007). Any matter and action that violates these five points will be considered mafsadah (Zuhdi & Paizah, 2004). Kamali (2010) argues that the neglect of these basic things can lead to the destruction and collapse of personal and society. As for hajiyyat, it is a necessity of life to make life easier and more spacious in carrying out daily tasks in the world. It is a necessity to avoid the hardships of life in society, in other words humanity will face hardships without this foundation from being fulfilled. While tahsiniyyat is a necessity that is not too important, it is in the form of mere comfort and not a necessity (Haron & Rahman, 2016).

### Conclusion

Zakat is proof of obedience to Allah SWT in building the soul to have noble qualities and eliminate reprehensible qualities. A soul filled with noble qualities such as courtesy, gratitude, selflessness and love are part of the characteristics of a healthy soul. These characteristics can be nurtured and improved through the practice of zakat and charity. In addition, zakat is also able to avoid mental illnesses, such as greed, self-importance and stinginess (Haron & Rahman, 2016). While understanding the purpose of zakat to help fellow human beings, lighten the burden of the poor, make the soul of zakat payers feel grateful and calm while also ensuring that the wealth obtained grows more fertile and fulfills the principle of *hifzul mal* in Maqasid Syariah. Therefore, zakat and almsgiving that is done sincerely and expecting a reward from Allah SWT is highly demanded in Islam so that it is in line with the goals of Islamic teachings.

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