

THE STANDARDS AND ISSUES OF GOLD ZAKAT (JEWELRY) AND AL URF

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Abstract: *The practices and challenges of gold zakat (jewellery) in Malaysia involve the application of the concept of "urf" (customary practice) in determining the obligation of zakat on gold jewellery. The urf rate varies across different states in Malaysia, with some states having different rates for gold jewellery worn throughout the year compared to that worn only once. The urf rate is used to determine the minimum weight of gold jewellery that is required to be issued zakat, which is calculated at 2.5% of the total weight of gold. The study highlights the importance of understanding the urf rate in each state to ensure compliance with zakat regulations. The urf rate is not only based on the weight of gold but also on the local customs and practices of the Muslim community. The study emphasizes the need for efficient methods of implementing zakat for gold jewellery, as the current system can be confusing and may lead to misunderstandings about the obligation of zakat. The study also discusses the challenges faced in implementing zakat for gold jewellery, including the lack of awareness among the public about the urf rate and the need for religious lectures to educate the community. The study concludes that improving the understanding and awareness of the urf rate can increase the collection of zakat for gold jewellery.*

Keywords: *Gold Zakat, Jewellery, Al Urf*

Introduction

Zakat is divided into two categories: *zakat* fitrah and property. Property *zakat* refers to *zakat* imposed on growing assets such as gold and silver, crops, minerals, and even money, including savings, salary income, and shares, after certain conditions are met (Maziah et al., 2021).

One of the sources of *zakat* is gold. Gold is a type of metal created by Allah SWT that has had a very stable value throughout the ages (Salleh & Jusoh, 2014). This situation is recorded by the Qur'an by tells about the value of gold and warns that people should always be alert when dealing with the aura of gold so that they are not easily influenced by worldly pleasures and forget the afterlife (Mohd-Safri, 2006). Gold *zakat* is a *zakat* obligation imposed on gold, silver, and other precious metals that have reached *nisab* (threshold) and haul (time of possession). Gold *zakat* is divided into two categories: *zakat* on savings and *zakat* on gold jewellery (Rosle et al., 2019). The Qur'an and hadith do not specify the rate of *zakat* on gold jewellery. The rules regarding the obligation of *zakat* on gold are based on Islamic teachings, as found in Al-Quran Surat At-Taubah Verse 34 and the hadiths that refer to the obligation of *zakat* on gold and silver.

﴿يَتَأْتِيهَا الَّذِينَ ءَامَنُوا مِنْ كَثِيرٍ مِّنَ الْاَحْبَارِ وَالرَّهْبَانِ لِيَاْكُلُوْنَ اَمْوَالِ
 النَّاسِ بِالْبَاطِلِ وَيَصُدُّوْنَ عَن سَبِيْلِ اللّٰهِ وَالَّذِيْنَ يَكْنِزُوْنَ الذَّهَبَ
 وَالْفِضَّةَ وَلَا يُنْفِقُوْهَا فِي سَبِيْلِ اللّٰهِ فَبَشِّرْهُمْ بِعَذَابٍ اَلِيْمٍ ﴿٣٤﴾

“O you who have believed, indeed many of the scholars and the monks devour the wealth of people unjustly and avert from the way of Allah. And those who hoard gold and silver and spend it not in the way of Allah – give them tidings of a painful punishment.”.

Firman Allah S.W.T which means:

"And remember those who keep gold and silver and do not spend it in God's way, then inform them of the reward or punishment the pain is indescribable.

The Prophet SAW said through a hadith narrated by Abu Hurairah RA which means:

Whoever is the owner of gold and silver and does not pay his zakat , on the Day of Resurrection will be prepared to him an expanse of fire heated by hell. With that fire, his ribs and back will be burned. (Sahih Muslim)

The obligation of Gold *zakat* is mandatory on every Muslim who possesses the minimum *Nisab* (exemption limit or criterion of *Zakat* ability) of wealth that enjoys growth or is a result of a growth process, whether the person is man, woman, young, gold, sane or insane¹

In Malaysia, gold and silver *zakat* is part of the *zakat* system that is issued to gold that has reached *nisab* and haul, both unused gold and women's jewelry (Zuha et al., 2018). A gold *zakat* calculator is also available to help individuals calculate their *zakat* obligations based on the weight and current price of gold. In addition, there are stipulations on the *urf* rate (minimum weight of gold that must be owned before *zakat* is imposed) which varies from state to state in Malaysia, such as 800 grams for Selangor and Kuala Lumpur, 850 grams for Johor and

¹ Yusuf al-Qardhawi, Fiqh al-Zakah, Dirasat Muqaranah Li Ahkamiha Wa Falsafatiha Fi Dauyi al-Quran wa al-Sunnah, Jilid 2, (Beirut: Muassasah al-Risalah, 2000), hlm. 7.

Terengganu, and 500 grams for Perak and Pahang. *Nisab* in measuring gold *zakat* refers to the minimum threshold of gold ownership that must be achieved before someone is obliged to pay *zakat*. In Malaysia, the *nisab* for gold *zakat* is 85 grams of gold (Ghazali, 2019). Meanwhile, haul refers to the gold ownership period of one *Hijriyah* year before being obliged to pay *zakat*. So, someone who has gold above the *nisab* and has owned it for one *Hijriyah* year is obliged to pay *zakat* on gold. When a Muslim's wealth reaches the lowest level of *nisab*, they are required to pay *zakat*. The world market's fluctuations in gold prices impact the level of *nisab* (Muhammad Pisol, Azhan Rashid & Azhar, 2018). The world market's supply and demand dynamics primarily influence the price of gold, which is used to calculate *nisab*. The quantity of *nisab* varies annually. Therefore, compared to other commodities, some researchers have concluded that gold is the most appropriate item (Ahmad Kameel, 2003; Salmy Edawati, 2009). Since the price of gold is used as a *nisab* benchmark, it will have an impact on *zakat* collection. As a result, it will reduce the *zakat* contribution.

Islam is a religion that never prevents its people from having any wealth if it is used for good purposes. Even Islam always encourages and motivates its followers to become rich and successful. Wealth from an Islamic perspective is not only from the perspective of property but also includes wealth from the perspective of knowledge and faith. The property owned by the rich has the rights of the poor (Azman & Bidin, 2015). The obligation to give *zakat* on all property is to be given to the poor is to bridge the gap between the poor and the rich. It can also unite the Islamic brotherhood and bind their mutual love. Muslims give their wealth to worthy recipients through *zakat*, which is based on their specific needs. In addition, all Muslims worldwide are required to perform *zakat*, an act whose goal is to combat poverty and disparities in social and economic issues. *Zakat* has the potential to end poverty and raise the standard of living for the underprivileged and destitute (N. Omar, 2020a). This is particularly true if *zakat* distribution and collection are effectively coordinated and directed fruitfully. In Malaysia, *zakat* institutions oversee the collection and distribution of *zakat* in each of the Peninsular states, including Sarawak and Sabah. In every state, *zakat* institutions oversee the gathering and disbursement of *zakat*. This situation provides various interpretations among the community on the role of *zakat* in gold in contributing to the economic catalyst of the Ummah. *Zakat*, as one of the main pillars of Islam, plays an important role in helping the needy and creating social justice in society (Meerangani, 2019).

For those who are eligible to receive *zakat*, he added good their socio-economic status. Based on the arguments and consensus of Islamic scholars, it is an obligation for every Muslim who can fulfill the responsibility of paying *zakat*. Among the types of *zakat* that are getting attention these days is *zakat* in the form of gold savings and jewellery (S. A. Omar et al., 2022). Nowadays, the importance of *zakat* is increasing because society is more and more aware of the responsibility of paying *zakat* on gold in addition to various forms of savings based on gold exist today.

For example, Gold *zakat* in Kelantan is significant as it is a crucial driver of the economy and the *asnāf* (beneficiaries) groups in general¹. The enforcement of *zakat* on gold and silver in Kelantan is different based on various customs and practices, and public awareness on the matter could be better. Gold and silver are technically minerals, but other categories of minerals such as diamonds, oil, gas and iron are not subject to *zakat*¹. The establishment of *zakat* on oil and gas is still enforceable because of the high value of both minerals¹. In Malaysia, the two types of *zakat*, *zakāt al-māl* and *zakāt al-fīṭr*, are collected by the SIRC's in each state, including Kelantan¹. *Zakāt al-māl* entails alms on earnings (salaries, incomes, savings), gold and silver,

agricultural yields and livestock¹. Today, *zakat* on minerals only entails gold and silver and other minerals such as oil and gas in Kelantan¹. The Kelantan Malay cultural landscape also has a unique expression in architecture and landscape that could be identified as unique within the Malay Archipelago, including the Kelantan traditional Malay house, the village, and the landscape elements of the capital city of Kota Bharu

The provision of *Zakat* gold

Zakat gold refers to the obligation of giving alms on gold possessions according to Islamic principles. In Islam, *zakat* is one of the Five Pillars and is obligatory for Muslims who possess wealth beyond a certain threshold (N. Omar, 2020). *Zakat* is meant to purify one's wealth and redistribute it to those in need, fostering social solidarity and reducing economic disparity. For gold to be subject to *zakat*, it must meet certain criteria:

Nisab: This is the minimum threshold of wealth that one must possess before *zakat* becomes obligatory. The *nisab* for gold is determined based on its weight and the current market value of gold.

Ownership: The individual must own the gold assets outright for a full lunar year before *zakat* becomes obligatory on them.

Once these conditions are met, the *zakat* on gold is typically calculated as 2.5% of the gold's value. This means that if a person's gold assets exceed the *nisab* and they have owned it for a full lunar year, they must pay 2.5% of the total value as *zakat*.

It's important to note that *zakat* on gold is separate from *zakat* on other assets such as cash, livestock, or agricultural produce. Each type of wealth has its own criteria and calculation method for *zakat*.

Zakat on gold is an important aspect of Islamic finance and plays a significant role in wealth distribution and social welfare within Muslim communities. It ensures that those who are financially capable contribute to the welfare of the less fortunate, promoting social justice and economic equity in society.

Gold for jewellery purposes should not be too much and should not exceed normal limits. Too much jewellery can lead to clear waste and *tabarruj* and no longer be purely decorative and useful (Samad et al., 2015). Jewellery that exceeds the limit of waste then it must be purified with *zakat*. This is because the relaxation the *syar'a* gives is specific to women's jewellery alone and not to anything else (N. Omar, 2020b). And when something is necessary beyond the limit allowed then the law has become *makruh* and can lead to prohibition for some scholars.

The Prophet, peace be upon him, has also said:

كلوا واشربوا والبسوا من غير سرف ولا مخيلة

"Eat, and drink, and wear without waste and without excess"

It has long been a trend for most women. Islam recognizes this jewellery as long as it is not used for immorality. Islam also preserves this culture as long as no element of waste and competition can damage an originally good custom. Jewellery in a normal amount can highlight

the beauty of women, especially in the eyes of the husband. Islam indeed recommends this to create a harmonious atmosphere between married couples. Excessive adornment only highlights egoism and envy which can have a bad impact on people. To keep women from continuing to fantasize in the world of jewellery, Islam came up with a method of making *zakat* obligatory if the use is no longer for *syar'i* purposes. Yusuf al-Qardawi in his famous book *Fiqh al-Zakah* has explained that the legal determinant of this problem is based on the *'urf* of the community, even he also affirmed that it is not surprising if the rate of *nisab* sourced from the *'urf* will differ between one place and another. Especially, Women's gold jewellery.

The types of Zakat able Gold

The types of gold that are subject to *zakat* are those that meet the *nisab* (minimum threshold) and have been in the possession of the owner for a full lunar year. This includes gold in the form of jewellery, coins, and any other form of gold that meets the criteria for *zakat*. In *Islamic finance*, gold is subject to *zakat* (almsgiving) if it reaches a certain threshold and is owned for a full lunar year (Nur Barizah Abu Bakar & Hafiz Majdi Abdul Rashid, 2010). There are two main types of *zakat able* gold,

i. **Personal gold** refers to gold items that individuals possess for personal use rather than for investment purposes. In *Islamic finance*, personal gold is subject to *zakat* if it meets the threshold criteria and is owned for a full lunar year. The *zakat* calculation is based on the weight and value of the gold at the time of assessment.

This includes:

1. Gold Jewellery: This encompasses any gold jewellery items such as rings, bracelets, necklaces, earrings, and other ornaments made of gold.
2. Gold Watches: Watches that are made of gold or contain significant gold components are considered personal gold items.
3. Gold Coins: Some individuals may possess gold coins for collection purposes or as heirlooms.
4. Gold Artifacts: Any decorative or artistic items made of gold, such as sculptures, figurines, or decorative objects.
5. Gold Dental Work: Dental crowns, fillings, or other dental work made of gold are also considered personal gold items.

ii. **Investment gold** refers to gold that individuals or entities acquire primarily as an investment rather than for personal use or adornment. In *Islamic finance*, investment gold is subject to *zakat* if it meets the threshold criteria and is held for a full lunar year. The *zakat* calculation is based on the weight and value of the gold at the time of assessment. Investment gold can take various forms, including:

1. Gold Bars: These are usually the most common form of investment gold. Gold bars come in various weights and purities, and investors often purchase them as a store of value or as a hedge against inflation.

2. Gold Coins: Certain gold coins, such as bullion coins issued by governments or recognized mints, are considered investment gold. These coins typically have a high gold content and are valued based on their weight and purity.

3. Gold Certificates: Some investors purchase gold certificates, which represent ownership of a certain amount of physical gold held by a financial institution or a vaulting service. These certificates allow investors to gain exposure to gold without physically owning it.

4. Gold Exchange-Traded Funds (ETFs): Gold ETFs are investment funds that track the price of gold and are traded on stock exchanges. Investors buy shares in these funds, which represent fractional ownership of the gold held by the ETF.

5. Gold Accounts: Some banks and financial institutions offer gold accounts where investors can buy and sell gold electronically. The gold is held in allocated or unallocated form, depending on the arrangement, and investors can hold their gold in the account or take physical delivery.

The Practices of *Zakat* Gold (Jewellery)

Nowdays, one of the *zakat* able gold is Women's gold jewellery which is refers to various types of jewellery made from gold that are specifically designed and worn by women for adornment and self-expression. Gold jewellery for women comes in a wide range of styles, designs, and cultural influences, and it holds significant cultural, social, and personal meanings in many societies around the world. Women's gold jewellery can be crafted from various gold alloys, including yellow gold, white gold, and rose gold, each offering its unique appearance and properties (Norshah et al., 2019). Gold jewellery is often cherished as heirlooms, gifted to commemorate special occasions, or worn as everyday accessories to express individual style and personality. In Islamic finance, women's gold jewellery is subject to *zakat* if it meets certain criteria. *Zakat* is the Islamic practice of giving alms to those in need, and it is obligatory on certain types of wealth, including gold, if it reaches a minimum threshold (*nisab*) and is held for a full lunar year. Gold jewellery becomes subject to *zakat* if its value meets or exceeds the *nisab*, which is the minimum amount of wealth a Muslim must possess before *zakat* becomes obligatory. The *nisab* is calculated based on the current market value of gold or silver. The *zakat* on gold jewellery is typically calculated based on the weight and purity of the gold. The standard practice is to calculate 2.5% of the gold's value or weight for *zakat* purposes. Gold jewellery that is worn for personal adornment and not considered an investment is exempt from *zakat* as long as it is within reasonable limits for personal use. However, if the value of the jewellery exceeds the *nisab* and it is not regularly worn but rather kept as an investment, it becomes subject to *zakat*. The responsibility for paying *zakat* on gold jewellery rests with the owner of the jewellery. In the case of women's gold jewellery, the obligation falls on the woman who owns the jewellery. It is important for individuals, including women who own gold jewellery, to be aware of their *zakat* obligations and ensure compliance with Islamic principles regarding *zakat* payment (Adhiatma & Fachrunnisa, 2021). This may involve calculating the value of the gold jewellery, determining whether it meets the *nisab*, and paying *zakat* accordingly (Rosle et al., 2019).

In the kitab Al-Masail Al-Mustajiddah mentions by the of Sheikh Muhammad bin Ibrahim (4/97) states: Obviously indicates that no *zakat* for jewelry used based on to the hadith and the nas. However, it turns out to be compulsory on three conditions:

- i. Used for illegal purposes;
- ii. Used for business; and
- iii. The rate (*urf*) of ownership is greater than the local rate.

Scholars have different opinion with the ruling on issuing *zakat* on gold jewelry for women jewelry

The first view is Wajib, where the view made by Umar bin al-Khattab, Abdullah bin Mas'ud, Abdullah bin Abbas, Abdullah bin Amr bin 'Ash, Sa'id bin al-Musayyab, Sa'id bin Jabir, 'Atha', Mujahid and more. The Hanafi, Zahiri, and Zaidiyah schools also support this opinion. They rely on the word of Allah Almighty This group argues that women's jewelry is an excess of basic needs and it is more priority (*awla*) to be *zakat* able

Second, the opinion that gold is used as jewelry is not compulsory *zakat* on it, such as the opinion of 'Abdullah bin Umar,' Aishah, Jabbar bin Abdullah, Anas bin Malik, Asma 'star Abu Bakr, and a few others. Maliki Mazhab, Hanbali, and opinion significant figures of Sha'fie and Ja'fariyyah also supported this opinion. Their arguments are based on the hadith which means: "There is no *zakat* in jewellery They also argue that women's jewellery is required by Islamic law women it is not obligatory to do so as the cattle used for farming are not subject to *zakat* livestock (at the expense of livestock leasing).

However, the measure of defining rates described as wasteful consumption rates is not described in more detail. 'Abd al-Rahman al-Jaziri (1994) has also explained that the use of gold jewellery is considered waste (excessive) , so *zakat* is required to be issued on it. - Al-'Allamah Abi Bakr 'Uthman al-Bakr (1995) explains that to determine the rate classified as waste is by looking at the *urf*. That is, if the rate of gold jewellery used exceeds the rate used by people in a particular area, then it is a waste. Thus, the rate of change will vary depending on the particular region, taking into account the background or culture of their community. 'Abd al-Karim Zaydan (1994) has argued that *zakat* is not mandatory for gold jewellery. However, the obligation on the gold jewellery is to be used indefinitely based on the rate of use of gold jewellery. In addition, he also discusses the scales or rates of gold jewellery that are exempt from *zakat* . According to him, much or little of the gold consumption rate depends on the custom (*urf*). Thus in the question of the obligation of the *zakat* gold jewellery should celebrate its habit or use.

The Practices of Al *Urf* of *Zakat* Gold in Malaysia

In Islamic terminology, "*urf*" refers to customary practices or commonly accepted norms within a particular society or community. It is often used in Islamic jurisprudence (*fiqh*) to refer to the local customs and traditions that are considered when making legal judgments or decisions. The concept of *urf* acknowledges that Islamic law is not static and may vary in its application based on the cultural context and prevailing customs of a society. While Islamic principles and teachings provide a framework for ethical and legal guidance, the interpretation and application of these principles may be influenced by local customs and traditions. *Urf* plays a significant role in various aspects of Islamic law, including family matters, business transactions, and social interactions. Islamic jurists and scholars often take into account the prevailing customs and practices of a community when issuing legal opinions (*fatwas*) or making decisions on matters not explicitly addressed in religious texts. However, it's important to note that *urf* is not considered superior to Islamic principles or contradictory to Sharia (Islamic law). Rather, it is

viewed as a complementary element that helps ensure the practical application of Islamic teachings in diverse social and cultural contexts while maintaining consistency with the broader objectives of Sharia.

Considering *urf* is not something that can be easily overlooked. It is necessary for detailed research with good and orderly analysis (Noor Naemah Abdul Rahman, 2002). The purpose is to ensure that the *urf* is considered in accordance with Shari'ah and not merely in the assessment of lust and in the preservation of the people's good (Husayn Hamid, 1981). The fuqaha mutaqqaddimin, muta'akhirin and contemporary scholars have also demonstrated this connection with the methodology that has been applied in Malaysia in the case of determining the gold consumption rate (*urf*) of jewellery. That is, the *urf* had been the primary sources in their submission before the decision was made (Pahang Darul Makmur State Report on determining the gold consumption rate (*urf*) of jewellery, 2008). Based on al-Qaradawi (2006) states that *zakat* is mandatory if its use reaches a level of waste and exceeds its normal rate. Thus, the use of gold jewelry above the rate is a mandatory use of *zakat*.

In addition, al-Qaradawi (2006)² also cites the statement made by al-Imam al-Nawawi through al-Majmu', that every jewelry required for women should be worn in the absence of excessive elements (waste).

The recognition of '*urf*' on the Islamic side is additional to the main sources that already exist. The main sources that have been agreed upon by the majority of scholars are *al-Qur'an*, *al-Hadith*, *al-Ijmak*, and *al-Qias* which must be followed by all ummah in the order of first, second, and so on. In detail, it can be stated that al-Qur'an and al-Sunnah are sources that have been agreed upon by all ranks of scholars and all Muslims throughout the ages without any partisanship. While other sources such as al-Ijmak and al-Qiyas are sources that are agreed upon by the majority of scholars and there is a small portion that refuses to be used as the main source. While other sources such as al-istihsan, al-istishab, al-masalih al-mursalalah or al-istislah, al-*urf*, and so on invite some differences and a proposition that is not agreed upon by all scholars. In the context of '*urf*', the disagreement among scholars is not because of rejecting his argument but more about the extent to which '*urf*' has the authority to determine the law (Ayub et al., 2020). If we study the determination of fiqh law in Islam, then we can see indirectly that '*urf*' has been adopted by all sects without exception.

Below is previous research findings by (Salleh & Jusoh, 2014), in the findings discuss on the *Nisab zakat* on gold among state in Malaysia.

² Yusuf al-Qardhawi, Op. Cit., hlm. 309 - 310.

Jadual 2. Nisab zakat emas perhiasan bagi negeri-negeri di Malaysia.

BIL	NEGERI	URUF EMAS PAKAI	CATATAN
1	Kedah	170 gram	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan
2	Perlis	170 gram	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan
3	Pulau Pinang	165 gram	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan
4	Melaka	200 gram	sebanyak 2.5 peratus daripada nilai emas perhiasan yang melebihi kadar 'urf tersebut (tanpa penolakan); Tidak diwartakan. 15 Julai 2010 ¹⁷
5	Johor	850 gram	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan
6	Negeri Sembilan	850 gram (lama) 200 gram (baru)	1. Lebihan daripada uruf dikenakan zakat. 2. Belum difatwakan bagi kadar (uruf) baru
7	Selangor	800 gram	1. Telah difatwakan
8	Wilayah	150 gram	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan
9	Kelantan		Tiada uruf
10	Terengganu	150 gram	Fatwa Terengganu 850 gram tetapi amalan yang digunapakai 150 gram Tidak diwartakan ¹⁸
11	Pahang	200 gram	1. Lebihan daripada uruf dikenakan zakat 2. Tiada fatwa
12	Perak	500 gram	1. Zakat atas keseluruhan 2. Telah difatwakan
13	Sabah	RM 5,000	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan
14	Sarawak	775 gram	1. Lebihan daripada uruf dikenakan zakat 2. Telah difatwakan

Sumber: Laporan Kajian uruf negeri Pahang 2008.

Sources: Maffuza Salleh & Zaini Yusnita Mat Jusoh

Different *urf* values according to the states are shown in Table 2 below

Jadual 2. Kadar Uruf Zakat Emas Perhiasan negeri-negeri di Malaysia

ZON	NEGERI	KADAR URUF EMAS PERHIASAN (GRAM)
Zon Utara	Perlis	170
	Kedah	170
	Pulau Pinang	165
	Perak	500
Zon Tengah	Selangor	800
	Wilayah Persekutuan	800
Zon Selatan	Negeri Sembilan	200
	Melaka	180
	Johor	850
Zon Timur	Pahang	500
	Terengganu	850
Zon Sabah	Kelantan	-
	Sabah	250
Zon Sarawak	Sarawak	775

Sumber: Laman Web Rasmi Institusi Zakat Negeri

Source : Muhammad Norshah Rosle, Mohd Ali Mohd Noor, Hairunnizam Wahid (2019)

From Table 1 above, (Rosle et al., 2019), it can be observed that nine states in Malaysia use *tolak urf* when calculating *zakat* on gold jewelry. While four states use the method without rejecting the letter. The situation in Kelantan is quite different from other states because there is no determination of the rate of *urf* because usually women in the state like to wear gold jewelry (Md Arifin, 2018). Gold jewelry is also used for purposes of caution to face any possibility and for the immediate purpose of business capital. Circumstances in Kelantan are quite different from other states because there is none the setting of the *urf* rate is done because of its habit women in the country who love to wear gold jewelry. Gold jewelry is also used for the purpose of vigilance face any eventuality and for immediate purposes business capital. Therefore, in Kelantan, jewelry is no more merely a symbol of wealth or such luxury items in the study of economics.

Jadual 1. Amalan Penggunaan atau Tolakan Uruf dalam Zakat Perhiasan negeri-negeri di Malaysia

Negeri	Kaedah Kiraan
Perlis	Kaedah Tanpa Penolakan Uruf
Kedah	Kaedah Penolakan Uruf
Pulau Pinang	Kaedah Tanpa Penolakan Uruf
Perak	Kaedah Tanpa Penolakan Uruf
Selangor	Kaedah Penolakan Uruf
Wilayah Persekutuan	Kaedah Penolakan Uruf
Negeri Sembilan	Kaedah Penolakan Uruf
Melaka	Kaedah Penolakan Uruf
Johor	Kaedah Penolakan Uruf
Pahang	Kaedah Tanpa Penolakan Uruf
Terengganu	Kaedah Penolakan Uruf
Kelantan	Tiada
Sabah	Kaedah Penolakan Uruf
Sarawak	Kaedah Penolakan Uruf

Sumber: Laman Web Rasmi Institusi Zakat Negeri

Source : Muhammad Norshah Rosle, Mohd Ali Mohd Noor, Hairunnizam Wahid (2019)

Gold and silver are two market-traded commodities that influence the *Nisab*. As a result, the *Nisab* on *zakat* will be influenced by the fluctuating prices of these two commodities (Muhammad Bashir, Ahamed Kameel, and Gairuzazmi, 2010). The *Nisab* is expected to rise or fall in tandem with the gold price. As traded commodities, it is argued that gold and silver can be easily manipulated by market participants such as speculators, resulting in price volatility. Some researchers suggest that *Nisab* could address the cost of living, focusing on the real standard of living for low-income households. To provide justice to society, Prophet Muhammad (saw) allowed certain changes to benefit a society that allowed the *zakat* institutions.

Challenges on Gold Zakat

Although there is an increase in the implementation of *zakat* gold, there are some challenges that are still faced. Among the challenges include a lack of awareness about the importance of *zakat* gold, reluctance to issue *zakat*, and ignorance about how to calculate *zakat* correctly. To overcome this challenge, local authorities and *zakat* bodies can increase awareness and

disclosure programs about *zakat* gold. Training programs and workshops can also be held to give entrepreneurs a deeper understanding of the concept and importance of *zakat* gold (Maziah et al., 2021). Due to their adaptation, the majority of payers these days would rather pay taxes than *zakat*. This is mostly because of Malaysian laws that strictly mandate that corporations and businesses that fail to pay taxes will be punished; however, this does not apply to businesses or firms that fail to pay *zakat*, as they will not be subject to any legal repercussions (Rahman et al., 2019).

Gold *Zakat* faces some special challenges in the collection, management, and distribution of gold *zakat*. There are challenges in this. Among them, the value of gold is subject to frequent market fluctuations. The main challenge is determining the current value of gold and aligning it with the applicable *zakat* rules. Many people may be less aware of their obligation to pay *zakat* on gold or may not fully understand how to calculate *zakat* on the gold they own. Raising awareness among the community about the importance of paying *zakat* on gold and how to calculate the *zakat* that should be paid is an important challenge. Determining *nisab*, the minimum threshold of gold that must be owned before *zakat* becomes obligatory, and the correct payment period for gold before *zakat* is imposed can be a challenge. People may have difficulty in calculating the period of gold production, especially if there is an exchange or sale of gold during that period. Institutions handling gold *zakat* need to have a good management system to identify, collect, and distribute *zakat* effectively. Continuous auditing is required to ensure compliance and regularity in the handling of *zakat* funds (Rohila & Mohd Zulkifli, 2012). Another challenge is to ensure that the understanding of the importance of gold *zakat* in Islam and having sufficient confidence of the community in *zakat* institutions to give *zakat* to them. It is very necessary, to ensure that the gold *zakat* is channeled to the people who need it in a fair and effective way is an important challenge (Haron & Rahman, 2010). *Zakat* institutions need to have an effective mechanism to identify *zakat* recipients and ensure that aid is distributed carefully. By overcoming these challenges, gold *zakat* institutions and local communities can improve the collection, management, and distribution of gold *zakat* more effectively, and in turn, help improve the socioeconomic conditions of the needy.

Conclusion

Zakat on gold is an obligatory form of charity, similar to *Zakat* al-mal, which all Muslims must pay. It applies to an individual's total gold holdings if they exceed a certain threshold (S. A. Omar et al., 2022). *Zakat* on gold jewellery is divided into two categories: gold savings *zakat* and gold jewellery *zakat*. The rates for these two types of *zakat* differ slightly. The *zakat* rate for gold savings is explicitly stated in Rasulullah SAW's hadith as 20 dinars, which is equivalent to 85 grams of gold. However, no specific rate for gold jewellery was mentioned in the hadith. A study by (Nordin et al., 2019) discovered that in Malaysia, the *zakat* management effectively implements the '*urf*' (customary practice) for gold jewellery in accordance with each state's regulations. However, some people are still confused about the different uses of '*urf*' in different states, and others are unaware of the obligatory '*urf*' of *zakat* for gold jewellery. Amil *zakat* institutions must focus on building community trust in order to increase *zakat* payments through their organizations. *Zakat* institutions must also disseminate information about *zakat* payment and management, which serves as a means of establishing public trust. Increased public trust in amil *zakat* institutions can raise awareness and positively change perceptions about *zakat* payment, particularly among gold *zakat* payers in Malaysia. A study by (Nordin et al., 2019) discovered that in Malaysia, the *zakat* management effectively implements the '*urf*' (customary practice) for gold jewellery by each state's regulations. The practices and challenges of gold *zakat* (jewellery) in Malaysia involve the application of the concept of "*urf*" (customary

practice) in determining the obligation of zakat on gold jewellery. The *urf* rate varies across different states in Malaysia, with some states having different rates for gold jewellery worn throughout the year compared to that worn only once. The *urf* rate is used to determine the minimum weight of gold jewellery that is required to be issued zakat, which is calculated at 2.5% of the total weight of gold. The study highlights the importance of understanding the *urf* rate in each state to ensure compliance with zakat regulations. The *urf* rate is not only based on the weight of gold but also on the local customs and practices of the Muslim community. The study emphasizes the need for efficient methods of implementing zakat for gold jewellery, as the current system can be confusing and may lead to misunderstandings about the obligation of zakat. The study also discusses the challenges faced in implementing zakat for gold jewellery, including the lack of awareness among the public about the *urf* rate and the need for religious lectures to educate the community. The study concludes that improving the understanding and awareness of the *urf* rate can increase the collection of zakat for gold jewellery.

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