

HAD KIFAYAH (ZAKAT POVERTY LINE) IN MALAYSIA: A COMPARATIVE ANALYSIS

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ABSTRACT: *Had Kifayah (zakat poverty line) is a mechanism to determine whether a person can be categorised as a zakat payer or recipient. Had Kifayah is also used to measure the adequacy of basic needs requirement (fundamental to the life of a person and their dependents). The comprehensive basic requirements include shelter, food, clothing, medicine, education, and transportation. Had Kifayah may vary according to the current and local expenditure conducted by the individuals. The economic crisis presently facing Malaysia requires the setting of a new Had Kifayah in accordance with the current economic requirements. Therefore, the aim of this article is to study the comparison of Had Kifayah (zakat poverty line) in Malaysia. To this end, this study employs a library method and a structured interview as a medium for collecting data and information. The preliminary finding in this article shows that there is a difference between the Had Kifayah values among various states in Malaysia.*

Keywords: *Had Kifayah, Values, Malaysia, Zakat Poverty Line, Economy*

1. INTRODUCTION

Poverty is a global phenomenon that has existed throughout human history, across the boundaries of ethnicity, ideologies or religion [1]. Islam emphasises on efforts to defeat poverty as this phenomenon will result in numerous problems in human life [2]. Poverty can be harmful to faith, morals, rationality, families and community institutions [3]. Regrettably, some individuals are comfortable being poor and depend highly for on zakat assistance to survive [4]. According to Imam al-Nawawi [5], the poor can refer to those who do not own property and a legitimate source of work to sustain the basic needs such as food, accommodation, and clothing for themselves and their dependents.

The measurement to define the concept of poverty differs depending on certain variables including place, period and circumstance [6]. Other than the Had Kifayah instrument applied by the State Zakat Centre (SZC), the poverty line level (PLL) is also determined by the Economic Planning Unit (EPU) of the Prime Minister's Department.

2. NATIONAL POVERTY LINE LEVEL IN MALAYSIA

According to the Ministry of Women, Family and Community Development (KPWKM) [7] (<http://www.kpwkm.gov.my/nkra/definisi>), the family is defined as poor if the monthly household income is less than the poverty line, which is insufficient income for basic household needs.

The definition of poor looks includes multiple aspects such as total calorie intake (diet) to be ingested by the individuals or households (PGK food), and the ability to meet other basic needs known as non-food PLI including clothing, education, health care, transportation and communications, rent, utilities, and recreation. If the household income is less than the PLI non-food, then the family is classified as poor. A household is considered poor if the monthly household income is insufficient to meet the resources required to fulfil the basic needs of the dependents. To remain an accurate measure, the PLI will be annually updated based on the Consumer Price Index.

For the 2016 EPU [8], the Prime Minister's Office has determined that the poverty line is based on a minimum household income. In Peninsular Malaysia, the minimum monthly household income is RM960.00 (RM240.00 per capita), Sabah RM1, 170.00 (RM290.00 per capita) and Sarawak RM990.00 (RM240.00 per capita).

Had Kifayah Set by the State Zakat Centre (SZC)

Had Kifayah refers to a minimum rate of basic requirements on the cost of living which is determined by the zakat institutions [9]. *Had Kifayah* is also applied in determining the appropriate rate that should be given to the poor and needy to satisfy basic expenses [10]. For those with high incomes above the rate of *Had Kifayah*, they are classified as rich and obligated to pay zakat provided they meet the basic conditions for doing so as prescribed in Islam.

Mujaini Tarim [11] explained that zakat is the most effective way to help the poor and needy. Islam highly

encourages its followers to pay zakat as part of their contributions to enhance the social life for poor Muslims [12]. The rate of zakat received by the poor should be able to help them improve and increase their standard of living, particularly in satisfying their *daruriyyat* and *hajiyyat*, which refer to the minimum requirements for life [13]. The State Zakat Centre (SZC) typically uses the financial approach when determining the poverty line of a family, as it is based on the method of *Had Kifayah* [14].

The basic components of *Had Kifayah* have been recommended by JAWHAR [9] from a financial perspective, the implementation of rate values to determine the poverty line differs from family to family. The differences not only occur between states but also applicable to urban and rural areas [15] [16]. From the study, the differences in the amount of zakat collection among states as well as the different needs and public interests (*masalah*) were factors resulting in this diversity. Figure 1 shows the statistics of zakat collection and distribution in 2015 for eight (8) states in Malaysia. The highest collection was Selangor with RM627.221 million, while the lowest was Melaka with RM65.92 million. Selangor topped the zakat distribution compared to other states, amounting to RM676.05 million and the lowest distribution was Malacca with the total amount of RM71.96 million.

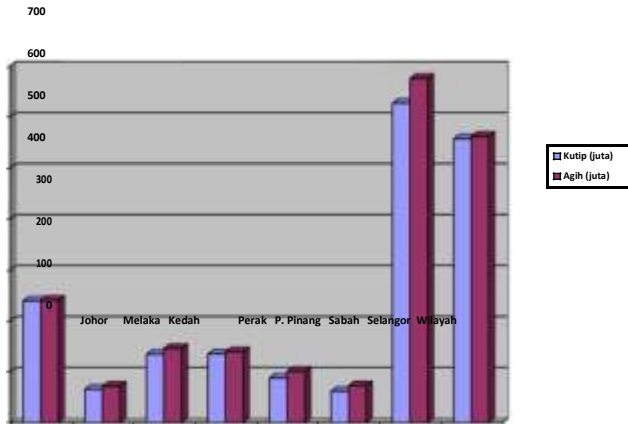


Fig. (1) Statistics of Zakat Collection and Distribution of States in 2015

Source: State Zakat Centre (SZC)

3. RESULTS AND DISCUSSION

Comparative Analysis of *Had Kifayah*

JAWHAR [9] underlined a few basic components to be

considered in determining *Had Kifayah* as follows:

- Shelter/Accommodation – Cover the cost or expenses to provide the accommodation for individuals and their dependents, including the house rent or low-cost housing instalment payments, utility bills and other basic requirements for living.
- Food – Any food and drinks consumed by the household which meets the basic needs; either inside or outside the home.
- Clothing – Any types of clothing needed/worn by the households, which meets the basic needs; either inside or outside the home.
- Medical – Refers to all types of medicine, regular treatment, regular medicine purchases, the purchase of normal medical devices, minor treatment at any medical centre and other alternative treatments.
- Education – Refers to the various types of education, expenses for *Fard Ain* education, expenses related to self-education and family members, whether at pre-school, primary, secondary, college and university level. It also includes education-related needs such as the purchasing of school equipment.
- Transportation – All costs of transportation paid by an individual and his dependents as well as any travel allowed by Islamic law.

Basic calculations of *Had Kifayah* are based on a family with six households (paid or unpaid houses), working husband and wife, adult-aged 18 years and above who are studying in higher learning institutions, a teenager at school within the 13-17 age group, a child studying at school within the 7-12 age group and a child within the 0-6 age group in urban and rural areas.

This comparison study involved SZC from eight (8) states including Johor, Kedah, Melaka, Perak Selangor, Penang, Sabah, Selangor, Kuala Lumpur. The base year of comparison was 2015.

Comparative Analysis of *Had Kifayah* for Eight (8) States

Figure 2 shows the statistics of eight (8) states for the paid houses. The Federal Territory recorded the highest *Had Kifayah* amounting to RM2,470.00 per month, followed by

Selangor RM2,040.00 and Kedah with the lowest value which is RM890.00 for urban areas. For the rural areas, Johor recorded the highest value of *Had Kifayah* of RM1,695.00, followed by Selangor with RM1,640.00 and Melaka with RM1,440.00 per month. The differences recorded on *Had Kifayah* for eight (8) states between urban and rural areas is due to the different costs of living, particularly the cost of home ownership and the value of home rental [15].

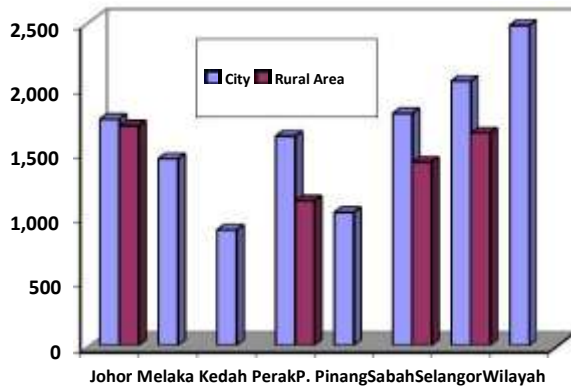


Fig. (2) Statistics of Had Kifayah for States in 2015 (Paid Houses).

Figure 3 shows the statistics of free houses for eight (8) states. For urban areas, the Federal Territory has recorded the highest value of *Had Kifayah* which was RM2,020.00, followed by Selangor RM1,715.00 and Kedah with the lowest value of RM740.00 for the same category. While for the rural areas, Selangor recorded RM1,640.00 and Perak RM 916.000.

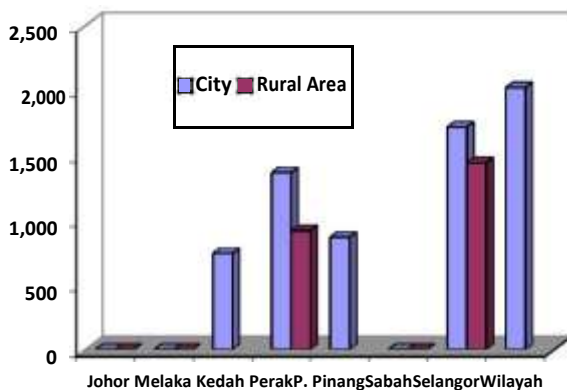


Fig. (3) Statistics of *Had Kifayah* for states in 2015 (Paid Houses)

Comparative Analysis of Shelter and Transportation.

Out of eight (8) states selected for comparative analysis, four (4) had different values of basic needs for shelter between urban and rural areas. For example, Selangor set the amount of RM480 per month as a value for paid houses and RM155

and RM150 free houses. Kedah prescribed an amount for paid houses of RM180, while the *Had Kifayah* for a free house was RM30 for both urban and rural areas. Malacca was the only state that could not determine the value of *Had Kifayah* for shelter.

For transportation, the states of Johor, Kedah, Selangor and Penang did not distinguish the *Had Kifayah* between urban and rural areas. Johor and Kedah assigned the same value of RM165.00 per month, Penang with RM180.00 per month, while the Federal Territory set RM380.00 per month. Perak, Sabah, and Selangor provided the different *Had Kifayah*

values for transportation between urban and rural areas. Selangor put a value of RM400.00 for urban areas and RM340.00 for rural areas, Sabah set RM290.00 for urban areas and RM155.00 for rural areas while Perak put RM390.00 for urban areas and RM241.00 for the rural areas. Table 1 presents the analysis for the shelter and transportation of eight (8) states.

(5) for free houses in urban areas, while for rural areas, the amount was RM350 per month for paid houses in rural areas

Tab. (1) Comparative Analysis between Shelter and Transportation

	States	Urban/Houses (RM)		Rural/Houses (RM)		Transportation (RM)	
		Paid	Free	Paid	Free	Paid	Free
1	Johor	400.00	400.00	300.00	300.00	165.00	165.00
2	Kedah	180.00	30.00	180.00	30.00	165.00	165.00
3	Malacca	-	-	-	-	-	-
4	Perak	312.00	60.00	234.00	36.00	390.00	241.00
5	Penang	200.00	40.00	200.00	40.00	180.00	180.00
6	Sabah	350.00	350.00	300.00	300.00	290.00	155.00
7	Selangor	480.00	155.00	350.00	150.00	400.00	340.00
8	Federal Territories	550.00	100.00	-	-	380.00	380.00

The observations conducted by the author towards concerning the house values, the rental values as well as the cost/value of transportation for the eight (8) respective states found that there are different values between all states. However, the current value is higher than the value set by the SZC. For example, a three3-rooms terraced house costing of RM160,000 in rural areas (maybe in Hulu Perak), therefore meaning the buyer must pay at least RM1,000 per month. Meanwhile, the *Had Kifayah* set by Perak for home purchase is only RM312.00 per month. Thus, it is recommended that SZC will review the existing *Had Kifayah* values for shelter and transportation to be more realistic and practical.

Comparative Analysis of Food and Clothing.

Table 2 shows the analysis of food and clothing. Four (4) states, namely Johor, Kedah, Penang and the Federal Territory did not differentiate the *Had Kifayah* values for the basic food and clothing between urban and rural areas. Values set for food and clothing were RM800.00/

RM170 (Johor), RM285.00/RM80.00 (Kedah), RM330.00/RM80.00 (Penang), RM810.00/RM210.00 (Federal Territory). Meanwhile, Perak, Sabah, and Selangor gave different values for food and clothing between urban and rural regions. Each value was RM337.40 and RM270.00, RM590.00 and RM500.00 and RM750.00 and RM700.00 and

RM180.00 for food and RM89.40, RM240.00 and RM140.00 and RM210.00 to RM120.00 for clothing.

Tab. (2) Comparative Analysis of Food and Clothing

No.	States	Food (RM)		Clothing (RM)	
		Urban	Rural	Urban	Rural
1	Johor	800.00	800.00	170.00	170.00
2	Kedah	285.00	285.00	80.00	80.00
3	Malacca	-	-	-	-
4	Perak	337.40	270.00	180.00	89.40
5	Penang	330.00	-	80.00	-
6	Sabah	590.00	500.00	240.00	140.00
7	Selangor	750.00	700.00	210.00	120.00
8	Federal Territories	810.00	-	210.00	-

The price reviews conducted by the author for the business premises including supermarket, mini market, Kedai Rakyat 1 Malaysia (KR1M), grocery stores, clothing shops and wet markets for eight (8) states, found that there was a standardisation of price for almost all raw materials for of basic needs. For example, at KR1M Grade C eggs were sold with a price of RM3.90 and rice with 5% SST for 10 kg RM24.50 nationwide. Potatoes imported from China were sold between RM1.99 - RM2.15 per kg at Mydin in Peninsular Malaysia. Similarly, readily cooked food items showed the uniformity of prices in most restaurants and food outlets throughout Peninsular Malaysia. Also, the price reviews of clothes in the Giant supermarket throughout Malaysia found were to be standard as well. For example, a pair of trousers and a T-shirt for males (adult) were sold between RM60.00 - RM70.00. Only cooked food items showed a high price in Sabah. It is hereby proposed that the Had Kifayah for food and clothing should be standardized for all Malaysians, particularly in urban areas.

Comparative Analysis of Medical and Educational

Based on Table 3, the Federal Territory recorded the highest rate of Had Kifayah for medical which was RM210.00 per month, followed by Perak RM179.60. Johor and Selangor put a value of RM60.00 per month. Whereas for the Had Kifayah values for education, Johor recorded the highest value of RM190.00 per month while Kedah rated the lowest value at RM90.00 per month.

The price reviews by the author found that there is the uniformity of in price throughout Malaysia regarding to medications such as aspirin and cough medicine, regular treatment at clinic and government hospital, as well as the price for school fees, books, workbooks, and stationeries. It is highly recommended to maintain the uniformity of Had Kifayah values for medical and education among all states in Malaysia.

Tab. (3) Comparative son Analysis for Medical and Education.

No.	States	Medical (RM)		Education (RM)	
		Urban	Rural	Urban	Rural
1	Johor	60.00	60.00	190.00	190.00
2	Kedah	90.00	90.00	90.00	90.00
3	Malacca	-	-	-	-
4	Perak	179.60	79.60	180.00	180.00
5	Penang	85.00	-	150.00	-
6	Sabah	165.00	165.00	155.00	155.00
7	Selangor	60.00	30.00	120.00	100.00
8	Federal Territory	210.00	-	130.00	-

4. CONCLUSION

Had Kifayah has a very important role in determining whether the recipients are poor or indigent needs. The Had Kifayah instrument is also used in determining the eligibility of an individual to receive zakat or not, based on their incomes and basic expenses. Basic expenses comprise of six (6) items namely shelter, food, clothing, medicine, education, and transportation. A comparative analysis of the Had Kifayah for eight (8) states has been done and finding showed that there is no uniformity in the Had Kifayah determination values for all states. This study suggests that it is vital to standardize all components of Had Kifayah in eight (8) states to become more realistic and relevant to Malaysia's current economic situation.

5. APPRECIATION.

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