

# Zakah for Benefit in Kind At The Kelantan Islamic Religious and Customs Council (MAIK): An Exploratory Analysis

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## Abstract

This study investigates the imposition of zakat on employment income, including Benefits in Kind (BIK), as mandated by the Kelantan Islamic Religious and Customs Council (MAIK) following a decision by the Jamaah Ulama' on March 16, 1999. While employment income such as basic salary and fixed remuneration is unequivocally subject to zakat, the inclusion of BIK - non-cash benefits like vehicle facilities, accommodation, furniture, and kitchen equipment - remains a nuanced issue. This paper aims to elucidate the perspectives of MAIK informants responsible for zakat assessments on employment income, with a particular focus on their interpretation of BIK within this context. The analysis is structured around three core areas: first, an exploration of the conceptualization of "anything received related to income" to include BIK; second, a critical review of existing literature that supports the obligation of zakat on BIK; and third, an in-depth examination of the perspectives of MAIK informants on the zakat applicability to BIK in employment income. The findings suggest a foundational basis for considering BIK as part of zakatable employment income, thereby contributing to the broader discourse on zakat jurisprudence and its application in contemporary Islamic finance.

**Keywords:** Zakat, Zakat Accounting, Employment, Fatawa, Benefit in Kind

## Introduction

The practice of *ijtihad* in the implementation of the obligatory zakat (almsgiving) traces its origins to the era of the Rightly Guided Caliphs. Notably, Caliph Abu Bakr as-Siddiq adopted a stringent stance against those who refrained from paying zakat, opting to engage in conflicts with them. This approach was similarly embraced by subsequent caliphs, including Umar al-Khattab, Uthman b. Affan, and Ali b. Abi Talib, who applied *ijtihad* particularly in matters related to wealth eligible for zakat. This tradition of *ijtihad* was perpetuated by the following generation, known as the *tabi'in* (Hamat, 2016). Consequently, *ijtihad* emerged as a pivotal

factor in the continuous adaptation and expansion of the types of wealth subject to zakat (Haneef & Mahmud, 2011).

However, it is crucial to acknowledge that the inclusion of any new form of wealth as zakatable (subject to zakat) necessitates analogical deduction based on one of the five established categories of wealth recognized by Islamic jurists. These categories encompass: firstly, *al-'ayn*, denoting gold and silver; secondly, *al-tijarah*, referring to business commodities; thirdly, *al-harth*, which pertains to agricultural yield; fourthly, *al-masyiyah*, signifying livestock; and fifthly, *al-rikaz*, indicating treasures extracted from the earth (Abdullah et al., 2023).

The methodology for zakat assessment on various types of wealth is systematically categorized into three distinct classifications (Hamat, 2002). Firstly, zakat is applied both to the principal wealth and the income it generates, a principle particularly pertinent to livestock. Secondly, zakat is levied solely on the income derived from wealth, which encompasses agricultural produce and resources extracted from the earth. Lastly, zakat is imposed directly on the principal wealth itself, including assets such as gold, silver, and commercial commodities. For wealth within the first and third classifications, the obligation to pay zakat is triggered upon the attainment of *nisab* (the minimum threshold) and the completion of *hawl* (one lunar year). Conversely, for wealth in the second classification, the requirement to pay zakat is activated upon reaching the *nisab*, without the necessity of fulfilling the *hawl* criterion (Besar & Basir, 2023).

In Malaysia, a novel category of wealth subjected to mandatory zakat encompasses employment income, as decreed by the Kelantan Islamic Religious and Customs Council (MAIK) on December 9, 1992. This category of employment income includes a broad spectrum of earnings such as monthly salaries, arrears, various allowances (including those for vehicles, food, and meetings), bonuses, and other forms of employment-related income (JAWHAR, 2008). The interpretation of employment income, however, exhibits subtle variations across different Malaysian states. Some states adopt a broad definition that includes basic salary, bonuses, and allowances, while others provide a more detailed and comprehensive delineation. For instance, the Pahang Islamic Religious and Malay Custom Council articulates an extensive definition that encompasses salary, bonuses, overtime pay, gratuities, compensation, pensions, gifts, awards, incentives, and Employee Stock Option Schemes (ESOS) (Sapingi et al., 2020).

Benefits in Kind (BIK) encompass non-monetary compensations provided by employers to their employees, including amenities such as vehicles, accommodation, furniture, and kitchen appliances (IRBM, 2019). In the Malaysian context, while BIK is subject to taxation by the Inland Revenue Board Malaysia (IRBM), the imposition of zakat on these benefits is not uniformly mandated across all State Islamic Religious Councils (SIRC) (Hamat, 2015b). This disparity raises pivotal questions: do historical discourses classify "anything received related to employment" as inclusive of BIK as a form of income? What justifications did earlier scholars present for advocating the inclusion of BIK in the zakat framework? Furthermore, what perspectives do stakeholders involved in the zakat assessment of employment income at MAIK hold regarding the zakat applicability to BIK?

To elucidate these inquiries, an analytical approach employing content analysis was applied to both primary and secondary data sources. The discourse within this article is structured into three distinct sections. Initially, it provides a concise overview of historical perspectives on zakat applicable to employment income, serving as foundational context. Subsequently, the article delineates the concept of BIK, proceeding to articulate the underlying principles

advocating for the inclusion of BIK within the zakat purview. Finally, it delves into the insights of stakeholders engaged in the zakat assessment process on employment income at MAIK, specifically focusing on their viewpoints regarding the zakat obligations of BIK.

### **Zakat on Employment Income in Malaysia**

The initiation of discourse on zakat for employment income is attributed to the gurus of al-Qaradawi, including Abdul Rahman Hasan, Muhammad Abu Zahrah, and Abd. Wahab Khallaf (Al-Qaradawi, 2006). Nonetheless, Ab Majid (2003) contends that the concept of zakat on employment income was previously explored by earlier scholars such as Ibn Hazm in *Al-Muhalla*, Ibn Qudamah in *Al-Mughni*, and Kahlani in *Subul al-Salam*, indicating a historical foundation for this discussion.

The discourse on zakat for employment income in Malaysia was pioneered by Dail (1979), marking the earliest scholarly engagement with this subject. During that period, public education on zakat for employment income was notably absent, and the State Islamic Religious Council (MAIN) had not yet issued any formal rulings on the matter. It was not until the end of 1992 that the Kelantan Islamic Religious and Customs Council (MAIK) issued a decree on employment zakat. This decision emerged from the deliberations of the 31<sup>st</sup> Meeting of the National Fatwa Committee for Islamic Religious Affairs in Malaysia, held on December 9, 1992, which established that Muslims are permitted to contribute zakat from their employment income.

This fatwa was further elucidated during a special session of the National Fatwa Committee for Islamic Religious Affairs in Malaysia, convened on June 22, 1997, which established that zakat on employment income is compulsory for individuals who meet the zakat eligibility criteria. Subsequently, during the 56th Meeting of the National Fatwa Committee for Islamic Religious Affairs in Malaysia on May 7, 2003, it was definitively articulated that the assessment for zakat on employment income should be based on the annual gross income, with the zakat rate prescribed at 2.5 percent of the total income (Duasa & Radzman, 2024). The Kelantan Islamic Religious and Malay Customs Council, through its congregation of scholars on March 16, 1999, also ruled that employment income, whether for government staff, statutory bodies, companies, or business institutions, is obligatory for zakat. This employment income includes only the basic salary and other fixed allowances and does not include variable allowances. Zakat is obligatory on net income after deducting essential expenses, i.e., the most basic needs for oneself and one's family under their care, according to Sharia law.

The Kelantan Islamic Religious and Malay Customs Council, via its assembly of scholars on March 16, 1999, decreed that employment income, encompassing earnings from government positions, statutory bodies, companies, or business entities, is subject to mandatory zakat. This ruling specifies that zakat is applicable only on the basic salary and other fixed allowances, excluding variable allowances. Zakat is assessed on net income after deducting essential needs for oneself and dependents, as defined by Sharia law.

The Johor State Fatwa Committee, during its session on April 17, 2000, resolved that zakat on employment income should be levied on the net income after accounting for essential annual expenditures. This includes an allocation of RM8,000.00 for the individual, RM3,000.00 for the spouse, RM1,000.00 per child, and for those under the individual's guardianship, in addition to actual medical and educational expenses, along with other justifiable costs. The fatwas regarding income zakat issued by the National Council of Islamic Religious Affairs

(MAIN) in Malaysia draw significant inspiration from the teachings of al-Qaradawi, particularly in the context of the state of Melaka.

A common point of contention regarding the obligation of employment zakat is the *nisab* (threshold), *hawl* (period of possession), and the rate of employment zakat. Dail (1979), for instance, raised the foundational issue of the obligation of employment zakat, the issue of *hawl*, and the permissible living costs. The same issue was also discussed by (Abd. Majid, 2003). Tarimin (1995) highlighted the arguments for the obligation of employment zakat classified as *al-mal al-mustafad* based on the Quran, Hadith, the practice of the companions, and the application of analogy (*qiyas*). Hamat (2002) raised the question of why employment income zakat is mandated at a rate of 2.5% and not between 5% or 10%. This is because the zakat based on income rates is 5%, 10%, or even 20%. This is consistent with the zakat rate for agricultural yield and mined treasures.

The delineation of income subject to zakat as determined by the National Fatwa Committee remains ambiguous regarding the specific nature of the income that is zakatable. The deliberations held by the National Fatwa Committee on December 9, 1992, June 22, 1997, and May 7, 2003, consistently articulated that zakat on employment income is mandated on the gross annual income, applying a zakat rate of 2.5% on the total income. However, these discussions did not provide a detailed clarification on the types of income that fall under the purview of this zakat obligation, leaving room for interpretation and further analysis.

State-level fatwa decisions offer a more comprehensive elucidation of what constitutes employment income, in contrast to the broader definitions provided by the National Fatwa Committee. For instance, the Sarawak State fatwa, dated November 23, 1996, specifies that employment income encompasses salaries, salary arrears, various allowances, and other forms of income related to employment. Similarly, the Assembly of Scholars from the Council of Islamic Religion and Malay Customary Law of Kelantan, on March 16, 1999, clarified that employment income pertains solely to the basic salary and other fixed compensations. These detailed definitions at the state level contribute to a clearer understanding of the scope of income subject to zakat, highlighting the nuances in the interpretation and application of zakat on employment income across different jurisdictions. In the Zakat Calculation Management Manual, the Department of Endowments, Zakat and Hajj (JAWHAR) in 2008 stated:

“Employment income encompasses monthly salary, back pay, various allowances such as vehicle, food, and meeting allowances, as well as bonuses and any other forms of income related to employment.”

The concept of employment income zakat is expounded in greater detail on the official platforms of various State Islamic Religious Councils (SIRCs). For instance, the Penang Islamic Religious Council (MAINPP) adheres to the definition of employment income as stipulated in the manual issued by the Department of Awqaf, Zakat, and Hajj (JAWHAR), indicating a unified and standardized methodology in the categorization of zakatable income. Conversely, the Federal Territory Islamic Religious Council (MAIWP) extends the purview of employment zakat to encompass a broader array of income types, including dividends, rental income, royalties, grants, honoraria, and business-related earnings.

Employment income is defined comprehensively to include salaries, wages, bonuses, allowances, compensations, pensions, and other forms of remuneration accrued throughout an individual's working life, during retirement, or posthumously. This definition also extends to any income derived from professional or career-related endeavors (Moo & Wan, 2023).

Such a broad interpretation highlights the nuanced and multifaceted understanding of employment income zakat across different Islamic jurisdictions. It reflects an inclusive approach designed to encompass various income streams within the zakat framework, underscoring the importance of a holistic and integrative perspective in the administration and application of zakat on employment income.

The Pahang Islamic Religious and Malay Custom Council offers a detailed definition of employment income, encompassing all forms of earnings an individual receives from their employer because of their labor or services rendered. This definition includes earnings accrued during employment, after cessation of service, or posthumously, such as pension derivatives. Specifically, the income subject to zakat under this definition includes salaries, bonuses, overtime claims, gratuities, compensations, pensions, gifts, awards, incentives, and benefits from employee stock option schemes (ESOS). This comprehensive approach highlights the Council's intent to cover a broad spectrum of employment-related earnings within the ambit of zakatable income, ensuring that various forms of compensation are considered in the calculation of zakat obligations.

Across various Islamic Religious Councils, there is a shared understanding that employment income encompasses any earnings related to employment. This consensus is reflected in the diverse, yet complementary definitions provided by different councils:

- The Kelantan Islamic Religious and Malay Custom Council specifies employment income as "other incomes considered as fixed compensation only."
- The Sarawak Islamic Religious Council includes "other incomes related to employment."
- The Pahang Islamic Religious and Malay Custom Council defines it as "all income earned by someone from their employer due to efforts or work done for the employer."
- The Penang Islamic Religious Council describes it simply as "income related to employment."
- The Wilayah Persekutuan Islamic Religious Council broadens the scope to "other forms of earnings during life, retirement, or after death, and any income based on a career."

Given these definitions, it is reasonable to conclude, as JAWHAR (2008) posits, that any form of earnings associated with employment falls under the category of employment income. Although no state explicitly articulates the phrase "anything that can be considered as income related to employment," the implication is unequivocally clear: all earnings linked to employment, irrespective of their form or timing, are classified as employment income for zakat calculation purposes. This inclusive approach ensures that zakat obligations comprehensively encompass the entire spectrum of employment-related earnings, thereby aligning with the overarching principles of Islamic jurisprudence and ensuring a holistic application of zakat.

### **Other Incomes Related to Employment**

There are limited works on zakat for BIK. Hamat (2015a, 2015b) is among the early writers who raised questions about zakat on BIK. According to Muhammad (2015), there has been limited discussion to date regarding the obligation of zakat on BIK in Malaysia. At the *International Conference on Islamic Development*, for instance, Hamat (2015a) argued that BIK has a basis to be considered for zakat. He discussed this issue in a paper titled "*Analysis methods of zakat issues in the book Fiqh al-Zakah: Application to employment income zakat*" at Universitas Jember, Indonesia.

At the Fiqh Zakat International Conference (FZIC) held from November 25-27, 2015, Hamat (2015b) presented a paper titled “*Benefits in Kind (BIK): A Neglected Source in the Accounting of Employment Zakat in Malaysia,*” which scrutinized the omission of BIK in zakat calculations. Zahri (2017) subsequently explored zakat scholars’ attitudes towards integrating BIK within zakat liabilities. Hamat et al (2017) applied al-Qaradawi’s methodology to examine the zakat implications of BIK. Additionally, Hamat and Muhd Adnan (2017) studied the perspectives of selected Malaysian stakeholders on the zakat treatment of BIK.

Conversely, the Inland Revenue Board Malaysia (IRBM) categorizes Benefits in Kind (BIK) as a component of employment income. Public Ruling No. 11/2019, issued on 12 December 2019, provides a comprehensive delineation of BIK, amalgamating all preceding Public Rulings on the subject. This includes Public Ruling No. 3/2013, issued on 15 March 2013, Public Ruling No. 2/2004, issued on 8 November 2004, along with subsequent amendments dated 20 May 2005, 17 January 2006, 17 April 2009, 19 April 2010, and the Income Tax Specification 1997/2 dated 25 August 1997.

However, BIK is a benefit that cannot be converted to money. The method of determining the value of BIK can be done in two ways (IRBM, 2019). First, the formula method - the annual value using the formula method is calculated based on the cost of the asset allocated as a benefit divided by the asset’s lifespan. Second, the fixed-value method - the annual value using the method set by IRBM. For example, a car worth RM150,001 - RM200,000, then the value of BIK is RM7,000 per year.

Estimations of other BIKs, such as petrol, drivers, household equipment, tools, and accessories, for example, can be referred to in detail in *Public Ruling No. 11/2019* dated 12 December 2019. Whichever method is used to determine the value of the provided benefit and the basis for calculating the benefit (whether the formula method or the fixed-value method) must be used consistently throughout the provision period.

Zahri (2017), as well as Hamat and Adnan (2017), conducted research focusing on the perspectives of a diverse group of informants, including academics, officials from zakat institutions, and representatives from the Inland Revenue Board. The predominant view among these informants is that Benefits in Kind (BIK) ought to be subject to zakat. Their consensus is anchored in three fundamental principles: firstly, the principle of wealth; secondly, the principle of justice; and thirdly, the principle of Shariah objectives.

Firstly, based on the principle of wealth, it can be categorized into two primary forms: physical assets and income. Physical assets encompass tangible items such as land, houses, livestock, and shares, while income is derived from sources like agriculture, business, and employment. Furthermore, income can be subdivided into financial and non-financial categories.

The concept of wealth subject to zakat is addressed in the Quran, as evidenced by various verses. For example, the Quran instructs to “take from their wealth” (al-Taubah 9: 103) and references the presence of charity in “their wealth” (al-Dharyat 51: 19). Specific forms of assets are mentioned, including gold and silver (al-Taubah 9: 34), the yield of gardens (al-An’am 6: 141), and the broader category of “what you have earned and of what We have produced for you from the earth” (al-Baqarah 2: 267), highlighting the diverse nature of wealth that falls under the purview of zakat.

Although the Quran mentions certain wealth subject to zakat (al-Taubah 9: 34; al-An’am 6: 141; and al-Baqarah 2: 267), there is no statement collectively limiting the general understanding found in verses 19 of surah al-Dharyat and 103 of surah al-Taubah. Those verses only describe several types of wealth subject to zakat, but it does not mean other wealth is not subject to zakat (Abd. Majid, 2003).

Secondly, drawing from the principles of justice, those with wealth are mandated to offer zakat, a form of charitable donation. Conversely, the less fortunate stand as the beneficiaries of these contributions. This represents the Islamic approach to wealth distribution.

Based on these principles of justice, it is only fair for those who receive and enjoy BIK (Benefits in Kind) to be subjected to zakat. This is because they fall under the category of the wealthy, who are obliged to pay zakat. It is extremely unjust for them to possess, control, and enjoy these benefits while being exempted from the obligation of zakat simply because they receive it in the form of benefits and not monetary form.

Income earned in cash is used to obtain the necessary benefits for life. In contrast, BIK means the benefits have been provided by the employer to fulfill life's necessities. Both are aimed at obtaining benefits. Since both have the same objective, which is to gain benefits, it is only fair for BIK to be subjected to zakat.

Therefore, based on the principle of justice, it is unjust for employees who receive income in the form of benefits to be exempted from zakat, while those who receive income in cash are obligated to pay zakat.

Thirdly, based on the principles of Maqasid al-Shariah (the objectives of Islamic law) - the intention behind the enactment of any Islamic rule is for the betterment of humanity. In other words, Maqasid al-Shariah means the objectives intended by Islamic law as derived from sources like the Quran and Sunnah. Referencing al-Shatibi, al-Qaradawi (2006) established a crucial distinction:

“In worship, from the perspective of the adherents, the primary objective is the act of worship itself, irrespective of understanding its purpose. Conversely, in social transactions, the essence lies in grasping their intentions.”

One informant believed that the primary objective of zakat is to purify and sanctify the wealth and morals of the *muzakki* (zakat payer). This is mentioned by God in the Surah al-Taubah, verse 103. He said:

“I believe the objective of zakat is as stated by Allah - Take zakat from a portion of their wealth, with this zakat you cleanse and purify them ... and establishing socio-economic justice is the effect of zakat distribution.”

Thus, every form of wealth, whether financial or non-financial, needs to be purified and sanctified. Moreover, wealth in Islam isn't just tangible assets but also intangible ones like rights and benefits. In fact, among the scholars, except for the Hanafi school of thought, benefits are considered as wealth. They believe that the purpose of objects is their benefits, not their substance. This is because there's control and ownership over the benefits (Ahmad & Ibrahim 2006).

### **Zakat on Employment Income and Benefits in Kind (BIK) at MAIK**

A research study was conducted to explore the implications of zakat for Benefits in Kind (BIK) within Malaysian zakat institutions, specifically focusing on the Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (MAIK). This study aimed to gather insights by engaging with informants from MAIK, including Zakat Officers, Assistant Zakat Officers, Senior Administrative Assistants, and Administrative Assistants. These participants demonstrated a comprehensive understanding of taxable employment income, offering detailed descriptions

and interpretations that were documented as part of the research findings. Notably, informants characterized zakatable employment income as follows:

“Income derived from business or services rendered by entities such as companies, government bodies, and statutory bodies operating under a regular or fixed salary framework”; and “Income accrued by individuals employed in either public or private sectors that maintain a payroll system, with zakat being leviable upon surpassing the predefined nisab - threshold.”

Therefore, the interpretation of employment income by these informants is in harmony with the resolutions of the MAIK Scholars. This interpretation includes basic salaries and other forms of stable compensation. For instance, an informant clearly delineated employment income as follows:

“The type of income subject to zakat includes salary, allowances, and any income related to employment.”

This highlights that the informants are aware that employment income also covers any income related to employment. In other words, employment income includes all income associated with an employment or service contract. This aligns with the definition of employment income mentioned in JAWHAR (2008) as anything that can be considered income related to employment. However, in terms of practices at MAIK, all informants agree that the employment income subject to zakat is limited to what has been decreed by MAIK. The employment income subject to zakat, practiced by all states in Malaysia, does not include BIK. However, generally, informants from zakat institutions in Malaysia understand the meaning of BIK (Zahri, 2017). This became clear when an informant articulated it as follows:

“BIK refers to benefits received, such as housing, vehicles, and fuel” (Zahri 2017, p. 76).

The informant’s description aligns with the BIK definition provided by the Inland Revenue Board of Malaysia (IRBM). However, another informant from MAIK described it differently but meant the same thing: facilities provided by the employer, whether regularly or not. The informant succinctly captured the essence of BIK by stating:

“BIK represents contributions in the form of facilities, both regular and irregular...”

Furthermore, they acknowledged that in addition to being a facility, BIK could also be provided in the form of daily necessities. Another informant remarked:

“BIK is a facility or daily necessity provided by the employer.”

The informant’s perspective on BIK seems to be more expansive than the usual understanding, which primarily emphasizes benefits. Unlike the general view, this informant includes everyday essentials like food, clothing, and housing in the definition of BIK. However, it’s worth noting that all informants at MAIK are in unanimous agreement that BIK isn’t



subject to zakat. Thus, one informant succinctly defined the taxable employment income, stating:

“Income declared for zakat purposes does not include BIK.”

Based on the collective opinions of informants from MAIK, it is inferred that Benefits in Kind (BIK) are not subject to zakat for two main reasons. Firstly, BIK is typically non-transferable and cannot be sold to another party. This lack of transferability implies that the beneficiary does not have full ownership of the benefit. Islamic scholars widely acknowledge that complete ownership of an asset is a prerequisite for it to be eligible for zakat. Therefore, the non-transferability of BIK serves as the primary rationale for its exemption from zakat obligations. An informant elaborated as follows:

“...when it cannot be transferred, it does not become an absolute possession in the employment contract, even if it is a benefit provided for the employee.”

Even though BIK can't be transferred, it remains a privilege of its respective office holder. Typically, only the affluent can access benefits such as housing and transportation. In essence, they belong to the wealthy class. Is this what Prophet Muhammad was referring to when he advised Muadh b. Jabal upon dispatching him to Yemen:

“... Allah has made it obligatory for them to pay zakat on their wealth. This wealth is taken from the rich and given to the poor among them” (al-Bukhari No. 478).

For a contemporary analogy, they essentially belong to the wealthy class. God Himself has warned the rich, as evidenced in His verse: “And in their wealth is a right for the needy who ask and those deprived” (Al-Dharyat 51: 19).

Secondly, BIK provided by the employer cannot be converted into cash even if it has monetary value. Similarly, when it cannot be converted into cash, then it seems like the benefit isn't truly owned by the office holder. An informant emphasized:

“BIK shouldn't be subject to zakat because BIK isn't fixed income and can't be converted into cash. Benefits like houses, cars, furniture, domestic helpers, gardeners, and drivers can indeed be valued.”

Although BIK cannot be converted into cash, an employer can determine its value. The employer calculates BIK by determining the value of benefits like housing or transportation. This value is typically deducted from the employee's salary. For example, an employer provides housing to an employee with a rental value of RM 1,000. The employer will deduct this amount from the employee's salary if the employee decides not to take the benefit. The employee, therefore, has an option between receiving the BIK or its monetary value. The same happens when an employer provides transportation to an employee. If the employee refuses the benefit, its value is deducted from the salary. However, the informant believes that even though BIK has monetary value and can be converted into cash when not taken by an employee, it does not make BIK subject to zakat.

In conclusion, the concept of zakat on employment income at MAIK only includes basic salaries and other fixed allowances. BIK, despite having monetary value, is not included in

zakat calculations. The reasons are mainly because BIK cannot be sold or transferred and because they cannot be easily converted into cash, even though they can be valued by the employer.

### **Conclusion and Closing Remarks**

The discussion reveals that zakat considerations for BIK in Malaysia are relatively limited. While previous studies support including BIK in zakat assessment based on the principles of wealth, justice, and *Maqasid al-Shariah* (objectives of zakat), informants from MAIK advocate for their exemption. They argue that BIK is neither salable nor transferable and cannot be converted into monetary form. However, they recommend further study on BIK to enhance understanding and guide future discussions at MAIK.

The concept of *al-mulk al-tam* (absolute ownership) is crucial for wealth to be zakatable. In the context of BIK, employers retain ownership, while employees enjoy the benefits. This issue requires further exploration for two reasons: the notion of wealth includes intangible elements like rights and benefits, and assets acquired through financing do not wholly belong to the purchaser until the debt is settled, though the purchaser fully enjoys the benefits. Thus, in-depth study is essential to ensure decisions are well-substantiated and aligned with zakat principles.

Theoretically, this research extends the understanding of zakat jurisprudence by examining the inclusion of BIK as part of zakatable wealth. It challenges traditional interpretations that primarily focus on monetary forms of income and introduces a broader conceptualization of wealth that includes non-monetary benefits. This theoretical expansion encourages a reevaluation of classical zakat categories and their applicability in contemporary contexts, thus contributing to the evolution of Islamic financial jurisprudence.

Contextually, the study provides specific insights into the practices of the MAIK, offering a localized perspective that highlights the practical challenges and interpretations unique to this institution. By documenting the views and practices of MAIK informants, the research sheds light on how regional zakat institutions navigate the complexities of modern employment income and BIK, thereby informing policy decisions and potentially guiding similar institutions in other regions.

Significantly, this research fills a gap in the existing literature on zakat by addressing the relatively underexplored area of BIK. It plays a crucial role in the broader discourse on zakat by integrating contemporary employment practices with traditional Islamic financial obligations. The findings provide a foundational basis for policymakers and scholars to consider BIK in zakat assessments, promoting a more inclusive and comprehensive approach to zakat that aligns with current socio-economic realities. This contributes to the ongoing development of zakat jurisprudence and its application in modern Islamic finance, ensuring that zakat remains relevant and effective in addressing the needs of the Muslim community.

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