



# An Assessment of Corporate Zakat Payment During Covid-19 Pandemic

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**Abstract.** This study aims to assess corporate zakat payment during the Covid-19 Pandemic Period. This is intriguing due to the fact that Covid-19 caused lockdown, recession, and financial crisis that could affect the company. Unlike business activities and performance which are significantly affected by locked down policies due to the Covid 19 Pandemic charitable activities including Corporate Zakat exhibit a more positive resilient response to continuously support those in need and affected by covid 19 during the pandemic period. This study employs a qualitative method based on the data provided. The outcome indicates that Covid-19 pandemic period had no impact on corporate zakat payment, as some businesses continued to pay zakat during the pandemic. This demonstrates that Covid-19 had no direct impact on zakat payments made by corporations.

**Keywords:** Corporate · Zakat · Covid-19 · Impact · Pandemic

## 1 Introduction

Zakat is required of Muslims who meet the criteria for obligatory zakat. If a Muslim does not meet the criteria for paying zakat, they are not required to do so. In Quran, the word for paying zakat is *أَتُوا الزَّكَاةَ*, where the word *أَتُوا* is a passive command verb. It carries the meanings to derive, turn up, bring, come about, originate, develop, take place and occur. On the other hand, it may not belong to Muslim, zakat should be given to needy. Zakat is the right of other people.

The same treatment standards apply to corporate zakat. If the company fits the conditions for zakat payment, it must pay zakat. Corporate zakat is essentially zakat levied on the assets of individuals who invest in the firm and the company's earnings. The subject of zakat is the owner of the company who is required to pay zakat. Only in Saudi Arabia and Kuwait is zakat seen as obligatory for local businesses, therefore zakat payment is required. On the other hand, zakat is not mandatory in Malaysia and other Muslim countries.

The outbreak of the Covid-19 pandemic between 2020 and 2021 had a detrimental influence on the world economy, including Muslim nations. Aside from the health and

communication industries, where personnel are most needed during the pandemic, other economic sectors are experiencing a slowdown, including retail, transportation, consumer, tourist, hotel, and energy. People cannot leave their homes and engage in activities, especially during lockdown periods. Decreased demand for goods and services disrupts the production process and reduces the company's earnings.

There was no studies found that explored the influence of Covid-19 on corporate zakat. Some publications focused solely on the influence of Covid-19 on an individual basis. Therefore, the objective of this paper is to analyze the impact of Covid-19 on corporate zakat payment. The paper's structure is as follows: introduction, literature review, research technique, and analysis. It ends with conclusion and recommendation.

## 2 Literature Review

There were no studies found on the influence of Covid-19 on corporate zakat. As a result, this study will use individual zakat payments for comparison purposes, because corporate zakat is based on an individual basis and is charged to the company's owner.

Some attempts and techniques were made to collect zakat during Covid-19 [1]. Furthermore, despite the fact that some tactics have been implemented, Covid-19 has an impact on zakat collection [2, 3]. As a result, zakat institutions should be vigorous in encouraging Muslims to pay zakat.

Covid-19 had no effect on the quantity of zakat paid by Muslims; rather, the amount grew [4]. In addition, It is discovered that awareness of zakat keeps Muslims paying zakat despite the Covid-19 pandemic [5, 6]. Therefore, the government should facilitate zakat payment for Muslims. Similarly, it is discovered that direct and indirect tactics boosted zakat collection [7]. Direct techniques include zakat collection and zakat counter services, whilst indirect strategies include Internet-based digital fundraising, crowd funding, and program marketing via Facebook and Instagram [8]. It is discovered a similar result when zakat collection rose in 2020 by employing techniques such as the food program, school collaboration, and Friday program [9]. The digitalization of zakat, government laws, and awareness of zakat payments are other determining factors [10]. In order to collect zakat funds, a zakat institution must have an effective program and strategy, particularly during economic downturns and crises.

Some initiatives in Malaysia could reduce the impact of Covid-19 [11]. Covid-19 may have a greater influence in other countries that have many lockdowns and closed economic activity than in countries that have not implemented such regulations.

## 3 Research Method

This study applies a qualitative research methodology to analyze the company's financial data. Only countries where zakat is discretionary would be included in the analysis. Hence, Saudi Arabia and Kuwait, where zakat is obligatory are removed from the analysis whereas Malaysia, Qatar, Sudan, Bahrain, and Egypt that do not mandate businesses to collect zakat are included in the sampling frame. The final sample consists of 38 companies. One company is excluded owing to a lack of information.

Data description	Total
Total Companies paid zakat	346
Compulsory payment	(307)
Voluntarily payment	39
Incomplete data	(1)
Final data	38

The analysis covers the descriptive analysis, total zakat payment (both obligatory and optional), and total corporate voluntary zakat. The study then specifies which companies paid zakat and which did not.

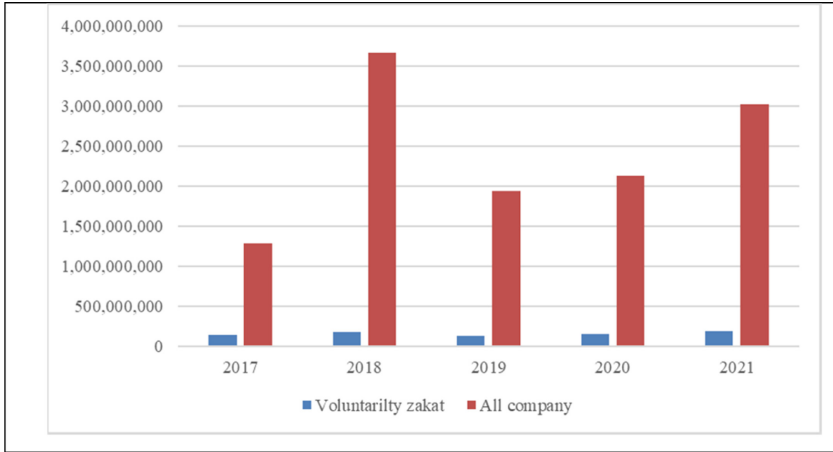
## 4 Analysis

The analysis begins with descriptive statistics, with 2021 having the highest average zakat payment, followed by 2018. 2020 had the highest median, followed by 2019. The largest standard deviation occurred in 2018, followed by 2021. This phenomenon revealed that the most diverse data was collected in 2018. It was also demonstrated by the highest kurtosis and skewness, as well as the range (see Table 1.).

**Table 1.** Descriptive statistics

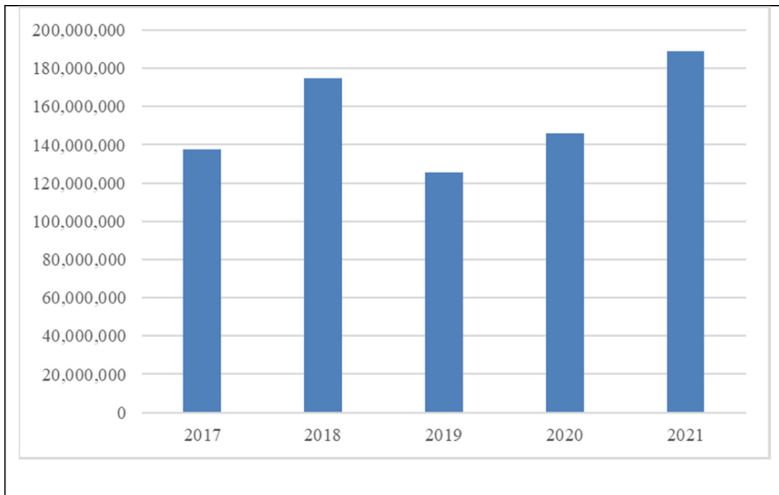
Item	2017	2018	2019	2020	2021
Mean	945,370	1,593,994	1,131,753	1,349,709	1,736,381
Standard Error	227,207	537,965	288,735	304,301	402,723
Median	247,774	475,838	602,225	608,085	577,276
Standard Deviation	1,400,598	3,316,238	1,779,880	1,875,836	2,482,549
Sample Variance (million)	1,961,674	10,997,436	3,167,974	3,518,761	6,163,047
Kurtosis	3	17	14	8	6
Skewness	2	4	3	3	2
Range	5,854,599	17,990,315	9,640,743	9,308,209	11,546,350
Minimum	-	-	-	-	-
Maximum	5,854,599	17,990,315	9,640,743	9,308,209	11,546,350
Sum	35,924,058	60,571,764	43,006,601	51,288,952	65,982,493
Count	38	38	38	38	38

Total zakat payment, which includes compulsory payment from countries like Saudi Arabia and Kuwait, fell in 2019, then grew until 2021. (see Fig. 1). Hence, prior to the occurrence of Covid-19, overall zakat payment was already reduced in 2019. Covid-19 occurred in 2020, resulting in numerous lockdowns and economic downturns. However, total zakat payments increased in 2020 and 2021 in comparison to 2019.



**Fig. 1.** Total zakat payment (in USD)

A similar pattern emerged in voluntary zakat payments, which excluded enterprises from Saudi Arabia and Kuwait (see Fig. 2). The overall voluntary zakat payment is less than the total zakat payment which includes Saudi Arabia and Kuwait. When compared to 2018, total zakat payment fell in 2019. This shows that before Covid-19 in 2020, most companies had smaller zakat payment in 2018 and 2020.



**Fig. 2.** Voluntarily zakat payment (in USD)

In 2020, there are two companies who paid zakat at the first time, which are Bursa Malaysia Bhd and Boustead Plantations. This demonstrated that the Covid-19 outbreak had no effect on corporations’ refusal to pay corporate zakat. Four enterprises, Fima Corporation Bhd, Dagang NeXchange, AWC Bhd, and Kumpulan Fima Bhd, paid zakat

**Table 2.** Zakat payment

Company Name	2017	2018	2019	2020	2021
United Gulf	1,373,378	1,484,830	302,171	2,492,923	3,409,710
Ajwa for Food	2,052,957	2,340,775	1,108,933	2,543,234	3,144,949
UEM Edgenta Bhd	404,550	690,073	749,572	588,806	169,789
UEM Sunrise Bhd	678,536	1,261,501	490,584	268,657	0
UMW Holdings Bhd	1,710,930	1,307,022	568,599	2,063,433	2,062,440
CIMB Group Holdings	309,100	750,605	904,867	721,393	1,215,178
Boustead Holding Bhd	0	266,344	635,852	870,647	6,556,196
Bank Islam Malaysia	3,575,420	3,556,659	2,998,288	2,927,861	2,947,887
AMMB Holdings Bhd	526,670	588,480	701,832	245,597	515,822
MNRB Holdings Bhd	145,779	166,912	298,168	311,942	272,900
Syarikat Takaful	265,826	247,215	307,899	318,657	316,042
Public Bank Bhd	64,293	62,954	73,368	300,000	171,230
Fima Corporation Bhd	0	0	0	0	25,696
Dagang NeXchange	98,063	110,296	0	0	144,803
Symphony Life Bhd	0	0	193,833	147,165	0
Gas Malaysia Bhd	865,480	847,458	855,955	870,647	840,538
Telekom Malaysia Bhd	2,200,791	1,573,850	1,834,189	1,542,289	1,705,091
Axiata Group Bhd	229,723	112,107	422,842	440,050	316,282
FGV Holdings Bhd	1,250,247	4,504,358	1,564,441	4,054,726	4,180,115
Malayan Banking Bhd	5,854,599	9,908,475	9,640,743	9,308,209	11,546,350
Tenaga Nasional Bhd	0	17,990,315	4,695,525	5,671,642	5,979,827
MSM Malaysia	0	363,196	3,424	369,652	240,154
AWC Bhd	0	0	0	0	27,236
Kumpulan Fima Bhd	0	0	0	0	99,453
Malaysia Building	2,935,460	3,147,700	219,858	90,299	34,102
Pharmaniaga Bhd	148,368	259,322	547,811	627,363	5,781,220
Bursa Malaysia Bhd	0	0	0	165,920	189,001
Company Name	2017	2018	2019	2020	2021
Malaysia Airports	1,100,396	1,357,869	1,497,921	371,891	319,404
Boustead Plantations	0	0	0	226,866	772,574
Kumpulan Perangsang	39,812	121,065	273,661	378,109	600,384
Ranhill Utilities Bhd	0	0	1,659,819	2,240,547	127,762
Kenanga Investment	0	0	91,220	110,697	89,337
RHB Bank Bhd	0	0	1,222,793	1,017,662	1,409,222
Affin Bank Bhd	833,581	995,884	1,352,409	1,857,960	1,541,306
Zad Holding Company	4,077,765	4,094,398	4,183,266	4,033,647	4,917,333
Barwa Real Estate Company QPSC	0	0	1,099,176	973,077	554,167
Sudatel Telecom	3,469,125	1,532,676	1,559,852	2,160,133	2,968,883
Al Salam Bank Sudan	1,713,209	929,426	947,729	977,253	790,110
Total	35,924,058	60,571,764	43,006,601	51,288,952	65,982,493

for the first time in 2021. UEM Sunrise Bhd and Symphony Life Bhd were the only two companies that did not pay zakat in 2021. However, total zakat payments did not fall during the Covid-19 pandemic. This is consistent with individual zakat payment, as corporate zakat is essentially also predicated on the company's owner paying zakat [4, 5] (Table 2).

## 5 Conclusion

The effect of Covid-19 on corporate zakat payment is not evidence. However, in 2021, two corporations failed to pay corporate zakat. This requires additional investigation and research. The limitation of this study was that it only looked at the overall amount and number of companies that paid zakat. Further research needed to explore how and why the amount of corporate zakat payment increase or decrease. While recommendation of this research is government and zakat institutions must increase the variety of strategies to raise zakat funds.

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