

## **AN IMPORTANT TOOL FOR THE WELFARE OF ZANZIBARIS**

The institution of *Zakat* can support the Government's endeavor to reduce poverty in Zanzibar economy. However, it cannot take over the responsibilities and tasks, which are supposed to be done by the government. The Government will remain responsible for the policymaking that involves the whole country such as the stability and peace of the country, the economy and attracting investors. Moreover, it will continue to be responsible for the citizens' welfare, infrastructure, youngsters' education etc

### **Rationale For Establishing Diwan Zakat (Zakat Institution) in Zanzibar**

The interest in Zakat in Zanzibar is raised by several factors:

- i) Majority of Zanzibaris are Muslims and thus have certain obligations towards Zakat, either by paying or receiving;
- ii) The Government has recognized its significance and potential as seen in MKUZA and several top leadership discussions;
- iii) Arising socio-economic needs such as social services (clean water, health and educational services), economic empowerment and ageing population.

Government's ability to meet these needs is diminishing owing to the growing population. According to ILO (2010), in 2002, the average age of the population of Zanzibar was low: 22.1 years of age. This is also seen in the dependency ratios: in 2002 the youth dependency ratio was 0.84 and the elderly dependency ratio was 0.056. The overall dependency ratio shows that there were 896 persons aged 15 years and under or aged 64 years and over, per 1000 persons in the active age range of 15-64 years.

The high youth dependency ratio (over twice that of most developed countries) has immediate implications for social protection for children, notably in education, health care, income support and employment creation. The budgetary outlays required to maintain basic youth services are substantial.

In the long term, the implications for social protection will be severe. It is well recognized that an ageing population and high age-dependency ratios can create severe financial problems for national governments. In developing countries, the future ageing crisis will be much greater than that currently experienced by developed countries because youth dependency ratios are much higher in developing countries than they were in developed countries at equivalent stages of development. The population pyramid for Zanzibar shows a significant ageing problem in the future.

A long-term strategy on ageing is required urgently because such programmes generally take decades to have an effect and to become sustainable components of national social protection systems. Zakat can contribute positively towards overcoming this challenge. However, for that to be realised, there is need to lay down appropriate structure for awareness creation, collection and distribution of Zakat.

Since the notion of '*Zakatable* property' was previously understood as an annual savings of a prescribed amount, it is only fair, in the context of today's contemporary society, to give a broader interpretation to the word, in the light of the Islamic doctrine of *Masalih al-Mursalah* (public interest), in order to enable us to apply the institution of *Zakat* in a more practical manner, towards providing a solution to the problems faced by the destitute in today's society. Thus, '*Zakatable* wealth' of today could also include any annual savings, which the amount is prescribed by the *Shari'ah* be it in the form of currency or other forms of income or profits, made up from any business or other types of legal transactions (Billah,2011).

## **Objectives of the Diwan Zakat**

- ✓ To increase the collection of *Zakat*.
- ✓ To increase the amount and number of *Zakat* payers in years by years.
- ✓ To increase the ability of professional management aligns with the current technology.
- ✓ To maximize the customer satisfaction through services offered.
- ✓ To inculcate the Islamic work environment.

## **The *Collection's* Task**

- ✓ **Planning:** Prepare annual budget, target group, activities, cost, work force, and period / duration.
- ✓ **Implementation:** Perform various activities according to the respective unit and cooperate with some organization such as banks, government (departments) and private firms, mosque, radio, television and newspaper.
- ✓ **Control and Report:** Prepare regular reports; daily, weekly, monthly and annually.
- ✓ **Continuous improvement.**

## **Zakat and Tax**

It is proposed:

- ✓ The Government may rebate from tax on all types of *zakat* payment, as long as there is a valid receipt in the same year.
- ✓ The *Zakat's* receipt must be attached along with Income Tax Evaluation.

If the payer pays the *Zakat* through the monthly salary reduction, the amount of *Zakat* could be deduct from their salary slips, and collected amount should be submitted to the Diwan *Zakat* and acknowledge receipt must be produced.

## **The Government and Non State Actors**

As a result of a wise policy making, more citizens will have the income, which is above the *nisab* of *zakat*, so the *zakat* institution could gain some benefits from the country's prosperity. This means, the *zakat* institution shares the harmony and wealth that has been existed by the government.

The *zakat* institution is the receiver, not the maker. It receives and distributes from the rich to the poor and to the other *asnaf* that have the right/qualified to be given assistance from the collection of *zakat*. It is illogical for *zakat* institution to be held responsible for the economics of the country or the economy of the citizens. Though there might be programs or projects that use *zakat* fund that helps a particular poor family to get out from their poverty, which is only a small portion and only adding up the main task, which is supposed to be done by the government. The amount of money from the collection of *zakat* is very small compared to the money that has been collected or can be collected by the government through various kinds of tax. For example, the rate of *zakat* is only 2.5% but the rate of tax is around 18%-30%, depending on the type of tax.

Non State Actors including Private companies should also play their roles. The main role for the private sector or companies or businesses is to create jobs. When an individual has a job that is able to fulfill his family needs, there will be no need for *zakat* money to help that family. To overcome Unemployment is the role of the government and the private companies. If the *zakat* institution can create job, it is only in small scale or limited and cannot settle the big unemployment problem in Zanzibar. In some countries like Malaysia, there are projects/programs/ assistance in the area of welfare, health, economy, education using the *zakat* money.

The private sector has a lion's share in the success of Zakat institution in any Muslim community, Zanzibar included. It is their sincere adherence to rules laid down by Shariah, under Government supervision that will lead the community to benefit from its application.