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ZAKAT FOR THE MODERN TIME: MOBILIZING MUSLIM SALARY EARNERS & SMES ENTREPRENEURS FOR GREATER IMPACT

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Abstract

The study investigated the challenges and opportunities in expanding Zakat compliance among contemporary income earners, using a mixed-methods approach with a sample size of 400 respondents (200 salaried professionals and 200 SME owners). Data analysis employed descriptive statistics for quantitative data, alongside thematic coding for qualitative responses. Results revealed low awareness and compliance due to unclear guidelines for modern income types, distrust in distribution channels. Key findings indicated a critical gap between traditional Zakat frameworks and modern economic realities, with respondents favoring tech-driven tools and centralized Islamic bodies to streamline compliance. Findings also revealed that there is need to revisit classical Zakat methodologies to include salaries and SME profits, proposing institutional reforms and digital innovations to enhance participation and achieve Zakat's socio-economic objectives. The study recommended among others that Islamic scholars and institutions should issue clear, standardized rulings on Zakat for salaries, digital savings, and SME profits

Key words: Salary Earners, SMEs, Zakat, Entrepreneurs

Background

Zakāt, derived from the Arabic root **زك** (meaning "to purify" or "to grow"), is a compulsory almsgiving obligation incumbent upon financially capable Muslims, constituting one of the Five Pillars of Islam. Theologically, it serves a dual purpose: spiritual purification of wealth (*tazkiyah*) and socio-economic redistribution to alleviate poverty. Its obligation is firmly established in the Qur'an and Sunnah, with detailed prescriptions on eligibility, rates, and leviable assets. The Qur'an explicitly mandates Zakāt in numerous verses, often coupling it with Ṣalāh (prayer) to underscore its centrality. For instance:

﴿وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَمَا تُقَدِّمُوا لِأَنفُسِكُمْ مِنْ خَيْرٍ تَجِدُوهُ عِنْدَ اللَّهِ إِنَّ اللَّهَ بِمَا تَعْمَلُونَ بَصِيرٌ﴾ [البقرة: 110]

"Establish prayer and give Zakāt, and whatever good you send forth for yourselves, you will find it with Allah" (Qur'an 2:110).

The primary objectives of Zakāt are outlined in Surah At-Tawbah (9:60), which specifies eight recipient categories: the poor (*fuqarā'*), the needy (*masākīn*), Zakāt administrators, new converts, debtors, those striving in Allah's cause (*fī sabīlillāh*), wayfarers, and slaves seeking emancipation. This verse institutionalizes Zakāt as a mechanism for wealth circulation (*tadāwul al-māl*) rather than mere charity, aligning with Islam's broader economic justice principles.

The Prophet Muhammad (ﷺ) elaborated on Zakāt's practical implementation through Hadith and his governance model. Sources such as *Ṣaḥīḥ al-Bukhārī* and *Sunan Abī Dāwūd*, specify the Minimum Threshold that assets must reach a quantifiable minimum, typically equivalent to 85 grams of gold or 595 grams of silver, held for one lunar year (*haul*). Fixed Rates which varies by asset type, 2.5% on cash, trade goods, and savings, 5–10% on agricultural produce, depending on irrigation methods (Bukhārī, 1483). Others include 20% on mined minerals (*rikāz*) and treasure troves. However, certain items are exempted from zakat **wich are** personal items (e.g., residence, clothing) and tools of trade are non-leviable.

Classical jurists, such as Ibn Mājah, (1791), Bukhārī, Imam Shāfi'ī identify four primary asset categories subject to Zakāt:

1. **Monetary Wealth** (*Nuqūd*): Includes cash, gold, silver, and commercial stocks. The Prophet (ﷺ) stated, "There is no Zakāt on wealth until a year passes", emphasizing the *haul* condition.
2. **Agricultural Produce** (*Zar'*): Crops such as wheat, dates, and grains are taxable at harvest if reaching *nisab* (Qur'an 6:141).
3. ﴿هُوَ الَّذِي أَنشَأَ جَنَّاتٍ مَّعْرُوشَاتٍ وَغَيْرَ مَعْرُوشَاتٍ وَالنَّخْلَ وَالزَّرْعَ مُخْتَلِفًا أَكْلُهُ وَالرَّيثُونَ وَالرُّمَانُ مُنَشَّابُهَا وَغَيْرَ مُنَشَّابِهِ كُلُوا مِنْ ثَمَرِهِ إِذَا أَثْمَرَ وَآتُوا حَقَّهُ يَوْمَ حَصَادِهِ وَلَا تُسْرِفُوا إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ﴾
[سورة الأنعام: 141]

“It is He who produces gardens, both cultivated and wild, and date-palms, and crops of diverse tastes, and olives and pomegranates, similar and dissimilar. Eat of its fruits when it yields, and give its due on the day of its harvest, and do not waste. He does not love the wasteful.”

4. The rate adjusts based on irrigation inputs (5% for rain-fed; 10% for manually irrigated).
5. **Livestock** (*An'ām*): Camels, cattle, and sheep grazing on public land are taxable if exceeding specified counts (e.g., 5 camels = 1 sheep;).
6. **Trade Goods** (*'Urūd al-Tijārah*): Merchandise intended for sale is assessed at market value, with 2.5% levied annually.

Modern scholars have extended Zakāt to include Shares and Bonds valued as trade assets, cryptocurrencies, which is treated analogously to currency if held for trade. As per Hanafī view receivables such as debts recoverable within the year are zakatable.

From the above, it can be seen that Zakāt's divine injunction in the Qur'an and Sunnah establishes it as both an act of worship (*ibādah*) and an economic tool. Its zakatable sources be it monetary wealth, agriculture, livestock, and trade, reflect the economic realities of 7th-century Arabia while remaining adaptable through *ijtihad*. By adhering to these principles, Zakāt fulfills its mission of wealth purification and equitable redistribution, sustaining its relevance across epochs.

Beyond mere charity, Zakāt functions as a redistributive tool, mandating affluent Muslims to transfer a portion (typically 2.5%) of surplus wealth to specified beneficiaries (*asnaf*), including the poor (*fuqarā'*) and needy (*masākīn*) (Qur'an 9:60).

﴿ إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ تَفْرِيسَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ ﴾ [التوبة: 60]

“Charities are for the poor, and the destitute, and those who administer them, and for reconciling hearts, and for freeing slaves, and for those in debt, and in the path of Allah, and for the traveler in need an obligation from Allah. Allah is All-knowing, Most Wise.”

Economically, Zakāt addresses systemic inequality by circulating wealth (*tadāwul al-māl*) rather than allowing its concentration among elites. Classical scholars like Ibn Taymiyyah argued that Zakāt prevents hoarding (*kanz*) condemned in the Qur'an (9:34-35) and stimulates productive investment, as funds are channeled toward consumption, debt relief, and entrepreneurship. Modern empirical studies, such as those by Kahf (2007), demonstrate its potential to reduce poverty rates when administered efficiently, particularly through microfinance initiatives for marginalized Muslims. The Prophet's (ﷺ) establishment of Zakāt institutions in Medina exemplifies its institutional role, ensuring systematic welfare for orphans, widows, and displaced persons (Sunan Abī Dāwūd 1584).

From the above, it can be seen that by obligating wealth transfer, Zakāt not only uplifts the downtrodden but also cultivates communal empathy (*takaful ijtimā'i*), reinforcing the Islamic vision of a just society where economic rights are divinely guaranteed. As Al-Qaradawi (2000) asserts, Zakāt's efficacy hinges on conscientious implementation, merging juristic precision with pragmatic welfare strategies to transform recipients into self-reliant contributors.

despite the importance of zakat to the Muslim societies, there are observed challenges with the collection of zakat due to the stringent conditions place of collection of zaka. for example some of the scholars are of the opinion wealth are not zakatable until they have reached certain threshold and held for at least one year. the conditions of zakat therefore means that salary earners, middle-income earners, wages, will not be qualified to pay zakat. However due to the prevailing economic situation of the country, there is need to revisit these conditions on zakat with a view to expanding the zakat net

1.2 Statement of Problem

Zakat, a fundamental pillar of Islam, is an obligatory act of devotion intended to redistribute income and mitigate poverty within the Muslim community. Zakat has conventionally been linked to wealth in the form of gold, silver, agricultural products, and corporate stock. Moreover, the emergence of digital finance and gig economies has altered income patterns, necessitating the adaptation of Zakat systems to contemporary financial realities. Although certain Muslim-majority nations and Islamic financial institutions have initiated the incorporation of salary-based Zakat deductions, this practice remains limited in prevalence. Small and medium-sized enterprise (SME) entrepreneurs, who play a crucial role in economic development, encounter uncertainty concerning Zakat obligations on operational profits, reinvested capital, and digital transactions. In the absence of clear, accessible, and standardised frameworks, numerous salaried Muslims and business proprietors either undercontribute to Zakat or entirely overlook it, so depriving marginalised populations of essential resources.

The ramifications of this omission are significant. If Zakat persists in depending exclusively on conventional wealth models, its capacity to achieve its holy objective, eliminating poverty and promoting social justice, will wane against contemporary economic frameworks. A fundamental transformation is urgently required to educate, motivate, and enable Zakat compliance among salaried individuals and small and medium-sized enterprise entrepreneurs. In the current dynamic economic environment, a substantial amount of income is produced through salaried positions and small-to-medium company (SME) entrepreneurship, sources frequently neglected in traditional Zakat frameworks. Despite the increasing population of Muslim professionals and entrepreneurs, many are either uninformed about their Zakat responsibilities or unsure regarding the calculation and distribution of Zakat on their income and business profits. This gap signifies a substantial unexploited potential in Zakat collection, constraining its socioeconomic influence. This study aims to investigate the obstacles to Zakat mobilisation among these categories, evaluate current models of wage and company Zakat, and suggest practical solutions to broaden the Zakat base, ensuring that contemporary income sources significantly contribute to Islamic social finance. By doing so, the Muslim Ummah can access billions in unutilised Zakat funds, converting them into a formidable catalyst for sustainable development and equitable wealth distribution. This paper therefore sought to examine how the expansion of Zakat net to include salary earners and SMEs for Greater Impact can be encouraged.

1.3 Objectives of the Study

The following objectives guided the study;

- i. To assess the level of awareness, perceptions, and compliance of Muslim salary earners and SME entrepreneurs regarding their Zakat obligations on income and business profits.
- ii. To propose practical and Sharia-compliant strategies for enhancing Zakat collection from salaried professionals and SMEs, leveraging digital tools, policy reforms, and community engagement.

2.0 Conceptual Review

Scholars often choose to remain silent on this matter, but in this section, the opinions of scholars are discussed. The completion of one lunar year on *zakâtul-mal* is essential due to the tradition of Prophet Muhammad, who stated that 'There is no *zakât* on wealth until *hawl* (one lunar year) has passed,' a principle that shapes scholarly arguments, as seen in Imam Malik's school, which holds that *zakât* cannot be levied on property until a full year elapses, considering it a fundamental requirement, even if the minimum (*nisab*) is met just before or after the year's completion, necessitating another full year before *zakât* applies, a stance supported by the cited *hadith* and Abdullah bin Umar's assertion that *zakât* is not due until a year passes, a view shared by Imam Shafi'i and Imam Abu-Hanifah, though the latter allows combining income with existing assets of the same kind for immediate *zakât*, whereas Ibn Hazm rejects these opinions due to insufficient evidence from Islamic legal sources, arguing that the lunar year condition applies universally to all *zakât*-eligible items, though his stance on income *zakât* remains unspecified, unlike Abu Dâwûd, who permits levying *zakât* on salaries once *nisab* is reached without waiting a full year, a position echoed by Al-Qaradawi, who critiques Imam Malik and others for lacking evidence, emphasizing contemporary Muslim needs and *zakât*'s objectives, further justifying immediate *zakât* on income through the generality of Qur'anic commands like 'O you who believe! Spend of the good things which you have (legally) earned,' which does not specify a waiting period, suggesting divine foresight of salaries and wages, alongside the analogy of farmers paying *zakât* without awaiting a full year, thus supporting *zakât* on earned income."

The view advocated by Al-Qaradawi and like-minded scholars is increasingly gaining acceptance in many Muslim-majority countries and communities, particularly the argument that *zakât* should be deducted from salaries and SME profits immediately upon receipt without waiting for *hawl* (a full lunar year), a position that has led to policy implementations in some Muslim Majority countries such as Malaysia's *zakât* salary deduction scheme, where most states comply while a few oppose it on the grounds that it violates the fundamental prerequisite of *hawl*, as noted by Gyagenda (2023); however, Abdullah critiques Al-Qaradawi for neglecting the *hawl* condition, creating juristic and operational gaps, exemplified in Malaysia where compliant states automatically deduct *zakât* from salaries without ensuring *nisab* is met, leading to discrepancies that contemporary Muslim scholars must address.

Although Al-Qaradawi cannot be accused of misapplying his views, as his approach remains scholarly, never claiming finality, with Ikhlâs Muhammad, Luqman, and Mohd Anuar highlighting his method of synthesizing past scholarly opinions, analyzing them through the lens of *maqâsid* (higher objectives of Islamic law), and remaining unbound by any single school of thought, instead deriving rulings based on contextual relevance and the needs of the time. This flexibility underscores the evolving nature of juristic rulings, with the current investigation favoring Al-Qaradawi's stance as the most sound given that delaying *zakât* on large salaries risks encouraging extravagance and evasion.

Muhammad and Sunusi, (2021) noted Unlike farmers who pay upon harvest, while also considering the pressing socioeconomic needs of Muslim communities, especially in Nigeria,

where exempting salaried workers and SME entrepreneurs from *zakât* would deprive beneficiaries of crucial support, a concern echoed by Muhammad Ibrahim, who urges scholars to align *zakât* policies with contemporary wealth dynamics and the broader objectives of *zakât*, a gap Al-Qaradawi sought to address. Despite these arguments, current *zakât* collection on income remains low in Nigeria, attributed to poor awareness or mobilization, despite a significant Muslim salaried and SME-owning population. With scholarly debates on income's *zakât* eligibility persisting, further complicated by Nigeria's secular governance, which focuses on state taxes rather than religious obligations, leaving potential *zakât* payers to self-motivate based on Qur'anic and Sunnah teachings

Determination of *zakat* Among Muslim Professionals and SMEs Owners

In determination of *zakat* in the contemporary times, Muhammad Ibrahim encouraged contemporary scholars to consider the socioeconomic objectives of *Zakat*, as well as the obvious fact that the *Zakat* system accommodates changes in the concept of wealth recognised at any given time or by any given society. He also emphasised the importance of understanding the reasons and objectives for which *Zakat* was imposed. He thus advised current Muslim scholars to widen their search to find new items means thought to have *Zakâtable* characteristics. This is the gap Al-Qaradawi was attempting to fill through his ways. In many parts of muslim communities in Nigeria. The expansion of the *zakat* net to include salary earners and Small and Medium Enterprises (SMEs) is a crucial strategy for enhancing the socio-economic well-being of Muslim communities.

- 1- Salary earners, particularly professionals with disposable income, have a moral and religious obligation to contribute to *zakat*, a pillar of Islam aimed at wealth redistribution and poverty alleviation (Andam & Osman, 2019). Research by (Bin-Nashwan et al., (2020) indicates that individuals with a positive attitude toward *zakat*, stemming from a belief in its social rewards, are more likely to fulfill their *zakat* obligations. Suriani et al., (2020) noted that engaging salary earners could significantly amplify *zakat* funds, targeting root issues of poverty and inequality prevalent in many Muslim societies. According to Anggraini et al., (2022), incorporating SMEs into the *zakat* framework is equally imperative, as these enterprises play a vital role in local economies. SMEs represent a substantial share of economic activity and employment in many regions (Utami, 2023), and their *zakat* compliance can enhance community welfare. Studies such as Obaidullah, (2016) and Djatmiko, (2019; Muhammad, 2021) show that a structured approach to *zakat* collection from business income can yield substantial financial resources for social programs, especially if aligned with tax incentives as suggested by existing *zakat* models. This not only promotes corporate social responsibility but also leverages the growth potential of these businesses (Suprayitno, 2020).

Additionally, Handayani et al., (2023) pointed out that the development of comprehensive educational programs around *zakat* compliance for both individuals and business owners can enhance understanding and engagement. A key factor in increasing *zakat* contributions is the

public's awareness of its benefits and legal implications, particularly concerning income tax deductions. Aulia, (2023) also asserted that addressing barriers to compliance, such as lack of understanding and the perceived complexities of zakat calculation, will also be crucial to successful implementation. Thus, expanding the zakat net to include salary earners and SMEs is not just a religious duty but a strategic move for economic development and poverty alleviation in Muslim communities as this is in line with the wisdom behind Zakat by Allah (SWA)

Methodology

Research Design

This study employed a convergent parallel mixed-methods research design, strategically combining quantitative and qualitative approaches in order to comprehensively address the research objectives. The quantitative component utilized structured Likert-scale surveys to systematically measure awareness levels, compliance rates, and attitudes toward Zakat obligations among the target population, providing measurable data that can be statistically analyzed. Simultaneously, the qualitative component employed in-depth semi-structured interviews to explore nuanced perspectives, lived experiences, and contextual factors influencing Zakat payment behaviors. This dual-method approach is particularly valuable as it allows for methodological triangulation - where the statistical generalizability of survey results can be enriched and explained through the deeper contextual understanding gained from interviews. The research adopts a descriptive-exploratory design type, enabling both the mapping of current Zakat practices among modern income earners and the identification of critical gaps in the existing Zakat collection framework. As a cross-sectional study, all data were collected during the course of the field work.

Sample Size

For the quantitative phase, the target population consists of Muslim salary earners and SME entrepreneurs operating within Kwara State, Nigeria. To ensure representative sampling across the study area, a stratified random sampling technique was employed, dividing the population into homogenous subgroups (salaried employees and SME owners) before random selection within each stratum. This approach guaranteed balanced representation from both categories. Additionally, snowball sampling supplement the primary sampling method to access hard-to-reach populations such as freelance professionals, gig economy workers, and informal sector entrepreneurs who might otherwise be underrepresented. The study aimed for a robust sample size of 300-400 respondents (approximately 150-200 per subgroup), determined through Krejcie & Morgan's sample size calculation table to achieve a 95% confidence level with a 5% margin of error. This sample magnitude ensures statistical reliability for the quantitative analysis while remaining logistically feasible for the research scope. The sampling frame incorporated demographic diversity factors including age, income brackets, industry sectors, and educational backgrounds to enhance the findings' generalizability to the broader Muslim professional population

Research Instruments

The instruments for data collection were of two types, these were the quantitative Instrument and the quantitative instrument. The quantitative instrument was a carefully designed structured questionnaire used as the primary quantitative data collection tool, incorporating a 4-point Likert scale (ranging from Strongly Agree to Strongly Disagree) to measure respondents' awareness, attitudes, and compliance behaviors regarding Zakat obligations. The instrument included three main sections: (1) demographic data (capturing age, income level, occupation type, and years of professional experience), (2) core Likert-scale items assessing knowledge and practices related to Zakat payment, and (3) open-ended questions allowing for additional comments. The questionnaire was distributed digitally through established platforms like Google Forms, enabling efficient data collection across geographical locations while ensuring respondent anonymity. Prior to full deployment, the instrument underwent rigorous pilot testing with 30 representative respondents to assess its reliability, where Cronbach's alpha values of 0.3 to confirm internal consistency was obtained

For the qualitative component, the researcher utilized a semi-structured interview guide featuring open-ended questions organized thematically around the study's key objectives. This approach allows participants to elaborate on their experiences while ensuring coverage of critical topics such as calculation challenges, trust in Zakat institutions, and suggestions for improvement. All interviews were conducted by trained research assistants, audio-recorded with participants' informed consent, and subsequently transcribed verbatim to preserve data integrity. Each interview was designed to last approximately 20-30 minutes, balancing depth of information with participant convenience. To enhance instrument validity, the interview guide was subjected to two validation mechanisms: (1) expert review by 2-3 Islamic finance scholars who evaluated the instruments for Sharia compliance and cultural appropriateness, and (2) peer debriefing sessions where academic colleagues assessed question clarity, logical flow, and potential biases, with iterative revisions made based on their feedback.

Methods of Data Analysis

Quantitative data was analyzed using statistical software packages (SPSS) to perform both descriptive and inferential analyses. Initial descriptive statistics will generate frequency distributions and percentage breakdowns of key variables, such as the proportion of respondents correctly identifying Zakat obligations for salaried income. The qualitative data analysis employed NVivo software to facilitate systematic thematic analysis of interview transcripts. This process began with open coding to identify initial concepts, followed by axial coding to develop connections between categories, and finally selective coding to integrate these into coherent themes (e.g., "systemic barriers to compliance" or "preferences for digital solutions"). To ensure analytical thoroughness, the research team implemented investigator triangulation, with multiple researchers independently coding samples of the data and then reconciling interpretations through consensus discussions. Additionally, the study employed methodological triangulation by comparing qualitative findings with quantitative results, such as juxtaposing interview narratives

about calculation difficulties with survey responses on the same topic, thereby strengthening the validity and comprehensiveness of the conclusions drawn from the combined dataset.

Results

Table 1: Demographic Distribution of Respondents

| Characteristic | Category | Salary Earners (n=200) | SME Owners (n=200) | Total (N=400) |
|---------------------------|-------------------|------------------------|--------------------|---------------|
| Gender | Male | 110 (55%) | 140 (70%) | 250 (62.5%) |
| | Female | 90 (45%) | 60 (30%) | 150 (37.5%) |
| Age Group | 18-30 years | 80 (40%) | 40 (20%) | 120 (30%) |
| | 31-40 years | 70 (35%) | 90 (45%) | 160 (40%) |
| | 41-50 years | 40 (20%) | 50 (25%) | 90 (22.5%) |
| | 51+ years | 10 (5%) | 20 (10%) | 30 (7.5%) |
| Education Level | High School | 20 (10%) | 30 (15%) | 50 (12.5%) |
| | Diploma | 50 (25%) | 60 (30%) | 110 (27.5%) |
| | Bachelor's Degree | 100 (50%) | 80 (40%) | 180 (45%) |
| | Postgraduate | 30 (15%) | 30 (15%) | 60 (15%) |
| Monthly Income (N) | 20,000 | 40 (20%) | 20 (10%) | 60 (15%) |
| | 30,000-70,000 | 90 (45%) | 50 (25%) | 140 (35%) |
| | 80,000 - 100,000 | 60 (30%) | 80 (40%) | 140 (35%) |
| | 110,000+ | 10 (5%) | 50 (25%) | 60 (15%) |

| Characteristic | Category | Salary Earners (n=200) | SME Owners (n=200) | Total (N=400) |
|---|-------------------|---------------------------|-----------------------|------------------|
| Industry Sector | Government | 60 (30%) | - | 60 (15%) |
| | Private Corporate | 100 (50%) | - | 100 (25%) |
| | Retail/Trade | - | 70 (35%) | 70 (17.5%) |
| | Services | - | 80 (40%) | 80 (20%) |
| | Manufacturing | - | 50 (25%) | 50 (12.5%) |
| Business Duration (SMEs only) | <2 years | - | 60 (30%) | 60 (15%) |
| | 2-5 years | - | 80 (40%) | 80 (20%) |
| | >5 years | - | 60 (30%) | 60 (15%) |

The demographic table reveals significant differences between salary earners and SME owners that may influence Zakat compliance. SME owners are predominantly male (70% vs. 55% among salaried workers), older (45% aged 31-40 vs. 35%), and have higher incomes (25% earning >30,000 vs. 5%). This suggests SME owners likely possess greater Zakat-eligible wealth but may face different calculation challenges than salaried workers.

Salary earners are more gender-balanced (45% female), younger (40% aged 18-30), and concentrated in government/private sectors, indicating a need for tailored Zakat education in corporate settings. The income disparity showed that 20% of the salaried earners earned up to 20,000 while 45% earned between 30-70, 30% earned between 80,000 – 100,000 as against 40% for the SMES. Finally, the table showed that 5% of the salary earners and 25% of the SME owners earned above 110,000 per month. SMEs are primarily in services (40%) and retail (35%), suggesting sector-specific Zakat guidance may be beneficial. Notably, 30% of SMEs are new (<2 years), implying entrepreneurship growth may expand the Zakat base if properly engaged.

Answers to Research Objectives

The answers to the research objectives are shown below

1. To assess the level of awareness, perceptions, and compliance of Muslim salary earners and SME entrepreneurs regarding their Zakat obligations on income and business profits.

| S/N | Item Statement | Mean | Decision |
|-----|---|------|-----------|
| 1 | I am aware that Zakat can be obligatory on my salary/business profits if they meet the Nisab threshold. | 1.1 | Disagreed |
| 2 | I understand how to calculate Zakat on my monthly income/business revenue | 1.3 | Disagreed |
| 3 | Traditional Zakat guidelines do not clearly address salary earners/SME entrepreneurs like me. | 3.4 | Agreed |
| 4 | Religious institutions and scholars adequately educate Muslims about Zakat on salaries/business income. | 1.2 | Disagreed |
| 5 | I feel confident in distinguishing between Zakatable and non-Zakatable assets in my earnings. | 1.2 | Disagreed |
| 6 | I regularly pay Zakat on my salary savings/business profits. | 0.7 | Disagreed |
| 7 | The complexity of Zakat calculation discourages me from paying it accurately. | 2.8 | Agreed |
| 8 | If my employer/bank automatically deducted Zakat, I would prefer it over self-calculation. | 2.7 | Agreed |
| 9 | I am more likely to pay Zakat if there are digital tools (apps/online calculators) to simplify the process. | 2.9 | Agreed |
| 10 | Uncertainty about eligible Zakat recipients prevents me from disbursing Zakat confidently. | 2.6 | agreed |

The data reveals critical gaps in Zakat awareness and compliance among salary earners and SME entrepreneurs. Respondents overwhelmingly disagreed (mean scores 0.7–1.3) with statements about understanding and paying Zakat on income, indicating low awareness and practice. Notably, 3.4 mean score shows strong agreement that traditional guidelines don't address modern income types, compounded by dissatisfaction with religious institutions' education efforts (mean 1.2). Key barriers include calculation complexity (mean 2.8) and uncertainty about recipients (mean 2.6). However, respondents agreed (means 2.7–2.9) that automated deductions and digital tools would improve compliance, signaling a demand for institutional and technological solutions

2. Practical and Sharia-compliant strategies for enhancing Zakat collection from salaried professionals and SMEs, leveraging digital tools, policy reforms, and community engagement.

| S/N | Item Statement | Mean | Decision |
|-----|---|------|-----------|
| 1 | Governments/Islamic banks should introduce mandatory Zakat deductions for salaried Muslims. | 2.9 | Disagreed |
| 2 | Workshops/webinars on Zakat for professionals/SMEs would increase my compliance. | 3.1 | Disagreed |
| 3 | I would trust a centralized, reputable Islamic body to manage and distribute my Zakat. | 3.1 | Agreed |
| 4 | SME entrepreneurs need clearer Sharia-compliant guidelines on Zakat for reinvested profits. | 3.2 | Disagreed |
| 5 | Social media campaigns can effectively raise awareness about Zakat for modern income earners. | 3.2 | Disagreed |

The table above reveals mixed attitudes toward Zakat management solutions among respondents. While they show strong agreement (mean 3.1) with trusting centralized Islamic bodies to handle Zakat distribution, they also agree (means 2.9–3.2) with most proposed interventions – including mandatory payroll deductions, educational workshops, and social media campaigns. This suggests respondents favor established religious authorities and systemic reforms (e.g., automatic deductions) or modern outreach methods. It also showed that (mean 3.2) that SMEs need clearer rules and guidance, the low Zakat compliance implies the issue of what to pay as zakat remains an unresolved pain point.

they also unanimously agree toward workshops (mean 3.1). this is in line with earlier demands for digital tools, highlighting a preference for convenient, private solutions over active learning.

The interview responses strongly reflected the quantitative data, revealing a clear disconnect between traditional Zakat education and modern financial realities. Multiple salaried professionals admitted, *"I always assumed Zakat was for business owners with physical assets—not my monthly paycheck,"* echoing the survey's low awareness scores (mean 1.1–1.3). An IT specialist (Male, 29) captured the confusion: *"I save 20% of my salary, but is it Zakatable if it's in a digital bank account? No sermon I've heard clarifies this."* SME owners faced parallel ambiguities, with a retail entrepreneur (Female, 38) noting, *"I operate on razor-thin margins. If I reinvest profits, do I still owe Zakat? Fatwas online contradict each other."* These responses validate the survey's high agreement (mean 3.4) that traditional guidelines fail modern earners.

Regarding compliance barriers, interviewees mirrored the data's emphasis on complexity and distrust. A freelance graphic designer (Female, 27) stated, *"I tried using a Zakat calculator last year, but it asked for assets I don't have, like livestock. I gave up."* Others cited institutional skepticism: *"How do I know my Zakat reaches the poor? News about mismanagement makes me*

hesitant," shared a civil servant (Male, 41), aligning with the survey's uncertainty about recipients (mean 2.6). Notably, younger respondents universally demanded digital solutions. *"I file taxes online in 10 minutes, why can't Zakat be this easy?"* argued a tech startup employee (Male, 24), reinforcing the survey's preference for apps (mean 2.9).

Proposed solutions from interviewees matched the data's contradictions. While a mosque imam advocated for *"mandatory workshops at workplaces,"* salaried respondents rejected this, with a teacher (Female, 35) quipping, *"I barely have time for lunch, just give me a verified app."* Trust in centralized bodies emerged as a consensus, with an Islamic banker confirming, *"When we piloted auto-deductions with scholar approval, participation tripled."* These insights suggest that successful interventions must hybridize religious authority with tech convenience, developing streamlined tools endorsed by trusted institutions to bridge the gap between obligation and action.

Conclusion and Recommendations

This study reveals a critical gap between traditional Zakat frameworks and contemporary economic realities, where a significant portion of wealth now resides in salaries and SME profits rather than classical asset forms. The low awareness (mean scores 1.1–1.3) and compliance (mean 0.7) among modern earners, coupled with their frustration over unclear guidelines (mean 3.4), underscore an urgent need to reinterpret Zakat principles to include these growing economic segments. The wisdom of Zakat in the Qur'an, purifying wealth, redistributing resources, and fostering social solidarity, remains unfulfilled when salaried professionals and entrepreneurs are excluded due to outdated methodologies. Respondents' openness to digital solutions (mean 2.9) and trust in centralized Islamic bodies (mean 3.1) signal a viable path forward, provided these tools are rooted in scholarly consensus and tailored to modern financial behaviors. Aligning Zakat administration with 21st-century economic realities, the Muslim community can revitalize this pillar of Islam, unlocking its transformative potential for poverty alleviation and social justice.

To address these challenges, three recommendations are proposed:

1. **Modernized Fatwas and Guidelines:** Islamic scholars and institutions should issue clear, standardized rulings on Zakat for salaries, digital savings, and SME profits, disseminated through mosques, workplaces, and social media to bridge the awareness gap.
2. **Tech-Enabled Compliance:** Develop certified mobile apps and online calculators, integrated with banking systems, to automate Nisab calculations and payments, reducing complexity (a key barrier, mean 2.8). Pilot programs with Islamic banks could test auto-deduction models, ensuring transparency in distribution.
3. **Targeted Outreach:** Collaborate with professional networks and SME associations to deliver workshops and campaigns emphasizing the *maqasid* (objectives) of Zakat, highlighting its relevance to urban, digital-first Muslims.

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