



Searching for Regulatory and Institutional Framework of Zakat Institutions in Thailand: Past Attempts and the Way forwards

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ABSTRACT: Zakat is considered to be a tool for poverty eradication and improvement of social welfare in Muslim communities. Many Muslim and non-Muslim countries have legally institutionalised Zakat and resulted in reasonably efficient and effective Zakat management system. In Thailand, Zakat has been practiced ever since, but no regulatory and institutional framework can be established. It has been argued that without such a framework, Zakat management in this country cannot be successful. This study highlights the attempts to establish regulatory and institutional framework of Zakat within Thailand legal system. Documentary research method is adopted in collection of government and parliament reports, newspapers, magazines and research articles. Content analysis was used in the analysis of data. The results in this study indicated that a number of attempts in the past 10 years to legalise and institutionalise Zakat system in Thailand; these attempts resulted in failure. The main reasons were lack of understanding on the practicality of Zakat within Thailand setting among Muslim and non-Muslim leaders. In 2016, the Central Islamic Council of Thailand with the power under the Muslim Organisation Administration Act 1997 issued a regulation on Zakat Fund Promotion 2016. It is the effort to formally institutionalise Zakat system in Thailand and has resulted in little success due to lack of manpower and expertise. This study argues that a bottom-up approach should be now implemented with a hybrid Zakat management where people may choose to pay Zakat to Zakat fund while direct Zakat payment to recipients is also recognised. The Zakat Fund Promotion regulation shall be used as a guide for practice. At the same time, educational efforts should be done during this period. If the effort is successful, many Zakat funds shall be established in Thailand. With the reasonable level of expertise, success, and understanding, an attempt to establish formally regulatory and institutional framework should again begin.

KEYWORDS: Regulatory and Institutional Framework; Zakat Institutions; Thailand

INTRODUCTION

World Bank Human Development Index 2016 reported that Muslim communities across the globe are among the poorest segment in their countries. It has been argued that various kinds of Islamic socio-economic measures can be used to resolve or reduce the magnitude of the problems (Dhar, 2003). In many Muslim countries and non-Muslim countries, Zakat has been a major part of these measures. In Malaysia, for example, Zakat was collected in various parts of the country and was distributed to 8 groups of eligible recipients. Zakat funds have been used for poverty reduction and social welfare such as microfinance projects, children education, housing projects etc. (Md Razak et al., 2013; Ahmad, 2009). In non-Muslim countries, such as Singapore, Zakat funds have been utilised systematically to eradicate poverty and improve social welfare of the Muslims (Sadeq, 2006).



A key factor for a successful Zakat fund programme is a suitable legal and institutional framework of Zakat system in country. It will increase efficiency of Zakat in which Zakat distribution can be distributed to the right people. Thus government may not need to increase budget to eradicate poverty and improve welfare of Muslim poor (Sutisart, 2013). Zakat institutions can be organized under a governmental structure, non-governmental structure or a hybrid between the two (Razimi et al., 2016; Ab Rhman et al., 2012; Mohd Khambali et al., 2016). Most Muslim majority countries have opted to include Zakat institutions as a part of their government agency i.e. ministry, department or unit within a government agency. In many Arab countries, for instance, Zakat institutions are under Ministry of Awqaf and Islamic Affairs. In Malaysia, Zakat agencies are under state Islamic administration where each state runs this institution autonomously. In Singapore, a Muslim minority country, Zakat institutions are registered and monitored by Singapore Islamic Council. In India, Zakat is often paid to NGOs and individuals whom Zakat payers feel suitable while Muslims in Indonesia may choose to pay Zakat to governmental agency or individuals (Sadeq, 2006).

This study employed documentary research in which data were collected from journal articles, minutes to the meetings, government reports, newspapers, magazines and other published and internet sources. Content analysis was used in the analysis of data.

LITERATURE REVIEW

Early Zakat Practices and Legal and Institutionalisation Attempts

Similar to other countries, Zakat has been practiced in Thailand for long time, with a number of attempt to legalise and institutionise it within governmental legal framework. Unfortunately, all the attempts have failed due to different reasons. In early days, it was paid directly to the poor and needs and Muslim head teachers of *Pondok*, traditional Islamic schools. The Zakat fund was used to construct school buildings, pay for teachers' allowances etc. Zakat *fitr* and Zakat crops often form a larger part in the fund (Din-ah, 2012).

Until recently, mosque Zakat committees have been formed in many provinces in Thailand with some monitoring and control from provincial Islamic committee (Noipom et al, 2018). A small mosque Zakat committee are selected from the mosque committee and individuals who contribute reasonable Zakat fund in community. Often consisting of 5-7 members, the mosque Zakat committee include Imam, Khatib, Bilal and other 2-4 members chosen from the mosque committee or outsiders. The committee are responsible for collecting Zakat and distributing it to eligible recipients. In most cases, Zakat activities is done once a years, during the month of Ramadan where Zakat *fitr* and Zakat income are collected and distributed at one go. Zakat on crops, especially paddy, is however collected after harvest seasons and distributed immediately. Three percent (3%) of Zakat collected, in most provinces, is required to give to Zakat and welfare unit at provincial Islamic committee for office expenses (Noipom et al, 2018).

A number of attempts to legalise Zakat institutions in Thailand governmental administration system. Due to various reasons, official regulatory and institutional framework cannot be established in the country. One of the famous attempts was in 2007 when an act drafting committee was formed under Ministry of Social Development and Human Security. A Promotion of Zakat Fund Act was drafted and had gone through a number of debates in Thailand government. The main provisions of this Act are as follows:

- 1) A national committee for the promotion of Zakat fund should be formed with the responsibility to appoint sub-committees, define duties and responsibilities, qualification, and term in office of the sub-committees;
- 2) Zakat fund shall be established with some government funding and income and benefits derived from the fund shall be accumulated without the requirement to be given to Ministry of Finance;



- 3) Office of the Promotion of Zakat Fund shall be created in Ministry of Social Development and Human Security with the responsibility to provide expertise on management and finance to Zakat funds;
- 4) Provincial Zakat fund shall be instituted under provincial Islamic committee and shall become a separate legal entity; and
- 5) Zakat fund management and administration shall be determined.

Under this drafted Act, Zakat fund which can be used for social welfare of Muslims in Thailand can be formed in 3 levels: mosque or village level, provincial level, and national levels. Existing foundations and associations that have been collected and distributed Zakat in Muslim communities can be registered and legalised. They thus may be a legal entity and collaborate with national and international organisations to promote Muslim welfare in Thailand (The Alami Report, 2016).

There had been many rounds of intense debates in the Thailand parliament during 2006-2013 during the terms of General Surayut Chulanon, Apisit Vatchachiva, and Yingluck Chinnawatana; Promotion of Zakat Fund Act was not materialized on technical ground. The members of the parliament, Muslims and Muslims like, who favored the enactment of the Act due to several reasons: the possibility for poverty reduction in Muslim community, increase of education of Muslim children, and improve economic activities among Thai Muslims. However, several issues were raised during the debates including improper use and managing of Zakat fund, government contribution which can be taken from non-Muslim tax, and concern of negative response from some Muslim groups. The parliament therefore decided to withdraw the drafted Act from law drafting process based the above-mentioned reasons (The Alami Report, 2016).

Regulations on Zakat and Muslim Welfare of Central Islamic Council of Thailand

After the draft of Zakat Fund Promotion Act was withdrawn from the law drafting process of Thailand parliament; the efforts to institutionalisation of Zakat Thailand continues. Central Islamic Council of Thailand utilized the power under the Islamic Organisation Administration Act 1997 issued a regulation called “Central Islamic Council of Thailand Regulation on Zakat Fund Promotion 2016”. This regulation assembles the drafted of Zakat Fund Promotion Act and aims at effective and efficient management of Zakat fund. The regulation contains the following key points:

Chapter 1: General Provision

This Chapter contains Section 1- Section 6 and provides general provisions about the regulation such as name of regulation, definition of key terms etc.

Chapter 2: Principles and Objectives

This Chapter, Section 7 – Section 10, provides principles and objectives of the regulation i.e. concept of Zakat in Islam; confidentiality of information on Zakat payers, recipients, and related parties; and voluntariness of Zakat payers.

Chapter 3: Zakat Fund Promotion Committee

Section 11- Section 23, it describes committee of Zakat fund promotion i.e. role of Central Islamic Council of Thailand in management of Zakat fund, management of Zakat fund at provincial level, Zakat fund promotion committee, meeting of the committee, rights and duties of the committee, appointment of sub-committee, working fund for the committee, cash and assets of Zakat fund, income generating activities, finance and accounting of Zakat fund etc.

Chapter 4: Institutionalisation of Zakat Fund

It consists of Section 24 – Section 27 stating institutionalisation of Zakat fund. These sections explain the role of provincial Islamic committee in registration of Zakat fund.

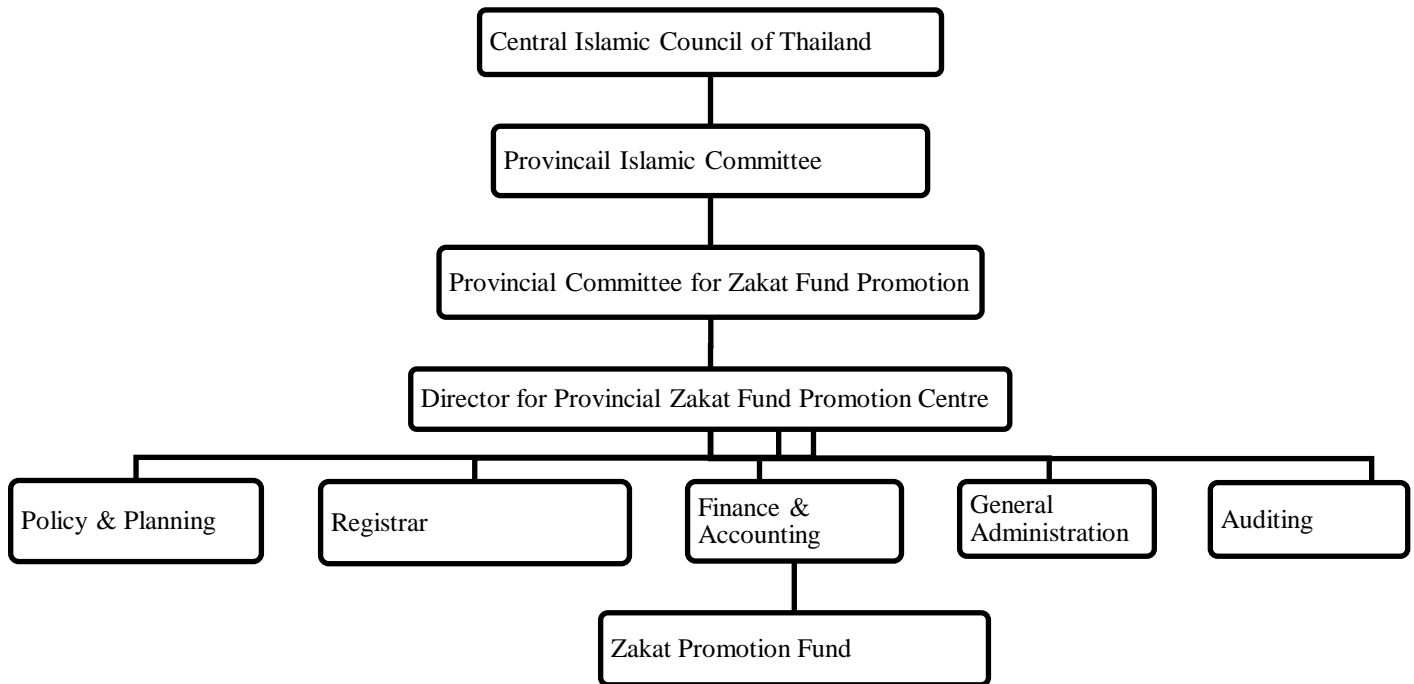
Chapter 5: Management and Administration of Zakat Fund

The Chapter consists of Section 28 – Section 42 and provides guideline on committee members of Zakat Fund, their rights and responsibilities, their qualification, term of office and

revocation, meeting procedures, collection of Zakat, distribution of Zakat, preparation of financial reports, Zakat recipients etc.

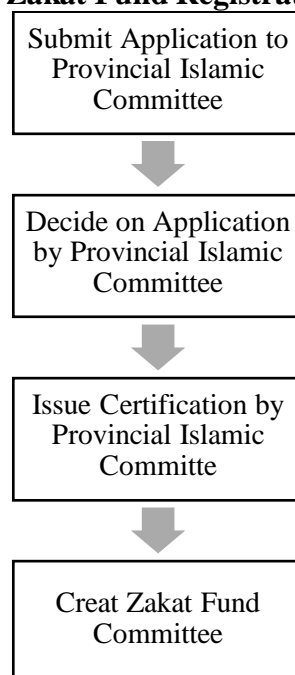
Based on the Central Islamic Council Regulation on Zakat Fund Promotion 2016, the following structure of Zakat fund management should be created:

Figure 1: Structure of Zakat Fund Management



Under the Zakat regulation, this is the procedure to register a Zakat fund at provincial Islamic committee:

Figure 2: Zakat Fund Registration Procedure



Even though, the Central Islamic Council of Thailand Regulation on Zakat Fund Promotion 2016 has been passed since 2016; only few Zakat funds have been established in various parts of the countries. In fact, those Zakat funds are not the results of this regulation rather those are the efforts of local Muslim people who wanted to form Zakat institutions often



after they visited Zakat institutions in other countries such as Malaysia and Indonesia. A participatory action research are being conducted by a group of researchers from College of Islamic Studies, Prince of Songkla University and Zakat and Social Welfare Committee of the Central Islamic Council of Thailand to establish feasible Zakat fund model for Thai Muslims based on the Zakat regulation issued by the Central Islamic Council of Thailand. It is the hope that in the near future Zakat funds can be established at village or mosque level, provincial level and national level to provide better social development and human security based on Islamic principles.

DISCUSSION AND CONCLUSION

In the past, Muslims in Thailand, like most Muslims in Muslim and non-Muslim countries followed traditional approach to Zakat payment e.g. payment made direct to recipients in communities whom they felt suitable. This approach does not ensure efficiency and effectiveness of Zakat and may not bring about sustainable development of social welfare and human security as it supposes to be in the long run. In fact, there is no information on amount of Zakat collected and distributed in Thai Muslim communities. This might be one of the reasons that Muslims in Thailand living mostly in the southernmost provinces are among the poorest people in the country. Moreover, their children educational level is considered to be among the lowest in Thailand.

There have been a number of attempts to institutionalise Zakat system within Thailand legal framework; formal Zakat institutions cannot be materialised. This failure is so much to do with lack of practical understanding of Muslim and non-Muslim leaders and society. In 2015, a Zakat Fund Promotion Act was drafted and with many time being debated in the Thai parliament withdrawn in the process. Most non-Muslim leaders felt that Zakat fund can be used as a tool to fight poverty in Muslim communities without relying on government funding. A reasonable number however feel that the government should not support Zakat fund using people tax because it is collected from all Thai people and Muslims are of the opinion that Zakat should be collected from Muslims in accordance with Islamic principles and pure from such government funding or donation. When there is a lack of consensus among the Muslims it is enough reason for the government to discontinue the process of legally institutionalization of Zakat system in Thailand.

Now the challenge is now how Muslims themselves create systematic and efficient Zakat institutions. Using the power assigned under the Administration of Muslim Organisations 1997, the Central Islamic Council of Thailand, by Zakat and Social Welfare Unit, came out with its regulation of Zakat Fund Promotion 2016. It proved to be ineffective because they lack of manpower and expertise to run the programme nationally without the help or active participation of provincial Islamic committees and mosque committees. These people generally have full time jobs and may not be able participate in Zakat collection and distribution full time.

The operations of Zakat funds are not successful unless the provincial Zakat promotion committees are to be formed. They should play reasonably active role in Zakat collection and distribution. At the beginning, at least 1-2 staff should be employed at the provincial Islamic committee office to run Zakat programme of each province full-time. This person should coordinate Zakat programme with the province and ensure the operations of Zakat funds of mosques within the province. He/she should also keep financial records of all Zakat funds within the province. Educational programme should also be organised to promote Zakat among Muslims. Mosque committee may directly approach rich people within communities to rise their understanding on Zakat and potentially allow their Zakat to be administrated by mosque Zakat committee. This approach has been successful in at least in Chiang Mai in the north of Thailand and can be largely duplicated in other parts of the country.



In summary, bottom-up approach and hybrid Zakat management system should be implemented in Thailand to ensure effectiveness and efficiency of the system. Muslim communities that are ready should be assisted by educational institutions, such as the College of Islamic Studies which have done research on the implementation of Zakat funds, to set up their own Zakat funds and follow the regulation issued by the Central Islamic Council as a guide in the implementation process. Should these Zakat funds succeed, many other communities should follow the footsteps. In the process, Muslim religious leaders should work hard to raise awareness on Zakat among the Muslims. After that, official institutionalization process should again start so that Zakat system can become an effective tool for national development agenda for Muslim communities.

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