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Analysis of Cryptocurrency as an Obligatory Zakat Object

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ABSTRACT

Since the emergence of Bitcoin as a Cryptocurrency in 2009, Cryptocurrency development is growing rapidly. Various new Cryptocurrencies appear. Muslim communities collect it both as currency and as digital assets. This phenomenon is attractive to research. Whether learning something new is worthy of being included as an object of zakat is necessary. This research explores the application of zakat in the context of Cryptocurrency. Following the rapid changes in the modern economy and the development of blockchain technology. Using the literature study method, this research examines the feasibility of Cryptocurrency as an object of zakat and what nishab is. Also discussed are various views of Muslim scholars regarding the opportunities for applying zakat to Cryptocurrencies. As well as analyze emerging legal and economic challenges.

Keywords: *Cryptocurrency, Zakat, Expansion of Obligatory Zakat Objects, Nishab*

INTRODUCTION

Blockchain technology has created a new phenomenon that has never happened in the history of human civilization. Many things are affected by this technology. The field that is most affected is in the economic sector. One of the results of the development of this technology is the emergence of Cryptocurrency. The first Cryptocurrency to appear was Bitcoin. Until now, Bitcoin has become the most famous and most valuable Crypto asset. Following the success of Bitcoin, thousands of new types of cryptocurrencies have emerged. Some are developing; some are dead. Some are used as a means of exchange or a new type of asset; many are also used for fraud. However, in the end, Cryptocurrency has become something that cannot be avoided in the modern economy.

A discussion of zakat on cryptocurrency needs to be held. Given the increasing use of Cryptocurrency as an investment tool and store of value around the world, including in Muslim-majority countries, cryptocurrencies such as Bitcoin, Ethereum, Ripley, and various other forms of Crypto present new challenges to determining their suitability under Sharia law. This raises the question of whether zakat should be applied to these digital assets.

The Financial Services Authority (OJK) reported that the number of crypto asset investors in Indonesia reached 20.9 million investors as of August 2024. Crypto asset transactions throughout 2024 (January-August) reached IDR 344.09 trillion or grew by 354 per cent compared to 2023. The number of crypto asset users worldwide is estimated to be more than 560 million people. With many crypto asset investors, Indonesia is ranked 7th in the world. The development of crypto assets in Indonesia shows an increasing trend in terms of the number of investors and transactions. (Antara, 2024)

RESEARCH METHODS

This study uses a qualitative method with a literature study approach. It aims to describe and analyze events, social dynamics, phenomena, and attitudes of individual and group perceptions of something.

Qualitative research methods with literature studies according to several journals

- Creswell , J. W. (2014). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. Fourth Edition. SAGE Publications

Nature and Purpose: Qualitative research aims to explore complex phenomena through narrative designs and open-ended interviews, allowing for in-depth understanding.

Methods: Techniques include structured and semi-structured interviews, case studies, and ethnographic research, which provide flexibility and depth.

Benefits and Limitations: While qualitative research offers a multidimensional approach and cultural sensitivity, it can be time-consuming and less generalizable.

- Snyder , H. (2019). Literature review as a research methodology: An overview and guidelines. Journal of Business Research

This article guides how to conduct a literature study as a valid and systematic research method.

- Tight, M. (2019). Literature review as a research method: Its role in research projects and dissertations. International Journal of Social Research Methodology, 22(2)

Discusses the role of literature reviews in research projects and dissertations, as well as methods for conducting them.

- Boell , S. K., & Cecez-Kecmanovic , D. (2015). On being ' systematic ' in literature reviews. Journal of Information Technology, 30(2)

This article examines the importance of a systematic literature review and offers a framework.

Based on the various journals above, the literature study is a series of activities related to library data collection methods, reading and recording, and processing research materials. The main purpose of the literature study is to understand existing concepts and theories, identify gaps in previous research, and build a strong theoretical framework for the research. A literature study helps researchers understand the research context and ensures that the study does not repeat previous research. A descriptive approach is used to describe the basic concepts of zakat and Crypto. Comparative analysis compares zakat calculations between physical assets such as gold and digital assets such as Crypto.

LITERATURE STUDY

The literature used includes books, journal articles, fatwas, and case studies related to zakat and Cryptocurrency. It is taken from various writings that support the expansion of zakat objects, including the application of zakat to Cryptocurrency, and writings that tend not to support the expansion of zakat objects.

Moderate Views on the Expansion of Obligatory Zakat Objects

- Yusuf Qaradawi. Zakat Fiqh (2000)

This book is one of the famous references to zakat in modern times. This book explains the concept and principles of zakat in the Islamic context. Yusuf Qaradawi emphasized the flexibility of zakat in contemporary economic applications. According to him, if an asset meets the requirements for zakat (such as full ownership, the potential for development, and exceeding the niqab), then the asset can be considered an object of zakat. Zakat functions as a tool for wealth redistribution to achieve social

justice and reduce social inequality. Assets subject to zakat are usually gold, silver, cash, agricultural products and commercial property. He also said that the object of zakat could change according to the times and economic conditions but must still meet sharia criteria, such as full ownership (milkily), the potential for development (name), and exceeding the nisab limit. In a modern economy, assets considered worthy of zakat can also develop following technological changes. This book provides a basis for expanding zakat's object to modern assets relevant in current economic developments, including Crypto and other digital assets.

- Ahmed, H. Role of Zakah and Awqaf in Poverty Alleviation (2004).

In this paper, Ahmed examines the role of zakat in the contemporary economy and how it can adapt to changes in modern societies' forms of wealth. This article supports the idea that zakat is not only limited to traditional assets but can also be imposed on new forms of wealth such as stock investments, bonds, and cryptocurrencies, as long as they meet the criteria for zakat required by the Shari'ah.

- Siddiqi, Muhammad Nejatullah , Zakat and Economic Development (1996)

This article explains that the purpose of zakat is to balance social welfare and wealth redistribution, so the object of zakat should be able to cover all forms of wealth that have developed in the modern era. Siddiqi suggests that new assets, including financial assets such as stocks and investment instruments, should be considered objects of zakat. With an emphasis on economic development, the article supports the flexibility of applying zakat to wealth that is relevant in the modern financial world.

- Rahman, Z. and Faisal, M. The Zakat of Cryptocurrencies: Applicability and Modern Views (2020)

This article discusses explicitly whether Crypto can be subject to zakat and how to calculate it. The authors present the views of Islamic scholars and financial experts who support the understanding that crypto money, such as Bitcoin, can qualify as an object of zakat because it is considered a store of value and an investment instrument. They also analyze the fluctuations in crypto prices and their impact on zakat calculations.

- Kahf, Monzer The Principles of Zakah and How They Relate to the Modern Economy (2002)

Monzer Kahf explains the basic principles of zakat and how they can be applied to the modern economic context. He supports the idea that zakat should apply to all types of wealth that have the potential to grow, including digital assets. This paper offers a perspective that strengthens the argument for expanding the objects of zakat To encompass various forms of new wealth

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- Kamali, Mohammad Hashim. Zakah, Social Justice and the Modern Islamic Economy (2015)

Kamali explained that zakat is important in creating social justice in the modern economy. He argued that developments in the economic system, especially those involving digital innovation, must be addressed wisely by Islamic scholars and intellectuals. This study supports the concept of expanding zakat objects to economic sectors relevant to modern society's lives, including digital assets and electronic investments.

- Shihadeh, Mohamed , et al. al. Zakat on Modern Financial Assets: Implications for Islamic Finance (2019)

This paper explores the application of zakat to modern financial assets such as stocks, bonds, and cryptocurrencies. They highlight that, as financial markets evolve, zakat should also cover assets relevant to modern investment and finance. The paper emphasizes that zakat must be a flexible

and adaptive instrument in facing new economic dynamics.

- Usmani , Muhammad Taqi. Islam and Modernity: Zakat on Digital Assets (2021)

Usmani explores the views of contemporary scholars on zakat and digital assets, including crypto. He identifies that some scholars believe Crypto is subject to zakat, while others feel that its speculative nature is contrary to sharia principles.

- Dusuki, Asyraf Wajdi Understanding the Objectives of Zakah (2008)

Dusuki, in his writing, emphasized that zakat is to empower society and eradicate poverty. Dusuki emphasized that the primary purpose of zakat is to create social justice so that modern assets such as Crypto can be applied if the purpose is in line with sharia principles, namely the welfare of the people.

Therefore, the object of zakat must be adjusted to the wealth owned by modern society, including digital assets such as crypto money. This article supports the concept that zakat can be applied to modern wealth that differs from traditional zakat objects such as gold or agricultural products.

- Rahman, Z. Blockchain and Zakat: Leveraging Technology for Transparent Distribution (2020)

Blockchain technology can improve the transparency and efficiency of zakat fund management and has the potential to support the recording of zakat-payable crypto assets.

The writings above provide an academic basis to support the expansion of zakat objects, both in terms of Sharia principles and from a modern economic perspective. They state that as long as the assets subject to zakat meet the basic requirements (such as full ownership, potential for growth, and exceeding the niqab), they can be considered zakat objects, including crypto money and other digital assets.

Conservative View in Expanding the Obligatory Objects of Zakat

In addition to those who support the expansion of zakat objects. Some tend not to support the expansion of zakat objects. At least if it is expanded, it must go through a strict legal mechanism. The following are some journals or studies that support conservative views or disagree with the expansion of zakat objects

- Al- Darir , Sulaiman. The Traditional Boundaries of Zakatable Assets in Islamic Jurisprudence (2001)

This article focuses on the traditional limitations of the objects of zakat in classical fiqh. Al—Darir argues that zakat should only be imposed on assets that are clearly mentioned in classical texts, such as gold, silver, agricultural produce, and livestock. He states that expanding the objects of zakat to include digital assets or modern instruments that did not exist at the time of the Prophet Muhammad (PBUH) requires caution, as this risks violating the basic principles of zakat as established in the Shari'a.

- Khaf, Monzer . Zakat on Modern Assets: A Critical Review (2004)

In this article, Monzer Kahf argues that not all modern financial assets are subject to zakat. He emphasizes that zakat should only be applied to some new forms of wealth that emerge, especially if it does not meet the traditional criteria for zakat. Kahf argues that the high volatility and speculative nature of some modern assets, such as Crypto, makes them unworthy of zakat, as such wealth is unstable and risky.

- Al-Saadi, Muhammad The Applicability of Zakat on Financial Instruments: A Conservative View (2010)

Al-Saadi presents a more conservative view in this article. He argues that modern financial instruments such as bonds, stocks, and Crypto should not be subject to zakat because they do not have a strong basis in classical Sharia. According to him, these assets are speculative and often do not have a stable real value, so they do not qualify as objects of zakat. Al-Saadi emphasizes that zakat should be applied to assets with high continuity of value and stability.

- Al-Awa, MJ Reevaluating Zakat in the Context of Modern Wealth (2005)

Al-Awa criticized attempts to expand the scope of zakat to new assets such as stocks and Crypto. According to him, zakat can only be imposed on tangible and measurable assets with a specific stability, such as assets that grow and last for a long time. He stated that speculative or highly volatile assets, such as stocks or Crypto, do not meet the principle of justice in zakat.

- Auda, Jasser The Shariah Limitations on Modern Wealth (2017)

Jasser Auda's writing supports the view that the expansion of zakat objects must be done very carefully. He emphasizes that not all modern assets can be immediately considered worthy of zakat. Auda argues that zakat on assets that do not have a clear basis in Sharia texts, such as Crypto, can undermine the basic principle of zakat as an instrument for creating social justice. He also emphasizes that highly speculative Crypto has the potential to cause more injustice than benefit in the context of zakat.

- Al-Salami, Faisal. Traditional Zakat Principles and the Risks of Modern Financial Markets (2013)

In this article, Al-Salami states that modern financial markets often contradict the basic principles of Sharia due to the volatility, speculation, and high risks involved. He argues that assets traded in modern markets, including stocks and Crypto, are not suitable for zakat. The high risk and unstable nature of these assets violate the principle of haul (full ownership for one year) and stable growth potential.

Scholars in the literature above tend to disagree, at least asking for caution with expanding zakat objects. Especially when covering new assets such as crypto money, stocks, or other modern financial instruments. Academics who hold this view are generally careful in applying zakat to assets that do not have a clear basis in classical Sharia.

Journals that support this conservative view generally argue that expanding the object of zakat to modern assets such as Crypto or other financial instruments is not by classical sharia principles. The reasons include the speculative nature and high volatility of modern assets, which do not be outside the requirements of haul or stable growth potential. They emphasize the importance of sticking to traditional zakat objects that are more stable and by basic sharia texts.

DISCUSSION

Understanding Cryptocurrency

Cryptocurrency is a digital payment system that does not rely on banks to verify transactions. A peer-to-peer system that allows anyone, anywhere, to send and receive payments. A peer-to-peer platform directly connects parties in a transaction without using a third-party intermediary. (Investopedia, 2024)

You can use cryptocurrency without carrying or exchanging physical money in the real world. Cryptographic transactions exist only as the first digital entry in an online database that describes a particular transaction. When you transfer cryptocurrency funds, the transaction is

recorded in a ledger. Cryptocurrency records are stored in digital wallets.
The name cryptocurrency itself comes from the use of encryption to verify transactions.
This means sophisticated coding is required to store crypto data between wallets or send it to a public ledger. The purpose of encryption is to provide security and protection.
(Kaspersky, 2024)

The first cryptocurrency Bitcoin appeared in 2009 and is still the most cryptocurrency famous. Cryptocurrencies run on a distributed public ledger called a blockchain. This records all transactions updated and stored by the currency holders. Cryptocurrency is created through a process called “mining.” “This process harnesses the power of computers to solve complex mathematical problems, which in turn generates coins. Users buy the currency from an intermediary, store it in their cryptocurrency wallet, and spend it. Cryptocurrency is a new form of property or asset. An asset refers to a thing, item, or condition, tangible or intangible, in physical or digital form, that has economic or commercial value and is exchangeable or carries exchange value. (Kaspersky, 2024)

Scholars Views on Cryptocurrency Law

The opinions of scholars on Cryptocurrency are divided into three groups: The first group, Fatwa organizations such as Darul Ifta, Sheikh Ali Qaradaghi, Dr Ahmad Sufyan Che Abdullah, Datuk Dr Zulkifli Al-Bakri, argue that Cryptocurrency is haram. The second group, scholars such as Datuk Dr Mohd Daud Bakar, Dr Zaharuddin and Mufti Muhammad Abu Bakar, believe that Cryptocurrency is permissible in Islam. The third group is comprised of scholars who have yet to give a firm or official view on this matter. Such as the International Shariah Research Academy (ISRA) for Islamic finance. (International Islamic Fiqh Academy) which is part of the Organisation of Islamic Cooperation (OIC). They decided that the academy needed more time to conduct research before forming an opinion on the matter. (Muneeza 2021)

The study conducted by Yaakob (2022) concluded that the critical issue discussed in the abstract is Muslims' concern regarding the permissibility (halal) of using Cryptocurrency for transactions, especially zakat. The authors emphasize that while blockchain technology supports Cryptocurrency, evaluating its compliance with Sharia principles is important, especially regarding the issues of control and gharar (uncertainty).

A study conducted by Mabrur (2023) concluded that the views of scholars regarding Cryptocurrency vary. Some forbid it because of the high elements of uncertainty (gharar) and speculation (may) and the risk of misuse. Meanwhile, some scholars as a commodity but not a currency, and some othensider it halal both as an asset and as a currency. The authors of this journal also note the development of stablecoins, a variant of Cryptocurrency backed by tangible assets such as the US dollar to minimize fluctuations, making it more stable than traditional cryptocurrencies such as Bitcoin.

Another study conducted by Afrizal (2023) concluded that Cryptocurrency has a complex position from various perspectives. Characteristics of Money, Cryptocurrency meets several characteristics of money, such as being generally accepted, easily divisible, and easily portable. However, it does not have intrinsic and consistent value stability, so it only meets part of the requirements as a currency. Legal Perspective, Cryptocurrency is not considered legal tender in Indonesia because it is not issued by an official monetary authority (central bank), which does not meet the legal criteria for legal tender in this country.

Economic Perspective, Cryptocurrency only partially functions as money, especially as a store of value, because the value of cryptocurrencies, such as Bitcoin, is very volatile and is more influenced by speculation. Sharia Perspective There are differences of opinion among Islamic scholars and scholars. One group allows Cryptocurrency because it can be considered an asset or medium of exchange. In contrast, the other group prohibits it for reasons of uncertainty (gharar) and potential use in illegal activities.

Expansion Of Obligatory Zakat Objects

Yusuf Qardawi introduced the expansion of obligatory zakat items in modern times in his book Fiqh Zakat. This book is his dissertation at Al-Azhar. This book is a reference for economic activists and Islamic philanthropists. In the book Fiqh Zakat, Yusuf Qardhawi offers a comprehensive and modern analysis of the objects of wealth subject to zakat. Qardhawi expands the scope of zakat objects by considering the economic and social changes in modern society. Qardhawi proposes that zakat is a flexible instrument in Islam so that zakat objects do not have to be limited to traditional commodities such as gold, silver, livestock, and agricultural products.

He argues that new assets that develop, such as professional income or modern business income, also need to be subject to zakat if they meet the basic principles of zakat in Islam. Qardhawi emphasizes that assets subject to zakat are productive assets that can generate added value or income. In this book, he expands the meaning of asset productivity to include various forms of modern income and wealth, such as salaries, business income, stock investments, and bonds. This is based on the principle that every asset that grows and has the potential to increase the wealth of its owner must be set aside as zakat.

One of Qardhawi's major contributions to expanding the object of zakat is income from professions (such as doctors, engineers, lawyers, and others) that were not previously included in the scope of zakat. He argued that professions that generate significant income should be subject to zakat because such income is also included in assets that grow and are sustainable.

In modern wealth, Qardhawi added investment assets, including shares and securities, to the category of assets that must be given zakat. This investment is a productive form of property and can add wealth value to the owner. Thus, zakat on shares or other investments must be calculated based on the value of ownership and the profits generated.

Qardhawi also discusses business and merchandise in detail, including assets owned by large companies. He considers that wealth derived from business, whether merchandise or business capital, must be zakat annually because it meets the requirements as productive assets that grow.

Qardhawi tried to make zakat an effective tool for wealth redistribution, reducing economic disparities, and creating social justice. By expanding the objects of zakat, he hoped that zakat would flow more to people in need, by the goals of Islamic law, which seek justice and common welfare. Qardhawi's analysis in the book Fiqih Zakat regarding the expansion of zakat objects shows a dynamic and contextual approach to zakat provisions. He argues that the principles of zakat must be applied by considering the economic conditions of modern society, so that zakat remains relevant and provides maximum benefits. (Taufiqurrohman, 2022).

When Yusuf Qardawi wrote his work, blockchain technology and digital assets did not exist. The most significant result of Yusuf al Qardawi 's research is that Qardawi is a collection of principles on expanding zakat obligations. His

principles can be used when we respond to the emergence of a new phenomenon, such as crypto assets. A new object that can store the value of an asset and continue to grow in the future. One of the classical scholars who agrees with the expansion of zakat is Imam Abu Hanifah. However, Abu Hanifah's idea of expanding zakat obligations was criticized by some scholars for relying too much on the principle of growth and ignoring the mishap. Yusuf Qardawi provided a relationship without forgetting the goal that the development of the era also requires ijtihad to expand zakat objects. Al-Qardawi agreed to focus on asset growth but still focused on achieving nisab for certain types of assets. (Taufiqurrohman, 2022).

Research for the dissertation conducted by Khotib (2019) initiated zakat as part of muamalat. This dissertation shows that the reconstruction of zakat jurisprudence from the aspect of worship to the domain of muamalah is carried out in two main stages: first, shifting zakat jurisprudence from the framework of worship, considering that the characteristics of zakat are different from ritual worship such as prayer and fasting. It was second, building zakat jurisprudence in the realm of Ramallah by considering the principle of maqasid Sharia that is more relevant to the socio-economic aspect, where zakat functions as a tool to overcome social inequality in society. This shift in the position of zakat jurisprudence produces more flexible and rational principles in the management of zakat. The types of assets that are the objects of zakat are no longer limited to certain types of assets mentioned in the Hadith but can include other types of assets that are in line with the generality of the Qur'anic evidence. The government is given the authority to regulate the objects and percentages of zakat according to the needs and socio-economic conditions of the community, making zakat more relevant and effective.

Fiqh view on wealth that can be considered as zakat. First, the opinion that wealth includes agricultural produce, gold and silver (except for personal use), merchandise, short-term net results, and cash. This is the most agreed method of calculating zakat. Second, the opinion includes all types of assets listed in the narrow opinion plus income from fixed assets, wages, salaries, and professional income. The third includes goods under income plus fixed assets, and these assets are used to generate income. (Rohim, et al. 1978)

In the book "Al-Amwal", it is explained that al-amwal al-zakawiyyah assets subject to zakat are divided into two parts: First, zahir wealth, treasures that are visible and impossible to find, for example, plants and fruit. Second, it is wealth that a person might acquire, for example gold and silver. (Didin, 2002)

Cryptocurrency as a Compulsory Zakat Object

Criteria for property (maal) according to the four schools of thought. According to the Hanafi Scholars, it is viewed in terms of possessions (maal) that are desired, have physical possessions and can be stored. According to the Maliki Scholars, it can be owned and has security. According to Syafi'i Scholars, the criteria of wealth is something profitable and acceptable. According to the Hambali Scholars, what is meant by wealth is profitable and valuable. Meanwhile, according to Ibn Asyur, wealth has the characteristics of being able to be stored, the desire to obtain it, easy to carry anywhere, circulating, the amount limited and searchable.

Based on the explanation above, Cryptocurrency has fulfilled most of the property (maal) requirements in Islam based on several definitions and concepts of property. Cryptocurrency has properties

similar to gold, namely, it has a limited supply. It is not known who created it. Cryptocurrency is not created by a central bank or government but from a decentralized network that runs automatically with a mathematical algorithm. It cannot be duplicated. Has a durable and unbreakable nature. It is obtained from system mining. It can be transacted worldwide. It can be traded and exchanged for various currencies in the world. Cannot cancel transactions. (Oscar, 2017)

According to the Hanafi Scholar, there are two components of wealth. First, the wealth must be of a nature that can arouse human interest in owning it. With this limitation, corpse meat is not included in the wealth group, because it does not make people interested in controlling it. Second, the wealth must be able to be stored until the time it is needed. (Syamsudin, 2024)

A study conducted by Hamdani (2020) concluded that Muslims must include Cryptocurrency in calculating zakat, ensuring that assets are stored for at least one year because zakat is due on assets that exceed the nisab threshold. This study shows that implementing blockchain can foster greater trust between muzak and amil zakat. With all transactions recorded in an immutable ledger, the risk of fraud is minimized, making Muzaki more confident in managing their zakat.

The concept of zakat can also be analyzed through an economic lens. It is considered an act of reallocating assets or wealth by a Muslim group that has excess economic value to a certain group that is experiencing economic deprivation. The transfer of wealth or assets inherently signifies the redistribution of economic resources (Fuad R., 2015). The redistribution of economic resources will catalyze new economic efforts in various sectors. This will facilitate equitable economic growth and serve as a boon to humanity.

Based on the above-mentioned definition, Cryptocurrency exhibits characteristics similar to property. It can be maintained, and its economic value can be used as needed. Cryptocurrencies are maintained in various wallets, each secured by a unique password and access code for retrieval.

Cryptocurrency Zakat Nishab

There are two conditions that can be used to calculate the nishab of Crypto zakat. The first condition is Crypto, which produces growth. The second condition, Crypto value, is obtained from the difference between buying and selling activities and market performance.

There are two potential gaps for zakat, both from growth and income. As conveyed by Ibn Qudamah in Al Mughni, it is about distinguishing whether an asset is obligatory or not throughout the year. The first alternative, Cryptocurrency is held and allocated for growth, zakat can be paid after one year (nishab) has passed. The second alternative is the profit from crypto assets that are traded on the exchange or money changer to obtain capital gain, which is income whose zakat can be paid when a sale occurs without waiting for the nisab.
(Bintarto et al., 2022)

The study conducted by Siti et al. in An Analysis of Bitcoin Zakat Calculation (2022)
Presents some critical conclusions regarding the calculation of zakat on Bitcoin, especially in the context of its growing acceptance among Muslims in Malaysia. The findings are that Bitcoin is on the rise among Malaysians, especially Muslims, as it is seen as an alternative to traditional fiat currencies. This trend is closely related to technological advancements in digital currency transactions. Recognition of Bitcoin as a Valuable Asset: The study concludes that Bitcoin is recognized as a valuable asset (Mal Mutaqawwam) under Islamic law.

This recognition includes its trading, storage, and employment, which imposes the obligation of zakat on it. Identifies two main methods for calculating zakat on Bitcoin. For Stored Bitcoin. If the total amount of Bitcoin meets the nisab (minimum amount) of 85 grams of gold and is stored for one year (haul), the owner must pay 2.5% of the total amount at the end of the year. For Traded Bitcoin. When Bitcoin is treated as an investment, zakat is calculated as 2.5% of the profit realized during the year, based on the number of crypto units held at the end of the year.

CONCLUSION

Zakat is one of the five pillars of Islam that Muslims must pay with wealth that meets specific requirements. In the previous fiqh, zakat was applied to physical assets such as gold, silver, agricultural products, livestock, and merchandise. With the development of technology, new challenges have emerged in determining the types of modern assets that are eligible for zakat. Applying zakat to crypto assets has excellent potential in the modern Islamic economy but also faces a few challenges, especially in regulation and price stability. Islam is a just religion. Justice is an essential point in the teachings of Islam.

From the results of this study, Cryptocurrency tends to fall into the category of al-maal or wealth, which is included in the obligatory zakat object. The zakat nishab is equivalent to 85 grams of gold with a zakat of 2.5%. After a year, the first alternative is calculated to determine whether it exceeds the value of 85 grams of gold. The second alternative is if the Crypto is sold and the sale proceeds are already worth 85 grams of gold, the zakat is immediately paid without waiting a year.

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