The Role of Government in the Zakat Management: The Implementation of A Centralized and Decentralized Approach (Comparative Study in Indonesia and Malaysia)

Faridatun Najiyah
Airlangga University
Jl. Airlangga No. 4-6
Surabaya, Indonesia
najiyahfaridatun@gmail.com

Nur Rizqi Febriandika
Airlangga University
Jl. Airlangga No. 4-6
Malang, Indonesia
rizqi.febriandika@gmail.com

Abstract—Zakat is the principle basis for upholding the social structure of Islam obligatory almsgiving. With the implementation of zakat institutions correctly and adequately, it is expected that the difficulties and suffering of the poor can be reduced. The role of the government as a regulator in managing zakat in a country is essential for macroeconomic policy. Islam has applied both centralized and decentralized approaches in the past. Nevertheless, each country has different policies in its implementation, including Indonesia and Malaysia. This research uses the descriptive-comparative method with a qualitative approach. This study uses library research methods; its resources are taken from secondary sources in the form of books, journals, and paper related to the collection of zakat. In Indonesia, each region follows a centralized rule, is not allowed to make its own rules. Following the political structure in Malaysia, zakat is managed by each country. Each country has full rights and obligations in managing zakat.

Keywords—government, zakat, centralized, decentralized

I. INTRODUCTION
Zakat is an Islamic rule that sets aside the wealth of his people to be given to certain people. This service is one part of the pillars of Islam. Some Muslims understand that zakat has two dimensions of worship, namely the relationship with God (vertical dimension) as a command from Allah and human relations (horizontal dimension) as an obligation to fellow human beings.

The word “al-zakat” has been mentioned thirty times in the Qur’an [13]. Zakat means growing and increasing, whereas, in Sharia, zakat is a concept that refers to the redistribution of wealth determined by God for the category of decent people. In addition to poverty alleviation, zakat aims to eliminate greed among Muslims and encourage socially oriented behavior. Overall, it is expected that the payment of Zakat will purify zakat payer income, reconcile the hearts of payers and recipient of zakat, fulfill the basic needs of the poor and needy, and resolve social problems such as poverty, unemployment, debt and unfair income distribution [3].

Zakat, which means growth or purification, is a system in which Muslim societies can eradicate poverty and inequality. Institutional zakat regulated by the State is an economical vehicle to eradicate poverty by redistributing wealth to the poor and needy. Clarke et al. (1996) stated that zakat is very important as a social welfare levy imposed on more affluent members and more prosperous businesses in Islamic societies. This system can function effectively to reduce the income gap between the poor and the rich [8]. Nevertheless, each country has different policies in its implementation, including Indonesia and Malaysia. This study aims to compare how the systems used in the management of zakat in Indonesia and Malaysia.

II. METHOD
Nevertheless, each country has different policies in its implementation, including Indonesia and Malaysia. This study aims to compare how the systems used in the management of zakat in Indonesia and Malaysia. This research uses the descriptive-comparative method with a qualitative approach. This study uses library research methods; its resources are taken from secondary sources in the form of books, journals, and paper related to zakat management.

III. RESULT AND DISCUSSION
Zakat Regulation in Indonesia and Malaysia


In this case, BAZNAS is an institution that manages zakat. This government institution has the authority to carry out the task of managing zakat nationally. The task covers all managerial aspects, namely planning, implementing, controlling, collecting, distributing, and utilizing zakat, as well as accountability for the implementation of zakat management. While the Amil Zakat Institution, in the future referred to as LAZ, is an institution formed by the community that has the task of assisting in the collection, distribution, and utilization of zakat (UUPZ No: 23/2011).
On the other hands, the management of zakat in Malaysia is the authority of the government. However, the distribution of zakat is still a complicated problem in Malaysia, thereby reducing the performance of the zakat institution itself. [6, 1] According to Dahan and Abdullah, muzakki's dissatisfaction with the performance of zakat institutions makes muzakki tend to distribute their zakat to 8 recipients of zakat (asnaf) themselves, especially for the poor and needy in Malaysia, zakat management differs from country to country where they both process to collect and distribute.

Meanwhile Kuala Lumpur, Negeri Sembilan, Melaka, and Pahang, only privatized zakat by collecting and handing over the distribution of zakat to the State Islamic Religion Council (SIRC). Others, such as Kedah, Perlis, Sabah, Kelantan, Perak, Terengganu, Johor, Putrajaya, and Labuan Federal Territory have not been privatized, and their zakat management differs from country to country. Although Selangor, Penang, and Sarawak privatize zakat management, they both process to collect and distribute.

Following the political structure in Malaysia, zakat is managed by each country. Each country has full rights and obligations in managing zakat. Aside from being a manager, in charge of managing and implementing zakat in Malaysia, the Government through representatives of the State Kingdom also plays a role in making regulations in the form of zakat laws. The State Legislative Assembly makes the law on zakat. Every country is free to make zakat legislation. Although it must be in the area of the State Islamic Sharia law. Freedom of competence in making the zakat law results in a variety of aspects of zakat management and how to enforce the law. Selangor and Wilayah Persekutuan have set penalties for the mistake of not paying zakat in the Sharia Criminal Act. (Nurhasanah, 2011).

In connection with the zakat law in Malaysia, Ghazali (Nurhasanah, 2011) said that there were three main aspects related to the zakat law in Malaysia. First, the types of zakat are collected by official institutions. Second, the charges violate the implementation of zakat. Third, this is the form and amount of penalties and fines that may be imposed.

The following are the differences between zakat management institutions in Indonesia and Malaysia ([12], Nurhasanah, 2011):

Table 2: The Differences between Zakat Management Institutions in Indonesia and Malaysia

<table>
<thead>
<tr>
<th>Zakat Management</th>
<th>Indonesia</th>
<th>Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat Management Institution</td>
<td>There are many zakat management institutions both formal and traditional.</td>
<td>There are fourteen zakat collection centers, one each in the state and one in the Kuala Lumpur Guild.</td>
</tr>
<tr>
<td>Regulation</td>
<td>Each region follows a centralized rule, is not allowed to make its own rules.</td>
<td>Every Kingdom (Negeri) is free to make zakat legislation. Although it must be in the area of the State Islamic Shari law (Central government).</td>
</tr>
<tr>
<td>The supervisory body of the zakat management institution</td>
<td>The National Zakat Agency (BAZNAS) is a non-structural government institution that is independent and accountable to the President through the Minister.</td>
<td>The Center for Zakat Collection (PPZ) and Baitul Maal are under the Alliance Regional Islamic Religion Council (MAIWP) which is fully responsible to the Sultan or State government.</td>
</tr>
<tr>
<td>Management and channeling agency for zakat funds</td>
<td>The Amil Institute or the Amil Agency has the dual function of collecting institutions and channeling institutions for zakat funds.</td>
<td>PPZ only functions as a collection of zakat funds, while the task of distributing zakat funds is the responsibility of Baitul Maal, where between PPZ and baitul Maal, both are under the auspices of MAIWP.</td>
</tr>
</tbody>
</table>

Table 1: Differences in Provisions Between BAZNAS and LAZ

<table>
<thead>
<tr>
<th>BAZNAS</th>
<th>LAZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority of BAZNAS managing zakat: To carry out zakat management, the government established BAZNAS, based in the capital city of the country.</td>
<td>LAZ Authority helps BAZNAS: To assist BAZNAS in the implementation of collecting, distributing and utilizing zakat, people can form LAZ.</td>
</tr>
<tr>
<td>Has a regulator function: Authority to recommend LAZ</td>
<td>The terms of establishment of LAZ must obtain a BAZNAS recommendation.</td>
</tr>
<tr>
<td>Zakat management coordinator: BAZNAS receives reports on the implementation of the collection, distribution and utilization of zakat that has been audited periodically. BAZNAS is independent and responsible to the President through the Minister.</td>
<td>Reporting to BAZNAS: LAZ must report on the implementation of the collection, distribution and utilization of zakat that has been audited to BAZNAS periodically.</td>
</tr>
<tr>
<td>Finance Management of BAZNAS organization comes from: State Budget (APBN), Regional Budget (APBD), and amil rights</td>
<td>LAZ only gets from amil rights</td>
</tr>
</tbody>
</table>

Source: Abadi, 2011
be achieved by the State. While zakat is a specific right that is obliged by Allah SWT to the Muslims who are destined for them, what in the Koran is called the poor and other mustahik as a sign of gratitude for the blessings of Allah SWT and to draw closer to Him and to cleanse themselves and property owed [14].

The fundamental difference between Indonesia and Malaysia is related to the obligation to pay zakat for people who have entered the category of zakat. In Malaysia, both zakat and tax are obligations that must be paid. Although in each state in Malaysia varies in determining the type of zakat and its percentage, the states still apply the mandatory zakat rules. Those who violate will be subject to criminal sanctions or fines [14]. As for zakat and tax relations in Malaysia, zakat payments can reduce tax obligations. This applies if Muzaki pays his zakat to zakat institutions recognized by the kingdom such as the Selangor Zakat (PPZ) Center and others. So, if a Muzaki pays zakat to PPZ, then the zakat that has been paid can reduce the tax burden borne according to the nominal issued at the time of zakat [17].

Unlike in Indonesia, people who are obliged to pay zakat but do not pay it will not get criminal sanctions or fines. Existing laws only regulate sanctions for people who misuse money from the collection of zakat. In Indonesia, some regulations can reduce the number of taxpayer fees by paying zakat. However, the amount of deduction is not worth the cost paid when paying zakat.

The payment of zakat as a deduction from taxable income (gross income) has been in effect. Since 2001. However, until now there are still many individual taxpayers who are Muslims or zakat payers (muzaki) who have not utilized the gross income reduction on Income Tax (PPh).

IV. CONCLUSION

The results of this study indicate the fundamental difference between Indonesia and Malaysia is related to the obligation to pay zakat for people who have entered the category of zakat. In Malaysia, both zakat and tax are obligations that must be paid. Those who violate will be subject to criminal sanctions or fines [14]. As for zakat and tax relations in Malaysia, zakat payments can reduce tax obligations. This applies if Muzaki pays his zakat to zakat institutions recognized by the kingdom such as the Selangor Zakat (PPZ) Center and others. Unlike in Indonesia, people who are obliged to pay zakat but do not pay it will not get criminal sanctions or fines. Existing laws only regulate sanctions for people who misuse money from the collection of zakat. In Indonesia, some regulations can reduce the number of taxpayer fees by paying zakat.

In Indonesia, each region follows a centralized rule, is not allowed to make its own rules. Following the political structure in Malaysia, zakat is managed by each country. Each country has full rights and obligations in managing zakat. There are many zakat management institutions both formal and traditional in Indonesia because of its regulation. However, in Malaysia only regulate fourteen zakat collection centers, one each in the state and one in the Kuala Lumpur Guild.

REFERENCES


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