Al-Ahkam: Jurnal Ilmu Syari'ah dan Hukum
Vol. 9, Nomor 2, 2024, pp. 130-153
e-ISSN: 2527-8150; p-ISSN: 2527-8169
DOI: https://doi.org/10.22515/alahkam.v9i2.10212

Enhancing the Legal Framework: Optimizing Zakat as an Income Tax Deduction in Indonesia

Hendri Hermawan Adinugraha[1*], Achmad Tubagaus Surur[2], Dliyaudin Achmad[3]

[1,2]Universitas Islam Negeri K.H. Abdurrahman Wahid Pekalongan, Indonesia
[3]Al-Azhar University, Egypt
*Corresponding author's email: hendri.hermawan@uingusdur.ac.id

Abstract

This research aims to comprehensively examine the implementation of zakat policy as a deductible component of taxable income in Indonesia. The study adopts a qualitative approach, utilizing primary sources such as the Qur'an, Hadith, Law No. 23/2011 on Zakat Management, and relevant tax regulations. Data were collected through a literature review and analyzed descriptively to interpret and explain the findings. The study concludes that, under positive law, zakat as a deduction from taxable income is governed by Article 22 of Law No. 23/2011, further reinforced by the Indonesian Ulema Council's Fatwa No. 3 of 2003 on Zakat on Income/Profession. Zakat payments from official institutions such as BAZNAS can be deducted from taxable income. An example of this implementation is in Aceh Province, as stipulated in Article 192 of Law No. 11/2006 on the Government of Aceh. These findings highlight the potential of the zakat policy to alleviate the double burden faced by Muslim taxpayers while fostering economic redistribution. This research contributes by providing recommendations to strengthen the legal framework and enhance public education to maximize the benefits of zakat policy. Such efforts aim to improve tax compliance and promote social welfare through the synergy between tax and zakat systems.

Keywords: *legal framework for zakat, zakat management, tax deduction, tax compliance,*

| Submitted: September 18, 2024 | Accepted: December 14, 2024 | Published: December 15, 2024 |

Introduction

Indonesia faces a significant gap between the potential and actual collection of zakat and taxes (Rahmah, 2021; Yahya et al., 2024). In a modern state, zakat serves a role distinct from taxes, which are a primary source of government revenue (Muhammad & Nor, 2021). As a vital link between the wealthy and the poor, zakat facilitates income redistribution and fosters a fair and prosperous society (Siswantoro et al., 2022). Within the Islamic economic framework, zakat holds profound importance, symbolizing a Muslim's devotion to Allah while promoting solidarity among individuals in social and communal life (Setianingrum et al., 2019; Syahbandir et al., 2022). For Indonesian Muslims, this religious obligation comes alongside their civic responsibility to pay taxes. Despite Muslims comprising 87% of the population, Indonesia's zakat potential of Rp139.7 trillion annually remains largely untapped (Kurniasari, 2024).. Zakat paid through government-sanctioned institutions like BAZNAS qualifies for tax deductions, but many Muslims prefer direct distribution, bypassing official channels. This highlights the need to encourage zakat payments through formal systems and fully leverage the tax incentives available to taxpayers. Proper integration of zakat into the tax framework offers a solution for alleviating economic inequality and enhancing societal welfare (Mohd et al., 2017).

Zakat, as mandated in Islamic teachings, is an act of worship with both spiritual and social dimensions. The Qur'an, hadith, and Islamic scholars consistently emphasize the dual purpose of zakat: fostering personal devotion to God and strengthening social cohesion through wealth redistribution (Djatmiko, 2019; Munandar, 2021). Countries like Malaysia and Pakistan have successfully positioned zakat as a crucial source of public revenue, using it to support social equity and economic stability. Similarly, Indonesia recognizes zakat as a financial tool to address poverty and promote social justice. Under Law No. 23 of 2011, the government institutionalized zakat collection and management through BAZNAS, a state-recognized amil zakat agency responsible for distributing zakat to eligible recipients (Fitriani, 2024). Zakat payments made to approved institutions can be deducted from taxable income, effectively reducing the financial burden of taxpayers who are also zakat payers. This dual role of zakat as a religious obligation and a component of fiscal policy creates opportunities for synergy between public welfare and Islamic principles (Emzaed et al., 2020).

However, challenges persist. Public awareness about zakat's role in tax reductions remains low, and many individuals remain reluctant to use official channels. The full potential of zakat as a tax deduction has yet to be realized, as highlighted by inconsistencies in public understanding and enforcement of zakat management laws. While regulations like Government Regulation No. 60 of 2010 support the inclusion of zakat as a tax deduction, additional efforts are needed to promote transparency and efficiency in zakat collection (Khoiri et al., 2021). The differentiation between zakat and tax is a key factor in their acceptance and implementation. Islamic scholars define zakat as an act of worship meant to purify wealth, while taxes are obligatory contributions enforced by the state without direct benefits to taxpayers (Nurhayati & Siswantoro, 2015). This distinction underscores the need for clarity in addressing the dual obligations faced by Indonesian Muslims, ensuring that both their religious and civic responsibilities are met efficiently.

Comparative analysis of zakat systems in other Muslim-majority countries highlights potential strategies for improvement. Malaysia's tax credit model for zakat has proven to be more attractive and effective in encouraging compliance. Meanwhile, countries like Saudi Arabia treat zakat as a primary source of revenue, independent of their tax systems. These examples offer valuable lessons for Indonesia as it seeks to optimize the integration of zakat into its fiscal policies (Djafar et al., 2023; Sawmar & Mohammed, 2021). Despite legal provisions supporting zakat as a tax deduction, unresolved issues, such as the lack of penalties for non-compliance hinder its full implementation. Law No. 23 of 2011 focuses on penalizing violations by zakat managers but fails to address the broader issue of public participation. Effective socialization and education campaigns are essential to bridge these gaps and maximize zakat's impact on economic development and social equity (Aulia, 2022).

This research aims to address these challenges by examining the legal frameworks, practical implementations, and societal perceptions of zakat as a tax deduction in Indonesia. By analyzing regulations like Law No. 23 of 2011 and Government Regulation No. 60 of 2010, this study explores how integrating zakat into the tax system can alleviate dual financial obligations, improve compliance, and promote economic justice. Building on prior studies, this research goes beyond theoretical discussions to assess practical applications and policy implications. It seeks to contribute to the discourse by highlighting zakat's potential to drive sustainable development and address social inequality in Indonesia. Ultimately, the findings aim to inform policymakers, religious institutions, and the public on optimizing zakat management to achieve its dual goals of spiritual fulfilment and social welfare.

Methods

This research employs a qualitative approach (Jolley & Jolley, 2020), focusing on the general principles of zakat and taxation while exploring the legal basis and practice of zakat as a deduction for income tax calculation in Indonesia. The case study method was selected to facilitate an in-depth examination of the social and legal interactions within the regulatory framework and the practical implementation of zakat deductions in income tax systems.

Primary data sources for this study include Islamic texts such as the Qur'an and Hadith, alongside legal documents including Law No. 23 of 2011 on Zakat Management, Minister of Finance Regulation No. 254/PMK.03/2010 on procedures for zakat deductions, and Director General of Taxes Regulation No. PER-08/PJ/2021, which governs organizations authorized to receive zakat and eligible religious donations. These sources were complemented by secondary data collected through library research techniques (Liu & Li, 2022), encompassing legislative reviews, government regulations, academic books, and peer-reviewed journals relevant to zakat as a taxable income deduction and its broader regulatory context.

The data analysis follows a qualitative descriptive method (Cresswell, 2012), structured using the Miles and Huberman model, which includes data reduction, data presentation, and conclusion drawing. This step-by-step process ensures a systematic approach to interpreting the findings, with an emphasis on logical, consistent, and objective conclusions. The analysis specifically examines the relationship between zakat regulations and their effectiveness in implementation, providing insights into how legal frameworks address the dual obligations of taxation and zakat payments. A notable limitation of this study is its reliance on secondary data, which may introduce interpretation bias. To mitigate this, data triangulation was employed by comparing multiple sources and validating findings through a critical literature review. This approach enhances the reliability of conclusions by cross-verifying data from diverse perspectives.

The theoretical framework for this research integrates Islamic economic theory and social law theory. The Islamic economic perspective elucidates the role of zakat as a tool for wealth redistribution, aligning with principles of fairness and equity in societal development (Syahbandir et al., 2022). Social law theory, on the other hand, investigates the interaction between zakat regulations and societal responsibilities, emphasizing the role of governance in promoting compliance and social cohesion. By combining these theoretical lenses, the study provides a comprehensive understanding of zakat's dual function as a spiritual obligation and a fiscal instrument. Through this methodological approach, the research aims to contribute to the discourse on optimizing zakat's potential within Indonesia's taxation framework, addressing both regulatory effectiveness and its implications for economic justice.

Results and Discussion

Legal Basis of Zakat Management in Indonesia

Zakat, in economic terms, serves as a mechanism to facilitate wealth distribution and stabilize consumption within society (Ibrahim & Mahmod, 2023). This aligns with Indonesia's goal of achieving prosperity for its people, as outlined in the fourth paragraph of the Preamble to the 1945 Constitution of the Republic of Indonesia:

> *"To establish a government that safeguards the entire Indonesian nation and its homeland, promotes the general welfare, enhances the nation's intellectual life, and contributes to a world order founded on independence, lasting peace, and social justice, the Indonesian National Independence is formalized in the Constitution of the Republic of Indonesia. This Constitution establishes a state structure based on popular sovereignty, rooted in belief in the One Supreme God,*

just and civilized humanity, the unity of Indonesia, democracy guided by the wisdom of deliberation/representation, and the realization of social justice for all Indonesians."

From an Islamic perspective, zakat represents an act of purification, wherein a portion of one's wealth is distributed to those in need. Imam Maliki defines zakat as the payment of a specific portion of the *nishab* (minimum threshold of wealth) to eligible recipients (*mustahiq*) (Harahap, 2018). The obligation and principles of zakat are emphasized in the Qur'an, such as in Surah At-Taubah (9:103), which states:

"Take zakat from some of their wealth; with the zakat, you clean and purify them."

As one of the five pillars of Islam, zakat is an obligatory duty for all Muslims, with the dual purpose of fulfilling servitude to Allah and uplifting the welfare of those in need (Ritonga & Mahyudin, 2020). Zakat carries both spiritual and social values: spiritually, it signifies obedience to divine commands through giving, while socially, it promotes economic equity and supports Indonesia's economic growth. Zakat is categorized into several types:

- Zakat Fitrah: Mandatory for every Muslim annually during Eid al-Fitr, typically in the form of basic foodstuffs such as rice or corn. The standard amount is 3.5 liters of rice or 2.7 kilograms.
- Zakat Mal: Obligatory on assets such as money, gold, or other valuable possessions, calculated based on specific wealth thresholds.
- Zakat on Profession: Applicable to professional earnings, such as salaries or honorariums, with calculations based on income levels.

Unlike zakat fitrah, which is issued during a specific time, zakat mal can be paid at any time and has no particular issuance conditions (Mhanna, 2019). Meanwhile, taxes are another mechanism for achieving societal welfare. According to Law No. 28 of 2007, taxes are mandatory contributions imposed by the state on individuals or entities based on legal authority and without direct compensation. These contributions support state functions and aim to maximize public welfare (Arifin & Velentina, 2022).

Zakat and taxes intersect in their shared goal of enhancing societal welfare. Beyond its spiritual dimension, zakat addresses various economic challenges, including unemployment, poverty, debt, natural disasters, economic inequality, and wealth hoarding. Historically, Caliph Umar bin Abdul Aziz successfully combined zakat and state taxation systems to reduce poverty effectively (Bahri, 2017).

Countries with Muslim-majority populations often regulate zakat and taxes side by side by issuing relevant legislation. In Indonesia, the legal basis for zakat management is provided under Article 14, paragraph (3) of Law No. 38 of 1999 on Zakat Management, which was later superseded by Law No. 23 of 2011. Zakat is classified as a tax-deductible expense, meaning that it can be deducted from taxable income. This provision, as explained in Article 14, paragraph (3) of Law No. 38 of 1999, aims to prevent taxpayers from bearing the dual financial burden of paying both zakat and taxes. Similarly, Article 22 of Law No. 23 of 2011 states that zakat payments made through authorized institutions, such as the National Amil Zakat Agency (BAZNAS) or Amil Zakat Institutions (LAZ), are recognized as tax deductions (Aristoni, 2021).

The Zakat Management Law and Law No. 36 of 2000, which amends Law No. 7 of 1983 on Income Tax, specify in Article 4, Paragraph (3), Letter (a), Number 1 that certain types of income are exempt from taxation. These include donations, assistance, and alms received by zakat institutions officially recognized by the government and distributed to eligible recipients. As a result, zakat is classified as a gross tax deduction, making it tax-deductible in Indonesia (Aristoni, 2021b).

A comparative study of zakat as a tax deduction in countries such as Jordan, Sudan, Pakistan, Saudi Arabia, Kuwait, Egypt, and Malaysia reveals that only Pakistan, Saudi Arabia, Kuwait, and Malaysia fully implement zakat as a tax-deductible factor. In Saudi Arabia and Kuwait, zakat is the primary source of state revenue and is not treated as a tax credit (Riani, 2024). Awareness of paying zakat through government-recognized institutions like BAZNAS has increased significantly in recent years. The tax credit system, as opposed to tax deductibles, offers greater advantages and is expected to encourage more Muslims to utilize the tax incentives. Additionally, the realization of tax revenue is projected to increase, as zakat provides insight into the actual income levels of the community. However, this calculation currently excludes other charitable contributions such as zakat fitrah, infaq, and sadaqah (Nizar et al., 2018).

The Legal Framework for Zakat as a Tax Deduction in Indonesia

The regulation permitting zakat to be deducted from income tax is outlined in Government Regulation (PP) No. 60 of 2010. The rationale behind this provision is detailed in Article 14, Paragraph (3) of Law No. 38 of 1999, which explains that zakat deductions from taxable income aim to prevent taxpayers from bearing a dual financial burden, fulfilling obligations to pay both zakat and taxes (Thayeb & Kamello, 2015). This regulation has been further reinforced under Article 22 of Law No. 23 of 2011, which stipulates:

“Zakat paid by muzakki to BAZNAS or LAZ is deducted from taxable income.”

Tax provisions supporting this framework are also outlined in Law No. 17 of 2000, the Third Amendment to Law No. 7 of 1983 on Income Tax, specifically in Article 4, Paragraph (3), Letter (a), Number 1, which states:

> *"Not included as Tax Objects are: donations, including zakat received by amil zakat agencies or amil zakat institutions established or authorized by the Government and entitled recipients of zakat."*

This provision explicitly excludes zakat from being classified as a tax object (Darapar & Haron, 2022). With the issuance of Law No. 36 of 2008, which serves as the Fourth Amendment to the Income Tax Law, this article was further refined to read:

> *"Excluded from the tax object are aid or donation, including zakat received by amil zakat agencies or institutions established or authorized by the government and received by the rightful recipient of zakat, or religious donations that are mandatory for adherents of recognized religions in Indonesia, received by religious institutions established or authorized by the government and received by the rightful recipient of donations, the provisions of which are regulated by or based on Government Regulation."*

Similarly, Article 9, Paragraph (1) of the Income Tax Law emphasizes:

> *"To determine the Taxable Income for domestic taxpayers and permanent establishments, assets given as grants, assistance, donations, or inheritance, as referred to in Article 4, Paragraph (3), Letters (a) and (b), cannot be deducted. However, exceptions are made for donations specified in Article 6, Paragraph (1), Letters (l) to (m), as well as zakat received by amil zakat agencies or institutions authorized by the government, or mandatory religious donations for adherents of recognized religions in Indonesia, received by government-approved or authorized religious institutions. These provisions are regulated by or based on Government Regulations."*

The Indonesian government has implemented policies enabling zakat to serve as a tax relief mechanism in income tax collection. Zakat contributions made through the National Amil Zakat Agency (BAZNAS) or other authorized institutions are eligible for tax deductions, as codified in Law No. 23 of 2011 on Zakat Management (Khoiri et al., 2021).

Additionally, this provision is reiterated in Law No. 36 of 2008, which amends Law No. 7 of 1983 on Income Tax, specifically in Article 4, Paragraph (3), Letter (a):

> *"Excluded from the tax object is assistance or donations, including zakat received by the zakat amil agency or zakat amil institutions established or authorized by the government and received by the entitled recipient of zakat, or religious donations that are mandatory for adherents of recognized religions in Indonesia, received by religious institutions established and authorized by the government and received*

by the entitled recipient of donations, the provisions of which are regulated by or based on Government Regulations."

Furthermore, Article 9, Paragraph (1), Section G, specifies:

"To determine the Taxable Income for domestic taxpayers and permanent establishments, assets given as grants, assistance, donations, or inheritance, as referred to in Article 4, Paragraph (3), Letters (a) and (b), cannot be deducted. However, exceptions are made for donations specified in Article 6, Paragraph (1), Letters (l) to (m), as well as zakat received by amil zakat agencies or institutions authorized by the government, or mandatory religious donations for adherents of recognized religions in Indonesia, received by government-approved or authorized religious institutions. These provisions are regulated by or based on Government Regulations."

It is important to note that not all types of zakat qualify for tax deductions. Specific criteria and requirements must be met for zakat payments to be eligible. Below is an outline of the categories of zakat that qualify for tax deductions.

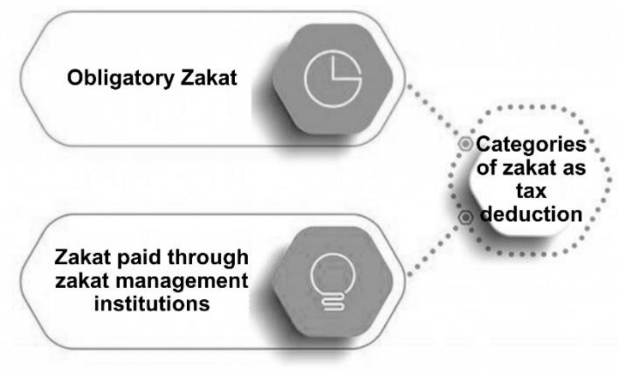

Figure 1. Categories of zakat as tax deduction

Based on the picture above, zakat that can be used as a tax deduction is categorized into two: 1. mandatory Zakat. This is as regulated in Government Regulation No. 60/2010. This means zakat can be deducted with tax as zakat fitrah; 2. Zakat is paid through BAZNAS or Amil Zakat Institution. Zakat eligible for income tax deductions is zakat paid through an official zakat collection agency or institution established by the government, as stipulated in Article 22 of Law No. 23/2011, which states:

"Zakat paid by muzakki to BAZNAS or LAZ is deducted from taxable income".

Then Article 23 of this regulation emphasizes:

"BAZNAS or LAZ is obliged to provide proof of zakat deposit to each muzakki (zakat giver), and the proof is used as a deduction from taxable income."

Zakat cannot be deducted from gross income unless paid to a Zakat amil agency or a religious institution established or authorized by the government, and the payment is supported by documentation that complies with legal requirements (Fitriya, 2023). Indonesian taxpayers who have paid zakat and possess valid proof by regulatory provisions can include it in their annual tax return for the corresponding tax year. Since zakat is deductible from gross income, its inclusion in the Annual Tax Return will also influence the calculation of net income. For zakat paid to be recognized as a tax deduction, proof of zakat/religious donation paid must be attached when reporting the Annual Tax Return.

The Indonesian government has taken an active role in supporting the fulfillment of its citizens' religious obligations by incorporating zakat as a component of tax relief in the country's income tax system (Febriyanti, 2021). The categories of zakat that can get tax deductions are:

First, zakat is paid from taxable income. The regulations concerning Zakat Management are outlined in Law No. 23 of 2011. Article 22 of this law specifies that zakat contributions made by *muzakki* (zakat payers) to authorized zakat-collecting agencies or institutions can be deducted from their taxable income. This means that zakat as a tax deduction is only given to taxpayers with income above the Non-Taxable Income (PTKP). Article 23 mandates that zakat-receiving institutions must issue zakat deposit receipts to every *muzakki*. These receipts serve as evidence for deducting the zakat amount from taxable income.

Second, zakat or religious donations are mandatory, as stated in Government Regulation No. 60/2010. It is specified that only mandatory zakat payments qualify as deductions from income tax. This includes zakat on income paid by individual Muslim taxpayers and domestic corporate taxpayers owned by Muslims to amil zakat agencies or institutions established or authorized by the government. Additionally, the provision extends to mandatory religious donations made by individual taxpayers of non-Islamic faiths and domestic corporate taxpayers owned by adherents of recognized religions other than Islam, provided these donations are made to religious institutions authorized by the government. This regulation is necessary as zakat can serve as a tax deduction, and equivalent provisions apply to other religions by applicable laws. As with donations in national disasters, religious obligations such as zakat and tithes are also tax deductible because, together with taxes, they are considered to be able to improve the welfare of society in general.

Third, zakat must be paid through authorized agencies or institutions designated by the government to manage zakat or donations, such as the National Amil Zakat Agency, LAZ Rumah Zakat Indonesia (LAZ RZ), the Baitul Maal Muamalat Foundation, or similar entities. The Director General of Taxes Regulation Number PER-11/PJ/2018 outlines the regulations governing zakat recipient institutions. If zakat or obligatory religious donations are not channeled through these approved institutions, the expenditure cannot be deducted from gross income (Handayani, 2021)

Zakat on income is a particular asset that must be spent by Muslims and passed on to those who have the right to receive it (such as the poor). Based on the Zakat data outlook (2023), the amount of income Zakat collection is Rp. 139.7 trillion. With such an enormous potential for income zakat, it is not only impossible if the zakat funds can help many (Hudayati, 2023). The collection of income zakat must be done professionally and responsibly (Lestari & Fajar, 2023).

In summary, integrating zakat into Indonesia's tax system reflects the government's commitment to supporting religious obligations while fostering societal welfare. Proper documentation, adherence to legal requirements, and channeling zakat through authorized institutions are essential to ensure its effective implementation and impact.

Income Zakat Regulation in Perspective of MUI Fatwa

Zakat, which is related to income tax, is professional. Professional zakat refers to zakat on income earned through developing one's skills and potential in ways that comply with Sharia principles. This includes wages from regular employment and earnings from professions such as doctors, lawyers, and architects (Bremer, 2013). Various perspectives suggest that the foundation of professional zakat is comparable to zakat on agricultural produce, which is paid upon harvest. Similarly, the *nishab* is equivalent to 524 kilograms of staple food, and the zakat is calculated based on gross income. The applicable rate aligns with that for zakat on gold and silver, set at 2.5%. To establish the *nishab* and rate for income zakat, the Fatwa Commission of the Indonesian Ulema Council issued Fatwa No. 3 of 2003 concerning Income/Profession Zakat, detailing the following provisions:

Table 1. Zakat on Income, according to MUI Fatwa

Legal aspects	Explanation
General Conditions	General Provisions: In this fatwa, "income" refers to any earnings acquired through lawful means, including salaries, honoraria, wages, service fees, and similar forms of compensation. This encompasses routine income, such as earned by government officials, employees, or workers, and non-routine income, such as fees received by doctors, lawyers, consultants, and others engaged in independent professions.
Legal Basis	Zakat applies to all types of halal income, provided they reach the *nishab* threshold within a year, equivalent to 85 grams of gold.
Time of Zakat Expenditure	Zakat on income can be paid upon receipt if it meets the *nishab* threshold. If the *nishab* is not met, the income should be accumulated over a year, and zakat is due if the total net income reaches the *nishab*.
Rate of Zakat	The amount of income zakat is 2.5% based on the Decree of the National Amil Zakat Agency Number 73 Year 2017 on the Nisab Value of Income Zakat in 2017 throughout Indonesia, stipulating: 1. Determining the value of annual income zakat in 2017 throughout Indonesia with a *nishab* of 85-gram gold, on average equivalent to Rp 49,895,000; 2. Determining the value of monthly income zakat based on the value of the average gold price of Rp 4,160,000; 3. determining that zakat on income is paid at the time after receiving income; 4. The rate of income zakat is 2.5% of net income after deducting current debts.

Source: Fatwa Decree of the Indonesian Ulema Council No. 3 of 2003 on income zakat

Assets that are subject to zakat if they reach the *nishab* and reach one year (*haul*).

Method of calculating professional zakat according to scholars There are two models, the first analogy to gold/silver and the second to agriculture (Atmadja & Makmur, 2023).

Muslims can take three kinds of attitudes regarding the obligation to pay taxes as a civic duty and pay zakat as an obligation to religion: First, by paying the debts of zakat and tax simultaneously with the risk that the amount of money spent will be more significant. Second, by simply equating tax with zakat, in the sense that the tax they pay is considered (read: intended) as zakat payment. Third, by only paying zakat without tax, with the risk of having to violate state laws and regulations (Kasim et al., 2018).

The difference in perspective between zakat and tax can impact the calculation of both. If the agreement states that zakat is the same as a tax, then the implication is that a Muslim no longer needs to pay zakat after paying tax. Meanwhile, suppose the agreement leads to a difference between zakat and tax. In that case, the implication is the emergence of a debate about the obligation to pay zakat after tax or even vice versa. In essence, zakat involves the redistribution of wealth among Muslims to reduce the disparity between the rich and the poor. It is regarded as a means of alleviating poverty within the community. According to Islamic teachings, zakat should be collected by the state or government, acting as an authorized representative to ensure it is duly obtained from the wealth (S. N. Azizah, 2018).

Zakat is one of the obligations of Muslims contained in the pillars of Islam. Apart from zakat fitrah, the intended zakat is zakat maal. One of them is income zakat. In today's modern world, many types of halal jobs can bring money into our pockets. And when it meets the *nishab*, as a Muslim, it is obligatory to pay zakat. The Indonesian Ulema Council has also released a fatwa regarding zakat. Fatwa Number 3 of 2003, dated 6 Rabiul Akhir 1424 H (June 7, 2003), addresses income zakat. It defines "income" as any lawful earnings, including salaries, honorariums, wages, and fees for services. This applies to both regular income, such as that received by government officials, employees, doctors, lawyers, and consultants (Mujiatun, 2018).

Government regulations related to zakat continue to evolve. Not only has the process become easier with the proliferation of government-certified Amil institutions. However, zakat has now been able to ease one's burden in paying taxes.

This indicates that zakat can be utilized as a tax deduction. This provision is outlined in Article 22 of Law No. 23 of 2011 on Zakat Management, which states:

> *"Zakat paid by muzakki to Zakat Management Organization is deducted from taxable income".*

Zakat payments made by individual or corporate taxpayers can be deducted from their income tax calculations for the relevant year, provided the payments are made through an Amil Zakat Agency or Institution that is established or authorized by the Government of Indonesia.

Relation and Synergy of Zakat and Tax Laws in Indonesia

The evolution of Indonesia's taxation system has been marked by significant challenges in meeting state revenue targets, which serve as a crucial pillar of the nation's economy. Moreover, the achievement of these revenue goals hinges on the effectiveness of ongoing policies. However, many Indonesians have yet to fully embrace the idea that paying taxes is a voluntary act of civic responsibility (Anggia, 2019).

In public finance literature, taxes are categorized in several ways based on factors such as who is responsible for paying them, who ultimately bears their burden, how much of the burden can be transferred, and other relevant criteria. The most common classification divides taxes into direct and indirect types, with income tax serving as an example of the former and sales tax representing the latter (Hassan et al., 2021).

According to Article 4, Paragraph 1 of Law No. 36 of 2008, income refers to any increase in economic capacity received or earned by a taxpayer, whether sourced from within or outside Indonesia, which can be utilized for consumption or to enhance the taxpayer’s wealth, regardless of its name or form (Peprah et al., 2020). Income tax is a government-imposed charge on individuals or entities based on the income they earn or receive during a given tax year, intended to fund public expenditures. It is a type of tax applied to the earnings of individuals and businesses (Drake et al., 2022).

In the KUP Law Number 28 of 2007 Article 17 Paragraph 1, it is known that the income tax rate for domestic individual taxpayers is if the income is up to Rp. 50,000,000 then the tax rate is 5% if the income is above Rp. 50,000,000 - Rp. 250,000,000 then the tax rate is 15%, if the income is above Rp. 250,000,000 - Rp. 500,000,000 then the tax rate is 25%, and if the income is above Rp. 500,000,000 then the tax rate is 30% (Patel, 2023).

Zakat and taxes share a common function: collection for the benefit of the state. In the case of zakat, this collection can be managed directly by the individual obligated to pay it, who may distribute it personally to eligible recipients, or by official entities such as the Amil Zakat Agency (BAZ) or the Amil Zakat Institution (LAZ), established by the government to collect and allocate zakat to the eight designated beneficiary groups. Conversely, taxes are collected by the state through the Directorate General of Taxes. From an Islamic perspective, zakat should ideally be collected by the state, with the government serving as a representative for the needs of the impoverished (U. S. Al Azizah et al., 2018).

Zakat and tax are both obligatory and binding on the assets of a country’s residents (Z. A. Hasan et al., 2017). It is undeniable that Muslims, who constitute 88.1% of Indonesia’s population, represent the largest group of taxpayers. As a result, the government strives to alleviate the burden of double obligations. To overcome this problem, the government makes a regulation as an action or effort to resolve the problem or solution for Muslims who are subject to dual obligations, namely zakat, and tax, so that both obligations can be carried out without burden. This is outlined in Article 22 of Law No. 23 of 2011, which amends Article 14, paragraph (3) of Law No. 38 of 1999 on zakat management:

> *“Zakat that has been paid to Amil Zakat Agency or Amil Zakat Institution shall be deducted from the taxable profit/income of the taxpayer concerned by the prevailing laws and regulations.”*

This law demonstrates the government’s proactive role in supporting the fulfillment of its citizens’ religious obligations by recognizing zakat as a component of tax relief in Indonesia’s income tax system. Under this law, zakat is considered a deductible factor in calculating taxable income for individual taxpayers. This initiative aims to alleviate the double financial burden faced by Muslims, who are both taxpayers and *muzakki* (zakat payers). Fundamentally, the act of paying zakat is comparable to paying taxes, as both serve as obligatory contributions for the welfare of society and the nation. However, despite the government's regulations, many individuals choose to directly distribute their zakat to eligible *mustahiq* (recipients) rather than through official institutions. When the *muzakki* chooses to hand over directly to *mustahiq*, then the *muzakki* will not get a receipt/proof of payment of zakat obligations so that the *muzakki* cannot use it to claim a tax deduction when exposed to Taxable Income even though the *muzakki* has carried out his obligations because the *muzakki* does not have strong evidence (Bakar, 2014). Unlike the case with *muzakki* who pay their zakat obligations to official bodies or institutions, which later when *muzakki* make payments of zakat obligations, *muzakki* will get receipts/proof of payment, this evidence can later be used to claim tax deductions when exposed to taxable income (Anggraini, 2023).

This study highlights the integration of zakat and taxation, as the law outlines. It discusses how Law No. 38/1999 on zakat management and Law No. 17/2000 (amending Law No. 7/1983) on income tax represents a significant advancement in aligning zakat with taxation.

First, Law No. 38/1999 recognizes that zakat is an obligation that every capable Indonesian Muslim citizen must fulfill. This law does not mention the punishment for violating the obligation of zakat. Still, at least the government has been explicitly responsible for providing protection, guidance, and services to *muzakki*, *mustahiq*, and amil zakat.

Second, the government has further involved itself in the zakat management by establishing the Amil Zakat Agency (BAZ) at various regional levels, from sub-district to national. The government also confirms and supervises the Amil Zakat Institution (LAZ), which is formed independently by the community, so that the management of Zakat funds can be more accountable.

Third, as Law No. 38 of 1999 outlines, zakat payments made to BAZ or LAZ can be deducted from the taxpayer's remaining taxable profit or income. Similarly, Law No. 17 of 2000 specifies that income zakat, officially paid by individual Muslim taxpayers or domestic corporate taxpayers owned by Muslims, is deductible from taxable income. In essence, as stated in the decision of the Director General of Taxes No. KEP-542/PJ/2001, income zakat can be subtracted from net income. To enhance the enthusiasm for zakat among Muslims, particularly concerning its role within state affairs, the ijtihad that zakat could be considered a deduction for taxable income represents a bold step. The practice in Malaysia, where zakat serves as a tax reduction, has inspired Indonesia to enact Zakat Management Law No. 38 of 1999, Article 14, Paragraph 3, which states:

> *"Zakat that has been paid to the national Zakat agency or Amil Zakat institution is deducted from the remaining taxable profit or income of the taxpayer concerned by applicable laws and regulations."*

The regulation is then also strengthened by Law No. 36 of 2008 concerning income tax, especially

Article 9 paragraph 1 letter g, which reads:

> *"Donated assets, assistance or donations, and inheritance as referred to in Article 4 paragraph (3) letter a and letter b, except for donations as referred to in Article 6 paragraph (1) letter i through letter m, as well as zakat received by the zakat amil agency or zakat amil agency established or authorized by the government or religious donations that are mandatory for adherents of recognized religions in Indonesia, received by religious institutions established or authorized by the government, the provisions of which are regulated by or based on Government Regulations"* (Mariah, 2011).

This study highlights the significance of the relationship between zakat and taxation in Indonesia for several key reasons:

Table 2. Relationship between zakat and tax in Indonesia

Aspects	**Zakat and Tax**
Equations	Zakat and taxes play a crucial role in enhancing public welfare, especially in Indonesia, where most of the population is Muslim, and taxes serve as the primary source of state revenue. Zakat and tax have similarities. Qardhawi revealed the similarities between zakat and tax in several ways: (a) both have an element of compulsion; (b) both must be deposited with a public institution (the state); (c) both do not provide certain rewards; and (d) both have societal, economic, and political goals in addition to financial ones (Emzaed et al., 2023).
Differences	Zakat and tax have differences. Still, according to Qardhawi, the two differ in several respects, namely in terms of name and ethics, essence and purpose, nishab and provisions, sustainability and continuity, expenditure, relations with the ruler, and intent and purpose.

Source: Qardawi (1998).

The management of zakat in Indonesia is governed by Law Number 23 of 2011, which serves as the highest legal framework for zakat management, replacing the earlier provisions outlined in Law Number 38 of 1999. Activities related to the collection and distribution of zakat are further detailed in Government Regulation No. 14/2014, which implements Law No. 23/2011. Critical aspects of the 2011 law include the principles and objectives of zakat management. Article 2 of the law highlights that zakat management is founded on Islamic law, trustworthiness, benefit, justice, legal certainty, integration, and accountability (Hannani, 2023). Meanwhile, Article 3 specifies the objectives of zakat management: to enhance the effectiveness and efficiency of zakat services and to maximize the benefits of zakat in fostering community welfare and alleviating poverty (Herianingrum, 2024).

In addition, one of the contents and materials of Law No. 23 of 2011 that is interesting to look at more closely is the existence of professional zakat contained in Article 4 paragraph (2) part (h), namely: 1. Zakat comprises two types: zakat mal and zakat fitrah. 2. Zakat mal, as mentioned in point (1), encompasses: a. gold, silver, and other valuable metals; b. money and other financial instruments; c. trade and commerce; d. agriculture, plantations, and forestry; e. livestock and fisheries; f. mining; g. industry; h. income and services, i., rikaz (treasure troves). Additionally, zakat fitrah is also recognized as part of zakat (Al-Homaidi et al., 2020).

Zakat implementation in Indonesia holds significant potential, given that Muslims account for 86% of the population. This means that each Muslim must contribute 2.5% of their assets as zakat if their assets meet the eligibility criteria. Furthermore, with certain adjustments by BAZNAS, it is estimated that the total potential zakat collection in each province could reach 4.37 billion rupiahs from various types of zakat (Anggraini, 2023).

Table 3. Comparative analysis of the implementation of zakat as a tax deduction in Indonesia and other countries

Countries	**Comparative analysis**
Indonesia	Indonesia regulates zakat as a tax deduction through Law No. 23/2011 on Zakat Management, which allows zakat paid to the Badan Amil Zakat Nasional (BAZNAS) or authorized Amil Zakat Institution (LAZ) to be deducted from taxable income. This mechanism aims to ease the burden on Muslim taxpayers who also pay zakat while increasing the potential of collecting zakat funds for the welfare of society. However, this implementation faces challenges such as a lack of socialization, limited public awareness, and the preference to pay zakat directly to the recipient rather than through an official institution.
Malaysia	In Malaysia, zakat is a tax deduction with a more advanced model. Zakat can be used as a tax credit, where the amount of zakat paid directly reduces the tax liability. This approach is considered more attractive to zakat payers as it immediately reduces tax. Malaysia also has a good digitization system for zakat payment, which supports transparency and efficiency in its collection and distribution.
Saudi Arabia and Kuwait	Unlike Indonesia and Malaysia, Saudi Arabia and Kuwait do not apply zakat as a tax deduction. Zakat is the main source of state revenue, so the government fully regulates it without integrating it into the modern taxation system.

Source: Source: data analysis results, 2024.

Based on the table above, Indonesia is still optimizing the management of zakat as a tax deduction compared to Malaysia, which has implemented the tax credit system well. Meanwhile, the Saudi Arabia and Kuwait models show a different approach, where zakat functions as a state financial instrument separate from the tax system. To improve effectiveness, Indonesia can adopt Malaysia's digitalization practices and incentive strategies as well as increase public awareness through more massive campaigns. These findings suggest the need for technology-based policy innovation and a more inclusive approach to encourage public compliance with the zakat management as a tax deduction.

Implementing zakat as a taxable income deduction policy in Indonesia provides significant opportunities for policymakers, religious institutions, and taxpayers. For policymakers, this policy reduces the double burden of Muslim taxpayers, thus improving tax compliance. Religious institutions such as BAZNAS and LAZ have a strategic role in maximizing the management of zakat funds, distributing them to the eight *ashnaf*, and supporting economic equity. For taxpayers, this policy provides an incentive to fulfil zakat obligations while contributing to state taxes without a double burden.

Practical Model of Zakat Payment Mechanism as Taxable Income Deduction in Indonesia

The Director General of Taxes Regulation No. PER-6/PJ/2011 of 2011 explains the regulation of tax deductions. It addresses the procedures for payment and the issuance of proof of payment for zakat or mandatory religious contributions that can be deducted from gross income.

Article 2 of the Director General of Taxes Regulation No. PER-6/PJ/2011 of 2011 outlines how zakat payments are considered taxable income. This regulation provides a detailed explanation of the implementation and documentation requirements for zakat or other compulsory religious contributions that qualify for deduction from gross income (Fathullah, 2021):

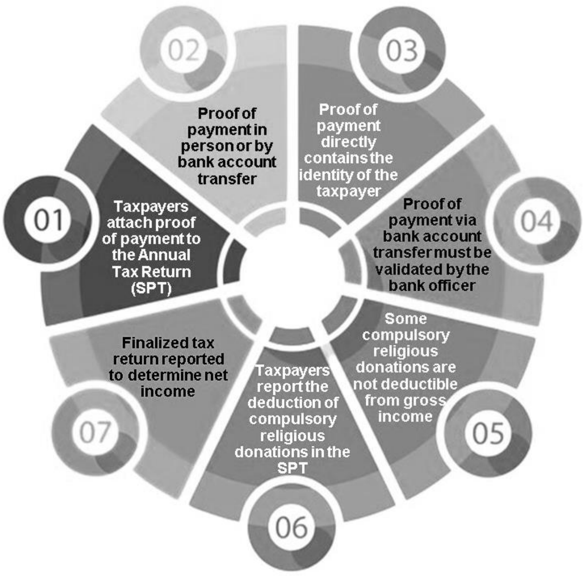

Figure 2. Procedures for Zakat Payment as a Deduction for Taxable Income

Referring to the illustration above, the following points can be outlined: Taxpayers who claim deductions for zakat or mandatory religious donations must attach a copy of the payment receipt to their Annual Income Tax Return for the Tax Year in which the zakat or religious deduction is made. Payment receipts can be direct payment receipts, bank transfer confirmations, or ATM payment receipts. For direct payment receipts, the following details are required: a) The taxpayer's full name and Taxpayer Identification Number (NPWP), b) The amount paid, c) The payment date, d) The name of the amil zakat agency, zakat institution, or religious institution recognized or authorized by the Government of Indonesia, e) The signature of an official from the authorized amil zakat agency, zakat institution, or religious institution. For payments made via bank transfer, the receipt must be validated by a bank officer. Deductions for zakat or mandatory religious donations cannot be claimed if: a) The payment is not made to an authorized amil zakat agency, zakat institution, or religious institution recognized by the Government, and b) The payment receipt does not comply with the required provisions. The deduction for zakat or mandatory religious donations must be reported in the taxpayer's Annual Income Tax Return for the Tax Year in which the payment was made. In the Annual Income Tax Return, the deduction for zakat or mandatory religious donations must be recorded to determine the taxpayer's net income.

Based on the previous explanation, this research indicates that to prevent zakat payers from facing a double burden, the Indonesian government has enacted Law No. 23 of 2011 on Zakat Management (an amendment to Law No. 38 of 1999). The implementation of zakat as a taxable income deduction can be implemented when a zakat payer (*muzakki*) pays their zakat at an official institution that has been established by the government, such as the National Amil Zakat Agency or the National Amil Zakat Institution to obtain Proof of Zakat Deposit for their zakat payment. Furthermore, a taxpayer who wants to use Proof of Zakat Deposit as a deduction of taxable income must attach it when filling out the Annual Tax Return. Government Regulation Number 60 of 2010 article 1 paragraph (1) letter (a), zakat or mandatory religious donations that can be deducted from gross income include zakat on income paid by individual taxpayers adhering to the religion of Islam and by domestic corporate taxpayers owned by adherents of the religion of Islam to the Amil Zakat Agency or Amil Zakat Institution established or authorized by the Indonesian government.

The findings of this study have found that the existence of the law can spur zakat obligors so that there is no double obligation, which can reduce income tax by providing proof of zakat deposit after being paid at the Amil Zakat Institution (LAZ), which already has a license from the government. However, the national zakat potential and the collection of zakat funds have not been maximized. This is because Indonesia's zakat information system is still far behind. In addition, the Indonesian government's legal firmness in Law No.23 of 2011 does not emphasize sanctions for individual Muslims who do not pay zakat, and the law only regulates sanctions for zakat managers who commit violations. However, it must be recognized that Law No. 23 of 2011 has encouraged the growth of zakat in Indonesia.

Recently, the Ministry of Finance of the Republic of Indonesia finalized the draft of government regulation on tax-deductible zakat. This is a lesson learned on implementing tax-deductible zakat in Aceh (one of the provinces in Indonesia). The Acehnese people's long wait for the implementation of Article 192 of Law No. 11/2006 on the Government of Aceh found a bright spot after the Indonesian Ministry of Finance agreed to be the initiator of the Draft Government Regulation on Zakat as a Tax Deduction Factor in a High-Level Discussion in Jakarta, Wednesday, December 6, 2023.

The High-Level Discussion Forum "Regulatory Initiative for the Implementation of Zakat as a Tax Deduction and Local Revenue in Aceh Province by Law 11/2006" was initiated by the National Committee for Sharia Economics and Finance (KNEKS) by inviting the Ministry of Finance, Ministry of Home Affairs, Ministry of Religious Affairs, Ministry of Law and Human Rights, National Amil Zakat Agency (BAZNAS), Regional Committee for Sharia Economics and Finance (KDEKS) of Aceh Province and the Government of Aceh (Editor of Infoaceh.net, 2023).

KNEKS Director of Sharia Social Finance said that zakat management, specifically Article 180, which recognizes zakat as part of local revenue, and Article 192, which allows zakat payments to be used as a deduction for income tax liabilities, has not been enforced due to the lack of a legal framework governing its technical implementation.

The Aceh government has attempted to coordinate with the central government regarding implementing the specificity of Aceh's zakat management. The historical and juridical basis of Aceh's speciality includes the management of zakat, which is an integral part of Aceh's Original Revenue. The Indonesian government has instructed to realize zakat as a tax deduction factor in Aceh Province. Recognizing zakat as a tax deduction factor for Aceh is urgent now considering that Aceh's Special Autonomy funds will be reduced, so Aceh's development funds must be pursued independently. At least, zakat funds paid and included as Aceh's PAD will help Aceh's fiscal independence and improve people's welfare. The draft government regulation on zakat as a tax deduction strategically impacts the more optimal management of zakat in Indonesia because zakat becomes part of fiscal policy, which will systematically encourage Aceh's regional economic growth.

The findings of this study shed light on the challenges associated with implementing tax-deductible zakat in Indonesia. The research revealed that while zakat can be used as a tax deduction, many Indonesians still do not incorporate tax-deductible zakat into their tax computations. Several things are considered to be obstacles in the application of tax-deductible zakat in Indonesia, including the reluctance of the community to state their name, Taxpayer Identification Number or even the amount of zakat paid because they avoid *riya*; there remains a limited understanding among taxpayers regarding the rules and requirements necessary for zakat to be considered a tax deduction. Additionally, there is insufficient information about government-recognized and authorized zakat institutions. Furthermore, many individuals still prefer to pay their zakat to entities other than those approved by the government, believing these channels can distribute their zakat effectively.

Implementing zakat as a taxable income deduction policy in Indonesia provides significant opportunities for policymakers, religious institutions, and taxpayers. For policymakers, this policy reduces the double burden of Muslim taxpayers, thus improving tax compliance. Religious institutions such as BAZNAS and LAZ have a strategic role in maximizing the management of zakat funds, distributing them to the eight *ashnaf*, and supporting economic equity. For taxpayers, this policy provides an incentive to fulfil zakat obligations while contributing to state taxes without a double burden. The policy of zakat as a tax deduction is aligned with the Sustainable Development Goals. Effective zakat distribution can improve the welfare of people experiencing poverty, strengthen financial inclusion, and encourage economic empowerment (Hasan, 2019). In addition, this policy supports economic equalization initiatives through fairer wealth redistribution (Usman, 2023). Although this policy is progressive, there are weaknesses in the legal framework, such as the lack of sanctions for individuals who do not pay zakat and reliance on certain institutions to recognise zakat as a tax deduction. Education and socialization regarding this mechanism are also minimal. The government needs to strengthen the supervision of zakat management institutions and provide broader incentives for taxpayers who utilize this policy. The policy of zakat as a tax deduction is relevant in legal, social, and economic discourses. Legally, this policy shows the integration of sharia values into state regulations. Socially, zakat becomes a solidarity tool that strengthens the relationship between individuals in the Muslim community. Economically, zakat funds have the potential to become social capital capable of mobilizing the economy of the lower society. This approach confirms the importance of interdisciplinary collaboration between policymakers, academics, and the community in optimizing the benefits of zakat.

Based on these findings, Indonesia has the opportunity to become a zakat management model integrated with the taxation system, with significant impacts on community welfare and sustainable economic development.

Conclusion

This research concludes that zakat and tax are financial instruments that hold a significant position in both Islam and the Indonesian state, as they serve as essential tools for wealth distribution. The implementation of zakat policy as a deductible element of income tax in Indonesia has been in practice for some time, following established mechanisms outlined in the Zakat and Taxation Laws. The Indonesian Ulema Council has also issued a Fatwa Decree (Number 3 of 2003) concerning income/professional zakat, reinforcing its importance. To prevent a double burden on zakat payers, the Indonesian government enacted Law No. 23 of 2011 on zakat management, which amended Law No. 38 of 1999. For zakat payments to qualify as deductions from taxable income, muzakki must make their contributions through official institutions authorized by the government, such as the National Amil Zakat Agency (BAZNAS) or a recognized National Amil Zakat Institution (LAZ). Upon payment, muzakki receive a Proof of Zakat Deposit, which must be attached when submitting their Annual Tax Return to claim the deduction. According to Government Regulation Number 60 of 2010, Article 1, Paragraph (1), Letter (a), zakat or mandatory religious donations that qualify as deductions from gross income include income zakat paid by individual taxpayers practicing Islam and by domestic corporate taxpayers owned by Muslims, provided the payments are made to an Amil Zakat Agency or Institution established or authorized by the government.

However, the implementation of professional zakat as a tax deduction in Indonesia remains suboptimal. To enforce zakat effectively as a tax deduction, it is crucial to address conflicting provisions in regulations governing zakat and taxes, particularly income tax. Enhanced socialization and public education are necessary to reduce resistance from various elements of society. This research highlights the role of zakat as a crucial instrument for wealth distribution and as a tool for reducing the financial burden on muzakki. By referencing supportive legal frameworks such as Law No. 23 of 2011 and PMK No. 254/PMK.03/2010, zakat has been shown to alleviate the double financial burden of muzakki. The synergy created between religious obligations and fiscal contributions promotes social justice and facilitates income redistribution. To improve zakat management and further enhance its impact, the government should intensify efforts to raise awareness of zakat's benefits as a tax deduction. This can be achieved by strengthening the certification and transparency of zakat institutions. Additionally, the adoption of digital mechanisms, such as blockchain-based applications, can improve the accuracy, convenience, and security of zakat payments. In conclusion, zakat not only strengthens the spiritual dimension of Islamic practice but also provides sustainable economic solutions. Its implementation as a tax deduction significantly contributes to achieving social and economic justice, making it a strategic instrument for building the welfare of Indonesian society. Future research can focus on examining taxpayer behavior towards zakat as a tax deduction through empirical studies. Furthermore, developing Sharia-compliant digital tools for zakat management could increase community participation and improve the efficiency of zakat collection.

References

Al-Homaidi, E. A., Tabash, M. I., & Ahmad, A. (2020). The profitability of islamic banks and voluntary disclosure: empirical insights from Yemen. *Cogent Economics and Finance*, *8*(1). https://doi.org/10.1080/23322039.2020.1778406

Anggia, P. (2019). Achieving of Income Tax with Awareness of Taxation in Indonesia's Tax Law System. *Yustisia Jurnal Hukum*, *8*(2). https://doi.org/10.20961/yustisia.v8i2.26136

Anggraini, A. (2023). *Analysis of the Practice of Professional Zakat as a Deduction for Taxable Income (Study on Professional Doctors, Teachers / Lecturers and Lawyers in Banjarmasin City)*. Universitas Islam Negeri Antasari.

Arifin, B., & Velentina, R. A. (2022). Responsibilities of the Board of Commissioners as Tax Bearer for Limited Liability Company Taxpayer. *Pena Justisia: Media Komunikasi Dan Kajian Hukum*, *21*(1). https://doi.org/10.31941/pj.v21i1.2011

Aristoni. (2021). Aristoni : The Integration of Islamic Law in The Law of Zakat Management. *ZISWAF : Jurnal Zakat DanWakaf*, *8* no *1*(1).

Atmadja, I. S., & Makmur, S. (2023). Zakat Practice as Taxable Income Deduction. *Fortiori Law Journal*, *03*(01), 21–71.

Aulia, J. L. (2022). *Analysis of Zakat Practice as a Taxable Income Deduction (Case Study of BAZNAS Deli Serdang Regency)*. Universitas Islam Negeri Sumatera Utara.

Azizah, U. S. Al, Rito, & Choirin, M. (2018). Correlation between Corporate Zakat, Capital Structures and Firm's Performance: Case Study of Jakarta Islamic Index, Indonesia. *International Journal of Zakat*, *3*(4). https://doi.org/10.37706/ijaz.v3i4.108

Azizah, S. N. (2018). *Analysis of Zakat Practice as a Taxable Income Deduction (Case Study of Baznas Semarang City)*. Universitas Islam Negeri Walisongo.

Bahri, A. (2017). Zakat as Tax on the Perspective of Islamic Law. *HUNAFA: Jurnal Studia Islamika*, *14*(2). https://doi.org/10.24239/jsi.v14i2.487.253-274

Bakar, A. A. A. (2014). Zakat Management and Taxation. *IBFIM*.

Bremer, J. (2013). Zakat and Economic Justice : Emerging International Models and their Relevance for Egypt. *Third Annual Conference on Arab Philantrophy and Civic Engagement*.

Cresswell, J. W. (2012). *Educational Research: Planning, Conducting, and Evaluating Quantitative and Qualitative Research*. Pearson.

Darapar, M. Z., & Haron, R. (2022). Income Zakat Collection Through Salary Deduction in Selangor. A Proposed Framework for Sustainability. *AZKA International Journal of Zakat &*

Social Finance. https://doi.org/10.51377/azjaf.vol3no3.133

Djafar, Mukhtar Lutfi, Rahmawati Muin, & Sugianto. (2023). Zakat Management in Countries that Require Zakat and Countries That Do Not Require Zakat. *Formosa Journal of Sustainable Research*, *2*(2). https://doi.org/10.55927/fjsr.v2i2.3076

Djatmiko, H. (2019). Re-formulation zakat system as tax reduction in Indonesia. *Indonesian Journal of Islam and Muslim Societies*, *9*(1). https://doi.org/10.18326/ijims.v9i1.135-162

Drake, M. S., Hess, R. V., Wilde, J. H., & Williams, B. M. (2022). The Relevance of Non-Income Tax Relief*. *Contemporary Accounting Research*, *39*(3). https://doi.org/10.1111/1911-3846.12781

e Hassan, I., Naeem, A., & Gulzar, S. (2021). Voluntary tax compliance behavior of individual taxpayers in Pakistan. *Financial Innovation*, *7*(1). https://doi.org/10.1186/s40854-021-00234-4

Editor of Infoaceh.net. (2023). *Ministry of Finance Initiates Completion of the tax-deductible Zakat RPP*. News.

Emzaed, A. M., Kamsi, & Lubis, A. A. A. M. R. (2020). A politics of recognition: The legislation of zakat law in a transition of new order and reform era. *Ulumuna*, *24*(2). https://doi.org/10.20414/ujis.v24i2.404

Emzaed, A. M., Pelu, I. E. A. S., & Tokhirov, S. (2023). Islamic Law Legislation in Indonesia: Anomalies of the Relationship between Political Configuration and Zakat Legal Product during the Reform Era. *Al-Manahij: Jurnal Kajian Hukum Islam*, *17*(1). https://doi.org/10.24090/mnh.v17i1.7815

Fathullah, R. (2021). *Implementation of Zakat as a Taxable Income Deduction with Payroll System at Lazismu Center*. Universitas Islam Negeri Syarif Hidayatullah.

Febriyanti, N. (2021). Enhancing the Effectiveness of the Zakat Management System to Reduce Taxable Income for Muslim Communities in East Java. *Al-Risalah: Forum Kajian Hukum Dan Sosial Kemasyarakatan*, *21*(2). https://doi.org/10.30631/alrisalah.v21i2.821

Fitriani, A. (2024). How Zakat Responds to the Global Recession? An Implementation From Indonesia's National Zakat Regency (BAZNAS). *Journal of Islamic Philanthropy and Disaster (JOIPAD)*, *3*(2). https://doi.org/10.21154/joipad.v3i2.7287

Fitriya. (2023). *Tax Deductible Zakat: Attach Proof of Deposit in Tax Return*. Klikpajak.Id.

Handayani, R. (2021). *Categories of Zakat as Taxable Income Deduction*. Pajak.Com.

Hannani, H. (2023). Zakat for Mama Biang in Maluku, Indonesia: Ulama Opinion on Fisabilillah in the Perspective of Islamic Legal Anthropology. *Samarah*, *7*(2), 830–847. https://doi.org/10.22373/sjhk.v7i2.17044

Harahap, L. R. (2018). Zakat Fund As The Starting Point Of Entrepreneurship In Order to Alleviate Poverty (SDGs Issue). *Global Review of Islamic Economics and Business*, *6*(1). https://doi.org/10.14421/grieb.2018.061-05

Hasan, K. N. S. (2019). Legal aspects of zakat empowerment in Indonesia. *Sriwijaya Law Review*, *3*(1), 59–74. https://doi.org/10.28946/slrev.Vol3.Iss1.217.pp59-74

Hasan, Z. A., Noor, A. H. M., & Othman, A. (2017). Attitude, economic hardship and organizational inadequacy: Cost of compliance in zakat income. *Journal of Islamic Philanthropy & Social Finance*, *1*(2).

Herianingrum, S. (2024). Zakat as an instrument of poverty reduction in Indonesia. *Journal of Islamic Accounting and Business Research*, *15*(4), 643–660. https://doi.org/10.1108/JIABR-11-2021-0307

Hudayati, A. (2023). The effect of board of directors and sharia supervisory board on zakat funds at Islamic banks in indonesia. *Cogent Business and Management*, *10*(2). https://doi.org/10.1080/23311975.2023.2231206

Ibrahim, N., & Mahmod, S. (2023). The Disclosure of Zakat by Islamic Banks (IBs) and Development Financial Institutions (DFIs) in Malaysia. *The Journal of Muamalat and Islamic Finance Research*. https://doi.org/10.33102/jmifr.505

Jolley, J., & Jolley, J. (2020). Qualitative research in practice. In *Introducing Research and Evidence-Based Practice for Nursing and Healthcare Professionals*. https://doi.org/10.4324/9780429329456-10

Kasim, M., Berma, M., Nga, J., & Hasan, S. (2018). Philanthropy and the Third Sector in Malaysia: Overview, Extent, Activities, and Impacts. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3010039

Khoiri, N., Srg, R. S., & Izhar, I. (2021). Implementation of Zakat Mal Management Based on Law Number 23 Year 2011 in Institution Amil Zakat Muhammadiyah, Medan City. *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, *4*(1). https://doi.org/10.33258/birci.v4i1.1711

Kurniasari, E. (2024). Muzakki Preference Analysis to Pay Zakat Through Traditional Zakat Institutions in the 5.0 Era. *KnE Social Sciences*. https://doi.org/10.18502/kss.v9i2.15016

Lestari, D. A., & Fajar. (2023). Implementation of Zakat Policy as an Income Tax Deduction Element in BAZNAS Jombang Regency. *JOLSIC*, *11*(2), 60–68. https://doi.org/https://dx.doi.org/10.2096 1/jolsic.v11i2.78121

Liu, X., & Li, Y. (2022). 3.1 Qualitative research methodology. In *From continuing professional development to classroom practice: on the journey of teachers in Chinese private kindergartens*. https://doi.org/10.2478/9788366675421-014

Mariah. (2011). *Zakat as a Deduction for Taxable Income (Study on the Implementation of Zakat Law in Bekasi Regency)*. Universitas Islam Negeri Syarif Hidayatullah.

Mhanna, J. S. (2019). Zakat and its Role in The Development of Countries' Resources. *Journal of Islamic, Social, Economics and Development (JISED)*, *4*(21).

Mohd, M. A., Mohd, A., Afiq, D., Khamar, B., Adib, T., Bin, I., Faris, S., Faisal, R. B., Nik, S., Farith, M., Nik, A. B., Wan, A., Syafiq, M., Wan, B., & Zaman, Z. (2017). Factors That Influence the Zakat Collection Funds: A Case In Kuantan. *South East Asia Journal of Contemporary Business, Economics and Law*, *13*.

Muhammad, I., & Nor, N. S. M. (2021). The empirical evidence on taxpayers' intention to claim zakat payment as a tax rebate. *International Journal of Business and Society*, *22*(2). https://doi.org/10.33736/ijbs.3748.2021

Mujiatun, S. (2018). Model of Professional Zakat Management in Indonesia. *International Journal of Economics, Business and Management Research*, *2*(4).

Munandar, A. (2021). Do Zakat And Tax Payment Increase Islamic Organization Performance? *Academy of Accounting and Financial Studies Journal*, *25*(3).

Nizar, M. A., Ngasuko, T. A., & Hanifah, A. (2018). *Literature Review on Zakat as Tax Credit*. Article.

Nurhayati, S., & Siswantoro, D. (2015). Factors on Zakat (Tithe) Preference as a Tax Deduction in Aceh, Indonesia. *International Journal of Nusantara Islam*, *3*(1). https://doi.org/10.15575/ijni.v3i1.133

Patel, H. (2023). Analysis Of Tax Avoidance Crimes According To Tax Law And Criminal Law In Indonesia. *Journal Transnational Universal Studies*, *1*(1). https://doi.org/10.58631/jtus.v1i1.3

Peprah, C., Abdulai, I., & Agyemang-Duah, W. (2020). Compliance with income tax administration among micro, small and medium enterprises in Ghana. *Cogent Economics and Finance*, *8*(1). https://doi.org/10.1080/23322039.2020.1782074

Qardawi, Y. (1998). *Zakat Law*. PT. Pustaka Litera Antar Nusa.

Rahmah, F. (2021). Analysis of the Effectiveness of Zakat Policy as a Deduction of Taxable Income. *BIFEJ: Borneo Islamic Finance And Economics Journal*, *1*(2), 169–180.

Riani, D. (2024). Efficiency and Stability of Zakat Institutions in Malaysia and Indonesia: DEA Window Analysis. *TEM Journal*, *13*(1), 303–314. https://doi.org/10.18421/TEM131-32

Ritonga, M. A., & Mahyudin, E. (2020). *Review of Zakat, Infaq, and Shadaqah as a Similar Terminology*. https://doi.org/10.5220/0009917608010808

Sawmar, A. A., & Mohammed, M. O. (2021). Enhancing zakat compliance through good governance: a conceptual framework. *ISRA International Journal of Islamic Finance*, *13*(1). https://doi.org/10.1108/IJIF-10-2018-0116

Setianingrum, A., Rusydiana, A. S., & Fadhilah, P. R. (2019). Zakat as a Tax Credit for Raising Indonesian Tax Revenue. *International Journal of Zakat*, *4*(1). https://doi.org/10.37706/ijaz.v4i1.110

Siswantoro, D., Nurzaman, M. S., Nurhayati, S., Munandar, A., Ismail, A. G., & Mohamad, N. (2022). Factors Determining Zakat Rebate Preferences in Malaysia: Zakat as Tax Deduction. *Academic Journal of Interdisciplinary Studies*, *11*(2).

https://doi.org/10.36941/ajis-2022-0039

Syahbandir, M., Alqarni, W., Abbas, S., Ali, B., & Samad, F. (2022). State and Islamic Law: A Study of Legal Politics on Zakat as a Tax Deduction in Aceh. *Ahkam: Jurnal Ilmu Syariah*, *22*(1). https://doi.org/10.15408/ajis.v22i1.26200

Thayeb, D., & Kamello, D. (2015). Conflict Setting Between Zakat as a Deduction of Income Tax (Taxes Credit) and Zakat as Deduction of Taxable Income (Taxes Deductable) (A Research in Aceh Province, Indonesia). *IOSR Journal of Economics and Finance Ver. I*, *6*(2).

Usman, M. (2023). Zakat Distribution for Handling Transgender in Indonesia: A Perspective of Maslāhah Mursalah. *Samarah*, *7*(1), 357–376. https://doi.org/10.22373/sjhk.v7i1.16934

Yahya, I., Sahidin, S., Rohayana, A. D., Ananda, M. A., & Sopyan, Y. (2024). The Effectifity of The Payroll System in Increasing Potential and Zakat Collection in Indonesia. *International Journal of Islamic Business and Economics (IJIBEC)*, *8*(1), 127–139. https://doi.org/10.28918/ijibec.v8i1.6914