

Transparency of Zakat Funds to Increase Public Trust in Zakat Institutions

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ABSTRACT

Zakat management institutions need to be evaluated and can provide transparency and accountability of funds to the public. This study aims to determine the pattern of management of zakat funds in zakat management institutions. This study uses a qualitative descriptive method. The study involved the amil zakat institution in the district of sleman, the province of the special region of Yogyakarta. Data were obtained using interviews, observations, and literature studies on research problems. Data analysis used the Miles and Huberman model, namely data reduction, data tabulation, data presentation, and conclusion. The results show that a transparent income and expenditure report will increase the number of funds collected and facilitate the distribution of zakat evenly. In addition, the transparency of zakat funds will increase public trust in zakat institutions. Therefore, this research is expected to provide an overview of zakat institutions to be transparent and accountable for the funds obtained and distributed.

Keywords: Regulation Policy, Zakat, Financial Institutions, Transparency, Accountability, Muzzaki

INTRODUCTION

Zakat in Indonesia has been regulated in Law no. 23 of 2011, which changed the position of zakat managers (Kasim, 2018; Saidurrahman, 2013). The level of transparency and divinity of the Zakat Fund Management Agency is very high by all parties, especially muzak and the surrounding community. Professionally managed zakat institutions will improve all zakat management programs brilliantly (Basir et al., 2017). Zakat institutions must provide information to the public about the virtues of zakat. Assets above the nisab limit net assets owned above the obligation to pay zakat (Ashraf & Rauf, 2020). A transparent acceptance and spending report will increase muzakki's confidence (Jaffri et al., 2016; Roziq et al., 2021).

The potential of zakat funds raised is proven to help educational scholarships, provide health compensation, disburse productive economic capital, construct

places of worship, and help care for the poor and converts (Widiastuti et al., 2018). Zakat funds are increasingly being used for sustainable poverty alleviation (Müller, 2017). Therefore, zakat institutions in managing zakat must ensure that *asnaf* as a qualified group, get the same opportunity for zakat funds. Formulating regulations related to the model and managing zakat funds must be evaluated (Hasan et al., 2019). Moreover, in the digital era, such as today, zakat management institutions have been transparent and accountable. The application of an intelligent system for applying zakat is needed (Hardiyanto et al., 2018). If not appropriately managed, Zakat will reduce the value of reducing poverty in the Muslim community (Cokrohadi-sumarto et al., 2020; Gamon & Tagoranao, 2018). Unfortunately, generating distribution tasks is very difficult to achieve a desired or intended to be obstacle. However, zakat institutions relentlessly make all efforts to decentralize

sustainable responsibility (Al Haq & Abd. Wahab, 2017). Financial management with a resource management system can increase the economic impact of the company (Kostyrin, 2020). Financial literacy is a strategy and initiative to obtain financial information (Alnassar, 2020).

Zakat management requires commitment from the government, zakat institutions, and the community (Hamid & Hamid, 2020; Kusriyah, 2020; Lubis & Azizah, 2018). The government must be proactive in collecting and distributing zakat funds following applicable regulations (Owoyemi, 2020). The muzakki will abandon zakat institutions managers who are not transparent and accountable. Good financial management can show the performance of zakat management (Al-Matari & Al-Hebry, 2019). Caliph is responsible to Allah regarding the management of zakat and its payment. All deeds will be examined later in the afterlife and have a lasting impact forever (Nahar, 2018).

Zakat management can use digital technology to make it easier for zakat managers (Firdaus et al., 2019; Setiawan et al., 2019; Sukmana et al., 2017). The Zakat Institution does not carry out a notification mechanism for zakat collections because the KPP issues a tax bill. Our law does not regulate and does not apply zakat as a tax deduction for Muzaki. Moreover, Zakat institutions do not provide Annual SPT via e-filling from the tax office email. Finally, it can be assumed that managers in zakat institutions lack poor managerial and administrative experience (Ahmad, 2019). At the same time, zakat managers have the right to ensure that all eligible groups, the eight asnaf, must receive zakat funds from zakat payers (Taha et al., 2017).

Zakat institutions must be productive in utilizing and practicing zakat accounting or recording (Alim, 2015). Empowerment and good management of zakat organizations will affect the institution's image in the public's eyes (M.

O. A. Mustafa et al., 2013; M. Z. Mustafa et al., 2019). Accountability and transparency of zakat funds are beneficial for muzakki as fund donors. Zakat institutions can raise the image of Islam correctly and implement transparency with Islamic guidelines (Kashif et al., 2018). Accountability systems and practices of zakat institutions that have been fully understood will facilitate the identification of various causes of inefficiency in the distribution of zakat. This study aims to determine the pattern of management of zakat funds in zakat management institutions.

RESEARCH METHOD

This study used the descriptive qualitative method. The study involved the *amil zakat* institution in the district of sleman, the province of the special region of Yogyakarta. Data were obtained using interviews, observations, and literature studies on research problems. Interviews were conducted with the head of BAZNAS, Sleman Yogyakarta district, assistants who collaborated with BAZNAS, and the community or must-hike to collect complex information, most of which contained personal opinions and attitudes, and experiences. Data analysis used the Miles and Huberman model, namely data reduction, data tabulation, data presentation, and conclusion. The flow of the research can be seen in Figure 1.

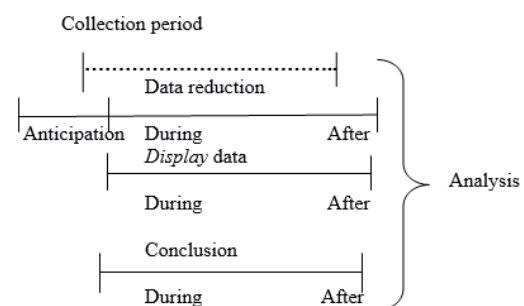


Figure 1. Research flowchart

RESULTS AND DISCUSSION

The government has made Law of the Republic of Indonesia Number 38 of 1999 concerning the Management of Zakat. Accordingly, this policy is contained in the Law of the Republic of Indonesia Number 38 of 1999 concerning the Management of Zakat, which is contained in Article 14:

"Zakat that has been paid to *amil zakat* bodies or *amil zakat* institutions is deducted from the taxable residual income/income of the taxpayer by the applicable laws and regulations."

Zakat as a deduction from taxable income" since the enactment of Decree No. DGT No. KEP-163 / PJ / 2003 as a guide for the treatment of zakat on income in calculating income taxable income, which explains article 4 paragraph (3) letter a.1. Law of the Republic of Indonesia Number 36 of 2008 concerning Income Tax has been passed, according to the results of an interview with Nurul Amri in August 2020.

The payment of zakat is not through OPZ, which the government has legalized, be it BAZ or LAZ, but is paid directly to mustahiq and *amil zakat* institutions whose establishment is not legalized by the government, for example, mosque zakat management institutions. First, it is still *infaq* and *sadaqah* from Muslim civil servants within the local government, as mentioned in the Regent Decree No. 172 Years. 1993. Second, zakat is planned to target entrepreneurs at the regency level or others in the district. Sleman, through an approach through the Chairman of KADIN (Chamber of Commerce and Industry) or the Office of the Economy, "said Drs Kriswanto early month of 2021."

Supervision is carried out by internal organizations that are members of a special team. Second, BAZIS activities are open to community supervision and functional supervision (from the supervisor). The management reports to the accountability. First, the coach is made

and submitted at the end of each calendar year. Second, all muzakki, munafiq, and mustahiq delivered once every six months, in June and December, were delivered during interviews with Drs Kriswanto in September 2020.

The effectiveness and efficiency of work supporting the activities of BAZIS Sleman Regency have the following performance: First, every BAZIS activity in determining the law related to BAZIS policies and activities if deemed necessary is stipulated by the MUI fatwa. Second, all receipts, collection, distribution, and utilization are well recorded. Third, all BAZIS activities are made an accountability letter report to the supervisor at the end of each year and temporarily for Muzakki, Munfiq, and Mushdiq. Fourth, in carrying out its duties, BAZIS always coordinates in and out related to the management of zakat, as stated by Drs Kriswanto in early 2021.

The management reports to the accountability; first, the coach is made and submitted at the end of each calendar year. Second, all muzakki, are delivered every six months, in June and December. This was stated by the source person Drs Kriswanto a few months ago.

Table 1. The results of interviews with resource persons:

Question	Answer	Assumption Answers
Will zakat be deducted after profit of the mustahik taxpayer (PNS)?	According to the guidelines for the treatment of zakat on income in the calculation of income taxable	4 Rd
Do mustahik (PNS) pay zakat to government-appointed institutions?	Zakat payments are not through OPZ, which the government has approved	3 Rd
Have the Sleman regional government civil servants paid zakat through BAZ / LAZ?	Not all of them, while they are still <i>infaq</i> and <i>sadaqah</i> from Muslim civil servants within the local government	3 Rd

Question	Answer	Assumption Answers
Is the zakat accountability report reported every month?	Delivered once every six months, in June and December	3 Rd
Is the recording of the zakat activity orderly and neat?	Receipt, collection, distribution, and utilization are well recorded.	5 Rd

Information:

Scale: 1 = strongly disagree; 2 = disagree; 3 = disagree; 4 = agree; 5 = totally agree

The reality that happens, a muzakki does not care about the performance of zakat management institutions, let alone the concept of transparency and accountability is not so important to them. Accountability is an element that can improve the performance of a system to be healthier. The community, in this case, is a candidate muzakki new who wants to start paying zakat to the zakat management institution is certainly not as simple as one can believe if the management is not good. This concept of accountability can be improved if the public believes that disclosure of information becomes the organization's social responsibility and has legal consequences (Al-Khater & Naser, 2003). There is a sense of worry, doubt, and disbelief about whether the zakat paid can be channeled correctly if there is no transparent routine report on the receipt and distribution of zakat. There will be many adverse consequences if it turns out that the Muslim community is worried about it (Akhyar Adnan & Barizah Abu Bakar, 2009). Zakat management must pay attention to risk management (Puteri Nur Farah Naadia & Khairuddin, 2021; Winingsih & Sulistiono, 2020)

Muzakki data of entrepreneurs left unarchived properly will reduce muzakki trust in zakat management institutions. Zakat management institutions should remain professionally accountable for zakat funds that are mandated to be appropriately managed. There is transparent accountability so that zakat

management institutions can exist and act as accountable institutions in the long term. A good report delivered to muzakki will increase the income of zakat receipts so that the zakat management institutions will be easier to distribute to must hike, and internally, the managers, in this case, will work more professionally and increase welfare for them. The model generated from this research will support government programs in managing zakat funds. The reform of zakat funds management must be introduced properly to the public (Adnan et al., 2019). The Qur'an even emphasizes repeatedly the obligation to pay zakat for all Muslims and remembers that those who do not fulfill their zakat obligations will receive severe punishment on the Day of Judgment.

CONCLUSION

Reports of receipts and expenditures made transparently will increase the number of funds collected and facilitate the distribution of zakat evenly. The performance of *amil zakat* will increase because the amount of fund management is directly related to rights along with the increase in *amil*. Optimal spending and targeted distribution help government programs, of course, the community will be helped to carry out development programs both materially and spiritually. Zakat management institutions that are not transparent and accountable will be abandoned by muzakki. The transparency of zakat funds will increase public trust in zakat institutions. This research is expected to provide an overview of zakat institutions to be transparent and accountable for the funds obtained and distributed.

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