

The Relationship Between Zakat and Poverty: A Comparative Study of Zakat and Poverty in Indonesia and Malaysia

Sokhikhatul Mawadah¹, Anugallakata Nea Sasgapata Kurniawan²
UIN Walisongo Semarang ^{1,2}

Paper was presented at the 8th International Conference of Zakat (ICONZ)
17 - 19 December 2024, Bandung, Indonesia

ABSTRACT

This article discusses the relationship between zakat and poverty, and compares the development of zakat in Indonesia and Malaysia. Zakat, as an obligation for every Muslim who has assets that have reached the nishab, has an important role in reducing poverty and improving community welfare. Through effective zakat management, zakat funds can be used to fulfill the basic needs of the poor, such as food, education, and health, as well as for community economic empowerment. This research also shows that poverty is a complex condition that requires serious attention from the government and society. In this context, zakat functions as a wealth redistribution instrument that can help overcome structural poverty. In addition, a comparison between the zakat management system in Indonesia and Malaysia reveals that Malaysia has a more effective and mandatory regulation, which has an impact on increasing public awareness in paying zakat. The results of this study are expected to provide insights for better and effective zakat management, as well as a significant contribution in poverty alleviation efforts in both countries.

Keywords: Zakat, Poverty, Indonesia, Malaysia

INTRODUCTION

Zakat, as an obligation for every Muslim who has assets that have reached the nishab, has an important role in reducing poverty and improving community welfare. Through effective zakat management, zakat funds can be used to fulfill the basic needs of the poor, such as food, education, and health, as well as for community economic empowerment. Poverty is a complex condition that requires serious attention from the government and society. In this context, zakat functions as a wealth redistribution instrument that can help overcome structural poverty. In addition, a comparison between the zakat management system in Indonesia and Malaysia reveals that Malaysia has a more effective and mandatory regulation, which

has an impact on increasing public awareness in paying zakat. The results of this study are expected to provide insights for better and effective zakat management, as well as a significant contribution in poverty alleviation efforts in both countries.

Several studies have been conducted in discussing the relationship between zakat and poverty, among others:

1. Research conducted by Harahap, et al, 2022

In Harahap's research, it is explained that poverty in North Sumatra Province currently does not have a strong strategy from the government to solve the problem of poverty for the people of Indonesia in favor of the poor. The development of zakat funds, economic growth, and poverty that occurred in North

Sumatra Province from 2009 to 2019 fluctuated greatly. Based on BPS data and BAZNAS North Sumatra funds that zakat distributed to the poor in North Sumatra province from year to year continues to increase, while if it is considered in terms of economic growth it does not experience a significant increase. Economic growth from 2009 to 2013 increased by 1% and in 2014 to 2019 experienced a decline. Furthermore, poverty in North Sumatra has decreased from 11.51 in 2009 down to 8.83, meaning that the distribution of zakat funds has an impact on reducing the poverty rate in North Sumatra. Based on the data of zakat funds distributed to the poor in North Sumatra Province for the period 2009-2019, it has increased in 2017-2019. However, economic growth in North Sumatra Province has decreased and poverty has increased in 2011-2012. (Harahap et al., 2022)

2. Research conducted by Beik, 2009

Zakat is able to reduce the number of poor families from 84 percent to 74 percent. From the aspect of poverty depth, zakat is also proven to be able to reduce poverty gap and income gap, which is indicated by the decrease of P value from Rp 540.657,01 to Rp 410.337,06 and I value from 0,43 to 0,33. While in terms of the severity of poverty, zakat is also able to reduce the severity of poverty as indicated by the decrease in the value of Sen Index (P2) from 0.46 to 0.33 and the value of FGT index from 0.19 to 0.11. The existence of productive zakat analyzes the allocative and stabilizing functions of zakat in the economy. The allocative function of zakat is expressed as a tool or instrument to fight poverty. In its distribution pattern, zakat is not only given in the form of goods, but also in the form of productive zakat. consumption but also in the form of production goods. This is done when

the mustahik has the capacity and ability to process and carry out production activities. (Beik, 2009)

3. Research conducted by Turnando and Zein 2019

Research conducted by Tuirnando and Zein aims to determine the effect of zakat on improving the welfare of mustahiq in BAZNAS South Tapanuli. The results showed that zakat affects the improvement of mustahiq welfare. Based on the coefficient of determination test, zakat is able to influence the improvement of mustahiq welfare by 63.5% while the remaining 36.5% is influenced by other factors. Based on the research results $t_{count} > t_{table}$ ($3.020 > 1.655$) and significance ($0.003 < 0.05$) then H_a is accepted. So that there is an influence between zakat and mustahiq welfare. So it can be concluded, that the provision of zakat has a significant influence on the welfare of mustahiq at the South Tapanuli National Amil Zakat Agency. (Turnando & Zein, 2019)

4. Research conducted by Fatimah, 2019

The research conducted by Fatimah aims to determine the effect of zakat collection on zakat distribution and also the effect of zakat distribution on poverty reduction in Indonesia. The sample of this study amounted to 98 data on the collection, distribution of zakat, and poor people from 34 provinces in Indonesia. The research results include: 1. Zakat collection affects the distribution of zakat. 2. Zakat distribution affects poverty reduction in Indonesia. 3. The distribution of zakat in Indonesia must be maximized productively, because only with productive zakat can poverty be reduced. (Fatimah, 2019)

5. Research conducted by Romdhoni, 2017

There is a positive influence between the utilization of LAZ "An-Naafi" Boyolali productive zakat

program on mustahiq income. That mustahiq income is influenced by the utilization of productive zakat with a large contribution of influence is 30.5%. The rest is influenced by other factors. This can be seen from the development of income and the fulfillment of mustahiq needs after participating in the LAZ “An-Naafi” Boyolali productive zakat utilization program which can also be used for business capital. In other words, mustahiq income (from zakat funds) increases. (Romdhoni, 2017)

6. Research conducted by Putri, et al, 2020

The distribution of zakat funds channeled to the community is proven to reduce the poverty rate. It means that the distribution of funds by BAZNAS institution to the community has shown its consistency so that it has succeeded in reducing the poverty rate in West Sumatera. Zakat has the potential to reduce poverty in West Sumatera. This is supported by the awareness of the people of West Sumatera who have a majority Muslim population who comply with the obligation to pay zakat. The higher the zakat fund distributed, the more it will reduce the poverty rate. In line with the Minangkabau people who have a culture that understands the rules of culture and religion, namely adat which is based on sharia known as “Adat Basandi Syara’, Syara’ Basandi Kitabullah” (Putri et al., 2020).

METHODOLOGY

This research is a qualitative research with a library approach. Data is taken from secondary data through the web, articles, journals, books and the like. This research compares zakat and poverty between two countries, namely Indonesia and Malaysia. Things that are compared include: zakat management systems,

regulations and policies, public awareness and participation, socio-economic impacts and innovation and technology

RESULT AND DISCUSSION

Zakat

Tawhid is a basic principle in Islam that states that only Allah (God) has the right to be worshipped. This relates to the belief that Allah is the creator of all things and humans are responsible for managing the world well. In Islam, all human actions will be accountable to Allah, both in daily life and in economic affairs. Therefore, the Islamic economic system emphasizes the management of property in accordance with Islamic principles, one of which is the obligation to pay zakat. (Nadzri et al., 2012)

Zakat, in the Islamic view, has a very rich meaning. According to Qardhawi, in language, zakat contains positive meanings such as blessing, growth, development, cleanliness, and neatness. However, in the religious context, zakat has a deeper meaning. Zakat is an obligation for every Muslim who has assets that have reached the *nishab* (a certain limit) to spend some of their assets to the rightful groups. (Johari et al., 2014). Apart from being an act of worship, zakat also has very important social and economic functions. Zakat helps reduce social inequality, improve community welfare, and encourage economic growth. By paying zakat, a Muslim not only cleanses his wealth, but also purifies his soul. (Johari et al., 2014)

According to the Hanafiyah Fiqh scholars, zakat is a program to fulfill the obligation to spend assets with certain terms and conditions and reach the *nishab*. Meanwhile, the Malikiyah Fiqh scholars stated that zakat is the issuance of certain assets from certain assets. The Syafiiyah Fiqh scholars see zakat as the activity of releasing certain assets with certain conditions to be given to the rightful recipients. Meanwhile, according to

Hanbali scholars, zakat is the obligation to spend some of the property to be given to the rightful people at certain times (Hariyanto et al., 2020).

The scholars of the various madhhabs have slightly different views on zakat, but all agree that zakat is an obligation to spend some of the wealth with certain conditions to be given to the rightful at a certain time.

Table 1. National Collection Growth in 2022 per Type of Zakat Manager

No.	Type of Zakat Manager (ZM)	Total ZM	Collection Amount (IDR)		Growth
			2021	2022	
1	BAZNAS	1	517,594,705,948	633,868,137,321	22.46%
2	Provincial BAZNAS	34	585,593,472,559	721,158,129,685	23.15%
3	BAZNAS Regency/City	514	1,696,374,808,183	1,761,464,987,373	3.84%
4	National LAZ	36	3,933,434,777,667	3,344,534,055,159	-14.97%
5	Provincial LAZ	30	334,571,470,587	277,605,406,294	-17.03%
6	LAZ Regency/City	57	178,896,761,710	144,587,951,632	-19.18%
7	ZIS-DSKL <i>Off Balance Sheet</i>		6,975,536,610,472	15,592,436,811,208	123.53%
Total		672	14,222,002,607,126	22,475,655,478,672	58.03%

Source: (Badan Amil Zakat Nasional, 2023) processed, 2024

Table 1. shows a positive growth in zakat collection in Indonesia in 2022 compared to 2021. The biggest growth is seen in Provincial BAZNAS and Off Balance Sheet ZIS-DSKL, while

Regency/City LAZ experienced a decrease in collection. The significant total growth (58.03%) indicates an increase in public awareness and participation in paying zakat as well as the effectiveness of zakat management institutions.

Table 2 Muzaki Growth Data in 2022 Per Zakat Manager

	Muzaki Service Performance (People)		Growth
	2021	2022	
Total	10,183,672	21,646,732	112.6%

Source: (Badan Amil Zakat Nasional, 2022) processed, 2024

The data listed in Table 2. is the data as of March 7, 2023. The number of muzaki in 2021 refers to the total number of individuals registered as muzaki in the SiMBA system, while the number of muzaki in 2022 indicates the number of individuals who have actively paid zakat through the ZIS-DSKL system.

Table 2. indicates a very significant increase in the number of muzaki between

2021 and 2022. The growth of 112.6% indicates an increase in awareness and participation in paying zakat. This may also reflect improvements in the performance of zakat management institutions in terms of services, increased access, and more effective management so as to attract more muzaki. This growth is a positive indicator for the development of the zakat system in Indonesia.

Table 3 Growth of Mustahik Recipients of National Distribution and Utilization in 2022

	Mustahik Service Performance (People)		Growth
	2021	2022	
Total	28,050,848	33,952,469	21.0%

Source: (Badan Amil Zakat Nasional, 2022) processed, 2024

The data listed in Table 3. is data as of March 7, 2023. Based on Table 3, it can be concluded that there was a significant increase in the performance of mustahik services from 2021 to 2022, with a growth of 21%. The number of mustahik increased

from 28,050,848 people in 2021 to 33,952,469 people in 2022, indicating an additional 5,901,621 zakat beneficiaries. This increase may indicate that the zakat distribution program is becoming more effective and wider in scope, thus able to reach more individuals in need.

Table 4 Malaysia's Zakat Collection Amount in 2022 (SPMJ JAWHAR, 2023)

Negeri	Total Collection (RM)	
	2021	2022
Johor	323,033,096.38	-
Kedah	-	252,250,187.78
Kelantan	209,988,475.00	228,219,483.00
Melaka	106,077,328.00	116,888,477.42
Negeri Sembilan	-	-
Pahang	186,733,529.07	214,386,878.96
Pulau Pinang	147,265,438.00	-
Perak	-	-
Perlis	-	-
Selangor	992,911,959.00	1,067,855,832.00
Terengganu	-	228,036,120.32
Sabah	122,458,982.03	133,427,075.97
Sarawak	114,724,987.00	116,390,973.00
Wilayah Persekutuan	708,623,134.93	928,302,963.05

Source: (Jabatan Wakaf Zakat dan Haji (JAWHAR), 2023b) processed, 2024

Table 4. reveals an increase in public awareness in paying zakat, but there is still potential that has not been optimally utilized in some areas. The success of

states such as Pahang, Terengganu, and Wilayah Persekutuan in increasing zakat collection can serve as an example for other regions.

Table 5 Number of Malaysian Zakat Recipients in 2022 (SPMJ JAWHAR, 2023)

Negeri	Total Recipients (Orang)	
	2021	2022
Johor	2,153,815	-
Kedah	-	169,480
Kelantan	101,560	89,956
Melaka	715,066	-
Negeri Sembilan	-	-
Pahang	1,170,640	1,163,672
Pulau Pinang	101,212	-
Perak	-	-

Perlis	-	-
Selangor	413,387	458,348
Terengganu	-	927,358
Sabah	1,633,175	1,661,551
Sarawak	-	-
Wilayah Persekutuan	1,305,043	333,987

Source: (Jabatan Wakaf Zakat dan Haji (JAWHAR), 2023a) processed, 2024

Table 5. shows significant fluctuations in the number of zakat recipients across different states in Malaysia. Some areas saw an increase in the number of recipients, indicating an increase in the need or effectiveness of disbursements. Conversely, some other regions experienced a decline.

Poverty

The concept of poverty is complex and multidimensional. Experts have proposed various definitions, ranging from lack of access to economic resources to the inability to fulfill basic needs such as food and clothing. Amartya Sen defines poverty as the inability of individuals to achieve basic functions in social life. In other

words, poverty is not only about material deprivation, but also about the limited ability to participate fully in society. (Bellù & Liberati, 2005)

Townsend defines poverty as a condition in which individuals or families do not have sufficient resources to achieve the standard of living generally accepted in their society. Poverty involves not only material deprivation, but also includes deprivation in terms of social relations, participation in community activities, and the ability to fulfill psychological needs. (Townsend, 1962)

Muslim scholar Qardhawi defines poverty as an economic condition in which a person has no property or income and must rely on others to meet their needs. (Zulkifli et al., 2021)

Table 6. Poverty Lines by Region in Indonesia, March 2021-March 2022 (IDR/Capita)

Year	Poverty Line		
	Urban	Rural	Perkotaan + Perdesaan
2021	489,848	450,185	472,525
2022	521,494	484,209	505,469

Source: (Santi et al., 2022; Taufiq et al., 2021) processed, 2024

Based on the data in Table 6, it can be concluded that there is a tendency for the poverty line to increase in both urban and rural areas in 2022 compared to 2021. This indicates that the basic needs of the Indonesian people to meet a decent

standard of living are increasing. The difference in poverty lines between urban and rural areas is still visible, although the difference is not too large. This condition shows that poverty alleviation efforts are still a complex challenge and require serious attention from the government.

Table 7. Poverty line in Malaysia in 2022 (RM/capita)

Negeri	Poverty Line	
	2019	2022
Johor	2,505	2,627
Kedah	2,254	2,271
Kelantan	2,139	2,297
Melaka	2,357	2,670
Negeri Sembilan	2,088	2,402
Pahang	2,270	2,480
Pulau Pinang	1,989	2,250
Perak	2,077	2,297
Perlis	1,967	2,140
Selangor	2,022	2,830
Terengganu	2,507	2,751
Sabah	2,537	2,742
Sarawak	2,131	2,618
W. P. Kuala Lumpur	2,216	2,816
W. P. Putrajaya	2,128	2,450
W. P. Labuan	2,633	2,576

Source: (Department of Statistics Malaysia, 2023) processed, 2024

Table 7. shows a significant increase in almost all states. This indicates that the cost of living in Malaysia has increased in recent years. However, there is considerable disparity between the poverty lines in different regions. States with large urban centers such as Selangor, Kuala Lumpur, and Labuan generally have higher poverty lines compared to rural areas.

Relationship between Zakat and Poverty

The relationship between poverty and zakat in the context of Islamic economics is very close, where zakat is seen as one of the important instruments to reduce poverty. In Islamic teachings, zakat is an obligation for every Muslim who is able to give some of their wealth to those in need, including the poor. There are various ways to alleviate poverty. One of the ways that must be done from the start to overcome the poverty that is wrapped around the community is by realizing the needs of the poor. economic order. The economic order that allows the birth of a fair distribution sistem, encourages the birth of concern from people who have (aghniya') towards the poor, poor, duafa

and mustadh'afin. One form of aghniya' concern is their willingness to pay zakat and give shadaqah. Zakat is an obligatory expenditure of wealth, while infaq and shadaqah are sunnah. In the economic context, both zakat, infaq and sadaqah are forms of wealth distribution among fellow humans. Moreover, zakat has a very strategic function in the context of the economic system, namely as an instrument of wealth distribution. (Al Arif, 2010)

Some expert opinions that explain the relationship between poverty and zakat include:

1. Zakat as an Instrument of Wealth Redistribution

Zakat serves as a means of redistributing wealth from the rich to the poor. The aim is to reduce economic disparities and help those below the poverty line. (Al-Qaradawi, 2000) in his book "Fiqh al- Zakah" emphasizes that zakat can create social stability by reducing inequality and tension between social classes.

2. Reducing Structural Poverty

Zakat is expected to help reduce structural poverty by providing funds for the poor to meet their basic needs, such as food, education, and

health (Chapra, 1992) in his book "Islam and the Economic Challenge" states that a well-implemented zakat system will be able to break the cycle of poverty by providing opportunities for the less fortunate to rise from poverty. Zakat funds for the poor, for example, education costs, health costs, health infrastructure (ambulances, medicines and so on) and basic needs such as cheap groceries

3. Zakat for Economic Empowerment

In addition to meeting basic needs, zakat can also be used for economic empowerment, such as business capital for the poor. According to Abu Saud in Muhammad and Abu Bakar (Muhammad & Abubakar, 2011) stated that zakat not only functions as a form of direct assistance, but also as a tool to increase economic independence. An example is the provision of business capital for MSMEs, provision of agricultural tools and tools needed by fishermen, cheap fertilizer subsidies and so on.

4. The Importance of Zakat Management

According to Monzer Kahf in Sriwahyuni (Sriwahyuni, 2017) in his writing about zakat, effective zakat management is very important in ensuring that the funds collected can be distributed in a targeted manner and have a direct impact on poverty alleviation.

5. Source of Funding for Infrastructure and Development

According to (Sabiq & Hasanuddin, 2006), zakat is one of the sources of funds for the development of facilities and infrastructure that must be owned by Muslims, such as facilities for worship, education, health, social and economic. With zakat, it is expected that the development of facilities and infrastructure for Muslims will be better. If the development is good, indirectly poverty will be reduced.

Zakat and poverty are related to each other. According to the research results of Harahap, et al that zakat is able to erode the poverty of the people of North Sumatra. Poverty alleviation and economic growth can be maximized by professional management of zakat funds and making them productive. Zakat has an important role in the real world, both property zakat and zakat fitrah as the main means of communication from the people who are able to the people who are not able. (Harahap et al., 2022). With the means of zakat, there is an equal distribution of income so as to provide more welfare from the rich to the poor fairly. zakat can turn zakat recipients into zakat payers. (Hadi, 2010)

Optimal and productive management of zakat is able to grow the economic level and even zakat can reduce the problem of economic burden. (Turnando & Zein, 2019) In the economic approach, zakat develops into the concept of *muamalah* (society), which is the concept of how humans must carry out social life. With this approach, the entire paradigm of zakat with theological, spiritual, ethical-moral and socio-economic dimensions must be well integrated, in order to achieve maximum and optimal results in efforts to alleviate poverty and empower the people's economy. (Husuna & Lahaji, 2021)

The role of zakat in poverty alleviation is the concern of the aghniya' to pay zakat and give alms. In the economic context, zakat is a form of wealth distribution among fellow humans. (Atabik, 2015) If the entire If the rich people in various countries, especially Islamic countries or countries with a majority of Muslims, are willing to pay their zakat proportionally and distributed fairly

and equitably, poverty will be eliminated.

Comparison of Zakat Development in Indonesia and Malaysia

Some things that are compared include:

1. Zakat Management System

The national zakat management system in Indonesia is centralized in BAZNAS (Badan Amil Zakat Nasional). BAZNAS is a non-structural government institution that is independent and responsible to the President through the Minister of Religious Affairs. BAZNAS is domiciled in the national capital. The national BAZNAS oversees the provincial and regency/city BAZDA (Regional Amil Zakat Agency) and LAZ (Lembaga Amil Zakat) both in province and regency/city. The national zakat fund collection comes from several entities, as stated in the mandate of Law Number 23 Year 2011 on Zakat Management. The entities in question are BAZNAS RI, Provincial BAZNAS, Regency / City BAZNAS, National LAZ, Provincial LAZ, and authorized Regency / City LAZ, which have the obligation to report collection and distribution to BAZNAS. (Badan Amil Zakat Nasional Kabupaten Majalengka, n.d.)

The zakat management system in Malaysia is not centralized like BAZNAS in Indonesia but per fellowship area. Malaysia is a federated state consisting of 13 states and three federal territories namely Kuala Lumpur, Putrajaya and Labuan. The zakat management system in Malaysia is categorized into three types: corporate, semicorporate and full zakat management by the state. The corporate system means that the collection and distribution of zakat is managed by a corporation. The semi-corporate system means that the corporation only manages the zakat collection process while the distribution is handled by the state. (Ramur, 2020). The following are the names of zakat institutions in Malaysia:

Lembaga Zakat Selangor (LZS), Lembaga Zakat Negeri Kedah (LZNK), Pusat Pungutan Zakat (PPZ) Majlis Agama Islam Wilayah Persekutuan (MAIWP), Lembaga Zakat Pulau Pinang (ZPP), Majlis Agama Islam Johor (MAIJ), Lembaga Zakat Negeri Sembilan (LZNS), Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP), Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (MAIK), Tabung Baitulmal Sarawak and Majlis Ugama Islam Sabah (MUIS).

2. Regulation and Policy

Zakat regulations and policies in Indonesia there are several regulations or policies on BAZNAS. These policies include: public information regulation, zakat management regulation, BAZNAS regulation, regional BAZNAS regulation, LAZ regulation, UPZ regulation, zakat and tax relation and MUI Fatwa. In this article, the author focuses on the regulation of zakat management only. Zakat management regulations consist of laws, regulations, and decrees.

The first regulation of zakat management is the law. Found in the Law of the Republic of Indonesia Number 23 of 2011 concerning Zakat Management. How to manage zakat including infaq and sadaqah, what are the principles and objectives, how to collect, distribute, utilize and report. For distribution, zakat must be distributed to mustahiq according to Islamic sharia. The distribution of zakat is carried out based on a priority scale by taking into account the principles of equity, justice and territoriality.

The next regulation of zakat management is regulation. These regulations include: 1. Regulation of the Minister of Religious Affairs of the Republic of Indonesia Number 14 of 2014 on the Implementation of Law Number 23 of 2011 on Zakat Management, 2. Regulation of the Minister of Religious Affairs of the Republic of Indonesia Number 69 of 2015 on the Amendment to the Regulation of the Minister of Religious

Affairs Number 052 of 2014 on the Terms and Procedures for Calculating Zakat Mal and Zakat Fitrah as well as the Utilization of Zakat for Productive Enterprises and 3. Regulation of the Minister of Religious Affairs of the Republic of Indonesia Number 5 of 2016 on Procedures for Imposing Administrative Sanctions in Zakat Management.

The next regulation of zakat management is the Decree. These decisions include: 1. Decree of the Chairman of National Amil Zakat Agency Number 016 Year 2015 Regarding the Nishab Value of Zakat on Income or Profession in 2016. 2. Decree of the Chairman of National Amil Zakat Agency Number 142 Year 2017 Regarding the Nisab Value of Zakat on Income in 2017. 3. Decree of the Chairman of the National Amil Zakat Agency Number 036 of 2020 on the Nisab Value of Zakat on Income and Services and Income Not Subject to Zakat in Rupiah Decree of the Chairman of the National Amil Zakat Agency Number 014 of 2021 concerning the Nisab Value of Zakat on Income and Services in 2021.

Zakat regulations in Malaysia, we take data from research conducted by Irham Ramur (Ramur, 2020) and Muhammad Abid Bin Doll Kawaid (Kawaid, 2018) that there are several regulations on zakat in Malaysia. The regulation in question is based on these two studies, it does not rule out the possibility of many other regulations, but we do not list all of them. Some of these regulations include:

1) Income or Excise Tax Act 1967 Section 6A (1)

The regulation discusses the Malaysian government's policy of providing tax deductions to individual zakat payers through a scheduled tax deduction model or monthly deduction system.

2) Malaysian Legislative System Article 3 (4)

The sultán power of each state has a king or *Yang Dipertuan Agong* for territories that do not have a King, such as communal territories, there are differences in the management of zakat in each state

3) Malaysia Income Tax Law 1967 Chapter 6A (1)

That those who pay zakat are exempted from paying income tax according to the amount of zakat paid and applies and took effect from 1978.

Akta Administrasi Undang-Undang Islam (Wilayah-Wilayah Persekutuan) 1993. On the rules for those who do not pay zakat.

3. Community Awareness and Participation

How is the participation of zakat payments by the community to zakat institutions both in Indonesia and Malaysia. Has it increased or decreased. In this case the author, analyzes the audited BAZNAS financial statements from 2019 to 2022 on cash flow from operating activities, in the zakat recipient section.

Table 8. Zakat Revenue of BAZNAS (in Rupiah)

Operation Activity	2019	2020	2021	2022
Zakat receipts	248.342.677.327	305.347.256.942	448.110.950.330	546.395.565.583

Source: Laporan Keuangan BAZNAS processed, 2024

From Table 8. it can be seen that the number of BAZNAS zakat receipts from year to year has increased. It can be interpreted that public awareness of paying taxes is also increasing. Awareness of paying to official government-owned zakat institutions. If the zakat revenue increases, it can be assumed that public awareness in paying zakat also increases.

Based on research conducted by Masrura Muslih, 2024 that the factors that influence public participation in paying zakat at BAZNAS are factors of obligation, level of trust with a sense of security, and the availability of BAZNAS offices in every region in Indonesia. From the results of data analysis presented that these factors show a strong influence on the distribution of zakat through Baznas. When viewed from the partial test results that $t_{count} > t_{table}$ ($2.308 > 1.984$) and from the results of the determination test there is an influence of community participation in the distribution of zakat through BAZNAS although the effect is not too large only 25.2%. (Muslih, 2024)

According to Wira in Rahmat and Beik, 2022, public awareness in paying zakat in Malaysia is high, this is because zakat in Malaysia is mandatory. Based on the laws issued by the state that not paying zakat is a mistake that can be charged. (Rakhmat & Beik, 2022) Based on mandatory regulations, zakat management in Malaysia is more effective than Indonesia. (Purwatiningsih & Yahya, 2020) Mandatory regulation means rules or regulations that must be obeyed and applied. The implementation of this rule is not voluntary or optional, but must be followed by all parties involved. With the existence of mandatory regulations, it can be explained that the higher the level of regulation, the more significant it can be. zakat payment. (Munandar et al., 2019)

The management of zakat in Malaysia was initially under the Zakat Collection Center (PPZ) of the union territory in 1991. This is a form of

privatization of zakat institution that aims to improve the image of the institution, especially through the introduction and implementation of corporate values. (Hamid & Jusoh, 2016) Privatization of zakat institutions aims to optimize and effectively manage zakat funds. (Razimi et al., 2016) In addition, several states in Malaysia have also begun to form their own zakat institutions such as Lembaga Zakat Selangor (LZS) which was previously Pusat Zakat Selangor (PZS), Pusat Kutipan Zakat Pahang (PKZ), Pusat Zakat Negeri Sembilan (PZNS), Pusat Zakat Melaka (PZM), Lembaga Zakat Negeri Kedah Darul Aman (LZKNKA), Pusat Zakat Sabah (PZS), Pusat Pungutan Labuan (PPL), Tabung Baitulmal Sarawak (TBS), and the rest of the zakat management is still under the auspices of the Majlis Agama Islam. With more and more zakat institutions in Malaysia, it is hoped that public awareness in paying zakat will increase.

4. Socio-economic Impact

At this point, the author will elaborate on the impact of zakat on poverty alleviation and social development in both Indonesia and Malaysia. The main impact is to alleviate poverty, the other impact is social impact in the form of social stability such as reducing social inequality.

Good Zakat management requires the support of indicators as a measuring tool. The BAZNAS Welfare Index (IKB) is an index to measure the impact of a person's welfare condition from a poverty alleviation program intervention. Every year BAZNAS calculates the poverty alleviation rate carried out by Zakat Management Organizations (OPZ) throughout Indonesia. This year's poverty alleviation rate is calculated by multiplying the Poverty Indicator value by the population of poor mustahik assisted by OPZ during 2020. A total of 44% of poor mustahik were alleviated from the

poverty line both by the National OPZ and by BAZNAS RI in 2020. The number of mustahiks alleviated by the National OPZ is 285,063 mustahiks and the number of mustahiks alleviated by BAZNAS RI is 28,859 mustahiks (www.puskasbaznas.com).

The social impact of zakat for the community is the creation of social stability in the form of reduced social inequality. The role of BAZNAS as a zakat management institution in overcoming social inequality in Bengkalis Regency with the existence of Law Number 23 of 2011 concerning zakat management further strengthens the role of BAZNAS as an institution authorized to manage Zakat, Infaq, Sadaqah and other Social Religious funds. Zakat as a manifestation of social solidarity, a statement of humanity and justice, proof of Islamic brotherhood, binding the unity of the people, as an inner bond between the rich and the poor and as a means of building closeness between the strong and the weak. In zakat, there are two dimensions at once, namely the dimension of obedience or obedience of a servant to Allah SWT as well as the dimension of concern for others in social relations among humans. (Salsabila et al., 2023)

The impact of zakat on poverty alleviation in Malaysia, as a result of research by Ridho and Muthohar, 2020. From the results of this study one of the variables tested is the effect of zakat on poverty alleviation. In Malaysia, the results show the coefficient of the probability variable of -2464631 with a negative coefficient direction and a significance probability value of 0.0086 smaller than $\alpha = 0.05$. This means that the higher the zakat in Malaysia, the higher the poverty alleviation so that the number of poverty decreases. (Ridho & Muthohar, 2020). In this case, the impact of zakat is not only social but also economic. In addition to poverty being reduced, the community's economy is getting better.

The impact of zakat in other Malaysian countries, from the results of Eko Suprayitno's research, 2013 indirectly zakat can increase profits and income of the community. Socioeconomically, zakat has an impact on the welfare of Malaysian society. Zakat will increase capital investment in industry and trade due to psychological factors. Zakat distributed to asnaf especially fakir and poor will increase consumption and investment. With the increase in consumption, it will increase trade profits. This means that it will also increase tax revenue. Likewise, if zakat is used for investment, it will increase the acceptance of labor, so that income increases, so that it will also increase tax revenue. Besides the pleasure of Allah, so that more people pay zakat. (Suprayitno et al., 2013)

5. Innovation and Technology

In this article, the innovation and technology in question is how the use of technology in the collection and distribution of zakat. In Indonesia, through BAZNAS, the technology and innovation made is to make it easier for muzaki (donors) to pay zakat, infaq and sadaqah (ZIS). The various conveniences include: payment channels both banking services, direct services and digital services.

In banking services, BAZNAS cooperates with banking partners in providing various zakat, infaq and sadaqah payment facilities. The banking services are account transfer, ATM, mobile/sms banking, bank teller, auto debit account and zakat payroll system. There are 24 banks that partner with BAZNAS, both conventional and Islamic banks.

For direct services, BAZNAS is present in several locations to serve the payment of zakat, infaq, sadaqah both in cash and non-cash. This is intended for people who want to pay zakat and infaq directly by meeting amil zakat is also one of the options for donors. Amil zakat that BAZNAS RI (central) as well as regional BAZNAS in the province and

regency/city. Another direct service is the zakat pick-up, where the community contacts the BAZNAS telephone number so that the amil can pick up the zakat. The next direct service is through the reseller cashier. Donors can directly pay zakat and infaq by visiting AlfaMart, AlfaMidi, Dan+Dan, Pegadaian, Lotte Wholesale, and Indomaret cashiers throughout Indonesia.

The next service is digital service. BAZNAS opens digital services through the BAZNAS platform or BAZNAS website, namely *baznas.go.id/bayarzakat*. Apart from the website, BAZNAS also has a commercial platform. BAZNAS is also present in various online transaction services that are needed by the community by cooperating with e-commerce or other online application services. BAZNAS collaborates with 24 applications, one of which is the genius application. Furthermore, BAZNAS also has a non-commercial platform. BAZNAS also collaborates with various crowdfunding platform partners to become a means of paying zakat, infaq and sadaqah. BAZNAS collaborates with 7 platforms, one of which is *kitabisa.com*.

Other digital services are social media platforms, including: Facebook, X (formerly known as Twitter), YouTube, Instagram, linkedin and TikTok. Another digital service is the artificial intelligence platform. There are three types of AI platforms owned by BAZNAS, namely 1. Zakat Virtual Assistant. Commonly referred to by the abbreviation ZAVIRA, BAZNAS presents an automation service for zakat education and online zakat payment using a chatbot in the LINE application under the name *@baznasindonesia* and 2. Voice Command Zakat Assistant. BAZNAS collaborates with the "Lenna" application in providing zakat payment services through voice commands. 3. Zakat Augmented Reality. AR technology is also used to present educational facilities and zakat services through the BAZNAS Augmented Reality

application that can be downloaded on the PlayStore. Just by pointing the camera on the application to the BAZNAS logo anywhere, various choices of zakat information, zakat calculator, and zakat payment will appear.

The last digital service is the Innovative Platform. The growing digital innovation makes BAZNAS continue to provide easy payment services for zakat, infaq, and sadaqah. Innovations that are born both internally and externally are carried out by utilizing QRIS and digital payments as well as the use of Chrome Extension for donations. In addition to QRIS through several banks, GoPay, funds and so on, there are also digital payment applications, namely the bill menu on GoJek, Spin, Ovo, Link Aja, and link aja sharia services. (Badan Amil Zakat Nasional, n.d.)

From several types of innovation and technology that have been described, it aims to make people more interested in paying zakat to the official government-owned zakat institution, BAZNAS.

The next discussion is innovation and technology in Malaysia. How innovation and technology can make it easier and increase public interest in paying zakat to official government institutions. Innovation and technology in the collection and distribution of zakat in Malaysia is by digitizing the zakat management system in Malaysia. This digitalization is also applied by zakat institutions. (Rosele et al., 2022) The Malaysian state is improving Zakat Information System Technology (ZIST). Malaysia Malaysia manages zakat based on state laws which is the responsibility of the State Islamic Religious Council (SIRC). SIRC collects zakat from eligible Muslims who fulfill the requirement of paying zakat through several available means. They range from physical counters at mosques, online payments from bank accounts, and payroll deductions, and the like. In addition, zakat institutions also

take the responsibility of identifying asnaf and distributing zakat based on their needs. Institutions also support asnaf in educating, training, and developing skills

and experience for the purpose of sustainability. (Rosele et al., 2022)

From some of these differences, the authors summarize them into a table as follows.

Table 9. Comparison of Zakat Development in Indonesia and Malaysia

Comparison Focus	Indonesia	Malaysia
Zakat Management System	Centralized in BAZNAS (National Amil Zakat Agency)	Not centralized like BAZNAS in Indonesia but per fellowship area.
Regulation and Policy	Law: Law of the Republic of Indonesia Number 23 Year 2011, Rules: Rules Government Republic of Indonesia Number 14 of 2014, Regulation of the Minister of Religious Affairs of the Republic of Indonesia Number 69 of 2015, Regulation of the Minister of Religious Affairs of the Republic of Indonesia Number 5 of 2016, Decision: Decree of the Chairman of the National Amil Zakat Agency Number 016 Year 2015, Decree of the Chairman of the National Amil Zakat Agency Number 142 of 2017, Decree of the Chairman of the National Amil Zakat Agency Number 036 of 2020, Decree of the Chairman of the National Amil Zakat Agency Number 014 of 2021.	Income or Excise Tax Act 1967 Chapter 6A (1), Malaysian Legislative System Article 3 (4), Law of Malaysia Income Tax 1967 Chapter 6A (1), Act of Islamic Law Administration (Wilayah-Wilayah Persekutuan) 1993.
Awareness and Community Participation	Awareness public awareness of paying taxes increases from year to year.	Public awareness in paying zakat in Malaysia is already high, because paying zakat in Malaysia is mandatory.
Socio-economic Impact	The creation of social stability in the form of reduced social inequality.	Can Increase profits and income of the community. Zakat can alleviate poverty.
Innovation and Technology	Ease of zakat payment: both banking services, direct services and digital services.	Digitalization zakat management system.

CONCLUSION

Zakat has an important role in reducing poverty and improving the welfare of society. Zakat is an obligation for every Muslim who has property that has reached the nishab (a certain limit) to spend some of his property to the rightful groups. Poverty is an economic condition in which a person has no property or income and must rely on others to fulfill their needs. The relationship between zakat and poverty is very close, where zakat can help reduce structural poverty by providing funds for the poor to fulfill their basic needs, such as food, education, and health. The comparison of zakat development in Indonesia and Malaysia shows that both countries have different zakat management systems, with zakat regulation in Malaysia being more effective compared to Indonesia, and the social impact of zakat in both countries is also different, where zakat can help reduce social inequality and improve people's welfare in Indonesia, and alleviate poverty and increase people's income in Malaysia.

REFERENCES

- Al-Qaradawi, Y. (2000). *Fiqh al-Zakah*.
- Al Arif, M. N. R. (2010). *Teori Makroekonomi Islam: Konsep, Teori dan Analisis*.
- Atabik, A. (2015). Peranan Zakat Dalam Pengentasan Kemiskinan. *ZISWAF*, 2(2), 340–361.
- Badan Amil Zakat Nasional. (n.d.). *Layanan Pembayaran Zakat, Infak, Sedekah*. Retrieved September 28, 2024, from <https://baznas.go.id/layananpembayaran>
- Badan Amil Zakat Nasional. (2022). Lampiran Laporan Pengelolaan Zakat Nasional Tahun 2022. In *Badan Amil Zakat Nasional*. https://baznas.go.id/assets/images/szn/statistik_10.pdf
- Badan Amil Zakat Nasional. (2023). Laporan Pengelolaan Zakat Nasional Tahun 2022. In *Badan Amil Zakat Nasional*. <https://ppid.baznas.go.id/laporan/laporan-pengelolaan-zakat>
- Badan Amil Zakat Nasional Kabupaten Majalengka. (n.d.). *Sistem Pengelolaan Zakat*. Retrieved September 28, 2024, from <https://baznas-majalengka.org/ortala/sistem-pengelolaan-zakat/>
- Beik, I. S. (2009). Analisis Peran Zakat Dalam Mengurangi Kemiskinan: Studi Kasus Dompot Dhuafa Republika. *Jurnal Pemikiran Dan Gagasan*, 2.
- Bellù, L. G., & Liberati, P. (2005). Impacts of Policies on Poverty: The Definition of Poverty. *EASYPol*. <https://mpra.ub.uni-muenchen.de/44644/>
- Chapra, U. (1992). *Islam and the Economic Challenge (Islamic Economics)*. International Institute of Islamic Thought (IIIT).
- Department of Statistics Malaysia. (2023). *Poverty In Malaysia 2022*. https://www.dosm.gov.my/site/downloadrelease?id=poverty-in-malaysia-&lang=English&admin_view=
- Fatimah. (2019). *Pengaruh Zakat Terhadap Pengurangan Kemiskinan Di Indonesia*. UIN Syarif Hidayatullah Jakarta.
- Hadi, M. (2010). *Problematika Zakat Profesi dan Solusinya*. Pustaka Belajar.
- Hamid, S. N. A., & Jusoh, W. J. W. (2016). Corporate image of zakat institutions in Malaysia. *Geografia: Malaysian Journal of Society and Space*, 12(2), 47–57.
- Harahap, A. H., Lubis, D. S., & Zein, A. S. (2022). Pengaruh Zakat Terhadap Pertumbuhan Ekonomi Dengan Pengentasan Kemiskinan Sebagai Variabel Moderating Di Provinsi Sumatera Utara. *PROFJES: Profetik Jurnal Ekonomi Syariah*, 1(1), 1–16. <https://doi.org/10.24952/profjes.v1i1>.

- 5711
- Hariyanto, E., Taufiq, M., Abidin, Z., Ulum, M., & Maimun. (2020). Effectiveness of the Economic System to Zakat and Waqf for Empowerment of the Ummah in Indonesia Erie. *International Journal of Advanced Science and Technology*, 29(6), 1910–1916.
- Husuna, A., & Lahaji. (2021). Zakat Produktif Terhadap Kesejahteraan Mustahik BAZNAS Kabupaten Pohuwato. *As-Syams: Journal Hukum Islam*, 2(2), 78–89.
- Jabatan Wakaf Zakat dan Haji (JAWHAR). (2023a). *Statistik Kutipan Zakat Harta dan Fitrah*. https://baitulmal.jawhar.gov.my/zkt_statistik_map.php
- Jabatan Wakaf Zakat dan Haji (JAWHAR). (2023b). *Statistik Kutipan Zakat Seluruh Malaysia*. https://baitulmal.jawhar.gov.my/zkt_statistik_stat.php
- Johari, F., Aziz, M. R. A., & Ali, A. F. M. (2014). A Review On Liteatures Of Zaat Between 2003-2013. *Library Philosophy and Practice*.
- Kawaid, M. A. B. D. (2018). *Studi Komparatif Pengelolaan Zakat Menurut Undang-Undang RI Nomor 23 Tahun 2011 dan Pengelolaan Zakat Wilayah Persekutuan Malaysia*. UIN Radeen Fatah Palembang.
- Muhammad, & Abubakar. (2011). *Manajemen Organisasi Zakat*. Madani.
- Munandar, A., Syakhroza, A., Martani, D., & Siswanto, D. (2019). Does regulation increase zakat payment? *Academy of Accounting and Financial Studies Journal*, 23(6), 1–7.
- Muslih, M. (2024). *Analisis Faktor-Faktor Yang Mempengaruhi Partisipasi Masyarakat Di Kota Makassar Dalam Menyalurkan Zakat Melalui Baznas*. Universitas Muhammdiyah Surakarta.
- Nadzri, F. A. A., Rahman, R. A., & Omar, N. (2012). Zakat and Poverty Alleviation: Roles of Zakat Institutions in Malaysia. *International Journal of Arts and Commerce*, 1(7), 61–72.
- Purwatiningsih, A. P., & Yahya, M. (2020). Why Zakat Collection in Indonesia is Not As Effective As it is in Malaysia. *Jurnal Penelitian*, 14(1), 23–48. <https://doi.org/https://doi.org/10.21043/jp.v14i1.6785>
- Putri, Y. D., Kartika, R., & Aprayuda, R. (2020). Apakah Dana Zakat Dapat Mengurangi Tingkat Kemiskinan?: Studi Kasus Provinsi Sumatra Barat. *Jurnal Tabarru': Islamic Banking and Finance*, 3(2), 248–261. [https://doi.org/10.25299/jtb.2020.vol3\(2\).5818](https://doi.org/10.25299/jtb.2020.vol3(2).5818)
- Rakhmat, A. S., & Beik, I. S. (2022). Pengelolaan Zakat dan Wakaf di Malaysia dan Turki: Studi Komparatif. *Iltizam Journal of Shariah Economic Research*, 6(1), 48–58.
- Ramur, I. (2020). *Regulasi Zakat di Malaysia Perspektif Siyasa Dusturiyya*. UIN Sunan Kalijaga Yogyakarta.
- Razimi, M. S. A., Romle, A. R., & Erdris, M. F. M. (2016). Zakat Management in Malaysia: A Review. *American-Eurasian Journal of Scientific Research*, 11(6), 453–457.
- Romdhoni, A. H. (2017). Zakat Dalam Mendorong Pertumbuhan Ekonomi Dan Pengentasan Kemiskinan. *Jurnal Ilmiah Ekonomi Islam*, 3(1), 41–51. <https://doi.org/10.31538/adlh.v3i1.403>
- Rosele, M. I., Muneem, A., Rahman, N. N. B. A., & Ali, A. K. (2022). The Digitalized Zakat Management System in Malaysia and the Way Forward. *AL-IHKAM: Jurnal Hukum & Pranata Sosial*, 17(1), 242–272. <https://doi.org/https://doi.org/10.19105/al-lhkam.v17i1.5365>
- Sabiq, S., & Hasanuddin, N. (2006). *Fiqih Sunnah*. Pena Pundi Aksara.

- Salsabila, V. S., Ramadhona, L., & Nurhaliza, S. (2023). Implementasi Dana Zakat dalam Mengatasi Kesenjangan Sosial (Studi Kasus BAZNAS Bengkalis). *Najaha Iqtishod: Journal of Islamic Economic and Finance*, 4(1), 1–15. <https://doi.org/10.22437/jief.v4i1.24230>
- Santi, N. D., Mumtaz, T., Fatmawati, A. D., & Retnosari, L. (2022). *Perhitungan dan Analisis Kemiskinan Makro Indonesia 2022* (N. Sahrizal, N. Taufiq, & Masfufah (eds.)). Badan Pusat Statistik. <https://www.bps.go.id/en/publication/2022/11/30/041b11a57ce8fe671631f684/indonesia-macro-poverty-calculati-on-and-analysis-in-2022.html>
- Sriwahyuni, E. (2017). Pemikiran Ekonomi Islam Monzer Kahf. *Al-Intaj: Jurnal Ekonomi Dan Perbankan Syariah*, 3(1), 172–186.
- Suprayitno, E., Kader, R. A., & Harun, A. (2013). The Impact of Zakat on Aggregate Consumption in Malaysia. *Journal of Islamic Economics, Banking and Finance*, 9(1). <https://doi.org/10.12816/0001592>
- Taufiq, N., Pratiwi, E. W., Fatmawati, A. D., Retnosari, L., & Santi, N. D. (2021). *Perhitungan dan Analisis Kemiskinan Makro Indonesia* (N. Sahrizal, N. Taufiq, & Masfufah (eds.)). Badan Pusat Statistik. <https://www.bps.go.id/en/publication/2021/11/30/9c24f43365d1e41c8619dfe4/indonesia-macro-poverty-calculati-on-and-analysis-in-2021.html>
- Townsend, P. (1962). The meaning of poverty. *British Journal of Sociology*, 13(3), 210–227. <https://doi.org/10.1111/j.1468-4446.2009.01241.x>
- Turnando, G., & Zein, A. S. (2019). Analisis Pengaruh Zakat Terhadap Peningkatan Kesejahteraan Mustahiq. *Al-Masharif: Jurnal Ilmu Ekonomi Dan Keislaman*, 7(1), 162–175.
- Zulkifli, M. F., Taha, R., Awang, R. N., Mohd Nor, M. N., & Ali, A. (2021). Combating Poverty in Malaysia: The Role of Zakat. *Journal of Asian Finance, Economics and Business*, 8(5), 0505–0513. <https://doi.org/10.13106/jafeb.2021.v0l8.no5.0505>