

Zakat as an Alternative Revenue and Financing Resources for the State

Ah. Fathonih

Abstract: Zakat is of religious obligation having social and economic dimensions. This obligation has been practiced by Muslims since the time of the Prophet Muhammad PBUH in the 7th century of Hijriyah. The amount of zakat in Indonesia has been estimated to reach 217 trillion rupiah, a great potential to be used in efforts to resolve problems of poverty in Indonesia. Unfortunately, until now the enormous potential of zakat has not been optimally utilized. Although the Zakat Management Law No. 23 of 2011 and Law No. 14 of 2014 concerning the Implementation of the Zakat Management Law have opened a space for the government to participate in regulating zakat, so far, there have been no signs of success. Truly, if zakat is managed properly, the government can utilize it both as a source of state income and as a source of state funding. This study finds out that the main difficulty faced by the Indonesian government in improving the quality of zakat management is largely related to the public's understanding of zakat as a purely religious obligation, not as a state obligation. Besides, most of the use of zakat is only for consumptive, not for productive purposes. **Keywords:** zakat management, regulations, state revenue, sources of state financing.

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Abstrak: Zakat merupakan salah satu kewajiban keagamaan yang mempunyai dimensi sosial dan ekonomi. Kewajiban ini telah diamalkan umat Islam sejak zaman Nabi Muhammad SAW pada abad ke 7 Hijriyah. Jumlah zakat di Indonesia diperkirakan mencapai 217 triliun rupiah, merupakan potensi yang besar untuk dimanfaatkan dalam upaya penyelesaian permasalahan kemiskinan di Indonesia. Sayangnya, hingga saat ini potensi zakat yang sangat besar belum dimanfaatkan secara optimal. Meskipun UU Pengelolaan Zakat No. 23 Tahun 2011 dan UU No. 14 Tahun 2014 tentang Penyelenggaraan UU Pengelolaan Zakat telah membuka ruang bagi pemerintah untuk turut serta mengatur zakat, hingga saat ini belum ada tanda-tanda keberhasilan. Padahal, jika zakat dikelola dengan baik, maka pemerintah bisa memanfaatkannya baik sebagai sumber pendapatan negara maupun sebagai sumber pendanaan negara. Kajian ini menemukan bahwa kesulitan utama yang dihadapi pemerintah Indonesia dalam meningkatkan kualitas pengelolaan zakat sebagian besar berkaitan dengan pemahaman masyarakat terhadap zakat sebagai kewajiban agama semata, bukan sebagai kewajiban negara. Selain itu, sebagian besar penggunaan zakat hanya untuk tujuan konsumtif, bukan untuk tujuan produktif. **Kata Kunci:** pengelolaan zakat, regulasi, penerimaan negara, sumber pembiayaan negara.

Kata kunci: manajemen zakat, regulasi, sumber daya pendapatan, pembiayaan negara

Introduction

According to the historical account, the implementation of zakat obligation has been effective since the 2nd year of *Hijriyah*. Besides being as *mahdhah fardhiyah* (obligatory worship), zakat also functions as *mu'âmalah ijtimâ'iyah* (communal obligation).

Zakat has economic, legal, social, and political dimensions.¹ As a socio-economic institution, zakat is the first fiscal system in the world that involves six elements, namely: the zakat payers (*muzakki*), assets of zakat (mall al-zakat), respective rates (*miqdâr al-zakat*), the minimum limit of asset ownership (*nishâb*), the period of assets ownership (*haul*), and the recipients of the zakat fund (*mustahiq*).

Viewed from the perspective of Islamic legal thought, there are five forms of zakat management in contemporary Muslim societies: First, the obligatory zakat collection enacted by the state; Second, compulsory zakat collection carried out by the public or the private sector; Third, voluntary collection of zakat by the state; Fourth, voluntary collection of zakat by the private sector; and fifth, voluntary zakat collection at the individual level without collective management at all.²

In its social dimension, zakat cannot be separated from the social life of people. The size of the Indonesian Muslim population is directly proportional to the magnitude of the zakat's potential in the country. The huge potential of zakat in Indonesia has reached 217 trillion rupiahs.³ Thus, it could ideally become a financial solution to overcoming the problems of poverty and socio-economic inequality in Indonesia.⁴ Nonetheless, so

¹ Abu Yusuf, *Kitâb Al-Kharaj* (Beirut Libanon: Dar al-Ma'rifah, 1979), p. 76; Abu Ubaid, *Kitab Al-Anwâl* (Beirut, Libanon: Dâr al-Kutub al-Ilmiyah, 1986), p. p.23, See also; Abu Hassan al-Mawardi, *Al-Abkâm Al-Sulthâniyah* (Egypt: Mustafa al-Babi al-Halaby, 1393), p. 113.

² Amelia Fauzia, *Faith and the State A History of Islamic Philanthropy in Indonesia* (Leiden: Brill Academic Publisher, 2013), p. 175; See also Chusnunia Adib, Peran Negara dalam Pengelolaan Zakat Umat, article at Yuri Sulisty, Antikowati Antikowati, and Rosita Indrayati, 'Pengawasan Pemerintah Terhadap Produk Hukum Daerah (Peraturan Daerah) Melalui Mekanisme Pembatalan Peraturan Daerah Berdasarkan Undang-Undang Nomor 32 Tahun 2004 Tentang Pemerintahan Daerah', *Lentera Hukum*, 1.1 (2014), 1–12 <<https://doi.org/10.19184/ejrh.v1i1.559>>.

³ Nikmatuniayah Nikmatuniayah and Marliyati Marliyati, 'Akuntabilitas Laporan Keuangan Lembaga Amil Zakat di Kota Semarang', *MIMBAR, Jurnal Sosial dan Pembangunan*, 31.2 (2015), 485–94 <<https://doi.org/10.29313/mimbar.v31i2.1562>>.

⁴ Amalia Amalia and Kasyful Mahalli, 'Potensi dan Peranan Zakat dalam Mengentaskan

far the huge potential of zakat, has not been able to reduce poverty or improve the community's welfare⁵, Such is indicated by the existence of many people who are still shackled by poverty and underdevelopment.

In fact, the huge potential⁶ of zakat in Indonesia is not only becoming one of the financial instruments that can contribute to state revenues, but it also may become one of the country's financing instruments. The idea proposed here is based on the argument that if the zakat is managed systemically and professionally, it may become a potential source for the state to finance various forms of infrastructure and drive national economic development. To achieve this, the zakat should not merely function as a source of consumptive funds distributed to recipients of zakat (*mustahiq*).⁷

The possibility of making zakat as an alternative instrument of state revenue and financing resources should not be something difficult to do since the Act No. 38 of 1999, the Act No. 23 of 2011, and the Government Regulation No. 14 of 2014 have paved away for government to regulate zakat. In addition, it is also possible to make the zakat one of the state financing sources, after converting it into Sharia Government Securities (SBSN) or Sukuk as regulated under the Law of State Budget and Expenditure (APBN).

Zakat Management in the History of Islamic Law

In the early period of Islam, zakat had become a source of state funding and functioned effectively in empowering the poor and building the welfare of the people. From the life of the Prophet Muhammad to

Kemiskinan di Kota Medan', *Ekonomi dan Keuangan*, 1.1 (2012) <<https://jurnal.usu.ac.id/index.php/edk/article/view/635>> [accessed 31 May 2019].

⁵ Fakhruddin Fakhruddin, 'Rekonstruksi Paradigma Zakat: Sebuah Ikhtiar Untuk Pemberdayaan Mustahiq', *Al-Manahij: Jurnal Kajian Hukum Islam*, 6.2 (2012), 229–42 (p. 230) <<https://doi.org/10.24090/mnh.v6i2.601>>; Alfalisyanto Alfalisyanto, 'Reformulasi Zakat dan Pola Pribumisasi Hukum Islam Melalui Komunikasi Inter-Cultural', *Al-Manahij: Jurnal Kajian Hukum Islam*, 7.1 (2013), 89–100 <<https://doi.org/10.24090/mnh.v7i1.579>>.

⁶ Abdul Malik, Arya Hadi Dharmawan, and Titik Sumarti, 'Konstruksi Sosial Kuasa Pengetahuan Zakat: Studi Kasus Lembaga Amil Zakat di Propinsi Jambi dan Sumatera Barat', *Sodality: Jurnal Sosiologi Pedesaan*, 4.2 (2010), p. 193 <<https://doi.org/10.22500/sodality.v4i2.5847>>.

⁷ Yusuf Wibisono, *Mengelola Zakat Indonesia: Diskursus Pengelolaan Zakat Nasional dari Rezim Undang-Undang No. 38 Tahun 1999 Ke Rezim Undang-Undang No. 23 Tahun 2011*, edisi ke-2 (Jakarta: Prenadamedia Group, 2016), p. 7.

the period of Umayyad and Abbasid Dynasties, the handling of the zakat problem was not left solely to the willingness and awareness of zakat payers, but it became a part of the government's responsibilities, starting from the process of collection, management, to the process of distribution of zakat assets to its recipients.

The government's responsibility in managing zakat was signaled by the Prophet Muhammad when he sent Muadz bin Jabal to Yemen.⁸ The officers appointed by the Prophet were provided with operational technical instructions to collect and manage the zakat assets in full trust. In fact, in the early days of Islam, zakat was one of the government income sources that was managed and used effectively by the government to develop and improve the economic welfare of the Muslim community.

A hadith narrated by Ibn Abbas, explains that the assignment of Muadz bin Jabal to Yemen implied that the acquisition and distribution of zakat implemented in the Medina period was no longer only left entirely to the consciousness of Muslim communities, but was carried out by the ruling government. This historical evidence shows that from the beginning of the Prophet Muhammad's leadership, zakat was managed by government institutions as Prophet Muhammad PBUH appointed employees to calculate and collect zakat from the Muslim community. This policy continued to apply and was adopted by subsequent Caliphs.⁹

In another story, the Prophet Muhammad PBUH also once appointed and instructed his companions, Umar ibn Khattab, Ibn Qais, and 'Ubadah ibn Tsamit as *amil zakat* (zakat administrators) at the regional level.¹⁰ The two companions were responsible to foster the residents for paying the obligatory zakat.

⁸ Bukhari and Muslim, *Al-Jâmi' Al-Sholeh Li Al-Bukhâri* (Beirut: Dar al-Fikr, 1981), p. 837; and *Al-Jâmi' Al-Shohib Li Al-Muslim, Juz I* (Kairo: Mustafa al-Halaby, 1983), p. 327.

⁹ A. A Miftah, 'Zakat Sebagai Hukum *Diyani* dan *Qada'i* dalam Negara Indonesia' (UIN Syarif Hidayatullah, 2005), p. 57; Afzalur Rahman, *Islam Ideology and The Way of Life*, (Kuala Lumpur: AS Noordeen), p. 118; Saidurrahman Saidurrahman, 'The Politics of Zakat Management in Indonesia: The Tension Between BAZ and LAZ', *Journal of Indonesian Islam*, 7.2 (2013), 366-382-382 (p. 368) <<https://doi.org/10.15642/JIIS.2013.7.2.366-382>>.

¹⁰ Faisal Faisal, 'Sejarah Pengelolaan Zakat di Dunia Muslim dan Indonesia (Pendekatan Teori Investigasi-Sejarah Charles Peirce dan Defisit Kebenaran Lieven Boeve)', *Analisis: Jurnal Studi Keislaman*, 11.2 (2011), p. 241-72. <<https://doi.org/10.42042/analisis.v11i2.612>>.

During the lifetime of the Prophet Muhammad, five types of property were determined to be subject to compulsory zakat, namely: money, merchandise, agricultural products, fruits, and spoils (*rikâz*).¹¹ In determining the properties that must be paid its zakat, the Prophet Muhammad PBUH provided examples and operational instructions for the administrator of zakat. The operational management of zakat can be seen in the structure of *amil*, (zakat administrators) which consists of (1) *Katabah*, the officer recording obligatory zakat; (2) *Hâsabah*, the officer estimating and calculating the amount of zakat; (3) *Jubah*, the officer collecting zakat from *Muzakki* (zakat payers); (4) *Khazânah*, the officer compiling and safeguarding the assets of zakat; and (5) *Qasamah*, the officers distributing zakat to mustahiq al-zakat (zakat recipients).¹²

During the time of Caliph Abu Bakr al-Shiddieq (11-13 H./632-634 AD), the implementation of zakat management was carried out through the authority of the Caliph by appointing several zakat officers (*âmil*) in the whole of Islamic jurisdictions. All citizens who refuse to pay zakat are considered rebels and opponents of the government. Therefore, Caliph Abu Bakr al-Shiddieq took offensive action against them until they agreed to pay zakat.¹³

Regarding with the implementation of zakat, Caliph Abu Bakar followed the pattern of the Prophet Muhammad SAW. He appointed several zakat officers across Islamic jurisdictions to collect and distribute zakat. Besides establishing *Bait al-Mâl* in the city of Medina, he also appointed Abû Ubaidah as a treasurer and gave him the authority to distribute zakat to Muslims who were entitled to receive it.

During the period of Caliph Umar bin Khattab (13-25 H/634-644 AD), the policy of zakat management was still carried out under

¹¹ See QS. 2: 261, QS. 9: 34, QS. 6: 141

¹² Mustafa Edwin Nasution, *Pengenalan Ekslusi Ekonomi Islam*, (Jakarta: Kencana, 2006), p. 214.

¹³ Abu Bakr's statement against the tribes who did not pay zakat with the expression "For Allah's sake, I will fight them who distinguish between the obligation of worship and the obligation to pay zakat, because zakat deals with property. O Allah, if they avoid the obligation of them to pay zakat to me, even though only one child is a goat, which they should have paid to the Messenger of Allah, I will fight them - I will fight them because of that rejection". See Irfan Mahmud Ra'ana, *Sistem Ekonomi Pemerintahan Umar Ibn Al-Khattab* (Jakarta: Pustaka Firdaus, 1992), p. 87-88.

the authority of the Caliph. The Caliph also appointed some people to become amil to monitor the security of the zakat assets stored in the warehouse. The Caliph always reminded the officers not to be negligent and emphasized that he would not hesitate to take firm action against those who were dishonest or misused zakat assets. Umar appointed Sufyan bin Malik together with Muhammad bin Masalamah as joint zakat managers. During his reign, the management and benefits of zakat expanded, as indicated by the large amount of zakat that was collected and distributed to the poor.¹⁴

The Caliph Umar bin Khattab also established another policy relating to zakat by obliging zakat upon rented land (*kharaj*) and horses, A policy that had never occurred during the time of the Prophet Muhammad PBUH and the Caliph Abu Bakr al-Shiddieq. Caliph Umar bin Khattab decided to include horses as a source of zakat because during his reign horses had become traded animals and contributed a lot to economic activities. This is clearly different from the policy of the Prophet Muhammad PBUH and Caliph Abu Bakr al-Shiddieq who did not include horses as a source of zakat as the animals were commonly only seen as tamed animals and not as a commercial commodity.

During the reign of Caliph Usman bin Affan (24-36 H./644-656 AD), the management of zakat also developed extensively. The Caliph Usman bin Affan was very well known as one of the best friends of the Prophet who spent almost all of his personal property on the needs of Islam. The Caliph Usman appointed Zaid ibn Thabit as a special official to handle the zakat management as well as to take care of the government financial institutions (*Bait al-Mâl*).

During the period of Usman bin Affan, zakat was classified into two types, namely: (1) zakat on the visible property (*zakât al-amwâl al-zâhirah*) such as livestock and agricultural products; and (2) zakat on the invisible or hidden property (*zakât al-amwâl al-bâthiniyyah*), such as money and commercial property. The first category of zakat was collected by the government, as a form of state income while the second category

¹⁴ Abu Yusuf, p. 82.

of zakat was charged to individuals who are responsible to collect zakat from *Muzaki* (tax payers) who were obliged to issue their zakat as a form of self-assessment.¹⁵

In the last period of Khulafa al-Rashidin, during the time of Caliph Ali bin Abi Talib (36-41 AH/658-661 AD), the administration and management of zakat also followed the policies of the previous caliphs. Caliph Ali ordered zakat officers to collect zakat and immediately distribute it to the needy and those who are entitled to it. He believed that there should be no accumulation of zakat assets in *Bait al-Mâl* because at the time of the Prophet Muhammad SAW, zakat was distributed directly. In one story about him, it is stated that when he was walking to see the condition of his people, he met a group of blinds, beggars, and poor people who were non-Muslims (Christians). He then ordered the zakat administrators to give them the living expenses from *Bait al-Mâl*. What is interesting about this story is that Ali was also directly involved in the distribution of zakat assets to all *Mustahiq* (zakat recipients).¹⁶

Likewise, in subsequent periods, especially during the reign of Caliph Umar bin Abd al-Aziz (717-720 AD), the Caliph also paid great attention to the management of zakat. At that time, he intervened and immediately distributed the zakat assets to those entitled to receive them, even delivering them to their respective places. It was during the time of Caliph Umar bin Abd al-Aziz that the zakat management system began to become advanced and professional. Umar bin Abd al-Aziz was a reformer (*mujaddid*) in the first century of *Hijriyah* who obliged zakat on assets obtained from income or business services, such as salaries, honorariums, and other incomes originating from profits from property and property management (*mal al- mustafad*). It was during this period that the types of assets and zakat assets that were required to be given zakat expanded.¹⁷

¹⁵ Abu Yusuf, p. 8.

¹⁶ Abdurrahman Qadir, *Zakat dalam Dimensi Mahdbah dan Sosial* (Jakarta: PT. Raja Grafindo, 1998), p. 94.

¹⁷ Yusuf Qardawi, *Fiqh Zakat* (Mesir: Maktabah Wahbah 1994, 1994), pp. 71–72; Elsa Kartika Sari, *Hukum Zakat dan Wakaf* (Jakarta: PT. Grasindo, 2007), p. 34.

Referring to the Prophet Muhammad PBUH practices which were followed by Khulafa 'al-Rashidin it can be concluded that zakat is not merely a "charitable" form of worship but it is also a communal obligation. In other words, the management of zakat should not only rely on the zakat payers' awareness but it also needs communal involvement. Islam has placed the obligation of zakat as part of the government's economic policy and legalized it according to the zakat law and regulations. The utilization of zakat for poor people is certainly inseparable from the role of the *amil zakat* institution. The Sharia demands to develop institutional policies relating to the utilization of zakat. As a government institution, the institution of *amil zakat* certainly should have a legal guarantee.

The position of zakat, thus, is very fundamental and strategic. Zakat has various functions in the context of the Islamic economic system and becomes one of the legal instruments to overcome poverty, solve economic problems, and raise the dignity of poor people.¹⁸ Needless to say, reducing poverty has certain impacts in minimizing crime rate, prostitution, and social conflicts.

Dynamics of Zakat Management Regulation in Indonesia

The reform era has indirectly opened a "new path" for reforming zakat regulations in Indonesia. The issuance of the Zakat Law No. 38 of 1999 gives the government the right to provide maximum services for Muslims in fulfilling their zakat obligations under Islamic legal guidelines. With the issuance of this law, the government is expected to be able to increase the function and role of zakat to minimize poverty and maximize

¹⁸ Naimah Naimah, 'Konsep Hukum Zakat Sebagai Instrumen dalam Meningkatkan Perekonomian Ummat', *Syariah: Jurnal Hukum dan Pemikiran*, 14.1 (2014) <<https://doi.org/10.18592/syariah.v14i1.66>>; Lukman Abiyoso, Darsono Wisadirana, and Solih Mu'adi, 'Peranan Zakat Sebagai Manifestasi Ketaqwaan dalam Penanggulangan Kemiskinan (Studi Implementasi Lembaga Amil Zakat Al-Ittihad Desa Sidowungu Kecamatan Menganti Kabupaten Gresik)', *Wacana, Jurnal Sosial dan Humaniora*, 18.2 (2015) <<https://doi.org/10.21776/ub.wacana.2015.018.02.1>>; Samheri, 'Zakat Produktif Sebagai Titik Tolak Kebangkitan Peradaban Islam | *El-Furqania : Jurnal Ushuluddin Dan Ilmu-Ilmu Keislaman*' <<http://ejournal.kopertais4.or.id/madura/index.php/elfurqania/article/view/880>> [accessed 31 May 2019].

the socio-economic welfare of the people who are increasingly shackled by poverty and underdevelopment.¹⁹

The existence of zakat law is driven by internal and external factors. The background to the birth of this zakat law is based on philosophical, juridical, and sociological reasons. Minister of Religion of the Republic of Indonesia, A. Malik Fajar, in 1999 delivered an explanation before the session of the People's Representative Council of the Republic of Indonesia before the start of the response session from the factions representing elements of the government. In his description and explanation, he said that zakat management in Malaysia and Singapore had experienced more significant improvements compared to that in Indonesia. This phenomenon emerged after zakat was managed properly in accordance with applicable regulations.

The existence of the zakat law in Indonesia, as Malik Fajar further explained, is important for several reasons: First, the emergence of discourse in which zakat today is seen as no longer a mere discourse of jurisprudence, but it has become the concern of the world Muslim economists; Second, in some Muslim countries, also in the country where Muslim population is majority today, the management of zakat is based on the law instruments that regulated by the government. This can be shown in the form of management that is entirely handled by the government or by other zakat institutions that obtain formal legitimacy from the government.²⁰ As Zysow has pointed out, there are currently six Muslim countries where zakat is encouraged through laws, namely Saudi Arabia, Libya, Yemen, Malaysia, Pakistan, and Sudan.²¹

Meanwhile, the issuance of Zakat Law No. 38 of 1999 can be seen as a product of the renewal of Islamic law in Indonesia.²² The law has

¹⁹ Jazuni, *Legislasi Hukum Islam di Indonesia*, Cet. 1 (Bandung: Citra Aditya Bakti, 2005).

²⁰ Monzer Kahf, 'Applied Institutional Models for Zakah Collection and Distribution in Islamic Countries and Communities, in Institutional Framework of Zakah; Dimensions and Implications, Ed. Ahmed Abdel-Fattah El-Asker and Muhammad Sirajul Haq' (Jeddah: IRTI- IDB, 1995).

²¹ A. Zysow, 'Zakāt', *Encyclopaedia of Islam, Second Edition*, 2012, p. 418 <https://referenceworks.brillonline.com/entries/encyclopaedia-of-islam-2/zakat-COM_1377> [accessed 18 May 2019].

²² Widyawati, *Philanthropy Islam & Kebijakan Negara Pasca Orde Baru* (Bandung: Arsyad Press, 2011).

institutionally provided a definite basis for the management of zakat to establish an organization. Certainly, the organization should be much better than in the past, either in managerial or personal aspects. The law also replaces the old orientation of zakat distribution which mainly fulfill the consumptive needs of eight *asnâf* (recipient category) to a more productive utilization without sacrificing the fulfillment of the poor needs.

In terms of the types of assets, the zakat law has surpassed the standard books being referred to in the Pesantrens (boarding schools), especially among the Shafi'i school. While the Shâfi'iyah pay attention much to the objects of zakat (gold, silver, livestock, plants, fruits, merchandise, mines, *rikaz* assets, and *zakat fitrah*) the new law gives room to extend the object of zakat adapted from a new situation evolving in the society. Last but not least, the regulation also provides a basis for the establishment of *Bait al-Mâl*, a financial institution that can accommodate Islamic philanthropic funds circulating in the middle of society.

Along with the passage of time and the growing demands of the community, the zakat management system, as regulated in Zakat Law No. 38/1999, is considered to be less than optimal in addressing the problem of zakat in Indonesia. One of the weaknesses is the ambiguity regarding which institutions will play the main role in the management of zakat, whether the National Amil Zakat Agency (BAZNAS) or the Amil Zakat Institution (LAZ).²³ BAZNAS seems to belong to the government, while LAZ belongs to the community. Because of that weakness, in 2011 the government replaced the old zakat regulation by issuing a new law namely The Zakat Management Law No. 23 of 2011.

The issuance of Zakat Management Law No. 23 of 2011 cannot be separated from the constitutional consideration that the government must guarantee the independence of the population to worship according to their religion and to provide statutory regulations to manage the zakat. This law has instituted the Sharia norm on zakat, as revealed in the

²³ Iskan Qolbu Lubis, 'Pandangan Umum Fraksi Terhadap Amandemen Undang-Undang Zakat, Anggota Komisi VIII DPR RI Dari Fraksi PKS' (INFOZ Edition 16 Year VI, 2012), p. 4.

Quran and the Sunna, in the form of laws in Indonesia. Therefore the obligation to pay zakat for Muslims in Indonesia since the enactment of this law until now has not been solely based on religion, but also on the government law. In sociological considerations, the substance of this law has also an important role in realizing public welfare and alleviating poverty.

Meanwhile, as one can see from the background of its birth, this law is also seen as a breakthrough in which zakat is used as part of national development to improve the function of zakat and also places government's institutions in a central position while having the power of formal law. Another big idea of the Zakat Management Law No. 23 of 2011 and the Government Regulation No. 14 of 2014 is the regulation of zakat management in an integrated manner carried out by BAZNAS (National Amil Zakat Agency) at all levels as well as by LAZ (Amil Zakat Institution) which gets legality status according to statutory provisions. Through the integration of zakat management conducted by government, it can be ensured that the potential and realization of zakat collection from all regions and its benefits for poverty alleviation . Besides, it also will can be measured for the realization of trustworthy, professional, transparent, accountable, and participatory management of zakat.

The integration of zakat management also resulted in BAZNAS as the zakat management coordinator representing the government. The coordination carried out by BAZNAS focuses on supervision activities to oversee the integration and synergy process from the management side as well as from the side of compliance with sharia provisions. Based on this, LAZ, which is also part of the system coordinated by BAZNAS, has a strong legal position to guarantee the implementation of Islamic economic principles based on the provisions of the Quran and the Sunnah.

Through the implementation of the principles and guidance of the Sharia norms, zakat management is intended to organize the management of zakat much better. The regulation also addressed the issue of structuring zakat management, to make the *âmil zakat* institutions have formal legality, be more professional, and follow a system of accountability to the government and society. In this context, *âmil zakat* has the duties

and responsibilities to manage zakat professionally based on the awareness that they must not deviate from the principles of Sharia norms and government regulations.

Therefore, the implementation of zakat management regulation is necessary to be done so that BAZNAS and LAZ can work together on one big goal, namely to optimize the collection, and the utilization of zakat funds to improve the economic welfare of the poor as well as to support the country's development. In the short term, improving the performance, reporting flow and accountability of BAZNAS and LAZ must be a common concern along with social, economic, and regulatory changes towards professional and integrated zakat management.

Zakat as Potential Sources for the State Economic Development

Furthermore, as already explained above, the management of zakat funds may become an alternative solution to overcome the high poverty rate, to provide welfare for the poor, and to establish the fulfillment of justice and economic equality. Therefore, It is a very strategic policy for the government to optimize the economic potential of zakat as it was exemplified by the Prophet Muhammad PBUH and his Companions in early Islam. Today, this also becomes the attention of the government of Indonesia to explore the function of zakat as a strategic, potential source for economic development. To achieve this goal, the government needs to rebuild and reinforce a system of law and procedures on how to collect the zakat assets effectively and manage them comprehensively to become one of the state financial instruments. Through this strategy, the zakat may be expected to give benefits in eradicating poverty, while making it a top priority for economic development of the country.

According to Kusuma,²⁴ zakat can be used as one of the instruments of fiscal policy and financing for the state. Besides, it is also can be used

²⁴ Kusuma, Dimas Bagus Wiranata, and Raditya Sukmana, 'The Power of Zakah in Poverty Alleviation' (Presented at the Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangil, 2010); Also see Mustafa Edwin Nasution, 'Zakat dan Wakaf Sebagai Pilar dalam Sistem Perekonomian Nasional', *Iqtishoduna*, 1.3 (2006) <<https://doi.org/10.18860/iq.v1i3.205>>.

to improve the country's economy, especially if the portion of it is quite significant to increase the Gross National Product (GDP). For this purpose, three steps are to be carried out to optimize the utility of zakat, namely: (1) calculating the number of poor people who are entitled to zakat based on the previously stated characteristics; (2) analyzing the funding needed to provide a minimum standard of life; and (3) calculating the potential of zakat that can be collected and comparing it with existing needs.

Asnaeni points out several factors that become obstacles in managing the zakat professionally: First, lack of knowledge and public awareness. Only a few *Muzakki* fulfill the zakat obligation or pay their zakat of property to the formal zakat institutions such as the National Zakat Agency (BAZNAS) and the Amil Zakat Institution (LAZ); Second, the lack of the government's role in carrying out its duties and functions in accordance with the Zakat Management Law; Third, the lack of socialization, both structurally (conducted by the formal zakat institutions) and non-structurally (conducted by Muslim preachers); Fourth, zakat management has not been fully focused to develop country's economy, it is still focuses on personals or group necessities.²⁵

Based on the four factors mentioned above, the optimization of zakat management of zakat should consider the role of *Muzakki*. *Muzakki's* understanding is very important in optimizing zakat. People must be given a clear understanding that the obligation of zakat is not only a part of fiqh but also a public duty as formally regulated by the government in the form of Zakat Management Law. This means a new interpretation is needed to reinterpret the fiqh of zakat to be more applicable and relevant to the socio-economic condition. Obviously, the implementation of the policy should not contradict the universal principles available in the Quran, in the Sunna, as well as in the Ulama's Consensus (*al-Ijmâ'*).

A study on the development of zakat shows that zakat can possibly be explored as a productive asset to develop the state economy. In Islamic philanthropy, zakat consists of various types of assets including

²⁵ Asnaini Asnaini, 'Membangun Zakat Sebagai Upaya Membangun Masyarakat', *La_Riba*, 4.1 (2010), p. 19–33 <<https://doi.org/10.20885/lariba.vol4.iss1.art2>>.

benefits from various business activities. In terms of its object (*mahall al-zakât*), zakat is not only a form of worship to Allah (*ta'abbudi*) but also part of social obligation. Thus, a number of verses from the Qur'an related to zakat should be reinterpreted to follow the socio-economic development of society. This idea is based on several Qur'anic arguments as follows: First, the texts contained in the Qur'an emphasize that in every wealth is attached the rights of other people; Second, all rich people need to cleanse and purify their wealth; Third, the Prophet Muhammad SAW and his Companions used zakat assets to increase economic development. Despite the fact that in the classical period, various assets were not subject to zakat, now all assets can be subject to zakat obligations. The realization of this idea, however, depends on the commitment of the 'ulama (Muslim scholars), academicians, policymakers, and other parties whose authority to expand the object of zakat as a source of state economic development.

Viewed from an economic perspective the functions of zakat can be developed into several dimensions. First, As a source of state funding. Some researchers have tried to calculate the national zakat's potential. In 1989, Monzer Kahf conducted research that found that the potential of national zakat could reach 2% of the total GDP. In other words, the potential for zakat is no less than 100 trillion rupiah. Then in 2001, the National Zakat Amil Agency (BAZNAS) and the Faculty of Economics and Management IPB conducted research on a similar topic and discovered the fact that the potential for zakat reached 3.40% of GDP or no less than 217 trillion rupiah. Second, Social justice. Zakat can improve social justice in society; Third, Social balance. social balance can be built through the distribution of zakat to ensure the poor receive their share; Fourth, Social Security. When the potential of zakat can be realized, poor people will feel secure and will no longer worry about seeking medical treatment or obtaining educational services as the government has guaranteed to fulfill their needs; Fifth, Social security. Large accumulated zakat funds can also be used as useful assets as well as reserve funds to cover the occurrence of unexpected events such as natural disasters, monetary crises, war, etc.

Viewed from a sociological perspective, the distribution of zakat should be focused on helping poor people to improve their lives. The institutions of zakat should change the orientation of zakat assets distribution from consumptive to productive. If possible, 50% of the zakat collected by the BAZNAS or LAZ is given to the poor, while the remaining is invested in business. In other words, the zakat recipients are encouraged to spend the money resulted from zakat as a basic capital to start a business collaboration either on a small or large scale. Obviously, institutional involvement from the government, BAZNAS and LAZ is necessary to make the business collaboration successful.

Moreover, viewed from a political perspective, the role of the government in taking policies on zakat management is also needed to enforce the distribution zakat effectively. One form of government responsibility in maintaining the distribution of zakat to the poor and the weak is by regulating and supervising the management of zakat in all institutions under government authority. No person or institution can collect zakat without permission and supervision from the government. The government must take a role in determining policies to optimize zakat management so that it can be more beneficial for improving the welfare of the people as a whole.

Moreover, the birth of the Zakat Management Law No. 23 of 2011 has placed the government as the sole regulator in the management of zakat in the country. The existence of Zakat Management Law no. 23 of 2011 and Government Regulation no. 14 of 2014 relating to the implementation of Zakat Law have paved the way for the government to actively participate in efforts to optimize the function of zakat as a source of improving the people's economy. On the other hand, the role of this government has been recognized by the majority of Indonesian ulama so that it can be used as a legal instrument that can strengthen the government's position in regulating and improving the quality and effectiveness of zakat management in Indonesia. Although there are still several weaknesses in terms of structure, substance, material, and implementation, gradually these problems can be corrected while continuing to move forward in efforts to reach a better future.

The recommendation for zakat as an alternative source of state income and financing is based on the reason that the potential of zakat funds each year is very large so that it can be used as a source of state income and financing. Apart from being a source of state income, zakat can also be used to support economic infrastructure development. Through this method, the government can carry out physical development freely and no longer has to always depend on foreign loans. This is the benefit when zakat is managed by the government so that it can provide productive and profitable results or be used as a source of state income and funding. through State Sukuk or State Sharia Securities (SBSN) as stipulated in the State Budget (APBN) Law.

Budget income can be obtained from taxes and non-taxes. In this context, zakat can be one of the state revenues originating from the non-tax sector. For the expenditure component, the government can distribute zakat assets as an instrument to support poverty eradication programs. Meanwhile, for the budget financing component, the government generally only relies on financing from abroad and has not maximized domestic financing. On the other hand, zakat can be a source of domestic financing which is realized in State Sukuk or State Sharia Securities (SBSN).

Finally, to make zakat a source of income as well as state financing, Indonesia should conduct comparative studies with other Islamic countries that have previously utilized the potential of zakat as a source of state income and budget. Before it is done, the government must first actively encourage people to pay zakat, as well as to buy government Securities (SUN or SBSN) as a form of collective contribution in efforts to increase the country's economic development. Without collective awareness from all citizens and the Government, such great aspirations will never be achieved.

Conclusion

Based on the earlier description and analysis, it can be concluded that the existence of the Zakat Management Law, particularly Law No. 23 of 2011 and Law No. 14 of 2014, truly have not fully regulated the

procedures to achieve a comprehensive zakat management. The regulations are only limited to fulfilling formal demands regarding zakat management regulations, but have not produce positive impact on the country's economic development, let alone disciplining Muslims in carrying out zakat both as religious obligations and state regulation. Even though the potential for zakat funds in Indonesia is very large and can be used as a source of state income and financing, in practice, however, this potential remains an abstract image because it has not been studied in depth, let alone truly explored.

The biggest obstacle facing the Indonesian government now and in the future is that most of Muslim, particularly among the ordinary people, only understand zakat as religious obligation and not as a state obligation. Apart from that, the majority of zakat is only used for consumptive purposes and has not been managed productively, either individually or institutionally. This study offers two solutions that the state can take to manage zakat productively, namely making it a source of state income (non-tax state income) and a source of state financing (State Sukuk or State Sharia Securities).

Author Contribution

Ah. Fatonih has been the sole contributor to this article, engaging in all the processes from conceptualization, designing the research methodology, reviewing the literature, data collection, and data analysis, to editing and refining the manuscript into its final form.

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