



# ANALYSIS OF THE APPLICATION OF ZAKAT REGULATIONS AS A DEDUCTION FOR TAXABLE INCOME IN THE NATIONAL AMIL ZAKAT AGENCY (BAZNAS) OF MAKASSAR CITY

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## ABSTRACT

This research examines the application of zakat regulation as a taxable income deduction in the National Amil Zakat Agency (BAZNAS) of Makassar City as well as the form of cooperation with related institutions, such as the Tax Office and the Ministry of Religious Affairs. This regulation is regulated in Law Number 23 Year 2011, which provides a reduction in gross income for Muslim taxpayers who pay zakat through an official zakat institution. This research uses a qualitative approach with descriptive methods through interviews, observation, and documentation. The results show that the implementation of this regulation faces challenges, such as low understanding of taxpayers and less than optimal synergy between the National Amil Zakat Agency (BAZNAS) and the Tax Office in socialization and technical coordination. Analysis based on maqashid sharia theory reveals that this regulation has the potential to support wealth redistribution, improve fiscal compliance, and strengthen social justice, but requires increased collaboration between institutions. The implications of this study recommend strengthening strategic cooperation through the integration of information technology systems, the preparation of practical guidelines, and an integrated socialization program to improve public understanding. In addition, further regulatory development is needed, such as additional fiscal incentives for muzakki, to increase awareness and participation of zakat payment through official institutions.

**Keywords:** Zakat; taxable income; BAZNAS Makassar; maqashid sharia

## 1. INTRODUCTION

Zakat, as the third pillar of Islam, is a *maliyah ijtimaiyyah* act of worship with a strategic role in improving the welfare of the people. This concept not only contains moral-spiritual values, but also has a significant economic dimension. Good management of zakat funds can

have a positive impact on economic growth and income distribution, in line with the concept of economic growth with equity. In Indonesia, zakat is regulated in Law Number 23 Year 2011 on Zakat Management, which provides a legal framework to the National Amil Zakat Agency (BAZNAS) and Amil Zakat Institution (LAZ). On the other hand, citizens also have the obligation to pay taxes in accordance with Law Number 36 Year 2008 on Income Tax. Taxes are used to finance public services and national development, creating citizen participation in the country's development.

Discussions related to zakat and tax often highlight the fundamental differences between the two. Zakat is a spiritual obligation of Muslims, while tax is a worldly obligation for all citizens. Zakat has an ukhrawi dimension that is connected to worldly aspects, while taxes focus on responsibilities to the state. In the Maqashid Syariah perspective, the purpose of Islamic law is to achieve maslahah or human welfare, both in this world and the hereafter. With this regulation, it is expected to provide benefits for the community, so that the principle of benefit in Islamic teachings can be better realized in the social and economic aspects of the people.

The Indonesian government has attempted to integrate zakat into the modern fiscal system by regulating zakat as a deduction from taxable income. This provision first appeared in Law Number 38 Year 1999, then updated in Law Number 23 Year 2011. Zakat paid through National Amil Zakat Agency (BAZNAS) or Amil Zakat Institution (LAZ) can be deducted from taxable income, thus easing the burden on taxpayers. The implementation of this regulation is supported by derivative rules, such as Government Regulation No. 14/2014 and Director General of Taxes Regulation No. PER-6/PJ/2011. This policy aims to avoid double burden for Muslims who pay zakat and taxes.

Article 1 paragraph (1) of Government Regulation No. 60/2010 explains that zakat or compulsory religious donations can be deducted from gross income, provided that they are channeled to government-recognized institutions. This step is an effort to integrate Islamic economic principles in the modern tax system, in order to achieve economic equity and social justice. However, the implementation of this regulation faces a number of challenges. One of them is the lack of understanding of taxpayers regarding the mechanism of zakat deduction in tax. Many people are not aware of the procedures or documents required to make this claim. In addition, the synergy between zakat and tax system in Indonesia is still limited to regulation, without real implementation of collaboration between National Amil Zakat Agency (BAZNAS) and Tax Office.

National Amil Zakat Agency (BAZNAS) Makassar City plays an important role in the management of zakat and ensures that tax deduction claims can be made correctly according to applicable regulations. As an institution mandated by law, National Amil Zakat Agency (BAZNAS) is responsible for distributing zakat efficiently to support wealth redistribution and community welfare. With this regulation, people can contribute through zakat while enjoying fiscal benefits in the form of tax deduction.

This research aims to analyze the implementation of zakat regulation as taxable income deduction in National Amil Zakat Agency (BAZNAS) Makassar City. The main focus is the effectiveness of the implementation of this regulation, including the collaboration between National Amil Zakat Agency (BAZNAS) and the Tax Office in supporting its understanding and

implementation. The results of the study are expected to provide insight into the potential optimization of this regulation as part of the effort to create a more inclusive and equitable fiscal system, in accordance with sharia principles and the socio-economic needs of the ummah.

## 2. METHODS

This research uses qualitative approach to explore the application of zakat regulation as taxable income deduction, especially in BAZNAS Makassar City. With this approach, the researcher tries to explore in-depth information about how zakat is applied in the context of taxation, as well as identify potential gaps between existing theories and practices in the field. Qualitative was chosen because this method allows a more thorough and contextual understanding of the phenomena that occur.

This research was conducted at BAZNAS Makassar City, which is a strategic institution in zakat management and has a close relationship with taxation policy in Indonesia. The selection of this location is based on the importance of BAZNAS in managing zakat, as well as its influence on taxation policies implemented by the government.

The approach used in this research combines normative-empirical legal method and Maqashid Sharia theory approach, especially in terms of *maslahah*. The normative-empirical legal approach combines the study of zakat and taxation regulations with field observation to see how zakat regulations are applied in real life. Meanwhile, the Maqashid Syariah approach is used to assess the extent to which this zakat regulation contributes to *maslahah* or broader benefits, namely the achievement of sharia objectives such as the protection of religion, soul, mind, offspring, and property. This approach also assesses how zakat regulations can improve the welfare of the people and increase public compliance with zakat and tax obligations.

In terms of data collection, this research relies on primary and secondary data. Primary data is obtained through interviews with various informants, including officials at BAZNAS, Tax Office employees, and the Ministry of Religious Affairs of Makassar City. Secondary data in the form of relevant documents such as zakat regulations, tax laws, as well as relevant literature are used to enrich the understanding of the topic under study.

Data collection methods consist of observation, interview, and documentation. Observation was conducted in three stages, starting from descriptive to observe the general condition of zakat institutions in Makassar, then focused on the practice of zakat in BAZNAS, to selection to examine more deeply certain categories of muzakki, such as ASN whose zakat is deducted directly through payroll by BAZNAS. Interviews were conducted using structured, semi-structured, and unstructured methods, in order to extract more in-depth information from informants. Meanwhile, documentation was used to support the information obtained from interviews and observations.

As the main instrument in this research, the researcher is responsible for collecting, analyzing, and interpreting data. Interview guidelines and documentation became supporting instruments that assisted researchers in directing the data collection process. The data analysis process was conducted interactively with three main steps: data reduction, data presentation, and conclusion drawing. In this case, the analysis also involves Maqashid Syariah theory to

evaluate whether the regulation of zakat as a deduction of taxable income has created significant masalah for the community, both in the economic aspect and in improving compliance with sharia and tax obligations.

To ensure data validity, this study used triangulation techniques, which included triangulation of sources, techniques and time. Source triangulation ensures that the data obtained is accurate by comparing information from various sources. Technical triangulation involves the use of various data collection methods, while time triangulation ensures the consistency of the results of data collection conducted at different times.

The Maqashid Syariah approach in this research also serves as a theoretical validation tool, ensuring that the data obtained is relevant to the objectives of sharia, as well as contributing to the development of better policies in the management of zakat and taxation. Thus, this research is expected to not only provide new insights in the management of zakat and taxation, but also become the basis for policies that are more harmonious and in line with sharia values.

### **3. RESULTS AND DISCUSSION**

The implementation of zakat regulation as a deduction from taxable income (PKP) is a synergistic effort between religious and state aspects in encouraging more inclusive economic growth. In Indonesia, this regulation has been regulated in law and provides incentives for taxpayers who channel their zakat through official institutions such as the National Amil Zakat Agency (BAZNAS). Law Number 23 Year 2011 on Zakat Management explicitly regulates that zakat paid to BAZNAS or other National Amil Zakat Institutions (LAZ) can be deducted from taxable income.

National Amil Zakat Agency (BAZNAS) Makassar City as the official institution of zakat management at the city level has an important role in the implementation of this regulation. The administration and reporting process of zakat as a taxable income deduction is an important step in ensuring that zakat paid through official institutions, such as National Amil Zakat Agency (BAZNAS) or National Amil Zakat Institutions (LAZ), can be legally recognized for annual tax deduction. For that reason, every muzakki who plans to utilize zakat as a taxable income deduction must ensure that the distributed zakat is properly recorded in the zakat administration system managed by the zakat institution. Likewise, the mechanism for calculating zakat as a deduction from taxable income follows the provisions stipulated in the applicable tax regulations.

#### **1. Administration and Reporting Procedures**

##### **a. Zakat Payment and Issuance of Proof of Zakat Payment (BSZ) by BAZNAS**

This process starts when muzakki pays zakat to BAZNAS. After the payment is received, BAZNAS is obliged to issue Proof of Zakat Payment (BSZ) as an official document showing that zakat has been paid. This BSZ is very important because it is a legally recognized document and can be used by taxpayers to reduce taxable income in their tax reporting. In BAZNAS Makassar City, BSZ issuance is done through BAZNAS Management Information System (SIMBA). SIMBA is a digital system used by BAZNAS to manage zakat payment data in an integrated manner and

facilitate the issuance of BSZ for muzakki. After zakat payment is made, BSZ can be issued and submitted to muzakki, either in physical or electronic form. Here is an example of Proof of Zakat Payment used by BAZNAS Makassar City.

 <b>BAZNAS</b> Badan Amil Zakat Nasional		<b>BADAN AMIL ZAKAT NASIONAL</b> Kota Makassar Jl. Teduh Bersinar No. 5 08114149888		<b>Lembar</b> <div style="border: 1px solid black; padding: 5px; display: inline-block;">1</div> Untuk Arsip Wajib Zakat	
<b>Bukti Setoran Zakat</b>					
Nomor		: 01/08/24/km/1/0000002			
Periode		: Agustus 2024			
Telah terima dari		: Achmad Agung Saputra			
NPWZ		: 737130010035942			
NPWP		:			
Alamat		: Jl. Latenri Tappu No. 16			
Telepon/Email		: /			
Objek ZIS	Uraian	Via	Jumlah (Rp)		
Zakat	Penerimaan   Zakat   Individual   Maal   Kas	1121161124	3.300.000		
<b>Total</b>			3.300.000		
Terbilang : Tiga juta tiga ratus ribu rupiah					
Semoga Allah SWT memberikan pahala kepada Bapak Achmad Agung Saputra atas harta yang telah dikeluarkan dan menjadi berkah dan suci atas harta yang lainnya.					
Pengesahan Petugas Amil Makassar Tgl 01/08/2024  Petugas : Badal Awan			Penyetor / Wajib Zakat Makassar Tgl 01/08/2024 Nama : Achmad Agung Saputra		

\* Kepada para muzakki, BAZNAS Kota Makassar memberikan bukti setoran zakat sesuai dengan UU No 23 tahun 2011 pasal 23 ayat 1.  
 \*\* Bukti setoran zakat ini dapat digunakan sebagai pengurang penghasilan kena pajak (UU no 23 tahun 2011 pasal 23 ayat 2).  
 \*\*\* BAZNAS Kota Makassar hanya menerima donasi dari sumber yang halal, tidak bertentangan dengan peraturan yang berlaku, dan bukan merupakan pencucian uang.  
 \*\*\*\* Nilai donasi natura diukur dalam jumlah rupiah oleh petugas yang menyerahkan bukti setoran zakat.  
 \*\*\*\*\* Harta wajib zakat dimiliki secara sempurna (kepemilikan penuh).

This evidence has legal force as confirmed by Badal Awan as the Head of Planning, Finance, and Reporting Section of BAZNAS Makassar City, who mentioned that Proof of Zakat Deposit must be attached when reporting taxes in accordance with the provisions of Article 23 Paragraph 2 in the law. It is also confirmed by the Chairman of BAZNAS Makassar City, H.M. Ashar Tamanggong emphasizing that the proof of zakat payment is officially recognized by law. The proof of zakat payment to zakat payers may be used to be attached when paying taxes.

#### b. Inclusion of Proof of Zakat Payment (BSZ) in Annual Tax Return (SPT) at Tax Office

After obtaining Proof of Zakat Payment (BSZ) from BAZNAS, muzakki or taxpayer shall report the zakat paid to tax office through Annual Tax Return (SPT). At this stage, the taxpayer will attach Proof of Zakat Payment (BSZ) as a valid proof of zakat payment to be claimed as a deduction from taxable income. In reporting the annual tax notification letter, zakat paid to BAZNAS will be inputted in the section provided, namely in the special column for zakat. The

In general, tax administration procedures at the Tax Office start from taxpayer registration to obtain a Taxpayer Identification Number, to tax refunds. The main purpose of this procedure is to ensure taxpayer compliance in fulfilling their tax obligations and to optimize state revenue from the tax sector. Based on the results of interviews with Muhammad Rijal as the First Expert

Tax Counselor of the North Makassar Primary Tax Service Office, explaining that as a taxpayer, there are administrative provisions that must be fulfilled, namely: (1) Registration, (2) Tax calculation, either independently, as an entrepreneur, independent worker, or employee, (3) Tax payment, (4) Annual tax reporting which includes all income, debts, and other obligations, and (5) Restitution (return) begins when the taxpayer reports his tax, including attaching proof of tax withholding from the employer or income from independent work, such as doctors, notaries, or entrepreneurs. In addition, taxpayers must also report proof of zakat payment from BAZNAS or other recognized zakat institutions, and attach it to the Annual Tax Return (SPT). This evidence becomes the basis for the refund of tax overpayment.

## 2. Calculation of Zakat as a Deduction from Taxable Income

Zakat that can be used as a deduction from taxable income is zakat paid to the National Zakat Agency (BAZNAS) or the Amil Zakat Institution (LAZ) recognized by the government. Types of zakat that can be used as a deduction from taxable income include income zakat (zakat maal). The calculated zakat provision is 2.5% of total gross income after reaching the nisab. The nisab of income zakat is equivalent to 85 grams of gold per year. If the price of gold is, for example, IDR 1,000,000 per gram, then the nisab is IDR 85,000,000 per year.

The formula for calculating zakat is:

$$\text{Zakat} = 2.5\% \times \text{Gross Income (after reaching nisab)}$$

Example: If a person has a gross income of IDR 120,000,000 every year, their zakat is calculated as:

$$\text{Zakat} = 2.5\% \times \text{IDR } 120,000,000 = \text{IDR } 3,000,000$$

Taxable income (PKP) for personal taxpayers is calculated by reducing net income with non-taxable income (PTKP). The amount of PTKP is determined by the status of the taxpayer concerned, which is determined based on conditions at the beginning of the tax year or the beginning of the tax year. Individual income tax is subjectively personal, as stipulated in article 7 of Law No. 36 of 2008 concerning Income Tax. If a person's income is below the taxable income limit (PKP), they are not subject to income tax. The following is a table of taxable income rates for individual taxpayers according to the latest regulations in the Tax Regulation Harmonization Act (UU HPP), which are as follows:

**Table 1.** Taxable Income Rate (PKP) for Individuals

Taxable Income Layer	Tax Rate	
	Have NPWP	Not Having NPWP
up to IDR 60,000,000	5%	6%
IDR 60,000,000 up to IDR 250,000,000	15%	18%
IDR 250,000,000 up to IDR 500,000,000	25%	30%
IDR 500,000,000.00 up to IDR 5.000.000.000	30%	36%
Above IDR 5.000.000.000	35%	-

The amount of Non-Taxable Income determined based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 101/PMK.010/2016 is as follows:

- a. For individual taxpayers is IDR 54,000,000 (fifty four million rupiah)
- b. Additional for married taxpayers IDR 4,500,000 (four million five hundred thousand rupiah)
- c. Additional for a wife whose income is combined with the husband's income IDR 54,000,000 (fifty four million rupiah)
- d. Additional for each member of the blood family and consanguineous family in the straight line of descent and adopted children, who become fully dependent, a maximum of 3 (three) people for each family IDR 4,500,000 (four million five hundred thousand rupiah)

The author details this in the form of a table below:

**Table 2.** Non-Taxable Income Rates (PTKP)

Male/Female	Single Married Male	Husband and Wife Combined
TK/0 - Rp. 54.000.000	K/0 - IDR 58.500.000	K/I/0 - IDR 112.500.000
TK/1 - Rp. 58.500.000	K/1 - IDR 63.000.000	K/I/1 - IDR 117.000.000
TK/2 - Rp. 63.000.000	K/2 - IDR 67.500.000	K/I/2 - IDR 121.500.000
TK/3 - Rp. 67.500.000	K/3 - IDR 72.000.000	K/I/3 - IDR 126.000.000

Zakat can be deducted from gross income to obtain taxable income, before calculating tax payable. The mechanism is to reduce the zakat paid to BAZNAS or LAZ recognized by the government from the gross income earned. The following is the calculation of assets that are subject to zakaah if they reach the nisab and reach one year (haul).

*Case Example:*

Ahmad is an employee of a private company. He has a gross income of Rp120,000,000 per year. He pays income zakat (zakat maal) of 2.5% of his income every month through BAZNAS. Ahmad has taxpayer status "TK/0" (not married and has no dependents). Based on his status, Ahmad's non-taxable income (PTKP) is IDR 54,000,000. Ahmad wants to know how the calculation of zakat that he pays can reduce his taxable income. The following illustrates the calculation of income zakat:



**Table 3.** Calculation of Zakat on Income

Zakat Tax Base	IDR 120.000.000
Zakat (2.5 %)	IDR 3.000.000

Second, Taxpayers report the relevant Annual Tax Return to the Tax Office.

**Table 4.** Income Tax Calculation

Yearly Income	IDR 120.000.000
(-) Non-Taxable Income (TK/0)	IDR 54.000.000
Taxable Income	IDR 66.000.000
Income Tax Payable = (5% x IDR 60.000.000) + (15% x IDR 6.000.000)	IDR 3.000.000 + IDR 900.000
Total Income Tax Payable	IDR 3.900.000

Furthermore, the calculation of zakat as a reduction in taxable income is illustrated as follows:

**Table 5.** Calculation of Zakat as a Deduction Taxable Income

Gross Income	IDR 120.000.000
(-) Zakat (2.5%)	IDR 3.000.000
Net Income After Zakat	IDR 117.000.000
(-) Non-Taxable Income (TK/0)	IDR 54.000.000
Taxable Income	IDR 63.000.000
Income Tax Payable = (5% x IDR 60.000.000) + (15% x Rp 3.000.000)	IDR 3.000.000 + Rp 450.000
Total Income Tax Payable	IDR 3.450.000

The calculation of Ahmad's zakat income for a year from an income of IDR 120,000,000 is IDR 3,000,000. Then PPh 21 the amount of tax payable is IDR 3,900,000. From the three calculations above, it can be seen that after Ahmad makes zakat as a deduction from the taxable income of the taxpayer, the Income Tax 21 payable paid by Ahmad is IDR 3,450,000 and can be reduced by IDR 450,000. Zakat paid successfully reduces taxable income, so the tax to be paid is lower than if zakat is not paid.

### 3. Effectiveness of Regulation Implementation

Regulations governing zakat as a deduction from taxable income have been stipulated in Articles 22 and 23 of Law No. 23 Year 2011. This regulation allows zakat paid through BAZNAS, with valid proof of payment, to be used as a deduction from taxable income in annual tax return reporting. However, the effective implementation of this regulation still faces various challenges. Based on an interview with Badal Awan as the head of reporting and finance of BAZNAS Makassar City, it is known that the low utilization of this regulation is related to the lack of public knowledge. Many people do not know that zakat can be used for tax deduction, and only a few request proof of deposit from the BAZNAS Management Information System (SIMBA). This reflects the lack of optimal socialization and education regarding this regulation.

In addition to knowledge constraints, there are psychological and social barriers that prevent people from utilizing zakat as a deduction for taxable income (PKP). Faisal Firman, an Account Representative at KPP Pratama South Makassar, revealed that some individuals are reluctant to include their identity when paying zakat for fear of being considered *riya'*. Others do not really care about the benefits of tax deduction. In fact, from direct observation in the receipt of annual tax returns, only a few take advantage of this facility. This obstacle is also exacerbated by the lack of data and transparency related to zakat reporting.

Faisal Firman further explained that support for efforts to increase transparency and compliance in zakat reporting is very important, especially considering the culture of non-transparency in society regarding the amount of zakat paid. This is also an obstacle because some individuals may be obedient in paying zakat for religious reasons, but do not always show the same compliance with tax obligations. There is a tendency to report income that is smaller than the actual amount, with the aim of reducing the tax burden. This shows that further steps are still needed to encourage openness and awareness of the importance of compliance with zakat and taxes simultaneously.

Junaedi from the Ministry of Religious Affairs of Makassar City added that people are less encouraged to utilize this regulation because zakat only reduces taxable income, not tax payable directly. As a result, the benefits felt by taxpayers are insignificant, making it less attractive.

Low tax literacy is also an inhibiting factor. Many people are not aware of the rights and benefits of zakat in tax deduction due to lack of understanding of tax and zakat regulations. The habit of not seeking information independently worsens this situation, even though regulations have been socialized through various media.

The results of this study provide a new perspective in understanding the challenges of implementing zakat regulation as a taxable income deduction in Makassar City. Previous studies, such as those conducted by Novi Febriyanti (2020) and Susilo Priyono (2022), have identified general obstacles, such as lack of socialization, low taxpayer awareness, and limited effective regulatory support. However, this study narrows the focus to the local context of Makassar City by describing specific challenges, including limited technical cooperation between BAZNAS Makassar City and the Tax Office in implementing the regulation.

#### **4. Cooperation of National Zakat Agency (BAZNAS) with Related Parties in the Implementation of Regulation**

Cooperation between BAZNAS, Tax Office, and Ministry of Religious Affairs of Makassar City plays a key role in the implementation of zakat regulation as taxable income deduction (PKP). However, the effectiveness of this regulation implementation faces significant obstacles due to the lack of coordination between related institutions. The Head of BAZNAS Makassar City revealed that there is no special cooperation between BAZNAS and tax office in the implementation of this regulation, since the proof of zakat deposit is considered legally sufficient. Nevertheless, the lack of integration in zakat and tax management has caused this regulation not to be optimal.

In addition, according to Badal Awan, BAZNAS Makassar City has not coordinated directly with the Tax Office regarding the implementation of this regulation. However, the regulation is

still applied as long as the taxpayer brings a valid proof of zakat deposit. This shows that the implementation of the regulation is more administrative, without any strategic synergy between the two institutions.

One of the biggest challenges in implementing this regulation is the absence of administrative system integration between BAZNAS and the Tax Office. Currently, the zakat payment receipt issued by BAZNAS through BAZNAS Management Information System (SIMBA) has not been connected to the tax office system. According to Faisal Firman, ideally, zakat payment through BAZNAS can be directly recorded in the tax office system, so that taxpayers do not need to report it manually. This can improve reporting efficiency while making it easier for taxpayers.

In terms of socialization, BAZNAS and the Ministry of Religious Affairs have made various efforts, especially targeting the state civil apparatus and entrepreneurs. However, the reach of this socialization is still limited, so many people do not understand the benefits of zakat in the context of reducing taxable income. Feedback from the community, as conveyed by Junaedi from the Ministry of Religious Affairs of Makassar City, shows that many muzakki hope that zakat not only reduces taxable income, but directly reduces tax payable. This expectation reflects the need for more significant incentives to encourage community participation in giving zakat through official channels.

Based on the results of the research conducted, there are several important solutions that can improve the effectiveness of the implementation of zakat regulations as a deduction for taxable income. One of them is the strengthening of socialization and education to the community, especially to professionals and entrepreneurs. The research shows that many individuals do not fully understand the benefits of zakat in the context of taxation, which is caused by the lack of effective and thorough socialization. Therefore, there is a need for a more intensive approach through various platforms such as social media, seminars, and public service announcements that can cover more segments of society, including young people and business people. According to Faisal Firman, the current socialization still seems ad-hoc and has not become a top priority, so there needs to be a change in the approach, by including zakat socialization as an integral part of taxation policy.

Furthermore, the development of an integrated digital system between BAZNAS and the tax office is another important solution. With this system, data on zakat payments made through zakat institutions can be sent directly to the Directorate General of Taxes (DGT), making the reporting process more efficient and reducing the possibility of reporting errors. In addition, it is important to increase transparency and build public trust regarding zakat reporting. This includes the need for a more private and secure reporting mechanism, to address social concerns related to *riya'* or discomfort in mentioning the amount of zakat paid.

The application of clearer incentives is also key in encouraging people to utilize zakat regulation as a tax deduction. As stated by the Head of BAZNAS Makassar City, the big hope is that zakat not only reduces the tax object, but also reduces the amount of tax that must be paid. This kind of incentive will give a more tangible impact and be felt directly by taxpayers, which in turn will increase their participation in paying zakat. In addition, this research also highlights the importance of implementing a pilot project as a pilot area that applies the zakat system as a

deduction for tax payable, as has been successfully done in several regions in Malaysia. By optimally testing this policy in pilot areas, it is expected that empirical data can be obtained that are useful for further evaluation and policy development.

Overall, the solutions focus on improving the effectiveness of zakat regulation as a taxable income deduction, which is in line with *maslahah* theory that emphasizes the importance of policies that provide benefits to society. This regulation is expected to not only reduce people's tax burden, but also support social and economic welfare more broadly, by strengthening cooperation between zakat and tax institutions.

This research shows that the main challenge in the implementation of zakat regulation in BAZNAS Makassar City is the less than optimal collaboration between the Tax Office and BAZNAS as well as the limited utilization of information technology. This finding expands the scope of previous studies such as by Nida Imanika (2021) which only highlighted the issue of public understanding in general. This research also introduces a new dimension in the theoretical approach, namely the application of *maqashid sharia*, which has not been explicitly used in previous similar studies. This approach not only evaluates the successful implementation of regulations from an administrative perspective, but also analyzes the social impact and distributional justice generated by these regulations. This provides additional insights on how zakat policies can be designed to better fulfill *maslahah* objectives that include spiritual, social, and economic dimensions.

According to the study of *maslahah* theory, a policy should ideally be designed to provide benefits while preventing harm to society. In the context of implementing zakat regulation as a taxable income deduction, this is in line with the principle of *maslahah* which includes three main aspects: *dharuriyyah* (primary needs), *hajiyyah* (supporting needs), and *tahsiniyyah* (complementary needs).

In terms of *maslahah dharuriyyah*, this policy helps people who potentially face a double financial burden due to zakat and tax obligations. By reducing this burden, this regulation not only allows people to continue to fulfill their zakat obligations according to *Sharia*, but also maintains economic and social stability. However, this policy still needs improvement, especially in the aspect of tax reduction incentives, so that the synergy between tax and zakat can be optimized and contribute to social justice.

In terms of *maslahah hajiyyah*, this regulation encourages people to pay zakat formally through institutions such as BAZNAS. Tax-based incentives increase public compliance in paying zakat, so that the zakat management system becomes more accountable and organized. This strengthens the sustainability of the Islamic economic system, which supports stability in meeting public needs while encouraging social and spiritual awareness.

Meanwhile, in the aspect of *maslahah tahsiniyyah*, this policy improves the quality of management of collected zakat funds. With the increasing amount of zakat funds managed by official institutions, social empowerment programs such as education, health, and small business empowerment can be more developed. The impact is not only to improve individual welfare, but also to create a broader positive effect in society.

Overall, this regulation supports the principle of *maslahah* by maintaining a balance between social, economic and spiritual aspects. Better zakat management also strengthens zakat's contribution to community welfare, creates a more inclusive economic system, and supports sustainable empowerment. This analysis supports the view that the policy is in line with the sharia objectives for the benefit of the people.

#### 4. CONCLUSION

Based on the results of the study on the implementation of zakat regulations as a taxable income deduction at BAZNAS Makassar City, the following conclusions can be drawn:

- a. The implementation of zakat regulations as a taxable income deduction at BAZNAS Makassar City has been carried out in accordance with applicable provisions. However, the effectiveness of its implementation is still low. Although there are provisions that allow muzakki to reduce taxable income through zakat paid, many people have not utilized this facility. This is due to a lack of understanding and socialization of this regulation, as well as other obstacles such as concerns about being considered *riya'*. In addition, the reduction provided only reduces taxable income, not reducing the tax payable that must be paid, so that the benefits are considered less significant by many taxpayers.
- b. Cooperation between BAZNAS Makassar City and related parties, such as the Tax Service Office and the Ministry of Religion of Makassar City, is still limited to regulations governing zakat as a taxable income deduction, namely Law No. 23 of 2011 concerning Zakat Management. The results of the study revealed that there has been no special cooperation between related agencies in ensuring that the regulation can run effectively. Although there have been efforts to raise awareness of tax reductions through zakat, the results have not been optimal because the public is still less motivated to utilize evidence of zakat deposits in tax reporting. Therefore, more effective steps are needed to improve education and cooperation between institutions to maximize the use of this regulation.

#### Implication

Based on the research results regarding the implementation of zakat regulation as taxable income deduction in BAZNAS Makassar City, here are some implications and implementation recommendations to optimize the implementation of zakat regulation as taxable income deduction:

1. BAZNAS Makassar City, together with the Tax Office and the Ministry of Religious Affairs Makassar City, needs to more intensively socialize to the public about the benefits of zakat as a taxable income deduction. This can be done through seminars, workshops, and campaigns on social media, as well as utilizing mobile applications, video tutorials, and infographics to explain the procedures and benefits in a practical manner.
2. Education to the public needs to be done so that they are more open in reporting zakat and tax. This transparency is important to improve the quality of public services and strengthen public trust in the tax system and zakat management.

3. Good coordination between BAZNAS Makassar City and Tax Office is very important to smoothen the process of reporting zakat as taxable income deduction. This will accelerate the verification of zakat data, so that the benefits of tax reduction can be immediately received by taxpayers.
4. BAZNAS Makassar City and Tax Office need to develop an integrated data system to facilitate zakat verification. This will ensure that zakat paid is in accordance with the provisions and can be properly used as a deduction from taxable income.
5. Based on taxpayer feedback, the taxable income reduction regulation needs to be evaluated, especially if it is considered too complicated or the reduction is small. Simplification of procedures as well as greater incentives will motivate taxpayers to be more active in reporting their zakat.
6. As an initial step, a pilot project should be conducted in certain areas or groups of taxpayers. This project aims to test the effectiveness of tax deduction system through zakat and evaluate the coordination between BAZNAS, Tax Office, and muzakki. The result of the pilot project will be used to improve the system of zakat management as tax deduction.

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### Authors' Contribution

**Haerani:** As the main researcher, responsible for designing the research, conducting data collection and analysis, and compiling a comprehensive draft of the article. **Apra Muthihah Azizah Amatullah:** verified the analytical methods and contributed to the final version of the manuscript. **Mukhtar Lutfi:** Serves as promoter, providing strategic guidance, overall supervision, and ensuring the research conforms to the theoretical approach, particularly maqashid sharia, and the intended academic direction. **Musyfikah Ilyas:** As copromoter, supported the development of the research methodology, provided critical feedback on the data analysis and manuscript, and ensured that the article met high academic standards. The coordinated and synergistic contributions of the three authors ensure that this article can provide useful new insights into the management of zakat and its implementation as a taxable income deduction in Indonesia.

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