

Zakat As A Reduction Of Income Tax A Case Study At Baznaz Of Central Sulawesi Province

Sari Sakinah¹, Muhammad Akbar² & Ikram Ikram³

¹Faculty of Islamic Family Law Study Program, Universitas Islam Negeri Datokarama Palu, Indonesia

² Universitas Islam Negeri Datokarama Palu, Indonesia

³ Universitas Islam Negeri Datokarama Palu, Indonesia

*Corresponding Author: Sari Sakinah E-mail: Sarahsakinahsirajuddin@gmail.com

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ABSTRAK

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This study aims to determine the application of zakat as a tax deduction to taxpayers in (BAZNAZ) Central Sulawesi Province. The type of research used is a field research method which is carried out with a qualitative approach. By interviewing the Deputy Chairman I for Collection (BAZNAZ) and Vice Chairman III for Planning, Finance, Distribution and Utilization Reporting (BAZNAZ) Central Sulawesi Province and some taxpayers. The results of the study are that zakat can be deducted from taxable income, if the zakat paid must go through a zakat institution inaugurated by the government, the inhibiting factors in the application of zakat as a deduction of taxable income are the awareness of paying zakat is still low, people are not interested in zakat institutions, the limited number of BAZNAS or Laz authorized by the government, the public's willingness to include Proof of Zakat Deposit (BZS) on the Annual Tax Return and the lack of socialization of zakat as a deduction for individual taxpayers' income tax.

1. Introduction

Indonesia is known as the country with the largest Muslim majority population in the world. As the country with the largest population, Indonesia has great potential in terms of sources of income not only from zakat but also from taxes. Zakat is a certain right that Allah Almighty requires Muslims to be reserved for them, which in the Quran mentions the poor, and other mustahiks. The obligation to pay zakat is a form of responsibility at the command of Allah, where in issuing zakat there is a certain level limit that makes the property mandatory to be issued by Muslims. At certain times, people pay zakat directly to the recipients, rather than paying it through the government. In addition to the obligation to pay zakat, Muslims are also charged with paying taxes. Meanwhile, taxes are people's dues to the state treasury based on the law so that they can be imposed without receiving direct retribution. The problem of paying taxes and zakat arises because of the duality of obligations that must be carried out by Muslims, especially in Indonesia, the obligation is to pay taxes as an obligation of citizens while paying zakat as an obligation to religion.

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As a solution so that zakat obligations are not subject to double burdens, the Government issued a regulation, namely Law Number 23 of 2011 concerning zakat management, Article 22 states "zakat paid by muzakki to BAZNAS or LAZ is deducted from taxable income". The point is the income tax in article 23 paragraph 1 which states that BAZNAS or LAZ is obliged to provide proof of zakat deposit to each muzakki. Paragraph 2 states that proof of zakat deposit as referred to in paragraph 1 is used as a deduction for taxable income.

Zakat paid through BAZNAS or LAZ can be used as a factor in deducting taxable income from the income tax of the taxpayer concerned by using valid proof of deposit. In accordance with Government Regulation Number 60 of 2010 article 1 paragraph (1) letter (a), zakat or religious donations that are mandatory in nature that can be deducted from gross income include: zakat on income paid by individual taxpayers who are Muslims and/or by taxpayers of domestic entities owned by Muslims to the Amil

Zakat Agency or Amil Zakat Institution formed or authorized by the government. From the preliminary explanation, we can see how the Application of Zakat as a Deduction for Individual Taxable Income Tax Case Study at (BAZNAZ) Central Sulawesi Province.

2. Literature Review

2.1 Zakat

Zakat is a worship that is listed in the pillars of Islam. For every Muslim who has stable finances, or is able, it is obligatory for him to pay zakat to people in need. Zakat is a worship that has the purpose of helping underprivileged people. Zakat is a practice of worship in which Muslims give 2.5% of their wealth to donate to the needy. Income zakat or also known as zakat on profession is part of zakat mal which must be issued on assets derived from income from work that does not violate sharia. The Fatwa of the Indonesian Ulema Council (MUI) explained that the income in question is any income such as salary, honorarium, wages, services, and others obtained in a halal way, both routinely such as state officials, employees, and non-routine such as doctors, lawyers, consultants, and the like, as well as income obtained from other freelance work. A person is said to be obliged to pay income zakat if his income has reached the nishab of income zakat of 85 grams of gold per year. This is also corroborated in the 2021 BAZNAS Decree concerning Nisab of Income Zakat and Services in 2021, that; The nishab of income zakat in 2021 is worth 85 grams of gold or equivalent to IDR 79,738,415,- (Seventy-nine million seven hundred thirty-eight four hundred and fifteen rupiah) per year or IDR 6,644,868,- (Six million six hundred forty-four thousand eight hundred and sixty-eight rupiah) per month. In practice, income zakat can be paid monthly with a monthly nishab value equivalent to the value of one twelfth of 85 grams of gold (as stated above) with a level of 2.5%. So if the monthly income has exceeded the monthly nishab value, then zakat must be issued at 2.5% of the income. There are many types of professions with regular payments or not, with the same income and not in each month. If the income in 1 month does not reach nishab, then the income for 1 year is collected or calculated, then zakat is paid if the net income is sufficient. In Islam, the term for people who pay Zakat is called "Muzakki".

2.2 Taxes

Quoting from the official website of the DJP, taxes are mandatory contribution to the state owed by an individual or entity of a coercive nature under the law, with no direct compensation and is used for the needs of the state for the greatest prosperity of the people. Currently, there are 3 types of tax systems in Indonesia, including: Self-assessment system, which is a tax collection system that imposes a determination of the amount of tax that must be paid by the taxpayer concerned. Official assessment system, which is a tax collection system that imposes the authority to determine the amount of tax owed to the fiscus or tax officer as the tax collector. Withholding assessment system, which is a system in which the amount of tax is calculated by a third party who is not a taxpayer, nor is it a tax officer. Which serves as a budget (budgetair), a regulating function (regulated), a stability function, a revenue redistribution function. The function of the Budget (Budgetair) Tax as a source of state revenue, serves to finance state expenditures, such as expenditures in terms of state development. Taxes are also used to finance expenses related to government processes, such as employee expenditures, goods expenditures, maintenance and others. The Function of Regulating (Regulated) Tax is used as a tool to achieve the objectives and complementary to the budget function, the Tax Budget Redistribution Function collected by the state will be used to finance all public interests, including to finance development so as to open up employment opportunities, which in turn can increase people's income.

2.3 Income Tax

Income tax is a tax imposed on an individual or entity on income received or earned in a tax year. The income in question can be in the form of business profits, salaries, honorariums, gifts, and others. The subject of income tax is a person or party responsible for income tax received or obtained in the tax year or part of the tax year. The subject of income tax means the person who has to pay income tax and is referred to as the Taxpayer (WP). The status as a WP is determined by the way the person concerned first registers with the Tax Service Office (KPP) to obtain a Taxpayer Identification Number (NPWP). Registration as a WP is carried out at the KPP, which must be in accordance with the area of domicile concerned. The government has made changes to tax provisions through the draft Law on the Harmonization of Tax Regulations (RUU HPP) which was approved at the final session of the House of Representatives (DPR) on October 7, 2021, for the calculation of income tax. The individual tax rate is based on the HPP Law which renews Article 17 paragraph (1) letter a of the Income Tax Law. 5% for annual income up to IDR 60,000,000, 15% for income above IDR 60,000,000 up to IDR 250,000,000, 25% for income above IDR 250,000,000 to IDR 500,000,000, 30% for income above IDR 500,000,000 up to IDR 5,000,000,000, and 35% for income above IDR 5,000,000,000. As a result of the second amendment, if before the HPP Law an employee with a taxable income of IDR. 60,000,000, then a year subject to 2 layers of tax rates, namely 5% and 15%, then after this HPP Law an employee with a taxable income of IDR. 60,000,000 a year is only subject to 1 layer of tax rate, which is 5%, so that the tax paid is lower.

2.4 The Relationship Between Zakat and Taxes

Zakat and taxes correlate with each other, but they differ in several ways. Among the points of similarity between zakat and taxes are that they are both coercive, involving the management and goals of common welfare. The purpose of zakat and taxes is to reduce socioeconomic inequality in society and to equalize property ownership for common welfare. Zakat and tax both contain several aspects of differences, namely in terms of name, legal basis and nature of obligations. In terms of name, zakat means clean, holy, blessings, growing, benefiting, and develop. Meanwhile, tax, comes from the word dharibah which etymologically means burden and sometimes also means jizyah which means land tax (tribute) handed over by the zimma expert (one who remains in paganism but is subject to Islamic government rules). In addition to having aspects of differences, zakat and taxes also have similar aspects, namely as an element of coercion and obligation which is a way to generate taxes, also contained in zakat. If taxes must be deposited to the central and regional states, then zakat is also the case. Because basically the zakat must be handed over to the government as a body called LAZ or BAZ. On the terms of the tax there is no specific reward. Taxpayers submit their taxes as members of the public. They only obtained various facilities to be able to carry out his business activities. Taxes in modern times have a purpose to society, economy and politics in addition to financial goals, so zakat has a farther purpose and a wider reach than these aspects.

2.5 Zakat as a Tax Deduction

As explained in Law No.23 of 2011 concerning zakat management in article 22 that zakat or religious donations paid to zakat agencies or institutions authorized by the government can reduce taxable income. Then it is affirmed by the Regulation of the Director General of Taxes Number-6 / PJ / 2011 which explains the implementation of payments and the making of proof of payment for zakat or religious donations which are mandatory in nature which can be deducted from gross income. It is hoped that with this regulation, the Indonesian people, who are predominantly Muslim, can get relief and convenience in fulfilling two obligations, namely zakat and taxes at once, without having to choose one of them.

As well as the mechanism for paying zakat as a deduction for taxable income, it is contained in Article 2 of the Regulation of the Director General of Taxes No. PER-6 / PJ / 2011 of 2011 concerning the Implementation of Payments and Making Proof of Payment for Zakat or Religious Donations that are Mandatory in Nature that can be Deducted from Gross Income. In the regulation, it is explained: (1) Taxpayers who make zakat deductions or religious donations that are mandatory in nature, must attach a photocopy of proof of payment on the Annual Income Tax Return (SPT) for the Tax Year for which zakat deductions or religious donations are obligatory. (2) Proof of payment can be in the form of proof of payment directly or via bank account transfer, or payment via Automated Teller Machine (ATM). (3) Proof of payment if the payment is directly at least contains: a. The full name of the taxpayer and the taxpayer's identification number (NPWP). b. Payment amount. c. Payment date. d. The name of the amil zakat body, the amil zakat institution, or religious institution established or authorized by the Government. e. Signatures of officers of amil zakat bodies, amil zakat institutions, or religious institutions, established or authorized by the Government. f. Validation of the bank officer on the proof of payment if the payment is via bank account transfer. (4). Proof of Payment if payment by bank account transfer must have a bank officer validation. (5). Zakat or religious

donations of a mandatory nature cannot be deducted from gross income if: a. Not paid by taxpayers to amil zakat entities, amil zakat institutions, or religious institutions formed or authorized by the Government. b. The proof of payment does not meet the applicable conditions. (6). Deduction of zakat or religious donations of a mandatory nature are reported in the Annual Tax Return (SPT) of the the relevant Taxpayer in the Fiscal Year, the zakat or religious contributions which are mandatory in nature are paid. (7). In the Annual Income Tax Return (SPT), zakat or religious donations that must be reported to determine net income.

3. Methodologi

This research uses a type of field research, namely looking for data directly to the place of the research object, BAZNAZ Central Sulawesi Province. The focus of this research to find out how the Application of Zakat as a Tax Deduction in BAZNAZ Central Sulawesi Province using nterview techniques by asking directly to sources of information, interviews parties who are considered to be able to provide explanations related to the application of zakat as a tax deduction. The interviewees were Deputy Chairman I for Collection (BAZNAZ) and Vice Chairman III for Planning, Finance, Distribution and Utilization Reporting (BAZNAZ) Central Sulawesi Province and some taxpayers. The source of the problem to be studied in this technique is the author seeks to find data from the results and documentation which requires the form of written material, images that can provide information, written sources, through documents or anything that has relevance so that it can complement the data obtained in the field. Data related to zakat as a tax deduction. The data analysis technique used is qualitative descriptive analysis, which is an analysis that aims to describe a research object through data that has been collected or by using information that has been obtained directly in the field.

4. Results and Discussion

Zakat related to income tax is zakat on profession. Zakat on Profession is assets that are issued from the income of a person or profession when it has reached nisab. Such as employees, doctors, notaries, lawyers, architects and others. From the opinion stated that the level of zakat that must be issued is 2.5 percent. Nisab or the minimum limit of zakat on profession is worth 85 grams of gold today, for example, the price of gold is IDR.800,000/gram, then the nisab of income zakat in a year is 85 grams x IDR.800,000=IDR.68,000,000.

To determine the nisab and income zakat level, the Fatwa Commission of the Indonesian Ulema Council has issued a fatwa on income zakat or zakat on profession in the decree fatwa of the Indonesian Ulema Council Number 3 of 2003 concerning Income zakat. This is also further strengthened by PMA Number 31 of 2019 where article 26 states that the nisab value of income zakat and services is equivalent to 85 grams of gold with a grade of 2.5 percent. The decisions are as follows, namely: 1) General Provisions in this fatwa, what is meant by income is any income that must be issued by a person every month. Such as honorarium salaries, wages, services and others obtained halally, both routine and non-routine income. 2) Legal Basis All forms of halal income must be issued zakat on the condition that they have reached nisab in 1 year, worth 85 grams of gold. 3) The timing of zakat expenditure (a). Income zakat can be issued at the time of receipt if the nisab is sufficient. (b). If it has reached nisab then all income is collected for 1 year, then zakat is issued if the net income is sufficient nisab. Assets that are obligatory on zakat if they reach the nisab and reach one year (haul). The way to calculate zakat on profession is: Mr. Sirajuddin works as an ASN (state civil apparatus), every month gets a salary of IDR. 6,600,000 so Mr. Sirajuddin's Zakat is IDR. $6,600,000 \times 2.5\% = \text{IDR. } 160,000$ per month or IDR. 1,980,000 per year. So if Mr. Sirajuddin pays his zakat at BAZNAZ Central Sulawesi Province, he will get BSZ (Proof of Zakat Deposit) which can be used as a deduction for taxable income on income tax. As per Article 23 Paragraph 1 of Law Number 23 of 2011 that BAZNAS or LAZ is required to provide proof of zakat deposit to each Muzakki. Proof of Zakat Deposit can be taken into account as a deduction for taxable income according to the applicable level (Article 9 Paragraph 1) of Law Number 36 of 2008 concerning Income Tax as amended several times by Law Number 7 of 1983.

If Muzakki has obtained the Zakat Deposit Proof (BSZ), it can be used as a deduction for taxable income on personal taxpayer income. As Article 23 Paragraph 2 of Law Number 23 of 2011 states that the Proof of Zakat Deposit (BSZ) as referred to in paragraph 1 is used as a deduction for taxable income. To calculate taxable income (PKP) for personal taxpayers, the net income is reduced by non-taxable income (PTKP).The amount of PTKP for personal taxpayers is based on the status of the taxpayer concerned. While the status of the taxpayer is determined according to the circumstances at the beginning of the tax year or the beginning of the part of the tax year. To clarify the characteristics that the individual income tax is a personal

subjective tax provided for in article 7. The PPh (Income Tax) Law provides relief in the form of non-taxable income (PTKP) associated with the personal condition of taxpayers (families and dependents), (a) For individual taxpayers with PTKP category TK/0 of IDR 54,000,000, PTKP category TK/1 of IDR 58,500,000, PTKP category TK/2 of IDR 63,000,000, PTKP category TK/3 of IDR 67,500,000 (b) Additional for taxpayers with PTKP marriage status of IDR 4,500,000 (c) Additional for one wife whose income statement is combined with PTKP husband's income of 54,000,000 (d) In addition to each member of the inbred family and cement family in the straight lineage as well as adopted children, who are fully dependent, with the total number of dependents being three people for one family then the PTKP of 4,500,000.

Individual Taxpayers report their income through the Annual Tax Return using the Self-Assessment System. Self-Assessment System is a tax collection that gives authority, trust, responsibility to taxpayers to calculate, take into account pay and self-report the amount of tax that must be paid. Individual taxpayers self-report the amount of tax that must be paid. Individual taxpayers report tax return forms no later than March 31 of each year.

There are several ways that zakat can reduce zakat as a deduction for taxable income, namely: (1). NPWP (Taxpayer Identification Number) Individual Taxpayers need to register at the KPP (Tax service office) to get a taxpayer identification number (NPWP) (2). Choose annual tax returns. There are 3 kinds of annual tax returns (a) SPT 1770 Form (for domestic taxpayers with income from business activities and doing independent work) (b) SPT 1770-S Form (for domestic taxpayers who work with annual income above IDR 60,000,000,000) (c) SPT 1770-SS Form (for domestic taxpayers working with annual income below IDR 60,000,000,000) (3). Report the Annual Tax Return in 2 ways, namely: (a) Manual, which is to come directly to the tax service office, then fill out the annual tax return form that is available correctly, completely, and clearly. Then submit the form to the officer, the taxpayer will be given a proof of annual tax return. (b) Electronic, namely reporting the Annual Tax Return with E-Filing (online tax reporting) through a tax application service provider that has been authorized by the DGT (Directorate General of Taxes) such as "Online Pajak".

As for how to fill out a Personal Tax Return (Annual Notification Letter) with E-Filing of Annual Tax Returns on tax online, by preparing the following documents: (1). Form 1721 AI or A2, the data of this form must be reported when accessing the online tax or DGT (Directorate General of Taxes) online tax return e-filing portal. (2). EFIN (Electronic Filing Identification Number), is the taxpayer identification number from the DGT to conduct E-filing. To get an EFIN, taxpayers must go to the nearest Tax Service Office (KPP) by bringing an NPWP and filling out the EFIN activation. (3) Other income data, liabilities/debts, assets (if any). If you have other income outside of permanent employment, obligations, or assets, then prepare these data so that you can fill out your Personal Annual Tax Return easily. Proof of Zakat Deposit, if you have paid zakat, BSZ (Proof of Zakat Deposit) can reduce PKP.

Comparison of the Illustration of Income Tax Calculation Article 21 Mr. Sirajuddin with Zakat Deduction Tax and not zakat deduction. Annual Gross Income IDR 150,000,000, (-) Position Fee (5% x Gross Income) IDR 7,500,000, (-) Pensioner Contribution IDR 2,400,000 when Mr. Sirajuddin paid his Zakat at BAZNAZ then (-) Zakat (2.5% x Gross Income) IDR 3,750,000, Net Income After Zakat IDR 136,350,000, (-) Taxable entrepreneur (PKP) IDR 73,350,000 (Taxpayer IDR.54,000,000 + Married status IDR. 4,500,000 + Dependent 1 Child IDR. 4,500,000) , PPh 21 payable (5%xPKP) (5% x IDR. 73,350,000 =) = IDR **3,667,500**. It is different if Mr. Sirajuddin does not pay his zakat on profession in BAZNAZ there is no (-) Zakat (2.5% x Gross income) so, the amount of income tax owed by Mr. Sirajuddin amounts to IDR **3,855,000**.

The zakat policy as a deduction for taxable income is regulated in Law Number 23 of 2011 concerning Zakat Management. Zakat management is important because this success can only be achieved by effectively productive zakat management patterns. Islam in paying zakat and taxes also increases awareness and honesty in the community to pay zakat, with the awareness of the people paying zakat and taxes, Muzakki will increase and certainly increase state revenue. Therefore, it is advisable for the government to intensively socialize the application of zakat as a deduction from taxable income. In accordance with Law number 23 of 2011 article 22 which states that zakat can be used as a Deduction of Taxable Income if Muzakki pays zakat to BAZNAS, then BAZNAS issues proof of the Zakat Deposit which later proof of Zakat Deposit (BZS) can be used as a deduction for taxable income (PKP) on income tax by attaching it to the Annual Tax Return of BAZNAZ Central Sulawesi Province which is the Amil Zakat Institution inaugurated by the government.

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In the implementation of zakat as a deduction from personal taxable income, it is not a mandatory to report the Zakat Deposit Letter when you want to pay income tax. There are several reasons that taxpayers are not motivated to report zakat that has been collected due to: (1) Payment Proof of Zakat Deposit Letter has not been considered a "Tax Deposit Letter" of Money value, which must be kept and can reduce the tax owed. (2) The Zakat Deposit Letter (SSZ) has not been collected as state revenue in a unified budget of Non-Tax State Revenue, making it difficult to compile the amount of Zakat receipts nationally. (3) Taxpayers do not want to bother (fill in twice) namely filling out the income tax return and reporting and associating it with zakat. (4) there is a belief that Zakat is a worship that does not need to be "known" and even "reported" to others, including the government (5) the lack of information received by the public /taxpayers regarding Zakat as a tax deduction.

5. Conclusion

(1) Zakat can be used as a Taxable Income Deduction if Muzakki pays zakat to BAZNAS then BAZNAS issues the Zakat Deposit (BZS) proof which later can be used as a deduction for taxable income (PKP) on income tax by attaching it to the Annual Tax Return of BAZNAZ Central Sulawesi Province which is the Amil Zakat Institution inaugurated by the government.

(2) The inhibiting factors in the application of zakat as a deduction for taxable income are the low awareness of paying zakat, the public has not been interested in zakat institutions, the limited number of BAZNAS or Laz authorized by the government, the public's willingness to include Proof of Zakat Deposit (BZS) in the Annual Tax Return and the lack of socialization of zakat as a deduction for individual taxpayer income tax.

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