

POVERTY, INEQUALITY, AND THE ROLE OF ZAKAT IN SUPPORTING INCLUSIVE ECONOMIC GROWTH

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Badan Amil Zakat Nasional

**PARALEL EVENT OF IMF-WORLD BANK GROUP MEETINGS,
BALI, OCTOBER 10, 2018**



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GDP GROWTH, PROSPERITY, POVERTY, AND SOCIAL DISPARITY

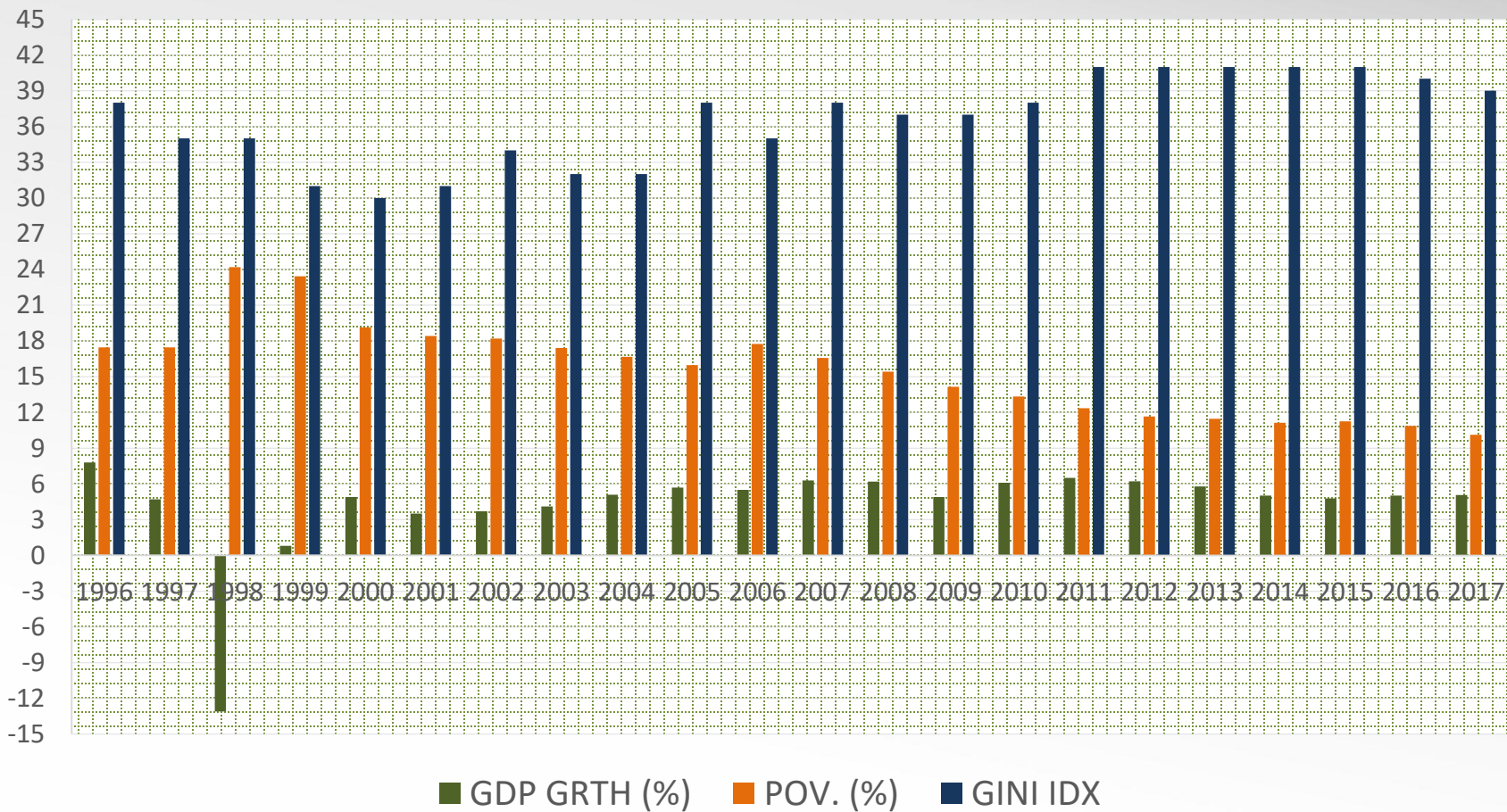


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YEA R	GDP GR'TH (%)	GDP/ CPT (USD)	POV. (%)	GINI IDX	YEAR	GDP GR'TH (%)	GDP/ CPT (USD)	POV. (%)	GINI IDX
1996	7,8	1.394,5	17,47	0,36	2007	6,3	2.064,2	16,58	0,38
1997	4,7	1.308,1	17,47	0,35	2008	6,2	2.418,0	15,42	0,37
1998	-13,1	572,1	24,2	0,35	2009	4,9	2.465,0	14,15	0,37
1999	0,8	829,6	23,43	0,31	2010	6,1	3.178,1	13,33	0,38
2000	4,9	870,2	19,14	0,30	2011	6,5	3.688,5	12,36	0,41
2001	3,5	834,1	18,41	0,31	2012	6,23	3.744,5	11,66	0,41
2002	3,7	1.002,9	18,2	0,34	2013	5,78	3.675,6	11,47	0,41
2003	4,1	1.186,8	17,42	0,32	2014	5,02	3.531,8	11,13	0,41
2004	5,1	1.280,7	16,66	0,32	2015	4,79	3.362,4	11,25	0,41
2005	5,7	1.403,9	15,97	0,38	2016	5,01	3.635,8	10,86	0,40
2006	5,5	1.764,8	17,75	0,35	2017	5,07	4.130,7	10,12	0,39



GDP GROWTH, POVERTY, AND GINI INDEX



SAVIOR IMPACTS OF MONETARY CRISIS 1997/1998

	1996	1998	REMARK
GDP GROWTH	7,8%	-13,1%	DROPPED DOWN BY -20,9%
GDP PER CAPITA	\$1.394,5	\$572,1	DROPPED DOWN BY -59%
POVERTY RATE (\$1,25/CAPITA/DAY)	17,47%	24,2%	ROSE UP BY 38,5%

ECONOMIC PERFORMANCE DURING 19 YEARS OF REFORM ERA

	1998	2017	REMARK
GDP PER CAPITA	\$572,1	\$4.130,7	ROSE UP BY 622,02%
POVERTY RATE	24,25%	10,12%	AVERAGE ANNUAL DECREAMENT OF 0,74%
GINI INDEX	0,35	0,39	DURING 2011-2016 GINI INDEX WAS ON THE RED. 0,41 IN 2011-2015 AND THEN DROPPED TO 0,40 IN 2016. DROPPED AGAIN TO 0,39 IN 2017. EFFORTS OF JOKOWI GOVERNMENT TO MODERATE DISPARITY WAS SUSSESFUL



CHALLENGES OF POVERTY ERADICATION

- ❑ **IF THE AVERAGE ANNUAL POVERTY DECREASMENT OF 0,74% COULD BE CONSISTENTLY MAINTAINED, ASUMING CETERIS PARIBUS, ABSOLUTE POVERTY WOULD THEN BE ERADICATED IN 13,67 YEARS OR IN THE YEAR 2031.**
- ❑ **THUS, SDG POVERTY TARGET OF 2030 WOULD THEN BE ACHIEVED ONLY BY SMALL EFFORTS OF ACCELERATION**
- ❑ **HOWEVER, THE MORE PREVALENT MEASURE OF POVERTY LINE IS USD2/CAPITA/DAY OR ± Rp3.750.600/FAM./MO.**
- ❑ **IF THE MORE PREVALENT MEASURE WAS USED THEN POVERTY RATE WOULD JUMP APPROACHING 40%, MEANING THAT THE EFFORTS TO ACHIEVE SDG POVERTY TARGETS IN 2030 SHOULD THEN BE MULTIPLIED BY 395% THAN THOSE ALREADY BEEN DONE IN THE LAST 19 YEARS**



COMPARATIVE SOCIAL DISPARITY AMONG RELEVANT COUNTRIES



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COUNTRIES	GIN INDEX 2014
THAILAND	0,53.1
MEXICO	0,517
BRAZIL	0,516
CHINA	0,48.0
SINGAPORE	0,473
USA	0,450
MALAYSIA	0,462
FILIPPINES	0,458
INDONESIA	0,410
VIETNAM	0,376
JAPAN	0,376
INDIA	0,368
UK	0,340
FRANCE	0,327
TAIWAN	0,326
SOUTH KOREA	0,310
AUSTRALIA	0,305
GERMANY	0,270

**IT IS EMPIRICALLY NOT SUPPORTED
THE OPINION OF THOSE WHO
BELIEVE THAT SOCIO-ECONOMIC
DISPARITY IS THE SACRIFICE THAT
MUST BE PAID FOR HAVING
ECONOMIC DEVELOPMENT**

**LOOK AT THESE ADVANCED AND
DEVELOPED COUNTRIES: GERMANY,
AUSTRALIA, SOUTH KOREA,
TAIWAN, FRANCE, AND UK.**

**SOCIO-ECONOMIC DISPARITIES IN
THESE COUNTRIES ARE RELATIVELY
LOW AND FAIR.**

**THUS, WE CAN HAVE ECONOMIC
DEVELOPMENT ALONG WITH LOW
AND FAIR DISPARITY**



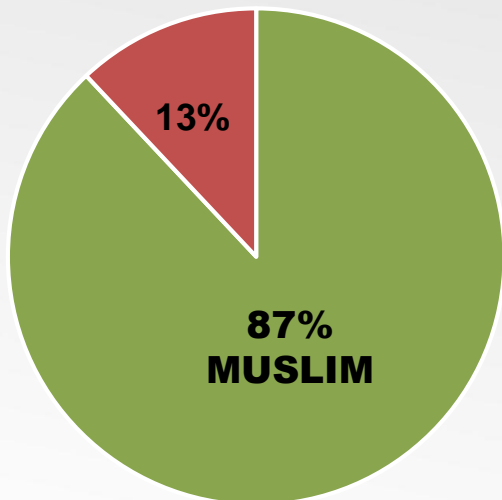
SENSITIVITY OF SOCIAL DISPARITY IN INDONESIA

EXTREME SOCIO-ECONOMIC DISPARITY IN INDONESIA IS VERY RISKY AND DANGEROUS, BECAUSE:

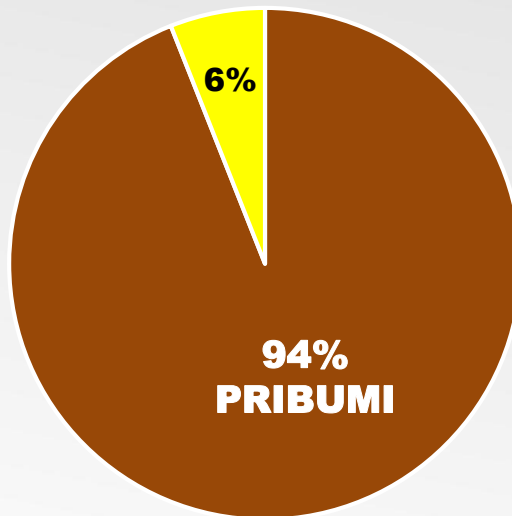
- **SOCIO-ECONOMIC MAPS OF THE NON-INDIGENEOUS (NON-PRIBUMI) GROUP COINCIDE ALMOST COMPLETELY WITH THAT OF THE NON-MUSLIM GROUP AND THAT OF THE AFFLUENT GROUP. AS A RESULT, SOCIO-ECONOMIC JEALOUSY IS HEAVILY LEADEN WITH PRIMORDIAL PREJUDICE.**
- **THE SOCIO-ECONOMIC JEALOUSY IS OFTENLY ABUSED BY POLITICAL VESTED INTERESTS IN THE EXPENSE OF NATIONAL UNITY AND STABILITY.**

ROUGH SOCIO-ECONOMIC MAPS

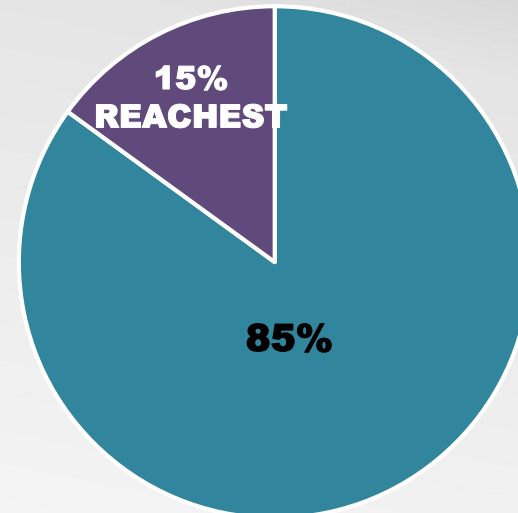
MUSLIM-NON-MUSLIM



PRIBUMI-NON PRIBUMI



AFFLUENT-POOR



■ Muslim ■ Non-Muslim ■ Pribumi ■ Non-Pribumi ■ POOR ■ AFFLUENT

THE MAP OF THE NON-MUSLIM COINSIDE ALMOST COMPLETELY WITH THAT OF THE NON-PRIBUMI AND THAT OF THE AFFLUENT

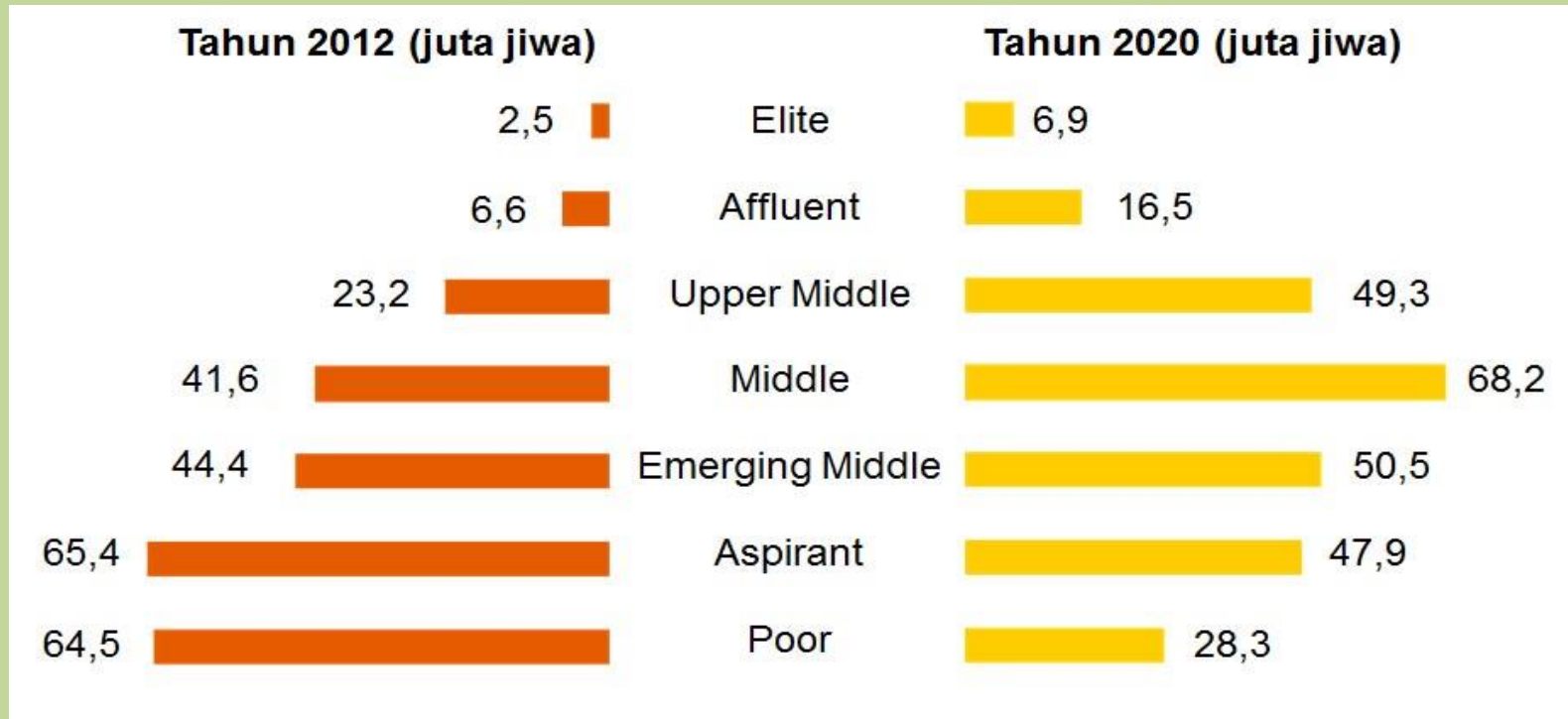
THE RISE OF THE MIDDLE AND UPPER CLASSES WORSENING SISPARIETY (1)

SOCIAL CLASSES		SPENDING/CAPITA/DAY
UPPER	ELITE	> \$50
	AFFLUENT	> \$20-50
MIDDLE	UPPER MIDDLE	≥ \$6-20
	MID MIDDLE	≥ \$4-6
	EMERGING MIDDLE	≥ \$2-4
LOWER	ASPIRANT	> \$1.25-2
	POOR	≤ \$1.25

THE RISE OF THE MIDDLE AND UPPER CLASSES WORSENING DISPARITY (2)

❑ THE GROWTH OF MIDDLE CLASS IN INDONESIA SINCE MONETARY CRISIS 97/98 WAS FENOMENAL.

SOCIAL CLASS STRUCTURE IN 2012 COMPARED TO ITS PROJECTION IN 2020



SOURCE: BCG, JPNN.COM

THE RISE OF THE MIDDLE AND UPPER CLASSES WORSENING DISPARITY (3)



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SOCIAL CLASS	2012		2020		AVERAGE ANNUAL GROWTH	
	MILLION PEOPLE	%	MILLION PEOPLE	%		
ELITE	2,5	3,67	6,9	8,74	22%	19,6%
AFFLUENT	6,6		16,5		18,75%	
UPPER MIDDLE	23,2	44,00	49,3	62,78	14,6	6,7%
MIDDLE	41,6		68,2		7,95	
EMERGING MIDDLE	44,4		50,5		1,7%	
ASPIRANT	65,4	52,33	47,9	28,48	-3,3%	-6,7%
POOR	64,5		28,3		-7,01%	

- ❑ **NOT ONLY THE MIDDLE CLASS THAT GROWS FASTLY. THE UPPER CLASS GROWS EVEN 3X FASTER THAN THE MIDDLE CLASS.**
- ❑ **BENEFITS OF DEVELOPMENT ACCRUE TO THE HIGHER CLASSES ARE BIGGER THAN THOSE ACCRUE TO THE LOWER CLASSES.**
- ❑ **THUS, SOCIAL DISPARITY IS WIDENING**

STRATEGIC IMPORTANCE OF ISLAMIC PHILANTHROPY IN INDONESIA

- ❑ **THOUGH NOT AN ISLAMIC COUNTRY, INDONESIA IS A COUNTRY WITH THE LARGEST MUSLIM CITIZENS IN THE WORLD.**
- ❑ **OUT OF 265 MILLIONS CITIZENS IN 2017, MORE THAN 87% (230,6MILLIONS) ARE MUSLIMS**
- ❑ **PHILANTHROPY IS SO CENTRAL WITH IN ISLAMIC TEACHING AND BELIEF.**
- ❑ **WORLD GIVING INDEX FOR INDONESIA 2017 (60) IS SECOND ONLY TO MYANMAR (65) OUT OF 139 COUNTRIES MEASURED BY CHARITY AID FOUNDATION IN 2016**
- ❑ **THEREFORE THE SIZE OF ISLAMIC PHILANTHROPY IN INDONESIA, INCLUDING ZAKAT, SHOULD BE VERY BIG.**

WORLD GIVING INDEX 2017



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	 CAF World Giving Index ranking	 CAF World Giving Index score (%)	 Helping a stranger (%)	 Donating money (%)	 Volunteering time (%)
Myanmar	1	65	53	91	51
Indonesia	2	60	47	79	55
Kenya	3	60	76	52	51
New Zealand	4	57	65	65	41
United States of America	5	56	73	56	41
Australia	6	56	66	63	40
Canada	7	54	67	61	35
Ireland	8	53	61	60	39
United Arab Emirates	9	51	71	55	27
Netherlands	10	51	51	64	36
United Kingdom	11	50	58	64	28
Sierra Leone	12	49	81	26	41
Malta	13	48	45	73	26
Liberia	14	46	75	18	46
Iceland	15	46	44	68	26
Thailand	16	46	51	68	19
Iran	17	45	61	50	25
Zambia	18	45	69	33	33
Germany	19	45	58	55	22
Norway	20	45	49	55	30

ZAKAT POTENCY IN INDONESIA : THE ROLE OF TAX INCENTIVE

- ZAKAT POTENCY IS VERY DEPENDENT ON TAX INCENTIVE**
- TAX INCENTIVE UNDER THE CURRENT REGULATIONS, WHICH IS NOT IDEAL:
“ZAKAT PAID TO BAZNAS/LAZ IS DEDUCTIBLE TO TAXABLE REVENUE”**
- THE IDEAL TAX INCENTIVE:
“ZAKAT PAID TO BAZNAS/LAZ IS DEDUCTIBLE TO INCOME TAX OBLIGATION”**

ZAKAT POTENCY IN INDONESIA, RELATED TO GDP

FIRDAUS ET AL (2012), ASUMING IDEAL TAX INCENTIVE, ESTIMATED ZAKAT POTENCY IN INDONESIA IN 2010 WAS ± Rp217 T.

AREAS OF ZAKAT	POTENCY OF ZAKAT (Rp)
HOUSEHOLD	82,70 T
PORIVATE COMPANIES	114,89 T
STATE OWNED COMPANIES	2,40 T
BANK DEPOSITS DAN SAVINGS	17,00 T
TOTAL	217,00 T
EKUIVALEN TO	3,40% GDP

BECAUSE IN FACT UNDER THE EXISTING REGULATIONS THE TAX INCENTIVE IS NOT THE IDEAL ONE, MOST COMPANIES ARE NOT WILLING TO PAY ZAKAT. → THEREFORE THE MORE REALISTIC ESTIMATE OF ZAKAT POTENCY IN 2010 IS ONLY ± “Rp100T” OR 1,57% OF GDP.

SOURCE: Modified from Muhammad Firdaus, Irfan Syauqi Beik, Tonny Irawan dan Bambang Juanda (2014) : “ Economic Estimation and determinations of zakat potential in Indonesia,” IRTI (IDB) Working Paper Series.

ZAKAT POTENSY: IN RELATION TO TAX INCENTIVE AND GDP

TAX INCENTIVES	NOT IDEAL, CURRENTLY EXISTING	THE IDEAL ONE, TO BE STRUGGLED FOR
	ZAKAT PAID TO BAZNAS/LAZ IS DEDUCTIBLE TO TAXABLE REVENUE	ZAKAT PAID TO BAZNAS/LAZ IS DEDUCTIBLE TO INCOME TAX OBLIGATION
ZAKAT POTENCY	1,57% GDP	3,40% GDP

ZAKAT POTENCY 2010-2017

YEARS	GDP (TRILION IDR)	NOT IDEAL INCENTIVE (1,57% GDP) (TRILION IDR)	IDEAL TAX INCENTIVE (3,40% GDP) (TRILION IDR)
2010	6.864,1	107,8	217,0
2011	7.287,6	114,4	247,8
2012	7.727,1	121,3	262,7
2013	8.156,5	128,0	277,3
2014	8.564,9	134,5	291,2
2015	11.540,8	181,2	392,4
2016	12.406,8	194,8	421,8
2017	13.588,8	213,3	462,0

PROMISING STATISTICS OF ZIS COLLECTION



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YEAR	ZIS (BILLION RP)	GROWTH (%)	GDP GROWTH (%)	REMARK
2002	68,39	-	3,7	
2003	85,28	24,70	4,1	
2004	150,09	76,00	5,1	ACEH TSUNAMI
2005	295,52	96,90	5,7	
2006	373,17	26,28	5,5	
2007	740,00	98,30	6,3	YOGYA EARTHQUAKE
2008	920,00	24,32	6,2	
2009	1.200,00	30,43	4,9	
2010	1.500,00	25,00	6,1	
2011	1.729,00	15,30	6,5	
2012	2.200,00	27,24	6,23	
2013	2.700,00	22,73	5,78	
2014	3.300,00	22,22	5,02	
2015	3.700,00	21,21	4,79	
2016	5.017,00	35,59	5,00	
2017	6.224,00	24,06	5,07	2,92% OF POTENCY
ANNUAL AVERAGE		38,02	5,37	SOURCE: BAZNAS

PROMISING STATISTICS OF ZIS COLLECTION – WHY?

- ❑ **ANNUAL AVERAGE GROWTH OF ZIS COLLECTION (38,2%) IS FARWAY ABOVE ANNUAL AVERAGE GROWTH OF GDP (5,37%)**
- ❑ **POTENTIAL EXPLANATIONS:**
 - **ROOM FOR GROWTH IS STILL VERY VAST. ZIS COLLECTED IN 2017 IS ONLY 2,92% of ZAKAT POTENCY.**
 - **NATURAL CATASTROPHIC EVENTS. IF THE CATASTROPHIC YEARS OF 2004, 2005, AND 2007 WERE EXCLUDED, THEN THE AVERAGE ANNUAL ZIS COLLECTION IS 24,2%, STILL FARWAY ABOVE AVERAGE ANNUAL GDP GROWTH OF 5,37%.**
 - **IMPROVEMENT OF MUSLIMS COMPLIANCE TO ZAKAT SYARIAH**
 - **IMPROVEMENT OF MUSLIMS COMPLIANCE TO LAW NO 23/2011, TO PAY ZIS THROUGH BAZNAS AND LAZ**
 - **IMPROVEMENT OF ZIS REPORTING SYSTEM**
 - **FAST GROWTH OF MUZAKI CLASS**

FAST GROWTH OF MUZAKI CLASS

SOSIAL CLASS		2012		PROJECTION 2020		SHIFT OF CLASSES		
		MILLION PERSONS	%	MILLION PERSONS	%	MILLION PERSONS	%	
MUZA-KI	ELITE	2,5	3,67	6,9	8,74	4,4	5,07	23,85
	AFFLUENT	6,6		16,5		9,9		
	HIGH MIDDLE	23,2	44,00	49,3	62,78	26,1	18,78	
	MIDDLE	41,6		68,2		26,6		
	LOWER MIDDLE	44,4		50,5		6,1		
MUS-TAHIK	MISKIN	65,4	52,33	47,9	28,48	-17,6	-	-
	FAKIR	64,5		28,3		-36,2	23,85	23,85

IT IS PROJECTED THAT W/I 8 YEARS (2012-2020) 23,85% OF CITIZENS WILL MOBILIZE UP FROM MUSTAHIK CLASS TO MUZAKI CLASS.



(1) Country	(2) Zakah (% of GDP)	(3) resource shortfall under \$1.25 per annum as % of GDP	(4) Does Zakah cover (3)?
Albania	1.44	0.01	y
Algeria	1.77	0.14	y
Azerbaijan	1.82	0.01	y
Cameroon	0.32	0.26	y
Djibouti	1.75	1.49	y
Egypt	1.9	0.04	y
Gabon	0.17	0.03	y
Indonesia	0.89	0.39	y
Iran	1.79	0.02	y
Iraq	1.78	0.09	y
Jordan	1.77	0.01	y
Kazakhstan	1.02	0	y
Kyrgyz Republic	1.55	0.02	y
Malaysia	1.09	0	y
Maldives	1.77	0.02	y
Morocco	1.81	0.06	y
Pakistan	1.55	0.91	y
Syrian Arab	1.39	0.02	y
Turkey	1.86	0.04	y
Yemen	1.78	0.87	y

MOHEIDIN, IQBAL, ROSTOM, AND FU (2011) FOUND SUPPORTING EVIDENCE THAT 20 COUNTRIES, INCLUDING INDONESIA, OUT OF 39 OIC COUNTRIES CAN ACTUALLY ALLEVIATE THE POOREST LIVING WITH INCOME UNDER \$1.25 PER DAY OUT OF THE POVERTY LINE SIMPLY WITH PROPER ZAKAT COLLECTION AND MANAGEMENT.

Source: Moheidin et al (2014): Enhancing Financial inclusion Through Islamic Finance

IMPACTS OF ZAKAT DISTRIBUTION IN 2017



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**STUDY & RESEARCH DIVISION
BAZNAS CENTRE OF STRATEGIC STUDIES
(PUSKAS BAZNAS)
REPUBLIC OF INDONESIA**



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METHODOLOGY: MEASUREMENT



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**USING BAZNAS
WELFARE INDEX
(BWI):
A COMPOSIT
INDEX
DEVELOPED BY
PUSKAS
BAZNAS
CONSISTING OF
3 COMPONENTS**

1

**CIBEST MODEL :
MATERIAL AND
SPIRITUAL
WELFARE INDEX**

(Beik and
Arsyianti; 2015)

(Nurzaman; 2010)

**MODIFIED
HUMAN
DEVELOPMENT
INDEX :
(EDUCATION AND
HEALTH)**

2

3

**SELF
RELIANCE
INDEX**

(Puskas BAZNAS,
2017)



- SURVEY USING PURPOSIVE SAMPLING**
- FACE-TO-FACE INTERVIEWS WITH SELECTED RESPONDENTS OF BAZNAS MUSTAHIKS**
- COVERAGE: 28 PROVINCES WITH 3450 RESPONDENTS RECEIVING ZAKAT FROM BAZNAS AT ALL LEVELS**

RESULTS: BAZNAS WELFARE INDEX (BWI) - 2017

THE HIGHEST BWI VALUE IS 0.85, ACHIEVED BY 5 PROVINCES: EAST NUSA TENGGARA, NORTH KALIMANTAN, SOUTH KALIMANTAN, WEST PAPUA, AND BENGKULU.

THE TWO LOWEST BWI VALUES ARE 0.35 (BANGKA BELITUNG) AND 0.40 (GORONTALO).

AVERAGE VALUE OF BWI

INDEXES	CIBEST PROSPERITY INDEX	MODIFIED HDI INDEX	SELF RELIANCE INDEX	BWI
AVERAGE VALUE	0.79	0.71	0.59	0.71

- THE AVERAGE VALUE OF BWI IS 0.71, WHICH IS CATEGORIZED AS GOOD.**
- THIS MEANS THAT THE IMPACTS OF ZAKAT DISTRIBUTION BY BAZNAS AT ALL LEVELS IN THE 28 PROVINCES WAS GOOD AND PROVIDED POSITIVE IMPACTS.**

1. CIBEST PROSPERITY INDEX



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NUMBER OF RESPONDENTS IN GOOD CONDITION

BEFORE ZAKAT PROGRAM

AFTER ZAKAT PROGRAM

IMPROVEMENT

1918 PEOPLE

2271 PEOPLE

18 %

- OUT OF 3.450 MUSTAHIKS SURVEYED IN 2017, 1918 OF THEM HAD BEEN IN A GOOD CONDITION BOTH MATERIALLY AND SPIRITUALLY BEFORE ZAKAT PROGRAMS.**
- AFTER ZAKAT PROGRAMS, THE NUMBER OF MUSTAHIKS WHO WERE IN A GOOD CONDITION BOTH MATERIALLY AND SPIRITUALLY INCREASES BY **18%**(353 MUSTAHIKS) TO BECOME 2271 MUSTAHIKS.**
- ACTIVITIES SUPPORTING SPIRITUAL WELFARE OF MUSTAHIKS : RECITATION OF THE QUR'AN, APPLICATION OF RELIGIOUS VALUES IN REAL SOCIAL LIFE, REMINDING OTHERS FOR PRAYERS, FASTING, INFAK, ETC.**
- ACTIVITIES SUPPORTING MATERIAL WELFARE OF MUSTAHIKS: SOFT SKILLS AND HARD SKILLS TRAINING, PERIODIC ASSISTANCE, AND MONITORING.**

CIBEST PROSPERITY INDEX

AVERAGE INCOME

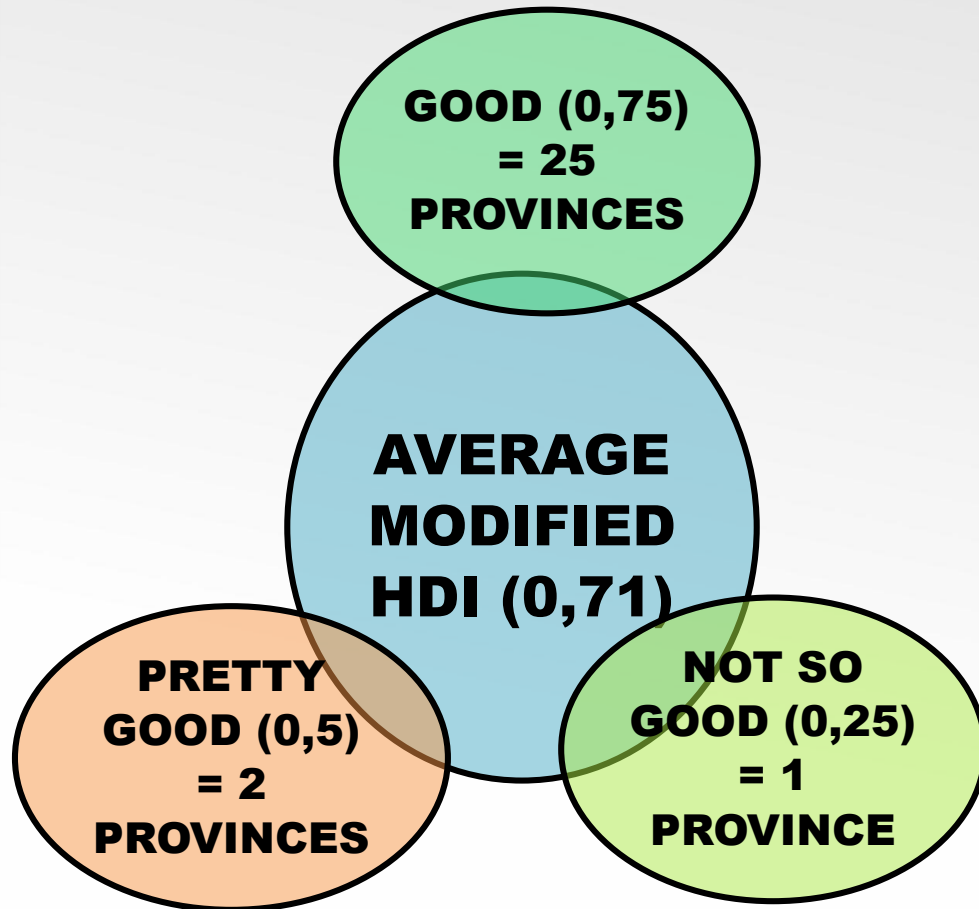
BEFORE ZAKAT PROGRAM	AFTER ZAKAT PROGRAM	IMPROVEMENT
RP 1.813.126,34	RP 2.606.280,47	44 %

- **NOTE: POVERTY LINE WAS RP. 1.603.980 IN 2017.**
- **NISAB ZAKAT IS RP4.250.000,-**
- **AVERAGE INCOME OF MUSTAHIKS INCREASED BY 44% AFTER ZAKAT PROGRAM.**
- **BEFORE ZAKAT PROGRAM, THE AVERAGE INCOME OF MUSTAHIKS WAS RP 1,813,126.34. (1918 OUT OF 3450 MUSTAHIKS ARE ABOVE THIS AVERAGE LEVEL)**
- **AVERAGE INCOME AFTER THE ZAKAT PROGRAM WAS RP 2,606,280.47 (2271 OUT OF 3450 MUSTAHIKS ARE ABOVE THIS INCOME LEVEL)**

2. MODIFIED HUMAN DEVELOPMENT INDEX



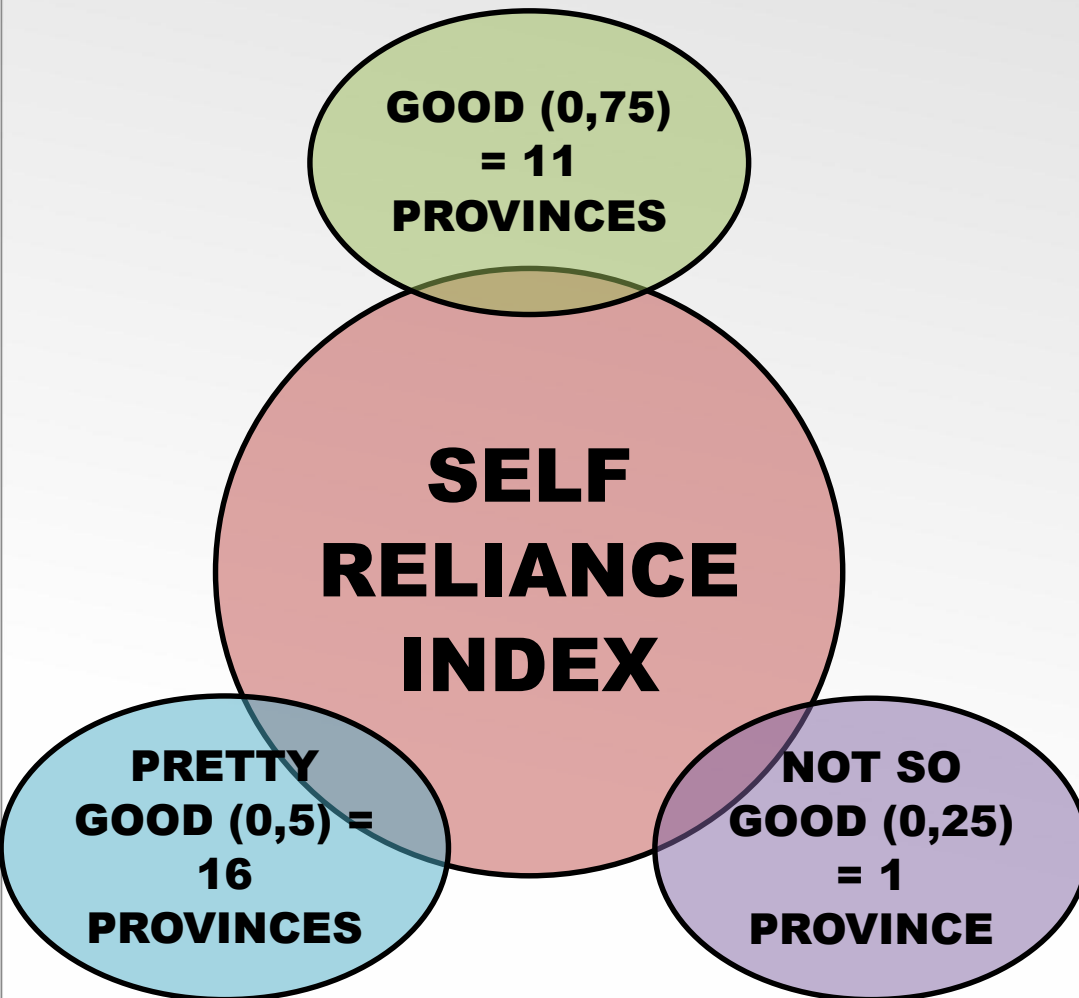
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- **BAZNAS ZAKAT PROGRAMS IMPROVED THE QUALITY OF EDUCATION AND HEALTH OF MUSTAHIKS**
- **THE RESULTS OF THE MODIFIED HDI SHOWS THAT ZAKAT ASSISTANCE BY BAZNAS IS DOMINATED BY EDUCATION AND HEALTH PPROGRAMS**
- **THE AVERAGE VALUE OF THE MODIFIED HDI WAS 0.71 (GOOD), MEANING ZAKAT PROGRAMS IN THE AREAS OF EDUCATION AND HEALTH WERE EFFECTIVE IN IMPROVING THE WELFARE OF MUSTAHIKS.**



3. SELF RELIANCE INDEX



- **ZAKAT PROGRAMS PROVIDED POSITIVE IMPACTS ON THE SELF RELIANCE OF MUSTAHIKS.**
- **THE IMPACTS WAS GOOD (0,75) IN 11 PROVINCES AND PRETTY GOOD (0,5) IN 16 PROVINCES.**
- **ONLY IN PROVINCE THAT THE IMPACT WAS NOT SO GOOD (0,25)**

IDEAL MANAGEMENT OF ZAKAT: RECOMMENDATION

- ❑ **MINISTER OF FINANCE IN AN INTERNATIONAL SEMINAR HELD BY MOF IN YOGYAKARTA, SEPTEMBER 2017: “ZAKAT (COLECTION) SHOULD BE MANAGED LIKE THE WAY TAX IS MANAGED,”**
- ❑ **BAZNAS AGREE, AS LONG AS THE CONSEQUENCES ARE MET:**
 - 1. ZAKAT WHICH IS NOW STILL “OPTIONAL” FOR MUZAKI SHOULD BE MADE “MANDATORY,” JUST LIKE TAX IS MANDATORY, FOR ALL MUZAKI, INDIVIDUAL AS WELL AS INSTITUTIONAL**
 - 2. THE TAX INCENTIVE SHOULD BE IMPROVED FROM “ZAKAT PAID TO BAZNAS/LAZ IS DEDUCTIBLE TO TAXABLE REVENUES” INTO “ZAKAT PAID TO BAZNAS/LAZ IS DEDUCTIBLE TO INCOME TAX OBLIGATION,” APLICABLE TO ALL INDIVIDUAL AS WELL AS INSTITUTIONAL MUZAKI.**
 - 3. SINCE ZAKAT IS BOTH RELIGIOUS AND FINANCIAL AFFAIRS, THEREFORE IN CONFORMITY WITH THE CONSTITUTION, ZAKAT AFFAIR SHOULD NOT BE DECENTRALIZED.**
 - 4. LAW NO. 23/2011 ON MANAGEMENT OF ZAKAT AND LAW NO. 26/2008 ON INCOME TAX MUST BE REVISED.**



SAJAM