Muslim Taxpayer's Preference: Paying Tax or Zakat

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Abstract

This research investigates the preferences of Muslim taxpayers between paying zakat or taxes. 119 Muslim taxpayers were recruited for online and offline survey studies. Factor analysis determines factors influencing Muslim taxpayer preferences between paying zakat or taxes. This study shows that Muslim taxpayers preferred to pay zakat rather than taxes. The faith factor has influenced Muslim taxpayers' preferences to pay zakat compared to paying taxes. Other factors include the level of compliance with obligations, the service quality factor for zakat management, the zakat knowledge level factor, the tax knowledge level factor, the religious practice factor, the Tax Services office service quality factor, and the tax benefit factor. From these results, it is expected that the government should evaluate tax policy that previously treated zakat only as deductible income to become a tax credit.

Keywords:

preference; zakat; tax; faith; muslim

INTRODUCTION

Throughout the past decade, Indonesia has made significant strides in strengthening its tax system, both in terms of revenues collected, administrative efficacy, and adding other support-system in achieving government objectives such as poverty alleviation (Arnold, 2012). The government, in this case, the Directorate General of Taxes (DGT), continues to make various efforts to increase tax revenues. Developing a self-assessment system for tax collection is one of the measures now being taken by the government to improve tax income (Rizki, 2018).

Table 1. Percentage of Realized Tax Revenue

Year	2016	2017	2018	2019
Target	1.355.20	1.283.57	1.424.00	1.577.6
Realization	1.105.73	1.151.03	1.315.51	1.332.1
%	81.59%	89.67%	92.64%	84.4%

Source: LAKIN DJP 2018

Despite the government implementing a self-assessment system, Table 1 shows that the tax revenue has never met the target in the last four years (from 2016-2019); the realization that tax revenues do not reach a target which indicates that the potential for extracting taxes has yet to be optimal. Due to the lack of increased tax revenue, it is necessary to have other supporting instruments that can be used as a source of state revenue and efforts to increase tax revenue. One of these supporting instruments is zakat (Fajarudin, 2019). Zakat is one of the Islamic fiscal mechanisms and has played an essential part in Islamic economic development (Al Arif, 2013).

The social function of zakat lies in its main function of fulfilling basic human needs and supporting them (productive efforts) to the point of adequacy or social welfare (Abdullah & Suhaib, 2011; Saad & Al Foori, 2020). Apart from being an effort to empower people with low incomes, zakat also has an economic role and function, namely as an economic instrument (aggregate or overall) to stimulate or encourage economic activity. In the context of zakat as a stimulus, the distribution of zakat during a recession will encourage economic expansion. In addition, zakat is also an instrument that provides a significant multiplier effect on the economy (Al Arif, 2013).

The important role and function of zakat imply that Indonesia has the most significant number of Muslims in the world. Indonesia has great potential and opportunities in efforts to manage (collect and distribute) its zakat nationally. In these two contexts, the Government of Indonesia supports the management of zakat in Indonesia through Law Number 38 of 1999 concerning Zakat Management, which was updated to become Law No. 23 of 2011 concerning Management of Zakat. In this law, zakat is defined as property that must be issued by a Muslim or business entity to be given to those entitled to receive it according to Islamic law.

One thing that is underlined in the law is that it explicitly supports the management of zakat based on Islamic law. The law explains that zakat management is needed for two things, namely (i) increasing the effectiveness and efficiency of services in zakat management; and (ii) increasing the benefits of zakat to realize social welfare and reduce poverty. Even though, in the end, the management was handed over to an official body, namely the National Amil Zakat Agency or BAZNAS, the Indonesian Muslim community was also given the freedom to give zakat through zakat institutions outside BAZNAS or distribute it directly to the community.

Given the large Muslim population in Indonesia, the actual collection of zakat recorded in Indonesia is still far from its potential. The Indonesia's zakat potential could reach IDR 12 trillion (in 2009) to IDR 286 trillion (in 2015). Meanwhile, the realization of the zakat collection nationally by the official BAZ/LAZ, according to BAZNAS in 2015, amounted to IDR 3.7 trillion. The low realization of zakat from its potential and the consideration that Indonesia is a country with the largest Muslim population raised the issue of collecting national zakat values to the attention of the Government. With the existing conditions, Indonesia needs a holistic arrangement regarding the management of zakat to advance the management of national zakat and obtain optimal benefits from zakat as a socio-economic instrument. Meanwhile, regarding the existence of religious (zakat) and tax (legal) obligations, it creates a double burden on taxpayers, hindering the progress of zakat management.

On the other hand, faced with the issue of the existing zakat-tax double burden, the Government also resolved the issue through the existing taxation and zakat regulatory regime. This policy is represented at the law level through Law Number 36 of 2008 concerning Income Tax and Law Number 23 of 2011 concerning the Management of Zakat. In Law 36/2008, several sections explicitly mention zakat—namely, in article 4, paragraph (3). In this rule, zakat is equated as a religious donation, where zakat paid through the amil zakat institution (LAZ) or the amil zakat agency (BAZ) formed or authorized by the Government is an exempted item as a taxable object. Furthermore, the main thing is that this rule does not apply exclusively to the Indonesian Muslim community because basically, if there is a mandatory contribution for adherents of religions in Indonesia and it is paid through an official institution established or approved by the Government, then this is also excluded as a taxable object.

Meanwhile, in Law 23/2011, through articles 22 and 23, the Government seeks to address a policy that Muslim people who give tithes through official LAZ/BAZs formed or approved by the Government will receive incentives in the form of tax reductions. This means that zakat can be used as a deduction from gross income or taxable income (PKP), better known as a tax-deductible. Derivative regulations for this tax-deductible are Government Regulation of the Republic of Indonesia Number 60 of 2010 concerning Zakat or Religious Contributions that are Obligatory, which can be deducted from Gross Income, and Regulation of the DGT number PER-06/PJ/2011 concerning Implementation of Payments and Making Proof of Payment of Zakat. Furthermore, the implementation of the zakat policy as a tax-deductible by the Government is allegedly

less effective. BAZNAS, as an official institution appointed by the Government, 2019 reported the realization of zakat receipts of IDR 9.6 trillion with a total of around five million zakat payers. This zakat receipts have increased compared to the realization of zakat receipts in 2018, which only reached IDR 8.1 trillion (Direktorat Jenderal Pajak, 2020 at Kemenkeu, 2020b).

Meanwhile, it is suspected that the realization of actual zakat payments by the community is almost certain to be more significant. This is because not all people pay their zakat through official LAZ/BAZ appointed by the Government, such as BAZNAS. There are channels for channeling zakat besides the official LAZ/BAZ, namely mosque committees or directly to the nearest zakat recipient community (*mustahik*). On the other hand, according to the DGT, the value of zakat reported in the Tax Return or SPT, was only around IDR 685 billion in 2019, out of around 58 thousand taxpayers (Directorate General of Taxes, 2020 at the Ministry of Finance, 2020b). This figure increased significantly compared to the value in 2018, IDR 286 billion, with a total taxpayer of around 49 thousand.

The actual realization shows a large discrepancy between the realization of zakat from BAZNAS and the number of people who use zakat as a tax-deductible. This indicates problems in implementing the zakat policy as a deduction from gross income tax. The policy of zakat as a tax-deductible solution to the double burden of zakat and tax obligations and an effort to increase the realization of national zakat collection needs to be revised. This is reflected in the data gap (realization) that exists between the DGT and BAZNAS. In addition, the discrepancy between the achievements of the realization of zakat as a tax-deductible with the zakat collection data by BAZNAS also confirms that zakat collection in Indonesia is still not optimal and there is a high gap between zakat potential and the realization of zakat fund collection.

In contrast to the position of zakat in Indonesia, which is only used as a part of a cost component that can reduce net income, in Malaysia, zakat has been used as a direct deduction from income tax or as a tax credit. This policy minimizes and eliminates the double burden that Muslim taxpayers must bear. Interestingly, implementing zakat as a tax credit in Malaysia proves increasing zakat and tax revenues simultaneously after implementing the policy (Beik, 2008).

The third pillar of Islam, which must be adhered to by Muslims, consists of the institutions of zakat, the Islamic state, and the government (Nurhayati & Siswantoro, 2015). According to Wan Ahmed et al. (2008), the effect that customers' religiosity has on their decision-making, they discover that when the religiosity index is high, consumers are more likely to place the Islamic nature of the bank at the top of their list of criteria, regardless of whether or not any other considerations are involved. Based on Hasanah's research (2019) on saving preferences in Islamic banks, several factors behind customer preferences are divided into two: emotional and rational. Emotional factors are encouragement from within a person to decide something, in this case, to purchase a product based on subjective considerations such as feelings, pride, status, and self-esteem.

While the rational factor is a person's way of thinking decide something with common sense considerations.

Emotional factors are influenced by several things, namely, religiosity factors, psychological factors, and product attribute factors, while rational factors consist of several factors that allow a person to decide something reasonably, including the service factor, comfort, and satisfaction provided by the bank to customers (Mahdzan et al., 2022). In this case, to attract customers to save, there must be a good relationship between prospective customers and Islamic banking so that customers can assess the bank regarding rational and emotional factors (Puteri et al., 2022). Factors that may influence preferences are as follows: religiosity, Knowledge level, and service quality (Ancok & Suroso, 2011; Khasanah, 2014; Parasuraman et al., 1985).

According to Kotler (2000), consumer preferences show from the various choices of existing service products. Meanwhile, according to Mappiare (1994), preference is a mental device consisting of feelings, hopes, convictions, prejudices, fears, or other tendencies that direct individuals to a particular choice. So, preference is a person's tendency to choose something considered good and follow their principles and goals by considering certain factors and aspects. Furthermore, Amin (2017) introduced the theory-planned behavior in order to be able to anticipate the elements (such as religiosity and attitude) that affect customers' preferences in accordance with the Maqasid al-Shariah principles. Religiosity dimension influence the customers' preferences that need as based for evaluating regulation particularly in Muslim countries (Junaidi, 2021). Meanwhile, there are issue regarding zakat policies and their relationship with tax policies need attention which need public preferences. On the contrary, the implementation of zakat facilities as a deduction from taxable income or PKP (tax deductible) is not optimal which need to explore on the Muslim preferences in paying tax or zakat (Yusuf & Ismail, 2017).

Schiffman & Kanuk (2008) define *knowledge* as information stored in memory, and all information relevant to consumer needs in the market is called consumer knowledge. According to Kotler (2000), knowledge is a change in an individual's behavior from experience. Taxpayers have different levels of product knowledge, which can be used to interpret new information and make decision choices.

Based on the arguments above, this research examines the tendency of Muslim taxpayers to pay zakat and taxes. Thus, study result is also expected to reference the government's consideration making more appropriate policies to increase zakat and tax revenues and maximize the benefits of both zakat and taxes. Nowadays, the regulations for zakat and tax are considered not optimal and need to be adjusted, and synergy between taxes and zakat regulations. The results of this study are expected to complement the literature study on tax and zakat in Indonesia.

METHODS

This study analyzes the preferences of Muslim taxpayers between paying zakat or taxes. This study also measures factors that influence these preferences. In order to answer

the research questions, a statistical analysis of the respondents' responses to a questionnaire was partly inspired by Masood et al. (2009). Determination of the sample is done by using convenience sampling method. The questionnaire was given to 135 respondents in person or by email; the total number of returned and useable questionnaires was 119, which is a response rate of 88 percent, which is considered to be a high response rate. This study uses different test analyses and factor analyses. Different test analysis was carried out in order to find out whether there is a difference between the two samples tested, in this study is meant to see whether there is a difference between the preferences of people who choose zakat and the preferences of people who choose tax. While factor analysis is used to determine factors influencing Muslim taxpayer preferences between paying zakat or taxes, factor analysis is carried out. This factor analysis is done by analyzing the preexisting variables to become a new set of dimensions called factors.

The items used during measurement are stated in the Appendix. The respondents' demographics, including age, education, gender, income, and tax license, experience in paying tax, and zakat and religion, were also measured. The questionnaire encompasses a seven-point Likert scale anchored between 1 ("strongly disagree") and 5 ("strongly agree") for all scale items. Religiosity level adapted from Ancok & Suroso (2011), Knowledge level (Khasanah, 2014), service quality (Parasuraman et al., 1985), and taxpayer preference between paying taxes and paying zakat.

Table 2. Respondent Demographics

	Demographic Items	Frequency	Percentile (%)
Gender	Female	59	49.6
	Male	60	50.4
Age	< 25	66	55.5
	25 – 30	33	27.7
	31 – 35	10	8.4
	36 – 45	4	3.4
	46 – 50	4	3.4
	> 50	2	1.7
Job	Employee	73	61.3
	Entrepreneurs	20	16.8
	State Employee	6	5.0
	others	20	16.8
Income	3 – 5 million	60	50.4
	5 – 10 million	37	31.1
	> 10 million	7	5.9
	others	15	12.6
Tax identity	Have Tax Identity	119	100
	Do not have Tax Identity	0	0
Experience paying zakat	Have been paying zakat	119	100
	Have not been paying zakat	0	0

Source: Processed primary data

Table 2 shows respondent demographics, 59 respondents, or 49.6%, were male, and the remaining 60, or around 50.4%, were female. Most respondents were aged <25 years, namely 66 or 55.5%, of respondents aged 25-30 years, 33 respondents, or 27.7%. Respondents are aged 31-35 years, ten respondents or 8.4%. Respondents aged 36-45 and 46-50 were at the same number, four respondents or 3.4%, and respondents aged over 50 were two or 1.7%. Most respondents had jobs as private employees, namely 73 respondents or 61.3%. As many as 73 people, or 16.8%, have jobs as entrepreneurs, while as civil servants, as many as six people, or about 5%, and the remaining 20 people, or about 16.8%, choose other jobs. The majority of respondents have a total income of 3-5 million, namely as many as 60 respondents or around 50.4%, then 37 respondents, or 31.1%, have an income of 5-10 million, then respondents who have income above 10 million, seven respondents or around 5.9%, while 15 respondents the rest or 12.6% chose other amounts of income. All respondents are taxpayers and zakat payers.

RESULT AND DISCUSSION

The results of the observed variables with validity test, the variables used in this study are the level of religiosity (X1), level of knowledge (X2), service quality (X3), and taxpayer preferences (Y). The validity test results for all variable levels of religiosity, knowledge, service quality and taxpayer preferences have valid criteria for all question item. Furthermore, Cronbach's a and factor loading for all constructs were obtained to be greater than 0.70, demonstrating good reliability for all measurement items.

The results from the Pearson correlation analysis are shown in Table 3. It was carried out to determine its means to see whether there is a difference between the preferences of people who choose zakat and those who choose tax based on religiosity level, knowledge level, service quality, and taxpayer preference between paying taxes and paying zakat.

Table 3. Different test-Mann Whitney

	Preference
Mann-Whitney U	.000
Wilcoxon W	105.000
Z	-6.017
Asymp. Sig. (2-tailed)	.000

Source: Processed primary data

Based on the Mann-Whitney test, the result of the asymp. Sig. (2-tailed) of 0.000, it is smaller than the probability value of 0.05. This means there is a significant difference between the preferences of Muslim taxpayers who choose zakat and those who choose taxes (detail see Table 3).

Table 4. Preference Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	78	65.5%	65.5	65.5
Disagree	14	11.8%	11.8	77.3
Neutral	27	22.7%	22.7	100.0
Total	119	100.0%	100.0	

Source: Processed primary data

The result is shown in Table 4. Based on a cross-tabulation test to determine how many respondents agree that they prefer to choose zakat overtax. Muslim taxpayers preferences pay zakat compared to tax (78 respondents, or 65.5%. choose to pay zakat rather than tax). Meanwhile, 14 respondents, or around 11.8%, disagreed with prefer, prioritize, and prefer paying zakat over taxes. Furthermore, 27 other respondents, or 22.7%, chose neutral between paying zakat and taxes.

Table 4. Preference Level based on Gender

		Preference			Total	Cumulative Percent
		Agree	Disagree	Neutral		
Gender	Man	38	9	12	59	48,7%
	Women	40	5	15	60	51,3%
Total		78	14	27	119	100%

Source: Processed primary data

Based on gender, 40 women Muslim taxpayer prefer to choose paying zakat compared to man (38). This result in line with Croson & Gneezy (2009), women are more risk averse dan more responsive on social preferences than men, also found that women are more cooperative than men. The result also support by Miller & Hoffmann (1995) that Due to their social structural positioning and larger parental responsibilities, women tend to be more religious. These factors encourage women to participate in religion and strengthen their dedication to upholding religious requirements.

Table 5. Preference Level Based on Age

	Preference			Total	Cumulative percent
	Agree	Disagree	Neutral		
< 25	42	6	18	66	53,8%
25 – 30	20	6	7	33	25,6%
31 – 35	7	1	2	10	9,0%
36 – 45	4	0	0	4	5,1%
46 – 50	3	1	0	4	3,8%
> 50	2	0	0	2	2,6%
Total	78	14	27	119	100%

Source: Processed primary data

Based on the age of the respondent, the dominant age that chooses to agree to like, choose and prioritize paying zakat is in the age range <25 years, the percentage is 53.8%. Herzog & and Shier (2000) posit that building age and preference have a good relationship when building maintenance is controlled.

Table 5. Preference Level Based on Job

	Preference			Total	Cumulative percent
	Agree	Disagree	Neutral		
Private employee	42	11	20	75	53,8%
Entrepreneur	18	0	2	20	23,1%
State employee	6	0	0	6	7,7%
Other	12	3	5	20	15,4%
Total	78	14	27	119	100%

Source: Processed primary data

Based on the type of work, respondents with private types of work were more amenable to choosing to pay zakat, namely based on the percentage of private respondents around 53.8%. In preference studies in decision-making, gender has always been an important factor. Gender is one of the factors that have gained the attention of researchers. Many psychology and behavioral science studies have revealed that women were more cautious under ambiguity (Zhang et al., 2016). Regarding income, the younger group (those under 25 years old) was more adventurous than the other age groups. However, under loss, their level of adventure was lower than that of the other age groups (Zhang et al., 2016). Thus, young management personnel are more capable of learning and integrating all kinds of information. The results show interesting findings as the motivation for the regulator to evaluate tax and zakat togetherness that need to be considered based on the preference of Muslim taxpayers.

Tabel 6. Number of Extraction yield factors (PCA)

Total	% of Variance	Cumulative %
13.233	33.930	33.930
3.626	9.297	43.226
2.692	6.903	50.129
2.355	6.038	56.167
1.618	4.150	60.317
1.342	3.441	63.757
1.247	3.197	66.954
1.034	2.651	69.605

Source: Processed primary data

The result from factor analysis is the final result of the process carried out in factor analysis: sorting the factors from the most powerful influences in the preference of Muslim

taxpayers. The feasibility of factor analysis data is viewed by 3 values, which are KMO, MSA, and Bartlett Test. The value of KMO obtained is 0.818, which is more significant than 0.5, Bartlett's Test of Sphericity= 3294.204, and Bartlett's test sign= 0.000, so; it is said that the data is feasible.

Of the 39 extracted variables, 8 factors were formed, as shown in Table 6; of the 8 factors formed, it can be seen that all factors have an eigenvalue > 1, for example, in the total factor column 1 = 13,233 > 1. Of the 8 factors formed, they have a variant value of 69.605 percent. Furthermore, factor rotation will clarify the position of a variable by looking at the largest loading value without looking at (+) and (-). The result, through the rotated component matrix, is to sort the eight variables based on the factors that are the strongest in influencing the preferences of Muslim taxpayers to prefer zakat to taxes.

The faith factor ranks first in influencing a person to prefer paying zakat; the composite value of this factor is the largest among the other seven factors, equal to 4.61. These results show that the most substantial reason a person prefers to pay zakat is that his faith drives him, he realizes the importance of zakat for the life of the world and the hereafter, and he also realizes that Allah SWT will surely reward his good deeds (such as paying zakat). This result, in line with previous research, found a strong relationship between religion and consumer behaviour in a Muslim-dominated region, which affects consumers' preferences for and knowledge of items that adhere to Islamic law, such as zakat and Islamic banking (Bananuka et al., 2020; Junaidi, 2021; Kaakeh et al., 2019; Tabrani et al., 2018).

Table 7. Factors that Influencing Paying Zakat

No	Factors	Mean	Composit-value
1	Faith Factor	13.85	4.61
2	Compliance Level Factor with Obligations	27.62	4.60
3	Zakat Management Service Quality Factors	29.70	4.24
4	Zakat Knowledge Level Factor	16.88	4.22
5	Tax Knowledge Level Factor	25.18	4.19
6	Religious Practice Factors	16.68	4.17
7	Tax Services office Service Quality Factors	27.21	3.88
8	Tax Benefit Factor	3.82	3.82

Source: Processed primary data

The other factors that influence the preferences of Muslim taxpayers are: (i) the level of compliance with obligations. (ii) the factor of religious practice; (iii) the factor of quality of zakat management services; (iv) the quality factor of tax services office services, and; (v) the level of knowledge about zakat and taxes. The results of this study, it is known that some factors influence a person's preference for paying zakat or taxes; these factors are religious or religious factors such as faith, obedience, and religious practices,

then there are also other factors, such as quality of service and level of knowledge. This result also confirms that through customer awareness and attitudes, religion has a favorable impact on consumers' desire for Islamic banks (Junaidi, 2021). Sutomo et al also found that service quality had an impact on muzakki's satisfaction. Muktiyanto & Hendrian (2008) state that people preferred zakat as tax deductible rather than cost or expense deductible.

From the results, it was found that the preferences of Muslim taxpayers were to prefer zakat to choosing taxes. The reason was based on the analysis of the factors above that most influenced the preferences of Muslim taxpayers to prefer zakat because of the faith factor. Based on these results, it is hoped that there will be government considerations regarding the policy of the treatment of zakat on taxes which previously only served as a deduction from taxable income as contained in Law no. 23 of 2011, which reads "zakat paid by Muzakki to BAZNAS or LAZ is deducted from taxable income."

Another reason why the government should focus on paying attention to policies related to zakat and making zakat an instrument that can be compared with taxes is that currently, there are more than 229 million Muslim residents in Indonesia, which constitutes 87.2% of the total population in Indonesia and become the country in the world with the largest Muslim population. Moreover, based on joint research conducted by BAZNAS with various institutions, it is stated that the potential for zakat in 2020 will reach IDR 327.6 trillion. However, the realization has only reached IDR 71.4 trillion or around 21.7 percent.

With these various conditions, the government should maximize the potential revenue from the zakat sector. The current policy of treating zakat against taxes does not eliminate the dual obligations borne by Muslims but only reduces the tax burden owed. The Indonesian government can reflect on the State of Malaysia, which makes zakat a tax credit. The result is that this policy can simultaneously increase the income of both instruments (Beik, 2008). As mentioned in Purwatiningsih & Yahya's research (2020), in 2016, zakat collection in Malaysia almost reached RM 3 billion (Rp. 11.5 trillion) of the potential could be collected, namely Rp. 15 trillion. Malaysia managed to collect about 75% of its potential zakat funds. This is in contrast to Indonesia, which could only collect Rp. 5 trillion from the potential that should have been collected, namely Rp. 217 trillion. Indonesia can only collect ZIS funds of around 2.5% of the potential zakat that can be collected (Purwatiningsih & Yahya, 2020).

The government needs to consider with preferences of Muslims, which is easier to enhance the growth of products and services in financial and non-financial institutions. Early research also concluded that consumer attitudes are crucial in addressing the connection between religiosity, consumer preference and decision-making. Also, customers are loyal to goods that support Islamic principles (Amin et al., 2017; Kaakeh et al., 2019; Mortimer et al., 2020; Junaidi, 2020).

CONCLUSION

The results of Muslim taxpayer preferences between paying zakat and taxes show that more Muslim taxpayers agree to prioritize and prefer paying zakat rather than taxes. Through factor analysis, the following factors have been obtained that influence the preferences of Muslim taxpayers from those with the most significant influence, namely: Faith Factor, Obligation Compliance Level Factor, Zakat Manager Service Quality Factor, Zakat Knowledge Level Factor, Tax Knowledge Level Factor, Religious Practice Factors, Tax Services office Service Quality Factors, and Tax Benefit Factors.

This research can make a positive contribution to the government, namely related to making policies related to the payment of zakat and taxes so that revenue can be maximized and can reduce the burden of double payments burdened on Muslim taxpayers. From the preference results, it is known that Muslim taxpayers tend to choose zakat over taxes. For this reason, it is hoped that the government can renew its policy regarding the synergy of zakat and taxes from only a deduction from taxable income to a tax credit. It is hoped that it will increase zakat and tax revenues simultaneously, as has been done by the Malaysian government regarding its policy of making zakat a tax credit.

Several things that the government can do: (a) regulate the imposition of zakat on Muslims who meet the requirements (nishab); (b) regulation of the mechanism for the collection and collection of zakat by the zakat authority, accompanied by the ramification (type and expansion) of zakat collected; (c) setting the scope and cooperation of zakat distribution mechanisms that are integrated between BAZ or LAZ and the Government; and d) arrangements regarding the implementation of zakat on taxes are supported by a structured and clear coordination device that regulates the aspects required between the zakat authority and the tax authority.

Regarding tax governance, public preferences for literacy (understanding), faith (religiosity), collection methods, and sanctions that can encourage muzaki compliance in paying zakat and taxes must also be examined. Here there is a policy space on a certain scale in implementing the integration between zakat collection and taxes in a scheme that facilitates and, at the same time, becomes the basis of reference for the application of sanctions (both against taxes and zakat) in the process.

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