

## Zakat vs Tax: A *Maqasid Sharia* Perspective

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### Abstract

This study explores the comparison between zakat and tax within the framework of *maqasid sharia* perspective. Specifically, this study compares zakat and tax in terms of how effectively each system fulfills the objectives (*maqasid*) of *sharia* such as *hifz al-mal* (protection of wealth), *islah* (rectification), *hifz al-nafs* (salvation of the soul), and *'adl* (social justice). It aims to evaluate the extent of the impact of zakat and tax implementation on wealth distribution, poverty elimination, and the establishment of a just economic structure. Through a comprehensive analytical approach, this study evaluates the contribution of each instrument towards the realization of these objectives. A qualitative approach and a thematic literature review is adopted to explore evidences related to zakat vs tax from a *maqasid sharia* perspective. The result shows that zakat proves to be an effective tool in supporting equitable wealth distribution and social safety, while taxes provide consistent funding for public services. However, challenges such as compliance, transparency and fairness remain a critical focus. This research provides important insights into how the implementation of zakat and tax can be optimized to achieve the desired balance within the *maqasid sharia* framework.

**Keywords:** Economy; *Maqasid Sharia*; Tax; Zakat

### Abstrak

Penelitian ini mengeksplorasi perbandingan antara zakat dan pajak dalam kerangka perspektif *maqasid syariah*. Secara khusus, penelitian ini membandingkan zakat dan pajak dalam hal seberapa efektif masing-masing sistem memenuhi tujuan (*maqasid*) syariah seperti *hifz al-mal* (perlindungan kekayaan), *islah* (perbaikan), *hifz al-nafs* (keselamatan jiwa), dan *'adl* (keadilan sosial). Penelitian ini bertujuan untuk mengevaluasi sejauh mana dampak penerapan zakat dan pajak terhadap pemerataan kesejahteraan, pengentasan kemiskinan, dan pembentukan struktur ekonomi yang berkeadilan. Melalui pendekatan analitis yang komprehensif, studi ini mengevaluasi kontribusi masing-masing instrumen terhadap perwujudan tujuan-tujuan tersebut. Pendekatan kualitatif dan tinjauan literatur tematik digunakan untuk mengeksplorasi bukti-bukti yang terkait dengan zakat vs pajak dari perspektif *maqasid syariah*. Hasil penelitian menunjukkan bahwa zakat terbukti menjadi alat yang efektif dalam mendukung pemerataan distribusi kekayaan dan keamanan sosial, sementara pajak menyediakan pendanaan yang konsisten untuk layanan publik. Namun, tantangan seperti kepatuhan, transparansi, dan keadilan tetap menjadi fokus penting. Penelitian ini memberikan wawasan penting tentang bagaimana implementasi zakat dan pajak dapat dioptimalkan untuk mencapai keseimbangan yang diinginkan dalam kerangka kerja *maqasid syariah*.

**Kata kunci:** Ekonomi; *Maqasid al-Sharia*; Pajak; Zakat

## INTRODUCTION

The implementation of zakat and tax collection is increasingly complex in the era of globalization with an increasingly sophisticated global economic system. In Indonesia, the management of zakat and tax is regulated by different institutions. Zakat is managed by the National Amil Zakat Agency (BAZNAS) based on Law No. 23 of 2011 concerning Zakat Management, while the tax sector is managed by the Directorate General of Taxes under the Ministry of Finance. BAZNAS data in 2020 shows that zakat revenue reached IDR2.7 trillion which was distributed to 1,292,246 beneficiaries. Meanwhile, tax revenue based on data from the Ministry of Finance in 2020 reached IDR1,285 trillion. While both have similar goals of achieving social welfare and justice, the differences in their philosophy, structure, and implementation create interesting dynamics to uncover.

However, according to Wijayanti et al. (2022) stated that there are differences in zakat payment compliance in Indonesia and Malaysia. While zakat in Indonesia is considered as a deduction from taxable income only, while in Malaysia zakat is treated as a tax deduction. This causes a significant influence on zakat and tax compliance behavior in both countries, namely higher tax compliance behavior in Malaysia compared to Indonesia.

This research also responds to the changing economic and social dynamics amidst the *maqasid sharia* view. With the development of the Islamic economic system and the increasingly emphasized role of zakat, this research becomes relevant to understanding how these two main financial instruments can work together and complement each other. The diversity of zakat practices in different countries, social contexts, and differences in taxation systems create a rich ground for exploration. In this context, the interdisciplinary approach of this research will pave the way to combine economic, legal, and social aspects in one overarching analytical framework.

To understand the role of zakat and tax as financial instruments in achieving *maqasid sharia* objectives, we need to explore the essential comparison between the two. Zakat, as an obligation for Muslims, and tax, as a contribution to the government, have their respective roles in meeting social and economic needs. Through this comparison, we can understand how both can be improved to be more in line with the Shariah principles underlying the Islamic financial system.

The importance of this research can be measured by its potential contribution to the development of economic and taxation policies that are more in line with sharia principles. By understanding the contribution of zakat and tax in achieving *maqasid sharia*, governments, financial institutions, and communities can more effectively design policies that support the social and economic welfare of Muslims. As such, this research is not only an intellectual contribution but also a practical guide for stakeholders involved in policy formulation and implementation of the Islamic financial system. This article outlines the literature on the definitions and concepts of zakat and tax, *maqasid sharia* principles, and the issue of tax-deductible zakat. The research methodology is explained in the next section followed by the results.

## LITERATURE REVIEW

In the Literature Review stage, the researcher conducted a process of identification, initial review, and selection of literature through a systematic search of relevant literature sources. The search was controlled by keywords according to the research topic and the specified inclusion criteria. Researchers only included literature that fit the criteria and scope of the study. Literature searches were conducted in reputable digital databases such as ScienceDirect, EBSCO, Springer, Emerald, and other sources. The keyword combinations used were "zakat", "tax", And "*Maqasid sharia*". The literature found was then selected based on the criteria: (1) Relevance of the topic, (2) Quality of the source, (3) Year of publication 1984-2023.

### Definition of Zakat

Zakat is a *masdar* form of the word zakat, which means blessing, growth, cleanliness, and goodness. Another opinion says that the basic word zakat means to increase and grow. According to the term, zakat means a certain amount of property that Allah requires to be given to the rightful person. The Maliki school of thought defines zakat as giving a certain portion of wealth that has reached the *nisab* (the quantity limit that makes zakat obligatory) to those who are entitled to receive it (*mustahiq*). The Maliki school of thought defines zakat as giving a certain portion of the wealth that has reached the *nisab* to those who are entitled to receive it (*mustahiq*). The Hanafi school defines zakat as making a certain portion of property a special property, which has been determined by Sharia because of Allah SWT. The Shafi'i school of thought defines zakat as an expression for removing property or body in particular. Meanwhile, the Hambali school of thought defines zakat as the right that must be issued from special assets for certain groups.

According to Nawawi, the amount spent from wealth is called zakat because what is spent "increases the amount, makes it more meaningful, and protects the wealth from destruction." Meanwhile, according to Ibn Taymiyyah, the soul of the person who gives zakat will become clean, and his property will become neat, and clean, and increase in meaning. This means that the notion of growth and development is not only interpreted in wealth, but more than that (Halimy Kamaluddin et al., 2020). According to Law No. 23 of 2011, what is meant by zakat is the property that must be set aside by a Muslim or a business entity owned by a Muslim by religious provisions to be given to those entitled to receive it. Zakat is an individual right that is required by Allah SWT. on the property of Muslims, which is intended for the poor and other *mustahik*, as a sign of gratitude for the blessings of Allah SWT. and to get closer to Allah SWT and to clean themselves from their possessions (Kailani & Slama, 2020).

Based on the explanation above, the author is of the view that Zakat is one of the pillars of Islam that requires Muslims to give part of their wealth to people in need. The concept of zakat is based on the obligation of social solidarity and concern

for others. Zakat is not just a voluntary donation, but an obligation that is regulated in detail in Islamic teachings. The amount of zakat that must be paid is usually 2.5% of the wealth owned by a Muslim, which is given to certain groups, such as the poor, orphans, people in debt, and so on. One of the verses explaining zakat can be found in surah al-Baqarah [2]:267.

يَا أَيُّهَا الَّذِينَ آمَنُوا أَنْفِقُوا مِنْ طَيِّبَاتِ مَا كَسَبْتُمْ وَمِمَّا أَخْرَجْنَا لَكُمْ مِنَ الْأَرْضِ وَلَا تَيَمَّمُوا  
الْحَبِيثَ مِنْهُ تُنْفِقُونَ وَلَسْتُمْ بِأَخِيذِهِ إِلَّا أَنْ تُغْمِضُوا فِيهِ وَاعْلَمُوا أَنَّ اللَّهَ غَنِيٌّ حَمِيدٌ

O you who have believed, spend from the good things which you have earned and from that which We have produced for you from the earth. And do not aim toward the defective therefrom, spending [from that] while you would not take it [yourself] except with closed eyes. And know that Allah is Free of need and Praiseworthy.

In Tafsir Al-Munir Shaikh Wahbah al-Zuhaili (2013) explains the verse above: "O you who believe, I command you to spend good property, whether in the form of money, livestock, grain, crops, merchandise or others, such as gold, silver, and hidden treasures. This is as Allah SWT says in surah Ali 'Imran [3]:92.

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

Never will you attain the good [reward] until you spend [in the way of Allah] from that which you love. And whatever you spend - indeed, Allah is Knowing of it.

Allah SWT is not pleased with something that is hated by humans. The word al-Khabiits below has two meanings, the first is something that has no benefit at all, as found in the hadith narrated by Bukhari Muslim, "just as hububan removes the rust from iron."

The second meaning is something that is hated by the soul and this is what is meant in this verse. How can you give charity with something ugly, when you do not like it either. In addition to the Qur'an, the Prophet Muhammad's traditions also provide further guidance on zakat. For example, in a tradition narrated by Al-Bukhari and Muslim, the Prophet Muhammad said:

عَنْ أَبِي عَبْدِ الرَّحْمَنِ عَبْدِ اللَّهِ بْنِ عُمَرَ بْنِ الْخَطَّابِ رَضِيَ اللَّهُ عَنْهُمَا قَالَ: سَمِعْتُ النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ يَقُولُ: (بُنِيَ الْإِسْلَامُ عَلَى خَمْسٍ: شَهَادَةِ أَنْ لَا إِلَهَ إِلَّا اللَّهُ وَأَنَّ مُحَمَّدًا رَسُولُ اللَّهِ، وَإِقَامِ الصَّلَاةِ، وَإِيتَاءِ الزَّكَاةِ، وَحَجِّ الْبَيْتِ، وَصَوْمِ رَمَضَانَ) رَوَاهُ الْبُخَارِيُّ وَمُسْلِمٌ

Abdullah ibn 'Umar ra reported: "The Messenger of Allah (peace and blessings of Allah be upon him) said: "Islam is built on five foundations: the testimony (shahada) that there is no god but Allah and Muhammad is the messenger of Allah, establishing prayer, paying zakat, Hajj (to the House of Allah) and fasting in the month of Ramadan." (Narrated by Al Bukhari and Muslim).

### Definition of Tax

Subheadings In Arabic, tax is known as *Al-daribah*, which comes from the root word *dharaba*. *Dharaba* is the verb form (*fi'il*), while the noun form is *daribah*, which can be interpreted as a burden. It is considered a burden because it imposes an additional obligation on assets beyond zakat. As a result, it may feel burdensome to implement.

According to Sihombing & Sibagariang (2020), experts have their views regarding the definition of tax, such as Rochmat Soemitro, according to which tax is the transfer of wealth from the people to the State treasury to finance routine expenses and the surplus is used for public saving which is the main source to finance public investment. Furthermore, other opinions such as Sommerfeld Ray M, Anderson Herschel M, and Brock Horace R., where according to them tax is a transfer of resources from the private sector to the government sector, not as a result of a violation of the law. Taxes must be implemented based on predetermined provisions, without obtaining direct and proportional rewards, so that the government can carry out its duties properly.

Meanwhile, according to Law No. 28 of 2007 concerning the third amendment to Law No. 6 of 1983 concerning General Provisions and Procedures for Taxation (KUP), it is stated that the definition of tax is a mandatory contribution of citizens, both personal or corporate, based on law, without getting a reward and then used to finance the State for the prosperity of the people. Based on the explanation above, it can be understood that tax is a financial obligation imposed by the government on individuals, companies, or legal entities in a country. This obligation is in the form of payment of a sum of money or other value, regulated by law, and used by the government to finance various public activities and projects, such as education, health, infrastructure, and other public services. Tax is an important instrument in the economy to achieve the objectives of wealth redistribution, public financing, and economic regulation.

### The Concept of Zakat and Tax and Its Comparison

In paying zakat, several conditions must be met. First, a Muslim must actually own property fully and legally. Second, the wealth must reach the *nisab* or the minimum limit that has been determined. Third, the wealth exceeds basic needs such as housing, vehicles, and other needs. Fourth, the assets owned must be halal assets, not derived from haram products. Finally, the property has been owned for one full year or haul. Zakat is divided into two types, namely *zakat fitrah* and *zakat mal*. *Zakat fitrah* is the zakat of the soul that is issued by every Muslim at the end of Ramadan. While *zakat mal* is zakat issued from the property or wealth owned, such as agricultural products, trade, livestock, gold, silver, and so on. The recipients of zakat or mustahik have been determined in the Al-Qur'an, namely *fakir*, *miskin*, *amil*, *muallaf*, slaves, *gharimin*, *fi sabilillah*, and *ibnu sabil*.

On the other hand, in a modern state system, there are other obligations that must be fulfilled by citizens, namely taxes. In taxation, there are several basic principles that must be met, such as justice, legal certainty, economy, and efficiency. Taxes can be divided into two types, namely central taxes and local taxes. Central taxes are managed by the central government, such as Income Tax (PPH), Value Added Tax (VAT), and Land and Building Tax (PBB). Meanwhile, local taxes are managed by provincial or district/city governments, such as Motor Vehicle Tax, Restaurant Tax, and Entertainment Tax.

In Indonesia, taxes are regulated in Law No. 28 Year 2007 on General Provisions and Tax Procedures. Indonesia adheres to the self-assessment system, in which taxpayers are given the trust to calculate, pay, and report the amount of tax owed themselves. In addition to serving as a source of state revenue, taxes also have other functions such as regulating economic policy, income distribution, and as a tool to realize social justice.

Although they have differences in terms of the legal basis, nature, and purpose, zakat, and tax essentially have similarities in terms of their main purpose, which is to realize public welfare. As discussed in the research of Shams et al. (2020) and Djatmiko (2019), zakat and tax have different concepts, but both aim for the welfare of society. Compliance in paying zakat and paying taxes is the main key in realizing welfare and social justice for all people.

### **Principles of *Maqasid sharia***

*Maqasid sharia* refers to the purpose or intent of Islamic laws. These principles encompass a broad view of how Islamic law is designed to protect and enhance fundamental goals in human life. *Maqasid sharia* theory is a fundamental concept in Islamic law. In this context, the principles of *maqasid sharia* emphasize the protection of five fundamental goals, namely religion, soul, offspring, reason, and property. The entire structure of Islamic law is geared towards ensuring the sustainability and balance of these objectives. Al-Ayubi & Halawatuddu'a (2021) highlighted the application of *maqasid sharia* principles in the field of Islamic finance. In the context of Islamic finance, *maqasid sharia* views the importance of fairness, economic sustainability, and impartiality in financial management. These principles can form the basis for Islamic financial institutions to develop products and services that are in line with Islamic values. Jamal (2010) explores the relevance of *maqasid sharia* principles in the contemporary context. He discusses how these principles can guide interpreting Islamic law in light of the times and the needs of modern society. These principles are seen as a dynamic and relevant framework to answer the challenges of the times.

We can understand from the explanations of the experts above that *maqasid sharia*, a theory initiated by previous Islamic scholars such as Imam Shatibi and Imam Ghazali, has five main principles (Chapra, 2008). The author is citing several of these

established theories on the objectives of Shariah, and is not synthesizing a new theory. Some of the main principles of *maqasid sharia* are as follows:

1. *Hifz al-Din* (Maintenance of Religion): This principle emphasizes the need to protect and defend the religion of Islam. The maintenance of religion includes freedom of religion, upholding Islamic law, and countering all forms of threats to the sustainability and existence of Islam.
2. *Hifz al-nafs* (Maintenance of the Soul): This principle relates to the need to protect and maintain the human soul. This includes the prohibition of killing without a legitimate reason, the protection of human rights, and efforts to create a safe and peaceful society.
3. *Hifz al-mal* (Maintenance of Property): This principle emphasizes the need to protect property and wealth. Property protection includes prohibitions against theft, fraud, and business practices that harm others. This principle also supports fair and sustainable economic development.
4. *Hidz al-Nasl* (Maintenance of Descent): This principle focuses on the need to protect and maintain the continuity of offspring. It includes legal provisions relating to marriage, family, and children's rights.
5. *Hifdz al-'Aql* (Maintenance of Intellect): This principle emphasizes the need to protect the human mind. This includes prohibitions against the use of substances that damage mental health, as well as the promotion of education and science.

Specifically, there are two other additional *maqasid* that support zakat activities Mukhlisin & Fadzly (2020) argue that another element of *maqasid sharia* is to prioritize the protection of the environment (*Hifz al-Bi'ah* or *Hifz al-'Alam*) as expressed by Al-Qardhawi (2021). Ali Yafi has also pointed out the importance of another *maqasid sharia* element, *Hifz al-'ird* or *Hidz al-Marwah*, which is the protection of dignity or self-respect.

It can be concluded that the principles of *maqasid sharia* include the protection of fundamental values in human life. *Maqasid sharia* not only serves as a legal guide, but also provides a foundation for a deeper understanding of the values and objectives of Islamic teachings, and how they can be applied in various aspects of life, including law and finance.

### **Zakat as a Taxable Deduction**

In some countries that apply Islamic law or have a tax system that takes into account Islamic principles, zakat can be recognized as a deduction from taxable income. This concept is related to the government's recognition of zakat as part of the tax system and as a religious obligation that can reduce the amount of income subject to tax. As in Indonesia, zakat has been regulated in Law Number 23 Year 2011 on Zakat Management, which defines zakat as a deduction of Taxable Income (PKP) as long as zakat is paid to an authorized zakat institution. The purpose of this reduction has been explained in Article 14 paragraph (3) of Law No. 38 of 1999

concerning Zakat Management, which deducts zakat from the profit/remainder of taxable income so that taxpayers are not double burdened, namely the obligation to pay zakat and taxation (Ascarya et al., 2020).

Still, in Article 22 of Law No. 23 of 2011, zakat recognized as a tax deduction is zakat paid by zakat payers to official institutions, namely the National Amil Zakat Agency (BAZNAS) or Amil Zakat Institution (LAZ). Law No. 36 Year 2000 on the Third Amendment to Law No. 7 Year 1983 on Income Tax in article 4 paragraph (3) letter a number 1 states that some things that are not included as taxable income are: donations, including alms received by zakat institutions or amil zakat institutions established or approved by the government and zakat recipients. Since then zakat has been treated as a gross tax deduction (*tax-deductible*).

## RESEARCH METHOD

To qualify as research, this study used a qualitative approach and formal literature observation to explore and analyze relevant information related to zakat vs tax from a *maqasid sharia* perspective. This methodology will involve written sources such as books, papers, fatwas, and research related to zakat, tax, and *maqasid sharia*. Once the materials are collected, they are read and analyzed to gather research data. The data is then collected according to the research questions of Al-Ayyubi et al. (2023). This research also pay attention to Islamic theological and philosophical perspectives related to the relationship between zakat and tax in achieving *maqasid sharia* objectives. In addition, this literature study can analyze the impact of zakat and tax implementation on wealth distribution, poverty alleviation, and strengthening a fair and socially just economic structure. Deepening the understanding of the relationship between zakat and tax from the perspective of *maqasid sharia* through literature study is expected to contribute to the development of Islamic economic policies that are more holistic and in favor of social justice and the welfare of the people.

## RESULTS AND DISCUSSION

Table 1 shows the results of analyzing some literatures and references related to Zakat, tax, and also *maqasid sharia*.

**Table 1. Major References Related to Zakat, Tax, and *Maqasid sharia***

Researcher and Year	Reference Source	Research Result
Al-Salih (2020)	International Journal of Financial Research, 11(6), 196.	This research examines the role of zakat in creating social welfare and economic sustainability in Saudi Arabia, showing how zakat can contribute significantly to economic stability and social welfare in society.
Almatar (2015)	European Journal of Business, Economics and	This research highlights the issue of social justice and wealth



Researcher and Year	Reference Source	Research Result
	Accountancy, 3(3), 119-129.	redistribution through zakat and taxes, highlighting the differences and similarities between these two financial instruments in achieving fair and equitable social welfare.
Pahala (2016)	Review of Integrative Business and Economics Research	This study states that zakat has a more significant role than tax in achieving social and economic goals, strengthening the argument that zakat is more effective in achieving social welfare in accordance with sharia principles.
Wijayanti et al. (2022)	Journal of Islamic Accounting and Finance Research–Vol, 4(1).	This study compares the application of zakat as a tax deduction in Indonesia and Malaysia, highlighting the effectiveness of this policy in supporting social and economic welfare in accordance with sharia principles.
Shams et al. (2020)	Al-Aijaz Research Journal of Islamic Studies & Humanities, 4(2), 50-56.	This research discusses the similarities and differences in the concepts of zakat and tax in Islam, providing insight into how these two financial instruments can complement each other in achieving social welfare goals in accordance with sharia principles.
Djatmiko (2019)	Indonesian Journal of Islam and Muslim Societies, 9(1), 135-162.	This research proposes a reformulation of the zakat system as a tax deduction in Indonesia, demonstrating the potential of this policy in improving the effectiveness of zakat and tax in achieving social and economic goals in accordance with sharia principles.
Al-Ayubi & Halawatuddu'a (2021)	Jurnal Al-Dustur	This paper discusses the application of <i>Maqasid sharia</i> in Islamic banking which consists of five <i>Maqasid s</i> namely <i>Hifdz al-Din</i> , <i>Hifz al-nafs</i> , <i>Hifdz al-'Aql</i> , <i>Hifdz al-Nasl</i> and <i>Hifz al-mal</i> .
Al-Ayyubi et al. (2023)	Jurnal Al-Dustur	This paper discusses the application of <i>Maqasid sharia</i> in the regulation of insurance contracts ( <i>tabarru'</i> ). The research analyzes the provisions of Islamic insurance contracts based on the five <i>Maqasid sharia</i> .
Ismawati et al. (2022)	Al-Buhuts	This paper examines the application of zakat as a deduction from individual taxable income.
Itang & Musrifa	Tazkiyya: Jurnal	This paper examines scholars'

Researcher and Year	Reference Source	Research Result
(2018)	Keislaman, Kemasyarakatan dan Kebudayaan	perceptions and legal rules related to tax and zakat.
Jamal (2010)	Jurnal Ilmiah Al-Syir'ah	This research provides in-depth insight into the concept of Maqashid al-Syari'ah and its relevance in the context of the development of Islamic law, which can be an important basis for understanding the relationship between zakat and taxes from the perspective of <i>Maqasid sharia</i> .
Kailani & Slama (2020)	South East Asia Research	This paper examines the acceleration of Islamic social charity in Indonesia through zakat, sadaqah, and social media.
Lestari & Fajar (2023)	JOLSIC	This paper examines the policy of applying zakat as an income tax deduction in the Amil Zakat Agency of Jombang Regency.
Putra et al. (2023)	Al-Mutharahah: Jurnal Penelitian dan Kajian Sosial Keagamaan	This paper discusses zakat and tax from the perspective of sharia.
Salim Al-Hadhrami et al. (2021)	In Proceedings of the 2nd Kedah International Zakat Conference (pp. 221-232)	This paper examines the role of zakat in poverty alleviation in the city of Nizwa, Oman through a case study.
Halimy Kamaluddin et al. (2020)	Kawanua International Journal of Multicultural	The paper compares zakat and taxation from an Islamic perspective focusing on their benefits.

These references directly discuss and link zakat, tax, and/or *Maqasid sharia*.

**Table 2. Supporting References Related to Zakat, Tax, and *Maqasid sharia***

Researcher and Year	Reference Source	Research Result
Wahbah al-Zuhaili (2013)	Tafsir Al-Munir juz 3&4	This book provides Qur'anic commentaries on certain surahs such as Surah Ali 'Imran, An-Nisa', Al-Ma'idah, and At-Taubah.
Aneeq et al. (2020)	Paper to be presented at the 4th International Conference of Zakat (ICONZ)	This paper reviews the contribution of zakat and taxation to economic development according to the views of two contemporary researchers.
Chapra (2008)	Book ( International Institute of Islamic Thought (IIIT))	This study examines the vision of development in Islam based on Maqasid al-Shariah, providing a comprehensive understanding of how the principles of Maqasid al-Shariah can be applied in the context of economic and social development, relevant in understanding the role of

Researcher and Year	Reference Source	Research Result
		zakat and taxes in achieving these goals.
Mukhlisin & Fadzly (2020)	Accounting Research Journal	The paper examines the competing logic in the international Islamic finance architecture and the implications for Islamic financial reporting standards.
Al-Qardhawi, Y. (2001)	Cairo: Dār asy-Syurūq	This book discusses the fulfillment of basic needs in Islamic law.
Sihombing & Sibagariang (2020)	Neliti	This book discusses the theory and application of taxation.
Soediro & Meutia (2018)	Jurnal Akuntansi Multiparadigma	This paper examines a performance framework based on <i>Maqasid sharia</i> for Islamic financial institutions.

These references discuss one concept only without directly linking it to other concepts.

### **Maqasid Sharia Objectives Related to Zakat**

Zakat has objectives that are closely related to *maqasid sharia*, or the main objectives of Islamic law. As explained by Putra et al. (2023) one of the *maqasid sharia* objectives related to zakat is maintaining social justice and reducing economic disparities between communities. Zakat plays a role in ensuring a more equitable distribution of wealth among members of society, thus helping to achieve the goal of social justice.

In addition, zakat also has a role in achieving other *maqasid sharia* objectives, such as the maintenance of religion (*hifz al-din*) and the maintenance of property (*hifz al-mal*). In the context of *hifz al-din*, zakat helps strengthen the faith and Islam of Muslims by encouraging them to fulfill their religious obligations consistently. Whereas in *hifz al-mal*, zakat helps maintain the economic sustainability of Muslims by ensuring that the wealth circulating in society is used productively and not concentrated in a handful of individuals or one group only.

### **Analysis of Zakat Contribution to the Realization of Maqasid Sharia**

In analyzing the contribution of zakat to the realization of *maqasid sharia*, it is important to pay attention to the economic, social, and spiritual dimensions. According to Itang & Musrifa (2018), zakat has great potential to mobilize the economy of Muslims through wealth redistribution and economic empowerment of underprivileged communities. By assisting the poor and needy, zakat can help strengthen social networks and solidarity among members of the Muslim community, thus achieving the goal of social justice desired by *maqasid sharia*.

In the study of Aneeq et al. (2020), zakat is also seen as an instrument to achieve sustainable and inclusive economic development in the context of Muslim societies. By encouraging a more equitable distribution of wealth, zakat can help reduce poverty and economic inequality, thereby creating more stable and prosperous conditions for all members of society.

Thus, zakat plays a very important role in achieving the objectives of *maqasid sharia*, both in economic, social, and spiritual contexts. Through the correct and effective application of the principles of zakat, Muslim societies can strengthen their economic, social, and spiritual foundations, and achieve the social justice desired by Islamic law.

**Table 3. Research Results on the Link Between Zakat and *Maqasid sharia***  
**National Zakat in 2023**

Asnaf	Program	Amount	<i>Maqasid sharia</i>
<i>Fakir-Poor</i>	Social assistance in the form of food, school packages, health costs, shelter, job training	IDR 7,466,047,028,877	<i>Hifz al-mal, Hifz al-nafs</i>
<i>Amil</i>	Incentives and infaq for managers of zakat institutions/amien.	IDR 748,432,086,613	<i>Hifz al-mal, Hifz al-nafs</i>
<i>Muallaf</i>	Assistance with religious education, health, business, charity capital, and spiritual guidance.	IDR 18,851,529,843	<i>Hifdz al-Din, Hifz al-mal, Hifz al-nafs</i>
<i>Riqab</i>	Assistance with housing, health costs, food, and more to free them from debt.	IDR 1,225,662,851	<i>Hifz al-mal, Hifz al-nafs</i>
<i>Gharim</i>	Assistance in paying off debts/medical expenses, housing, business capital for self-reliance, etc.	IDR 37,932,441,332	<i>Hifz al-mal, Hifz al-nafs, Hifz al-Nasl</i>
<i>Fi Sabilillah</i>	Funds for proselytizing, religious education, construction of worship facilities, etc. to promote religion	IDR 892,894,971,470	<i>Hifdz al-Din</i>
<i>Ibn Sabil</i>	Travel expenses for underprivileged students, da'wah events, religious conferences, etc.	IDR 49,488,735,283	<i>Hifdz al-'Aql</i>

Source: Zakat management report and BAZNAS website, 2024

The following is an explanation of the argumentation and analysis of the relationship between each zakat distribution program and aspects of *maqasid sharia*:

1. Assistance for the poor in the form of food, school packages, medical expenses, housing, and job training is related to the *Maqasid sharia* objectives of preserving wealth (*hifz al-mal*) and preserving the soul (*hifz al-nafs*). These programs aim to meet the basic needs of the mustahiks, improve their welfare, and support their economic independence so that they can avoid poverty.
2. Incentives and infaq for amil zakat and zakat institution managers are also related to the purpose of maintaining wealth (*hifz al-mal*) and soul (*hifz al-nafs*). This is intended to motivate and maintain the performance of zakat managers so that

they can carry out their duties professionally and trustworthily in collecting, managing, and distributing zakat funds.

3. Assistance for religious education, health, business, business capital, and spiritual guidance for muallaf is related to the purpose of maintaining religion (*hifdz al-din*), property (*hifz al-mal*), and soul (*hifz al-nafs*). These programs aim to foster and support religious conversions as well as provide muallaf with the knowledge and skills to adapt and become economically independent.
4. Assistance with housing, medical expenses, food and more for riqab (freeing from slavery) is related to the goal of preserving wealth (*hifz al-mal*) and the soul (*hifz al-nafs*). The aim is to free them from debt bondage and conditions that restrict freedom.
5. Debt repayment assistance / medical expenses, housing, business capital for gharimin (people who are in debt) is related to the purpose of maintaining property (*hifz al-mal*), soul (*hifz al-nafs*), and offspring (*hifdz al-nasl*). This program is intended to help them resolve their debt problems and provide business capital so that they can live independently.
6. Funds for da'wah, religious education, construction of worship facilities in the sabilillah program are related to the purpose of maintaining religion (*hifdz al-din*). It aims to strengthen and develop religious infrastructure and support da'wah and educational activities.
7. Travel expenses for underprivileged students, da'wah events, religious conferences in the ibnu sabil program are related to the purpose of maintaining the mind (*hifdz al-'aql*). This program is aimed at increasing religious knowledge and insight as well as supporting scientific and intellectual activities.

Overall, the distribution of zakat funds by BAZNAS has been directed to fulfill various aspects of *maqasid sharia*, starting from maintaining religion, soul, mind, offspring, and property. This shows a comprehensive effort in optimizing the role of zakat for the welfare of the people.

### **Tax Implications for Achieving *Maqasid Sharia***

From the perspective of *maqasid sharia*, taxes have significant relevance to the main principles, especially the principles of public good (*maslahah*), social justice, and the preservation of wealth. Zakat, as a form of tax in the Islamic world, has been emphasized as an instrument that supports the achievement of *maqasid*, as stated by Salim Al-Hadhrami et al. (2021) in their research on the role of zakat in reducing poverty in Nizwa City, Sultanate of Oman.

In this context, Al-Hadhrami stated that zakat contributes directly to the principle of *maslahah* by empowering the community through wealth redistribution. Zakat becomes a tangible manifestation of obligation and economic justice integrated into *maqasid sharia*.

The implications of taxes for the achievement of *maqasid sharia* objectives may vary depending on how they are managed and allocated. If taxes are utilized fairly and transparently, and the proceeds are used for the public good in accordance with sharia principles, then taxes can be an effective tool in achieving these objectives. However, if taxes are managed unfairly or the proceeds are not distributed properly, this can be a hindrance in achieving the objectives of *maqasid sharia*. Taxes that are burdensome for the people or used for purposes that are not by the principles of Shariah may result in social and economic injustice.

It is in this context that the relevance of taxes to *maqasid sharia* becomes important, as taxes are not just an instrument of collecting funds for the government, but also one of the instruments that can affect welfare and justice in society. A study by Aneeq et al. (2020) investigated the contribution of taxes to economic development, highlighting that taxes serve as an instrument to reduce social and economic inequality.

**Table 4. Research Results on the Link Between Tax and *Maqasid sharia***

(in billion rupiah)

Program	Amount	<i>Maqasid Sharia</i>
General Services	IDR 21,350	<i>Hifz al-mal, Hifz al-nafs</i>
Economy	IDR 130,890	<i>Hifz al-mal</i>
Environmental Protection	IDR 3,003	<i>Hifz al-nafs</i>
Housing and Public Facilities	IDR 6,813	<i>Hifz al-nafs, Hifz al-Nasl</i>
Health	IDR 5.823	<i>Hifz al-Nasl</i>
Religion	IDR 202	<i>Hifz al-Din</i>
Education	IDR 16.732	<i>Hifz al-'Aql</i>
Social Protection	IDR 50.026	<i>Hifz al-mal, Hifz al-nafs</i>

Source: Tax Expenditure Report 2020

The following is an explanation of the relationship between tax-funded government programs and aspects of *maqasid sharia*:

1. Public Service Programs can be connected to the preservation of both the soul and wealth by providing infrastructure and public services that fulfill the community's essential requirements.
2. Economic Programs involve fiscal and monetary policies aimed at promoting economic growth, alleviating poverty, and enhancing welfare, in connection with *Hifz al-mal* (preserving wealth).
3. Preserving the environment and natural resources for public health is connected to the concept of *Hifz al-nafs*, which involves Environmental Protection Programs.
4. Providing decent and safe housing through the Housing and Public Facilities Program can help preserve both the soul and offspring of individuals in the community.
5. Health programs are intricately connected to the preservation of the soul (*Hifz al-nafs*) by providing access and affordable costs for healthcare.

6. The Religion program supports the construction of worship facilities, religious activities, and the spread of religious teachings in relation to *Hifdz al-Din* (preserving religion).
7. The Education Program connects to preservation of the mind by offering both access to and ensuring sufficient quality of education.
8. Social Protection programs help protect individuals' well-being and assets by offering support to disadvantaged and at-risk populations.

In the Islamic finance framework, the concept of *Maqasid sharia* is also recognized as a performance framework for Islamic financial institutions. Soediro & Meutia (2018) highlight the importance of *Maqasid sharia* as a performance framework for Islamic financial institutions, which can also include tax aspects. Tax, in this context, can be viewed as an instrument that supports economic sustainability by *Maqasid sharia* principles.

### **Impact of Zakat as a Tax Deduction in *Maqasid Sharia* Review**

Zakat as taxable income deduction has a significant impact, both in terms of individual and government tax revenue. Several studies have explored the impact of implementing zakat as a deduction from taxable income, and the following are some of the findings related to *maqasid sharia* review:

1. Improved Zakat Compliance: One of the positive impacts identified is the increase in the compliance rate of zakat payment. By recognizing zakat as a deduction from taxable income, individuals have a fiscal incentive to fulfill their zakat obligations. As stated by Ismawati et al. (2022), "the application of zakat as a tax deduction in Baznas of Bulukumba Regency can encourage the increase of zakat payer compliance." This contributes to the goal of preserving religion (*hifdz al-din*) through increased public awareness and compliance in fulfilling zakat obligations.
2. Support for Social Welfare Programs: The implementation of zakat as a tax deduction can positively contribute to social welfare programs. Funds collected from zakat can be more easily directed to humanitarian programs and social activities that support communities in need. This is related to the goal of preserving the soul (*hifz al-nafs*) and wealth (*hifz al-mal*) through the fulfillment of basic needs and improvement of welfare for mustahik groups.
3. Increased Community Participation: The existence of tax deduction on zakat can stimulate public participation in zakat program. Lestari & Fajar's (2023) research at BAZNAS Jombang Regency shows that "the implementation of zakat policy as an element of income tax deduction can increase community participation in paying zakat." This also contributes to the objective of preserving religion (*hifdz al-din*) by increasing community involvement and commitment in fulfilling religious obligations.
4. Boost to the General Economy: Zakat as a deduction from taxable income can provide a positive boost to the general economy, especially at the community

level. With increased wealth distribution and welfare among the community, the potential contribution to local economic growth becomes greater. This is related to the objective of preserving wealth (*hifz al-mal*) through increased productivity and economic welfare.

5. Role in Poverty Alleviation: Positive impacts can also be felt in poverty alleviation efforts. Properly channeled zakat funds can help underprivileged communities and create real changes in their socio-economic conditions. This is related to the goal of preserving the soul (*hifz al-nafs*) and property (*hifz al-mal*) through the fulfillment of basic needs and improvement of welfare for mustahik groups.

## CONCLUSION

This article has described the literature related to the definition and concept of zakat and tax, the principles of *maqasid sharia*, and the issue of zakat that can be deducted from tax. Furthermore, the research methodology is explained, followed by an analysis of the impact of zakat as a tax deduction in the *maqasid sharia* review. This article concludes that zakat and tax are two important instruments in realizing public welfare, despite their differences. The *maqasid sharia* perspective becomes an important foundation in analyzing the role of zakat and tax, where the management of zakat and tax based on *maqasid sharia* can ensure proper distribution and allocation, to meet the needs of society. Furthermore, this article concludes that the integration of zakat and tax by *maqasid sharia* principles is a potential solution to comprehensively realize public welfare, optimize the role of zakat and tax in helping the poor, and create a just and prosperous society.

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