

# Optimizing Zakah Collection for Business Investment as a Social Security (Review of Law Number. 23 of 2011, Concerning Zakah Management)

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**ABSTRACT.** The term zakah in the al-Qur'ān shows two meanings, obligatory zakah and zakah sunnah. Both are part of (collective) social assets, both in terms of collection and management. Compulsory assets are the third pillar of Islam, every Muslim must carry out the number of assets that have reached the minimum limit for tithing. The potential for zakah in Indonesia reaches Rp. 217 trillion, meanwhile, the fact that zakah collection has only reached Rp. 8.1 trillion, or only 3.7%. To optimize wealth collection, approaches are needed; first, the regulatory approach to zakah management laws, second, the technological approach, and third, the human resource approach. Because the nature of zakah is not only charitable but as an obligation for muzakki and a right for mustahiq, investing in productive endeavors for activities that have many benefits is a necessity. Investing in zakah assets is permissible, as long as there is a guarantee from the government and under Islamic religious rules. By optimizing the collection of zakah, the goal of zakah will be achieved, namely to purify the soul (muzakki) and fulfill the needs (mustahiq). Will grow, develop by investing in productive enterprises for social security, foster a sense of compassion between the rich and the poor. Fulfillment of basic needs; food, clothing, housing, education, and health.

**Keywords:** *Zakah Optimization, Zakah Investment, Social Security Zakah, Obligatory Zakah.*

## 1. INTRODUCTION

The concept of the obligation of zakah is to carry out the obligation to worship Allah as proof of faith and to provide (social) compensation for people who are deprived, especially the basic needs of life as a manifestation of faith and relationships with humans. The mandatory zakah has been started in the second or third year of hijriyah.<sup>1</sup> It is so important, zakah is mentioned more than thirty, even 82 times in the al-Qur'ān along with the commandments of prayer in many verses.<sup>2</sup> It has a unique character in the socio-economic structure of the Islamic State, making payments to meet economic needs, on the other hand as a manifestation of faith to purify the heart (spiritual).<sup>3</sup> Zakah is a system of cooperation between the rich and the poor, which functions to protect the community from disasters, social, poverty, physical and mental weakness so that the community will be spared from these disasters so that they become a thriving and developing society.<sup>4</sup>

Paying zakah has been guaranteed by the State, as stated in the Constitution Article 29 Paragraph (1) and Paragraph

(2)<sup>5</sup>

Article 29 Paragraph (1) states:

"The country is based on the One Godhead" Article 29 Paragraph (2) states:

"The state guarantees the freedom of every citizen to embrace his religion and to worship according to his religion and belief".

Hazairin interpreted that in the Republic of Indonesia there should not be anything contrary to Islamic principles for its adherents, contrary to Christian religious principles for Christians, or against Hindu-Bali principles for the community. The Republic of Indonesia is obliged to implement Islamic sharia for Muslims, Christian sharia for Christians, Hindu-Bali sharia for Balinese people, simply carrying out the sharia requires the mediation of state power.<sup>6</sup>

The Central Statistics Agency released Indonesia's poor population as of March 2019 as many as 25.14 million people.<sup>7</sup> Under the 1945 Constitution, Article 34 mandates as described in the following paragraphs: (1) "*The poor and neglected children are cared for by the State*". Paragraph (2) "*The state develops a social security system for all the people and empowers the weak and underprivileged people according to human*

dignity." (3) *"The state is responsible for the provision of adequate health service facilities and public service facilities".*<sup>8</sup>

Islam is a religion that cares about the problem of poverty. Ignoring the poor, as stated in the Qur'an surah al-Mā'ūn, is tantamount to denying religion. If we do not want to be called religious deniers (teachings), then we must be sensitive to the problem of poverty. More than that, we must care about the fate experienced by the poor and take concrete actions as a manifestation of our commitment to efforts to alleviate people from poverty.<sup>9</sup> To overcome social disparities and develop the welfare of the people, zakah plays a strategic role in this regard, because the prospect of zakah income in one year (if optimal) reaches Rp. 217 trillion.<sup>10</sup> With zakah that is well managed, it is possible to build economic growth as well as equal income distribution, economic with equity.<sup>11</sup>

On a national scale, the total amount of zakah collection collected by BAZNAS, LAZ, and Zakah Collection Units (ZCU) throughout Indonesia reaches Rp. 8.1 trillion. However, this achievement is still far from the potential zakah of Rp. 217 trillion compared to the zakah collected of Rp. 8.1 trillion, the realization of the total collection was still in the range of 3.7% of the existing potential, namely Rp. 217 trillion. The potential that can still be boosted is 97.3%. It is not an easy matter, but it is not impossible to achieve it.<sup>12</sup>

To spur zakah collection and its utilization, a regulation that can answer these challenges is needed. In addition to policy regulation through the law, it is necessary to support technology and human resources. If the collection of zakah assets is optimal, investment in the productive sector can be developed and the realization of zakah as social security will be realized, maybe even later it will be difficult to find poor people who need basic living costs. At that time, Caliph 'Umar Ibn 'Abdul 'Aziz (ruled 99-110 H./717-720 M.) told that it was difficult to find people who were entitled to receive zakah (*mustahiq*), because the people's welfare at that time was evenly distributed with one of them through zakah management and distribution. well through the *Bait al-Māl* institution.<sup>13</sup>

## 2. METHODS

This research is sociological legal research (social-legal research), which sees law as an empirical social phenomenon.<sup>14</sup> to reveal the problems that lie behind the implementation and enforcement of the law.<sup>15</sup> This research is a

normative study by conducting library research or secondary data. The nature of this research is a descriptive study that aims to completely describe the characteristics of a situation, personal behavior, and group behavior, and to determine the frequency of a symptom.<sup>16</sup>

## 3. RESULT AND DISCUSSION

Zakah is a practice of worship, placing itself as part of the five pillars of Islam that must be carried out by its adherents. So the editorial team of writing zakah in al-Qur'an is often aligned or juxtaposed with the obligation of prayer, there are twenty-seven recorded with various forms of words.<sup>17</sup> The nature of zakah, besides being individual worship, is also referred to as social worship. Because its benefits are used for the public at large, for this reason Yusuf Qardāwī calls it *ibādah māliyah ijtimā'iyah* (collective property) which plays a strategic, important and determines welfare.<sup>18</sup>

One side has an individual meaning, the other side will be of value and benefit to many people - especially *mustahiq*-. So to make efficient use of zakah assets, awareness of muzakki and managers is needed. Muzakki is obliged to fulfill his obligations, by spending part of his assets for tithe. Managers try to develop zakah assets so that more people receive benefits through productive efforts (investment).

So before the zakah property is given to *mustahiq*, to grow it first invested, in the end, it will develop from the beginning. After there is a result, some are developed in the form of reinvestment and some are developed to be distributed to those who are entitled to receive zakah assets, particularly as social security. Therefore, zakah and prayer both become part of the overall symbol of Islamic teachings. Establishing prayers is proof of my obedience to Allah SWT., While zakah is a practice of harmonizing the relationship (*mu'asyarah*) of humans with humans. These are the two pillars for the founding of Islamic buildings.<sup>19</sup>

### 3.1 Optimizing Zakah Collection through Policy

On a national scale, the total amount of zakah collection collected by BAZNAS, LAZ, and Zakah Collection Units (UPZ) throughout Indonesia reaches Rp. 8.1 trillion. However, this achievement is still far from the potential zakah of Rp. 217 trillion, the realization of the total collection is still in the range of 3.7% of the existing potential so that it can still be spurred by 97.3%. because the

majority collected was still zakah māl (zakah levied on money, gold, securities, and assets), which reached 44.75 percent of the total types of funds collected. Meanwhile, the bigger potential for zakah which is still hidden in the collection of zakah from

companies.<sup>20</sup> As an illustration, here is the realization data:

**TABLE 1.** Data On The Collection Of Zakah Potential From Year To Year (Source: Baznas National Zakah Statistics 2019)

Year	Collection (Rp. Billion)	Growth (%)	Percentage of Collection Against Potential
2015	3.650	0	1.7
2016	5.017	37.46	2.3
2017	6.224	24.06	2.8
2018	8.100	30.13	3.7

To optimize the realization of zakah collection, the government makes regulations by issuing laws on Zakah Management, UU. No. 23 of 2011. The first time it was rolled out, by the fifth president, Megawati Soekarno Putri, during the commemoration of "Nuzulul Qur'ān" (2001) zakah as a 2.5% deduction for taxpayers who have paid zakah through a bank account designated by the Agency. Amil Zakah Nasional and synergize with the Director-General of Taxes.<sup>21</sup> In Law no. 23 of 2011<sup>22</sup>, Article 22, states: "Zakah paid by muzakki to BAZNAS or LAZ is deducted from taxable income". Continued in Article 23: (1) "BAZNAS or LAZ is obliged to provide proof of payment of zakah to every muzakki". (2) "Proof of zakah payment as referred to in paragraph (1) is used as a deduction from taxable income.

The implementation of this policy aims to provide convenience and relief to Muslims who will fulfill their zakah obligation not to be subject to double charges. This policy is also expected to encourage the color of the State, which is devout Muslim, to carry out the third pillar of Islam as proof of its obedience, as well as to encourage sensitivity and care for the human aspect. This rule is in synergy with Law Number 36 of 2008, as the fourth amendment to Law Number 7 of 1983 concerning Income Tax.<sup>23</sup>

Apart from reducing taxpayers, a special institution has been established to handle and manage zakah. In Indonesia, the authority for zakah is in the Ministry of Religion, the Directorate for Zakah and Waqf Empowerment, and the National Zakah Agency (BAZNAS). As mentioned in the articles of Government Regulation Number 14 of 2014, concerning Implementation of Law Number 23 of 2011 concerning Management of Zakah,<sup>24</sup> as follows:

Article 1: In this Government Regulation what is meant by:

- (1) *"The management of zakah is an activity of planning, implementing and coordinating the*

*collection, distribution and utilization of zakah."*

- (2) *"National Zakah Amil Agency, hereinafter referred to as BAZNAS, is an institution that manages zakah nationally".*
- (3) *"Amil Zakah Institution, hereinafter abbreviated as LAZ, is an institution formed by the community which has the task of assisting the collection, distribution and utilization of zakah".*

BAZNAS is an institution that is authorized to carry out the task of Managing Zakah nationally, so in its duties BAZNAS carries out functions: planning, implementing, controlling, and reporting in the distribution and utilization of zakah. It can be concluded that the regulation of zakah collection with statutory policies gave birth to zakah collection institutions and organizations, both government and private, with a centralized system to the BAZNAS Institution. The zakah collection institution formed by the government is BAZNAS, domiciled in the center of the capital city of Indonesia, in the Province and Regency/City areas. Furthermore, in helping with work, BAZNAS formed a Zakah Collection Unit (ZCU). A private institution that has received permission from the Ministry of Religion at the suggestion of BAZNAS is the Amil Zakah Institution (AZI), which can directly distribute zakah to mustahiqs.

The problems faced in collecting zakah funds include; Ashikin Muda stated;<sup>25</sup> factors that influence muzakki to pay zakah, because of faith, as compulsory worship, altruism, which is a view of concern for the welfare of others without paying attention to oneself or is called the golden culture of ethics, muzakki self-satisfaction, and organizational factors managing zakah. A large number of Amil Zakah managers, expensive promotional costs, the lack of effectiveness of zakah utilization programs, limited human resources of amil zakah, and lack of synergy among zakah stakeholders.<sup>26</sup> Another obstacle is that zakah management employees are

not full-time, have side jobs, IT mastery is still weak, the internet banking system and the like are not yet widespread.<sup>27</sup> Another problem is that in terms of the zakah system, it is still a caritative system, it has not yet reached the obligatory system.<sup>28</sup> Constitutionally, religious practice, including Islam, is protected by the State. The law of paying zakah is the obligation of every capable Muslim, its neglect is a denial. Obligatory zakah is the same as compulsory zakah, there are coercion and sanctions for those who do not fulfill it.<sup>29</sup>

Strategies for achieving the potential for zakah, including; First, strengthening zakah collection regulations as stated in Article 22, "Zakah paid by Muzakki to BAZNAS or LAZ is deducted from taxable income". That the nature of zakah and tax has an element of compulsion. Zakah is a religious obligation, as the third pillar of Islam, while taxes are an obligation towards the State. Zakah should not be interpreted as a mere charitable activity, but rather an obligation (compulsory) that every Muslim must carry out. In its history, when Abu Bakr as-Şiddiq became caliph, many Muslims were reluctant to pay zakah, so they were fought because they had incurred their religion, as narrated by Abu Daud:<sup>30</sup>

"... By Allah, I will FIGUREht against those

who separate the obligation of prayer from the obligation of zakah. Zakah is a right related to property. By Allah, if they refuse to pay camel zakah which they used to pay to Rasulullah SAW, surely I will FIGUREht it, because of that rejection."

Article 22, Law no. 23 of 2011, regarding the Management of Zakah, that "paying taxes automatically and/or paying zakah at the same time", it is up to how the separation mechanism is technically regulated (can be) made an SKB of the Minister of Religion and the Minister of Finance. Thus, on the one hand, as an incentive to facilitate muzakki, on the other hand, the obligations of the State and religion can be carried out. The law on the zakah obligation to be deducted directly from the obligatory zakah is paid directly by the muzakki to the local tax office (online). By the tax office, the system (automatically) will separate the amount of zakah allocated assets and the rest for taxes. Zakah is distributed to the manager, in this case, the National Zakah Agency (BAZNAS). Thus, muzakki is facilitated, technically there is no need to bother calculating zakah and not double charges, taxpayers, and zakah obligators. The flow can be described as follows:

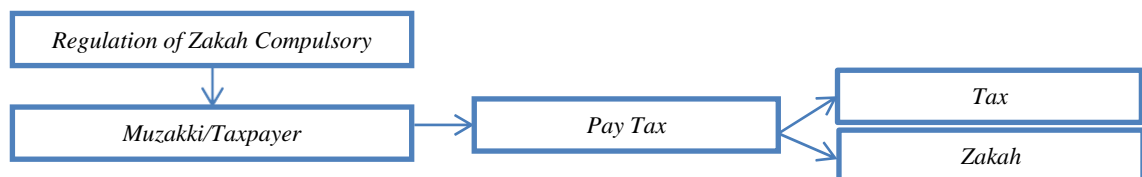
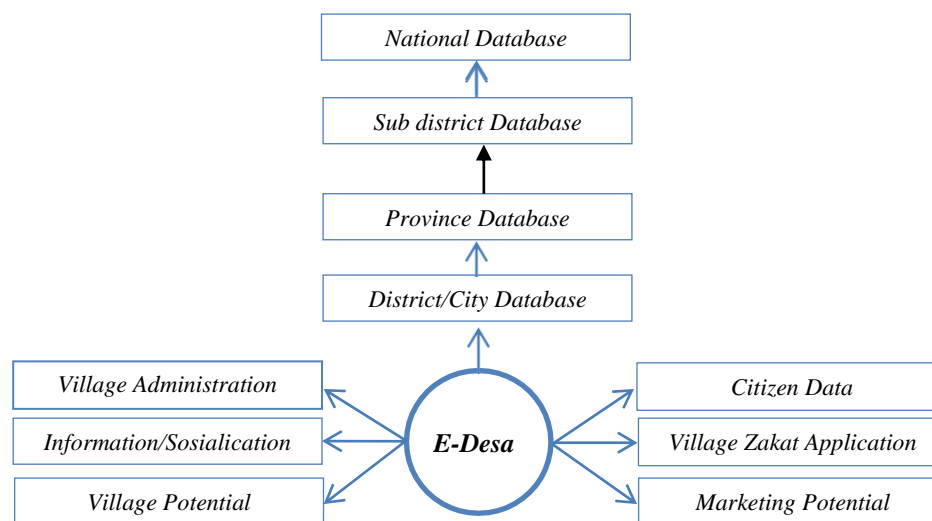


FIGURE 1. Taxpayers are the same as Zakah

*Second;* To solve the problem of the accuracy of the *muzakki* and *mustahiq* databases, the government has launched a national *E-KTP* program, but unfortunately on the way it stalled due to corruption. Data improvement can be started by building a website-based application (*E-Desa*), integrated up to the national level. The interest of zakah institutions is related to *muzakki* and *mustahiq* data, to be able to access data on the Muslim population. *E-Desa* informs about village data and all its potential, citizen profiles, and others that can be designed for special needs can be accessed easily via mobile, android version, or app-store. With *E-Desa* zakah institutions can be expanded to the sub-district level in terms of collection and institutionalization. The existence of this application can help the validity of *muzakki* and *mustahiq*. It can also be used as a promotion, publication of *ziswa* utilization programs (zakah infaq alms and waqf). Gradually, as an entry point, personal officers in the community were made *amil*, and prepared their resources. The description of *E-Desa* is as follows:



**FIGURE 2.** E-Desa Aplication as a Database of Zakah

The E-Desa application contains all information on village activities and activities, such as; (1) data on citizens with complete profiles, age, number of family members, occupation, source of income, average monthly income, education, etc.

(2) Village administration, contains all village administration features, both for reporting and services to the community, such as RT /RW certificates, death certificates, administration of making KTPs, and so on. (3) Information and outreach containing important information on village government policies to national information, socialization of village programs, ziswa, etc. (4) Village potential includes natural resources in the village, economic and cultural potential that can be used as added value for its residents. (5) Marketing has the potential to function as marketing for the economic activities of rural communities that can deal directly with the market, which can be linked to existing digital marketing. (6) The Zakah Desa application contains the calculation of zakah and payments through zakah online or as a liaison to be paid to village zakah officers. Not everyone should know about important data in the E-Desa application, so those who can access are residents using passwords and admins. As for other information, it is general so it can be accessed by all citizens.

Third, resource problems can be resolved employing an education system and training in zakah management. The position of *āmil* which is significant and vital in the management of zakah, it is necessary to occupy that *āmil* is a profession. Because of the profession, doing a full-time job is

not part-time or part-time. and live from that job relying on high expertise and skills, have a deep personal commitment to the job. Carrying out this profession by involving all of himself actively, diligently, and seriously, because he and his work have merged into one, which is driven by community service to achieve social justice.

### 3.2 Investment Law in the Perspective of Fiqh and Positive Laws

Investment is also called "*istiṣmār*" which means "*tauḍīf al-māl*", which means investment.<sup>31</sup> It can also be interpreted to achieve the advantage of "*ṭalab al-huṣūl ‘alā al-ṣamr*", which is the increase in wealth from before.<sup>32</sup> It is also called "*istiṣmāriyah*" that is, "to produce something from something" or "to make something fruitful and bear something into effect" because it comes from "*ṣamar*" or "*ṣamr*" which means fruit. If it is associated with zakah assets it means: "The effort to develop zakah assets is due to a reason and a way of developing the means to realize the benefits (for) of the *mustahiq* (beneficiaries of zakah)".<sup>33</sup>

Investment is an activity to attract sources of funds used for the provision of capital goods, and capital goods will produce new products.<sup>34</sup> Kamaruddin Ahmad, in Abdul Manan<sup>35</sup> stated, that what is meant by investment is placing money or funds with the hope of obtaining additional or certain benefits on the money or funds. In this definition, investment is focused on placing money or funds to obtain the expected profit. It can be understood, that zakah investment is the process of developing zakah assets with various business

approaches so that the principal of the assets and the value of their benefits increases. With the increase in the nominal value of zakah assets, the greater the value of distribution and use for mustahiqs. There are several verses related to investment, among them are the Qur-ān surah al-Nisā '[4]: 9: "And fear Allah those who should leave behind them weak children, whom they worry about (their welfare). Therefore, let them fear Allah and let them speak the right word."

The verse can be interpreted, so that everyone will feel worried if the future leaves behind a weak generation (zuriyyatan du'afā'). Can be weak due to financial, which has a major impact on weak faith (kāda al-faqrū an yakūna kufran) "poverty is more likely to lead to kufr". So to get the blessing and sanctity of property as a fundamental characteristic of zakah, an investment must be channeled to halal businesses and minimal risk. Should not be channeled into illegal and high-risk businesses. Like two sides of a coin, ribh (profit) and fāsil (loss) in investing are always there. Profits as one factor motivate investors to invest, as well as benefits in bearing the risk of the investment made.<sup>36</sup>

In the legal spotlight on the investment of zakah assets, there are differences, some do not allow and others allow. Among the fuqahā 'who did not allow it was Wahbah al-Zuhaili, Shaykh 'Abdullah' Ulwan. Shaykh Muhammad Taqī al-'Usmāny and Sheikh Muhammad 'Aṭā al-Sayyid. Meanwhile, one of the fatwa institutions that prohibits this practice is al-Lajnah al-Dāimah Lil-Buḥūs al-'Ilmiyah wa al-Iftā', Saudi Arabia, for reasons; (1) Not under the provisions that have been determined by naṣ (al-Qur'ān and al-Ḥadīṣ), (2) Zakah assets must be distributed to those who are entitled as soon as possible, must not be delayed so that they are wronged mustahiq, (3) Contrary to the spirit of the value of worship so that it has the potential to change the values of faith into a business, such as zakah on agriculture and livestock to be replaced with money for business capital, (4) Inhibiting the ownership of the benefits of zakah for individuals, while zakah is intended to be fully owned by the recipient of zakah (mustahiq). (5) the need for wakalah (mastery) of mustahiq.<sup>37</sup>

Groups that allow the investment of zakah assets, among them are Sheikh Yusuf al-Qarḍawī, Sheikh Muṣṭafā al-Zarqā', Sheikh 'Abdul Fattaāh Abu Gadaḥ, Sheikh 'Abdul 'Azīz al-Khayāt, and Sheikh 'Abdus Salām al-Abadī.<sup>38</sup> Among the institutions that allow it is the Mujamma Fatwa Institute 'Fiqh al-Islamy, Lajnah al-Fatwa of the

Kuwaiti Ministry of Waqf, and the 2003 Fatwa Majlis Ulama Indonesia (MUI). The reasons for allowing investment include the following: First, Rasulullah SAW and Sahabat Umar have ever taken the benefits of zakah assets, before being distributed to the recipient. As the hadith of the Prophet SAW. From Zaid bin Aslām he said: "Umar bin Khaṭṭāb drank milk which made him amazed". Then he asked the person who gave the drink, "where did you bring this milk from?" The person told that he had come to a spring - which he mentioned his name - in fact, he got many camels from the camels of alms (zakah), they were giving his cattle drink, then they milked it for me, then I brought it to my drinking container this! Then Umar put his hand, then drank it.<sup>39</sup> Second, based on āṣaru al-ṣahābah (actions of friends) established by Amīr al-Mukminīn 'Umar Ibn al-Khaṭṭāb R.A. which prohibits letting the property of orphaned children not invested, so that they are eaten up by alms. If the assets (mandate) of orphans can be used as business capital (investment), especially zakah assets which benefit mustahiq. Third, a leader has the right to hold and distribute zakah based on the value of the benefit. As did the Caliph 'Umar Ibn al-Khaṭṭāb

R.A. functioning Bait al-Māl (State treasury) to give mu'allaf (stop giving zakah) and pay the soldiers as a substitute for the distribution of property fa'i. Fourth, based on the hadith of the Prophet SAW:

*From Anas bin Mālīk, "actually a man came to the Prophet SAW asking for something". The Prophet asked him; "Is there something in your house?". He replied, "Yes, there is a cloth part of which I use and part of which I spread, and there is a vessel for me to drink water on him". He said, "Bring both to me". So that person brought both of them. Rasulullah took both of them in his hands and then said, "Who wants to buy these two items?". A man said, "I will buy it with one dirham". The Prophet said, "Who wants to add two or three dirhams?". A man said, "I'll buy it for two dirhams". Then Rasulullah handed over the item to him and took two dirhams. Then handed the two dirhams to the man Anṣār saying, "Buy with one dirham is food and give it to your family, and buy with another dirham an ax and come to me" So that man came to the Prophet. The Prophet took a stick and tied it to the ax with his own hands. The Prophet said, "Go and look for firewood and do not appear to me for fifteen days." Then the man went to find firewood and sold it. Then came to the Prophet and he had received ten dirhams and he bought*



*clothes with part of the money and bought food with the other part. Rasulullah said, "It is better for you than to come begging to be a black stain on your face on the Day of Judgment. Because begging is not proper except for three groups: for very faqir people, for those who are in debt who are unable to pay, or for those who have blood (diyat debt) that troubles them".<sup>40</sup>*

That the workers/managers (*āmilīn*) of zakah are based on the authority of the leader (imam), then they set policies based on the greater benefit. As the rule; "*Taşarrufu al-imām 'alā al-ra'iyati manūṭun bi al-maṣlahah*". "Government policy towards the people is based on benefit (benefit)".<sup>41</sup> Yusuf Qardawi stated in *Fiqh Zakah*, that the Islamic government is allowed to build factories or companies from zakah money for ownership and profits for the poor, so that their daily needs will be fulfilled.<sup>42</sup> Based on the description above, zakah can be invested with the following conditions mentioned by the Indonesian Ulema Council (MUI): (1) It must be distributed to businesses justified by shari'ah and applicable regulations (*al-turuq al-masyru'ah*). (2) Invested in business fields that are believed to provide benefits based on feasibility studies. (3) Fostered and supervised by competent parties. (4) Conducted by an institution or institution that is professional and trustworthy (trustworthy). (5) An investment permit (*istiṣmār*) must be obtained from the government and the Government must replace it in the event of a loss or bankruptcy. (6) There are no needy people who starve or need expenses that cannot be postponed when zakah assets are invested. (7) The distribution of zakah that is *ta'khir* (ended) because it is invested must be limited in time.<sup>43</sup>

While UU. No. 23 of 2011, regarding zakah, Article 2 states: "the management of zakah means":

(a) Islamic shari'ah

(b) mandate (c) benefit (d) justice (e) legal certainty (f) integration, and (g) accountability. Furthermore, Article 3 Management of zakah aims: (a) Increasing the effectiveness and efficiency of services in managing zakah; and (b) Increase the benefits of zakah for realizing community welfare and poverty alleviation. For the objectives of Article 3 zakah management to be achieved, the mechanism is listed in Article 27, which states: (1) Zakah can be utilized for productive efforts in the context of handling the poor and improving the quality of the people. (2) Zakah utilization for productive business as referred to in paragraph (1) shall be carried out if the basic needs of the *mustahiq* are met. (3) Further provisions regarding the utilization of zakah for productive business as referred to in paragraph (1) shall be regulated in a Ministerial Regulation. It can be concluded, that Law Number 23 the Year 2011, regarding Zakah Management, allows the utilization of zakah through investment (productive efforts). Investments can be carried out as long as the basic needs of the *mustahiq* have been fulfilled, namely food, clothing, housing, education, and health.

To strengthen and accelerate the development of zakah funds through investment, BAZNAS can form a Zakah-Owned Enterprise (BUMZ). In terms of investing zakah assets, the manager (*āmilīn*) may invest zakah, *muzakki* (giver), and *mustahiq* (recipient). Such investment must be guaranteed by the government in the event of a loss. It could also be a system of giving assets directly to the poor with a system of businesses as family food security with assistance and standard operating procedures for implementation of the Amil Zakah Agency. For a clearer flow of zakah investment, the FIGURE below provides a systematic description.

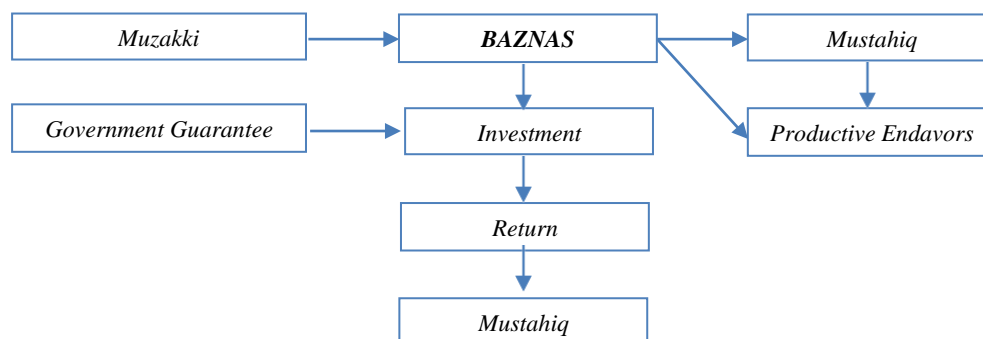


FIGURE 3. Zakah Utilization Flow for Investment

The plot image explains: (1) *Muzakki* pays

the obligation of zakah to the Amil Zakah Agency

(2) The Amil Zakah Agency then distributes it in two ways, directly for *mustahiq* for the very urgent basic needs of life. The distribution of zakah assets is suspended, diverted to be invested, or developed. In the productive efforts developed by *mustahiq*, assistance is provided by the Amil Zakah Agency. (3) Zakah assets by BAZ are invested in businesses with minimal risk and a quick profit, such as in the nine basic goods sectors of the community. The government can make a regulation to close import faucets and seek the procurement of its needs from Zakah-Owned Enterprises (BUMZ). (4) In investing by the Amil Zakah Agency, in this case, the government is obliged to provide a loss guarantee, if in the future the business being run experiences bankruptcy (loss). The government took the initiative to make a Special Business Entity owned by Zakah. (5) Part of the proceeds from productive zakah (investment) is distributed to *mustahiqin*, while the other part is used for business development again. As for the percentage of proceeds to be developed and distributed to those who are entitled to receive benefits from the investment of zakah assets based on the *ijtihād* (consensus) of the *āmilin* (zakah workers).

The Amil Zakah Agency can also distribute zakah to *mustahiq* by forming community groups (colonies) through family food security programs. BAZ develops programs for the poor with standard operating procedures (SOPs) that must be implemented. The main obstacle for the poor is minimal land so that the harvest is not enough to meet their needs. Therefore, in resolving these problems, it can be made in groups by acquiring land from BAZ. In the modern era like today, it could also be a farming estate system (agricultural housing) which covers an area of 2,000 M2. They pay their house in installments with the harvest of productive business activities accompanied by professional assistants (including) assistance from zakah institutions.

### 3.3 Investment of Zakah Assets as Social Security

Essentially, the purpose of zakah redemption is a form of social security with a clear legal obligation. So specifically, the distribution of zakah is recorded in the al-Qur'ān and the hadith of the Prophet SAW. In Q.S. at-Taubah [9]: 60 Allah SWT said:

*"Zakah is only for needy people, poor people, zakah workers, converts who are persuaded by their hearts, to (liberate) my*

*beloved servants, people in debt, for the way of Allah, and for those who are on the way, as a provision which is required by Allah, and Allah is All-Knowing, Most Wise".*

Furthermore, in several hadiths the Prophet SAW explained the importance of sharing with the weak. As narrated by Bukhārī and Muslim (Muttafaq 'alāh), from Sahabat 'Alī RA., That Rasulullah SAW said:

*"Allah obliges zakah on the wealth of the wealthy of the Muslims, an amount that can cover the poor among them. Poor people will not suffer from hunger and trouble (difficulties) in clothing, except because of the actions of the rich. Remember, Allah will judge them firmly and torment them with pain".<sup>44</sup>*

Social security according to the International Labor Organization (ILO) is also called social security, is a system of protection provided by the community for its citizens, through various efforts to face economic or social risks that may result in the cessation of or greatly reduced income.<sup>45</sup> Meanwhile in Law no. 40 of 2004, concerning the National Social Security System, that what is meant by social security is; "A form of social protection to ensure all people can fulfill their basic needs for a decent life".<sup>46</sup> Still in the law, it limits that the types of social security programs include: a) health insurance; b) work accident insurance; c) old age security; d) pension benefits, and e) death benefits. The mechanism is based on the principle of cooperation, each participant must pay a fee.

The distribution of zakah as stated in Article 25 of Law no. 23 of 2011, regarding the Management of Zakah, states: "Zakah must be distributed to *mustahiq* according to Islamic law". Furthermore, the next Article 26: "The distribution of zakah, as meant in Article 25 is carried out based on a priority scale by taking into account the principles of equity, justice, and territoriality". Specifically, it is explained in the Decision of the Chairman of BAZNAS, Number 64, 2019, in Chapter III, Zakah Distribution, Part One, General as follows; Number (3) Zakah distribution is carried out in the fields of (a)

Education (b) Health (c) Humanity (d) Da'wah and advocacy. Number (4) Zakah utilization is carried out in the fields of (a) Economics (b) Education (c) Health and (d) Da'wah and advocacy.

The term social security in Islamic scientific literacy refers to three terms, namely *takāful al-ijtimā'ī*, *damān al-ijtimā'ī*, and *ta'min al-ijtimā'ī*.



*Takāful al-ijtimā'ī* has a broader meaning than *damān al-ijtimā'ī* and *ta'min al-ijtimā'ī*, the meaning of which is the collective responsibility of everyone in society for the difficulties and hardships of life that befall or experienced by others in society, by assisting in the form of financial (financial) and moral. So *takāful al-ijtimā'ī* is also called social interdependence or social solidarity.<sup>47</sup> While the term *ta'min al-ijtimā'ī* which is also known as social insurance, is only as one principle among several principles to achieve *damān al-ijtimā'ī*. Social insurance provides limited insurance only to certain people, who become participants according to contracts and limited to certain events, as stated in the Law of the Republic of Indonesia Number 40 of 2004 concerning the National Social Security System.

When referring to the three terms, the benefits of zakah as social security cover all three. It is more comprehensive in terms of its meaning and includes elements of society and government as well as in the practice of collecting and distributing it. In essence, social security in the Islamic view is the obligation of the State to the

people to guarantee their social life. So that in realizing prosperity, it cannot be separated from the role of society and government together. The government as a policymaker takes the obligation to pay zakah from those who can afford it and distributes social security. Syauqī al-Fanjarī argues that social security can be seen in two aspects. First, social security as the government's responsibility is by the meaning of *damān al-ijtimā'ī* and second, as the responsibility of people who are sufficient (able to at least) to fulfill their obligation to pay zakah as in the meaning of *takāful al-ijtimā'ī*.<sup>48</sup>

Zakah is a guarantee with a fixed source and place of distribution. This way, there will be no feeling of shame or humiliation among those who ask for help. Likewise, various civil rights of the poor who are often abused because their position as recipients of assistance can be maintained and maintained. Social security as written in Q.S. at-Taubah [9]: 60 is reserved for certain groups, in various ways.

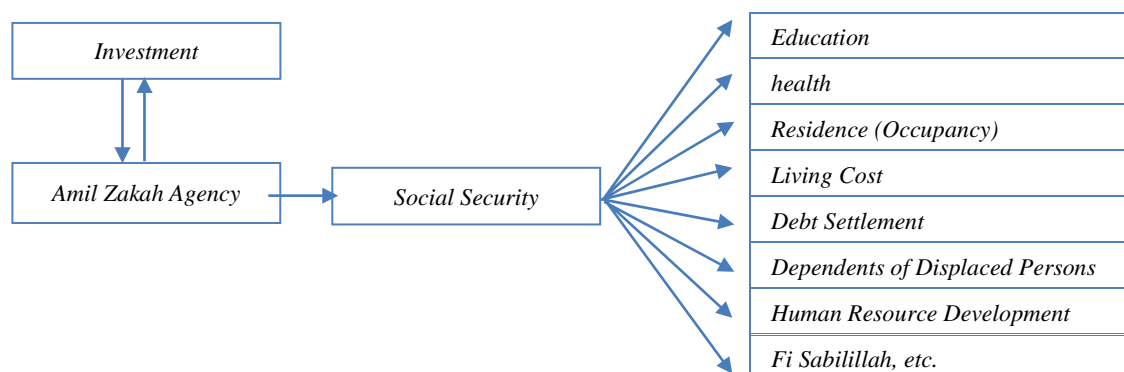


FIGURE 4. Investment of Zakah Assets as Social Security

In the picture above, it explains the benefits of zakah assets invested in productive businesses which function as social security for beneficiaries (*mustahiq*). Assets invested through government-formed business entities, namely Zakah-Owned Enterprises (BUMZ) under the management of the National Zakah Management Agency are distributed as social security for education, health, housing, living expenses, debt repayment (*gārimīn*), dependents for displaced people (including street children), increasing human resources, paying the Koran teachers (community), building religious facilities and their supporters (*fi sabīlillah*), etc.

In some practices, social security has been

carried out by the National Zakah Management Agency such as BAZNAS (National Zakah Agency) by launching several Zakah Community Development (ZCD) programs, Mustahik Service Counters (KLM), BAZNAS Healthy Homes (RSB), Rumah Pintar Anak Bangsa (RCAB), Baitul Qirad BAZNAS (BQB), Disaster Emergency Response Program, 1000 Ulama 'regeneration program.<sup>49</sup>

#### 4. CONCLUSIONS

Zakah is the third pillar of Islam, having a socio-economic pattern. The law of fulfilling it is an obligation for every Muslim which functions as a manifestation of faith and obedience to Allah and

as social security for humanity in its utilization. Currently, the collection of zakah assets is only Rp. 8.1 trillion (3.7%) of the realized potential of Rp. 217 trillion. To achieve the potential target (97.3%), new breakthroughs are needed, including: (1) integration with taxpayer payments, (digital-based) (2) building a database (muzakki and Mustahiq) of zakah at the bottom by making the E-Desa application system. (3) increasing the human resources of zakah workers by providing continuous training and education, by adding institutions to the village level.

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