

Zakāt, Regional Autonomy, and Sustainable

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Zakāt, Regional Autonomy, and Sustainable Development (A Review of Maqāṣid al-sharī'ah System Approach)

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Abstract

Zakat is an instrument in Islam that is widely used to bridge the gap between the rich and the poor. This research aims to strengthen zakat in the context of development in Indonesia by integrating it with the concept of regional autonomy. To sharpen the study, the concept of maqashid al-shariah is used as a tool of analysis in the discussion. The method used in this research is qualitative by taking the context of existing policies in West Nusa Tenggara. This research offers the concept of banks in the management of zakat. Banks are an intermediary institution that brings together the interests and needs of the rich and poor. With the bank model, zakat can be used to empower and strengthen the poor to support sustainable development in the context of regional autonomy.

Abstrak

Zakat adalah instrument dalam Islam yang digunakan untuk menjembatani kesenjangan antara kelompok kaya dan miskin. Penelitian ini bertujuan untuk menguatkan zakat dalam konteks pembangunan di Indonesia dengan mengintegrasikannya dengan konsep otonomi daerah. Untuk mempertajam kajian konsep maqashid al-shariah dijadikan sebagai alat analisis dalam pembahasan. Metode yang digunakan dalam penelitian ini adalah kualitatif dengan mengambil konteks kebijakan yang ada di Nusa Tenggara Barat. Penelitian ini menawarkan konsep bank dalam pengelolaan zakat. Bank adalah Lembaga intermediasi yang mempertemukan kepentingan dan kebutuhan orang kaya dan miskin. Dengan model bank, zakat dapat digunakan untuk memberdayakan dan menguatkan kelompok miskin untuk mendukung pembangunan yang berkelanjutan dalam konteks otonomi daerah.

Keyword : Zakāt, Regional Autonomy, Sustainable Development, Maqāṣid al-sharī'ah

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1. INTRODUCTION

In the Qur'an, zakat and prayer are frequently paired as complementary concepts. Qarādāwi identifies 27 instances of *shalāt* and *zakāt* being used interchangeably (al-Qarḍāwi, 1991: 231). Moreover, this demonstrates that these two concepts constitute the core of Islamic doctrine and ideology. The Prophet then made the subsequent proclamation: *lā imāna liman lā ṣalāta lahu wa lā ṣalāta liman lā zakāta lahu* (It is useless to have faith if one does not pray, and it is useless to pray if one does not pay zakat) (Qadir, 1999: 48). The Qur'an teaches prayer and zakat as means of fostering positive social relationships. The Qur'an prohibits atrocities and evil deeds through prayer. In contrast, zakat is

intended by the Qur'an to create economic equity, and it is intended for groups that require subsidies to meet their material needs. Important to the prophetic treatise are the upholding of monotheistic doctrine and the establishment of social justice (Engineer, 1999; Haq, 1987; Rahman, 1980) In this context, zakat is used as a spiritual indicator of an individual's status. The renunciation of material possessions is emphasised in Islamic doctrine. Material possessions serve only as a means to an end (non-material).

Qarādāwi define zakat as *ibādah māliyah ijtimā'iyah*, by design, prioritize social wellbeing. (al-Qarḍāwi, 1993: 235). In the study of political economy, the distribution aspect necessitates secure conditions; there must be no conflict, disorder, or

crime. This is the point where the meanings of prayer and zakat intersect in social life.

Specifically, zakat is administered in Islam as a means of empowerment, that is, as a means of redistributing power from the powerful-rich to the weak-poor. (Kenny, 1994; 114; Moeljarto, 1996; 44). According to the reasoning of the Qur'an, wealth accumulation should not be restricted to the wealthy only. This also corresponds to QS. At-Taubah: 60 on the distribution of wealth among the zakat recipients' eight categories (*asnāf*). This verse demonstrates that zakat is not merely a formal ritual that establishes the servant's relationship with God, but also a 'subsidy' system that fosters the servant's love relationship with his fellow servants.

Zakat is a formal Islamic rite that is intended to meet the socioeconomic needs of the community in a fair and equitable manner. Therefore, zakat, infaq, and sadaqah are ethically, socially, and intellectually required to respond to the socioeconomic needs of the community in a deliberate, calculated, measurable, and planned manner. In order to achieve the great principles of zakat, there must be political, cultural, social, and intellectual mediation between rich and poor groups.

In this instance, QS. At-Taubah specifies 103 institutions (governments, rulers) as intermediaries in the process of economic justice distribution in society via zakat funds. In addition, the verse is supported by a hadith in which the Prophet of Allah instructs Mu'adz ibn Jabal to collect zakat from the wealthy and distribute it to the poor (Aziz et al., 2019; Salahuddin, 2019). Within the context of community development, zakat is primarily a process of increasing awareness based on ethical-theological-religious principles. In the Indonesian context, fostering a shared understanding of zakat means fusing religious-theological ideals with the sociocultural-empirical realm of society. As such, it is not incorrect for Permono to view zakat as the primary source of development funding in Indonesia and to make zakat a law (legal-formal) in the nation. (Permono, 1995; 13).

In the Indonesian fiscal system, Mas'udi pioneered the concept of a hybrid zakat-tax. (Mas'udi, 1993) Unquestionably, the norms and procedures for the government's collection of zakat require more technical and proportional consideration in light of the region's local-cultural and social factors. This is the environment where creativity and innovation must

flourish (ijtihad). All sectors of society collaborate to develop a zakat system that is comprehensive, integrated, and interdependent with Indonesia's economic development. This is what Hallaq means when it refers to the application of the *maqāṣid al-sharī'ah* system for interpreting Islamic values in the context of contemporary human reality. (Auda, 2008) In the context of sustainable development, this essay will examine zakat in greater depth from this perspective. Legal-technical zakat is governed by UU. No. 38 tahun 1999 and UU. 23 tahun 2011 on Zakat Management in the Indonesian legal system. As the possibility of zakat is virtually identical in each region, the preceding rules must be translated into a more systemic-functional language at the regional level.

2. RESULT AND DISCUSSION

2.1. Zakāt: A Brief Concept

In early Islamic history, the term *bait al-māl wa tamwīl* was used to refer to zakat. This institution, founded by the Prophet and developed by the Companions, grew into a socioeconomic-financial institution that contributed significantly to the development of Islam. The entrepreneurial spirit of Rasulullah resides here (Afzalurrahman, 1995). The system of zakat developed by the Prophet through the institution of *bait al-māl wa tamwīl* surpassed the system of tribute developed by the large royal systems of the Middle East. The Zakat philosophy of Muhammad is one of equitable distribution (justice) of economic resources, with an emphasis on the poor (*al-mustaḍ'afūn*). While the tribute system was still based on the requirements of the palace and not on public service at the time, the palace still dictated the terms of the tribute system. According to Al-Māwardi, the zakat paid during the Prophet's lifetime paved the way for the modern taxation system. In this context, Zakat may be viewed from a socioeconomic standpoint. In early Islam, zakāt administration was not only a religious ritual obligation for a servant, but also a manifestation of social responsibility as a genuine manifestation of faith (Al-Mawardi, 1996). As a result, the collected zakat is administered in accordance with the needs of the community and is directed toward empowerment rather than merely charitable consumption.

According to the facts of Indonesian history, the primary source of funding for the Indonesian people's struggle for independence was zakat. As a result, the Dutch East Indies government had a vested interest in

regulating the zakat system at the time; b ijblad No. 1892 4 Agustus 1893 and bijblad No. 6200 28 Februari year 1905. The regulation directs the general public to pay zakat through the Dutch East Indies government and prohibits priyai organisations and government employees from doing so. Majelis Ulama A'la Indonesia (MUAI) reactivated public zakat funds during the Japanese administration. In Java's residency, thirty bait al-mal were erected by the MUAI movement. The Japanese actively observed this activity, which ultimately led to the disbandment of MUAI by the Japanese government on October 24, 1943. The Dutch East Indies and Japanese governments feared the potential (domino effect) of zakat's power, and thus felt compelled to package zakat as a means of subjugating the Indonesian (local) population, despite their ignorance of zakat.

Decades after independence, this nation's highest-ranking officials continue to respect and affirm zakat. The Ministry of Religion of the Republic of Indonesia issued a circular on the implementation of zakat fitrah on December 8, 1951. The RUU Zakat and RPPUU Zakat Acts of 1964 are proposed for the national collection and distribution of zakat, as well as the formation of baitul mal. It failed, however, due to G 30 S/PKI. It is recommended that the 1967 RUU on zakat be regulated by the Minister of Religion Regulation, which is reintroduced via the DPR GR (PMA). In 1968, PMA No. 4 and 5 were issued to establish the Amil Zakat Agency and the BMT. At the Isra' Mi'raj event on October 26, 1968, President Soeharto personally proposed that zakat be collected by the state, which was reaffirmed by his words on Eid al-Fitr day in December 1968. From this location, Presidential Order No. 07/PRIN/10/1968 was issued on October 31, 1968. By Presidential Decree (KEPRES) No. 44 of 1969, a committee for the administration of zakat, chaired by the Minister Coordinating for People's Welfare, was established (KH. Idham Halid). In 1969 Circular No. 3, the Minister of Religion was instructed to transfer zakat collection funds to Indonesian President Suharto via Giro Pos account No. A 10,000. The President established the Pancasila Muslim Amal Bakti Foundation as a result of this initiative. The administration of Zakat is also governed by three ministerial decrees dated March 19, 1991, which led to the establishment of the Zakat Infaq and Sadaqah Charity Agency (BAZIS) in nearly every region of Indonesia. In 1999, as a result of the Reformation,

Law No. 38 on Zakat was enacted, and in 2011, Law No. 23 on Zakat Management was enacted. With the passage of this law, all existing regulations governing the administration of zakat in the country will remain valid so long as they do not conflict with the provisions of this law.

The preceding details demonstrate that Indonesia's zakat policy is consistent. The Indonesian populace acknowledges that zakat can be implemented creatively in order to advance national development goals. In addition, the information presented above reflects the substantial and ongoing efforts of members of Indonesian society and the government to promote the use of zakat as a tool for development (Saputri et al., 2022). In this way, an academic, political, religious, social, and cultural study has evolved out of the Indonesian people's awareness of the value of zakat funds for development. The essential issue at hand is organising the fragments of thought scattered throughout the study of zakat into a force capable of elevating the dignity of local communities through ongoing monitoring of global trends. This is when intellectual creativity and resourcefulness (rather than coercion) are required to preserve human advantage (*ri'āyat al-maṣlahah al-ummah*) via zakat.

According to al-Syatibi, the purpose of the law's (God's) revelation is to maximise the well-being of servants in this world and the here after (*maṣālih al-'ibād fī dunyāhum wa ukhrāhum*) (Al-Syāthibi, 2004), concentrating on five areas to achieve the fundamental maslaha by concentrating on five aspects of fundamental maslahah (*ḍarūriyāt*): safeguarding religious freedom (*hiḍz ad-dīn*), preserving the soul (*hiḍz al-naḥs*), safeguarding of intellectual (*hiḍz al-'aql*), safeguarding progeny (*hiḍz al-nasl*), and protection of wealth (*hiḍz al-māl*). (Al-Ghazālī, 1970) Adapting to changes in the socio-social system necessitates the development of this area of legal thought's creative-innovative efforts (zakāt). In the context of Islamic law studies, *ijtihād* is frequently associated with legal adaptation and societal change (*ushul al-fiqh*). (M. A. Abdullah, 2000; El-Fadl, 2003; Hallaq, n.d.; Khallāf, 1979; Nuruddin, 1991) This *ijtihād* guarantees that Islamic law (including zakat) remains relevant in a local-regional context. *Ijtihād*, like the spirit, serves as a conduit to ensure that Islamic law "lives" throughout human history. Obviously, the existence of law (Islam) should ensure the welfare and prosperity (*malahah*) of humanity and

mankind. (Salahuddin, 2005) Commonly-formed jargon within a statement. *al-islām ya'lū wa lā yu'lā 'alaih* or *al-islām sālih li kulli makān wa zamān* can only be achieved through creative and innovative responses to the community's legal requirements. Within the scope of zakat research.

2.2. Zakāt in Maqāshid al-sharī'ah Perspective System Approach

Maqāshid al-sharī'ah is a core theory based on maṣlahah that has recently been used as both a method and an approach for addressing social problems Muslims face. The foundation of thought in maqāshid al-sharī'ah is deductive, While maintaining an emphasis on the inductive process as the basis for analysis in the *istinbāt* process (Salahuddin, 2012). Here, maqāshid al-sharī'ah meets the social theory and legal theory developed in the twenty-first century. Maqāshid al-sharī'ah theory may compatible with progressive law.

Historically, the maqāshid al-sharī'ah theory was developed since the fifth century H. Nevertheless, the maqāshid al-sharī'ah framework of thought has been formed gradually through a historical process since the time of the Prophet, which was later translated well by his companions, in particular Umar ibn al-Khatāb. Academically, Imam al-Juwaini is recognised as the original author of maqāshid al-sharī'ah, which Imam al-Gazali repackaged. It was resurrected by Imam al-Syātibi, and subsequently became the dominant strategy for the development of contemporary Islamic civilization (law) (Jasser Auda, 2008)

The foundation of maqāshid al-sharī'ah thought is maṣlahah, which was conceptually developed by Mālik ibn Anas. Al-Tūfi is a malikiyah intellectual who elaborates vulgarly on maṣlahah. Because maṣlahah is a necessary substance, it differs from the statement that na often makes a difference while maṣlahah does not. Al-Tūfi then reconstructs his theory of maṣlahah in the following manner: (Purwanto, 2014: 96-99). *first, istiqlāl al-'uqūl bi idrāk al-maṣālih wa al-mafāsīd* (freedom of natural reason to identify benefit and harm). *Second, al-maṣlahah dalīlun mustaqillun 'an al-nuṣūs* (maṣlahah is a legal proposition independent of the text/nas). *Third, majāl al-'amal bi al-maṣlahah huwa al-mu'āmalāt wa al-'ādāt dūna al-'ibādāt wa al-muqaddarāt* (maṣlahah applies only in muamalah and social fields, not in the area of worship and aqidah).

Fourth, *al-maṣlahah aqwā fairlat al-syar'i* (maṣlahah is the strongest legal proposition).

The *maṣlahah* and *maqāshid al-sharī'ah* thinking framework is an effort to escape the logic of repetition or logic of justification in favour of substantial logic justification (Minhaji, 2004: 25). Maṣlahah and maqāshid al-sharī'ah are frequently 'guarded' to escape the 'confinement' of the text. In the preceding context, the development of maṣlahah and maqāshid al-sharī'ah thought is used as a methodological instrument to anticipate the limitations of the text on the evolution of social reality (Salahuddin, 2012). In reference to al-viewpoint Syahrastani's, *tatanāhā al-nuṣūs wa lā tatanāhā al-waqā'i'*, then *maṣlahah* and *maqāshid al-sharī'ah*, methodologically, are absolutely needed to answer the development of society.

Jasser concludes the development of maqāshid al-sharī'ah thought using a systems approach as an analysis. According to systems theory, something is organic-systemic (Muadz, 2014: 75-6). The essence of systems theory is a comprehensive, holistic way of thinking that examines the interconnectedness of each element in the system. Entity is a component of the entire system, which consists of several subsystems (Auda, 2008: 29). The smallest element of a system must be viewed in the context of its relationship with the other elements. Similarly, Islamic law, as a subsystem of the suprasystem, must be integrated with other suprasystem components. Emergent properties will result from the interaction between Islamic law and system entities. Consequently, Auda concludes that there is no Islamic law that claims to be the "original will of God" and that is considered to be the law today (Auda, 2008: 9-24). For *maqāshid al-sharī'ah*, it must be understood as a multidimensional structure that generates emergences in every map of social change.

Due to the dimensions of space and time, Zakāt, as a component of Islamic law and a subsystem that interacts with a larger system (supra system), undergoes natural emergences (human historicity) (Abdullah, 1998) Therefore, in zakat, the sacred and profane areas of the zakat doctrine must be identified, categorised, and analysed. Thus, efforts to trace maqāshid al-sharī'ah and maṣlahah in the zakāt doctrine will be able to be elaborated thoroughly. In addition to being viewed as an unsich religious ritual, zakāt must also take into account aspects of change, such as social, economic, political, technological, and other societal shifts. Regarding the

preceding, Abdullah proposes the concept of knowledge integration and interconnection. He wrote:

Looking to the future,... the main project of the contemporary Islamic Studies are eliminating misunderstanding and mutual suspicion between Islamic Studies (*Dirasat Islamiyyah*), Islamic Thought (*al-Fikr al-Islamy*), and Islamic Religious Knowledge (*'Ulum al-Diin*). The only true differences, are in methods (process and procedures), and theoretical framework (approaches)... for the present generation of students, scholars, and other stakeholders to unite these three clusters (Abdullah, 2015).

By relying on *maqāṣid al-sharī'ah* and *maṣlahah*, *Zakāt* positions *mabādi' al-khamsah*, which has been nuanced in terms of protection and preservation in relation to development and rights (Auda, 2008: 21-5). In accordance with the notion of integration-interconnection Abdullah wrote that a scholar must analyse his field by incorporating other disciplines and recognising their interrelationships (Abdullah, 2014). Currently, they are not only viewed as religious norms and doctrines, but they are also integrated and interconnected in the reality of the system that encompasses them. Poverty, health, development, unemployment, educational literacy, and financial literacy are among the many issues that zakat currently addresses. Theoretically, zakat can provide a solution, but it requires political courage to implement zakat within the existing social system.

2.3. Zakāt, Regional Autonomy, and Sustainable Development

2.3.1. Pillars of Regional Economic Development

In the national development process, regional autonomy is a newly developed concept. The spirit behind regional autonomy is to "comb" development opportunities and potential in peripheral regions. The ultimate objective is social justice, which is founded on the awareness of self-improvement and participation in national development. The Act No. 6 of 2014 concerning Villages strengthens the implementation of regional autonomy on a technical level. The presence of village autonomy further emphasises efforts towards equity and justice in national development.

Individually, society possesses power that must be combined as group strength (*jama'ah*), which, according to the author, has not been properly calculated to meet the material (economic)

requirements of the community. The values of the Indonesian people can be utilised to investigate the potential for the aforementioned. In Indonesian society, cooperation, tolerance, and compassion are prevalent values. Development that disregards the inherent values of society is an act that "castrates" and detaches society from the womb of civilization. To realise the economic well-being of the community, the material and immaterial potential (power) that exists in society must be diligently developed.

As agents of change in the context of regional development, there are several factors:

First, the revival of Regionally Owned Businesses (BUMD). In this context, BUMD can be transformed into collectors of agricultural products, mines, and other potential intangible assets. All business actors are required to interact with government-run regional businesses. With a notation that the merger of business actors into governmental institutions confers greater material-social significance and influences regional development. This entails that government-owned business institutions must be managed professionally and without interference from the government. In this instance, the ruler acts as an intermediary and supervisor between his business institutions and the community (entrepreneurs). Indeed, this system is more similar to a socialist economic system with local-regional engineering. There must be a legal guideline for economic regulation so that business-to-business relations can be established without any party suffering loss or damage. In the majority of Indonesian regions, it can be said that government-owned business institutions have not coloured the economic-business life of the community. It must be acknowledged that significant changes necessitate a substantial investment of capital and the involvement of individuals with a "big-picture" mentality who devote considerable time to considering the economic well-being of the community.

Second, Cooperative Economic Development (People's Economy). Sukarno's and Muhammad Hatta's ideas culminated in Article 33 of the 1945 Indonesian Constitution, which established the people's economy as the basis of the Indonesian economy (Salahuddin & Sabri, 2022). People's economy refers to economic activities conducted by and for the benefit of the people. However, for several decades, this nation's economy did not receive a favourable position in the development system.

Government policies place an excessive amount of emphasis on economic agglomeration, resulting in poverty and a chasm between the rich and the poor, the centre and the regions, the ruling class and the populace, etc. The government rethought the people's economy in response to these contradictory views and the resulting gap. The economic system of the people is a system that attempts to achieve justice; the same flavour and the same. The mission of populist economics as a system is the welfare state, not the welfare of individuals, particularly small and medium-sized entrepreneurs. According to economists, this is the Indonesian economy's last bastion. During the early stages of the economic crisis of 1997, for instance, small and medium-sized economies were able to survive and even expand their business operations. According to Mubiyarto, this is the case because the current global trading system has a minimal effect on small economies (Rois & Salahuddin, 2022). According to Mubiyarto, the development of the people's economic system is necessary to support the economic system of Indonesia. In this era of reform, the government's policy to promote a people's economy is outlined in TAP MPR No. XVI/1999, which emphasises the necessity of implementing a people's economic system in favour of efforts to empower the people's economy. At the November 1999 session, the MPR special session resulted in a number of reformative decisions in the economic field, which represented a fundamental correction to the New Order's anti-people economic policies in practise. Political Economy in the Context of Economic Democracy is the name of one of these provisions. Creating the conditions for sustainable development is what it means to develop the economic system of a people. Sustainable development will only be successful when all societal components have the ability to participate in the development process. This means that community empowerment is a prerequisite that must be incorporated into a process of sustainable development, including economic empowerment.

As the majority of the Indonesian population, Muslims should play a significant role in the success of the government's policy. In the framework of participation in development, the creation of a national zakah institution is a manifestation of concern for the populace. The existence of zakat institutions in Indonesia is predicated on the realization that Indonesian Islamic community is at the bottom of the

economic ladder and is falling into the trap of poverty (Abdullah, 1991: 53; Triyuwono, 200; 92). In reality, the existence of the institution of zakat is a golden opportunity for Muslims to assist sustainable development. This is a starting point for analyzing all the aspects that allow individuals to play a role in the development process using the existing facilities and infrastructure.

Involving the ummah in the current development process is warranted by the fact that Islamic society is at a lower level, both educationally and economically. According to the author, as stated by Kang Jalal, the economic issue and poverty are one of the factors that contributed to this quality (Rahmat, 2021).

Third, collection and management of zakat funds effectively and efficiently. Sociologically, the Indonesian people are devout individuals who continue to adhere to and practice the precepts of religion (Islam) in their entirety. It is possible to say that the 'militancy' of the Indonesian people in practicing their faith is quite robust. This is supported by the continuous transformation of religious knowledge through formal educational institutions (pesantren) and non-formal educational institutions (majlis ta'lim), which are carried out and developed by religious leaders, kiai, and master teachers who persistently disseminate religious teachings. Included in this category are infaq, sadakah, and zakat. The community's adherence to the tenets of zakat, infaq, and sadakah is exemplified by the plethora of mosques in the archipelago, all of which have exquisite designs and constructions. Not to mention mushalla, surau, office/secretary organizations, and madrasas, which receive money from non-governmental sources based on the concepts of infaq, sadaqah, and waqf. Clearly, if precisely evaluated, the material-economic contribution of the Muslim community of Indonesia is already enormous. The figure above excludes the amount of funds that enter routinely (weekly/monthly/annually) at the institutions listed. The capacity, potential, and knowledge of people to pay zakat, infaq, and sadaqah are forces that must be sustained. With this level of knowledge, the capacity for community development is a channel for the processes of sustainable development and democratic development. Moreover, religion as a driving force in building public awareness. For this reason, a holistic-comprehensive-total movement is needed in building religious awareness (zakat) in the context of society and the economic development of the community as a

whole. The potential of zakat can be directed and developed as a real economic investment for the growth of the people's economy in a cooperative forum (syirkah), as well as an investment in the afterlife whose returns are unending (Aziz et al., 2019). BUMD must be empowered in order for the growth of a successful cooperative to necessitate a larger container. Finally, the economic engine of the society can be propelled by zakat funds. However, the difficult task that lies ahead of us is to build awareness (consciousness raising) among all elements of society (politicians, academics, ulama', and businesspeople) in order to form a common thought that rises within the Zakat framework of thought, which leads to the concept of sustainable development.

2.3.2. Zakāt and Sustainable Development: A Man Behind the Gun

The command to dull zakat is based on the text of the Q.S. at-Taubah: 103 which reads '*khudz min amwālihim shadaqatan tuthahhiruhum wa tuzakkihim* (take some of their wealth (the rich) sadaqah so that they are pure and clean)'. The command to take zakat is written in numerous commentaries as a duty of the caliphs (government), because only the government has the authority to collect, administer, and distribute zakat payments. In the sunnah, it is also narrated that when Mu'dz ibn Jabal was assigned to Yemen as amr (governor), the Prophet asked about his method of zakat collection. Mu'adz responded "*tu'khazu min agniyāihim wa turaddu ilā fuqarā'ihim*" (zakat is taken from the rich group and distributed to the poor). According to Islamic history texts, the caliph is responsible for collecting zakat and submitting it to the institution of bait al-māl wa tamwīl, which is the state treasury utilized for regional development, social reinforcement, and mastery of knowledge. During its evolution, bait al-māl wa tamwīl evolved into a financial institution that served as a monetary institution at the time.

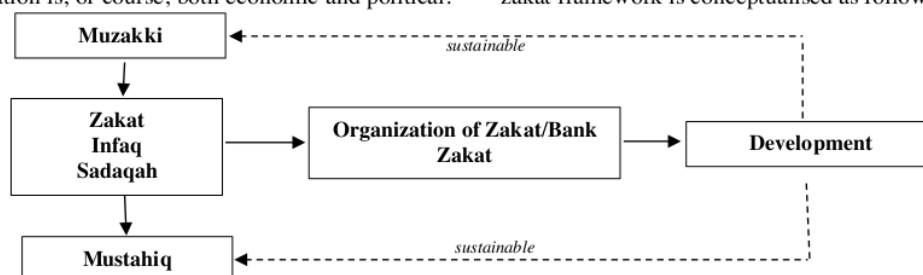
Several points must be made regarding the above description, including the following: **first**, in Islam, the legality of zakat collection is vested in the government with all of its instruments. **Second**, Zakat must be presented to and administered by an institution that manages these funds explicitly. This indicates that the existing institutions are completely supported by the government machinery and are directly accountable to the government and community. **Third**, Institutions that collect zakat

might serve as a "spectacular" source of cash for development. Only during the first 23 years of the Prophet's reign was Islam able to compete with the great powers of the period, such as Persia and Rome. The sole sources of financial assistance for Islam are zakat, sadaqah, and infaq. Since the time of the Islamic sultanates in the archipelago, the institution of zakat has been essentially developed in Indonesia. As a result of the philosophies of the kiai, buya, master instructors, and ustadz, the zakat institutions in the Islamic sultanates of the archipelago are not initiated by the government, but rather by non-formal institutions. The payment of zakat is the religious obligation of a Muslim in order to sustain the Islamic pillars. Zakat is considered only as a ritual-individual duty, not as a social obligation. In this instance, zakat is viewed solely as a religious responsibility, which, if fulfilled, will fulfill the obligation. If, on the other hand, zakat is viewed as a ritual-social responsibility, then the purpose of a servant of zakat is to maximize the socioeconomic potential of the implementation of zakat. Since the Dutch independence war, this view of zakat appears to have been reinforced by the jihad paradigm. Fully channeled Zakat funds are used to attain independence.

After achieving independence, the Republic has continued to dismantle zakat laws. The developed mindset is essentially the same, namely how to actively involve Islam in the development process using the social potential (zakāt) of the majority group. Due to a variety of factors, including nationalism, ideology, politics, and others, zakat is merely a topic of discussion in heaven. Zakāt is processed haphazardly, evaporating zakat funds are never disregarded, zakat is merely a political tool. This is the perception of certain members of our society regarding the government-run zakat institution. Far from being professional, because those who sit in the zakat institution are senior figures who are no longer physically or intellectually able to shape the institution. Or the elderly have a great deal of business, so they have little time to manage the zakat institution.

As a result, the Dutch East Indies government was interested in regulating the zakat system through the following mechanisms at the time: In order to achieve this goal, the political will of the government must be desired. There are several reasons; **First**, Legally, the government is the ruler, with the ability to create policies that favour the majority group's interests and needs and to support government

programmes. Zakat represents both the desires of the wealthy and the requirements of the poor. Only a facilitator who satisfies both parties is required for the two relationships. **Second**, In reality, the quality of existing resources in government institutions exceeds expectations; they are materially functional. However, if the government feels deficient, there are still hardworking entrepreneurs who are willing to be educated and directed as zakat institution professionals. The government only needs to calculate how much money is needed for operations and how much must be collected from these expenditures. The calculation is, of course, both economic and political.



Funds included in the zakat institution must be divided between consumptive and productive allocations for zakat, infaq, and sadaqah, as well as zakat and infaq. In economic endeavours, the allocation of productive funds is used for the investment and business empowerment of creatively deprived groups. The primary responsibility of the zakat institution is to generate new investors/muzakki who will continue to fund the institution's operations. Using this model, the level of economic well-being in the community increases annually.

According to Keynesian, the level of employment in a society determines the level of public savings. Numerous nations continue to use this theory to ensure the safety and well-being of their citizens. To increase people's savings/capital/capital, the government and its employees work tirelessly to generate new employment opportunities. Employment is a crucial economic factor that requires immediate attention.

In this regard, the zakat system must be encouraged for investments that stimulate the real economy at the local level. To accomplish this, an institution that is free from all forms of interest is required. In this instance, the zakat institution can function as a bank that, in theory, can solve the community's economic issues. Zakat institution as the economic axis of society because of the following

Consequently, the team at this zakat institution controls the economy and the political system. **Third**, the current leaders of government institutions are community members who are directly elected. This figure's veracity is crucial, as the majority of the community will strongly support the policies that are proposed. Build a strong society through zakat by channelling that strength into resiliency. **Fourth**, Legally, the door is wide open for the government to professionally manage zakat. The political will of the government must be at stake once more.

In the context of sustainable development, the zakat framework is conceptualised as follows:

factors: **First**, zero interest rates encourage investment and employment. **Second**, The existence of production zakat-infaq levied on customers, which are then distributed to the poor groups who can also be fostered to create new jobs, necessitates the creation of a new system of equitable distribution and sustainable economic development. **Third**, As employment opportunities become available, public savings will increase. High levels of investment and community production that generate return income through zakat and infaq funds are the source of the benefits derived from banking institutions. This system allows all elements of society to participate in and be accountable for the development process. Unlike banking with an interest system that revitalises only the owners of capital, this system benefits everyone.

3. CONCLUSION

Zakat does not merely require discourse, as conceptual and empirical reality has already provided answers to a great number of questions directly related to human requirements. Especially in the economic realm, zakat responds without interest to the production-distribution needs of society. After King Henry VII outlawed usury at the beginning of the fourteenth century, the term interest emerged. The only difference between bank interest and usury is the terminology. Due to the economic exploitation of the

weak by the powerful, which paralysed the economic life of the people, King Henry VII prohibited usury. Since 1300 years ago, the Messenger of Allah did not err when he stated, "The greater the usury/interest on money, the less money in circulation and the greater the poverty." This is where we can comprehend Allah's word in the Qur'an Al-Baqarah: 276 "Allah abolishes usury and revitalizes/fertilizes sadaqah (zakat and infaq), and Allah despises those who do not believe and commit wrongdoing." Sustainable development using zakat as an instrument is a new initiative that must be taken seriously for Indonesia's advancement. Regional autonomy, as the right to manage the territory, must take into account local knowledge and consider zakat as a source of power and a medium for addressing social issues in the community.

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