

COMPARATIVE ANALYSIS OF ZAKAT MANAGEMENT IN INDONESIA AND KUWAIT

Osman Ali², Maryam Batubara², Febriyani Natari Manik³

^{1,2,3}Universitas Islam Negeri Sumatera Utara

Correspondence Author : maryam.batubara@uinsu.ac.id

Abstract

Zakat as an Islamic financial instrument has an important role in alleviating poverty. In its management, each country has its own characteristics and differences. As is the management of zakat in Indonesia and Kuwait. This research aims to provide an explanation of zakat management in Kuwait and Indonesia. This research found that there are differences in the management of zakat in the two countries. These differences are reflected in various things, namely, regulations, management institutions, supervisory institutions, models for implementing and collecting zakat, management of collection and distribution.

Keywords: *Zakat, Welfare.*

INTRODUCTION

Zakat is the third pillar of Islam, with its existence it is hoped that zakat will become an effective medium for eradicating poverty because zakat creates a distribution channel for wealth from those who have excess to those who have less (Andriani and Mairijani, 2019: 59). Furthermore, through equal distribution of assets, it is hoped that closer tolerance will be established between the two groups of society. By looking at the important position of zakat in the socio-economic structure of society, its management must be carried out productively and professionally. In the end, zakat is expected to take part in realizing Islamic ideas for the welfare of society (Andriyanto, 2011: 25). Based on the Royal Islamic Strategic Studies Center (RISSC) report entitled *The Muslim 500: The World's 500 Most Influential Muslims 2024*, Indonesia is the country with the largest Muslim population in the world. RISSC noted that the Muslim population in Indonesia will reach 240.62 million people in 2023. This number is equivalent to 86.7% of the national population, which totals 277.53 million people. With the high population of Indonesian Muslims, it is naturally proportional to the potential for zakat that can be collected. The implementation of zakat in Indonesia should also be more easily accepted by the majority Muslim community (Andriani and Mairijani, 2017: 144).

According to data from the Ministry of Religion, currently there are 512 Zakat Amil Agencies, 49,132 Zakat Collection Units (UPZ), 145 Zakat Institutions and 10,124 amil. The potential for zakat reaches IDR 327 trillion. Meanwhile, in 2022 the collection of zakat, infaq, alms (ZIS) and other religious social funds (DSKL) will reach IDR 22.43 trillion. The low realization of zakat receipts in Indonesia is interesting to study further. It is necessary to analyze the management of zakat in Indonesia by comparing its management with several other Muslim countries. Management of zakat in various countries where the majority of Muslims are Muslim is generally regulated by law (Hasanah, 2014: 48). Of the more than 56 member countries of the Islamic Development Bank, only 11 countries have their own regulations or legislation regarding zakat, with various variations in authority, scope and supporting institutions. The eleven countries are Indonesia, Malaysia, Brunei Darussalam, Saudi Arabia, Kuwait, Jordan, Libya, Sudan, Bahrain, Pakistan and Bangladesh. Of these countries, Saudi Arabia, Sudan, Jordan and Pakistan are countries that require their citizens to pay zakat, while the others do not require their citizens to pay zakat, namely Indonesia, Malaysia, South Africa and Bangladesh (BI and UII, 2016: 180). There are several models of zakat management in the world. Amiruddin's research states that there are two models of zakat management known in the Muslim world. First, zakat is managed by the state in a department. The zakat management model is like this, the obligation to pay zakat is carried out by deducting it directly from the assets one owns. The second model is that zakat is managed by non-governmental (civil society) or semi-governmental institutions by referring to the rules set by the government. Therefore, zakat management is carried out by civil society in a voluntary manner and the state only acts as a facilitator and regulator (Amiruddin, 2015: 137-138).

Furthermore, Obaidullah (2017: 11) added that in principle, zakat payments by the state in its implementation can be broken down into two branches, namely mandatory and voluntary zakat payments. Other

research states that Beik categorizes the implementation of zakat regulations into four forms, namely comprehensive model, partial model, secular model and impossible model (Andriani; Mairijani; Ainun, 2020: 76-77). Seeing the various forms of modeling in zakat management, researchers are interested in researching further regarding zakat management in Indonesia by comparing its management with several other Muslim countries, namely Kuwait. The choice of zakat management in Kuwait to compare with zakat management in Indonesia is due to the uniqueness of that country. Kuwait is a small country, its zakat management is quite well developed. It is noted that zakat receipts in Kuwait are quite high and it is often difficult to find poor families so they are often involved in various international poverty alleviation programs (Masyita, 2018: 447). This is interesting because Indonesia, with enormous potential and as the country with the largest Muslim majority in the world, has not yet achieved the target of its existing potential and is still experiencing various classic problems of poverty.

METHOD

This research uses a descriptive qualitative approach. Descriptive qualitative approaches rely on text and image data, have unique steps in data analysis, and use a variety of designs. This research uses a literature review to find and describe how zakat is managed in Kuwait and Indonesia so that it can help in alleviating poverty. The data source is secondary data obtained through journal literacy, previous research and surveys to formulate research results.

ANALYSIS AND DISCUSSION

Zakat Management in Kuwait

In terms of religiosity, Kuwait is a Muslim-majority country, where Islamic law is also applied in addition to other laws. So as a Muslim, citizens also have taklif to pay zakat. So that awareness due to the religiosity factor is running. Baituz Zakah in Kuwait does not require people to pay zakat through it as an LPZ. However, public trust in Baituz Zakah is relatively high. So the potential and results collected are large. Even zakat, infaq and shadaqah funds in Kuwait were donated to other Muslim countries to alleviate poverty in neighboring countries. So it can be understood that regulatory factors in Kuwait do not constitute compulsion in paying zakat. Because zakat is a worship that is related to the economy, we need to look at the social economy in this country. Kuwait has a small area, but Kuwait is a very rich oil producing country, including the high income of its population. Even in times of extreme climate, Kuwait remains economically stable, people like to eat in restaurants and hotels, shopping centers are always packed with people. So it can be said that the majority of Kuwait's population or people are rich people as oil entrepreneurs who have large capital are safe players. The poverty rate in Kuwait is relatively low, especially for those who are Muslim who tend to refuse to be registered as zakat mustahik by Baituz Zakat officers. With the low poverty rate, the high income of the Kuwaiti people, and the good morals of its citizens who are not greedy, there are almost no cases of corruption in Baituz Zakah. Although there are still several cases of corruption in the form of bribery and other things that have hit officials and other institutions in this country.

Kuwait is a small and rich country, so a small zakat organization is sufficient to manage zakat for the entire country (Masyita, 2018: 446). Zakat management in Kuwait developed in stages which can be summarized into three: first, the individual management stage. Zakat is managed voluntarily and privately with the initiative of benefactors in helping those in need. Second, the group management stage. This stage took place simultaneously with the development of Kuwaiti society along with the development of trade as the main source of state income. Third, the institutional management stage. The emergence of the forerunners of zakat management in the form of an organized institution began at the beginning of the 20th century with the establishment of al-Jam'iyah al-Khairiyah al-Arabiyyah in 1913 AD (Amiruddin, 2015: 151).

Zakat management in Kuwait is directed at state authority and supervision represented by three ministries (BI and UII, 2016: 201; Ahmad et al., 2015: 11), namely:

1. Ministry of Awqaf and Islamic Affairs, whose task is to direct the work of Zakah house Kuwait as well as administer government-owned institutions;
2. Ministry of Social Affairs and Manpower, which is in charge of managing private zakat committees.
3. The Ministry of Finance handles the administration of zakat in business companies.

Starting with the establishment of Zakah house on January 16 1982, the Kuwait Government issued Law No. 5 of 1982 concerning Zakah house. This zakat regulation has the main characteristics, including: (1) The government's role is limited to regulating efforts to collect and distribute zakat. There is no mandatory collection regulated in zakat law. Zakah House accepts voluntary offers from individuals as well as donations, contributions and grants from individuals and private as well as public bodies. The absence of an obligation to pay zakat to the Zakah house, in fact, is not questioned or disputed by religious payers, citizens and law schools. Therefore, Zakah house is allowed to accept donations from any party. (2) Because the law and related regulations do not force Zakah houses to accept zakat and donations. Zakah house has designated certain sections to receive and distribute zakat in certain forms. On the other hand, this institution can accept ushr and zakat on any type of fixed assets, as long as it is given to the institution on a voluntary basis (BI and UII, 2016: 201-203).

Furthermore, in 2006 Law no. 46 of 2006 which came into effect on 10 December 2007 regarding the integration of zakat and taxes which was later amended through ministerial resolution no. 58 of 2007 (<https://www.rsm.global/kuwait/service/zakat-law-and-practices>). UU no. 46 is different from the zakat Law no. 5 of 1982 within its jurisdiction, which is the administration of zakat in business companies under the Ministry of Finance institution (Ahmad et al., 2015: 11). The rules regarding the technical implementation of corporate zakat in Kuwait's zakat law No.46 of 2006 are regulated in very detail and also contain sanctions for companies that neglect their obligations to Zakah house (Andriani; Mairijani; Ainun, 2020: 55).

Public trust in zakat management institutions and the high level of zakat receipts means that zakat teams at Zakah House often find it difficult to find poor families because poor families in Kuwait usually avoid public attention. Because there are very few poor families in Kuwait, the Zakah house team has various international poverty alleviation programs such as the African orphan project, rehabilitation, qard hasan loans, educational scholarships in various poor countries and various other humanitarian programs (Masyita, 2018: 447). Planning activities at Baituz Zakat develop in accordance with developments in management and work procedures at the institution and rely on staff who are experts in formulating strategies using modern strategic planning guidelines and methodologies. The distribution of zakat is carried out by Baituz Zakat based on allocations (targets) that are in accordance with the demands of the shari'ah mentioned in the Qur'an, namely eight ashnaf by determining the priority scale in terms of needs and determining the value of zakat funds based on careful calculations on a regular basis (not run out at one time). (Kahf: 2000).

There are several ways in which Baituz Zakat contributes to poverty alleviation in Kuwait:

1. Zakat Collection: Baituz Zakat in Kuwait collects zakat from individuals, companies, and organizations that are obliged to pay zakat according to Islamic law. The funds collected are used to provide assistance to groups in poor conditions, such as homeless people, orphans, widows and people who have special needs.
2. Social Assistance Programs: Baituz Zakat provides various social assistance programs which include providing food, clothing, health services, education and housing to families living in poor conditions. This program aims to meet their basic needs and help improve their quality of life.
3. Community Economic Development: Baituz Zakat in Kuwait is also involved in community economic development programs which aim to empower poor communities to be financially independent. This can involve providing business capital, skills training, and mentoring in starting a small business.
4. Women's Empowerment: Baituz Zakat in Kuwait also focuses on empowering poor women by providing access to education, training, and other resources that can help them become more financially independent. This helps reduce poverty levels among women and gives them better opportunities to improve their lives.
5. Educational Programs: Baituz Zakat in Kuwait also provides educational programs for children from poor families. This program includes assistance with education costs, providing books, school uniforms and other equipment needed to ensure that children can access a proper education.

2020	2019	2018	2017	البند
25,331,355	26,201,507	34,570,870	22,327,568	مساعدات اجتماعية
1,911,007	2,299,890	307,090	50,000	الرعاية الصحية
1,523,370	5,050,260	4,715,440	-	القرض الحسن
1,195,000	1,015,000	865,850	1,252,000	الصناديق المشتركة
353,200	672,480	42,712	716,644	دعم الهيئات والمؤسسات
125,520	87,480	83,190	81,068	زكاة الفطر
49,200	27,927	135,910	122,750	أضاحي
-	296,052	762,172	783,196	ولائم الإفطار
-	43,654	95,918	94,878	حقيبة الطالب
-	641,846	712,557	2,421,272	التبرعات العينية
-	18,868	16,848	92,594	السقيا المتنقلة
-	-	219,980	215,085	مساعدات الأسر المتعففة
2,034,668	-	-	-	أخرى (صيانة العقارات والمخصصات)
32,523,320	36,354,964	42,528,537	28,107,055	الإجمالي

Figure 1. Local Achievements of Baituz Zakat Kuwait

Figure 1 shows the achievements obtained by Baituz Zakah Kuwait. Various programs launched. There is social assistance, health assistance, qord hasan and others. This data shows the important role of baituz zakat in utilizing the zakat funds obtained.

Comparison of productive waqf management in Indonesia and Kuwait Indonesia

1. The practice of zakat management under Republic of Indonesia Law No. 23 of 2011 is centralized in the hands of the government through BAZNAS, and the community can form a zakat management institution through the Amil Zakat Institution (LAZ) with the permission of the minister. In carrying out its duties, BAZNAS is supervised by the Minister for Religion, the Governor and the Sharia Supervisory Board.
2. There is no legal basis that requires the payment of zakat. Zakat is only religiously obligatory, but has been integrated with tax regulations where zakat obligators can submit claims for their zakat payments as a deduction from zakat.
3. Zakat is distributed to eight asnaf, based on a priority scale, especially the poor. Zakat can be used for productive activities to improve the quality of life.
4. In several aspects, Indonesia has advantages in zakat management institutions with a wide number and coverage; and the presence of external supervisory institutions that further strengthen opinion and accountability; However, there are shortcomings at the regulatory level with its non-binding Partial Model so that the existing potential cannot be achieved.

Kuwait

1. Zakat management is regulated by two different laws, namely Law no. 5 years regulates the establishment of Zakat Houses under the supervision of the Minister of Endowments and Islamic Affairs 1982 and Law no. 46 regulates the administration of zakat in business companies under the Ministry of Finance institution.
2. Zakat payments are voluntary for individuals but mandatory for private companies. Private companies are free from tax obligations but are required to set aside 1% of their profits for zakat payments.
3. The Kuwait Zakat Board distributes zakat to all eight asnaf, especially the poor, needy and fisabilillah. And it is realized in 3 programs, namely the health sector, the education sector and the community social welfare program
4. Compared to Indonesia, Kuwait can be said to be a little unique in several aspects. Starting at the regulatory level which separates the model and nature of levies between individuals with the Partial Model and companies with the Comprehensive Model. Furthermore, the same as Indonesia, Kuwait also involves

private zakat committees in providing zakat services. Even though, in the aspect of supervisory institutions there is no visible external government party, Kuwait still has a positive trend among its people in paying zakat so that they often have excess zakat funds and are often involved in international poverty alleviation.

CLOSING

Conclusion

Zakat as an Islamic financial instrument has an important role in alleviating poverty. In its management, each country has its own characteristics and differences. As is the management of zakat in Indonesia and Kuwait. These differences are reflected in various things. namely, regulations, management institutions, supervisory institutions, models for implementing and collecting zakat, collection and distribution management.

REFERENCES

- Journal of Kufa Studies نورى عبد الرسول الخاقاني, & حسن موسى طاهر. (2020). الزكاة ودورها في بعض متغيرات الاقتصاد الكلي. *Center*.(56)1 ,
239-English, 6(1), 214. دور الزكاة في تحقيق التنمية الاقتصادية والاجتماعية. *English*, 6(1), 214.
- Adib, C. (2017). The Role of the State in Managing Muslim Zakat in Indonesia. *Nestor Magister Law Journal*, 1–28.
- Ahmad, M.U., and Mahmood, A. (2016). Zakat funds - concept and perspective. *Int. J. Monetary Economics and Finance*, 2, 197–2015. <https://doi.org/10.1504/IJMEF.2009.029058>
- Al-Jaber, A., & Al-Sartawi, A.. Al Majma' Al Khairi: A Successful Zakat Organization in Kuwait. *International Journal of Zakat* (2019)
- Amiruddin, K. (2015). Models of zakat management in the Muslim world. *AHKAM*, 3(1), 139–166.
- Andriani and Mairijani. (2019). Strengthening Corporate Zakat Policy in Indonesia. *Iqtishadia*, 12(1), 58–73. <https://doi.org/10.21043/iqtishadia.v12i1.2718>
- Andriyanto, I. (2011). Zakat Management Strategy in Poverty Alleviation. *Walisongo*, 19(01), 25–46
- Faisal. (2011). History of Zakat Management in the Muslim World and Indonesia (Charles Peirce's Historical-Investigation Theory Approach and Lieven Boeve's Truth Deficit). *Analysis*, XI(2), 241–273.
- Hasanah, U. (2014). Zakah Management in Saudi Arabia, Sudan and Indonesia. *Indonesian Management & Accounting Research*, 13(1), 40–61.
- Hossain, M. Z. (2015). Zakat in Islam: A Powerful Poverty Alleviating Instrument For Islamic Countries. *International Journal of Economic Development Research and Investment*, 3(1), 1–12.
- Kahf, M. (2014). *Islamic Economics*. Retrieved from <https://books.google.co.id>
- Kahf, Monzer, *Zakah Management in Some Muslim Societies*, Jeddah: Islamic Development Bank 2000
- Kuwait, RG (nd). *Zakat Law and Practices*. Retrieved from <https://www.rsm.global/kuwait/service/zakat-law-and-practices>
- Masyita, D. (2018). Lessons Learned of Zakah Management from Different Eras and Countries. *Al-Iqtishad: Journal of Islamic Economics*, 10(2), 441–456.
- Nadhari, AK (2013). Zakat Management in the Muslim World. *Economic: Journal of Islamic Economics and Law*, 3(2), 54–72.
- Nurhayati, Sri et al. *Zakat Accounting and Management*. Ministry of Religion, Jakarta: Salemba Empat Publishers, 2020.
- Saleh, AOH, & Hakami, TA (2022). God willing فيم The Role of Zakat in Improving Economic and Social Indicators in Islamic Countries. *International Journal of Al-Turath In Islamic Wealth and Finance*, 3(1), 1-36.
- Zakat House Website. (nd). Retrieved October 28, 2023, from <https://www.zakathouse.org.kw>