

UNIVERSITI TEKNOLOGI MARA

**THE STUDY ON INFLUENCING ZAKAT VS TAX
PREFERENCES AMONG STAFF AT YAYASAN
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ABSTRACT

This study explores the factors influencing preferences for zakat and tax obligations among staff at Yayasan Islam Kelantan. Zakat, an Islamic obligation, and taxes, a legal civic duty, serve distinct yet complementary roles in society. The research investigates the interplay of religiosity, legal considerations, and financial constraints in shaping these preferences. Data was collected through semi-structured interviews with administrative staff and document analysis of organizational policies. Findings reveal that religiosity plays a significant role in prioritizing zakat, with respondents viewing it as a spiritual act that purifies wealth and fosters social solidarity. Conversely, taxes are often prioritized due to strict legal enforcement and penalties for non-compliance. Financial considerations further influence these decisions, as zakat offers flexibility in contributions based on income, while taxes remain fixed and mandatory. The study identifies gaps in awareness of zakat regulations compared to the understanding of tax requirements, emphasizing the need for educational initiatives to bridge this knowledge gap. Recommendations include enhancing legal frameworks for zakat, integrating it into national tax policies, and providing structured financial education to support dual compliance. The findings contribute to the understanding of financial decision-making within Islamic organizations, offering insights into balancing religious and civic financial obligations effectively.

Keywords: *Zakat, Tax obligations, Yayasan Islam Kelantan, Legal considerations*

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Zakat and taxes are two significant financial components in contemporary society, especially within Islamic contexts (Nienhaus & Volker, 2006). Zakat, being one of the pillars of Islam, is obligatory for all capable Muslims (Islam & Mohammad Saiful, 2016), whereas taxes are a civic duty imposed by governments on citizens, regardless of their religion, to fund national development (Mohd Ali & Nor Raihana, 2013). While both zakat and taxes aim to benefit society, they differ in their nature, purpose, and mechanisms.

Zakat, which means growth, increase, purification, and blessings (Zaim, 1989; Ahmad, 1989), derives from the Arabic root word "zaka" (Ab Rahman et al., 2019). Technically, zakat refers to "the portion of one's wealth allocated for the poor." It is also defined as "a mandatory levy imposed on Muslims to redistribute excess wealth from the relatively affluent members of society to the destitute and needy" (Zaim, 1989).

This religious obligation suggests that giving zakat to the deserving recipients leads to both material prosperities in this life and spiritual rewards in the hereafter. From a spiritual perspective, paying zakat purifies the individual from negative traits like greed, selfishness, and arrogance, as one sacrifices what they cherish (i.e., wealth) purely for Allah's blessings. The word zakat finds its origin in Allah's command, as mentioned in the Al-Quran, verse 103, in the ninth (At-Taubah) chapter:

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ وَاللَّهُ سَمِيعٌ عَلِيمٌ

Meaning: Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah 's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing.

With regards to the avenues to spend zakat, Al-Quran has specified eight categories of legally qualified beneficiaries in Surah At-Taubah, verse 60:

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغُرَمِينَ وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Meaning: Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to the Truth); for