
SOURCES OF MALAYSIA'S INCOME AND ITS ALLOCATIONS IN CONTEXT ISLAM'S PUBLIC FINANCIAL IN NEWEST ERA

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ABSTRACT

In order to build an Islamic economic system in Islamic state, a state should manage its finance based on the principles of Sharia, both in the terms of earning or incomes and their allocations on the earnings side, a state should manage their incomes according to Islamic way. Than the result of their incomes should be allocated in order to achieve their goals, which is the prosperity of society. Tax is a policy which is settled by a government and decided according to the needs or necessities of state its self. For example, Malaysia has decided and managed their incomes sources such as tax, zakat, and awqaf. And they were allocated according to the needs or necessities of a state such as infrastructure, salaries, subsidies, and also to eight parts of zakat receiver.

Keywords: Malaysia, The Source of Income, The Allocation of Income, Finance The Public of Islam.

Introduction

Country is a place for some people to make their better life. One of the most urgent thing is the existence of a government whose duty and function is to manage the country. Through a country's revenue budget (in Indonesia called APBN), income and expenditures will be managed in a planned way for the whole people. For example increasing the rate of economic growth (pro-growth), expanding new employment (pro-job), and improving

the program of protection to the poor people (pro-poor).¹ In the classical discourse, the Islamic government that once attended the historical stage, has also exemplified the forms of country's income and its allocations.

In an Islamic economic system and an Islamic country, the country have to manage their finances with sharia principles as well. Even from its income or its allocation. For the

¹ Muh. Fadhail Rahman, "Sumber-Sumber Pendapatan dan Pengeluaran Negara Islam", *Al-Iqtishad*, Vol. 5 No. 2, Juli 2013, p. 237.

revenue side, the country should be able to collect their incomes from the Islamic Shari'a system. Things that accordance with Islamic shari'ah are zakat, infaq, alms, waqf, rikazh, jizyah, khumus, fay, kharaj, ushur, taxes and debt if other sources of income are not enough for the country's budget.² And the results of the incomes collection should be allocated to achieve the goals of a country, that is to achieve the welfare of its society.

Seeing the development of the times and technological advances, it is stated that the income of a country in the context of Islamic public finances is not entirely the same in the classical era. But according to Islamic public finances in classical times, there are some country's incomes in Islamic public finance systems that still exist in Islamic countries, one of which is in Malaysia, which is one of the Islamic countries that shares the economic structure with Indonesia and is sustained much by manufacturing and agricultural sector in its development.³

² Nurul Huda, dkk., *Keuangan Publik Islami: Pendekatan Teoritis dan Sejarah*, (Jakarta: Kencana, 2012), p. 74.

³ Timbul Hamonangan Simanjuntak, "Penerimaan Perpajakan di Negara Asean", *Jurnal Ekonomi dan Studi Pembangunan*, Vol. 4, No. 2, November 2012, p. 185.

So in this journal will discuss the source of Malaysia's income and its allocation in the context of Islamic public finances of the newest era, in which the income can help Malaysia achieve their target which can be used as a model for other Muslim majority countries like Indonesia. This discussion still refers to the context of the Islamic public sphere in classical era. In other words, the focus or limitation of this discussion is Islamic public finance which is a public property or property owned by the Malaysian government for the benefit and welfare of their society.

Discussion

A. Short Profile of Malaysia

Malaysia is a constitutional monarchy with a parliamentary form of government. The head of country is Yang di Pertuan Agung. He was elected by (and from among) the kings (rulers) of nine Malay native states to hold position for 5 years. The executive power is held by the prime minister, appointed by Yang di Pertuan Agung. Malaysia consists of 13 states and three parts of the federal territory. The nine original Malay states are Johor, Kedah, Kelantan, Negeri Sembilan, Pahang, Perak, Perlis, Selangor, and Terengganu. Together with Melaka (formerly Malacca) and Pinang (formerly Penang), they created the former Federation of Malaya.

The other two states are Sabah and Sarawak. The three-part Federal Territory, called Wilayah Persekutuan, consists of the island of Labuan, the capital of Kuala Lumpur, and the new city of Putrajaya (designated in 2001).

Malaysia is divided into two distinct areas, namely West Malaysia (or Semenanjung) and East Malaysia (Sabah and Sarawak on the island of Borneo). The independent Malaysian nation was created in two stages. In 1957, a part of the land (later called Malaya) gained independence from Britain. In 1963, Sabah, Sarawak, and Singapore were added to Malaya, thus creating the Malaysian nation (Singapore became an independent country).

Most of Malaysia's 30 million residents live on the Melaya Peninsula or Semenanjung Malaya, especially in cities or near the west coast. The indigenous Malays constituted the largest single ethnic group (50%), followed by ethnic Chinese (24%) and India (7%). There is also a small number of indigenous peoples, they are Orang Asli. Sabah and Sarawak in Kalimantan are inhabited mainly by Dayaks and non-Malays. Most of the

people use Malay language. Malay is the national language (formally called Malay). English is used in business and government. The Chinese language is also mostly used. And Malaysia's official religion is Islam, but the constitution guarantees religious freedom to all society. Many ethnic Chinese are Buddhist or Taoist. Most Indians are Hindus. Some of the tribes of Sabah and Sarawak are Christians; the rest follow the traditional native religion of their ancestors.

The wealth of natural resources and high technology industries has spurred Malaysia's economic development in general. Even its human resources contribute to the Malaysian economy, from banking and real estate to local government and commerce, the service sector accounts for almost 47% of Malaysia's economy. The service industry also employs about half of all the national workforce. Industry-related tourism also contributes greatly.⁴

B. Malaysia's Income Sources and Its Allocation

1. Taxes as Malaysia's Income

⁴Pete, *Profil Lengkap Negara Malaysia*, <http://www.kembangpete.com/2014/08/13/profil-lengkap-negara-malaysia/>, the date: 10 Oktober 2016.

Malaysia is one of the Islamic countries, although this country and the Islamic country of the time of the Prophet and the period of Khulafa al-Rashidin are separated by long periods of time and cultural differences, but the Islamic Shari'a remains the true character and remains flexible for all times and regions. This assumption implies that the fiscal policy of the early Islamic state can be reformulated in accordance with the legal and cultural order of Malaysian society.⁵

Therefore, acceptance and allocation in the Islamic country is essentially valid in Malaysia as well as in Islamic countries in the classical period of applying various taxes as a source, as well as Malaysia, which implements the tax system as a source of income in Malaysia.

The country's income comes from indirect taxes, direct taxes, and non tax revenue. Indirect taxes revenue since 1960 is a type

of tax that contributes the most to Malaysia's incomes. Indirect taxes revenue consists of import duties, export duties, excise duties, sales tax, and service tax.⁶

So as in general, Malaysian income can be obtained from the collection of taxes. Overall the tax laws in Malaysia are friendly, even for local taxpayers or foreign investors who invest there. In Malaysia individual taxes and corporate taxes are applied, but Malaysia does not recognize Taxes on Wealth, Taxes on Land, Taxes on Rewards, and State Taxes (Local Taxes). In Malaysia, there are two institutions that are in charge of taxation issues, namely the Malaysian Home Products Institute (LHDNM) and the Ministry of Customs and Excise under the Ministry of Finance of Malaysia.

LHDNM is authorized to administer country taxes such as individual and corporate income taxes, income tax on oil and gas, tax on profits from transfer of land and building rights, and stamp duty. While the Ministry of Customs and Excise is

⁵ Supangat, "Kebijakan Fiskal Negara Indonesia dalam Perspektif Ekonomi Islam", *Conomica*, Vol. 04, Ed. 2, November 2013, p. 101.

⁶Timbul Hamonangan Simanjuntak, *Penerimaan...*, p. 185.

authorized to administer indirect taxes consisting of Import Duty, Customs, Sales Tax, Tax on Services.

Individual tax or income tax of an individual is a tax imposed on income received by an individual whether originating or sent to Malaysia. If the source of such income is from outside Malaysia, it shall be taxable only if paid in Malaysia and received by an individual who is a resident of Malaysia. Non-residents, however, are taxable only on the income they receive in Malaysia.

Every society is responsible for explaining income taxes obtained either inside or outside Malaysia. Income sources that may be subject to income tax include income and profits of trade, professions and salaries, incentives, income and profits based on salary, dividends, interest or discounts, rent, royalties, pensions, annuities or other periodic payments and income in the form of non- stated above. Taxable income is derived from income minus all other forms

of costs and consumption and other recognized needs of the government as a whole in an effort to derive that income.⁷

Malaysian companies are taxable not on total income received from activities worldwide, but only income received in Malaysia is taxed only. Earnings received from outside Malaysia are not taxable in Malaysia. For foreign companies, only income received from Malaysia is taxable in Malaysia. However, Malaysian companies engaged in banking, insurance, and marine and air transport are subject to tax based on global income.

In some literature, one of them in the book of al-Umm by Imam Syafi'i, the tax is called jizyah.⁸ In Malaysia individual and corporate income taxes are the same as al-jizyah. Basically jizyah charged to the infidels living in an Islamic state, then on this basis Malaysia implements the system of tax deductible zakat.

⁷ Eko Suprayitno, dkk., "Zakat Sebagai Pengurang Pajak dan Pengaruhnya Terhadap Penerimaan Pajak di Semenanjung Malaysia", *Inferensi*, Vol. 7, No. 1, Tahun 2013, p. 28.

⁸ Gusfahmi, *Pajak Menurut Syariah*, (Jakarta: Rajawali Pers, 2011), p. 29.

No different from the Islamic state in the classical period and also other countries that apply the tax system as one source of income of his country. Then the results of tax collection funds in Malaysia are allocated for the construction of countries such as infrastructure, salaries of officials and state employees.

2. Zakat as Malaysia's Income and Its Allocation

Zakat management in Malaysia has started since the pre-colonial era. At that time the management of zakat has not been formally appointed and the payment of zakat is left to the religious teacher or religious teacher (acting as *amil*) and they will take it to the proper *asnaf*. This shows the zakat payers are very confident with *ustadz* and religious teachers as their *amil* at the time. The personal traits that existed in *ustadz* and teacher at that time became the principle of why zakat payers are very confident and seem to be content with their duty as *amil*.

When the colonial period, the management of zakat is placed under the power of Majlis Religion and Malay Customs. In every village, zakat collection is done by the village priest and will be handed over to the kingdom as a source of Islamic income. The payment of zakat through the imam of the mosque also shows the belief in the person of the priest who can administer the zakat well. At this time the power of zakat is placed under every country and power under the head of the Islamic religion of each country.

There are several areas in Malaysia that have established zakat institutions such as Selangor, Wilayah Persekutuan Kuala Lumpur, Pahang, Pulau Pinang, Melaka and Negeri Sembilan.⁹ And other areas that have not established the institution of zakat then its management is under the institution *baitulmal*.¹⁰ This formation is conducted to ensure the

⁹ Sanep Ahmad, dkk., "Penswastaan Institusi Zakat dan Kesannya Terhadap Pembayaran Secara Formal di Malaysia", *IJMS*, No. 13 (2), Tahun 2006, p. 179.

¹⁰ Hairunnizam Wahid, dkk., "Pengagihan Zakat Oleh Institusi Zakat di Malaysia: Mengapa Masyarakat Islam Tidak Berpuas Hati?", *Jurnal Syariah*, Vol. 17, No. 1, Tahun 2009, p. 100.

management of zakat can provide quality services to maximize customer satisfaction through professional approach, use of the latest technology and based on Islamic values. This will ultimately ensure the management of zakat is efficient following Islamic values. This role needs to be consistent with the characteristics that need to exist at the institution that is fair, not deviant and efficient in its management.

Basically in Malaysia there is no law that regulates the zakat, as in Indonesia, however the people who pay zakat will be exempt from tax payment, because zakat and tax are considered the same, which is equally used for the benefit of the people. In 1978, the Malaysian government ratified the rule of each individual zakat payment can be a tax deduction. In 1990 zakat tax deductions began to apply to companies paying zakat with very small deductions, but in 2005, the Malaysian government issued a decision to

accept the corporate zakat to a tax deduction of 25%.

The Malaysian government makes a policy by giving reduction to individual zakat payers. Through a scheduled tax deduction model or a monthly discount system (PCB), they will enjoy a tax deductible equal to zakat pay or zakat can be used to reduce taxes up to 100%. The purpose of this step is as one way of avoiding the payment of double taxation to the income of the payers of the zakat. Indirectly also he will provide incentives to the Muslim community to pay zakat. The move is a bold act because until now other Islamic countries do not provide the same incentives as the Malaysian government does.¹¹

In Malaysia, every region has an Islamic Council that has been authorized by the government to deal with Islamic issues, including waqf and zakat affairs. Islamic councils are located in 13 areas, namely Selangor, Johor, Perak, Terengganu, Pulau Pinang, Kelantan, Pahang, Negeri Sembilan, Kedah, Melaka, Sarawak,

¹¹ Eko Suprayitno, dkk., *Zakat...*, p. 11.

Sabah and Perlis. And in an area of partnership that is, Kuala Lumpur, Labuan, and Putrajaya, coordinated by the Prime Minister's Office which oversees the Directorate of Islamic Progress and plays a major role for the national, and represents Malaysia for the international level in religious affairs. Under the Majlis Agama Islam Wilayah Persekutuan (MAIWP) there is the organization of the Zakat Pollution Center (PPZ) and Baitul Maal, who will be fully responsible to the Sultan or state government in the matter of zakat. PPZ only serves as a collection of zakat funds, while the task of channeling zakat funds is the responsibility of Baitul Maal, where between the two bodies jointly under the auspices of the Islamic Council of Religion.

The PPZ was first operated on 1 January 1991. The management of PPZ is under the company of Hartasuci Sdn. Bhd., Which is responsible for PPZ management in front of Islamic Council. Between Hartasuci and Majlis

Religion of Islam there is a contractual agreement, which gives power to the management of PPZ and also an amil zakat. The contract covers several matters such as Hartasuci's duties and the rules that Hartasuci must follow as the party to the management of PPZ and amil zakat.

Baitul Maal (BM) is an institution owned by the Malaysian government, where zakat is received by the Zakat Poll Center from 14 states deposited to BM. The government allowed PPZ to take 1/8 of the zakat it received to pay the wages of PPZ employees (as amil). But the operational and salary of Baitul Maal's employees is financed by the state and the zakat collected in BM is entirely for the welfare of mustahiq.¹²

The main function of PPZ is to search for new muzakki, to maintain the continuity of payment, to enlighten zakat, collect zakat, pay zakat receipt, to make daily, monthly, and annual reports, to build new counters and new channels for zakat payment facilitate zakat payers, and add PPZ assets from

¹² Nurul Huda, dkk., *Keuangan...*, p. 182.

overage amil wages after deducting all the shopping.

After the PPZ in charge of collecting zakat funds, then Baitul Maal who will be in charge of the zakat funds allocated. Baitul maal Malaysia undertakes programs such as:

- a. School and business assistance.
- b. Medical assistance and home rental assistance.
- c. Disaster assistance and education agency.
- d. Al-Riqab support and marriage assistance.
- e. Student assistance Professions Baitul Maal Institution (IPB) and agricultural assistance.
- f. Help finishing gharimin money and ramadhan help.
- g. Baitul Maal Scholarship.
- h. Help Hafidz Quran encouragement.

The distribution of zakat in the territory of the fellowship for example, through direct aid programs for the poor and needy such as food aid, financial aid, medical aid, schools, school uniforms, home contracts, natural

disasters, marriage and business. While the Compassion Complex Darus Sa'adah is a refuge and education for mu'allaf, widows, and the poor society.¹³

Along with improving the welfare of Malaysia, in 2003 the entitled to receive zakat is among those earning under RM 1,200. And those who get zakat from BM are people who have motors, television sets, refrigerators, and simple homes. Or if it does not have a house, rented by BM. Each family earns an average allowance of RM 300 per month. Education and health for the whole family, free of charge by BM. For education, in addition to free SPP, they also get school equipment such as books, bags, and a set of stationery. School uniforms are also provided with zakat funds. If a poor family gets a disaster or fire, BM will compensate for that loss.

Assistance was also outside the business capital, which is recommended BM. For capital

¹³ Faisal, "Sejarah Pengelolaan Zakat di Dunia Muslim dan Indonesia (Pendekatan Teori Investigasi-Sejarah Charles Peirce dan Defisit Kebenaran Lieven Boeve)", *Analisis*, Vol. XI, No. 2, Desember 2011, p. 255.

handling, most of it is channeled through Amanah Ihtiar Malaysia (AIM). In a long-term program, BM builds the BM Proficiency Institute. At the institute is provided various courses, such as sewing, catering, and workshop. BM also founded the BM Professional Institute, which teaches about secretarial and administrative businesses. And even BM also established a university that is Institute of Higher Education Laundry (IPTA).

So in this case the PPZ plays an important role in the collection of zakat funds as revenue Malaysia that can help in building public finances. And BM that plays an important role in the allocation of zakat funds so as to achieve the target for the welfare of Malaysia's society.

3. Waqf as Malaysia's Income and Its Allocation

Waqf is one of the forms of transactions that can solve the problem of mankind poverty in addition to zakat. Waqfs can potentially generate multiply

returns if managed properly. The result is certainly able to ease the government's burden in the provision of Islamic community development capital and institutions initially borne by the source of acquisition of Baitul Maal. The status of waqf as a sadaqah jariyah that can give a perpetual reward to people who give the waqf and prolonged benefits, and as a trigger encouragement to the public benefactor community to allocate some of his wealth to this sacred goal.

In Malaysia the management and administration of waqf is placed under the Islamic Council of every country, and the State Islamic Council is the sole holder of all the waqf property in Malaysia. This case is established by law for every country. For example in Selangor, Secretary General 89, the implementation of the Islamic Religious Administration (Negeri Selangor) 2003 states "Majlis become the sole trustee of waqf, vows and trustees". To assist in the affairs of administration and management of waqf, the Kingdom of Malaysia has declared the establishment of Waqf, Zakat and Haji (JAWHAR) on 27 March 2004. The establishment of

JAWHAR is aimed at ensuring that the administration of waqf, zakat, and hajj across the country is more systematic, and memorable.¹⁴

The Waqf management institution in Malaysia is supervised by a supervisory board, the Board of Trustees of the Waqf Foundation Malaysia is the Minister in the Department of Prime Minister Portofolio of Religion, while the Vice Chairman is the Director General of the Department of Endowments of Zakah and Hajj (JAWHAR). Other members of the Supervisory Board consist of representatives of the Islamic Council of the States and a representative of the Ministry of Finance, a representative of the Economic Planning Unit, the Department of the Prime Minister and three representatives of the corporate sector.

In Malaysia, the waqf funds and property are in the form of

mosques and burial grounds, schools and educational huts, farm fields, gardens, hamlets and dams, leases, vacant lots, buildings (shops, ruku, houses) another movable property.¹⁵

In addition to the cash waqf managed by the Islamic Council of Islamic Religious Institutions was also born trustee stock. Who is responsible for managing stock endowments. Amanah waqf shares are operated through the bank. They offer these shares to the public for a certain price. People who buy these shares do not get any profit and the money used to buy the shares is left entirely to the manager without them being able to ask for a return. The profits will be managed by the government for the public interest.

Waqf share is creating a waqf musytarak (group) through donations received from the community into a tube amanah waqf which will be converted into fixed assets called badal or replace money.¹⁶ The main purpose of the money collected is to build means that can bring benefits to

¹⁴ Asmak Ab Rahman, "Peranan Wakaf dalam Pembangunan Ekonomi Umat Islam dan Aplikasinya di Malaysia", *Shariah Jurnal*, Vol. 17, No. 1, Tahun 2009, p. 121.

¹⁵ Siti Mashitoh Mahamod, "Pembentukan Dana Wakaf Menurut Perspektif Syariah Dan Undang-Undang Serta Aplikasinya Di Malaysia", *Jurnal Syariah*, Vol. 15, No. 2, Tahun 2007, p. 61.

¹⁶ Asmak Ab Rahman, *Peranan...*, p. 123.

waqf land, to buy new means to be used as waqf property, to invest in a safe sector so as not to lose the nominal value of waqf property.¹⁷ This conversion is done in the form of property development, development of existing waqf land and various socio-economic development activities that are planned regularly for the welfare and interests of the Islamic religion

The representation through the stock waqf scheme shows the welfare for Muslims because the money collected through the stock waqf scheme allows the money to be used for various economic development projects without any limitations or constraints as waqf in the form of immovable objects. The money is converted into immovable property and can be distributed more widely and not limited to certain places and so on.

Waqf stock are used to finance waqf investment. An individual or an organization buys

a number of shares offered by MAIN with the intention of donating it. All profits born from these shares are eternal in the form of waqf and not given to the buyer of those shares. Among the states that implement this wakaf stock system is Johor, Pulau Pinang, Melaka, Kedah.¹⁸

Johor Corporation Berhad (JCorp), an institution under the Johor State Empire in Malaysia, uses this share system by introducing a more innovative system, called Waqf Coorporate. JCorp does not sell shares to individuals or organizations as it does in ordinary waqf shares. On the contrary, JCorp personally donates its shares. For example, on August 3, 2006, JCorp through its three subsidiaries has committed its shares with an asset value of RM 200 million. JCorp also donates 75% stake in travel oyster company that deals with Umrah and Hajj packages.

Apart from Corporate Endowments, JCorp also uses cash as a moving object to provide health services to those in need, undifferentiated by Muslims and non-

¹⁷ Nilna Fauza, "Rekontruksi Pengelolaan Wakat: Belajar Pengelolaan Wakaf dari Bangladesh dan Malaysia", *Universum*, Vol. 9, No. 2, Juli 2015, p. 169.

¹⁸ *Ibid.*, p. 168.

Muslims. JCorp realized this effort by establishing Waqf An-Nur Clinic Fund for the purpose of building a hospital and Waqf An-Nur Clinic, under the management of Waqf Annur. Until 2007, the Clinic Fund has succeeded in having five hospitals and clinics, namely An-Nur Kotaraya Waqf Clinic in Johor Bahru, Waqf An-Nur Hospital in Pasir Gudang Johor, Waqf Clinic An-Nur Jamek Sultan Ismail Mosque at Batu Pahat Johor, Waqf An-Nur Clinic Majelis Agama Islam Negeri Sembilan (MAINS) Seremban, Waqf Clinic An-Nur Sungai Buloh Selangor.

History proves that waqf plays a very significant role in the economic development of a country. Waqf has become a means of redistributing wealth for economic development in a complete context. This is because waqf has been instrumental in providing education, health centers, places of worship as well

as providing highway facilities, bridges and so on.¹⁹

The wealth of waqf is developed with various projects that can bring economic benefits to Muslims directly or indirectly. The results of the waqf building leases and other waqf projects will be distributed for the welfare and interests of Muslims. For example, such as giving assistance to people who are in asnaf-asnaf zakat; assistance due to construction, management and directing mosques, surau, madrassas, clinics, hospitals and others; assistance to persons affected by natural disasters, accidents, medical care, orphans, persons in custody; educational assistance, Islamic awakening and support for developing countries and others related to the interests and welfare of Muslims.

The economic development projects implemented in Malaysia are using the endowments themselves, the returns from wakaf property or from waqf stock funds. These projects affect the economic development

¹⁹ Abul Hasan M. Sadeq, "Waqf, Perpetual Charity and Poverty Alleviation", *International Journal of Social Economics*, Vol. 29, No.1/ 2, Tahun 2002, p. 136.

directly or indirectly to the Islamic community.

Based on the analysis of the role of endowments conducted since the beginning of Islam and its implementation in Malaysia, it can be formulated that waqf can play a role in economic development in providing for the needs of Islamic society in Malaysia. So the source of country's income from waqf can be allocated for the welfare of Malaysian society, such as:

- a. Provide education.
- b. Provide housing needs.
- c. Provide health facilities.
- d. Mobilize the economic activities of the community through the provision of centers and places of business.
- e. Providing a place of worship.
- f. Improve the Malaysian agricultural sector.
- g. Handle the policy of orphans.²⁰

Waqf institutions and the Malaysian Government together

play a role in the process of economic development of the country. The responsibility for the provision of education, health and poverty eradication which is the responsibility of the government is shared by the waqf institution as discussed above. But with the financial constraints that exist in waqf institutions in Malaysia, the process of utilization of waqf properties is also the same received government assistance. This is because the State Islamic Council as the trustee holder of waqf managers does not have sufficient financial resources to develop the waqf property that has been reproduced by the Muslim community. The government has helped to develop the endowments by providing allocations such as developing projects for the country's development.

Critical Study of Malaysia's Income Sources and its Allocation in the Context of Islamic Public Finance in The Newest Era

Taxes regulate human relationships with other human beings (mu'amalah), therefore they are part of the Shari'a. Since tax is part of the Shari'a, then as a trunk of a tree, it must have strong and solid roots. The root is faith or

²⁰ Asmak Ab Rahman, *Peranan...*, hlm. 136-143.

aqidah. Although taxes are not mentioned in the Quran as well as zakat. But tax is one of the policies within a country, which is included in fiscal policy.

The country that imposed the tax as one of its instruments in country's income, such as Malaysia. So every citizen is obliged to obey the rules or policies that have been established by his country or his government. Because obeying the government is one manifestation of worship, as in al-Quran letter an-Nisa verse 59:

يَا أَيُّهَا الَّذِينَ آمَنُوا أَطِيعُوا اللَّهَ وَأَطِيعُوا
الرَّسُولَ وَأَطِيعُوا أَمْرَ الْمَدِينَةِ فَإِنْ تَنَزَعْتُمْ
فِي شَيْءٍ فَارْجِعُوهُ إِلَى اللَّهِ وَالرَّسُولِ إِنْ كُنْتُمْ
تُؤْمِنُونَ بِاللَّهِ وَالْيَوْمِ الْآخِرِ ذَلِكَ خَيْرٌ
وَأَحْسَنُ تَأْوِيلًا ﴿٥٩﴾

*Who believe! Obey Allah, and obey the messenger and those of you who are in authority; and if ye have a dispute concerning any matter, refer it to Allah and the messenger if ye are (in truth) believers in Allah and the Last Day. That is better and more seemly in the end.*²¹

In the verse it is explained that obeying ulil amri is one form of worship, then obey the rules set by the leader also includes from the form of worship, as long as the rule does not cross the line, or still in the Shari'a.

Tax is a policy established by the government of a country, and established in accordance with the needs of the country. Just as Malaysia has set its own source of income which consists of taxes, zakat, and waqf. All three sources of income are allocated in accordance with the portion, namely for infrastructure, salary or benefits, and to 8 asnaf.

Malaysia implements zakat as a tax deduction, for individuals and companies in Malaysia. This is applied so as not to double tax or dualism of collection, where a taxpayer is also obliged to zakat. So Malaysia applying for Muslim individual or Muslim company who has paid zakat income will be deducted or exempt from income tax payment. And income taxes are required for non-Muslim individuals.

Such a policy is a manifestation of the Malaysian government's efforts to implement an Islamic public finance system. As has been applied in classical times, that jizyah is obliged to non-Muslim citizens living in Islamic countries. So Malaysia implements the zakat system as a tax deduction for Muslim citizens and a compulsory tax for non-Muslim citizens.

Malaysia which has applied the instrument of zakat and taxes as one of the income for his country. Even zakat can be tax deductions, and this is a manifestation of the Malaysian government's efforts to implement Islamic public finances, but it does not mean that taxes

²¹ Syaamil Al-Quran, *Al-Quran, Tajwid, dan Terjemahannya: Dilengkapi dengan Asbabun Nuzul dan Hadist Shahih*, (Bandung: PT Sygma, 2010), p. 87.

should be abolished, on the grounds that the main source of state income is zakat, and taxes are levied where necessary.

Nevertheless, the tax is still applied by the Malaysian state, as it corresponds to one of the principles of state reconciliation according to the Islamic economic system, namely the separation of the source of reciprocation from Muslims and non-Muslims.²² So the Malaysian Muslim community is required to pay zakat, and the non-Muslim Malaysian community is required to pay taxes. The tax deductible zakat policy is also one of the government's efforts to awaken the Malaysian Muslim community to zakat.

It has been explained in the Qur'an that the allocation of zakat to 8 asnaf. Today, the allocation of zakat can be in the form of productive zakat, which is like creating jobs, and this is a manifestation of state development. So is the case with the tax appropriation in Malaysia, that is, as a state development.

Although the allocation of zakat has been determined in the Qur'an, and the absence of the argument stating the tax, it is not wrong if the tax funds collected are used as well as zakat, because the purpose

of these two income instruments is for the development of the country to achieve the welfare of its citizens.

Conclusion

In Malaysia individual and corporate income taxes are the same as al-jizyah. Basically jizyah charged to the infidels living in an Islamic state, then on this basis Malaysia implements the system of tax deductible zakat. Individual Muslim societies who have paid zakat will not be levied, but taxes remain in non-Muslim communities, as well as corporate taxes. Companies that have paid zakat can reduce the taxes they bear.

The source of state income in the context of Islamic public finance of classical era that is still applied in Malaysia is taxes, zakat, and waqf. Which is where the Malaysian government has allocated the revenue in accordance with the portion and place, with the aim of achieving the welfare of the community. And from this explanation also proves that Malaysia has implemented an Islamic-based economic system, with evidence of the implementation of the system of zakat as a tax deduction. The purpose of this step is as one way of avoiding the payment of double taxation to the income of the payers of the zakat. Indirectly also he will provide incentives to the Muslim community to pay zakat. And as

²² Gusfahmi, *Pajak...*, p. 32.

an example of a country that implements an Islamic-based economic system. So, if Malaysia is one of the Islamic countries that has similar economic structure with Indonesia, it should be a model of state financial management conducted by Malaysia, the instrument of zakat as a tax deduction can also be applied in Indonesia.

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