

Problems in Implementing Regulations Concerning Zakat Fund Management by Zakat Collection Institutions (Case Study of Baitul Maal Hidayatullah Kudus)

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Abstract. *Zakat plays a crucial role in reducing social and economic disparities as a means of distributing economic prosperity. Zakat paid by the wealthy is distributed to those who deserve it, namely the destitute, the poor, and others who fall within the eight categories of asnaf (socially responsible). Zakat improves the standard of living of the less fortunate, creates balance in society, purifies bad traits, fosters social responsibility, and provides peace of mind for both zakat payers and those who mustahiq (payers of zakat). Furthermore, the Indonesian Ulema Council (MUI) fatwas are an important source of sharia guidance regarding zakat management. These fatwas provide guidance on the types of zakat, the requirements for those eligible to receive it, and how to distribute it in accordance with Islamic principles. With government regulations and MUI fatwas, it is hoped that zakat fund management in Indonesia will run smoothly, provide the best benefits to the community, and support broader economic and social goals. However, not all LAZs manage zakat funds according to regulations. One important step to increase public trust in the management of zakat funds is to evaluate the legal compliance of the Zakat Collection Institutions (LAZ). By conducting systematic and transparent evaluations, the public can clearly see how zakat funds are managed and distributed. This not only provides muzakki (zakat payers) with confidence that their funds are being used in a manner that complies with sharia law, but also demonstrates that LAZ is committed to carrying out its duties professionally and accountably. High public trust will encourage more individuals and companies to pay zakat through LAZ, increasing the potential for funds to be channeled to assist zakat recipients.*

Keywords: *Institutions; Management; Problems; Regulations; Zakat.*

1. Introduction

Zakat plays a crucial role in reducing social and economic disparities as a means of distributing economic prosperity. Zakat paid by the wealthy is distributed to those who deserve it, namely the destitute, the poor, and others who fall within the eight categories of asnaf (socially responsible). Zakat improves the standard of living of the less fortunate, creates balance in society, purifies bad traits, fosters social responsibility, and provides peace of mind for both zakat payers and those who mustahiq (payers of zakat).¹ To achieve the sharia-compliant goals of zakat, one of which is poverty reduction, the state must play an effective role. Zakat is the responsibility of the government, not individuals.² Zakat Collection Institutions (LAZ) play a crucial role in managing zakat funds. LAZs enable structured and transparent zakat collection and distribution, increasing public trust in zakat management, which is crucial for achieving zakat's primary goal of helping those in need and alleviating poverty. LAZ serves as a liaison between muzakki (those who pay zakat) and mustahik (those who receive zakat). This allows for more efficient zakat distribution. LAZ ensures that zakat funds are used for programs that benefit the community by implementing sound management principles, such as accountability and transparency. Furthermore, it raises awareness among muzakki about the role of zakat in social and economic development.

Furthermore, the Indonesian Ulema Council (MUI) fatwas are an important source of sharia guidance regarding zakat management. These fatwas provide guidance on the types of zakat, the requirements for those eligible to receive it, and how to distribute it in accordance with Islamic principles. With government regulations and MUI fatwas, it is hoped that zakat fund management in Indonesia will run smoothly, provide the best benefits to the community, and support broader economic and social goals. However, not all LAZs manage zakat funds according to regulations. Many LAZs do not comply with the provisions stipulated in Law Number 23 of 2011 and Government Regulation Number 14 of 2014, such as the obligation to prepare an annual work plan and conduct regular financial audits. Poor understanding of the laws governing zakat management often leads to legal compliance issues in several Zakat Collection Institutions (LAZs) in Indonesia. Some zakat management institutions engage in corrupt practices, shirk their responsibility to report the amount of funds received, or fail to distribute zakat funds proportionally to those entitled to receive them. The numerous cases of embezzlement have made LAZs less trustworthy among the public.³

¹ Ahmad (STAIN KUDUS) Syafiq, 'Zakat Ibadah Sosial Untuk Meningkatkan Ketaqwaan Dan Kesejahteraan Sosial', *Ziswaf*, 2.2 (2015), 388.

² Sri Kusriyah, 'Kebijakan Pengelolaan Zakat Sebagai Upaya Penanggulangan Kemiskinan Di Kabupaten Demak', *Masalah-Masalah Hukum*, 45.2 (2016), 141.

³ Andi Risnawati and others, 'Permasalahan Dan Solusi Pengelolaan Zakat Di Indonesia', *Journal Of Social Science Research*, 3.3 (2023), 2531.

Lack of oversight and law enforcement by authorities is another common problem. Despite clear regulations, implementation and oversight of non-compliant LAZs remains weak. This leads to some LAZs operating without official permits or without proper qualifications, which can lead to misuse of zakat funds. If these oversight mechanisms are unclear, practices that violate sharia principles and applicable law will emerge. Furthermore, transparency and accountability are significant issues in LAZ's legal compliance. Many LAZs neglect their obligations to submit financial reports and accountability reports to the public. This lack of clarity hinders efforts to improve the effectiveness and efficiency of zakat fund management. Consequently, concrete actions are needed to improve legal compliance in LAZs, including improving management capacity and implementing stricter government oversight.

One important step to increase public trust in the management of zakat funds is to evaluate the legal compliance of the Zakat Collection Institutions (LAZ). By conducting systematic and transparent evaluations, the public can clearly see how zakat funds are managed and distributed. This not only provides muzakki (zakat payers) with confidence that their funds are being used in a manner that complies with sharia law, but also demonstrates that LAZ is committed to carrying out its duties professionally and accountably. High public trust will encourage more individuals and companies to pay zakat through LAZ, increasing the potential for funds to be channeled to assist zakat recipients. Legal compliance evaluations also serve as a powerful oversight tool to prevent misuse of zakat funds. Institutions that actively conduct evaluations and improvements will be better able to meet public expectations.⁴ LAZ can ensure that all operational activities comply with applicable regulations by conducting regular audits and assessments. This will reduce the likelihood of corrupt practices or irregularities that harm the public. Public trust will increase when LAZ can demonstrate that they operate within a clear legal framework.

2. Research Methods

The method used in this research is empirical juridical. Empirical juridical research is research into how normative legal provisions are applied to each specific legal event that occurs in society.⁵ This research will determine LAZ's compliance with Law Number 23 of 2011 and analyze the suitability between legal regulations and practice.

⁴ Fardan Ma'ruf Zainudin, Rahadi Nugroho, and Hanik Susilawati Muamarah, 'Pengaruh Kepercayaan Kepada Pemerintah Terhadap Kepatuhan Pajak Dengan Persepsi Keadilan Pajak Sebagai Variabel Intervening', *JURNAL PAJAK INDONESIA*, 6.1 (2022), 107–21.

⁵ Abdulkadir Muhammad, (2004). *Hukum Dan Penelitian Hukum*, Bandung: Citra Aditya Bakti.

3. Results and Discussion

3.1. Profile of the Baitul Maal Hidayatullah (BMH) Kudus Zakat Collection Institution

Baitul Maal Hidayatullah (BMH) is a national zakat collection institution (LAZNAS) that manages zakat, infaq, alms, grants, and other humanitarian funds. BMH operates as one of the LAZNAS under the auspices of the Indonesian Ministry of Religious Affairs. BMH has 34 representative offices in 34 provinces, 100 zakat service units, and 640 Islamic boarding schools (pesantren) across Indonesia, 30 of which are in Central Java. One of the zakat service units that the author will examine is BMH Kudus, located in Kudus Regency.

Baitul Maal Hidayatullah Kudus is one of the national zakat collection institutions tasked with fulfilling the community's needs related to zakat, infaq, and alms (ZIS) in the Kudus area. It is located on Jl. Raya Kudus-Jepara KM.5,6 Kaliwungu, Kudus, Central Java. BMH is an autonomous institution under the Hidayatullah mass organization. Therefore, the existence of BMH Kudus is directly related to the existence of the Hidayatullah Kudus Islamic boarding school. BMH Kudus continues to distribute zakat funds by implementing several empowerment programs in the fields of education, da'wah, social humanity, and economic empowerment of the dhuafa to date. In carrying out its duties as a zakat management institution, BMH Kudus has a vision and mission, namely:

Vision:

To become a leading and trusted Zakat Collection Institution in providing services to the community.

Mission:

- a. To become a leading zakat institution in collecting and focusing on utilization.
- b. Implementing the management of zakat, infaq, and shadaqah in accordance with modern, transparent and professional management.
- c. Empowering the community by increasing the quantity and quality of education and preaching.⁶

⁶ www.bmh.or.id

3.2. Implementation of Legislation regarding Zakat Fund Management at BMH Kudus

Indonesian laws and regulations clearly govern the management of zakat funds. These regulations are designed to ensure that zakat management is effective, transparent, accountable, and in accordance with Islamic law. In Indonesia, Law No. 23 of 2011 concerning Zakat Management is the primary legal basis governing zakat management. This law is further clarified by Government Regulation No. 14 of 2014 and Regulation of the Minister of Religious Affairs No. 52 of 2014. Furthermore, there is a fatwa from the Indonesian Ulema Council (MUI) that provides guidelines for the technical implementation of zakat to ensure it complies with Islamic law.

One of the zakat collection institutions in Kudus Regency is the Baitul Maal Hidayatullah (BMH) Kudus Zakat Collection Institution. In accordance with Article 18 of Law Number 23 of 2011, Zakat Collection Institutions must obtain permission from the minister or designated official. This institution has obtained an official operational permit from the Ministry of Religious Affairs of the Republic of Indonesia as a national-level zakat collection institution. There is a Decree from the Ministry of Religious Affairs that serves as the basis for BMH Kudus in carrying out zakat collection and distribution activities that strengthen this legality, including:

1. Deed of Amendment Number 23 dated 25 February 2011 made before notary Krisistanti Suryani in Jakarta
2. The letter from the Ministry of Law and Human Rights is in the form of Decree Number AHU.AH.01.06-0018921 dated March 9, 2021
3. Decree of the Indonesian Ministry of Religion in the form of Decree of the Minister of Religion No. 179 of 2021 as Laznas
4. Taxpayer Identification Number 2.028.581.3-002
5. Domicile Permit 018/SRHJ/IV/2011
6. Operational Permit 011.12510.13/1.848 B

In the organization of BMH Kudus, which adheres to a centralized management system, communication from the head office is clearly crucial. Therefore, teamwork is crucial at BMH Kudus. Solid teamwork and good communication can help each other resolve problems.

1. Zakat Fund Collection

To achieve the Baitul Maal Hidayatullah's goals of implementing its vision, mission, and programs related to community service and providing services that meet the community's needs, BMH Kudus certainly requires fundraising. To achieve this goal, BMH Kudus has several fundraising systems, including:

a. Offline

In conducting offline zakat fundraising, BMH Kudus conducts visits to various levels of society, both retail and door-to-door.⁷ BMH officers can directly visit zakat payers who wish to pay, using a zakat pickup service. To distribute zakat, BMH must first find donors. Before starting the donor search, BMH holds meetings. BMH meeting topics include mental preparation, territory determination, brochures, and more.

During the fundraising process, BMH staff must mentally prepare themselves to patiently explain and accept rejections with grace. Next, they must determine which areas they will promote BMH and its programs to. BMH staff typically split up according to their assigned areas. Furthermore, BMH staff will send out documents to introduce BMH to potential donors who are unfamiliar with it. Brochures, magazines, and other documents fall into this category.

After identifying their target audience, the Kudus BMH will try to convince them to become a zakat payer. Afterward, the BMH will hold a meeting to analyze plans to achieve their goals. This is because when a zakat payer is first offered, they are likely hesitant. However, if the BMH continues to convince them to pay zakat, their hearts can be changed.

Zakat payers can fill out the form directly at the BMH office and choose a payment method through the provided application. To facilitate those who wish to pay zakat non-cash, they can transfer their zakat to the official BMH account. Zakat collectors can collect their zakat directly at the office or at the zakat payer's home, and the zakat payer can choose their own payment time. In addition, BMH Kudus has established donation and zakat booths in several strategic locations in Kudus, such as shopping centers, mosques, and offices.

b. Online

To reach a wider audience, especially the younger generation who are more digitally active, BMH Kudus is conducting a campaign utilizing social media and online fundraising. Furthermore, zakat payers can distribute their zakat funds

⁷Interview with the zakat collector of Baitul Maal Hidayatullah Kudus, August 4, 2025

online through BMH Kudus, using social media platforms like Facebook, Instagram, and WhatsApp. They can also transfer their funds, as explained in the zakat service.

The zakat fund collection process is conducted in accordance with the principles of transparency and trust. Each transaction is recorded and official proof of payment is provided to the zakat payer as a form of accountability through established administrative procedures. This process is carried out based on the principles of trustworthiness and professionalism in zakat management.

This makes the muzakki feel comfortable and really trust BMH Kudus to distribute their zakat.⁸ Zakat collectors choose zakat institutions regardless of the many factors that influence their trust and satisfaction with them. Interviews indicate that most zakat collectors have had positive experiences with BMH Kudus's services, which they consider to be friendly, responsive, and facilitate zakat distribution. This professional and friendly service fosters a positive relationship between zakat collectors and the institution, resulting in increased consistency in zakat distribution.

In addition to service, BMH Kudus has clear legal standing as a government-recognized Zakat Collection Institution, increasing zakat payers' confidence in the institution's accountability and legal compliance. Another influencing factor is recommendations from trusted individuals, such as friends, family, or community leaders. These recommendations enhance BMH Kudus' legitimacy and positive image in the eyes of potential zakat payers. Zakat payers choose to entrust their zakat to BMH Kudus due to the quality of service, guaranteed legality, and community support.⁹

2. Distribution and Utilization of Zakat Funds

In distributing zakat, BMH Kudus refers to Article 25 of Law Number 23 of 2011, which states that zakat funds must be distributed to those entitled to receive it according to the eight categories of recipients described in the previous chapter. This also aligns with the commands of Allah SWT in the Qur'an and Hadith.

The Kudus BMH allocates these ZIS funds using a priority scale concept, prioritizing the poor. Furthermore, the Kudus BMH regulates fund distribution by considering location first, with priority given to the nearest location.

⁸Interview with the zakat payer of Baitul Maal Hidayatullah Kudus, August 12, 2025

⁹Interview with the zakat payer of Baitul Maal Hidayatullah Kudus, August 12, 2025

In the process of determining and distributing zakat to mustahiq, BMH Kudus goes directly to the field and distributes it in two forms:¹⁰

- a. Consumptive Zakat, BMH Kudus distributes zakat funds directly to the poor, dhuafa, orphans, and other mustahiq groups in the form of basic necessities, compensation, or other basic needs such as rice and cash.¹¹
- b. Productive Zakat, BMH Kudus provides capital assistance or skills training to mustahiq in the hope that they can meet their own needs.

BMH Kudus is responsible for distributing productive and consumptive zakat to those in need. BMH considers the circumstances of each mustahik, as each mustahik has different circumstances and needs, so the zakat assistance provided will not be the same. According to Law No. 23 of 2011 concerning zakat management, the proceeds from zakat collection are distributed in accordance with religious provisions. In this regard, BMH Kudus distributes zakat in accordance with religious provisions, taking into account evolving situations and conditions. Once consumptive needs are met, productive funds are distributed to the poor.

Productive and consumptive zakat is distributed at BMH Kudus in the form of economic development programs, namely business capital loans for the dhuafa, social programs, namely compensation for the poor, and educational programs, namely scholarships for caring for the dhuafa, tahfidz scholarships, and blessing scholarships.

BMH Kudus distributes the zakat funds received in creative, productive ways. The zakat provided serves as capital assistance for small businesses. According to researchers, providing financial capital has numerous advantages, allowing them to use it as needed. By obtaining capital, they can improve their business performance.

Therefore, the appropriate policy for zakat management institutions is to provide business capital loans. To ensure that productive zakat funds are used or utilized by more than one mustahiq, the technical method in the field is to provide productive zakat to mustahiq in the form of capital loans. Because other mustahiq also have equal rights to zakat funds, equitable empowerment of other mustahiq can be achieved through loans or revolving funds. Therefore, BMH Kudus prioritizes the use of productive zakat to improve the performance of small businesses with the goal of reducing poverty in the long term.

¹⁰Interview with the zakat collector of Baitul Maal Hidayatullah Kudus, August 4, 2025

¹¹Interview with the mustahiq of Baitul Maal Hidayatullah Kudus, August 12, 2025

Essentially, the government and society are responsible for improving the performance of small businesses owned by underprivileged communities by addressing the challenges they face. Zakat management institutions must be very careful when selecting businesses due to the many characteristics of small businesses, such as limited capital, limited management expertise, low technology, dense workforces, and limited market access.

Small businesses dominate the trade sector and play a vital role in the economy. Improving business performance is one of the keys to a successful and effective economic recovery. Small businesses have numerous opportunities to develop into independent businesses or collaborate with larger corporations.¹²

There's no doubt that small businesses play a crucial role in driving the economy, both in terms of political support and current economic realities. Small businesses are where people work and improve their standard of living. Unfortunately, over 95% of small businesses have annual revenues below 50 million rupiah and are often overlooked by conventional commercial banking services. Therefore, given the link between improving small business performance and capital loans, this topic is crucial.

BMH Kudus has undertaken various efforts to provide zakat funds to those entitled to receive zakat (alms) for various purposes, including increasing business capital and improving the performance of small businesses. Through productive zakat funds, BMH Kudus has helped the Kudus community improve their businesses. All levels of management have adopted various strategies to improve the performance of small businesses. A revolving loan program is one such strategy.

1) Tahfidz Scholarship

At the Hidayatullah Kaliwungu Islamic Boarding School in Kudus, there is a scholarship program for orphans and underprivileged children who want to memorize the 30 juz of the Quran. This program aims to educate foster children who can assist them in religious matters, particularly in memorizing the Quran.

To survive in this world and in the afterlife, religion is the main pillar for humanity. No matter how clever or successful a person is in the world, if he does not have faith, he will lose out both in this world and in the afterlife. There are many verses in the Koran that encourage people to have faith and piety. One example is the following words of Allah SWT:

¹² Ali Yafie, (2003). *Fiqh Perdagangan Bebas*, Jakarta: Teraju, p. 216

102. O you who believe, fear Allah with true devotion to Him and do not die unless you are a Muslim.

There are 51 students in junior high schools (SMP/MTs) and senior high schools (SMA/MA) who received Tahfidz Scholarships. The budget for the SMP/MTs Tahfidz Scholarship is 275,000 rupiah per student per month, and for the SMA/MA Tahfidz Scholarship, it is 400,000 rupiah per student per month.

Under the program, BMH Kudus provides scholarships to students through the Hidayatullah Kudus Islamic Boarding School to cover their educational and operational costs. The scholarships are only available to students who have memorized the Quran, as not all students at the Islamic boarding school participate in the Quran memorization program.

2) Blessing Scholarship

Elementary, junior high, and senior high school students, as well as university students from high-achieving but underprivileged families, can receive regular coaching from the Baitul Maal Hidayatullah Kudus scholarship program. Because hard work is a seed planted with sweat, its results should be recognized and encouraged to foster a passion for learning, especially for underprivileged students. Instilling a passion for learning in a child is inherently challenging. Therefore, BMH Kudus appreciates the hard work and educational achievements of students who have been accepted.

At the end of each semester, BMH Kudus is responsible for donating Blessing Scholarships to 70 foster children. Elementary school students receive Rp 100,000 per person for the Blessing Scholarship each semester, junior high school students receive Rp 150,000 per person for the Blessing Scholarship each semester, high school students receive Rp 200,000 per person for the Blessing Scholarship each semester, and university students receive Rp 300,000 per semester for the Blessing Scholarship each semester.

Every student participating in the Blessing Scholarship program can receive a scholarship from the Baitul Maal Hidayatullah Kudus Foundation. Students must have demonstrated outstanding academic performance during their time at the Hidayatullah Islamic boarding school.

3) Santri Scholarship

The Santri Scholarship Program is a scholarship program aimed at male and female students in Kudus from low-income families so they can continue their education at Islamic boarding schools without financial constraints. This scholarship covers tuition fees, school supplies, and other learning needs. This program aims to

provide male and female students with the same opportunity as others to pursue a serious education at Islamic boarding schools and to foster a strong generation of Muslims.

4) Quran House Program

The Qur'an house program is a program to provide assistance in the form of facilities and assistance needed for houses used as places to study the Qur'an in the Kudus area. This program is expected to facilitate the process of learning the Qur'an so that it is better and more effective, and can improve the quality of religious education for the local community.

5) Islamic Boarding School Development Program

The Islamic boarding school (Ponpes) development program, which builds Islamic boarding schools (ponpes) in various regions across Indonesia, is a form of ongoing charity (sedekah jariyah). The concept of "sedekah jariyah" refers to charitable deeds whose rewards continue after a person's death. Establishing Islamic boarding schools is expected to provide a place of learning for students, improve religious education, and provide long-term benefits to the community. The program aims to increase access to religious education and foster human resource development in Indonesia.

6) Islamic Boarding School Paving Program

The Islamic Boarding School Paving Program provides paving for Islamic boarding schools, most of which still have dirt surfaces. This program is expected to improve the comfort and safety of the learning environment in Islamic boarding schools. Good paving reduces dust and puddles, and creates a cleaner and tidier environment. The program aims to improve the physical facilities of Islamic boarding schools, allowing students to learn better and focus better, and creating a more conducive environment for religious education.¹³

There are several social programs run by BMH Kudus, including:

1) Poor Assistance Program.

Through this program, BMH Kudus provides monthly assistance to the poor and needy. The assistance is intended to help them navigate their daily lives. The poor and needy include the economically disadvantaged, widows struggling to meet

¹³Brosur LAZNAS Baitul Maal Hidayatullah Kudus

their daily needs, and seniors aged 60 and over who are unable to work with sufficient income. They will all receive a monthly allowance of Rp100,000.

2) Orphan Assistance Program

The Orphan Assistance Program aims to bring happiness to orphans in Kudus through donations. It is hoped that this assistance will help them meet their basic needs, such as food, clothing, and education. The program focuses not only on material support and attention, but also strives to provide the love and care they need. It is hoped that this program will improve the orphans' quality of life and bring them happiness and support from the community.

3) Disaster Awareness Program

Through this program, BMH Kudus distributes aid to disaster survivors across the country. The goal of this assistance is to support and recover those affected by disasters, whether natural disasters such as earthquakes, floods, or fires. Assistance provided includes food, clothing, medicine, and other basic necessities. With this assistance, disaster survivors are expected to recover quickly and return to normal lives, feeling the care of the community and government.

4) Drilling Well Program

This program aims to build boreholes in drought-stricken areas, funded by ongoing charity (sedekah jariyah). It is hoped that this program will provide access to sufficient clean water for daily needs such as drinking, cooking, and other activities. This is a form of charity whose rewards will continue to flow because it will benefit many people for a long time. The program aims to address water shortages, improve the community's quality of life, and help them stay healthy.

5) Sunnah Fast-Breaking Program

This program is intended to support the voluntary fast-breaking activity for tahfidz students, which is held regularly every Monday and Thursday through charity. This activity aims to provide the students with an opportunity to break their fast together, strengthen relationships, and instill values of togetherness and caring among them. With the help of this charity, the students are expected to enjoy a nutritious and appropriate meal when breaking their fast.

3. Reporting and accountability of zakat funds

Baitul Maal Hidayatullah (BMH) Kudus uses a multi-level and multi-channel zakat reporting and accountability system. This system allows reports to be directed to muzakki (payers of zakat) and internal parties of the institution, as well as to the

general public and official supervisory bodies. This system aims to ensure transparency, accountability, and ensure that zakat fund management complies with sharia law and principles. This commitment aligns with BMH's position as a National Zakat Collection Institution (LAZNAS), authorized by the Ministry of Religious Affairs of the Republic of Indonesia. This ensures that all reports are conducted periodically, systematically, and documented in accordance with Article 29 of Law Number 23 of 2011.

The first stage of the BMH Kudus reporting process is the preparation of an internal report which is carried out every month. This report contains the zakat, infaq, and alms (ZIS) funds that have been successfully collected, the source of funds based on the muzakki category, information on mustahik according to the asnaf of zakat, and an explanation of the distribution method that has been used. This report is the main document used to monitor the success of the program, evaluate achievements, and identify problems with the distribution of funds. In addition, the report is also an effort by BMH Kudus in fulfilling administrative obligations that will later be submitted to BAZNAS and the Ministry of Religious Affairs. The report is prepared with reference to the Statement of Financial Accounting Standards (PSAK) 109 concerning Zakat, infaq/alms Accounting, which regulates the recognition, measurement, presentation, and disclosure of zakat funds in an accountable manner.

BMH Kudus also uses the monthly report to be submitted to the muzakki as a basis for making the monthly report given to the muzakki. This is done as a form of direct accountability to those who have paid zakat through BMH Kudus. The report contains a recap of fund distribution, implemented programs, activity documentation, and information on ongoing program developments, such as educational scholarships or business capital assistance. This report is sent using various media, including simple print, WhatsApp messages, email, or a digital platform chosen by the zakat payer. This mechanism allows each zakat payer to directly see their activities, fostering trust and loyalty to the institution.

In addition to monthly reports, BMH Kudus also publishes *Mulia Magazine*, an internal publication that serves as a quarterly report. This publication contains narrative articles about mustahik success stories, summaries of flagship programs, financial reports prepared in a standard sharia accounting format, and visual documentation in the form of photos and graphs included in the report. This publication has two main purposes: to demonstrate transparency to the public and to serve as a communication tool that strengthens the relationship between the institution and the wider community. Furthermore, in accordance with regulations, this quarterly report is sent to the National Zakat Agency (BAZNAS) and the Kudus Regency Ministry of Religious Affairs Office for formal oversight.

At a higher level, BMH Kudus prepares semi-annual reports that are incorporated into the BMH national report. These reports include a summary of fundraising and distribution, program achievements, challenges encountered, and strategies employed. The BMH headquarters prepares semi-annual reports, which are then sent directly to the Directorate of Zakat and Waqf Empowerment, Ministry of Religious Affairs of the Republic of Indonesia. In this regard, BMH Kudus has effectively implemented Article 73 of Government Regulation Number 14 of 2014. This recognition demonstrates that this reporting system meets the standards expected by regulators.

The transparency principle of BMH Kudus is also supported by the use of digital and mass media. Information about activities, fund distribution, and testimonials from beneficiaries is delivered in real time through the official website, social media accounts such as Facebook and Instagram, and coverage in national and local media. This strategy allows the public to observe the institution's operations without having access to formal reports, facilitating information outreach and fostering a positive reputation among the community.

Audit and supervision is the final step of BMH Kudus in the reporting cycle. At the branch level, audits are conducted internally by the BMH supervisory team. At the national level, BMH reports are audited by an independent auditor using sharia accounting standards (PSAK 109). The purpose of this audit is to ensure the reports align with transaction evidence, test compliance with zakat laws, and provide recommendations for improving financial management. Therefore, BMH Kudus' reporting and accountability system is not merely administrative but also demonstrates the institution's commitment to the principles of good governance in zakat management.

1. Conformity with the theory of legal compliance

Legal compliance theory explains why people and organizations follow the law. These factors include moral beliefs, incentives and sanctions, and the influence of social norms in their environment. According to Tyler & Huo (2002), legal compliance theory is divided into three categories: normative compliance, instrumental compliance, and social compliance. The management of zakat funds at BMH Kudus can be analyzed using the above theory as follows:

- Normative Compliance

When someone follows the law because they feel it is just and right, this constitutes normative obedience. BMH Kudus demonstrates normative obedience by fulfilling all legal requirements for the institution, such as having an official operational permit from the Ministry of Religious Affairs in accordance with Article

18 of Law No. 23 of 2011 and providing zakat to eight asnaf (organized religious institutions) in accordance with Article 25 of the same law. BMH Kudus's consumptive and productive zakat programs, which prioritize the poor, demonstrate legal awareness and internalization of sharia values, so that compliance is not limited to fulfilling requirements.

- Instrumental Compliance

When someone follows the law due to incentives or potential sanctions for non-compliance, this falls under instrumental compliance. In accordance with Article 29 of Law Number 23 of 2011, the Kudus BMH has regularly reported its zakat management to the Ministry of Religious Affairs and BAZNAS. These financial and activity reports are audited internally and externally and made public to zakat payers to maintain accountability while avoiding administrative sanctions and damaging the institution's reputation.

- Social Compliance

When someone follows the law due to social norms and pressure, this constitutes social compliance. BMH Kudus uses an approach to zakat collection that adapts to evolving community habits, both offline (zakat collection, zakat stands) and online (social media campaigns). Social relationships that foster mutual compliance between the institution, the zakat payer, and the mustahiq (recipient) are formed when the mustahiq participates in developing MSMEs and verifying the use of zakat funds.

Therefore, the zakat management of the Kudus BMH combines normative, instrumental, and social compliance, thus categorizing it as substantive compliance. This demonstrates that compliance is not solely to fulfill legal obligations but is also based on moral awareness, a desire to maintain legitimacy, and the impact of social norms on society.

Furthermore, Soerjono Soekanto's theory of legal compliance can also be analyzed, developing a framework adapting Kelman's concepts of compliance, identification, and internalization, which can be used to analyze levels of legal compliance. These three levels explain the reasons that motivate a party to comply with legal regulations.

Based on the analysis, it can be said that BMH Kudus's compliance with Law Number 23 of 2011 encompasses all levels of legal compliance. At the most basic level, compliance is demonstrated through the fulfillment of administrative obligations supervised by authorities. At the intermediate level, compliance is based on a desire to adapt to authorities and role models. And at the highest level, compliance is based on moral and religious beliefs that the legal rules align with

the values espoused. Therefore, BMH Kudus's compliance can be classified as comprehensive compliance because it involves instrumental, relational, and value elements in its implementation.

3.3. Legal Obstacles Faced by BMH Kudus in Managing Zakat Funds

Every zakat collection institution faces various challenges that can impact its performance, effectiveness, and compliance with laws. These challenges can be internal, originating within the organization, or external, stemming from factors outside the organization. Internal challenges typically relate to the organization's management, structure, and operations, while external challenges are typically related to prevailing social, economic, and legal norms. If not managed effectively, these challenges can hinder the institution's goal of distributing zakat appropriately, transparently, and in accordance with the law. Therefore, identifying and analyzing the challenges faced is a crucial step towards long-term progress for zakat collection institutions, including BMH Kudus.

1. Internal constraints

Limited human resources (HR) are the most prominent internal problem in managing zakat funds at BMH Kudus.¹⁴The number of amils available is not commensurate with the amount of work required during the collection, distribution, utilization, and reporting stages. In this case, a single amil must be responsible for several tasks simultaneously. Excessive workloads not only reduce efficiency and productivity in the workplace but can also disrupt well-planned zakat programs. In the long term, this limitation can impact the quality of services provided to muzaki (recipients of zakat) and mustahik (recipients of zakat) and erode public trust in institutions.

The limited number of amil is a significant legal issue because Article 2 of Law Number 23 of 2011 concerning Zakat Management states that zakat management must be based on Islamic law, trustworthiness, justice, benefit, legal certainty, integration, and accountability. Article 3 of the Law also explains the purpose of zakat to increase the effectiveness and efficiency of zakat management services, as well as to increase the benefits of zakat. With a limited number of amil, it becomes difficult to implement these articles optimally. This is due to the lack of adequate manpower to ensure that zakat management tasks are carried out properly. In addition, this can hinder Article 18 paragraph (2) letter e which stipulates that Zakat Amil Institutions must have adequate administrative, technical, and financial capabilities. These capabilities depend on a sufficient number of staff.

¹⁴Interview with the zakat collector of Baitul Maal Hidayatullah Kudus, August 4, 2025

In terms of reporting, PSAK 109 on Accounting for Zakat, Infaq, and Alms requires zakat institutions to present comprehensive financial reports showing their financial position, activities, and cash flows, including disclosure of relevant information on how zakat is distributed. Due to the limited number of employees at BMH Kudus, zakat institutions are responsible for reporting administration. As a result, the report preparation process often takes longer because they also perform other duties at work. This condition can result in delays in reporting to zakat payers and supervisory institutions, which in turn affects the level of accountability of BMH Kudus.

2. External constraints

BMH Kudus also faces external obstacles in managing zakat funds, including ineffective zakat publication and outreach.¹⁵ Zakat is regulated by Law Number 23 of 2011 as a religious obligation, but many people lack a proper understanding of both positive law and Islamic law. This lack of understanding leads to suboptimal participation rates among zakat payers, which directly impacts the amount of zakat funds collected by institutions. One factor hindering public awareness is the limited reach of public media, both through conventional channels like banners and brochures and digital channels like social media and official websites.

From a legal perspective, Article 3 of Law No. 23 of 2011 states that one of the objectives of zakat management is to improve the efficiency and effectiveness of services provided to the community. One way to achieve this goal is through effective publicity, which can encourage muzaki (recipients of zakat) to pay zakat through official institutions. Furthermore, Article 17 stipulates that the Zakat Collection Institution is responsible for planning, implementing, and coordinating the collection, distribution, and utilization of zakat to assist BAZNAS. If zakat publication and socialization are not carried out intensively, the achievement of these tasks will not be optimal.

Furthermore, regarding transparency, PSAK 109 on Accounting for Zakat, Infaq, and Alms requires zakat institutions to present comprehensive financial reports that include information on how zakat funds are received and distributed. However, without adequate publicity, this information will not be widely disseminated to the public, eroding public trust in the institution. Because this zakat publication is highly effective, BMH Kudus faces significant challenges in increasing the participation of muzaki (recipients of zakat) and expanding the spectrum of zakat services.

¹⁵Interview with the zakat collector of Baitul Maal Hidayatullah Kudus, August 4, 2025

4. Conclusion

In collecting, distributing, and reporting zakat funds, BMH Kudus has basically complied with positive law and Islamic law. In terms of collection, BMH Kudus refers to Law Number 23 of 2011 and Government Regulation Number 14 of 2014, so that muzakki obtains legal certainty and trust to distribute zakat through BMH Kudus as an official institution. In distribution, BMH Kudus distributes zakat to eight asnaf in accordance with sharia, not only in the form of consumption but also empowerment programs such as education, da'wah, and productive economy that focus on the independence of mustahik. Meanwhile, as a form of accountability, BMH Kudus prepares financial reports based on PSAK 109 and submits them to BAZNAS and the public. Therefore, the three components of zakat management have been implemented legally, transparently, and accountably, which indicates quite good legal compliance. Based on the theory of legal compliance by Tyler & Huo and Soerjono Soekanto, it can be concluded that BMH Kudus's compliance in zakat management is a comprehensive form of compliance because it includes normative, instrumental, social, compliance, identification, and internalization dimensions. At the normative and internalization levels, BMH Kudus demonstrates compliance based on moral and religious awareness by using sharia values as the basis. At the instrumental and compliance levels, compliance is demonstrated through the fulfillment of administrative obligations, audited financial reporting, and external supervision from the Ministry of Religious Affairs and BAZNAS to avoid sanctions and maintain public trust. At the social and identification levels, BMH Kudus builds institutional legitimacy and reputation by aligning zakat collection and distribution practices with social norms, authority policies, and community needs. Therefore, BMH Kudus's compliance is not merely an administrative formality; it is the internalization of legal and sharia values that realize accountability, social justice, and community trust.

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