

Implementation of Digital Technology in Increasing Transparency and Accountability of Zakat and Tax Management in Madiun City

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ABSTRACT

This study aims to determine the digital technology needed to synergize the zakat database with the tax database, to determine the advantages and disadvantages of implementing technology in managing zakat and tax, and to understand taxpayer awareness when the zakat database can be synergized with the tax database. Zakat and Tax are two different concepts, but along with the development of technology, both use digital technology in carrying out their operational activities. The research method used is a descriptive method with a qualitative approach. The stages in this study are topic selection, research design, data collection using interviews, observations, documentation, data analysis, data validation by triangulating data and the last is writing a report. The results of the study stated that with the implementation of a digital system, data collection and reporting become more efficient, accurate, and easily accessible to the public. This not only strengthens public trust in zakat and tax management institutions, but also increases taxpayer and zakat payer compliance. Although there are challenges such as data security issues, infrastructure limitations, and lack of digital skills among officers and the community, the benefits obtained from implementing this technology are much greater.

Keywords: Zakat, Tax, Digital Technology

1. INTRODUCTION

Zakat is part of the obligatory zakat assets that are issued to mustahik. Or the operational meaning is issuing part of the assets at a certain time (haul or when harvesting) with a certain value (2.5%, 5%, 10%, or 20%) and certain targets (poor, poor, amil, converts, riqab, gharimin, fisabilillah, and ibnu sabil [1].

Tax is a mandatory contribution to the state owed by individuals or bodies which is mandatory based on the law, without receiving direct compensation and is used for state needs for the greatest prosperity of the people [2], [3]

Zakat and tax are two different concepts, zakat is interpreted as obligatory worship (in the form of special worship already regulated in QS. At-Taubah verse 71), while tax is a muamalah worship (worldly in nature) [4]. Zakat falls into the realm of "worship with dimensions of muamalah, morals, and faith, Tax falls into the realm of "muamalah" with dimensions of morals, worship, and faith. In addition, there is also a view that states that zakat and tax are the same thing, meaning that paying zakat means paying tax [5].

Zakat and tax are two different concepts, but both are related to technology. Zakat is a concept in Islam that relates to the obligation to pay a certain amount of wealth or income to those in need, as part of social and religious obligations. In the context of technology, zakat can be done online through a digital platform that allows users to make zakat payments easily and quickly [6].

Tax is a concept related to the obligation to pay a certain amount of money to the state as a form of income obtained

from various types of economic activities. Technology has also played an important role in modern taxation, especially in terms of electronic tax reporting and data collection [7]. In some countries, for example in Saudi Arabia, one of the advantages in managing zakat is that the collection of zakat and taxes has used an online system. The Department of Zakat and Income Tax in the country has a complete data and information center and is supported by ICT (Information and Communication Technology) devices. And 70 percent of the institution's income comes from large companies operating in Saudi Arabia. Non-Saudi citizens do not pay zakat but are required to pay income tax. Meanwhile, Saudi citizens are only required to pay zakat, both of which are managed by the Department of Zakat and Income Tax [8]

The application of digital technology in the management of zakat and tax has become an increasingly important topic in recent years. This is due to the fact that the collection and distribution of zakat and tax can be a source of potential problems of corruption and significant misuse of funds. Therefore, a transparent and accountable system is needed in the management of zakat and tax to ensure that the funds collected are used effectively and efficiently [9].

One way to increase transparency and accountability in the management of zakat and tax is through the application of digital technology. In the digital era, technology has made it possible for information to be accessed and shared more easily and quickly. Thus, technology can be utilized to facilitate reporting, monitoring, and supervision of the management of zakat and tax [10].

Through the application of digital technology, information related to the collection, distribution, and management of zakat and tax can be tracked more easily and transparently. This can increase accountability in the management of zakat and tax funds and minimize the possibility of corruption or misuse of funds. In addition, digital technology can also enable zakat institutions and tax authorities to accelerate the collection and payment process, as well as improve operational efficiency. In this context, the application of digital technology can be considered an innovative and effective solution to improve transparency and accountability in zakat and tax management [11]. Therefore, research on the background and application of digital technology in zakat and tax management is very important to understand how technology can be utilized to achieve these goals [12]. As the digital world develops, tax reporting can be done online. The Directorate General of Taxes has developed a method of tax reporting using a web-based application called E-Filling. E-Filling can be accessed on the *djponline* page by entering a username (NPWP/NIK) and password (after obtaining an Electronic Filling Identification Number / EFIN). Online tax reporting can use an e-form PDF or use a desktop application, namely the annual e-spt for companies or individuals. Based on the background above, the title of this study is "Application of Digital Technology in Increasing Transparency and Accountability of Zakat and Tax Management in Madiun City".

2. RESEARCH SIGNIFICANCE

This research provides benefits from various sides, namely:

a. Academic

The first benefits from academic area is become a reference for researchers or students who are interested in conducting further research on the same topic. Second is to encourage academics to be more active in developing digital technology that can be applied in zakat and tax management.

b. Practical

Become a reference for related parties, such as BAZNAS and KPP, in designing programs or policies for zakat and tax management that are more transparent and accountable using digital technology.

c. Economic

Provide opportunities to increase community participation in zakat and tax management, so that it can increase public understanding of the importance of paying zakat and taxes.

d. Development

Provide useful information for the community and government to improve the zakat and tax management system that is more efficient, transparent, and accountable in Madiun City.

3. RESEARCH METHODS

3.1. Research Location

This research was conducted at the National Zakat Agency (BAZNAS) and the Tax Service Office (KPP) of Madiun City, East Java Province, Indonesia

3.2. Data Sources

The data sources used are primary data sources by conducting interviews with the parties directly concerned, namely the person in charge of BAZNAS in Madiun City and the person in charge of KPP in Madiun City.

3.3. Research Methods

This research uses a descriptive study through a qualitative approach. This method is used by researchers to analyze events that occurred during the research. The descriptive research method is a research method that is carried out to obtain an overview of the current or ongoing situation.

3.4. Data Collection Techniques

The data collection techniques used are:

a. Interviews

Interviews are a question and answer process between researchers and objects with the aim of obtaining in-depth and relevant information regarding the topic being studied. Interviews will be conducted semi-structured which is a combination of structured interviews by asking questions that have been prepared in advance and unstructured interviews by giving the object the freedom to provide responses regarding the topic being discussed.

b. Observation

Observation is a data collection technique by observing and systematically recording phenomena or behavior in the field. Observations conducted by researchers are structured observations, namely observing objects that have previously been arranged by researchers.

c. Documentation Study

Documentation study is a data collection technique in qualitative research using written information sources, such as archives, notes, reports, documents, books, and other publications. Documentation studies are usually used to examine and analyze existing information, whether produced by the government, institutions, or individuals. Documentation studies are conducted to support the results of interviews and observations that have been conducted previously.

d. Triangulation

Triangulation technique is a technique in qualitative research that is used to validate and strengthen research findings by combining two or more different data collection techniques or data sources. Triangulation techniques allow researchers to see a phenomenon from different perspectives, so that they can increase the validity and reliability of the data obtained.

3.5. Data Analysis

The following are the steps of this research, namely:

a. Selection of research topics: The topics used in this study are zakat, taxes and digital technology

b. Research design: This study uses a descriptive study with a qualitative approach.

c. Data collection: data collection techniques used are interviews, observations, documentation

d. Data analysis: after the data is received, the data will be grouped and reviewed according to each topic.

e. Data validation: triangulating data by comparing data collection techniques to ensure the validity of the data.

f. Writing reports: contains research results, findings, analysis, and conclusions.

4. RESULTS AND DISCUSSION

4.1 Synergy of zakat database and tax database

Based on the results of interviews between zakat organizers and the Madiun Pratama Tax Service Office, several pieces of information were found, namely:

From the Baznas perspective

The following is an analysis of the benefits, constraints, and implementation of zakat and tax database synergy:

a. Benefits

1) Increasing Data Accuracy: Synergy allows zakat organizers to obtain more accurate data on taxpayers who also have the potential to become zakat payers, thus facilitating distribution.

2) Optimizing Fundraising: By understanding the economic profile of the community, organizers can design a more effective zakat collection strategy.

3) Increasing Public Trust: Transparency in zakat management that is integrated with taxes can increase public trust in zakat institutions.

4) Collaboration of Social Programs: Integrated data allows collaboration with government programs in handling poverty and social welfare.

b. Constraints

1) Differences in Objectives: Sometimes, the objectives of collecting zakat and taxes can be different, making it difficult for organizers to establish harmonious cooperation.

2) Complicated Regulations: Different regulations between zakat and tax institutions can be a barrier to system integration.

3) Data Security: Concerns about the protection of personal data of zakat and tax payers are important issues that must be addressed properly.

4) Limited Resources: Not all zakat institutions have sufficient resources and technology to effectively integrate data.

c. Implementation

1) Development of a Joint Information System: Building a platform that allows secure data integration, facilitating access for zakat administrators.

2) Training and Capacity Building: Conducting training for zakat officers on the use of integrated systems and data utilization for decision making.

3) Community Outreach: Increasing public awareness of the importance of synergy between zakat and tax, as well as its benefits for public welfare.

4) Cross-Sector Cooperation: Establishing cooperation with other institutions, both government and private, to support more effective zakat collection and distribution.

By focusing on the benefits that can be obtained, zakat organizers can overcome obstacles and implement appropriate steps to achieve effective synergy between the zakat and tax databases.

From the perspective of the Madiun Pratama Tax Service Office:

The following is an analysis of the benefits, obstacles, and implementation of the synergy of the zakat and tax databases from the perspective of the tax office:

a. Benefits

1) Improving Tax Compliance: Synergy with the zakat

database can help the tax office monitor the compliance of taxpayers who also pay zakat, encouraging transparency in tax reporting.

2) More Accurate Data: Access to integrated zakat data provides additional information to improve the accuracy of tax data, so that the tax audit and assessment process becomes more efficient.

3) Efficiency in Supervision: By having integrated data, the tax office can carry out more effective supervision of taxpayers, especially those who also contribute to zakat.

4) Socio-Economic Analysis: Synergy allows for a more in-depth analysis of the economic profile of the community, assisting in better tax policy planning and decision-making.

b. Constraints

1) Data Privacy and Security: Concerns about personal data protection are a challenge, especially in the exchange of information between institutions.

2) Different Regulations: Differences in regulations between tax and zakat institutions can make data integration and collaboration difficult.

3) Lack of Understanding: Some tax officers may lack understanding of zakat mechanisms, which can hinder effective collaboration.

4) Technology Limitations: Not all tax offices have adequate technology infrastructure to support system integration and data processing.

c. Implementation

1) Integrated System Development: Building a technology platform that enables data exchange between zakat and tax databases with high security standards.

2) Education and Training: Conducting training programs for tax officers on understanding zakat and the importance of this synergy, as well as how to use integrated data.

3) Cooperation with Zakat Institutions: Building partnerships with zakat institutions to conduct outreach to taxpayers on the importance of zakat in the context of tax.

4) Monitoring and Evaluation: Conducting regular monitoring of the results of the synergy and evaluating its effectiveness in improving compliance and transparency.

By addressing existing constraints and implementing appropriate measures, tax offices can leverage the synergy of zakat and tax databases to achieve the goal of better and more transparent tax management.

4.2 Advantages and disadvantages of implementing technology in zakat and tax management

The following are the advantages and disadvantages of implementing technology in zakat and tax management:

a. Advantages

1) Efficiency and Speed: Technology enables faster and more efficient data processing, reducing the time required for collection and reporting.

2) Accessibility: Taxpayers and zakat payers can access information and services anytime and anywhere, increasing the ease of fulfilling their obligations.

3) Transparency and Accountability: Digital systems can increase transparency in the management of zakat and tax funds, so that the public can more easily monitor the use of these funds.

4) Better Data Analysis: With technology, data analysis becomes more in-depth and accurate, helping in better

planning and decision making.

5) Reduction of Manual Errors: Process automation reduces the risk of human error in data processing, such as in calculating zakat or tax.

b. Disadvantages

1) Data Security: The use of technology carries risks related to data security and privacy, especially the personal data of taxpayers and zakat payers.

2) Dependence on Infrastructure: Limited technological infrastructure in some areas can hinder access and use of the adopted system.

3) Implementation Costs: Although technology can reduce long-term costs, the initial investment for system development and maintenance can be quite high.

4) Lack of Digital Skills: Not all officers and users have sufficient digital skills, which can hinder optimal use of technology.

5) Resistance to Change: Some individuals or institutions may be reluctant to adapt to new systems, especially if they are already accustomed to manual methods.

By considering these advantages and disadvantages, zakat and tax administrators can plan better technology implementation, with mitigation measures to overcome existing challenges.

4.3 Taxpayer awareness of the synergy between zakat and tax

Taxpayer awareness of the synergy between zakat and tax is very important to support the effectiveness of managing both aspects. Here are some points related to this awareness:

a. Importance of Taxpayer Awareness

1) Understanding the Benefits: Taxpayers who are aware of this synergy can understand that zakat is not only a religious obligation, but can also contribute to social responsibility and reduce the tax burden.

2) Higher Compliance: Good awareness can encourage taxpayers to be more obedient in fulfilling zakat and tax obligations, increasing the total contribution that can be used for community welfare.

3) Increased Transparency: Taxpayers who are aware of the relationship between zakat and tax tend to have more trust in the management institutions, increasing their participation and support.

b. Challenges in Increasing Awareness

1) Lack of Education: Many taxpayers may not have adequate information about how zakat and tax are related and the benefits of such synergy.

2) Stigma and Negative Perception: Some taxpayers may have negative views about tax or zakat, which can hinder their involvement in this synergy.

3) Limited Access to Information: Taxpayers in remote or less educated areas may not have access to clear information about zakat and tax.

c. Efforts to Increase Awareness

1) Socialization and Education: Conducting clear and attractive information campaigns about the benefits of synergy between zakat and tax, either through seminars, social media, or cooperation with zakat institutions.

2) Training for Taxpayers: Holding training programs that provide an understanding of zakat and tax obligations, and

how the two can complement each other.

3) Use of Technology: Utilizing digital platforms to convey information and provide tools for taxpayers to calculate their zakat and tax obligations.

4) Testimonials and Case Examples: Showing success stories and real examples of taxpayers who have utilized this synergy can be a motivation for others.

By increasing taxpayer awareness, it is hoped that a better ecosystem will be created where zakat and tax can support each other in achieving social and economic goals.

Further research is expected to expand the scope of discussion. In addition, there are also several other suggestions, namely, improving adequate technological infrastructure throughout Madiun City to support access and use of digital systems, having a training program for zakat and tax management officers and the community regarding the use of technology and its benefits, having a strong policy to protect personal data and ensure the privacy of taxpayers and zakat payers, having a campaign to increase public awareness of the importance of transparency and accountability in zakat and tax management, and having a routine monitoring and evaluation mechanism to assess the effectiveness of the system implemented and make necessary improvements.

5. CONCLUSIONS

Research on the application of digital technology in zakat and tax management in Madiun City shows that technology can significantly increase transparency and accountability. With the implementation of a digital system, data collection and reporting become more efficient, accurate, and easily accessible to the public. This not only strengthens public trust in zakat and tax management institutions, but also increases taxpayer and zakat payer compliance.

Although there are challenges such as data security issues, infrastructure limitations, and lack of digital skills among officers and the community, the benefits gained from implementing this technology are much greater. With the right approach, such as improving infrastructure, education, and security policies, Madiun City can create a more transparent, accountable, and effective zakat and tax management system, providing a positive impact on the welfare of society as a whole.

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