

Implementation of Zakat as Local Original Income in Government of Aceh Besar Regency, Aceh Province

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Abstract: The regulation of zakat as the Locally-generated revenue (*PAD*) is contained in Law Number 11 Year 2006 regarding Aceh Government and Article 180 Paragraph (1) Letter d concerning the source of Local Original Income. The purpose of this study is to explain the implementation of zakat as Local Original Income in the government of Aceh Besar Regency, considering this provision is especially applicable in Aceh Province. Method used is empirical research (field research). Results showed that the collection of profession zakat at government agencies in Aceh Besar Regency is done directly by the Zakat Collection Unit (*UPZ*). Zakat is deducted on any salary payment for civil servants, employees, and other officials who work in the government of Aceh Besar Regency. The collection of zakat mal is done by Zakat Collecting Unit on National Owned Enterprises (*BUMN*); and Local Owned Enterprises (*BUMD*), businessman, and individual business in Aceh Besar Regency. After zakat is collected, then it is deposited to the Local Cash of Aceh Besar Regency on the Zakat Special Account and recorded as Local Original Income, the report also submitted to *Baitul Mal* of Aceh Besar Regency. All zakat receipts managed by *Baitul Mal* of Aceh Besar Regency must be deposited to the General Cash of Aceh Besar Regency. Zakat deposit is stored in the account separately by Local General Treasury (*BUD/Bendahara Umum Daerah*) Aceh Besar Regency. Zakat funds can only be disbursed for the benefit of programs and activities proposed by *Baitul Mal* Head of Aceh Besar Regency in accordance with their respective *senif*s. Budget implementation performed by *Baitul Mal* of Aceh Besar Regency, especially in the implementation of zakat funds, is done through a distinctive procedure because zakat fund is a special form of Local Original Income. Local Original Income disbursement procedures do not need to wait for approval of Family Income and Expenditure Budget (*APBK*) by District House of Representatives (*DPRK*), but immediately disbursed after zakat funds are collected. The budget implementation in the disbursement of zakat funds is done through a grant procedure based on the advice of Audit Board of the Republic of Indonesia (*BPK RI*). The Regent of Aceh Besar Regency grants zakat funds to *Baitul Mal* of Aceh Besar Regency, then *Baitul Mal* distributes zakat funds in accordance with the established *asnaf*.

Key Word: Implementation, Zakat, Local Original Income, Aceh Besar

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I. INTRODUCTION

Aceh Besar is one of the districts in Aceh Province, while Aceh Province is part of the Republic of Indonesia. Aceh Province is a special legal community which is given exclusive authority to implement the Islamic Shari'a perfectly.¹ This is the goal of all Acehnese to implement the stability of life in safe, peaceful, orderly, prosperous and fair way in order to achieve the pleasure of Allah SWT. One of the areas in enforcing Islamic Shari'a is the management of zakat by the government of Aceh.

The command of issuing zakat is contained in the Qur'an Surah At-Taubah verse 10: "*They observe not any tie of relationship or covenant in respect of anyone who trusts them. And it is they who are transgressors*". Management of zakat since the time of Prophet Muhammad SAW has been submitted to '*amil*' and implemented with management system professionally and effectively. So the purpose of zakat itself has been achieved, both in improving faith and devotion to Allah SWT; as well as in the effort to avoid social inequality and improve the welfare of the people.

¹ Al Yasa' Abubakar, *Syari'at Islam di Provinsi Nanggroe Aceh Darussalam, Paradigma, Kebijakan dan Kegiatan, Dinas Syari'at Islam Provinsi Nanggroe Aceh Darussalam, (Banda Aceh, 2008), page 74*

In practice, at the time of the Prophet Muhammad SAW, a state treasury agency called *Baitul Mal* has formed, although at that time not known as *Baitul Mal* institution formally. The treasure collected in the *Baitul Mal* is a treasure of the state and owned by all the people who live in the country. According to Al-Mawardi, *Baitul Mal* is the place to register and record the collection and distribution of religious property.² *Baitul Mal* in its function acts as an *amilin* charge of receiving zakat, *infaq*, *shadaqah*, and other social funds to be subsequently transferred back to the needed groups (*dhuafa*)³. The income of *Baitul Mal* is derived from zakat, *ghanimah*, *fai*, *jizyah* and *kharaj*, *'usyur* (excise tax), inheritance of which no heir, *waqaf* property, state enterprise, trade and plantation, ransom prisoner of war, and (in certain circumstances) country debt.⁴

Al-Quran and As-Sunnah has mentioned that zakat should be managed by the government as the word "*khuwz*" listed in Surah at-Taubah verse 103. This is an affirmation that only government has the authority to take and utilize the wealth of zakat. In addition, Allah SWT also states in Surah At-Taubah verse 60 with the word "*amilin*" (in the plural form) as an indication of the necessity of management in zakat.⁵

By juridical, management of zakat in Aceh has been done by the government and become part of Local Original Income (PAD)⁶ both at the provincial level and district/city level. The regulatory basis is contained in Law Number 18 Year 2001 regarding Special Autonomy for Aceh as Nanggroe Aceh Darussalam Province, in Article 4 Paragraph (2) Letter c. It is subsequently regulated in Law Number 11 Year 2006 regarding the Government of Aceh in Article 180, and more specifically regulated in Aceh Qanun⁷ Number 10 Year 2007 about *Baitul Mal*.⁸

In Article 180 of Law Number 11 Year 2006 determined that:

- (1) Source of Aceh's Local Original Income and Local Original Income of districts/cities as intended in Article 179 Paragraph (2) Letter a, consists of:
 - a. Local tax;
 - b. Regional retribution;
 - c. The result of separated wealth management of Aceh/districts/cities and the result of capital participation of Aceh/districts/cities;
 - d. Zakat; and
 - e. Other Aceh's original income and districts/cities' legal original income.

The management of zakat as Local Original Income in Aceh Besar Regency is carried out by the *Baitul Mal* Implementing Unit of Aceh Besar Regency, which is the implementing element of zakat, *infaq*, *shadaqah*, *wakaf*, property, and religious property management⁹. *Baitul Mal* Implementing Unit of Aceh Besar Regency led by a *Baitul Mal* Head who has responsibility to the Regent of Aceh Besar through the Secretary of Aceh Besar Regency.¹⁰

Baitul Mal of Aceh Besar Regency is given the authority to manage income zakat from civil servants or Muslim employers and employees, whose salary payments are sourced from Family Income and Expenditure

² Al-Mawardi, *Hukum Tata Negara dan Kepemimpinan dalam Tataran Islam*, terj. Abdul Hayyie al-Kattani dan Kamaluddin Nurdin (Jakarta: 2000), page 124.

³ Ismail Nawawi, *Ekonomi Kelembagaan Syariah dalam Pusaran Ekonomi Global Sebuah Tuntutan dan Realita* (Surabaya: Putra Media Nusantara, 2009), page 104.

⁴ <http://ekisdiduniamaya.blogspot.co.id/2010/05/sumber-pemasukan-baitulmal.html>, diakses tanggal 30 Desember 2016.

⁵ Armiaadi, *Pengelolaan Zakat Sebagai Pendapatan Asli Daerah (PAD) Di Baitul Mal Aceh (Kontestasi Zakat Dalam Sistem Tata Kelola Keuangan Negara)* (Banda Aceh: Pusat Penelitian dan Penerbitan Lembaga Penelitian dan Pengabdian Kepada Masyarakat Universitas Islam Negeri Ar-Raniry, 2015), page 1.

⁶ PAD in bahasa is Pendapatan Asli Daerah

⁷ Qanun Aceh is a legislative regulation similar to the provincial regulations governing the governance and life of the people of Aceh. Qanun is established in the framework of the administration of Aceh Government, district / municipality governments, and the implementation of assistance duties. The Aceh Qanun is endorsed by the Governor after being approved by the DPRK. The regency / municipality Qanun is authorized by the regent / mayor after obtaining joint approval with the DPRK. See Article 233 and Article 232 of Law Number 11 Year 2006

⁸ *Baitul Mal* is a Non Structural Regional Institution authorized to manage and develop zakat, waqf, religious treasure in order to benefit the people as well as being guardian/ guardian of orphans and/or his property and management of inheritance which no guardian based on Shari'a

⁹ Article 3 paragraph (1) of Regulation of Bupati of Aceh Besar Number 21 Year 2015, concerning Structure of Organization and Working Procedure of *Baitul Mal* Executive Board of Kabupten Aceh Besar.

¹⁰ Article 3 paragraph (2) of Regulation of Bupati of Aceh Besar Number 21 Year 2015, concerning Structure of Organization and Working Procedure of *Baitul Mal* Executive Board of Kabupten Aceh Besar.

Budget and other fund sources in Aceh Besar Regency. *Baitul Mal* of Aceh Besar Regency is also given the authority to manage Zakat *Mal* from business entities, entrepreneurs, traders, and other professions that operate in Aceh Besar Regency.

All zakat receipts managed by *Baitul Mal* of Aceh Besar Regency become the source of Local Original Income of Aceh Besar Regency and must be deposited to the General Cash (BUD)¹¹ of Aceh Besar Regency. The zakat deposit is deposited in a separate account of the Local General Treasurer of Aceh Besar Regency. Zakat can only be disbursed for the programs and activities proposed by the *Baitul Mal* Head of Aceh Besar Regency in accordance with their respective *asnaf*.

II. RESEARCH METHODS

2.1. Types of Research

This research is field research, which is conducted by researching data in field to gain answer from problem formulation in this research, namely *Baitul Mal* of Aceh Besar Regency. While the approach used in this study is a qualitative approach, which is a process approach to find knowledge by understanding social problems or human problems based on the holistic description formed through words¹². The qualitative approach used in this study aims to understand or interpret the phenomenon for then described through words.

2.2. Nature of Research

The nature or specification of research used is descriptive, which is a way of telling and interpreting existing data by using certain techniques.¹³ The approach used in this research is interview with Head of *Baitul Mal*, administrators of *Baitul Mal* of Aceh Besar Regency, and Local General Treasurer of Aceh Besar Regency.

2.3. Data Source

2.3.1. Primary Data

Primary data in this study is data obtained directly from the subject related to this research, namely the results of interviews with administrators and Head of *Baitul Mal* of Aceh Besar Regency, and review documents from related institutions, namely *Baitul Mal* of Aceh Besar Regency and Local General Treasurer.

Primary data in this research is data obtained through field research by interviewing some respondents. The respondents consist of:

1. Head of *Baitul Mal* of Aceh Besar Regency,
2. Secretary of *Baitul Mal* of Aceh Besar Regency,
3. Local General Treasurer of Aceh Besar Regency,
4. *Mustahik* Data Unit at *Baitul Mal* of Aceh Besar Regency (2 persons),
5. Distribution Unit at *Baitul Mal* of Aceh Besar Regency (2 persons),
6. Observation Unit at *Baitul Mal* of Aceh Besar Regency (1 person), and
7. Zakat Collection Unit at *Baitul Mal* of Aceh Besar Regency (5 people's).

2.3.2. Secondary Data

Secondary data is supporting data (library research) obtained from the materials related to this research; facts and theories contained in various sources are collected and analysed. They are referring to the latest sources, journals, work papers and studies discussed in the seminar as well as those already published.

2.4. Data Collection Techniques

Data collection technique is a systematic and standard procedure for obtaining necessary data.¹⁴ The techniques or methods of data collection used in this study are as follows:

2.4.1. Interviews

Interviews are conversations with a specific purpose. The conversation was conducted by two parties, namely the interviewer and the interviewee who gives the answer to the question.¹⁵ To find out the detail about the implementation of zakat as Local Original Income in *Baitul Mal* of Aceh Besar Regency, a direct interview with certain parties at the *Baitul Mal* of Aceh Besar Regency is much needed, such as interviews with the Head

¹¹ BUD in bahasa is Bendaharawan Umum Daerah

¹² John W. Cresswell, *Research Design Quantitative and Qualitative Approach* (London: Sage Publication, 1994), page 1

¹³ Bambang Sunggono, *Metodologi Penelitian Hukum* (Jakarta: Raja Grafindo Persada, 1997), page 38

¹⁴ Muh Nadzir, *Metode Penelitian*, Cet. 5 (Jakarta: Ghalia Indonesia, 2005), page 111.

¹⁵ Lexi J. Moleong, *Metodologi Penelitian Kualitatif*, cet-25 (Bandung: Remaja Rosdakarya, 2008), page 186.

of *Baitul Mal* of Aceh Besar Regency and some staff who are involved in the process of management and distribution of zakat as well as the Local General Treasurer of Aceh Besar Regency. The interview was conducted directly with the interviewee.

2.4.2. Documentation

Documentation techniques used to collect non-human data.¹⁶ Document study is a complement for interview methods. This documentation technique is used to collect a number of data relevant to the research either through books or data from the internet.

1.5. Data Analysis Method

Data analysis method used in this research is descriptive analysis. After each data researched and analysed, then the conclusion is drawn, on how the Implementation of Zakat as the Local Original Income in Aceh Besar Regency of Aceh Province.

III. DISCUSSION

3.1. Management of Zakat in the Islamic Law System

The term zakat contains several meanings such as cleaning, growing, and blessing. In terms of fiqh, zakat is a certain part of the wealth that is required by Allah SWT for some people who are entitled to receive it. According to Mahmud Syaltut, zakat as a worship that is required by Allah SWT, so that rich people can help the poor in the form of something that can meet their basic needs.¹⁷ Yusuf Qardhawi explains that zakat is a *maliyah* worship intended to meet the basic needs of the needy (poor).¹⁸ According to Ali Yafie, the existence of zakat is regarded as *ma'lumminad-diinbidh-dharurah* or knowing its existence automatically and become absolute part as a Muslim.¹⁹ Zakat is one of the main rituals and belongs to one of the pillars of Islam.²⁰ In the Qur'an in Surat At-Taubah verse 106 Allah says: *And [there are] others deferred until the command of Allah - whether He will punish them or whether He will forgive them. And Allah is Knowing and Wise.*

The results of zakat collection should be returned to those in need, as the provisions in Surah At-Taubah verse 60: *Zakat expenditures are only for the poor and for the needy and for those employed to collect [zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah. And Allah is Knowing and Wise.*

The Qur'an and As-Sunnah have indicated that zakat should be administered by the government as the word "*khuwz*" mentioned in Surah al-Taubah verse 103, as an affirmation that only the government has the authority to take and utilize the wealth of *zakat*. In addition, Allah SWT also states in Surah al-Taubah verse 60 with the word "*amilin*" (in the plural form) as an indication of the necessity of management in zakat.²¹

Historically *zakat* management at the time of Prophet SAW has been submitted to '*amil* and implemented with professional and effective management system, so the goal of the zakat itself has been achieved, both to improve faith and devotion to Allah SWT, as well as in the effort to avoid social inequality and improve the welfare of the people.

In practice, at the time of the Prophet Muhammad SAW, a state treasury agency called *Baitul Mal* has formed. *Baitul Mal* acts as '*amil* who has duty to receive the funds from zakat, *infaq*, *shadaqah*, and other social funds to be subsequently transferred back to the needed groups (*dhu'afa*).²² *Baitul Mal* plays an important role in Islamic state finance management. *Baitul Mal* is an Islamic state financial institution that has a special duty to handle all the assets of the people, both in the form of income and expenditure of the state. *Baitul Mal* has the main duty to ensure the fulfilment of minimum living needs of a country's people.²³

3.2. Zakat as Local Original Income in Aceh Province

The implementation of Local Autonomy in Aceh Government is based on Law Number 11 Year 2006 regarding the Government of Aceh. Article 7 of Law Number 11 Year 2006 stipulates that Aceh Government

¹⁶ Ahmad Sonhadji, dkk, *Penelitian Kualitatif Dalam Bidang Ilmu-Ilmu Sosial dan Keagamaan* (Malang: Kalimasahada Press, 1994), page 75.

¹⁷ Rahman Ritonga dan Zainuddin, *Fiqh Ibadah*, (Jakarta: Gaya Media Pratama, 1997), hlm. 171.

¹⁸ Yusuf Qardhawi, *Al-Ibadah Fi Al-Islam*, (Mesir: Muassasah al-Risalah, 1979), hlm. 235.

¹⁹ Ali Yafie, *Menggagas Fiqh Sosial* (bandung, 1994), page 231

²⁰ Amir Syarifuddin, *Garis-garis Besar Fiqh*, (Jakarta: Prenada Media, 2003), hlm. 37.

²¹ Armiadi, *Op.Cit.*, page 1

²² Ismail Nawawi, *Ekonomi Kelembagaan Syariah dalam Pusaran Ekonomi Global Sebuah Tuntutan dan Realita* (Surabaya: Putra Media Nusantara, 2009), page 104.

²³ Muhammad Iqbal, *Fiqh Siyasah* (Jakarta: Prenada Media Group, 2014), page 320-321.

and District/City Governments have authority to regulate and administer government affairs in all public sectors, except for government affairs which are under the authority of the government. Since the Government of Aceh and the District/City Government have the authority to administer all public affairs, so the region given the right to seek local income sources. Income budgeted in the Local Income and Expenditure Budget (*APBD*)²⁴ includes all money through the Local Treasury Account, which adds equity funds. And it becomes a local right within a year budget and is not required to be repaid.

Local income is classified as follows:

1. Local Original Income; group of Local Original Income divided by type of income consisting of:
 - a. Local tax;
 - b. Local retribution;
 - c. The result of separated wealth management of Aceh/districts/cities and the result of capital participation of Aceh/districts/cities;
 - d. Other Aceh's original income and districts/cities' legal original income.

Local Original Income is all regional income derived from local original economic resources. According to Nurlan (2006), Local Original Income is income obtained by a region based on local regulations in accordance with legislation, and the results are used for the implementation of government tasks and development activities in order to fill autonomous local autonomy.²⁵ Local Original Income is all receipts obtained by local from sources within their own territory levied under local regulations in accordance with prevailing laws and regulations.²⁶

The policy of placing zakat as part of the Local Original Income in Aceh, regulated in Law Number 18 Year 2001 regarding Nanggroe Aceh Darussalam Province, in Article 4 is affirmed:

1. Income sources of the Province of Nanggroe Aceh Darussalam include:
 - a. Local Original Income of Nanggroe Aceh Darussalam Province;
 - b. Balancing funds;
 - c. Funds admission of Nanggroe Aceh Darussalam Province in context of special autonomy;
 - d. Local Loans; and
 - e. Other legal funds admissions.
2. Local Original Income sources of the Province of Nanggroe Aceh Darussalam, as referred to in paragraph (1) letter a, consist of:
 - a. Local tax;
 - b. Local Retribution;
 - c. Zakat;
 - d. Results of local-owned company and the results of other separated local property management; and
 - e. Other legal local income.

Furthermore, zakat as Local Original Income is regulated in Law Number 11 Year 2006 regarding Aceh Government. In Article 180, it is determined that:

- (2) Aceh's Local Original Income source and district/city's Local Original Income as intended in Article 179 Paragraph (2) Letter a consist of:
 - a. Local tax;
 - b. Local Retribution;
 - c. Results of separated local property management belonging to Aceh/districts/cities and results of capital inclusion of Aceh/districts/cities;
 - d. Zakat; and
 - e. Other Aceh's original income and legal district/city's original income.

The management of zakat as Local Original Income in Aceh Besar Regency of Aceh Province becomes the authority of *Baitul Mal* of Aceh Besar Regency, starting from the collection stage, *muzakki* and *munfiq* data collection to determine the amount of zakat and *infaq* that must be collected in accordance with the prevailing provisions as well as the administration of bookkeeping and reporting. Detailed authority of *Baitul Ma* of Aceh Besar Regency can be seen in the following rules:

- a. Article 191 Law No. 11 Year 2006 on the Government of Aceh, states: Zakat, *Waqf* Treasures and Other Religious Treasures are managed by *Baitul Mal* of Aceh and District/City's *Baitul Mal*. Article 12 of the Regulation of Aceh Besar Regent Year 2010 describes that Collection Unit has duty to collect data of

²⁴APBD in bahasa is Anggaran Pendapatan dan Belanja Daerah

²⁵Nurlan Darise, *Pengelolaan Otonomi Daerah* (Jakarta: Indeks Kelompok Gramedia, 2006), page 3.

²⁶Abdul Halim, *Akuntansi Keuangan Daerah* (Jakarta: Salemba Empat, 2004), page 96.

- muzakki* and *munfiq* for the determination of the amount of zakat and *infaq* which must be collected in accordance with the prevailing provisions as well as the administration of bookkeeping and reporting.
- b. Article 15 of the Regulation of Aceh Besar Regent Year 2010 describes that Distribution Unit has the task of distributing zakat in accordance with the prescribed *senif*, distributing *infaq* and other religious property with its designation stipulated under the Shari'a and making accountability and reporting periodically.
 - c. Article 17 Regulation of Aceh Besar Regent Year 2010, Supervision and Development Unit has the duty of monitoring and evaluating internally in the scope *Baitul Mal* of Aceh Besar Regency and guiding externally in the scope *Baitul Mal* of Settlement and *Baitul Mal* of Village.
 - d. Article 21 Paragraph 2 of the Regulation of Aceh Besar Regent Year 2010 explain that the Receipt Treasurer has the duty to accept, save, deposit, administer, and make accountability of all *Baitul Mal* receipt in accordance with applicable regulations. In Article 21 paragraph 3 of the Regulation of the Regent of Aceh Besar Year 2010 explained that the Distribution Treasurer has the duty to conduct expenditure transactions, administer and make accountability in accordance with applicable regulations.
 - e. Article 22 Paragraph 1 of the Regulation of Aceh Besar Regent Year 2010 also explains about Productive Zakat Management Unit (*UPZP*)²⁷ has the task of managing productive zakat which has been separated to be distributed to *mustahik* in accordance with the decision of Head of *Baitul Mal*.

3.3. Management of Regional Original Income (PAD)

Management of Local Original Income is a series of activities that consist of planning, organizing, mobilizing, and supervising that aims to explore and utilize natural resources owned by a local ineffective way in order to achieve regional autonomy goals. The management of *zakat* as a Local Original Income must be done in accordance with the applicable rules. In Article 179 Paragraph (2), it is stipulated that: The management of Aceh's Local Original Income sources and district/city's Local Original Income as referred to in Paragraph (1) Letter a and Letter b shall be conducted in accordance with the laws and regulations.

Local Original Income is one of the main sources of local finance to defray local development, and is expected to increase every year. This is important especially after the local autonomy is enacted, then the local should be able to defray the implementation of their own local development and do not expect assistance from the central government, so that the local can build its own region in accordance with the aspirations and conditions of the local by prioritizing the regional superior potential.

In the management of local finance, one of which is sourced from Local Original Income, must be contained four basic principles, namely:

1. Accountability based on results or performance;
2. Transparency in any government transaction;
3. Empowering professional managers; and
4. The existence of a strong external inspection agency, professional, independent, and avoid duplication in the implementation of the inspection.

The management of local finances, one of which is sourced from Local Original Income, refers to Article 2 Paragraph (2) of Government Regulation Number 105/2000 and Government Regulation Number 106/2000. According to the Government Regulation, the management of local finances is conducted by the local head, but that authority may be delegated partly or completely to the local secretary and/or local finance management agency.

In implementing the mandate of local autonomy, including Local Original Income, the local head should pay attention to the management principles which include:

1. Conducted in an orderly, lawful, effective, efficient, economical, transparent and accountable manner by observing the principles of justice and propriety;
2. Based on Local Income and Expenditure Budget within a certain budget year in the fiscal year of Local Income and Expenditure Budget which equals to the fiscal year of National Income and Expenditure Budget (*APBN/Anggaran Pendapatan dan Belanja Nasional*);
3. All local incomes and expenditures in the context of decentralization are recorded and managed in the National Income and Expenditure Budget;
4. Formulation of National Income and Expenditure Budget is prepared with a performance budget approach, a budget system that prioritizes the efforts to achieve the work results from the appointed cost or inputs allocation;
5. In drafting the Local Income and Expenditure Budget, budgeting of expenditures should be supported by the availability of sufficient amounts of receipt;
6. Income budgeted in Local Income and Expenditure Budget is a rationally measured estimate and budgeted expenditure is the highest limit for each type of expenditure;

²⁷ UPZP in bahasa is Unit Pengelola Zakat Produktif

7. All local financial transactions, whether receipts or expenditures, are implemented through the Regional Cash.

Management of local finances as stipulated in Article 4 Paragraph (2) of Government Regulation Number 58 Year 2005, implemented in an integrated system embodied in Local Income and Expenditure Budget which is annually stipulated by Local Regulation. Local Income and Expenditure Budget is an annual financial plan of local government approved by the Regional House of Representatives. According to Law Number 17 Year 2003 on State Finance, Local Income and Expenditure Budget is the annual financial plan of the Local Government approved by the Local House of Representatives. In the explanation of Law Number 17 Year 2003 mentioned that one of the efforts to improve the process of budgeting in public sector is the implementation of performance-based budgeting that requires performance control criteria and evaluation, as well as to avoid duplication in the preparation of work plans and budgets of state/institutional/local agencies. The unification of performance accountability system in the budgeting system by introducing the system of preparation of work plan and budget of the ministry of state/institution/local agency must be done. In line with efforts to fully implement performance-based budgets in the public sector, it is also necessary to change the classification of budgets to use internationally classification.

All local incomes and expenditures should be recorded and managed in the Local Income and Expenditure Budget. Local income and expenditure is in the context of implementing decentralization tasks. While incomes and expenditures related to the implementation of decentralization or co-administration are not recorded in Local Income and Expenditure Budget. Local Income and Expenditure Budget is the basis of regional financial management within one budget year.

Local Income and Expenditure Budget is an implementation plan of all local incomes and expenditures in the framework of decentralization implementation within a certain budget year. The collection of all local incomes aims to meet the targets set out in the Local Income and Expenditure Budget. Similarly, all local expenditures and ties that burden the local for decentralization are carried out in accordance with the number and targets set out in the Local Income and Expenditure Budget. Because Local Income and Expenditure Budget is the basis of local financial management, Local Income and Expenditure Budget becomes the basis for the activities of control, audit and supervision of regional finances. The budget year of Local Income and Expenditure Budget is the same as the National Income and Expenditure Budget year starting from January 1st and December 31th. So that the management, control, and supervision of local finances can be implemented based on the time frame.

Local Income and Expenditure Budget is prepared with a performance approach—abudget system that prioritizes efforts to achieve the results of work or output from costs or inputs allocation planning set. The amount of incomes budgeted in the Local Income and Expenditure Budget is a rationally measurable estimate that can be achieved for each source of income. Income can be realized beyond the budget amount that has been set. In terms of spending, budgeted spending is the highest limit for each type of expenditure. So, the realization of expenditure should not exceed the amount of budget that has been set.

Expenditure budgeting should be supported by the availability of sufficient quantities of income. Any official is prohibited from taking any actions that result in expenditures on Local Income and Expenditure Budget expenses. Local Income and Expenditure Budget is a form of regional financial management based on Law Number 17 Year 2003—an annual financial plan of local government approved by the Local House of Representatives. (Local Income and Expenditure Budget functioned in accordance with the provisions in Article 3 Paragraph (4) of Law Number 17 Year 2003 on State Finance, namely:

1. Authorization Function, Local Income and Expenditure Budget is the basis for implementing income and expenditure in the year concerned.
2. Planning Function, Local Income and Expenditure Budget is a guide for management in planning activities in the year concerned.
3. Supervision Function, Local Income and Expenditure Budget is a guide to assess whether the implementation of local government in accordance with the provisions set or not.
4. Allocation Function, Local Income and Expenditure Budget directed to reduce unemployment and waste of resources, and improve the efficiency and effectiveness of the economy.
5. Distribution Function, Local Income and Expenditure Budget must contain meaning and pay attention to sense of justice and propriety.
6. Stabilization Function, Local Income and Expenditure Budget must have meaning or must be a tool to maintain and strive for a fundamental balance of the economy.

According to Law Number 33 Year 2004 on Fiscal Balance between Central and Local Governments, Local Income and Expenditure Budget, is an annual financial plan established under local regulations on Local Income and Expenditure Budget. Local Income and Expenditure Budget is a picture or an important benchmark in increasing regional economy potential. That is, if the situation increases, it will have a positive impact on the

increase in Local Original Income. Local Income and Expenditure Budget, is an annual financial plan of local government approved by the Local House of Representatives.

The elements of Local Income and Expenditure Budget are as follows:

1. Local plan activities of a local, with detail description,
2. Source of income with a minimum target to cover costs associated with these activities, and the costs with the maximum limit of expenditure to be executed,
3. The types of activities and projects set in numbers,
4. The budget period which usually 1 (one) year.

In order to activate governance and development, budgets in public organizations have several functions. The main function of the local budget is as a tool of planning, controlling, fiscal policy, politics, coordination, performance appraisal, motivating management, and creating public space.

1. The budget as a planning tool is used to:
 - a. Formulate objectives and policy goals in accordance with the vision and mission set,
 - b. Plan various programs and activities to achieve organizational goals as well as alternative sources of financing,
 - c. Allocate economic resources to the various programs and activities that have been developed,
 - d. Determine performance indicators.
2. Budget as a control tool, which is used to:
 - a. Control production efficiency,
 - b. Limit the power or authority of Local Government,
 - c. Prevent overspending, underspending and misappropriation in budget allocations in other areas that are not a priority,
 - d. Monitor the financial condition and implementation of the program.
3. Budget as a tool of fiscal policy used to stabilize the economy and encourage economic growth through facilities, encouragement, and coordination of economic activities of the community.
4. Budget as a political tool used to prioritize the priorities. The budget as a political document is a form of executive commitment and legislative agreement on the use of public funds for a particular interest. It is no longer a technical problem, but more of a political tool. Therefore, budget preparation requires political skills, qualification building, negotiation skills, and an understanding of the principles of public financial management. Failure in the execution of approved budgets can reduce the credibility or even decline of executive leadership.
5. Budget as a coordination between work units in organizations that are involved in the budgeting process. A well-crafted budget will be able to replace the unity of inconsistencies of a work unit within the scope of the organization's objectives. In addition, the public budget also acts as a communication tool between work units.
6. Budget as a tool of performance evaluation. The budget basically is a form of Local Government commitment to the community authority to carry out government activities and community services. The performance of Local Government will be assessed based on realizable budget targets.
7. Budgets can be used as a tool to motivate Local Government management to work economically, effectively and efficiently in achieving performance targets. In order to motivate employees, the desired budget is challenging but achievable, or demanding but achievable. That is, the performance targets set within the attainable ratio limits (not too high and not too low).
8. Budget can also be used as a tool to create public sphere.

Local Income and Expenditure Budget is essentially one of the policy instruments used as a tool to improve public services and welfare of the community in the local area. Therefore, the Local House of Representatives and the Local Government should strive to create real and structured Local Income and Expenditure Budget that can reflect the real needs of the community in accordance with the potential of each region and can meet the demands of the creation of local budgets that are oriented to the interests and public accountability. Budget planning based on a particular structure and classification is important to get a good budgeting system; and acts as a guide for government in managing the state and as a tool for the community to monitor the policies and capabilities of the government. Budget preparation cannot be separated from the characteristics of a local area, acts as the basis for consideration in the budget allocation.

One of the important aspects of local government that must be carefully regulated is the issue of financial management and local budgets. Local Income and Expenditure Budget is key policy instruments for local governments, occupying a central position in the development of local government capabilities and effectiveness. Local budget should be used as a tool for determining the amount of incomes and expenditures, decision-making and development planning tools as well as the tool of future spending authority and standard measures for performance evaluation and coordination tool for all activities in various work units.

Financial management must deal with income and expenditure management. Income is related to both the amount to be earned and the procedure in obtaining it. While expenditure is related to the amount that must be spent as well as about its allocation place. Local financial management, Local Income and Expenditure Budget is essentially a local annual financial plan in Rupiah, which is a guide for local governments in managing their local finances.

In the context of local autonomy in Indonesia, according to Halim, the budget management process has widespread implications for the implementation of various local government policies, both economically and politically. Each local has a different proportion of financial policy, taking into consideration factors such as local, cultural, and political capacities of the population, culture, politics and rules of the central government. In relation to these financial positions, local governments will not be able to perform their functions effectively and efficiently without sufficient expenses to provide services to the community and implement development. This is because the financial factor is an important thing in every government activity, because almost no government activities that do not require a fee.

With the issuance of the policy of local autonomy, it will bring consequences to various changes in local finance, including on the structure of the Local Income and Expenditure Budget. Before the Law on Regional Autonomy is issued, the current Local Income and Expenditure Budget structure is a balanced budget in which the amount of income equals the amount of expenditure. Following the enactment of the Local Autonomy Law, Local Income and Expenditure Budget structure changes not again balanced budgets, but adapted to local financial conditions. This means that each region has different Local Income and Expenditure Budget structure in accordance with the financial capacity or income of each region. The structure of Local Income and Expenditure Budget based on Minister of Home Affairs Regulation Number 13 Year 2006, "The structure of Local Income and Expenditure Budget is a unit consisting of: 1). Local Income, 2). Local Expenditure, and 3). Local Financing".

1. Local Income

Income budgeted in the Local Income and Expenditure Budget includes all receipts of money through the regional treasury account, which adds equity funds, is a local right within a budget year and not required to be repaid. Regional income is classified as follows:

Local Original Income. Group of Local Original Income is divided by type of income consisting of:

- a. Local Taxes,
- b. Local Levies,
- c. Results of Separated Local Wealth Management, and
- d. Other legal Local Original Income.

2. Local Expenditure

Local expenditure is all regional obligations that are recognized as deduction of net worth in the period of the relevant fiscal year. Based on the Decree of Minister of Home Affairs Number 29 Year 2002, regional expenditure consists of:

- a. Local Apparatus Expenditure,
- b. Public Service Expenditure,
- c. Profit Sharing Expenditure and Financial Aid,
- d. Unexpected Expenditure.

Based on Minister of Home Affairs Regulation Number 13 Year 2006, local expenditure consists of:

- a. Indirect Expenditure

Indirect expenditure is a budgeted expenditure not directly related to the implementation of programs and activities. The indirect expenditure group is divided according to the type of expenditure which consists of:

- [1] Employee Expenditures,
- [2] Interest,
- [3] Subsidies,
- [4] Grants,
- [5] Social Aid,
- [6] Profit Sharing Expenditure,
- [7] Financial Aid,
- [8] Unexpected Expenditure.

- b. Direct Expenditure

Direct expenditure is a budgeted expenditure directly related to the implementation of programs and activities. The direct expenditure group is divided according to the type of expenditure consisting of:

- [1] Employee expenditures, intended for expenditure of honoraria/wages in implementing Local Government programs and activities,
- [2] Expenditure for Goods and Services, and
- [3] Capital Expenditure.

3. Financing

Financing is provided to allocate any receipts to be repaid and/or expenditures to be reimbursed both in the relevant fiscal year and in subsequent fiscal years. Budget execution is the stage where resources are used to implement budget policies. A good budget preparation is a good start both in a logical and chronological way. However, the implementation process does not become simple because of a mechanism that ensures compliance with the preliminary program. Even with good estimates there will be unexpected changes in the macroeconomic environment of the year that need to be reflected in the budget. Of course, these changes should be adjusted consistent with the fundamental policy objectives to avoid disruption of work unit activities and the management of programs/activities.

a. Implementation of Regional Income

The provisions need to be considered in the implementation of the local income budget are as follow:

- [1] All management of local income must be implemented through the local treasury account;
- [2] Every local income must be supported by complete and valid evidence;
- [3] Each unit that collects local income should intensify the collection of income under its authority and responsibility;
- [4] Each work unit may not levy other than those stipulated in the laws and regulations;
- [5] Local income also include commissions, rebates, deductions, or other income by using any name and in any form which may be rated by money, whether directly as a result of sales, exchange, grants, insurance, and/or procurement of goods and services including interest income, demand deposit services or other income arising as a result of the deposit of funds in the bank's budget as well as income from the utilization of regional goods on other activities;
- [6] All incomes from equity funds and other legitimate incomes are carried out through the local treasury account and recorded as regional income.

b. Implementation of Local Expenditure

Any expenditure for local expenditure at the expense of Local Income and Expenditure Budget shall be supported by full and valid evidence. Such evidence shall be authorized by the competent authority responsible for the material truth arising from the use of such evidence. Furthermore, in implementing the local budget must be considered the following matters:

- [1] Cash expenditures that are burdened in Local Income and Expenditure Budget shall not be made before the draft of local regulations on Local Income and Expenditure Budget are stipulated and included in the regional gazette. This cash expenditures do not include binding expenditures and mandatory local expenditures established under the regulation of the local head;
- [2] The basis of expenditure for unexpected expenditures budgeted in Local Income and Expenditure Budget (example, for funding emergency response, natural disaster or social disaster, including return of previous year's surplus income) should be determined by a decision of the local head and notified to the Local House of Representatives (*DPRD*) no later than 1 (one) month since the decision is made;
- [3] The head of the agency/agency of recipient and emergency response shall be responsible for the use of such funds and shall submit reports on the realization of the use of funds to the direct supervisor and the local head in accordance with the procedures for granting and accounting for emergency funds established in the regulation of local head.
- [4] The treasurer of the compulsory collection of income tax (*PPh*) and other taxes shall be obliged to deposit all deductions and taxes collected to the state treasury account at the bank stipulated by the Minister of Finance as a perception bank or postal demand within the period in accordance with the provisions of the law.
- [5] To smooth the implementation of Regional Work Unit duties, users' budget/authorization budget users can be given supplies money managed by the treasurer of expenditure.

Disbursement of local budget is the process of withdrawal of Local Income and Expenditure Budget funds from local public treasury account by user budget/authorization of budget users on Regional Work Unit to Regional Credit Guarantee Company (*PPKD*)²⁸ as Local General Treasure. Payment mechanisms with Local Income and Expenditure Budget funds can be made through direct payments to third parties (*SPP LS*) or through treasurer with inventory money procedures using *SPP-UP*, *SPP-GU*, and *SPP-TU*.

²⁸ PPKD in bahasa is Perusahaan Penjaminan Kredit Daerah

IV. IMPLEMENTATION OF ZAKAT AS LOCAL ORIGINAL INCOME AT BAITUL MAL OF ACEH BESAR REGENCY

The authority given to the *Baitul Mal* of Aceh Besar Regency as the only institution entitled to take care of zakat in the form of Local Original Income, produce the obligation of *Baitul Mal* to manage zakat. Management system is very important to be considered as a handle in carrying out the task. According to Armiadi, there are specialities in the issue of zakat in Aceh –the enforcement of zakat as one source of Local Original Income. However, although as Local Original Income, zakat cannot be used to finance the expenditure that already budgeted in the Local Income and Expenditure Budget, except for the distribution of zakat in accordance with Islamic Shari'a.²⁹

Zakat management is an activity that is initiated by planning, organizing, maintaining, implementing, and supervising on the determination, collection, distribution, and utilization by *Baitul Mal* of Aceh Besar Regency, which are:

4.1. Planning Program

Baitul Mal of Aceh Besar Regency in carrying out its duties and functions as an institution authorized to collect, manage, and distribute the zakat and also has several programs in the collection of zakat, *infaq*, and *shadaqah*. According to the Head of *Baitul Mal* of Aceh Besar Regency, the zakat planning program in *Baitul Mal* of Aceh Besar Regency (receipt of zakat) is determined its target in every year. By 2015, zakat funding is targeted to be 12 billion, but the end-of-year results count as many as 15 billion. Similarly, in 2016, targeted zakat funds that enter as much as 13 billion, but the calculation result at the end of the year is as much as 17 billion.³⁰

This planning program is also planned against the *muzakki* and *mustahik*. According to the Head of *Baitul Mal*, the *muzakki* are from various circles, namely, civil servants, military, police, and entrepreneurs. While the zakat *mustahik* planned according to each *senif*, which consists of 7 *senif*. This is due to the absence of slaves in the present.³¹

All zakat receipts managed by *Baitul Mal* of Aceh Besar Regency are the source of Local Original Income of Aceh Besar Regency and must be deposited to the General Cash of Aceh Besar Regency. Zakat deposit is deposited in the account (maintenance of zakat funds) of Local General Treasurer of Aceh Besar Regency, appointed by the Regent of Aceh Besar. Zakat funds can only be disbursed for the benefit of programs and activities proposed by the *Baitul Mal* Head of Aceh Besar Regency in accordance with their respective *senif*.³²

The management of zakat as the local original income requires various facilities. Administratively, Implementing Agency Head of *Baitul Mal* of Aceh Besar Regency has the task of collecting, distributing, empowering, socializing, developing, and managing zakat, in accordance with the provisions of Islamic Shari'a. However, in order to perform it, certain areas are needed as a hand extension of the leadership in carrying out the zakat management responsibilities.

Baitul Mal Head of Aceh Besar Regency, in carrying out the duties as the Head of Executing Unit, *Baitul Mal* of Aceh Besar Regency has appointed several staff directly responsible to the head of *Baitul Mal* of Aceh Besar Regency. The staffs of *Baitul Mal* of Aceh Besar Regency include; Zakat Collection Staff, Distribution and Utility Staff, Supervisory Staff, Socialization and Development Staff, and Trust and Religion Staff. Each of these staffs represents his field of work assisting the Head of *Baitul Mal* in accordance with the given responsibility. Fields directly related to the management of zakat is the field of zakat collection; distribution and supervision; and socialization and coaching.

2. Collection Program

Collection Unit at *Baitul Mal* of Aceh Besar Regency has tasks to collect data of *muzakki* in order to determine of the amount of zakat that must be collected in accordance with applicable provisions as well as to organize bookkeeping and reporting. In carrying out the task, Collection Unit is given the authority to perform

²⁹ Armiadi, *Op.Cit.*, page 45-46.

³⁰ Interview with Head of *Baitul Mal* of Aceh Besar Regency on Thursday, January 12th 2017 at *Baitul Mal* of Aceh Besar Regency

³¹ Interview with Head of *Baitul Mal* of Aceh Besar Regency on Thursday, January 12th 2017 at *Baitul Mal* of Aceh Besar Regency

³² Interview with Head of *Baitul Mal* of Aceh Besar Regency on Wednesday, November 30th 2016 at *Baitul Mal* of Aceh Besar Regency

inventory and data collection of *muzakki* with the aim of calculating the potential of zakat as a whole both from Zakat Collection Unit of companies and individuals.³³

The Collection Unit is also given the authority to make a *mustahik* record, with the aim of ensuring the right amount of *mustahik* to be eligible to receive zakat funds in the year concerned. This unit is also given the authority to carry out the operational compilation of zakat collection, perform the zakat data collection administration and reporting in accordance with the accounting requirements, as well as carry out the preparation of reports periodically.

If examined further, then the most difficult task carried by the Collection Unit, which starts from the task of collecting zakat until carry out inventory and data collection of *muzakki*. *Muzakki* data collection is performed in order to calculate the potential of zakat as a whole both from the unit of zakat collectors companies or individuals. *Muzakki* data collection aims to determine the amount of zakat that must be collected in accordance with the provisions of Islamic Shari'a. Besides, the data of *mustahik* is also important in order to know the number of *mustahik* that exist in Aceh Besar Regency and whether they qualify to receive zakat or not. Then, Collection Unit also given the task of organizing the administration of bookkeeping and reporting as well as the implementation of operational arrangement of zakat collection. Therefore, in the effort of collecting zakat in Aceh Besar Regency, a Zakat Collection Unit has been established, given the authority for the implementation of *muzakki* data collection, and conducting zakat collection. According to the Zakat Collection Staff, the Zakat Collection Unit is divided into three types according to the existence of *muzakki* itself. The *muzakki* in Aceh Besar Regency consists of civil servants, Regional Owned Enterprises employees, and contractors who obtained the job of chartering or the procurement of goods/services to the Aceh Besar Regency Government or individuals who have business activities within the regency of Aceh Besar.³⁴

"...first; since 2009 there are instructions from the Regent, all Aceh Besar civil servants salary cut 2.5% for those who reached *nisab* of zakat. But for those who have not reached *nisab*, then *infaq* will be charged as much as 1%. Second; individuals or traders from socialization (some came directly to Baitul Mal or called, then picked up by the Baitul Mal Aceh Besar. Third; who got a job from the Aceh Besar Regency Government and also from the Regent's instructions, such as contractor. Their income will be deducted for zakat, and directly by the Finance Department (DPPKD) ... "

The collection of zakat in government agencies including Regional Owned Enterprises, and the Contractors is done directly by the Zakat Collecting Unit, which is in the agency through the treasurer of District Work Unit (SKPK)³⁵ in Aceh Besar Regency Government. So Zakat Collection Unit is held by the treasurer of government or private agencies. While Zakat Collection Unit on individuals directly from the Baitul Mal of Aceh Besar Regency appointed by the Head of Baitul Mal.³⁶

Thus, the Zakat Collection Unit is an organizational unit formed by Baitul Mal of Aceh Besar Regency with the task of collecting zakat of *muzakki* on government agencies and private environments. Here it is seen that the authority of Zakat Collection Unit is limited to collect on each unit and is not authorized to develop and distribute to *mustahik*. Where the development and distribution to *mustahik* is the duty of Baitul Mal instead of the Zakat Collection Unit responsibility.

Zakat Collection Unit in each government and private agency is given the authority to collect zakat from *mustahik* that exists in the institution in the form of zakat income. Zakat is deducted on any salary payment for civil servants or employees and other officials who work in the Aceh Besar Regency Government. The amount of deductions for zakat on the income is 2.5% (two and a half percent) of the salary amount in accordance with the list of salaries that above zakat or in accordance with the establishment of the Baitul Mal Sharia Consideration Board.³⁷

Quotation of income zakat from institutions or government agencies and private sector is only done for certain circles, ie only for the Muslims with the provision of income that has reached *nisab* year. So zakat is only quoted from civil servants or employees or officials whose income has reached the *nisab*, whereas for those whose income have not reached the *nisab* is not done zakat income deductions, but charged *infaq* as much as 1% cited by Zakat Collection Unit of each agency.

³³Record from Baitul Mal of Aceh Besar Regency about Aceh Besar Regent Regulation Number 3 Year 2010

³⁴Interview with Staff of Zakat Collection Unit on Monday, August 8th 2016 at Baitul Mal of Aceh Besar Regency

³⁵SKPK in bahasa is Satuan Kerja Perangkat Kabupaten

³⁶Record from Baitul Mal of Aceh Besar Regency about Aceh Besar Regent Regulation Number 3 Year 2010

³⁷Record from Baitul Mal of Aceh Besar Regency about Aceh Besar Regent Regulation Number 3 Year 2010

After the zakat is collected, the zakat is deposited to the Regional Cash of Aceh Besar Regency on the Special Account of Zakat and recorded as Local Original Income. After the amount of zakat paid to Zakat Special Treasury, its report also submitted to *Baitul Mal* of Aceh Besar Regency. The officer at Zakat Collection Unit also explained that the result of the zakat deductions is paid to the Regional Treasury of Zakat Special Account at the beginning of each month and recorded as Local Original Income. Furthermore, a copy of the deposit is submitted to the General Treasurer and *Baitul Mal* of Aceh Besar Regency.

Zakat mal collection is also done by Local Original Income on National Owned Enterprises and Regional Owned Enterprises and other regional institutions in Aceh Besar Regency, including from businessman and individual business. The results of zakat mal collection at the end of each month deposited by the relevant Zakat Collection Unit to the Zakat Special Account Zone and recorded as Local Original Income and a copy of the deposit receipt is submitted to the General Treasurer and *Baitul Mal*.³⁸

According to the Local General Treasurer the collection of zakat as Local Original Income is done in 2 stages, namely: (1) through the power of Local General Treasurer and collected through Fund Disbursement Order (SP2D)³⁹, which directly handled by the treasurer in Local General Treasurer; (2) through the treasurer of the agencies or SKPK

3. Disbursement of Zakat as Local Original Income in *Baitul Mal* Aceh Besar

The distribution of zakat by *Baitul Mal* of Aceh Besar Regency is a form of budget implementation by Aceh Besar Regency Government. Budget execution is the stage where resources are used to implement budget policies. A good budget preparation is a good start both in a logical and chronological way. However, the implementation process does not become simple because of a mechanism that ensures compliance with the preliminary program.

Basically, budget execution is adjusted to Family Income and Expenditure Budget which has been approved by District House of Representatives. The Family Income and Expenditure Budget itself begins with the submission of the General Policy of the Local Income and Expenditure Budget of the subsequent fiscal year in line with the Local Government Plan as the basis for drafting the District Budget Revenue Plan (RAPBK)⁴⁰ to the District House of Representatives. Furthermore, District House of Representatives discussed general policy of Family Income and Expenditure Budget proposed by Local Government in preliminary discussion of RAPBK next fiscal year. Based on the general policy of the Family Income and Expenditure Budget agreed by the District House of Representatives, the Regional Government together with the District House of Representatives discuss the priorities and ceiling of the temporary budget to be used as a reference for each Regency Work Unit.

Based on the General Policy of the Family Income and Expenditure Budget, the temporary strategy and ceiling set by the government and the District House of Representatives, the Head of Regency Work Unit as Budget User shall prepare the next year Working Plan and Local Working Unit Budget (RKA-SKPD)⁴¹ with a performance-based approach to be achieved. Work plans and budgets are accompanied by estimates of expenditures for the following year after the fiscal year that has been drawn up. Further work plans and budgets are submitted to the District House of Representatives for discussion in the introduction of the RAPBK. The results of the discussion of work plans and budgets are submitted to the Local Finance Management Officer as the material for preparing the Local Regulation Plan on the next Family Income and Expenditure Budget.

After document of Local Regulation Draft on Family Income and Expenditure Budget has been prepared, the Local Government submits a Local Regulation Draft on Family Income and Expenditure Budget along with the explanation and supporting documents to the District House of Representatives. The discussion of Local Regulation Draft on Family Income and Expenditure Budget between Regency Government and District House of Representatives is done in accordance with the Law regulating the structure and position of Local House of Representatives. In the discussion of the Qanun of Family Income and Expenditure Budget Draft, the District House of Representatives may propose a change of incomes and expenditures in the Local Regulation Draft on Family Income and Expenditure Budget. According to Article 186 of Law Number 23 Year 2014, the Local Regulation Draft on Family Income and Expenditure Budget which has been agreed together and the Regency Regulation Draft within 3 (three) days shall be submitted to the Governor for evaluation. Evaluation results shall be submitted by the Governor to the Regent no later than 15 (fifteen) days from the date of receipt of the draft of the Regency Regulation Draft and Regent Regulation Draft on the description of Family Income and Expenditure Budget. Decision-making on the Local Regulation Draft on Local Income and Expenditure Budget shall be conducted by the District House of Representatives at least one month before the

³⁸ Record from Baitul Mal of Aceh Besar Regency about Aceh Besar Regent Regulation Number 3 Year 2010

³⁹ SP2D in bahasa is Surat Perintah Pencairan Dana

⁴⁰ RAPBK in bahasa is Rencana Anggaran Pendapatan Belanja Kabupaten

⁴¹ RKA-SKPA in bahasa is Rencana Kerja dan Anggaran Satuan Kerja Perangkat Aceh

relevant fiscal year. Family Income and Expenditure Budget approved by the District House of Representatives is detailed until organizational units, functions, programs, activities, and types of expenditure.

The execution of the budget is carried out in stages in accordance with chronologies set forth in legislation, which begins with Preparation of Budget Implementation Document (DPA) of Regency Work Unit. The draft of Regency Work Unit budget implementation document shall be notified to all Heads of Regency Work Unit by the Local Finance Manager (PPKD) no later than 3 (three) working days after the Local Regulation on Local Income and Expenditure Budget is stipulated. The draft of Regency Work Unit budget implementation document should contain details on the objectives to be achieved, the planned programs and activities, the budget available to achieve the objective, and the planned of funds withdrawal from each Regency Work Unit as well as the estimated income. Upon completion, the Head of SKPK must submit the Budget Implementation Document District Device Work Unit (DPA SKPK)⁴² to the Regional Finance Manager (PPKD)⁴³ no later than 6 (six) working days after the notification of the preparation of the RKA-SKPD is received by each SKPK.

Furthermore, together with the Local Government Budget Team, the local finance management official verifies the draft of DPA-SKPD within 15 (fifteen) working days after the stipulation of regional head regulation on the description of Family Income and Expenditure Budget. And based on the results of this verification, the Local Finance Manager approved the DPA-SKPK with the approval of the Local Secretary. The approved DPA-SKPK is then used as the basis for budget execution by Regency Work Unit heads as users of budget/goods.

In the implementation of the Local Income Budget, the provisions that should be considered in this is all management of the local income should be implemented through the local public treasury account. Each local income must be supported by a complete and legitimate evidence. Each unit that collects local income should intensify the collection of income under its authority and responsibility. Each work unit shall not levy other than those stipulated in the laws and regulations.

In the implementation of the Local Budget, any expenditure for local expenditure on the burden of the Family Income and Expenditure Budget should be supported by a complete and valid evidence. Such evidence shall be authorized by the competent authority responsible for the material truth arising from the use of such evidence. Furthermore, in carrying out the local budget, the following issues must be considered, namely: (1) cash expenditures that become the burden of the Family Income and Expenditure Budget should not be done before the draft local regulations on Family Income and Expenditure Budget set and included in the sheet area. Such cash expenditures do not include binding expenditures and mandatory local expenditures established under the regulation of the local head; (2) the basis of unexpected expenditures budgeted in the Family Income and Expenditure Budget (for example, fund for emergency response, natural disaster or social disaster, including the return of the previous year's surplus income) should be determined by a decision of the local head and notified to the District House of Representatives no later than 1 (one) month since the decision is made; (3) the head of the agency/agency of recipient and emergency response shall be responsible for the use of such funds and shall submit reports on the realization of the use of funds to the direct supervisor and the local head in accordance with the procedures for granting and accounting for emergency funds established in the regulation of local head. The treasurer of the expenditure as compulsory for income tax and other taxes shall be obliged to deposit all deductions and taxes collected to the state treasury account at a bank stipulated by the Minister of Finance as a perception bank or postal demand within the period in accordance with the provisions of the law. To smooth the implementation of Regency Work Unit duties, to budget users/authorization budget users can be given money supplies administered by the treasurer of expenditure.

However, in connection with the implementation of the budget by *Baitul Mal* of Aceh Besar Regency, especially in the implementation of zakat funds, a special procedure is done due to the zakat fund is a special form of Local Original Income. Specific Local Original Income disbursement procedures do not need to wait for approval of Family Income and Expenditure Budget by District House of Representatives, but immediately disbursed after zakat funds are collected. According to the Head of *Baitul Mal* of Aceh Besar Regency, the implementation of the budget in the disbursement of zakat funds is done through a grant procedure based on BPK RI's suggestion. After Zakat Collection Unit collects the income zakat, it is deposited to the Local Cash of Aceh Besar Regency on the Special Account of Zakat and recorded as Local Original Income. Zakat Collection Unit deposits to Local General Treasurer, then puts into as Original Regional Revenue (PAD-SUS).⁴⁴ After becoming Local Original Income, because it is special, then returned to the *Baitul Mal* to be managed. "In other words, local government returns to the *Baitul Mal* as a grant fund, then *Baitul Mal* distributed to *asnaf*. So the

⁴² DPA SKPK in bahasa is Dokumen Pelaksanaan Anggaran Satuan Kerja Perangkat Kabupaten

⁴³ PPKD in bahasa adalah Pejabat Pengelola Keuangan Daerah

⁴⁴ PAD-SUS in bahasa is Pendapatan Asli Daerah- Khusus

Regent of Aceh Besar Regency grant zakat funds to Baitul Mal of Aceh Besar Regency, then Baitul Mal distributing zakat funds in accordance with the asnaf set”.

Based on the explanation of Local General Treasurer of Aceh Besar Regency, the distribution of zakat as Local Original Income in Aceh Besar Regency is done through a grant which is made in a grant note. Content of a memorandum of understanding on the zakat grant done by the Aceh Besar Regent to the Head of Baitul Aceh Besar is then to be managed by *Baitul Mal*. So based on the grant note, Local General Treasurer disburses grant funds, without Local General Treasurer grant notes, *Baitul Mal* will not withdraw the funds.

The implementation of grant by Aceh Besar Regent was based on the Regulation of Aceh Besar Regent Number 44 Year 2012 on the Regulation Amendment of Aceh Besar Regent Number 18 Year 2011 regarding the Procedures of Budgeting, Implementation and Administration, Reporting and Accountability, Monitoring and Evaluation of Grant and Social Aid of Aceh Besar Regency Government.

As it has been stated that Zakat Collection Unit is only in charge of collecting zakat, then the income zakat are paid to the Local Cash of Aceh Besar Regency on the special account of zakat and recorded as Local Original Income. After the amount of zakat funds deposited in the special treasury of zakat, the report also submitted to *Baitul Mal* of Aceh Besar Regency. Then *Baitul Mal* distributed zakat to *mustahik* in Aceh Besar Regency, through Zakat Distribution and Utilization Unit. According to the Staff of Distribution and Utilization Unit, Distribution and Empowerment Unit has the duty of distributing zakat in accordance with the designated *asnaf* and designation stipulated under the Shari'a and making accountability and reporting periodically.⁴⁵

To carry out the tasks, Distribution and Utility Unit uses the function as *arnustahik* data collection in accordance with the provisions of the Shari'a. Based on data from *Baitul Mal* of Aceh Besar Regency, the type of *mustahik* who received zakat funds in Aceh Besar Regency include:

a. Consumptive and senile *fakir*

Senile *fakir* is the poor people who are more than 65 years old or even reaching 100 years. They have no property, no fixed income and aid, and stay at a relative's house, while their condition is sickly and requires special care. *Baitul Mal* of Aceh Besar Regency gave a compensation for them as much as Rp.300.000/month.

b. Poor people

Poor people are the ones who need help and cannot cover their basic needs in accordance with the prevailing habits. Poor by the majority of scholars are defined as people who have no property and do not have a work to meet their needs. Referring to *Baitul Mal* of Aceh Besar Regency, the poor is given zakat 1 times a year. For example the poor who need medical expenses, then they submit a proposal to the *Baitul Mal* with accompanying doctor's certificate. And this is just incidental.⁴⁶“... *poor incidental is just once a year. For example he needs medical expenses, proposes proposal and a doctor's certificate*”

c. Converts people

Converts are people who change their religion into Islam for less than a year and still need help in adapting to their new conditions. This applies in order to achieve the goals coveted by Islamic law. *Baitul Mal* of Aceh Besar Regency, approximately 2 years ago fostering a total of 12 householdhead converts which is placed in *Awek* Village. They are given houses of residence and land to grow crops. In addition they are also provided compensation for agricultural needs. Converts also given explanation and religious motivation as well as receive funds directly and cash in accordance with the amount of funds allocated.

d. *Fisabilillah*

Fisabilillah is a person struggling on the path of Allah in the broadest definition in accordance with established by the religious scholars. The point is to protect and nurture religion and to elevate the phrase of *tauhid*, like one who is studying but lacks in funding. So it is reserved for students from less fortunate families and according to predetermined requirements. Besides, it also finances *tahfiz* program aimed at capacity building for Aceh Besar Regency generation. They are sent to *pesantren*, both in Aceh and outside Aceh, such as in Tomboro, East Java, including Ma'hadTahfizul Quran Yala Thailand. Now students of *Tahfiz* targeted by *Baitul Mal* of Aceh Besar Regency as much as 65 people consisting of 11 females and 54 males.

e. *Gharimin*

Gharimin is a person who has a lot of debt and cannot afford to pay it back because of losses in the business. In this case, *Baitul Mal* only provides zakat funds for those who are in debt for their living needs only. Like owed to pay for children school, to meet the needs of every day, and etc.

f. *'Amil*

⁴⁵ Interview with Staff of Distribution and Empowerment Unit on Monday, August 8th2016 at Baitul Mal of Aceh Besar Regency

⁴⁶ Interview with Staff of Distribution and Empowerment Unit on Wednesday, January 18th 2017 at Seutui

'Amil zakat means all parties acting in dealing with the collection, storage, maintenance, recording, data collection, and distribution of zakat property. In this case, there are officers who are given a special task by the board to do something related to the collection and distribution activities of zakat, ie 'amil of Zakat Collection Unit and 'amil of Local General Treasurer.

g. *Ibn Sabil*

Ibn Sabil is a person who travels to obey a devotion, not disobedience. Then he was unable to reach his destination unless with help. Obedience is like hajj, jihad, and recommended pilgrimage.

Thus, Distribution Unit distributes zakat in accordance with the established *senif*, stipulated under the Shari'a and makes accountability and reporting periodically. The funds that have been distributed will be made periodically at the end of the year and the report also covers the accountability of all funds that already disbursed.

V. CONCLUSIONS

The collection of profession zakat at government agencies in Aceh Besar Regency is done directly by the Zakat Collection Unit in the agency through the treasurer of Regency Work Unit in Aceh Besar Regency government. Zakat is deducted on any salary payment for civil servants or employees and other officials who work in the government of Aceh Besar Regency. The collection of zakat mal is done by Zakat Collection Unit on National Income and Expenditure Budget; and Local Income and Expenditure Budget, businessman, individual business in Aceh Besar Regency. After zakat collected, then it is deposited to the Local Cash of Aceh Besar Regency on the Special Account of Zakat and recorded as Local Original Income, the report also submitted to *Baitul Mal* of Aceh Besar Regency. All zakat receipts managed by *Baitul Mal* of Aceh Besar Regency must be deposited to the General Cash of Aceh Besar Regency. Zakat deposit is stored in the account (maintenance of zakat funds) separately by Local General Treasurer Aceh Besar Regency. Zakat funds can only be disbursed for the benefit of programs and activities proposed by the Head of *Baitul Mal* of Aceh Besar Regency in accordance with their respective *senifs*. Budget implementation performed by *Baitul Mal* of Aceh Besar Regency, especially in the implementation of zakat funds, is done through a special procedure because zakat fund is a special form of Local Original Income. Local Original Income disbursement procedures do not need to wait for approval of Family Income and Expenditure Budget by District House of Representatives, but immediately disbursed after zakat funds are collected. The budget implementation in the disbursement of zakat funds is done through a grant procedure based on the advice of Audit Board of the Republic of Indonesia. The Regent of Aceh Besar Regency grants zakat funds to *Baitul Mal* of Aceh Besar Regency, then *Baitul Mal* distributes zakat funds in accordance with the established *asnaf*.

It is expected that the government of Aceh Besar Regency should complete the zakat collection procedure, since the zakat fund has become the Local Regional Income, which means that it has become part of the state finance, so the collection and the use must also be in accordance with the governance of state finance.

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