Preparedness Response of Indonesian Tax Offices Concerning the *Zakat* as a Taxable-Income Deduction

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Introduction

- Not many Muslim pay zakat (only Rp1.2 t from Rp217 t)
- To enhance zakat payments, incentives were given to zakat payers
- Government regulation No. 60/2010 to be fully implemented
- The paper aims to analyze the preparedness of tax office in informing the procedure of zakat as taxable income deduction.
Theoretical Background

- *Zakat* has been a deduction of taxable income in Indonesia since 1999
- The government approves only 19 institutions to process the *zakat*
- A successful implementation of the tax policy must be supported by an efficient tax administration (Rani and Arora, 2011)
- Cokelc and Oplotnik (2012) argued that good regulations can improve tax services and affect economic growth
Research Methodology

• The research conducted about the zakat and tax offices employed phone interviews as the primary data-collection method.

• The period of data collection was from March 2012 to June 2012.

• Samples were taken from seven objects/offices comprising customer service centers, with two different periods of interviews and five different tax office locations.
## Analysis

### Table 1. Classification of Respondents

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<th>Sex type</th>
<th>City type</th>
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</table>
a. Introductory Response

- Only one tax officer who could directly respond to the issue of zakat as a taxable income deduction
b. The *Zakat* Process

- One tax office that permitted only the taxpayer to make payments to Baznas
Tax offices gave different responses when they had to explain how to get a taxable income deduction in detail.
c. Tax Correction

- Responses on tax correction varied
• Tax solutions given by each tax office were different
• City tax offices gave other explanations that regional offices did not, such as materiality issues and meeting requirements.
Conclusion

• The preparedness of tax offices in responding to the issue of the *zakat* as a taxable income deduction indicated that they are not prepared.

• To respond to questions about and to process the *zakat* as a taxable income deduction, tax officers should know the updated regulations and issues.