# The Influence of Zakat Knowledge, Tax Knowledge, and Relegius on Zakat As a Tax Reduction in The City of Banda Aceh

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**INFO ARTICLE**

**A B S T R A C T**

This research is motivated by Muzakki's perception of Zakat as a tax deduction in Banda Aceh City. This goal can be achieved with various strategies, including increasing knowledge of Zakat, Taxes, and Religiosity in the people of Banda Aceh City. This study measures Muzakki's perceptions of Zakat as a tax deduction in Banda Aceh City. The population in this study was 175 civil servant respondents at the Banda Aceh City Hall office. The data is processed using Structural Equation Modeling (SEM) to determine the effect of the variables. The study results show that Knowledge of Zakat positively and significantly affects Zakat as a tax deduction. The influence of tax knowledge has no significant effect on Zakat as a tax deduction. Religiosity has a positive and significant effect.

**A B S T R A K**

Penelitian ini dilatar belakangi oleh persepsi muzakki terhadap zakat sebagai pengurangan pajak di Kota Banda Aceh. Pencapain tujuan tersebut bisa dilakukan dengan berbagai strategi diantaranya adalah peningkatan dalam hal pengetahuan Zakat,Pajak,dan Religiusitas pada masyarakat Kota Banda Aceh. Penelitian ini bertujuan untuk mengukur persepsi muzakki terhadap zakat sebagai pengurang pajak di Kota Banda Aceh. Populasi pada penelitian ini adalah 175 responden PNS pada kantor balai Kota Banda Aceh. Data diproses dengan Structural Equation Modeling (SEM) untuk mengetahui pengaruh dari variabel variabel. Hasil penelitian menunjukkan Pengetahuan Zakat berpengaruh positif dan signifikan terhadap Zakat sebagai pengurang pajak. Pengaruh pengetahuan pajak tidak berpengaruh signifikan terhadap zakat sebagai pengurang pajak. Religiusitas berpengaruh positif dan signifikan.

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## 1. INTRODUCTION

Banda Aceh City residents who have paid (collected) Zakat have contributed (required to contribute) 2.5% of their income to provincial PAD or Regency/City PAD due to special autonomy. In contrast, Banda Aceh City residents who pay Zakat should have the right to deduct taxes. The income is 2.5% of the provisions that apply nationally because of special autonomy, thus providing relief or convenience to the people of Aceh, as hoped by the initiators, the implementation of special autonomy in Zakat. Still, until now, it has yet to be implemented since the Law. The Aceh Government Law was passed in 2006. Only now, the 2.5% zakat on income paid by muzakki (obligatory Zakat) has been able to reduce income tax. Hence, the people of Banda Aceh City must pay double (double tax) 15% income tax plus 2,5%. Based on the above phenomenon, the people of Banda Aceh City still need to understand Zakat, taxes, and Religiosity regarding Zakat as a tax deduction factor. This research is expected to show the main factors behind the influence of Zakat as a tax deduction. This is important so that the potential for Zakat to be used as a tax deduction in Banda Aceh City can be realized so that it can be used as an alternative source of state income and other financing sources. In this research, the theme of the influence of Zakat as a tax deduction factor is raised because the regulations implemented by the government are less significant regarding knowledge about Zakat, taxes, and religion from the people of Banda Aceh City themselves regarding Zakat as a tax deduction factor, because not all the people of Banda Aceh City know about it. Zakat is a tax deduction factor for some of the people of Banda Aceh City who work as employees of state-owned enterprises, and civil servants are the only ones who understand this idea.

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## 2. THEORETICAL REVIEW

Market mechanisms are often associated with the topic of balancing market activity. Conditions of balance or equilibrium define a condition in which supply and demand factors are in balance. This scenario will result in price and quantity variables that remain constant in the market. Prices and quantities balance, and transactions occur as a result of these conditions. Adjustments to the market price balance can occur in three forms: buyer requests, seller offers, and offers and requests from both parties (Pratomo & Taufik, 2018).

Yuliana (2017) Zakat knowledge is people's knowledge about Zakat, the purpose and benefits of Zakat, and the impact that will be obtained from paying Zakat, which will give birth to a culture of giving Zakat to society as an obligation that must be fulfilled. Zakat management is regulated in the Zakat Management Law number 38 of 1998. Zakat is a property that must be set aside by a Muslim or an entity owned by a Muslim by religious provisions to be given to those entitled to receive it. Wijayanti (2015) Tax knowledge is a process where taxpayers understand and know about tax regulations and laws as well as tax procedures and apply them to carry out tax activities such as paying taxes, reporting SPT, etc. Muhammad Nasrullah (2015) says that Religiosity is an important driving factor and can influence consumer behavior. This is based on consumers' decisions to buy products depending on their level of faith. The word "religion" comes from the Latin "*religion*," whose root word is "Religare," which means "to bind." the meaning is that in religion (religion) in general, there are rules and obligations that must be carried out, all of which function to bind a person or group of people about God among humans and the natural world around them.

Zakat, which can be a deduction from income tax, is Zakat paid through zakat recipient bodies/institutions established by the government by the provisions in Article 22 of Law no. 23/2011, which reads: "Zakat paid by muzakki to BAZNAS or LAZ is deducted from taxable income." The obligation to pay Zakat is the fourth pillar of Islam, which aims to perfect worship during Ramadan and purify oneself because one is willing to give up some of one's wealth to others. Plus, it pays Zakat. It also provides other benefits, namely as a deduction from gross income in calculating Income Tax. This is done so that Muslims who wish to pay Zakat are not subject to a double burden. This rule also encourages Muslims to remain religious while fulfilling social aspects.

**Research paradigm**
Based on the framework previously explained, the research paradigm or relationship between variables or concepts in a study is shown in Figure 1.
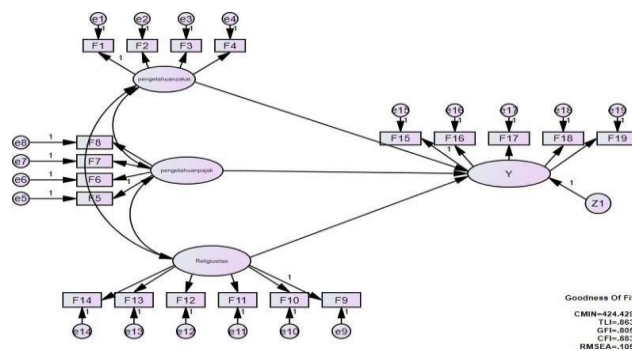


**Figure 1 Research Paradigm**

Based on the research background and theoretical basis previously stated, the hypothesis in this research is:
  H1: *Knowledge of Zakat's* influence on *Zakat as a Tax Deduction*
  H2: *Tax Knowledge* Influence on *Zakat as a Tax Deduction*
  H3:  *Religiosity* Influence on *Zakat as a Tax Deduction*
  H4: *Influence of Zakat Knowledge, Tax Knowledge, and Religiosity* influence *Zakat as a Tax Deduction.*

## 3. RESEARCH METHOD

This type of research is quantitative research, which is descriptive quantitative. Sugiyono's (2021) research was conducted to determine the value of independent variables, either one or more variables (independent), without making comparisons or connecting them with other variables. This research analyzes the data quantitatively and then interprets the analysis results to obtain a conclusion. This research discusses the influence of zakat knowledge, tax knowledge, and Religiosity on Zakat as a tax deduction

in Banda Aceh City.

Structural equation (structural equation), systematically the causal links between the constructs in the research can be stated as follows:

Y =$\beta$1PZ+ $\beta$2PP+ $\beta$3R+ e

Where:

Y: dependent variable,

$\beta$1, $\beta$2, $\beta$3: coefficient,

PZ, PP, R: independent variables and

e: error

This research used 175 City Government Civil Servant respondents at the Banda Aceh City Hall office.

## 4. FINDINGS AND DISCUSSION

**SEM Assumption Test Testing**

Testing data using the SEM analysis model must also consider testing SEM assumptions, which consist of testing for outliers, normality, evaluation of residual values, multicollinearity, and singularity (Bahri & Zamzam, 2015).

**Testing Outliers**

Outlier testing is one testing SEM assumptions that aim to see outlier values or extreme values from the data being observed. Testing the SEM outlier assumption is carried out in two ways, namely univariate outliers and multivariate outliers. Multivariate Outliers can be seen with the Mahalanobis Distance value. The data is not indicated as an outlier if the p1 and p2 values in the Mahalanobis results are greater than 0.05.

### Data normality Valution

Data normality testing is the main requirement in testing using the SEM model. The goal is to see whether the data is normally distributed or not. Normality testing in SEM using AMOS was carried out univariate and multivariate. Data is normal if cr *skewness* and c.r *crisis* on each indicator are below 2.58.

**Table 4**
**Data Normality Test**

| Variable | min | max | skew | c,r, | kurtosis | c,r, |
|---|---|---|---|---|---|---|
| Y5 | 2.000 | 5.000 | -1.449 | -7.823 | 2.016 | 5.445 |
| Y4 | 1.000 | 5.000 | -1.568 | -8.468 | 3.517 | 9.498 |
| Y3 | 1.000 | 5.000 | -1.485 | -8.017 | 2.885 | 7.791 |
| Y2 | 1.000 | 5.000 | -1.400 | -7.560 | 2.722 | 7.350 |
| Y1 | 1.000 | 5.000 | -1.752 | -9.463 | 4.240 | 11.449 |
| R6 | 1.000 | 5.000 | -1.393 | -7.524 | 2.297 | 6.202 |
| R5 | 1.000 | 5.000 | -1.689 | -9.120 | 4.746 | 12.816 |
| R4 | 2.000 | 5.000 | -.848 | -4.579 | .340 | .919 |
| R3 | 2.000 | 5.000 | -.818 | -4.420 | .021 | .055 |
| R1 | 1.000 | 5.000 | -1.078 | -5.820 | 1.470 | 3.970 |
| PP4 | 1.000 | 5.000 | -1.506 | -8.132 | 2.733 | 7.379 |
| PP3 | 1.00 | 5.00 | - | -7.532 | 2.172 | 5.866 |

| Variable | min | max | skew | c,r, | kurtosis | c,r, |
|---|---|---|---|---|---|---|
|  | 0 | 0 | 1.395 |  |  |  |
| PP2 | 1.000 | 5.000 | -1.537 | -8.300 | 2.805 | 7.573 |
| PP1 | 1.000 | 5.000 | -1.576 | -8.511 | 2.335 | 6.305 |
| PZ4 | 2.000 | 5.000 | -2.338 | -12.626 | 5.458 | 14.738 |
| PZ3 | 1.000 | 5.000 | -4.964 | -26.808 | 29.073 | 78.507 |
| PZ2 | 1.000 | 5.000 | -3.168 | -17.111 | 10.966 | 29.610 |
| PZ1 | 1.000 | 5.000 | -3.840 | -20.741 | 18.101 | 48.878 |
| Multivariate |  |  |  |  | 289.461 | 71.353 |

*Source: Primary data processed, (2023)*

From the results of normality data processing shown in Table 4, there are two tests: normality testing *univariate* and *multivariate*. *Univariate* data was tested by looking at the c.r value *skew* and c.r*kurtosis*, then comparing it with the determined value greater than 2.58. From the results above, there is a c.r*skew* in the variable PZ2, which has a c.r value of -17.111, which is greater than 2.58, and in the results of c.r*kurtosis* the PZ2 variable has a c.r value of 29.610 which is greater than 2.58. That means *univariate.* The variables in this study have normally distributed data. This is also supported by normality testing *multivariate* where the c.r value is 71.353, which is above 2.58, which shows that *multivariate* Research variables have normally distributed data.

**Process and Results of Data Analysis**
Research requires data analysis and interpretation, which will later be used to get answers to research statements to reveal certain events. So, data analysis is the process of simplifying data into a form that is easier to read and interpretably. The model used in this research is a quality model or relationship or influence. To test the proposed hypothesis, the analysis technique used is SEM (*Structural Equation Models)*, using the SEM analysis method. SEM can discover the dimensions of a construct and, at the same time, measure the influence or degree of relationship between the factors that have been identified in these dimensions (Ferdinand, 2011); as is already known, this research carried out analysis using SEM (*Structural Equation models)* To attempt to test the hypothesis, the research model contains 19 indicators that are linked to the test causality between hypothesized variables.

**Confirmatory Factor Analysis**
Confirmatory factor analysis is a step in measuring the indicators that form latent variables in the research model. The latent variables or constructs used in this research model contain three exogenous variables (Knowledge of Zakat, Knowledge of Taxes, and Religiosity) and one endogenous variable (Zakat as a Tax Reduction) with 19 indicators. Like ordinary factor analysis, Confirmatory factor analysis aims to test the unidimensionality of the indicators forming each latent variable. Then, the confirmatory factor analysis results for each model will be studied. The data processing results in analyzing confirmatory factors for all constructs in this research are in Figure 2.
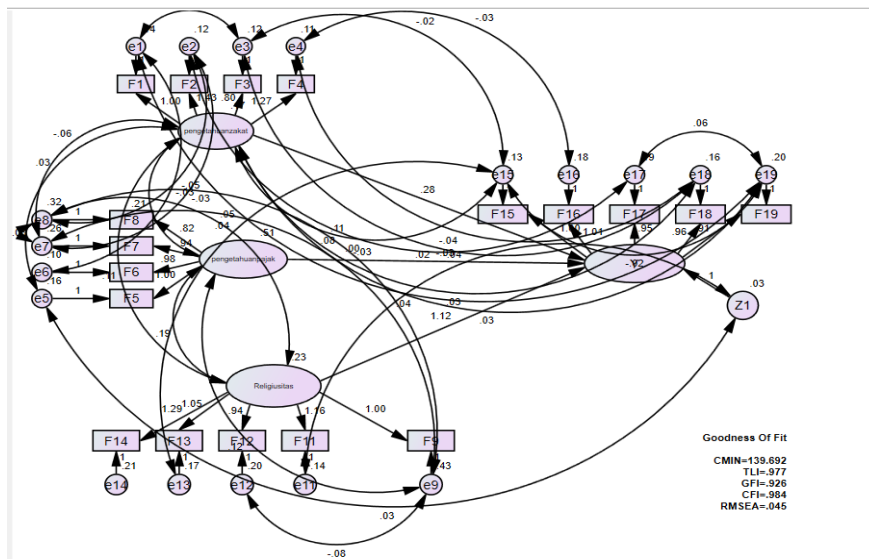
**Figure 2 Factor AnalysisKonfirmatori Construct**

Results *loading factor* After elimination, the indicators can be seen in Table 6.

**Table 6**
**Factor Loading on Variables**

|  |  |  | Estimate |
|---|---|---|---|
| PZ1 | <-- | knowledge of Zakat | .745 |
| PZ2 | <-- | knowledge of Zakat | .863 |
| PZ3 | <-- | knowledge of Zakat | .693 |
| PZ4 | <-- | knowledge of Zakat | .846 |
| PP1 | <-- | tax knowledge | .873 |
| PP2 | <-- | tax knowledge | .914 |
| PP3 | <-- | tax knowledge | .798 |
| PP4 | <-- | tax knowledge | .718 |
| R1 | <-- | Religiosity | .590 |
| R3 | <-- | Religiosity | .825 |
| R4 | <-- | Religiosity | .708 |
| R5 | <-- | Religiosity | .771 |
| R6 | <-- | Religiosity | .800 |
| Y1 | <-- | Zakat as a Tax Reduction | .859 |

|     |     |                            | Estimate |
| --- | --- | -------------------------- | -------- |
| Y2  | <-- | Zakat as a Tax Reduction   | .826     |
| Y3  | <-- | Zakat as a Tax Reduction   | .800     |
| Y4  | <-- | Zakat as a Tax Reduction   | .815     |
| Y5  | <-- | Zakat as a Tax Reduction   | .769     |

*Source: Primary data processed, (2023)*

**Analysist Structural Equation Modeling (SEM)**

As for analysis*Structural Equation Modeling* (SEM)*, the full model was* carried out after analysis of the indicators for the formation of latent variables tested using *confirmatory factor analysis.* Analysis of data processing results in stages *full model* SEM is carried out using conformity testing and statistical tests. Data processing results in the analysis *full model* SEM are in Figure 3.
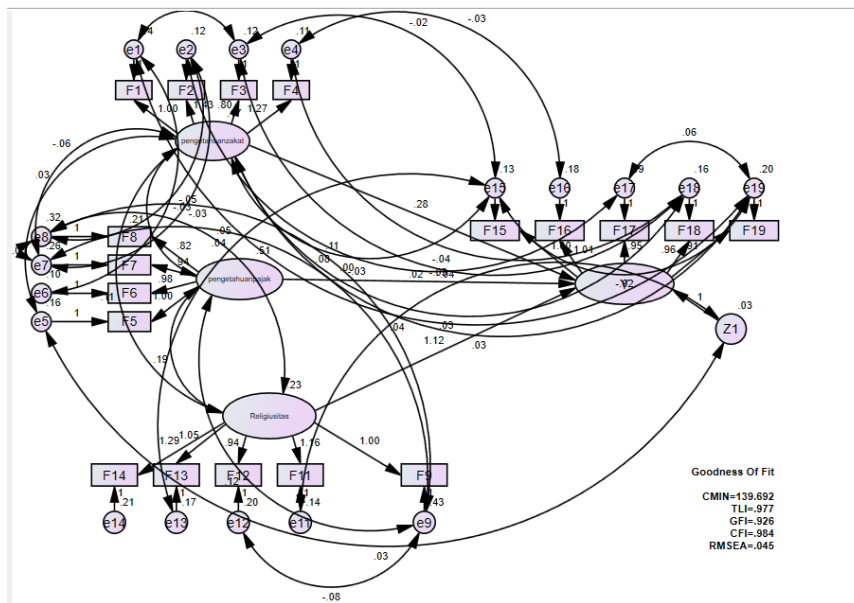


**Picture 3 Structural Equation Modeling (SEM) Testing Results**

From the *fit* (GoF) results, Figure 3 shows that the Chi-square value = 139.692 is considered good. Temporary$x^2$/pdf CMIN/DF = 1.356 RMSEA = 0.042 GFI= 0.926 TLI= 0.977 CFI= 0.984 and where these values have met the criteria and show *fit*. So, it can be stated that the influence of each variable is Zakat Knowledge, Tax Knowledge, and Religiosity on Zakat as a Tax Deduction, as well as the indirect influence on Zakat as a Tax Deduction through Zakat Knowledge, Tax Knowledge, and Religiosity.

**Hypothesis test**

After all the assumption results are appropriate, the hypothesis test proposed in the previous chapter is carried out. The seven research hypotheses were tested based on the *values of the Critical Ratio* (CR) from a causal relationship from the SEM processing results in Table 7.

**Table 7**
**Standardized *Regression Weight Structural Equation Model (Total Effect)***

| | | | Estimate | S, E, | C, R, | P | Label |
|---|---|---|---|---|---|---|---|
| Y | <--- | knowledge of Zakat | .282 | .132 | 2.141 | .032 | for_1 |
| Y | <--- | tax knowledge | -.027 | .072 | -.377 | .706 | for_2 |
| Y | <--- | Religiosity | 1.117 | .144 | 7.728 | *** | for_3 |

The effect of Zakat knowledge on Zakat as a tax deduction, based on the output results of hypothesis testing, obtained a C.R value 2.141 > 1.65 and value*s-value* equal to 0.032 <0.05, So $H0_1$ H rejecteda$_1$ accepted. This means it is variable Knowledge of Zakat has a significant and positive effect on Zakat as a Tax Deduction, in this research, the reliability attribute that influences it the most is PZ2 with an estimated value of 0.863 which explains that people will pay part of their Zakat as much as 2.5% of the community's wealth if Zakat is applied to them. This shows that good zakat knowledge will provide positive input regarding the advantages and benefits that society will get if the zakat system, as a tax deduction, is implemented in Banda Aceh City. -0.377 < 1.65 and the p-value is 0.706 > 0.05 So $H0_2$ accepted Ha$_2$ rejected. This means the Tax Knowledge variable has no significant and positive effect on Zakat as a Tax Deduction. This means that the Tax Knowledge variable does not have a significant and positive effect on Zakat as a Tax Deduction, so it can be said that poor Tax Knowledge will provide negative input regarding the advantages and benefits of Zakat as a Tax Deduction that the community will get if Zakat as a tax deduction is implemented in the City Banda Aceh.

The influence of Religiosity on Zakat as a tax deduction based on results has a positive and very significant relationship. It is significant because it obtained a C.R value of 7.728> 1.65 and a *p-value* of (***) < 0.05, then $H0_3$ rejected Ha$_3$ accepted. This means that the Religiosity variable significantly affects Zakat as a tax deduction. In this research, the reliability attribute that influences the most is $R^2$, with an estimated value of 0.825. This means that the public can accept that the zakat system as a tax deduction is better and more profitable. Based on the results of observations made by researchers, the influence of Zakat Knowledge, Tax Knowledge, and Religiosity on Zakat as a Tax Deduction directly influences each variable. Thus, it can be concluded that the results of these findings are in line with previous findings; each variable has a value that shows the influence between exogenous variables and endogenous variables, thus providing positive input regarding the advantages and benefits that society will get if the zakat system as a tax deduction is implemented in Banda Aceh City. Thus, it can be concluded that the results of these findings are in line with previous findings; each variable has a value that shows the influence between exogenous variables and endogenous variables, thus providing positive input regarding the advantages and benefits that society will get if the zakat system as a tax deduction is implemented in Banda Aceh City.

## 5. CONCLUSIONS AND RECOMMENDATIONS

In this study, Zakat Knowledge's influence has an effect on Zakat as a tax deduction, while tax knowledge does not affect Zakat as a tax deduction. This is due to the need for more public understanding of tax knowledge regarding Zakat as a tax deduction in Banda Aceh City. Religiosity in this research affects Zakat as a tax deduction, which means that the people of Banda Aceh City have a high level of Religiosity, so applying Zakat as a tax deduction in Banda Aceh City is easily accepted among the community. The researcher also suggests that future researchers carry out research on the influence of zakat knowledge, tax knowledge, and Religiosity on Zakat as a tax deduction in Banda Aceh City on other research objects, namely by using other factors/variables not examined in this research which could influence the variables. It is hoped that future researchers will be able to explore more research that is relevant to this research in order to obtain a comprehensive and complete comparison so that future researchers can obtain more optimal and accurate results.

The results of this research are expected to provide an overview of the influence of zakat knowledge, tax knowledge, and Religiosity on Zakat as a tax deduction in Banda Aceh City, which needs to be carried out at the level of socialization to the community under the auspices of the government. This research is expected to provide positive value for the government and society that factors such as knowledge of Zakat, knowledge of taxes, and Religiosity can influence Zakat as a tax deduction,

especially for the government and the people of Banda Aceh City. There needs to be more intensive attention from the government in order to encourage and facilitate that zakat management carried out by the Amil Zakat Agency, and Amil Zakat Institutions can be carried out in a professional, trustworthy, and transparent manner so that zakat management can be achieved. Efforts to increase understanding of zakat payments and tax payments among the wider community are still being considered and improved, considering that the analysis results show a relationship between zakat payments and reduced tax payments.

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