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ANALYSIS OF DIFFERENCES AND SIMILARITIES OF ZAKAT ACCOUNTING STANDARD NO. 109 VERSUS MPSAS ZAKAT MALAYSIA

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Abstract

This study compares Statement of Financial Accounting Standards (PSAK) No. 109 implemented in Indonesia and Malaysian Public Sector Accounting Standards (MPSAS) Zakat implemented in Malaysia. By identifying the similarities and differences between these two standards, this study can contribute to the Zakat accounting literature and offer recommendations for developing better accounting standards in both countries. Zakat, as one of the pillars of Islam, requires transparent and accountable management. PSAK 109 regulates the management of zakat, infaq, and sadaqah with a cash-based approach, while MPSAS Zakat follows accrual-based public sector accounting principles. This research will analyze the scope aspects, including recognition, measurement, presentation, and disclosure of the two standards. This comparative analysis is expected to identify opportunities to strengthen zakat management through harmonizing standards that are more relevant to the needs of each country. This research will also discuss the impact of the differences between PSAK 109 and MPSAS Zakat on transparency and accountability in Zakat management. The results of this analysis can reveal the technical and conceptual differences between the two standards and provide strategic recommendations for zakat management institutions in Indonesia and Malaysia. Thus, this research is expected to offer a new perspective regarding the harmonization of zakat accounting standards that follow sharia principles and meet the needs of society.

Keywords: Comparative description; MPSAS Zakat; PSAK no. 109, Accounting standards; Zakat

Abstrak

Penelitian ini membandingkan Pernyataan Standar Akuntansi Keuangan (PSAK) No. 109 yang diterapkan di Indonesia dan Standar Akuntansi Sektor Publik Malaysia (MPSAS) Zakat yang diterapkan di Malaysia. Dengan mengidentifikasi persamaan dan perbedaan antara kedua standar ini, penelitian ini dapat memberikan kontribusi terhadap literatur akuntansi Zakat dan menawarkan rekomendasi untuk mengembangkan standar akuntansi yang lebih baik di kedua negara. Zakat, sebagai salah satu rukun Islam, memerlukan pengelolaan yang transparan dan akuntabel. PSAK 109 mengatur pengelolaan zakat, infaq, dan sadaqah dengan pendekatan berbasis kas, sedangkan MPSAS Zakat mengikuti prinsip akuntansi sektor publik berbasis akrual. Penelitian ini akan menganalisis aspek ruang lingkup, termasuk

pengakuan, pengukuran, penyajian, dan pengungkapan kedua standar tersebut. Analisis perbandingan ini diharapkan dapat mengidentifikasi peluang untuk memperkuat pengelolaan zakat melalui harmonisasi standar yang lebih relevan dengan kebutuhan masing-masing negara. Penelitian ini juga akan membahas dampak perbedaan antara PSAK 109 dan MPSAS Zakat terhadap transparansi dan akuntabilitas dalam pengelolaan Zakat. Hasil analisis ini dapat mengungkap perbedaan teknis dan konseptual antara kedua standar tersebut dan memberikan rekomendasi strategis bagi lembaga pengelola zakat di Indonesia dan Malaysia. Dengan demikian, penelitian ini diharapkan dapat menawarkan perspektif baru mengenai harmonisasi standar akuntansi zakat yang mengikuti prinsip syariah dan memenuhi kebutuhan masyarakat.

Keywords *: Deskripsi komparatif; MPSAS Zakat; PSAK no. 109, Standar akuntansi; Zakat*

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INTRODUCTION

Zakat has a significant role in supporting the improvement of social welfare and poverty alleviation efforts, especially in Muslim-majority countries, such as Indonesia and Malaysia, where an optimal zakat distribution system can broadly impact economic equity and empowerment of underprivileged groups. As one of the financial instruments in Islam that is based on the principles of social justice and balance, zakat requires a management mechanism that is not only transparent and accountable but also follows Sharia principles that regulate how the funds collected must be distributed to the groups entitled to receive it fairly and on target. In the context of professional and modern management, accounting standards play a significant role as the main guideline to ensure that every stage, starting from recording zakat receipts, managing collected funds to the reporting process to related parties, can be carried out consistently, orderly, and following the principles of good governance, so that public trust in zakat management institutions can continue to increase and the positive impact of zakat on socio-economic development can be optimized.

Indonesia officially adopted Statement of Financial Accounting Standards (PSAK) No. 109 as the main guideline used by institutions that manage zakat, infaq, and sadaqah in preparing and presenting their financial statements to follow the applicable sharia accounting principles. On the other hand, in Malaysia, there is no accounting standard specifically named "MPSAS Zakat"; however, zakat institutions in the country use Malaysian Public Sector Accounting Standards (MPSAS), which are accounting standards applied in the Malaysian public sector, covering various government entities and public bodies, including zakat institutions, to improve transparency as well as accountability in the presentation of their financial statements. MPSAS, which has similarities with International Public Sector Accounting Standards (IPSAS), has undergone adaptations and modifications to be more aligned with the

specific regulations, needs, and context in Malaysia to reflect the unique characteristics of the zakat management system implemented in the country. Although PSAK 109 in Indonesia and MPSAS in Malaysia both aim to improve transparency and accountability in zakat financial reporting, they have several fundamental differences, especially in the aspects of regulatory scope, accounting approaches used, methods of measurement, and recognition of transactions, the way of presenting zakat financial statements prepared by each institution, which ultimately reflects the differences in legal systems, economic regulations, and zakat management policies in the two countries.

This research deeply analyzes and compares the two accounting standards used in zakat financial reporting in Indonesia and Malaysia, namely PSAK No. 109 and MPSAS, with the primary objective to comprehensively understand the differences and similarities contained in each standard, which in turn reflect the zakat management approach applied in both countries. Through this comparative analysis, this research not only seeks to uncover the technical aspects that distinguish the two standards in terms of regulatory scope, measurement method, transaction recognition, as well as financial statement presentation but also explores the implications of these differences on the effectiveness, efficiency, and accountability of zakat management in each applicable regulatory system. By understanding the characteristics and challenges of the implementation of zakat accounting standards in both countries, this research is expected to provide greater insight into identifying various strategic opportunities to strengthen the zakat management system, both through harmonization of standards that are more integrated at the international level and through adjustments that are more flexible and relevant to the specific needs of each country, so that zakat management can be more optimal in supporting social welfare and sustainable economic empowerment of the people.

This research has a significant novelty value in zakat accounting studies, especially in the comparative analysis between the Statement of Financial Accounting Standards (PSAK) No. 109 applied in Indonesia and Malaysian Public Sector Accounting Standards (MPSAS) Zakat applied in Malaysia, by using an in-depth and systematic literature study approach. Most previous studies only highlight one of the standards separately or focus more on theoretical aspects without directly comparing the practical implementation of the two standards in zakat management. Therefore, this study aims to fill the gap in the literature by identifying in detail the similarities and differences that exist between PSAK 109 and MPSAS Zakat, especially in fundamental aspects such as the scope of recognition, measurement method, presentation method, and disclosure mechanism of zakat financial statements. In addition, this study will also analyze the impact of the differences in accounting standards on the level of transparency and accountability in the management of zakat in each country, given that clear and structured accounting standards are instrumental in increasing public trust in zakat management institutions. By examining various aspects related to the implementation of these two standards, it is expected that this research can make a meaningful contribution to the development of zakat accounting literature and offer relevant recommendations for the improvement of zakat accounting standards in the future, both in national and international contexts, to ensure that the zakat management system can be more effective, efficient, and following the principles of sharia and good governance.

LITERATURE REVIEW

Zakat, as one of the pillars of Islam, has the primary purpose of distributing wealth from the wealthy to people in need to reduce social inequality and improve the welfare of the people (Hasibuan. 2020). In the economic context, zakat functions as an instrument of wealth redistribution that can help reduce poverty and improve social welfare. Therefore, effective zakat management requires a transparent and accountable accounting approach (Adnan & Gade, 2017). Thus, the proper application of Islamic accounting principles in the management of zakat is essential to ensure that the collected funds can be distributed efficiently and on target so that the primary purpose of zakat in improving social welfare can be achieved.

PSAK 109 and MPSAS Zakat are two accounting standards designed to systematically record, report, and manage zakat funds by mail in zakat institutions in Indonesia and Malaysia. PSAK 109, issued by the Indonesian Institute of Accountants (IAI) in 2021 (IAI, 2021), regulates the management of zakat, infaq, and sadaqah by non-governmental organizations in Indonesia by applying a cash-based approach. This approach aims to reflect the receipt and distribution of funds, thereby increasing transparency and accountability in the zakat funds management. Meanwhile, MPSAS Zakat was published by the Malaysian Accounting Standards Board (MASB) in 2016 (Malaysian Accounting Standards Board. (2016) follows accrual-based public sector accounting principles. This approach is intended to record zakat liabilities and income comprehensively, particularly for public sector entities in Malaysia. Thus, although these two standards have the same objective in regulating the management of zakat funds, there are differences in the accounting approach used, which is cash-based in PSAK 109 and accrual-based in MPSAS Zakat.

Transparency and accountability are two fundamental principles that must be applied in zakat management to ensure that any funds collected from muzak can be distributed in a targeted manner to mustahik in accordance with Sharia provisions and applicable regulations. Based on research conducted by Hassan and Abdullah (2019), financial reports that are prepared and presented transparently can increase public trust in zakat management institutions, which in turn contributes to the optimization of zakat collection and distribution. With transparency in financial reporting, stakeholders, including the government, donors, and beneficiaries, can monitor more clearly how zakat funds are managed and distributed, thus minimizing the potential for errors or misuse of funds.

In addition to transparency, accountability also plays a significant role in ensuring that zakat management is carried out responsibly and in accordance with sharia principles. According to research conducted by Ismail et al. (2021), the implementation of good accounting standards will increase the accountability of zakat management institutions, especially in terms of recording, measuring, and presenting financial statements that accurately reflect economic conditions. In the context of managing public funds sourced from religious obligations, accountability becomes increasingly crucial because zakat management institutions must be able to account for every transaction made, both to the public and to the supervisory authority. Thus, applying appropriate accounting standards, such as PSAK 109 in Indonesia and MPSAS Zakat in Malaysia, can effectively ensure that zakat management is carried out professionally and in line with Sharia values and good governance principles.

Previous Studies

Research on the implementation of the Statement of Financial Accounting Standards (PSAK) 109

Zakat management has attracted the attention of academics and practitioners, significantly increasing the transparency and accountability of zakat institutions in Indonesia. One of the studies conducted by Fauzi et al. (2020) examined how the implementation of PSAK 109 in zakat institutions and found that although this standard has provided clear guidance on recording and reporting zakat, infaq, and sadaqah funds, there are several challenges that are still faced in practice. One of the main obstacles identified in the study is the lack of technical training for zakat managers, which causes difficulties in understanding and applying the accounting principles stipulated in PSAK 109. This lack of training can hinder accurate and standardized recording, thus impacting the quality of financial statements produced by zakat institutions.

In addition, research conducted by Hidayat and Rachman (2021) focuses on the effectiveness of PSAK 109 in increasing the level of public trust in zakat institutions in Indonesia. In their study, it was found that the consistent application of PSAK 109 can help improve transparency in financial reporting, which in turn has a positive impact on public perceptions of the accountability of zakat institutions. With a clear standard in managing and reporting zakat funds, people feel more confident that the funds they distribute are managed properly and in accordance with sharia principles. Therefore, a more optimal implementation of PSAK 109, with the support of adequate technical training for zakat managers, has the potential to strengthen the zakat governance system and increase public participation in fulfilling their zakat obligations through official institutions.

Research on Malaysian Public Sector Accounting Standard (MPSAS) Zakat

Zakat has been the concern of academics in understanding how this accounting standard is implemented in Malaysia as well as its impact on transparency and accountability of zakat fund management. One of the studies conducted by Yusoff et al. (2020) explored the implementation of MPSAS Zakat in various zakat management institutions in Malaysia and found that the implementation of this standard has successfully improved transparency in the presentation of financial statements. This standard allows for more systematic and easily accessible financial information by stakeholders, thus increasing the level of public trust in the management of zakat funds. However, the study also revealed that the effectiveness of MPSAS Zakat implementation is highly dependent on the availability of highly competent human resources in public sector accounting. The lack of professionals who deeply understand the accrual-based accounting principles applied in MPSAS Zakat becomes the main challenge in the optimal implementation of this standard in various zakat management institutions in Malaysia.

On the other hand, research conducted by Ismail et al. (2021) compared the accrual-based accounting approach applied in MPSAS Zakat with other international accounting standards, such as International Public Sector Accounting Standards (IPSAS). The results of their study show that MPSAS Zakat has several advantages compared to other international standards, especially in terms of presenting more detailed financial statements and in accordance with the needs of public sector entities that manage zakat funds. With accrual-based approach, MPSAS Zakat allows a more comprehensive recording of zakat obligations as well as income, thus providing a more

accurate picture of the financial condition of zakat institutions. Therefore, this study highlights the importance of strengthening human resources capacity and improving understanding of public sector accounting to ensure that the implementation of MPSAS Zakat can run more effectively and provide maximum benefits for transparency and accountability of zakat fund management in Malaysia.

Research on the comparison between Statement of Financial Accounting Standards (PSAK) 109 in Indonesia and Malaysian Public Sector Accounting Standard (MPSAS) Zakat

Malaysia has been the focus of academic studies in order to understand how these two standards are implemented and how their differences affect the management of zakat in each country. Ibrahim et al. (2022) conducted an in-depth analysis of the differences in the basic principles of zakat management in Indonesia and Malaysia, paying particular attention to the approaches used in the recognition and measurement of zakat funds. The findings in this study reveal that although both countries aim to improve transparency and accountability in zakat management, there are significant differences in the methods used. PSAK 109, which is implemented in Indonesia, prioritizes the cash-based approach in recording zakat, while MPSAS Zakat in Malaysia applies an accrual-based accounting system, which allows for a more comprehensive recording of zakat obligations and income over a period of time.

Meanwhile, the research conducted by Hassan and Abdullah (2019) extends the study by discussing the potential harmonization of zakat accounting standards in Muslim-majority countries. In this study, PSAK 109 and MPSAS Zakat are used as the main case studies that represent different approaches in recording and reporting zakat in two countries with different regulatory systems. Their results show that despite the differences in accounting approaches, there is a great opportunity to harmonize the basic principles in zakat accounting standards to create uniformity in zakat financial reporting in other Muslim countries. Harmonization of this standard is considered to increase public trust in zakat management institutions and facilitate international cooperation in the management and distribution of zakat. Therefore, the study on the comparison and potential harmonization of PSAK 109 and MPSAS Zakat becomes more important to answer the challenges in zakat accounting in the era of globalization, as well as to ensure that every standard applied can provide optimal benefits for zakat institutions and their beneficiaries.

Based on the results of the literature review that has been conducted, it can be concluded that both the Statement of Financial Accounting Standards (PSAK) 109 applied in Indonesia and the Malaysian Public Sector Accounting Standard (MPSAS) Zakat used in Malaysia have characteristics that are tailored to the needs of regulations, economic systems, and zakat management practices in each country. The differences in accounting approaches applied in these two standards show that each country has certain considerations in establishing policies for recording, measuring, recognizing, and presenting zakat funds to ensure that transparency and accountability in its management can be achieved optimally.

The findings in this study emphasize the importance of a more in-depth comparative analysis to understand not only the similarities and differences between PSAK 109 and MPSAS Zakat, but also how the implications of these differences affect the effectiveness of zakat management, both in terms of recording funds, financial reporting, and distribution to mustahik. With a comprehensive comparative approach, this research seeks to provide a broader understanding of how zakat accounting standards can be further developed to be more in line with sharia principles as well as the accounting needs of the public and non-government sectors.

Furthermore, this research is expected to make a meaningful contribution to the development of Islamic accounting literature by presenting a new perspective on the opportunities for harmonization of zakat accounting standards in Muslim-majority countries. This harmonization not only has the potential to improve uniformity in zakat financial reporting, but also can be a strategic step in strengthening public trust in zakat management institutions through a more structured and accountable governance system. Therefore, this study can be a foundation for further research that focuses on the development of policies and best practices in zakat accounting, both at the national and international levels.

RESEARCH METHOD

This research adopts qualitative method by using descriptive-comparative approach to conduct in-depth analysis of zakat accounting standard applied in Indonesia, namely Statement of Financial Accounting Standard (PSAK) 109, and Malaysian Public Sector Accounting Standard (MPSAS) Zakat applied in Malaysia. This approach is chosen with the aim to dig deeper into the characteristics, similarities, and fundamental differences between the two standards, as well as to identify how the implementation of each standard affects the effectiveness and efficiency of zakat management in both countries. By analyzing the main elements in PSAK 109 and MPSAS Zakat, this research not only aims to understand the technical differences in the aspects of recognition, measurement, presentation, and disclosure of zakat, but also evaluate the implications of these differences on transparency, accountability, and public trust in zakat management institutions.

Furthermore, this study is designed to develop recommendations that can be used as a basis for harmonizing zakat accounting standards in Muslim-majority countries. Considering that zakat management plays a crucial role in creating social welfare and supporting the Islamic financial system, this study is expected to contribute to the development of more optimal policies for zakat institutions, both in Indonesia and Malaysia.

The unit of analysis in this study includes all relevant documents that have been published in the last ten years, including regulations, previous research reports, and official documents related to zakat accounting standards. The data in this research is collected through literature study and document analysis methods, which enable researchers to explore the development and dynamics of PSAK 109 and MPSAS Zakat implementation in zakat management practices in both countries. All data collected is then systematically analyzed by compiling a narrative based on the research findings, so that it can provide a clearer picture of the advantages and challenges of each zakat accounting standard, as well as lead to the formulation of more targeted

recommendations in order to improve the accountability and transparency of zakat management in the future.

RESULTS AND DISCUSSION

The analysis in this study begins with a detailed description of the characteristics of each zakat accounting standard, namely PSAK 109 applied in Indonesia and MPSAS Zakat used in Malaysia, with the aim of providing a comprehensive understanding of the conceptual basis, scope, and principles underlying the two standards. After obtaining a clear picture of their characteristics, this study then conducts a systematic comparison using several key dimensions, such as the methods of recognition, measurement, presentation, and disclosure in zakat financial statements. This approach aims to evaluate the extent to which the two standards are aligned with the sharia principles that become the main basis in zakat management, as well as how they can fulfill the regulatory needs of each country in ensuring transparent and accountable zakat governance.

In addition, this comparison is also conducted in the context of global efforts to improve transparency and accountability in the management of zakat funds, given the growing role of zakat as an Islamic social finance instrument that not only impacts on the welfare of the community, but also on the economic system as a whole. With this analysis, it is expected to identify various differences from both technical and conceptual aspects between PSAK 109 and MPSAS Zakat, which include differences in fund recording policies, accounting approaches applied, and their implications for the effectiveness of reporting and management of zakat funds in each country.

The results of this analysis are expected to not only provide academic insights into zakat accounting standards, but also be able to provide strategic recommendations that can be applied by zakat management institutions in Indonesia and Malaysia. The recommendations are expected to help improve the quality of zakat financial statements to be more in line with the needs of the community, support transparency in the management of sharia-based public funds, and ensure compliance with applicable regulations in both countries. Thus, this research has an important contribution in encouraging the harmonization of zakat accounting standards, while strengthening the accountability of zakat institutions as institutions that play a role in distributing welfare fairly and effectively in the Islamic economic system.

Table 1. Overview of the differences and similarities between PSAK 109 and MPSAS Zakat

Description	PSAK 109	MPSAS Zakat	Equality
Scope	Zakat, infaq, and sedekah at amil institutions.	Zakat managed by public sector entities.	Manage zakat reporting.
Recognition	Cash basis or when commitment is received.	Accrual basis or when rights are identified.	Recognize zakat income and liabilities.
Measurement	Nominal value (cash basis).	Fair value.	Measure assets and liabilities in a standardized manner.
Presentation	Separate reports for zakat, infaq, and	As part of the public sector entity report.	Presentation according to the

Description	PSAK 109	MPSAS Zakat	Equality
	sedekah.		needs of report users.
Disclosure	Details of receipt, distribution, and final balance of zakat.	Details of fair value, resources, and zakat distribution obligations.	Provide transparent information related to zakat.

Source : PSAK 109 and MPSAS Zakat

1. **Scope**

PSAK 109 in Indonesia regulates the management of zakat, infaq, and alms by Zakat Management Organizations (OPZ). This standard is issued by the Indonesian Institute of Accountants through the Sharia Accounting Standards Board. PSAK 109 applies to OPZ such as the National Zakat Management Agency (BAZNAS) and the Zakat Management Institution (LAZ). This standard regulates three types of funds: zakat funds from community obligations, infaq and alms funds from voluntary donations, and non-halal funds that are optional. PSAK 109 aims to ensure that OPZ financial reports are transparent and in accordance with sharia principles. PSAK 109 also serves as a guideline to comply with Law No. 23 of 2011 concerning Zakat Management which stipulates financial reporting as an obligation of OPZ.

In Malaysia, there are no specific accounting standards for "MPSAS Zakat," however zakat fund management institutions are required to follow the MPSAS that are already in effect, and the MPSAS that are relevant and commonly used by zakat institutions are, first, MPSAS 1: presentation of financial reports, where this standard regulates the presentation of public sector financial reports, including zakat institutions which must record zakat receipts and expenditures clearly. Second, MPSAS 2: this standard regulates how cash flow reports are prepared which include cash flows from operational, investment and funding activities related to zakat funds. Third, MPSAS 9 which regulates inventory management, including goods or assistance provided by zakat institutions to mustahik, which need to be recorded and calculated in financial reports. Fourth, MPSAS 23, regulates the recognition, measurement and presentation of these assets in financial reports. If the zakat institution manages non-current assets (for example property or buildings used for social activities). MPSAS 23 regulates the recognition and reporting of funds, including zakat as the main income and other income such as grants, but does not regulate infaq and alms. The main objective of MPSAS 23 is to ensure transparency and accountability, although it is not specific to the governance of zakat funds with sharia principles. Zakat management is handled by each state in accordance with sharia law, and MPSAS is a general framework that must be adjusted to local regulations.

MPSAS applies to public entities such as the State Islamic Religious Council (MAIN) and the Zakat Collection Center (PPZ) which are under government supervision. Zakat management is handled by each state in accordance with sharia law, and MPSAS is a general framework that must be adjusted to local regulations. The scope of PSAK 109 and MPSAS Zakat have similarities in covering the management of zakat funds by trusted institutions or

entities. Both standards aim to increase transparency and accountability in zakat management.

2. Acknowledgement

In PSAK 109, recognition of zakat income can be done using the cash basis or accrual basis method, depending on the accounting policy applied by the zakat management organization (OPZ). The cash basis method means that income is recognized when zakat is received in the form of cash or cash equivalents. While the accrual basis method, income is recognized when there is a zakat assessment that can be measured reliably, even though the funds have not been received in cash, such as zakat income promised by muzakki can be recognized if there is certainty that the commitment will be fulfilled and can be measured accurately. Recognition of zakat expenditure is recorded when zakat funds are distributed to mustahik in accordance with asnaf (zakat recipient groups) determined by sharia. If there are still zakat funds that have not been distributed, the balance will be reported as zakat funds in the financial statements.

In MPSAS Zakat, the recognition of zakat income prioritizes the accrual basis method as the main approach in recognizing income. Zakat income is recognized when the right to zakat arises, namely when the muzakki has an obligation to pay zakat (an obligation that arises), even though the funds have not been received in cash. The fair value of zakat income received in non-cash form (such as goods) will be recognized based on the fair value on the date of receipt. Recognition of zakat expenditure is recognized when the obligation to distribute zakat to mustahik arises. If the zakat funds have not been distributed, the entity will record it as a distribution obligation until the funds are actually distributed.

The similarity of both standards is recognizing zakat as a liability when the zakat obligation arises. This obligation is recorded when a transaction requires the payment of zakat, such as when income or wealth reaches the niqab and haul. The zakat that must be paid is recorded as an expense in the financial statements to show the zakat expenditure during that accounting period.

3. Measurement

PSAK 109 regulates zakat from the perspective of individuals and private entities, whether businesses or zakat institutions and requires the measurement of zakat based on the market value or fair value of the assets owned. This provision is applied explicitly to zakat mal, which is imposed on wealth or assets owned by zakat payers.

Regarding zakat measurement, PSAK 109 explains that publicly traded assets, such as gold, cash, and stocks listed on the stock exchange, should be used as a reference because the market price of these assets can be ascertained when zakat is due. For example, if an individual owns gold, then the calculation of zakat should be based on the prevailing gold price in the market at that moment.

Furthermore, PSAK 109 requires the use of fair value in calculating zakat. In this context, fair value is defined as a fair price that can be achieved in

a transaction, which can be determined through a specific valuation method to determine a fair price. For example, shares in a company that is not listed on the stock market will be evaluated based on a valuation method that can be accounted for. Thus, the measurement of zakat, according to PSAK 109, places more emphasis on the assessment of assets owned, either based on market prices for traded assets or fair value for assets that are not publicly traded.

MPSAS Zakat, which is applied in the public sector and zakat institutions in Malaysia, adopts a more focused approach on the management and distribution of zakat funds, as well as reporting of zakat receipts and expenditures by institutions or zakat collection bodies (BAZ). MPSAS Zakat does not explicitly emphasize the measurement of zakat owed by individuals, like PSAK 109, but instead emphasizes transparency in the management of zakat collected from the community and then distributed to zakat recipients (mustahik). In the context of measuring zakat receipts and expenditures, MPSAS Zakat emphasizes the receipt and expenditure of zakat funds more than the calculation of zakat owed by individuals. In this case, the market value and fair value concept may not be as complex as in PSAK 109 because the measurement focuses on the amount of zakat funds received and distributed to mustahik. MPSAS Zakat emphasizes the management and allocation of zakat funds collected from the community to be distributed per social and economic objectives. Market value can be applied to funds collected in cash, while fair value is more relevant if zakat is received in non-cash form, such as goods or assets not traded on the open market.

The similarities between the two standards in terms of measurement are measuring zakat assets based on fair value at the time of receipt, recording zakat liabilities in the amount of funds or assets that have not been distributed, and applying the fair value principle to ensure transparency and accuracy of financial reports.

4. Reporting

In PSAK 109, financial statements are presented expressly for zakat, infaq, and alms management institutions. This standard ensures that non-government entities have financial statements that reflect the receipt, management, and distribution of zakat funds. Thus, zakat management institutions are required to prepare separate reports that include financial position statements, zakat fund change reports, infaq/alms fund change reports, cash flow statements, and notes to the financial statements.

In MPSAS Zakat in Malaysia, zakat financial statements are presented as part of the financial statements of public sector entities. This standard focuses more on the presentation of zakat information in the financial statements of the government or related institutions that manage zakat, focusing on transparency in the allocation and use of zakat funds. MPSAS Zakat is used by public sector bodies or institutions in Malaysia, such as the State Islamic Religious Council (MAIN), which has the authority to manage zakat as part of state or regional revenue. Therefore, its presentation is integrated into the government's financial statements to demonstrate accountability in zakat management.

PSAK 109 and MPSAS Zakat are similar in terms of presentation. Both objectives emphasize transparency and accountability in zakat management by

ensuring that the receipt, use, and balance of zakat funds are presented clearly in the financial statements so that they can be understood by stakeholders and support better decision-making.

5. Disclosure

The difference in disclosure between PSAK 109 and MPSAS Zakat lies in the type of information presented, the accounting approach, and the scope of reporting. PSAK 109 focuses on recording the receipt and distribution of zakat funds in nominal terms without considering the fair value of assets or distribution obligations owned by zakat management institutions. Meanwhile, MPSAS Zakat adopts broader public sector accounting standards by adjusting the recording based on Zakat funds' fair value and distribution obligations. In addition, PSAK 109 only applies in Indonesia, according to local standards set by the Indonesian Institute of Accountants (IAI). At the same time, MPSAS Zakat is more in line with international standards (IPSAS) applied in the Malaysian public sector. Thus, PSAK 109 is more straightforward in disclosure, while MPSAS Zakat is more complex and based on global standards.

The similarity in disclosure between PSAK 109 and MPSAS Zakat is that both aim to increase transparency and accountability in the management of zakat funds by presenting information related to the receipt, use, and ending balance of zakat funds. Both standards require zakat management entities to disclose financial statements that reflect the source of funds, distribution, and obligations to beneficiaries. In addition, both PSAK 109 and MPSAS Zakat emphasize the importance of disclosing additional information, such as the accounting policies used and details of fund distribution, to ensure stakeholders can understand the financial statements clearly and reliably.

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

Conclusion

This study has comprehensively identified various aspects of similarities and fundamental differences between the Financial Accounting Standards Statement (PSAK) 109 and the Malaysian Public Sector Accounting Standard (MPSAS) Zakat, which reflect the differences in accounting needs and approaches applied in Indonesia and Malaysia in managing and reporting zakat-related transactions. In terms of similarities, both standards are designed with the primary objective of increasing transparency and accountability in the management of zakat funds, where both emphasize the importance of systematic reporting on zakat receipts, the distribution process to entitled parties, and reporting on the balance or remaining zakat funds still managed by the related entity. However, there are several significant differences between the two, where PSAK 109 not only covers zakat aspects but also accommodates transactions related to infaq and sedekah by implementing a cash-based recognition approach, which means that transaction recording is carried out when cash is received or disbursed. On the other hand, MPSAS Zakat is more oriented towards the public sector. It applies an accrual-based approach, which allows the recording of zakat transactions to be carried out when rights or obligations arise and uses a fair value

measurement method to ensure that assets and liabilities related to zakat can be recorded and reported more accurately following prevailing economic conditions.

Limitations

1. Literature Study Focus
   This study exclusively focuses on analyzing literature from various academic references, applicable accounting standards, and relevant previous studies, without any primary data collection process through direct interviews with key stakeholders, such as zakat management institutions or accounting authorities responsible for preparing and implementing related standards. This limitation results in a lack of in-depth empirical insight into entities' practical challenges in implementing these standards. It does not allow for the exploration of direct perspectives from practitioners who play a role in zakat management and reporting in various institutions.

2. Data Limitations
   The data used in this study are entirely sourced from official documents that regulate zakat accounting standards, namely the Financial Accounting Standards Statement (PSAK) 109, applicable in Indonesia, and the Malaysian Public Sector Accounting Standard (MPSAS) Zakat applied in Malaysia, without access to empirical data from case studies of implementation in related institutions, both in the public sector and zakat management organizations. The absence of primary data or documentation from institutions implementing these standards means that research is only able to provide analysis based on available theories and regulations without directly revealing how PSAK 109 and MPSAS Zakat are applied in practice and the challenges that may arise in their application in real operational environments.

Suggestions

1. Future Research
   To address the limitations of this study, a more in-depth empirical study is needed involving primary data collection methods, such as direct interviews with various stakeholders who play a role in the implementation of zakat accounting standards, including the National Zakat Agency (BAZNAS), the Indonesian Institute of Accountants (IAI), and zakat management institutions in Malaysia. By involving practical perspectives from experts and practitioners engaged in zakat management, future research is expected to provide a more comprehensive understanding of the challenges faced in implementing PSAK 109 and MPSAS Zakat, as well as how these standards can be adjusted to the needs of each country to improve the effectiveness and transparency in zakat fund management.

2. Standard Harmonization
   Given the differences in the zakat accounting approaches applied in Indonesia and Malaysia, more intensive and collaborative discussions are needed between the accounting authorities of both countries to explore the possibility of harmonizing standards that can accommodate the best practices of each system. These efforts must be focused on crucial aspects such as measurement methods

and disclosures in financial reports so that the standards applied are not only by internationally accepted accounting principles but can also increase transparency and accountability in zakat management.

3. Application of Technology
   Along with the development of digitalization in the financial sector, it is expected that zakat management institutions can utilize technological advances in their financial reporting systems so that the implementation of standards such as PSAK 109 in Indonesia and MPSAS Zakat in Malaysia can be carried out more efficiently, accurately, and with minimal human error. Implementing technology such as cloud-based accounting systems, blockchain for transaction transparency, and artificial intelligence in financial data analysis can improve the quality of reporting and accelerate the audit process, thereby strengthening public trust in the management of zakat funds.

4. Education and Socialization
   One of the key factors in successfully implementing zakat accounting standards is an adequate level of understanding from all parties involved, including zakat institutions, auditors, regulators, and other stakeholders. Therefore, increasing education and socialization efforts through training, seminars, and publications that provide an in-depth understanding of the main principles in PSAK 109 and MPSAS Zakat is imperative. Thus, these standards can be applied consistently and effectively so that the management of zakat funds is more transparent and accountable and able to meet the needs of various stakeholders in zakat governance at the national and international levels.

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