

## **Towards The Development Of Islamic Accounting Standards For Baitulmal, Waqaf, And Zakat Transactions: Addressing Gaps For Enhanced Accountability**

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**Abstract :** This paper investigates the imperative for developing Islamic accounting standards tailored to Baitulmal, waqaf, and zakat transactions, with the goal of strengthening accountability and transparency in financial reporting. Current financial reporting frameworks in Malaysia—namely, the Malaysian Financial Reporting Standards (MFRS) and Malaysian Private Entities Reporting Standards (MPERS)—are designed predominantly for conventional financial transactions and fail to fully capture the Shariah-specific nature of these religious funds. The objective of this study is to critically examine the discrepancies between these conventional reporting standards and the requirements of Shariah-compliant financial transactions, specifically for Baitulmal, waqaf, and zakat. This research adopts a qualitative methodology, utilizing case studies from four different State Islamic Religious Councils to explore the current reporting practices. The findings reveal significant gaps between the conventional frameworks and the specific needs of Shariah-compliant accounting, leading to off-balance-sheet reporting of certain transactions and inconsistencies in financial disclosures across different states. These disparities undermine both the comparability and integrity of the financial reports, raising critical concerns regarding transparency and governance. The broader implications of this study underscore the necessity for a unified Islamic accounting standard that would align more closely with Shariah principles. Such a standard would not only enhance the disclosure and presentation of baitulmal, waqaf, and zakat transactions, but also improve decision-making processes, thereby fostering greater accountability and trust in the management of these Islamic funds. This paper advocates for a concerted effort to bridge the existing gap, ensuring that the distinctive characteristics of Islamic charitable funds are appropriately reflected in the financial reporting process.

**Keywords :** islamic accounting, waqf, zakat, islamic finance

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