



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Twentieth Congress
First Regular Session

HOUSE BILL NO. 7653

INTRODUCED BY REPRESENTATIVE USTADZ YUSOP T. ALANO

EXPLANATORY NOTE

This bill seeks to strengthen the mandate of the National Commission on Muslim Filipinos (NCMF) by authorizing the establishment, collection, management, and distribution of Zakat funds, and by instituting a clear, transparent, and accountable system for their administration, amending for the purpose Republic Act (RA) No. 9997, as amended, otherwise known as the “National Commission on Muslim Filipinos Act of 2009.”

Zakat is a long-established wealth-based redistribution mechanism practiced within Muslim communities, designed to mobilize private resources for poverty alleviation, social protection, and economic inclusion. It operates as a rule-based financial instrument that channels a defined portion of accumulated wealth from financially capable individuals to identified vulnerable sectors, including the poor, the needy, and other disadvantaged groups. In this sense, Zakat functions as a community-anchored system of social assistance that complements formal government welfare programs.

Under this mechanism, eligible contributors allocate a fixed portion of qualifying assets, such as cash, savings, business income, and investments, once these exceed a minimum threshold. The proceeds are earmarked for clearly defined categories of beneficiaries, ensuring targeted assistance, redistribution of resources, and the fulfillment of basic needs. When properly administered, Zakat

has demonstrated potential to reduce income inequality, address structural poverty, and strengthen social cohesion at the community level.

At present, Muslim Filipinos participate in Zakat largely on an individual basis or through independent foundations, masjid-based committees, and non-government organizations. These entities have played a significant role in mobilizing resources and delivering assistance, often in areas where poverty incidence is high and access to formal support mechanisms is limited. However, in the absence of an institutional framework at the national level, Zakat administration remains fragmented, with varying standards for governance, reporting, and accountability.

This proposed measure addresses this gap by enabling the National Commission on Muslim Filipinos (NCMF) to serve as a coordinating and institutional platform for Zakat administration. It authorizes the NCMF to establish a national Zakat Fund and to institute a voluntary, transparent, and accountable system for the collection, management, and distribution of Zakat, in coordination with accredited Zakat institutions and relevant stakeholders. The measure does not impose any compulsory contribution, nor does it create a tax or fee, but merely provides a structured option through which Zakat may be administered in a manner consistent with existing laws and constitutional principles.

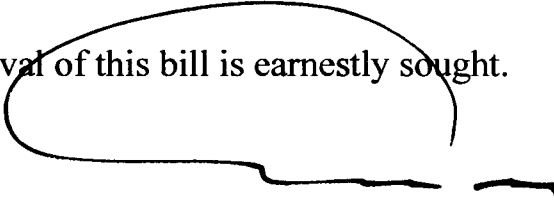
To safeguard integrity and public trust, the bill creates a dedicated Bureau of Zakat Administration and Management within the NCMF, supported by a Sharia Advisory Council to ensure adherence to governing principles applicable to Zakat. It further provides that all Zakat funds shall be treated as trust funds, subject to audit and oversight under existing laws, and shall be used exclusively for eligible purposes. Partnerships with existing Zakat institutions are expressly recognized and encouraged, preserving the role of civil society while strengthening coordination and standards.

The measure likewise allows, subject to the National Internal Revenue Code and implementing rules to be jointly issued by the Bureau of Internal Revenue and the NCMF, that Zakat contributions made through the NCMF or its accredited institutions may be considered as allowable deductions from gross income. This provision does not amend tax laws but recognizes Zakat within the broader framework of charitable and social welfare contributions, thereby encouraging participation without fiscal compulsion.

Republic Act No. 9997 declares it the policy of the State to ensure the rights and well-being of Muslim Filipinos with due regard to their beliefs, institutions, and traditions, and to enable their full participation in national development. By institutionalizing a transparent and accountable Zakat framework, this bill

advances that policy while strengthening poverty alleviation, promoting inclusive growth, and mobilizing community-based resources in support of national social welfare objectives.

In view of the foregoing, the approval of this bill is earnestly sought.



USTADZ YUSOP T. ALANO

1 “(z) xxx;

2 “(aa) Facilitate the filing or submission of legal documents
3 for cases filed in the Shari’ah Courts;

4 **“(BB) ESTABLISH, RECEIVE, MANAGE, AND**
5 **DISTRIBUTE ZAKAT FUNDS TO FACILITATE THE**
6 **OBSERVANCE AND IMPLEMENTATION OF ZAKAT BY**
7 **MUSLIM FILIPINOS, ENSURING FAITHFUL**
8 **COMPLIANCE WITH ISLAMIC LAW, ENFORCING**
9 **AUDIT AND OVERSIGHT RULES AND STANDARDS**
10 **UNDER EXISTING LAWS AND SHARIA ACCOUNTING**
11 **PRINCIPLES, AND IMPLEMENTING AN EFFECTIVE**
12 **ADMINISTRATIVE SYSTEM TO ENSURE THE**
13 **TRANSPARENT, ACCOUNTABLE AND EFFICIENT**
14 **COLLECTION, MANAGEMENT, AND DISBURSEMENT**
15 **OF ZAKAT FUNDS; PROVIDED, THAT FOR THE**
16 **AVOIDANCE OF DOUBT, THE COLLECTION AND**
17 **ADMINISTRATION OF ZAKAT UNDER THIS ACT AND**
18 **ALL ACTIONS TAKEN PURSUANT THERETO SHALL BE**
19 **VOLUNTARY IN NATURE AS AN EXERCISE OF**
20 **RELIGIOUS OBLIGATION, AND SHALL NOT BE**
21 **CONSTRUED AS A TAX, FEE, OR COMPULSORY**
22 **EXACTION IMPOSED BY THE STATE. PARTICIPATION**

1 **IN THE ZAKAT SYSTEM ESTABLISHED HEREIN SHALL**
2 **BE BASED ON THE FREE EXERCISE OF RELIGION,**
3 **CONSISTENT WITH THE CONSTITUTION;”**

4 “~~[(bb)]~~ **(CC)** Promulgate such rules and regulations and
5 exercise such powers and functions as may be necessary to carry
6 out the purposes and objectives outlined in this Act; and

7 “~~[(ee)]~~ **(DD)** Perform such other functions as may be
8 necessary for its effective operations and continued enhancement
9 as a government entity.”

10 SEC. 2. Section 11 of the same Act is amended to read as follows:

11 “SEC. 11. *Bureaus.* – The Bureaus of the Commission shall
12 consist of the Bureau of Muslim Economic Affairs, Bureau of
13 Muslim Cultural Affairs, Bureau of Muslim Settlement, Bureau of
14 External Relations, Bureau of Pilgrimage and Endowment, Bureau
15 of Peace and Conflict Resolution, ~~[and the]~~ Bureau of Legal Affairs
16 **AND THE BUREAU OF ZAKAT ADMINISTRATION AND**
17 **MANAGEMENT. xxx.**

18 “(a) Bureau of Muslim Economic Affairs. – xxx.

19 “xxx.

20 “(g) Bureau of Legal Affairs. – xxx.

21 **“(H) BUREAU OF ZAKAT ADMINISTRATION AND**
22 **MANAGEMENT. – THIS BUREAU SHALL BE**

1 **PRIMARILY RESPONSIBLE FOR THE COLLECTION,**
2 **MANAGEMENT, AND DISTRIBUTION OF ZAKAT FUNDS**
3 **IN ACCORDANCE WITH ISLAMIC LAW. IT SHALL**
4 **MAINTAIN ACCURATE RECORDS, ENSURE**
5 **TRANSPARENCY AND ACCOUNTABILITY, AND**
6 **OVERSEE THE PROPER DISBURSEMENT OF ZAKAT TO**
7 **ELIGIBLE AND INTENDED RECIPIENTS.**

8 **“THE BUREAU SHALL PROMOTE PUBLIC**
9 **AWARENESS OF ZAKAT OBLIGATIONS,**
10 **COLLABORATE WITH RELEVANT ORGANIZATIONS**
11 **TO FACILITATE EFFECTIVE DISTRIBUTION TO**
12 **ELIGIBLE BENEFICIARIES, AND DEVELOP A**
13 **COMPREHENSIVE FRAMEWORK AND FORMULATE**
14 **POLICIES AND REGULATIONS TO ENSURE THE**
15 **EFFICIENT ADMINISTRATION OF ZAKAT FUNDS,**
16 **PRIORITIZING ALLOCATION TO THE EIGHT (8)**
17 **CATEGORIES OF BENEFICIARIES OR ASNAF AS**
18 **SPECIFIED IN THE QUR’AN, WITH PARTICULAR**
19 **EMPHASIS ON THE POOR, THE NEEDY, AND OTHER**
20 **VULNERABLE OR DISADVANTAGED GROUPS,**
21 **WHETHER MUSLIM OR NON-MUSLIM, IN**
22 **ACCORDANCE WITH THE RELEVANT ZAKAT**

**CATEGORIES AND CONDITIONS RECOGNIZED UNDER
ISLAMIC LAW.**

**THE BUREAU SHALL RECOGNIZE, ACCREDIT,
AND, WHERE APPROPRIATE, PARTNER WITH
EXISTING ZAKAT INSTITUTIONS, WAQF
FOUNDATIONS, MOSQUE-BASED COMMITTEES, AND
NON-GOVERNMENT ORGANIZATIONS ENGAGED IN
ZAKAT COLLECTION AND DISTRIBUTION, SUBJECT
TO MINIMUM TRANSPARENCY, ACCOUNTABILITY,
AND SHARIA GOVERNANCE STANDARDS TO BE
PRESCRIBED BY THE COMMISSION. SUCH
STANDARDS SHALL BE LIMITED TO
ADMINISTRATIVE, FINANCIAL, AND GOVERNANCE
REQUIREMENTS AND SHALL NOT EXTEND TO
THEOLOGICAL INTERPRETATION OR RELIGIOUS
INSTRUCTION.**

**A SHARIA ADVISORY COUNCIL ON ZAKAT IS
HEREBY CREATED UNDER THE COMMISSION,
COMPOSED OF QUALIFIED ISLAMIC SCHOLARS,
SHARIA FINANCE EXPERTS, AND PRACTITIONERS,
WHICH SHALL PROVIDE ADVISORY AND NON-
BINDING GUIDANCE ON ZAKAT COMPLIANCE,**

**ELIGIBILITY, ALLOCATION, AND ADMINISTRATIVE
LIMITS CONSISTENT WITH ISLAMIC
JURISPRUDENCE.**

**ZAKAT FUNDS COLLECTED UNDER THIS ACT
SHALL CONSTITUTE A TRUST FUND AND SHALL NOT
REVERT TO THE GENERAL FUND OF THE
GOVERNMENT. SUCH FUNDS SHALL BE USED
EXCLUSIVELY FOR ZAKAT-ELIGIBLE PURPOSES IN
ACCORDANCE WITH ISLAMIC LAW AND SHALL NOT
BE APPROPRIATED FOR PURPOSES INCONSISTENT
THEREWITH.**

**ZAKAT CONTRIBUTIONS MADE THROUGH THE
NATIONAL COMMISSION ON MUSLIM FILIPINOS OR
ITS ACCREDITED ZAKAT INSTITUTIONS MAY BE
CONSIDERED AS ALLOWABLE DEDUCTIONS FROM
GROSS INCOME, SUBJECT TO THE PROVISIONS OF
THE NATIONAL INTERNAL REVENUE CODE, AS
AMENDED, CONSISTENT WITH THE TREATMENT OF
CHARITABLE CONTRIBUTIONS FOR SOCIAL
WELFARE AND HUMANITARIAN PURPOSES UNDER
EXISTING LAWS, AND SUCH RULES AND
REGULATIONS AS MAY BE JOINTLY ISSUED BY THE**

**BUREAU OF INTERNAL REVENUE AND THE NATIONAL
COMMISSION ON MUSLIM FILIPINOS.**

**THE BUREAU SHALL COORDINATE WITH
APPROPRIATE GOVERNMENT ENTITIES TO
INTEGRATE ZAKAT MECHANISMS WITHIN
NATIONAL SOCIAL WELFARE FRAMEWORKS AND
SHALL SUBMIT PERIODIC REPORTS ON THE
COLLECTION AND DISTRIBUTION OF ZAKAT TO
STAKEHOLDERS, REINFORCING INSTITUTIONAL
ACCOUNTABILITY AND PUBLIC TRUST. AUDIT BY
THE COMMISSION ON AUDIT SHALL BE CONDUCTED
IN A MANNER THAT RESPECTS THE TRUST
CHARACTER OF ZAKAT FUNDS AND APPLICABLE
SHARIA ACCOUNTING PRINCIPLES.**

**IN THE BANGSAMORO AUTONOMOUS REGION
IN MUSLIM MINDANAO (BARMM), THE
IMPLEMENTATION OF ZAKAT-RELATED PROGRAMS
UNDER THIS ACT SHALL RESPECT THE AUTONOMY
OF THE BANGSAMORO GOVERNMENT AS PROVIDED
UNDER THE BANGSAMORO ORGANIC LAW. NOTHING
IN THIS ACT SHALL BE CONSTRUED TO LIMIT,
DIMINISH, OR SUPERSEDE THE AUTHORITY OF THE**

BANGSAMORO GOVERNMENT TO ENACT ITS OWN LAWS, POLICIES, OR MECHANISMS ON ZAKAT ADMINISTRATION. THE NATIONAL COMMISSION ON MUSLIM FILIPINOS SHALL, WHERE APPROPRIATE, COORDINATE AND ENTER INTO AGREEMENTS WITH THE BANGSAMORO GOVERNMENT TO HARMONIZE STANDARDS, PROMOTE TRANSPARENCY AND ACCOUNTABILITY, AND SUPPORT COMPLEMENTARY POVERTY ALLEVIATION INITIATIVES, WITHOUT CENTRALIZING OR DIVERTING ZAKAT FUNDS COLLECTED WITHIN THE REGION.

FOR PURPOSES OF THIS ACT, ZAKAT REFERS TO A RELIGIOUS OBLIGATION UNDER ISLAMIC LAW FOR FINANCIALLY CAPABLE MUSLIMS TO CONTRIBUTE A FIXED PORTION OF THEIR ACCUMULATED WEALTH ANNUALLY TO SUPPORT THE POOR, THE NEEDY, AND OTHER ELIGIBLE BENEFICIARIES AS ENUMERATED IN THE QUR'AN, REINFORCING SOCIAL SOLIDARITY AND ECONOMIC JUSTICE WITHIN AND BEYOND THE MUSLIM COMMUNITY; PROVIDED, THAT THE OBSERVANCE AND PAYMENT OF ZAKAT UNDER THIS ACT SHALL BE VOLUNTARY, AND SHALL NOT BE

1 **COMPELLED, ENFORCED, OR REQUIRED BY THE**
2 **STATE OR ANY OF ITS INSTRUMENTALITIES”.”**

3 SEC. 3. Within ninety (90) days from the effectivity of this Act, the
4 National Commission on Muslim Filipinos shall promulgate the
5 necessary rules and regulations for the effective implementation of this
6 Act.

7 SEC. 4. All laws, presidential decrees, executive orders, rules and
8 regulations or parts thereof inconsistent with the provisions of this Act are
9 repealed or modified accordingly.

10 SEC. 5. This Act shall take effect fifteen (15) days after its publication in
11 the *Official Gazette* or in a newspaper of general circulation.

12 *Approved,*