

Al-Zakat: Taxation Model in Public Finance

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Abstract

Al-zakat is a Quranic term, which is considered as a religious financial worship. From traditional point of view a fixed percentage i.e. 2.5% is imposed as a religion tax on the Muslims which have a certain quantity of gold, silver and some animals. The heads on which this amount may be spent and the rate is considered as fixed. But the actual fact is that, Quran has used this term for the taxation system of an Islamic state. Different reasons from Quran can be given to prove this claim, e.g. Quran has separated *al-zakat* from *al-sadaqat* and expenditure in the way of Allah and do not consider it as a donation, imposition of *al-zakat* is associated with getting of power, Quran did not appeal to pay it but the order is given for the same, the heads and rate of *al-zakat* are not given in Quran.

Keywords: Quran; Verse; *al-zakat*; Donation; Sadaqa.

1. Introduction:

Out of different economic terms used by Quran *al-zakat* has a significant importance as the major sources of income of an Islamic state, and at individual level also because it is considered as a religious financial sacrifice to get the consent of Allah. The meaning of the word *zakat* in Arabic language is to grow, to flatter growth and cleanliness (Parwaiz 1987). From traditional point of view *zakat* and government taxes are two different things and they cannot be mix up (Taseen 1997). It is normally claimed that if *zakat* is taken at that rate which is suggested in *Shariah* then government will never need to take any loan (Qasim 2003). It is also claimed that if an economic system will be established on *zakat* then it will eliminate capitalism (Sewharvi 1984). But these claims never proved by any thinker.

Basically from Quranic point of view the term *al-zakat* is used for the taxation system of an Islamic state, but before to prove this claim one important aspect of Quranic manner should be kept in mind.

It is a common practice in Quran that, whenever this Holy Book used a word for a particular term then, that word is distinguished by addition of the word 'al' which is synonymous of English word 'the'. Different examples can be given in this regard e.g. *salat* and *al-salat*, *riba* & *al-riba*, *meezan* & *al-meezan* etc. The same situation is with the term *zakat*, whenever Quran has used it in its special perspective it is used as *al-zakat*. But unfortunately Muslim thinkers did not pay any attention to this basic point and the result is that, many problems are created in the interpretation of this term, and it is taken in a quite reduced and limited sense by author or thinkers. This is the reason that, this term is normally considered as *zakat*. It means that specialty which Quran has associated with it is totally ignored. In order to keep the original sense of this term in this paper it is written as *al-zakat* as Quran has mentioned it.

As far as the traditional point of view is concerned a big majority of the thinkers consider it as a religious worship under which it is compulsory that any Muslim who has a certain quantity of gold, silver and animals he/she has to pay 2.5% of this wealth for charity purpose. It is said that the rate and the heads on which this amount can be spent are fixed and cannot be changed.

But it is not the fact actually Quran has used this term in the sense of a taxation system of an Islamic state. Different arguments can be given in this regard to justify this claim. These reasons are given in the following sections of this paper.

2. Quran Has Separated *Al-zakat* From Other Forms of Donations

It is normally considered that Quran has used *al-zakat*, *sadaqat* and *infaq*/ donation in the way of Allah as synonymous terms. It is assumed that, all of them are quite same and Quran has used them for the purpose of donations or the expenditure in the way of Allah. It is not correct Quran has clearly made distinction between these terms and highlighted the differences between them in different contexts. Due to these details it is almost impossible to claim that from Quranic point of view all of them are same. Different Quranic verses can be presented to justify this claim e.g. in the following verse a clear distinction is made between *al-zakat* and *infaq* (donation in the way of Allah).

Establish al-salat and pay al-zakat and lend into Allah a goodly loan.
(Chapter 73 Verse 20)

“Lend unto Allah” is a specific term used in Quran for the purpose of any expenditure in the way of Allah. It is an alternate term of *infaq* has the same meaning. Point of consideration is that in the above mentioned verse *al-zakat* is clearly separated from *infaq* or donation. This distinction can also be observed in different verses also e.g. chapter 12, verse 12 and chapter 2 verse 177. If both of them are same then definitely there is no justification for this bifurcation.

Quran has also separated *al-zakat* from *sadaqas*. This fact can be proved through the verses 12-13 of chapter 58, in which *al-zakat* is also clearly separated from *sadaqas*. It means from Quranic point of view *al-zakat* is not a kind of donation but has completely different nature.

3. For the Payment of *Al-zakat* Order is Given

Another important point which proves that *al-zakat* is a taxation system of an Islamic state is that, throughout Quran appeal is not made for the payment of *al-zakat* like *infaq* and *sadaqas* but instead of that, at all places order is given to all Muslims for the payment of *al-zakat*. Simple fact is that, government receives the tax through its power throughout the world and no request is made for the payment of tax. Quran has also given order for this purpose, in the form of order following words are repeated at almost 26 times in Quran.

Establish at-salat & pay al-zakat.
(Chapter 2, Verse 43)

This fact simply proves the above claim.

4. Payment of *Al-zakat* is Associated With Power

Another reason which can be presented in this regard is that, Quran has linked the payment of *al-zakat* with getting power on the certain part on the earth, as it is done in the following verse of Quran.

Those who, if We give them power in the land establish al-salat and pay al-zakat and enjoin the right and forbid wrong. And Allah's is the sequel of all events. (Chapter 22, Verse 41)

This verse clearly indicates that Muslims pay *al-zakat* when they get power on the earth. It is an open fact that, whenever any nation got power on the earth it always try to establish a system according to their own ideology and make a system of taxation to establish that particular state. In this context in this verse one characteristic of Muslims is described that, when they got power on the earth they establish their own taxation system i.e. *al-zakat*.

5. The Heads & Rate of *Al-Zakat* is Not Given in Quran

In Quran at any place the heads and rate of *al-zakat* is not given, this fact is another valid proof of above mentioned claim. It is claimed that in the chapter 9, verse 60 of heads of expenditure of *al-zakat* are given, it is totally wrong. In this verse Quran has clearly mentioned the heads of *al-sadaqas* not *al-zakat*. Since traditionally it is assumed that *al-sadaqas* and *al-zakat* are same, hence on this basis it is claimed that, in this verse heads of *al-zakat* are given. But as it is mentioned in the section 2 of this paper these two terms are not same. Hence the heads mentioned in the Chapter 9, verse 60 are belongs to *al-sadaqas* not *al-zakat*. This fact is also another proof of this claim that *al-zakat* is a taxation system of Islamic state. The reason why Quran has not given the rate and heads of *al-zakat* is quite simple. Both of these are relative matter and are changed from time to time, even these may be change in duration of days. This is the reason that Quran has not fixed them. It is quite simple if Quran did the same then it was limited to just the time period of Prophet Muhammad, (P.B.U.H.) and will not be applicable after that time.

Hence Quran did not do the same, and has given the Islamic state a complete liberty on the rate of taxation and the heads on which this amount may be spent.

6. From Historical Point of View *Al-zakat* is Also a Taxation System

Analysis of initial time period of Muslim history can also be presented as another proof in this regard. After the death of Prophet Muhammad (P.B.U.H), some tribes had refused to pay the *al-zakat* and first caliph Abubaker has used the power against them. This action of first caliph clearly indicates that, *al-zakat* was collected by the central government and the person who has refused to pay caliph has used the power against them. If it was an individual matter then no justification of use of power was left. Moreover second caliph Ummer Farooq has changed the rate of *al-zakat* on different items (Parwaiz 1996), this action of second caliph is a solid proof that rate of *al-zakat* is not fixed and can be changed.

Conclusion

Quran has used the term *al-zakat* for the taxation system of an Islamic state. This claim can be proved from the facts that, Quran does not consider *al-zakat*, *al-sadaqas* and *infaq* as same terms, *al-zakat* has a separate status for which order is given to all Muslims and its payment is associated with getting of power. Moreover, absence of rate and heads of *al-zakat* in Quran is also a reason of this claim, which can be supported by initial Muslim

history practice.

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