بسم الله الرحمن الرحيم

Zakat Is a Key Pillar of the Economic System

Every year, as Ramadan approaches, thousands of Muslims begin calculating their Zakat. Apps are opened and gold is weighed. Bank balances are checked and percentages are calculated. Then the money is handed over, and we feel that another pillar of Islam has been fulfilled.

But what if we have been looking at Zakat far too narrowly? What if Zakat is not merely a personal act of worship, but an important component of a complete economic system that Islam designed for the society to be prosperous? We fail to see how well it fits into a whole system designed to build and sustain a civilization.

More than Worship- A Pillar of a System

The levying of Zakat is not connected with the needs of the state or the society, as is the case with all the other types of funds levied from the Ummah. It is rather a specific type of fund that must be deposited in the Treasury and is a property of those whom Shariah stipulated, whether there was a need for it or not. The Muslim is not absolved of the duty to pay the Zakat when it becomes due on his wealth. Its payment is obligatory on the Muslim who owns the **Nisab** (minimum amount eligible for Zakat), after deducting his debts and his needs. Zakat is not an obligation upon the non-Muslim. It is, however, an obligation to pay it from the wealth of the adolescent and the insane, because At-Tirmidhi reported on the authority of Abdullah Ibn Amru that the Messenger of Allah (saw) said, **«ألا من ولي يتيماً له مال، فليتجر فيه، ولا يتركه حتى تأكله الصدقة» "He who acts as guardian for an orphan that has property let him trade in that property and not leave it until the Sadaqah (Zakt) devours it."**

The hadith directs the guardian to invest the wealth instead of leaving it alone, which means it will decrease yearly due to the payment of Zakat upon it.

Think about that for a moment. A child may not even understand what Zakat is, yet it must still be paid on his or her wealth, because Zakat ensures that wealth continues to circulate throughout society. That changes the entire way we look at Zakat; it is an individual obligation but it is also part of the Islamic economic system, working with other laws to ensure that people can fulfil their basic needs, and also gain enough wealth for extras.

Allah (swt) Did Not Leave Zakat to the Human Intellect

Modern societies constantly debate questions such as: Should the rich pay more tax? Who qualifies as poor? How much should be collected? Who decides where the money goes? These discussions continue endlessly because human beings keep changing the rules.

Islam didn't leave the limited human intellect to figure out the same regarding the Zakat. Shariah determined:

- who pays,
- when they pay,
- how much they pay,
- what wealth is subject to Zakat,
- who receives it,
- and who is responsible for collecting and distributing it.

A person only becomes liable after wealth reaches the prescribed **Nisab** and remains above it for one lunar year. It is therefore not a tax on earnings, nor on every possession. It is primarily a duty upon accumulated savings that have remained in one's ownership.

Likewise, Allah (swt) did not leave the recipients to a changing public opinion. The categories that can be paid zakat are fixed to those Allah (swt) mentioned in the Qur'an.

Allah (swt) said, ﴿إِنَّمَا ٱلصَّدَقَٰتُ لِلۡفُقَرَآءِ وَٱلۡمَسَٰكِينِ وَٱلۡعَٰمِلِينَ عَلَيۡهَا وَٱلۡمُؤَلَّفَةِ قُلُوبُهُمۡ وَفِي ٱلرِّقَابِ وَٱلۡغَٰرِمِينَ وَفِي سَبِيلِ ٱللَّهِ وَٱبۡنِ ٱلسَّبِيلِۖ فَرِيضَةٗ مِّنَ ٱللَّهِۗ وَٱللَّهُ عَلِيمٌ حَكِيمٞ﴾ **“Zakat expenditures are only for the poor, the needy, those employed to collect it, those whose hearts are to be reconciled, for freeing captives, for those in debt, in the cause of Allah, and for the stranded traveler.”** [TMQ Surah At-Tawbah 9:60].

As for those employed for it, they are those who levy and distribute the Zakat. Those whose “hearts have been reconciled” are those the state deems appropriate to give them from the Zakat as an incentive to establish them firmly in Islam. Those in bondage are the slaves; they are given money so that they can be freed. Those in debt are the indebted who are unable to pay off their debts. In the way of Allah means Jihad; whenever “in the way of Allah” is mentioned in the Quran, coupled with spending, its meaning is Jihad. The wayfarer is the traveler who has been cut off. It is forbidden to give the Zakat funds to other than these eight categories, including the economic needs of the State. If none of the eight categories can be found, the Zakat fund should still not be spent on any other area; rather, it should be kept in the Treasury and then paid out to the eight categories whenever the need arises. The Zakat is paid to the Khaleefah (caliph) or his deputies, for Allah (swt) says, ﴿خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِم بِهَا وَصَلِّ عَلَيْهِمْۖ إِنَّ صَلَاتَكَ سَكَنٌ لَّهُمْۗ وَاللَّهُ سَمِيعٌ عَلِيمٌ﴾ ***“Take alms from their properties so that you might purify and sanctify them.”*** [TMQ Surah At-Tauba: 103]

All the above implies that there must exist an organized system for its collection. Historically, Zakat was one of the permanent revenues of the **Bayt al-Mal (State Treasury)**. The state appointed officials to assess, collect, record and distribute it.

Abu Bakr (ra) the first Khalifah of Islam, demanded Zakat from all the Muslims. When some newly reverted tribes refused to pay Zakat to him, he fought them which occurred with the Unanimous Consensus of the Companions. Abu Bakr (ra) understood his responsibility as the Khaleefah; it was his responsibility to ensure everyone who is eligible, pays Zakat. The Quran itself mentions **“those employed to collect it**,” and the Khaleefah would appoint collectors, proving that Zakat was never envisioned as a purely private exercise; its administration was institutional because it is part of the system of laws that seek to solve poverty, which is a societal issue.

<u>Islam's Unique Economic Vision</u>

Today's economic thinking is largely shaped by capitalism. Capital becomes the center of attention. Success is measured primarily by production, growth and accumulation. We often assume there is no alternative because this is all we know. According to the World Economic Report, over the last 20 years, global wealth has doubled to over $480 trillion, but it has become heavily concentrated at the very top. The top 10% of adults now own roughly three-quarters of all global wealth, while the bottom 50% hold a mere 2%. Extreme accumulation by billionaires and multi-millionaires has accelerated significantly faster than general economic growth. This extreme concentration of wealth is possible because of the capitalist economic system. The charity given by the wealthy is not able to solve the poverty which is created by the system itself.

Islam economic system and policies are entirely different. Islam recognises private ownership, but it also regulates **how wealth is acquired, how it is used and how it must circulate**. Islam allows individuals to own property, conduct business and enjoy lawful wealth. The Creator who permitted ownership also determined its limits, and we are obliged to restrict our actions to the Akham Shariah.

Islam also recognizes that people differ in their physical abilities, opportunities and circumstances. Therefore, society cannot simply leave the weak behind under the slogan of "survival of the fittest." The Shariah rulings create a system that provides for the poor and disadvantaged. Allah (swt) commanded that wealth continuously flow through society so wealth is not concentrated in the hands of a few. Allah (swt) says, **﴿كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ﴾ "...so that it may not merely circulate among the wealthy among you."** [TMQ Surah Al-Hashr 59:7].

This single verse captures one of the central objectives of Islamic economics. Yes, production matters but distribution matters more.

<u>Not a Wealth Tax but a Purification of Wealth.</u>

Zakat may seem similar to a "wealth tax." It is far deeper than that. Taxes are generally imposed by governments and often resisted. People hire accountants to minimize them. Zakat is different. A believer eagerly calculates it because he knows it purifies his wealth and he will be accountable for it on the Day of Judgement.

Allah (swt) says, **﴿خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِم بِهَا﴾ "Take from their wealth charity by which you purify them and cleanse them."** [TMQ Surah At-Tawbah 9:103].

The Islamic Ummah understands that we do not pay only because we fear punishment, but because we understand Allah (swt) is purifying us. That is not merely economics. That is faith transforming economics.

<u>The Bigger Picture</u>

This is the conversation we all need to have today. Islam is not simply a collection of beautiful individual rituals. It is a complete way of organizing human life.

Its economic system was never built upon greed, endless accumulation or allowing wealth to remain trapped among a privileged few. It combines individual ownership with social responsibility, personal freedom with divine limits, and material prosperity with moral accountability. When properly implemented, it protects the vulnerable, preserves human dignity and strengthens the cohesion of society.

Zakat is therefore a declaration that wealth belongs ultimately to Allah, that society has rights over individual prosperity, and that justice is achieved not by leaving every generation to invent its own economic rules, but by following the guidance of the One Who created both wealth and humankind.

Perhaps the real question for our generation is not whether we pay Zakat every Ramadan. It is whether we have forgotten the remarkable system that Zakat was always meant to be a part of.

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