

Islamic Social Welfare and the Role of Zakat and Islamic Charity in the Family- Resilience: the Theoretical Review

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ABSTRACT

The two extremes of carelessness and excesses were exposed as examples of preferential treatment in society. An unequal distribution of wealth results from monopoly-based relationships under capitalism. Relationships under Socialism and Communism are built on materialistic equality in order to reduce disputes brought on by unequal income distribution. The middle path is where Islam stands. The middle path is where Islam stands. For more than 1,400 years, the Islamic economic system, which was in line with its principles, held firm and contributed to the development of a society that was neither capitalism nor socialist but contained the best aspects of both. It promotes the system of wealth distribution with the goal of achieving a society in which there won't be any hoarding, profiteering, or accumulation of wealth in a small number of hands; a society in which there won't be either slums or multimillionaires, neither the exploited proletariat nor the exploiting bourgeoisie. This essay explores Islamic social welfare, the socioeconomic function of zakat in the family structure, and the efficiency of zakat in eradicating poverty and other social ills. Analytical in nature, the paper's presentation is based on a review of pertinent literature. The study affirms that the Zakat system offers a constant economic mechanism for transferring wealth from the wealthy to the poor, and that when properly assessed, promptly collected, and dispersed, it can help Muslim societies address risky issues like poverty, unemployment, natural disasters, debt, and unequal income distribution. According to the document, wealthy Muslims should be encouraged to fulfil their commitments either on an individual basis or through organized institutions (where accessible). They should be urged to start with the Zakat-deserving members of their immediate families when paying their dues directly.

INTRODUCTION

Zakat, presumably the first pillar of its economic system. It provides food to those who are struggling financially and is the first and most important tool for implementing Islamic economic justice, two subjects that Islam is particularly sensitive to. Zakat is the cornerstone of Islam's equitable wealth transfer system and the most effective means of reducing poverty and other economic and social problems in an Islamic society. The Qur'an refers to this duty in about thirty places; in twenty-eight of those, Zakat is associated with prayer. In addition, the Prophet stressed this requirement in a number of his sayings.

Serious concerns including poverty, unemployment, natural catastrophes, debt, and unequal income distribution must be addressed at the home, community, and state levels in a society where Muslims live. The framework for Islamic social welfare is provided by zakat. Zakat is universally accepted as the major and most significant aspect in the equitable distribution of wealth in any Muslim culture, despite claims that it cannot resolve all socioeconomic problems by itself and must instead be coupled with other wealth-redistribution methods.

When it comes to zakat distribution and collection, the government is absolutely essential. In the Qur'anic verse 9:103, which is addressed to the Prophet (peace and blessings of Allah be upon him), it says, "take sadaqah (Zakat) out of their property." According to verse 9:60, which details the distribution, the employees who are responsible for its collection and distribution are one of the groups of people who receive its revenue. This demonstrates unequivocally that the government, not the individual payers, should handle the Zakat of perceived riches (agricultural goods and animals). There are a number of the Prophet's (peace and blessings of Allah be upon him) sayings and his own deeds that

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Zakat has historically been designated by Muslim governments as a fund or account in the treasury, and its proceeds are distributed in accordance with Shari'ah standards. Up to the Ottoman Empire's downfall, this tradition persisted. On the other hand, if it is generally acknowledged that people are eager to do so out of a sense of religious obligation, the state may permit individual payers to distribute their Zakat to the appropriate parties.

In countries like Saudi Arabia, Malaysia, Libya, Pakistan, and Sudan, governments or their agencies are in charge of collecting and distributing zakat. In these countries, zakat is implemented through obligatory tax contributions to the government. Nevertheless, certain countries, like Bangladesh, Indonesia, Kuwait, Jordan, Iraq, Oman, Qatar, Bahrain, and the United Arab Emirates, have established specialized institutions or funds for the collection and distribution of zakat (Kahf, 1997). Additionally, according to Zarqa (1997), estimates of zakat revenues in various countries range from 3.6% to 3% of the country's annual gross domestic product (GDP). As a result, the vast majority of Muslim countries with advanced institutions are aware of how

Zakat has changed their socioeconomic structure.

However, the Zakat obligation is unaffected in any way whether governments choose to neglect it or if there is no Islamic government or established body. However, it is still a religious obligation for every Muslim to pay their zakat, either directly or through charity.

Where the government or its agencies are not responsible for administering Zakat, volunteer organizations provide assistance to the designated recipients in order to fulfill their socioeconomic goals.

The socioeconomic role of personal zakat administration in the family system is examined in this essay, as well as how well it combats social problems and poverty. The purpose of the analytical paper is to add to the body of knowledge previously accessible on how the Zakat social welfare program specifically impacts Muslim minority families. The analytical paper's presentation is based on a review of important literature.

The essay's remaining sections are organized as follows. The following section goes through the history of social welfare. The literature on zakat is examined in the second section. Section three discusses the role of zakat in the family system. A conclusion and suggestions are given in section four.

Background Issues on Social Welfare

The wellbeing of its members has always been the primary objective of every society. However, opinions on what well-being involves and how it could be attained differ. The secularist perspective of the modern world heavily emphasizes them, even if there are other elements that also affect happiness. The eradication of poverty, satisfaction of all human needs, full employment, equitable income and wealth distribution, and stable growth are regarded

as material goals that, if met, may ensure people's well-being.

Some people are more intelligent than others, while others work harder. These differences eventually lead to unequal salaries, which in turn result in discrepancies in how wealth is distributed. There is no question that this hierarchy has existed throughout human history and civilization. The only factor that varies between countries is the level or amount of inequality.

The extent of poverty varies amongst communities, as well as between different places and countries. The result has a direct impact on not only the quality of life of the individual, but also the level of civil and material development of the community. As a result, more than 1 billion people in the globe today endure abhorrent levels of poverty, and 30,000 people die from a lack of resources every day.

If the problem of poverty is to be solved, a social structure free from oppression, exploitation, and the concentration of wealth in a few hands will inevitably need to be built. Since different communities have different levels of poverty, resource endowments, ideologies, levels of political commitment, etc., they have also different approaches for eliminating poverty.

Therefore, one of the approaches to eliminating poverty that is swiftly gaining traction, particularly in capitalist nations, is "social welfare," a policy that transfers a portion of money from the wealthy to the poor in an effort to maintain social justice and balance. The literature presents two diametrically opposed hypotheses regarding how income distribution can enhance social wellbeing. The first viewpoint, backed by capitalist economists, contends that social welfare is a curse rather than a blessing since it permits the thievery of money from the society's hardworking members. The opposing perspective, which is mostly backed by socialist economists

and capitalist social scientists, advocates for social welfare and wealth distribution by doing away with private property and socializing the means of production.

Islam holds a middle ground. Its relationships are built in line with labor-based ranks that differentiate according to purity. The Islamic economic system, which was consistent with its beliefs, persisted for more than 1,400 years and helped to create a society that was neither capitalist nor socialist but combined the best elements of each. By achieving a balance in the distribution of wealth, the policy promoted by the Islamic economic system—the world's first organized economic system—implements core Islamic precepts. However, the Islamic law steps in when necessary to support the underprivileged and defend them from oppression and necessity.

Both socialism and Islam are concerned with an equitable distribution of income and wealth, but Islam is vehemently opposed to the abolition of private property, and socializing the means of production is incompatible with the Islamic system's emphasis on private business. Islam places a strong importance on upholding one's right to privacy and sense of individual dignity.

The Islamic system alone is able to address the issue of unequal income levels. The wealthy are prohibited from owning and controlling the nation's wealth, hence any surplus should be removed from them. It advocates for a system of wealth distribution with the aim of creating a society without slums, multimillionaires, the exploited proletariat, or the bourgeoisie who take advantage of the poor; a society without hoarding or profiteering.

Islamic Perspective of Wealth

Islam offers a unique viewpoint on the issue of wealth, including its ownership, distribution, and social relationships.

According to the Qur'anic verses (2:86, 3:14, 3:117, and 104:1–9), wealth consists of all of life's goods that are tangible and valuable. The verses, however, also offer unequivocal moral rules for what forms of wealth are and are not acceptable. They place emphasis on the necessity of utilizing individual preferences within the framework of society to create riches. In Islam, wealth is explained by a system of relationships between the moral law's principles of justice, fairness, and limitations on wealth as both an item needed by an individual and an item of society.

Unlike the secularist worldview of the collapsing governments, the Islamic perspective is a harmonious synthesis of both the material and spiritual dimensions of existence. The synthesis supports the notion that true well-being, which would result in both physical comfort and mental satisfaction and tranquility, cannot be attained unless the balanced material and spiritual needs of human personality are addressed. An overwhelming emphasis on one at the expense of the other will undoubtedly lead to long-term sorrow. Islam holds the belief that unless every aspect of human behavior has a moral component and it is difficult to use resources effectively and fairly, even in a material sense, until the economy is rebuilt in accordance with the principles of goal realization and moral values.

Islam is dedicated to social, economic, and global unity. However, without economic justice to guarantee that everyone receives their rightful rewards for their services to society or to the social product and that no one is exploited by another, the Islamic teachings on brotherhood and social justice would be meaningless. As a result, in order to meet everyone's requirements and establish a reasonable distribution of income and wealth, all of the resources at our disposal must be used efficiently and fairly.

Asserts that Islam does not, however, rely exclusively on this intrinsic agreement between its goals and worldview in order to construct an effective strategy. It also highlights some of the plan's most important elements and stands by them fully in order to bring about the kind of socio-economic and financial restructuring that is necessary for goal fulfilment. Shafi (1979) (1979) He claims that there are four crucial and interdependent parts to the Islamic philosophy. In order to achieve the intended goals despite limited resources, these include a strong motivational system to motivate individuals to give their best effort, a socioeconomic and financial reorganization, and a supporting and goal-oriented role for the government.

Hence Islam places a strong emphasis on distributive justice and includes a system that seems to: (1) offer training and later assistance in finding gainful employment to those who are unemployed and looking for work in accordance with their ability; (2) enforce a system of "just" remuneration for those working; and (3) make mandatory arrangements for insurance against unemployment, occupational hazards, and old-age pensions. Zakat collection and distribution as well as upholding Islamic teachings about the rule of inheritance are two of the five strategies to hasten the sharing of income and wealth within the Islamic brotherhood. They are unable to provide for themselves or maintain a reasonable quality of living on their own due to physical or mental impairments, obsolescence, or neither.

Eloquently explains the objectives of wealth distribution in Islam. He claims that the Islamic approach to wealth distribution takes into account three aspects. In order to enable each person to function normally in accordance with his or her abilities, aptitudes, choices, and preferences—without the use of coercion or force—wealth distribution's first objective must be to establish a natural and workable

economic system. This will allow for more fruitful, healthy, and advantageous outcomes from people's activities.

Making it feasible for everyone to get what is owed to them is the second objective. Islam's key belief in this area is that "wealth" is, in theory, Allah's property, and He alone has the power to set the rules for its rightful application. Islam holds that individuals who directly contributed to the creation of money are not the only ones entitled to it; people whom Allah has bound others to help are also entitled to it. As a result, individuals who are weak, dependent, needy, and underprivileged have a claim to wealth. Allah obligates all those who produce wealth and those who receive it to give a portion of it to the needy and the impoverished; otherwise, they would not have done so because the needy and underprivileged have a right to a portion of wealth under the law, they should uphold their obligation.

In order to reduce the gap between the rich and the poor as much as is natural and possible, the third goal of wealth distribution—which Islam views as being of utmost importance—is that wealth should be allowed to circulate as widely as possible within society rather than becoming concentrated in a small number of hands. According to Islam, no one individual or group should have a monopoly over the basic sources of wealth because it has granted each member of society an equal claim to them. The Qur'an says, "So that this wealth should not become, so that this prosperity would not be limited to the wealthiest among you alone. Beyond this, Islam respects the resources and labor in a proper manner when human engagement is necessary for the development of wealth when a man generates some type of wealth by committing his resources and labor. This is deployed and recognizes man's claim of property in the wealth produced.

Islamic economics differs from capitalism, socialism, and both at once

based on the first of these three methods of wealth distribution. Islamic social capital seeks to create an international society that is fair in both social and economic matters.

Islamic Social Welfare

One of Islam's key pillars for combating both absolute and relative poverty is its social assistance program. The foundation of Islam's system of social cohesiveness or survival is solid. The first to be impacted are the individuals themselves, then families, then societies, and finally all of humanity—past, present, and future. The state is ultimately responsible for assisting the less fortunate in this decentralized system of solidarity in order to avoid onerous commitments, needless spending, and unfair treatment of citizens.

Islam advises people to have the highest level of financial independence possible in order to preserve their integrity and honor. In order to sustain themselves and their dependents, it motivates the individual to work hard, explore other vocations, and hone their abilities. It orders him to refrain from idleness, laziness, and unemployment. It forewarns against begging, cheating people, and being too stubborn to work.

Islamic law prohibits burdening other individuals as well. He must engage in any meaningful economic endeavor, no matter how meager the reward could be. The person is also needed to study education, both religious and secular, in order to take advantage of the chance to learn the abilities required to worship Allah as well as to become learned and valuable in society. People who are willing to put in the effort to finish their basic education and/or pursue a variety of professions, handicrafts, and skilled labor should be supported by members of society and the government through financial assistance.

The family, on the other hand, is committed to supporting its members in

accordance with Allah's prescribed maintenance standards (HQ 16:19 and 4:36). In a hadith, a person approached the Prophet (peace and blessings of Allah be upon him) and said, "I've got a dinar. Put it toward yourself." I have another, he exclaimed. He said, "Spend money on your kids." He added, "I have a third and another." He replied, "Spend money on your family." I also have a fourth one "He announced. He suggested spending money on your servant. I also have a fifth one "He announced. The Prophet said, "You know better what to do with it" (Abu Dawud and Nasai). Rich family members are so need to send presents, Sadaqat payments, or obligatory maintenance to the family members who are less fortunate financially (as appropriate).

Community support is yet another type of social solidarity that Allah has commanded. Its goals are to eradicate poverty and need in society, cultivate compassion, and deepen ties between neighbors. There are many charitable deeds in this world that were foreordained by Allah with the intention of assisting the poor and downtrodden, such as Sadaqah (voluntary charity), which includes charitable acts or gifts such as those meant to continue one's reward after death (sadaqah al-jaariyah), Waqf (religious endowment), which includes providing social services such as providing education at all levels, both religious and secular, health institutions, parity, and are a some of the numerous strategies for fostering community togetherness (religious expiations). Other forms of Islamic teaching include paying a fine (fidyah) for violating a prohibition while on pilgrimage (during ihraam), for failing to observe Ramadan fast due to old age, pregnancy, or chronic illness, and for breaking oaths (kaffarat al-yameen), which supports the needy when done by using a certain amount of wealth to atone for one's faults instead of doing so by keeping a fast.

The state is also required by Islam to provide for all of its residents, but especially the destitute. The state is responsible for that in front of the people and in front of Allah. Islam places the burden of providing social security for each member of the Islamic community's living standards on the state. This important task is typically started by the state in two stages. The state offers an individual the chance of a generous share of fruitful work in the first phase, allowing them to support themselves through their own labor and effort. It does this by creating jobs for the unemployed, providing them with tools, putting them through professional training, and monitoring their progress.

However, when a person is unable to work and support himself through his own labor or when the state is unable to give him an opportunity to work to earn sufficient for his upkeep due to exceptional circumstances, the state pursues social security by making an adequate amount of money available through its various redistribution schemes or by encouraging other community members to do the same.

Taxes (where the Zakat and other income from the sources accessible to the state are insufficient), khums ghanaa'im, al-fay', al-'ushoor, al-khiraj, khums ar-rikaaz, and zakat of very obvious riches are some of the sources of money that help the state assist and provide for the poor and needy. A required form of sadaqah is zakat al-Fitr.

Thus, Islam has been successful in influencing the individual's behavior and conduct through the texts of the Qur'an and Sunnah, enabling him or her to achieve financial independence in order to support themselves first, their families second, and ultimately the welfare of society as a whole.

LITERATURE REVIEW

Literatures on Zakat

The zakat literature can be classified into two categories. The first category, which

addresses the Fiqh (Islamic rules and other juristic problems) of zakat, is contributed to by the bulk of traditional fuqaha (Islamic scholars) and a small number of contemporary Islamic economists. The definition, rules, philosophy, and practice of zakat are the main topics of this category. Fascinatingly, Qardawi (1999) has eloquently outlined the majority of the issues related to Zakat judgments and philosophy. Kahf (2000) explored extensively issues on Zakat management using cross-country data from Saudi Arabia, Malaysia, Libya, Pakistan, and Sudan. On the other hand, Islahi (2005) noted a number of research conducted in specific countries, Azharuddin (1988) in Bangladesh, Faridi (1993 and 1995) in India, Abdullahi (1991) in Indonesia, Ajeel (1995) in Kuwait, Abdul-Wahab (1995) in Malaysia, Balogun (1999) in Nigeria, Khan (1993) in Pakistan, Jamjom (1995) in Saudi Arabia, and Mohammad (1995) in Sudan are a few examples. Three further books that dealt with zakat administration—Al-Adi (1989), Shehata (1989), and Abul Hasan (1989)—were not acknowledged by Islahi (1990).

The second category includes Zakat's economics. The socioeconomic consequences of Zakat as a social welfare program and a distributive agent, as well as parallels and differences between Zakat and taxation or other traditional social security systems, are all covered in this category, according to Kahf (1997). Effects of zakat on key economic indicators like supply, investment, and consumption.

The word zakaa, which in Arabic means "to grow, to purify, and to increase," is translated as zakat, which is its infinite version. When used to describe a person, it means "to improve, to become better." Thus, "benefit, development, purity, purification, or improvement" is the meaning of zakat. The preset percentage of wealth that Allah has commanded be distributed among the several types of people who are qualified to receive it are

known as zakat, according to Islamic law. It is a legally mandated gift from the wealthy to the economically disadvantaged.

Islamic law sets the Zakat responsibility as a right for the poor and the needy in order to free every Muslim from the slavery of fear and hunger. The Zakat is based on the notion that although man has not created anything, he has made existing things more useful. For the sake of Allah, it is crucial to uphold the rights of the oppressed while also recognizing everyone's right to survival and security in society. The donor of zakat has a strong sense of duty to the law's author, a sincere commitment to the motives and objectives of this charge, and awareness of his financial capability.

Anyone who meets the minimum Nisaab (exemption limit or criterion of Zakatability) of wealth that experiences growth or derives from a growth process is required to perform the act of Zakat, regardless of gender, age, or mental state (Qaradawi, 1999). The purpose of nisaab is to ensure that no one accumulates riches without paying Zakat and to stop anyone from being forced to pay Zakat with money they do not have. Nisaab serves as a point of reference for the typical Muslim who is unsure if he has the minimal wealth on which Zakat is based and also as protection from the tyranny of the state taxing the weakest and/or poorest, as is the case in many countries.

Two conditions must be satisfied before the Nisaab can be accepted. One, the amount must be sufficient to cover one's basic expenses for things like clothing, housing, transportation, and office supplies. The second condition is that Nisaab must mature, which means that until money has been in a person's possession for a full year, it is exempt from Zakat. The existence of Nisaab at the beginning and conclusion of the Zakat year, as established by the payer, is what matters; the amount of Nisaab fluctuating throughout the year is

unimportant. Farm-produced goods are excluded from this rule because they are paid for the day they are harvested.

Zakat and sadaqah are not the same. The term "Sadaqah" refers to voluntary activities in which a man's faith and generous disposition are left to him to contribute without being asked in the expectation of getting a greater reward and believing that Allah will compensate him. It is the act of giving freely to one's closest family members or next of kin, as well as to others in the human community, including those who practice different religions, and charitable deeds that are meant to continue rewarding one's good deeds beyond death.

Based on the Qur'anic scriptures and countless Hadiths that address the subject, scholars from antiquity and the present have various viewpoints on the assets and sources of income that are subject to Zakat. However, the focus of this essay is on agricultural products that are regarded as food and that can be naturally preserved without refrigeration, as well as on cattle, including camels, cows, sheep, and goats, that are raised for trade and production and are permitted to graze freely, as well as on merchandise and goods of trade and commerce (including stocks of share investments) and gold and silver used for commerce or jewelry regardless of how it was produced of Zakat.

It is crucial to understand who is eligible to receive zakat in order to properly collect it according to Islamic law. Thankfully, Allah (the Highest) has shown mercy to us by stating explicitly who is qualified to receive Zakat. He said in Qur'an 9:60).

Alms are given to the needy and the poor, as well as to those in charge of managing the funds, those whose hearts have recently been reconciled to the truth, slaves and debtors, those working for Allah, and wanderers. This is how it was predetermined by Allah, who is wise and knowing.

Several experts contend that it is against the law for the government to use zakat funds to fund universally accessible public goods and services or broad socioeconomic infrastructure. The claim is that using the funds for these purposes would require approving recipients outside of the eight categories, which would violate the phrase in the Qur'an quoted earlier. Shehata (1989) presented a system for the utilization of Zakat revenues in building Islamic socioeconomic infrastructure despite arguing that it is not permissible. This framework involves funding the beneficiary's Islamic education, job training, and necessary instruments, as well as agricultural and cottage industries, simple fixed assets for modest utility and trade enterprises, working capital to artisans, affordable housing, and medical care.

Zakat and the Family System

The abolition of poverty, the encouragement of moral behavior, and the pursuit of material gain at any costs are the societal goals of zakat. Zakat aims to lessen socioeconomic disparities by providing assistance and financial support to the less fortunate in order to bring them closer to the wealthy. The foundation of Zakat is justice, and in the West, social justice as it relates to distribution is essentially what it entails. Schumpeter (1943), cited by Mathews and Tlemsani, said (2003), the foundations of capitalism are private ownership and commercial capital. The Zakat is in favor of these notions. Thus, in addition to embodying the egocentric component previously discussed, which acts as the cornerstone of laissez-faire capitalism, Zakat also serves the socio-centric aim of striving to assure an equitable distribution of income and wealth through social insurance.

Zakat is an effective annual wealth transfer system that helps to keep the poor in their homes and facilitates full

employment. According to Zarqa (1997), the primary social and economic objectives of zakat are purification of the zakat payer, heart mending between the payer and beneficiary, satiating the most fundamental needs of the poor, and defending the Muslim ummah and its philosophy. Furthermore, establishing a floor return may lead to an increase in investment efficiency. Resolving dangerous problems including poverty, unemployment, natural disasters, debt, and unequal wealth distribution is a new addition to the list according to Qardawi (1997).

According to Qardawi (1997), there is always a continuous flow of transfer to care for the welfare of the poor, regardless of the causes of poverty or the number of poor people in a society. The Zakat system provides a long-term economic mechanism for transferring money from the wealthy to the needy. Qardawi (1997) (1997).

Given that Zakat targets particular segments of the poor, it is believed that distributing its proceeds among the poor, the needy, and other recipients as well as between capital and consumption products will produce a more focused approach to the problem of ending poverty. This is so that Zakat can target particular needy subgroups. Thus, the implementation of Zakat in a contemporary society may lead to a more equitable distribution of wealth and income if proper allocation and tamlik (Islamic ownership) principles are followed.

Everything that is given to the impoverished also has the goal of uplifting them out of poverty and transforming them into responsible citizens who can fulfill all of their requirements on their own. According to Taj El-Din (1986) in Sadeq (2002), Islamic scholars concur that the purpose of zakat distribution ought to be to eradicate poverty El-Din in Sadeq (1986) (2002).

The Zakat approach, which entails taking from the rich and giving to the

needy, will thus result in a fair distribution of wealth and income. In contrast to the current taxation systems, it proves to be a powerful tool for both an effective method of resource allocation and an equitable form of income distribution.

In spite of the fact that the government or its agencies are supposed to assess, gather, and distribute Zakat based on obvious wealth, Zakat payers should fulfill their obligations either on an individual basis or through well-organized non-governmental organizations in the absence of such institutional arrangements.

In order to effectively administer personal zakat, the payer must give his family members who deserve it first priority if they live nearby those who are most in need in the neighborhood or, at the very least, in the same neighborhood as the money is gathered. Paying Zakat to family members strengthens bonds and removes the entire family from the list of Zakat recipients, in addition to being satisfying.

Poverty Line Based on the Nisab of Zakat

Scholars of syari'ah should seriously consider the rationalization of nisab to increase the resources available for the aim of income redistribution. There is agreement that all forms of wealth, as long as they surpass nisab, and are not for personal use and remain in the owner's possession for one lunar year, are liable to zakat (Mannan, 2000).

The choice of unit of measurement to define the poverty line is crucial, just like in the conventional economic perspective. Mannan (2000) asserts that the decision to use an income unit as the basis for measurement has not been well considered. But other scholars in the past, like Ibn Abbas, Hasan Basri, Imam Abu Hanifa, and others, have attempted to pinpoint the economic

traits of the impoverished or destitute (Mannan (2000).

According to Taib (1988), Abu Hanifah and his school are responsible for establishing the poverty level based on the nisab of zakat. They defined "the poor" as having things worth less than the legal (shar'i) nisab of zakat but maybe worth more than the nisab in the form of domestic furnishings, clothing, books, and other items. This is how Al-Qardawi (1969) summed up this point of view.

1. Those who are destitute and have nothing (miskin).
2. People who own a home, furniture, and other items of a necessary nature, regardless of their value, but who do not have a nisab in terms of money.
3. Those who possess wealth but less than the nisab, which is equivalent to 20 mithqals or dinars of gold or 200 dirhams of silver.
4. People who possess non-monetary assets worth no more than 20 dinars or 200 dirhams, such as four camels, 39 goats, or 29 cows or buffaloes, but less than the nisab.

RESULTS AND DISCUSSION

Poverty Reduction Programs

Zakat, according to certain Muslim economists like Metwally (1981), will have two impacts on overall consumer spending in an Islamic economy. First, compared to an economy without a comparable fiscal measure, the average and marginal propensities to consume would be higher in an Islamic economy. Second, an Islamic economy would have a lower investment difference at every income level. Other Muslim economists, however, contend that a variety of elements other than the zakat, which does tend to lessen income and wealth disparity by transferring purchasing power to the poorer

segments of society, dictate the spending pattern of society. It is also said that an Islamic society would not necessarily have a stronger inclination to consume. Metwally (1981).

One could say that the removal of interest and the operation of the zakat system will serve as strong stimuli for growth. These two fundamental characteristics of an Islamic economy interact to produce incentives and disincentives, which serves to encourage growth. The zakat system discourages hoarding and encourages investment by penalizing idle resources. In an Islamic economy versus other economies, the demand for investment will be larger for a given expected rate of profit, t . An Islamic economy will have a strong growth orientation because investment is one of the key factors affecting growth rate. But one must keep in mind that there isn't a fully developed Islamic economy anywhere in the globe at the moment present. Because of this, many of the claims made by Muslim economists are more in the nature of hypotheses than they are firm inferences from the behavior of an Islamic economy.

Zakat Be Given to Family

For particular family members who meet the requirements for Zakat and for whom the Zakat donor is not already required to make provisions. So, according to all scholars, a man cannot pay Zakat to his parents, wife, or dependent (young) children; yet, a wife can (some scholars even claim "shall," in terms of a greater heavenly recompense) give to her husband. According to the most recognized and best supported legal viewpoints, zakat may be appropriately paid to all other qualifying near relatives. A governing body oversees the assessment, collection, and distribution of Zakat

payments. In this situation, even if you have paid your Zakat into it and any of your relatives who the Zakat authorities decides to be qualified for Zakat may get Zakat payments from it and despite the fact that you are responsible for paying the relative's bills, including your wife, parents, and dependent children.

Nowadays, many of us donate our Zakat to charitable organizations, including the Zakat Foundation of America. In this situation, even though you have paid your Zakat into the foundation, any family member who is eligible for Zakat may still get Zakat if they receive money from the agency to whom we pay our Zakat.

How close is the Relative You Want to Pay Your Zakat to?

If the relative you want to pay your zakat to is so far away that you are not obligated by Islamic law to cover their living expenses, you can still pay them directly.

You cannot pay your Zakat to a family member who is regarded as close, such as a man to his wife or one's parents or children, for whose provision Islam has already made the Zakat payer responsible. This is due to the fact that paying Zakat to this Islamic legal category of close relatives is equivalent to paying it to yourself because it relieves you of your earlier Islamic commitment to support them financially.

Some scholars classify one's grandparents and grandchildren as being too close to pay Zakat to, but the religious texts of the Quran and the hadith, or sayings and accounts of the Prophet, on him be peace, better support the definition of close relatives as including one's spouse and children and parents who are also Zakat payers.

Al-commentary Qurtubi's on the verse's legal meaning states, for instance, that the Quran considers the homes of parents and sons to be one and the same: "There is no sin for yourselves if you freely consume from your "own" dwellings" (Surat Al-Nur, 24:61). In addition, the Prophet, may Allah have mercy on him, is credited with saying: "The best food a man consumes is that which is out of the man's own profits, and that of his son is out of his own earnings" (Al-Musnad) and "You and your possessions belong to your father" (Tirmidhi).

Can A Wife Pay Her Zakat to Her Husband?

Yes, because a wife has no financial obligation to support her husband, even if she is wealthy and her husband is not. In contrast, a husband is entirely responsible for all of his wife's living expenditures. Islam views a wife's closeness to her husband as being equivalent to his closeness to himself since it makes him as accountable for her daily needs as for his own. Therefore, the Quran refers to the home of the husband as the home of his wife in the verse: Therefore, you shall not drive them out of 'their' homes (Surat Al-Talaq, 65:1). Islam forbids the husband from transferring his Zakat to his wife because of his pre-existing prior commitment to fully cater for her living requirements.

Due to this analogy between them, some jurists, such as Abu Hanifa, disapprove of wives paying zakat to their husbands. However, in the case of zakat, this analogy is incorrect, and it is refuted by a reliable account of the Prophet, may Allah grant him peace, approving Zaynab's (and another woman's) request to give sadaqah, or charity, to her needy husband, the esteemed Companion They do, in fact,

receive two rewards: one for showing kindness to family members and another for making a sadaqah. The lines of this hadith are said to demonstrate prophetic approbation of a wife's Zakat to her husband, according to the majority of scholars, including Abu Hanifa's two most notable followers. No other Scripture forbids a wife from doing this, and this Scripture itself mentions Zakat as the only voluntary sadaqah; however, the Quran uses the word "sadaqah" for both.

Family Waqf

Information on family waqf and pertinent law must typically be sourced from the thorough Fiqh manuals and fatawa collections of the major schools of Islamic law as well as other materials dealing with various aspects of waqf in general and the legal decrees that were issued in the previous century leading to their restriction/abolition in various countries. In general, family waqf literature is difficult to find because it is frequently mentioned alongside other types of waqf in the pertinent literature. Some waqf conferences include content that, albeit obliquely, discusses familial waqf. Modern waqf laws often limit its application to public endowments, or waqf Khairi. The South East Asian Waqf Experiences Seminar In order to safeguard the interests of subsequent beneficiaries, Asia held in May 1999 decided that since waqf comprises waqf alal-aulad, family waqf must also be covered by waqf legislation rather than just non-family waqf. The eminent Egyptian scholar Muhammad Hasanayn Mahloof discusses the nature of this waqf and their significance in Islamic law in Manhaj al-Yaqin fi Bayan anna al-Waqf al-Ahli min al-Din. It clarifies the justifications given by the Egyptian government for eliminating family waqf and provides

solutions from both an Islamic and a social standpoint.

With particular relevance to family waqf, the Manual of Egyptian Judicial Orders describes the legislation pertaining to waqf and offers significant insight into its abolishment. The Council of Islamic Scholars of Yemen, al-Azhar, the Supreme Authority for Religious Affairs in Saudi Arabia, and other scholarly bodies in numerous other Muslim and non-Muslim nations have also issued various fatawa regarding the legal status of family waqf while addressing its abolition that occurred in a number of countries. Family waqf is briefly discussed in the book "waqf experiences in South Asia" by Prof. Syed Khalid Rashid, who also offers arguments in favor of its revival. Endowments, authorities, and neighborhood: The awqaf in Algeria that is devoted to the Haramayn is discussed in *Waqf al-Haramayn in Ottoman Algiers* by Miriam Hoexter. Indirectly referring to the flourishing character of the family awqaf that were found in profusion in Algeria and other Muslim territories, Sharifayn in Saudi Arabia. The past and present endowments in many Muslim countries, including family awqaf, as well as concerns pertinent to them are discussed in certain conference papers on related topics written by contemporary authors as well as in a number of internet sources.

Give Sadaqah to My Family

Your family is eligible for sadaqah. The definition of sadaqat is selfless compassion. The sadaqah itself need not be monetary or material in nature. Any positive human activity is potentially charitable.

First, the people who deserve your sadaqah and your zakat are the

same people (which is a divinely mandated wealth-, recipient- and time-specified form of sadaqah). Islam holds that a person is more deserving of your goodness and concern the closer they are to you. Since all people are ultimately the offspring of our father Adam, your parents, siblings, children, spouse, and so on — in ever-expanding circles outward — are those who are most deserving of your sadaqah charity.

Allah has burdened you with the duty to offer that needed support and provision to them first if Islam holds you accountable for the sustenance and care of anyone. So, until they are adults, a man is accountable for his wife, parents, and children. Some scholars even include grandparents in this responsibility. In some cases, people who are mentally or physically disabled may also continue to be or must become their closest relatives' dependents.

According to the three defining limits of sadaqah mentioned in the previous question, anything you give to your dependents beyond what is necessary for support only becomes a sadaqah after you have fulfilled your obligation to do so.

Infaq

Originates from the Arabic term *anfaqa*, which meaning to distribute riches for someone or something's benefit. Additionally, it addresses the *Infaq* issued by non-believers in support of their religion (Quran surah Al Anfal: 36). *Infaq* is a term used in the sharia to refer to spending or earning money in accordance with Islamic beliefs (Hafidhuddin, 1998).

Infaq has a tremendous impact on reducing poverty and boosting the local economy. In reality, it does more than just reduce poverty; it also gives people the chance to own more

property, which makes it easier for the poor to become prosperous. By helping SMEs increase their abilities, Infaq can raise the quality of life for the lower-class population. The infaq's primary function as an agent for reducing poverty and promoting economic empowerment cannot be distinguished from other roles.

The distribution of productive Infaq is a scheme that uses money from BAZNAS, which is given out through sharia financial institutions, to reduce poverty. The money came from a donor and was placed into INFAQ accounts at Muamalat Bank and BMT SMNU in Central Java Bank. The money is used as productive Infaq in the form of a capital loan with no interest. KSP DMI is one of the sharia financial institutions that disperses the useful Infaq.

Zakat versus Conventional Taxation

Modern taxes cannot in any way be compared to zakat as a form of financial worship. Despite certain similarities, there are major differences between Zakat and regular taxation. According to Abu Bakar and Abdul Rahman (2007), the conceptual frameworks, unique legislative sources, theoretical foundations, objectives, rates, exemptions, and expenditures of the two differ. (2007) Nur Barizah and Abdul Rahim.

According to (Yasni & Erlanda,) the term "zakat" should never be substituted since it has certain meanings and implications, and translating it (instead of elaborating) can induce a deviation from its original context. Taxes are owed, he says, but they are not owing for the same reasons as zakat. The government levies a fee on the residents (people or businesses) of a certain state using federal law. The system is regulated by the policies of the present administration because it was designed by humans. Zakat, on the other hand, is an obligation that is prescribed in the Qur'an as

it has been revealed and is governed by the divine rule of Islam. 2020 (Yasni & Erlanda).

The conditions for taxable assets and income, as well as the method of taxation, are defined by the government in power at the time. The rates, allowed deductions, and other aspects of the tax system are all justified in the same way. For example, wealth below the nisab is excused from the obligation to pay zakat, but the idea of exemption in the context of taxation only applies when the government or tax authorities make it explicitly apparent that it does. Thus, Zaim (1989), cited in Abu Bakar and Abdul Rahman (2007), affirms that while the rate and mode of payment of zakat are clear and defined and cannot be changed, the tax is somewhat flexible. Similar to how taxes are distributed and spent, zakat is distributed and spent according to set rules. Additionally, unlike Zakat, tax laws can be changed or even repealed (Nur Barizah & Abdul Rahim, 2007).

When it comes to dealing with modern taxation from the standpoint of the payer, tax avoidance and tax evasion are frequent. As long as it complies with the laws and regulations, tax avoidance, which is described as manipulating the tax laws in order to take advantage of their shortcomings or loopholes, is seen as a legal activity. Tax evasion is the unlawful act of concealing taxable receipts and claiming deductions for costs that were never incurred. It is sinful and against Islamic law for Muslims to lower their Zakat responsibilities by avoidance or evasion, in contrast to modern taxation. Falsifying the zakat's necessity is the same as apostasy, and omitting to pay it while still defending its necessity is a grave sin. if the judge takes He is required to take the defaulter's Zakat by force and admonish him if it is higher than the required amount.

Zakat and taxation are similar because both must be paid even though neither has a direct or equivalent economic

benefit. Because zakat is a measure of a believer's level of devotion and a gesture of gratitude for Allah's gifts, individuals who pay it frequently experience happiness and contentment when they do so. Taxation is typically accompanied by some reluctance and resentment. This is true because tax payers are unaffected by the notion that Allah is levying the tax and will eventually make up for it, especially in supposedly advanced cultures where the function of taxes is known. There is no direct connection, but taxpayers might get some benefit in exchange. Rewards are predicted for zakat payers.

Taxation largely has legal and economic motivations and effects, in contrast to Zakat, which has greater moral and spiritual incentives. A citizen's compliance with national laws and regulations and payment of his financial obligations are the sole factors taken into account by modern taxation. Zakat, on the other hand, is a form of worship and a financial religious obligation. Its contributors should give voluntarily, feeling compelled to fulfill their obligation to pay Zakat in order to please Allah. (2007) Nur Barizah and Abdul Rahim.

Thus, according to Kamal (1998), when comparing Zakat to all other conventional taxes, Zakat is better because it is accompanied by a fear of Allah, making it more plentiful; it is also based on net wealth, which can be calculated more precisely and easily than incomes; its channels, nisaab, and percentage are unchangeable because they are in line with the Qur'an and Sunnah; it flows into a predetermined channel, which is then abstained from; and it pour Kamal (1998).

On the other hand, Sayyid (1976) underlines how Zakat transcends all municipal taxes by holding three virtues: the Zakat payer has a profound sense of obligation towards Allah, he is aware of his financial capacity, and he has a sincere dedication to the purposes and objects of this charge.

CONCLUSION AND SUGGESTION

History shows that when social inequality is too great, terrible things happen. Either societal unrest or diminished economic efficiency affects them. Both frequently take place at the same time. But overall, the societies haven't done well. They have witnessed ongoing poverty and revolution, and a sizable portion of the recent development is managed by foreign investors. The wealth of the wealthy few has been maintained at great cost to the majority.

Islam calls for both the complete abolition of absolute poverty and the organization of economic life to guarantee that all people's basic needs are met. Through the Zakat system, which attempts to ensure that everyone's basic needs are met, Islam upholds the notion that the poor have a "right" to partake in the wealth and income of the rich members of society.

Zakat serves as a unique mechanism for coerced wealth and income transfers from the wealthiest to the community's less fortunate members. Zakat creates a social security system in an Islamic society by guaranteeing a minimal quality of life to every member of society. Every time, Muslims consistently adhered to the Shari'ah-mandated Zakat system, the noble and glorious goals of Zakat were achieved throughout history.

This is not only a discussion of theoretical concepts with little potential to alter the course of history. Muslim communities' successes in implementing these concepts are a source of historical pride and glories. Islamic history holds a high regard for the glorious period of Umar ibn Abdul-Azeez, which came after the time of the Rightly Guided Khaleefahs (alkhulafa' al-raashidoon). When Zakat was properly calculated, collected, and distributed to ensure equitable wealth distribution, a man would bring substantial wealth to be distributed to the needy and poor members of the community, but he

would only stay for a brief period before departing and returning with all of his wealth once Umar had met the needs of the population.

Muslims must therefore confront the problems of today and establish Islamic states or, at the very least, well-organized organizations that can control the collecting and distribution of zakat. Individual payers of Zakat should prioritize taking care of their family members when fulfilling this important commitment in the case of personal administration of Zakat. With this strategy, the beneficiaries would be better able to understand and feel the significance of zakat.

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