




SOURCES OF REVENUE IN AN ISLAMIC STATE



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INTRODUCTION:

Sources of revenue of the public treasury (Bait-ul-Mal) in the Islamic state in the time of Prophet Muhammad (PBUH) and early caliphs included **Zakat, Ushr, Khums, Fai, Jizyah and Kharaj**. The first five sources have been mentioned in the revealed book of Islam, while the sixth arose out of the extended application of the Fai properties of the Islamic State. These sources were tapped and utilized by the state to defray its essential expenses incurred on discharging various functions, and also with a motive to distribute wealth among the poor and destitute classes of the society.

1- Zakat

'Zakat' literally means '**growth**' or '**increase**' or '**nourishment**'. Another derivative of this word carries the sense of **purification**. Thus, Zakat means '**to grow**', '**to increase**' or '**to purify**'. It is because of the fact that Zakat helps the purification of human soul from miserliness, selfishness, lust and greed of wealth and, thus, it paves the way for its growth and development. Technically, Zakat is a compulsory contribution, a sort of tax which is collected from the rich and distributed among poor or spent by the state for the welfare of the needy and helpless.

Zakat is levied on the authority of the Qur'an and Sunnah. The **Qur'an says ! "establish worship, pay the poor-due (Zakat) and bow your heads with those who bow (in worship)". (2:43)**.

The Prophet of Islam has been quoted by Ibn Umar as follows: "**Islam is built on five things; to bear witness that there is no God but Allah and that Muhammad (PBUH) is His Messenger; to establish prayer; to pay Zakat; to make pilgrimage; and to keep fast in Ramadan**".

Zakat is not only a tax but also an act of worship. It is one of the five fundamental articles of faith for a Muslim. It is the corner-stone of the financial structure of the Islamic State. Next to Salat (prayer), Zakat is the most important of the religious obligations enjoined on the followers of Islam. The importance of Zakat in Islam can be judged from this very fact that the Qur'an mentions Zakat for more than eighty times, while for twenty seven times commandments regarding Zakat are found in close connection with obligatory prayers. Hadrat Muhammad (PBUH), the Prophet of Islam, not only established a model system of collection and disbursement of Zakat but also made rules and regulations of this levy . Practice of the Prophet also establishes that system of Zakat was set up in the Islamic State as governmental institution. After the demise of the Prophet of Islam, when some people declined to pay Zakat, Hadrat Abu Bakar, the successor of the Prophet, declared war on them to enforce Zakat as a state levy.

➤ **RULES AND REGULATIONS OF ZAKAT:**

1. According to jurists and scholars, Zakat is imposed on the wealth of a person who is (a) **Muslim (b) adult (c) sane (d) free and (e) solvent**. However, Zakat is payable on the wealth of a minor as well as on the wealth of an insane person and that is paid by the guardian. As it is a religious duty, it is obligatory on a Muslims only and no non-Muslim is obliged to pay it. A slave and insolvent debtor is also not liable to its payment.
2. Nisab of Zakat or the minimum limit of wealth which attracts liability of Zakat has also been fixed at various levels in case of different categories of wealth. Nisab in case of **gold** is **7.5 tolas** . In case of **silver**, it is **52.5 tolas**.

3. No Zakat is due on property before a year elapses. Ibn Umar reported that the Messenger of Allah said; 'Whoever acquires wealth, there is no Zakat therein till a year passed over it' (Tirmizi). For the purpose of Zakat, the Muslim financial year begins with the month of Ramadan. Advance payment of Zakat is also permitted like the advance payment of Income Tax these days.
5. For the purpose of levy of Zakat, properties or goods are divided into two categories; **goods of increase and goods of no increase**. Goods of increase are real and capable of measurement such as animals, gold and silver, articles of trade, etc. Goods of no increase are buildings and personal effects. On the principle of productivity, Zakat is levied on the former but not on the latter.
6. Properties which were subjected to Zakat in the early Islamic State included gold and silver, animal wealth, articles of trade, etc. During the reign of Hadrat Umar, horses were also subjected to Zakat where they were bred and traded on a larger scale.

➤ **EXEMPTIONS:**

- a) Personal effects like clothes, articles of furniture, household goods except ornaments and utensils of gold and silver.
- b) Horses and asses for conveyance or Jihad.
- c) Arms or weapons for personal use.
- d) Cattle employed in farming or transportation of goods.
- e) Tools of a professional for his personal use.
- f) Residential house.
- g) Slaves and servants.
- h) Books.
- i) Food for the owner and his family.
- j) Agricultural land and factory building and machinery etc.
9. Zakat cannot be lawfully paid to members of the tribe of Hashim who was the great grandfather of the prophet of Islam. It cannot be paid to Non-Muslims. Servants and slaves are also not eligible for Zakat when it is paid to them in consideration of their services. A person possessing Nisab property is also not eligible for it. Wife and husband cannot pay Zakat to each other. Similarly, according to some jurists Zakat cannot be spent on the construction of a Mosque.

2- Ushr:

Ushr means **one-tenth**. It is a tax on agricultural produce. It is frequently used in the sense of Sadaka and Zakat, because no strict line is drawn between Zakat and Ushr in Fiqh books. The Qur'an says (**Surrah Al-Inam:141**)

"And pay them thereof on the harvest days".

Keeping in view the above - mentioned Qur'anic mandate, the prophet of Islam Hadrat Muhammad (peace be upon him) levied Ushr on agricultural produce.

➤ **RULES AND REGULATIONS:**

1. Jurists have classified the agricultural produce in two categories for the purpose of determination of Ushr dues: Firstly, farm produce like corn and vegetable and secondly, garden produce like fruits, honey, etc. In the view of Imam Abu Hanifa, Ushr is chargeable on all farm produce such as corn, vegetables and fodder. On the other hand, Imam Shafii, Imam Malik and Imam Abu Yusuf have opined that no Ushr is chargeable on the produce which cannot be stored or measured. Thus, according to them, Ushr is not chargeable on vegetables and fodder. So far as garden produce is concerned, Imam Abu Hanifa subjects all kinds of fruit to Ushr, while Imam Shafii is of the opinion that Ushr can be imposed on dates and grapes only.
2. Nisab or minimum amount of agricultural produce which is liable to Ushr is 5 Wasqs or 948 Kg. in weight. If the produce is less than that, no Ushr is chargeable.
3. Ushr on agricultural produce is paid at the time of harvest when the crops are reaped or fruits are taken away. The Qur'an says; ".... And pay the due thereof upon the harvest day....." (6:141). Thus, period of one year is not essential for levy of Ushr like Zakat on gold and silver.
4. Ushr is payable only when there is actual produce, the land is Ushr land and the producer or the owner of the produce is a Muslim. Owner may be an adult or a minor, a man or a woman, a slave or a makatab, Ushr will have to be paid. Even a Waqf is subjected to Ushr.

3- Khums:

Al-Khums means **one-fifth**. It is the share of the Islamic state which was collected from the following:-

1. Spoils of war is subjected to Al-Khums at the rate of **one-fifth** on the authority of Al-Qur'an. The Qur'an says; "and know that whatever ye take as spoils of war, Lo! A fifth thereof is for Allah, and for the messenger and for the Kinsman (who hath need) and orphans and the needy and the wayfarer, if ye believe in Allah and that which We revealed unto Our slave on the Day of Discrimination, the day when the two armies met. And Allah is able to do all things" (Al-Anfal 8:41)

Khums on spoils of war used to be the major source of revenue of the Islamic State during its expansionist period, particularly during the period of the Prophet and the right-guided caliphs.
2. Khums on the produce of the mines or mineral wealth was charged by the Islamic State at the rate of 20%. However, Imam Shafii and Imam Hambal are of the view that mines should be charged to Zakat at the rate of 2.5%.
4. Khums is also levied on what is extracted from the sea like pearls, ambergris, etc. It is reported that Hadrat Umar levied Khums on the pearls and appointed Yaali-b-Ummayah as tax collector.

4- Al-Jizyah:

Jizyah is derived from '**Jaza**' which means '**recompense**' or '**compensation**'. It is a tax imposed by an Islamic State on its non-Muslim subjects in lieu of protection given to their lives and properties. The non-Muslims are called Zimmis or protected or covenanted people. The tax is also called 'tribute' or 'poll-tax'.

Jizyah is levied on the authority of **Al-Qur'an (Chapter 9, verse 29)** which commands the believers : **"Fight against such of those who have been given the scripture as believe not in Allah nor the Last Day, and forbid not that which Allah hath forbidden by His messenger, and follow not the religion of truth, until they pay the tribute (Jizyah) readily, being brought low"**.

➤ **EXEMPTIONS:**

- a) All females.
 - b) Males below age of puberty.
 - c) Old men.
 - d) All sick, blind or crippled.
 - f) The slaves.
 - g) Persons who join military service.
 - h) The destitute, poor and beggars.
 - i) Insane and mentally retarded persons.
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- The Prophet of Islam imposed Jizyah at the rate of one Dinar or 12 Dirhams per person per annum. However, during the reign of Hadrat Umar, the rates of Jizyah were raised according to the income level of the tax-payers.
 - No harsh or oppressive measures to collect Jizyah were allowed under the instructions of the right-guided caliphs. Since Jizyah was imposed on non-Muslims for the protection of their lives and properties, it is not chargeable when the Islamic State is unable to provide such protection.
 - No doubt, Jizyah has been subjected to bitter criticism by the non-Muslim scholars, yet there is ample justification for imposition of Jizyah on non-Muslims by the Islamic State.

5- Al-Fai:

Fai means '**to return**', '**to revert**', '**to come back**'. When the Muslims conquered enemy countries by armed force they gave name of Fai to perpetuated incomes obtained once and returned again each year. The term Fai is applied in the Qur'an and the Sunnah exclusively to war gains—whether consisting of lands or tribute or indemnities—which are obtained from an enemy who has laid down arms before actual fighting has taken place.

Thus according to the Qur'an, Fai means such of properties of the unbelievers as are returned to the Muslims without war. From the Sunnah and Practice of the Prophet of Islam it is evident that the Prophet himself used to manage Fai as the head of the Islamic republic.

6- Al- Kharaj:

Kharaj means revenue, tax, rent, rate, lease, produce, income, wages, etc. received from land which the Muslim jurists call Kharaj land. According to Imam Abu Obaid, Kharaj is rent or produce received from land. It is, in fact, an agricultural tax received from non-Muslim owners of the lands.

Kharaj was levied by the early Muslims on the authority of the Qur'an, on the basis of the interpretation of the verses numbering from 7 to 10 of surah 59 called Al-Hashr. Sanction for the levy of Kharaj is also found from the practice of the Prophet of Islam who gave the conquered lands of Khaiber to the Jews (who were previous owners of these lands) on the agreement that they would pay half of the produce to the Islamic State.

7- Miscellaneous Sources

Apart from the six major sources of revenue narrated above, the following miscellaneous revenues also contributed towards the public treasury of the early Islamic State:-

1. **Hadrat Umar** introduced import duties which were charged on the articles of trade and merchandise imported into Islamic State.
2. Income from public domain or the lands owned by **Bait-ul-Mal** is another source of revenue in an Islamic State.
3. Income from **Waqf properties** (Properties or lands donated by generous persons to the Islamic State for charitable cause) is yet another source of substantial revenue for the Islamic State.
4. **Other minor sources include the following:-**
 - a) Income from lease or license to exploit or use certain things belonging to Islamic State.
 - b) The proceeds from things found on the highways when there is no claimant of such things.
 - c) Property found in the hands of thieves and high-way robbers when there is no owner to claim it.
 - d) Estates of persons leaving no heir and no will.
 - e) Property of apostates confiscated by the State.
 - f) Property of Zimmi-rebels guilty of treason.
 - g) Income from forests, etc.

CONCLUSION: