

OBLIGATORY GENEROUSITY: ZAKAT AS AN EFFECTIVE POVERTY REDUCTION
STRATEGY THROUGH STATE-CONTROLLED WEALTH REDISTRIBUTION

Zach Spindler-Krage
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In many countries, poverty is on the rise. This is particularly striking because wealth is also on the rise. Yet, the unequal distribution of wealth across the world is preventing poverty reduction strategies from being widely successful. Instead, the majority of wealth remains concentrated in a minority of countries. In response, humanitarian organizations are attempting to devise strategies to redistribute wealth and decrease the incidence of poverty. Many faith-based organizations have been at the forefront of the effort, and Islam in particular has proven to have a time-tested, productive approach: zakat. I argue that the establishment of Islamic zakat has produced a system that carefully distinguishes between the rich and the poor, deliberately defines wealth, intentionally sets a meaningful rate of payment, offers enough flexibility to be fruitful in varying geographic and political contexts, and enables effective poverty reduction. To demonstrate this contention, I will first outline the structure and implementation of zakat and explore the differences between the historical and modern applications. Then, to reveal the flexibility and prosperity of zakat, I will highlight how zakat functions in Saudi Arabia, Egypt, and the United Kingdom. Finally, I will briefly analyze the efficacy of zakat as a poverty reduction strategy.

The People for Whom Zakat is Obligatory

Zakat is obligatory for Muslims who have obtained puberty, are free and sane, and possess wealth above a specified threshold. Stipulated by the Quran, it is only after one reaches a level of wealth equal to or exceeding eighty-eight grams of pure gold—roughly \$5,000 US dollars—that they are subjected to zakat payment. Although the minimum amount may seem arbitrary and low, the “rationale of the system...[is] that a person [is] rich...if he [can] feed

himself for a year.”¹ In practice, the low wealth threshold means that the majority of Muslims across African, Asia, and Europe meet the criteria for giving the annual zakat.² The absence of a category in which one does not give nor receive zakat also produces a situation where one could qualify to *pay* zakat the year after they *received* it.

Although the Quran presents conditions for those whom zakat is obligatory, the application of the conditions has caused disagreement between jurists. Notably, jurists disagree under what circumstances slaves, debtors, and married partners qualify for zakat payment. Ibn Rushd reveals that the disagreement “arises from their dispute over the nature of the legal form of zakat, whether it is a kind of worship like prayer and fasting or whether it is an obligatory right of the poor over the rich.”³ For jurists who consider zakat to be an act of worship, exemptions are avoided to ensure that all people are fulfilling their religious duty. For example, many of these jurists argue that zakat should be levied both on a master and the slave, and all qualifying debtors must pay zakat no matter the quantity of their debt. However, for jurists who believe zakat to be a right of the poor, rather than a religious obligation, there are more situations that could preclude one from having to pay. For example, these jurists contend that slaves are not subject to zakat until they are free, and debtors are excluded from zakat, “as the right of the creditor is prior... to the right of the needy, for the wealth in reality is owned by the creditor.”⁴ As for married couples, Malik and Abu Hanifa maintained that partners only pay zakat after both individuals possess the minimum amount of wealth. In contrast, al-Shafi’i asserted that

¹ Mohammad H. Fadel, “Islam: Islam, Inequality, Morality, and Justice,” in *Economic Inequality and Morality: Diverse Ethical Perspectives*, edited by Richard Madsen and William M. Sullivan, (D.C.: Brookings Institution Press, 2019), 195.

² “Religious Commitment,” in “The World’s Muslims: Unity and Diversity,” Pew Research Center, August 9, 2012.

³ Ibn Rushd, *The Distinguished Jurist’s Primer* (2nd ed.), translated by Imran Ahsan Khan Nyazee (Reading: Garnet Press, 1994): 283-84.

⁴ Ibn Rushd, *The Distinguished Jurist’s Primer*, 285.

“combined wealth has the hukm of a single individual,” which would make zakat obligatory once their combined wealth reaches the equivalent of eighty-eight grams of gold.⁵ The majority of jurists, regardless of their position on the legal status of zakat, agree that non-Muslims are not obligated to pay zakat.

The Types of Wealth Subjected to Zakat

Considering the ambiguity of what constitutes wealth, jurists have disagreed about the categories that factor into wealth calculation. The one point of complete agreement is that zakat is not strictly applied to income but also possessions. According to Ibn Rushd, there is also agreement on the categories of gold and silver, animals, and food. Specifically, most jurists insist that jewelry is separate from raw mineral wealth and consequently not applicable to zakat calculation. Additionally, there are only three types of animals—camels, cows, and sheep—that factor into the equation. For applicable food, most jurists reason that only nonperishable items like wheat, barley, dates, and raisins have a consistent quality that can justify an accurate price assessment.⁶ In essence, while there are slight disagreements about the specific categories in which zakat is obligatory, the primary concern is ensuring that assets, whether they are traditional or abstract, contribute to the determination of whether one meets the minimum wealth requirement.

In modern practice, more types of wealth have been added to the zakat calculation. For example, more agricultural produce and livestock are subject to zakat, and the rate differs depending on whether farmland is unirrigated and undeveloped or irrigated and developed. Furthermore, zakat is more strictly applied to businesses as well as individuals, and liquid and

⁵ Ibn Rushd, *The Distinguished Jurist's Primer*, 299.

⁶ Ibn Rushd, *The Distinguished Jurist's Primer*, 291.

physical assets are both included. Finally, while many leaders and businesses have been able to skirt this rule, any “treasure,” such as oil, is technically classified as wealth. Yet, those who do pay zakat on this category are often major contributors due to their extraordinary mining profits.⁷

However, many Muslims have tended to cling to ancient understandings of wealth and zakat to limit their payment amount, which has angered the modernist school of Islamic thought. The founder of this school, Fazlur Rahman, claims that “it is surely this kind of attitude which gives point to the communist maxim, ‘religion is the opium of the poor people,’ since it effectively throws dust in their eyes”; the modernists want to factor new commodities and assets into wealth calculation for zakat and broadly argue that Islamic law must be flexible enough to adapt to “society’s changing needs.”⁸

The Rates of Zakat

The general rate of zakat as established in the Quran is one-fourth of one-tenth, or 2.5%, of one’s wealth once they reach the minimum wealth threshold. The majority of jurists postulate that for those who have more than the minimum wealth, their “excess” wealth is to be assessed in the same ratio.⁹ Meaning, once one crosses the wealth threshold, they are obligated to pay 2.5% of their total applicable wealth. A 1939 study attempted to determine whether the rate of 2.5% was simply random or strategically determined to maximize the impact of the zakat giving, and the economists found that the rate was most likely “based on observance of the economic structure of the then Islamic society and its wants.”¹⁰ With this finding in mind, it is likely that

⁷ Ahmed Esawe, Karim Taher, and Narges Esawe, “Using Zakat to Build the Resilience of Communities to Disasters: Evidence from Egypt.” Paper prepared for Institute of Environmental Studies & Research at Ain Shams University, (2019): 6.

⁸ Timur Kuran, “The Economic Impact of Islamism,” in *Islam and Mammon: The Economic Predicaments of Islamism*, (Princeton: Princeton University Press, 2004): 21.

⁹ Ibn Rushd, *The Distinguished Jurist’s Primer*, 297.

¹⁰ Jatindra Mohan Datta, “Zakat-The Economic Basis of Islamic Tithe.” *The Economic Journal* 49, no. 194 (1939): 370.

the rates for the unique categories of wealth were also carefully considered. For example, the rate for unirrigated agricultural produce is 10% and 5% for irrigated produce. Similarly, mining income is subject to a rate of 20%, presumably because wealth created by the land is more directly linked to God and should be distributed to share God's gift.¹¹ The calculations have become so complicated for affluent Muslims that many Islamic charities offer a zakat calculator online, and many accountants offer zakat calculation to Muslim clients.¹²

The Time for Zakat Payment

For each category of wealth that is subject to zakat, one lunar year must pass before the payment is made. This tradition is established by the Prophet's proclamation that "there is no zakat on wealth unless one hawl (year) has passed over it."¹³ The need for a year to pass creates a difficult process for determining how profits should be assessed. Some jurists contend that the hukm of zakat is only on the original wealth, and any additional wealth that is accrued during the year is not required to be accounted for in the zakat payment. The more popular opinion requires the profits to be merged with the initial capital; in this case, the stipulation of requiring a year to pass is assumed to have the intention of factoring in the growth of wealth over time. Malik clarifies this position by explaining that if a person owned cattle that were liable to zakat, they would need to pay zakat even if they sold the cattle before the year ended. In relation, Malik also disallowed the payment of zakat before the year had passed, while Abu Hanifa and al-Shafi'i allowed it. The disagreement stemmed from the conflict between zakat as a form of worship or

¹¹ Kuran, "The Economic Impact of Islamism," 20.

¹² Elaine Housby, "Charities," in *Islamic and Ethical Finance in the United Kingdom*, (Edinburgh: Edinburgh University Press, 2013): 146.

¹³ Ibn Rushd, *The Distinguished Jurist's Primer*, 315.

duty, where the jurists who considered it analogous to prayer thought that an accurate timing of the payment was necessary to fulfill the religious obligation.¹⁴

To Whom Zakat is Due

There are eight categories of people for whom zakat is due. Determined by the Quran, “the alms are only for the poor and the needy, and those who collect them, and those whose hearts are (to be) reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah.”¹⁵ It is permissible for the entire zakat payment to be given to one category, but it is equally acceptable to distribute the payment to numerous or all categories. While the categories often have overlap and are not readily interpretable, the foremost qualification for receiving zakat is poverty—in essence, the opposite of affluence. Yet, affluence can be considered either a legal or literal classification. If considered legal, then anyone who has wealth that exceeds the minimum amount must pay zakat; if literal, the requirements for affluence can “differ with circumstances, needs, persons, locations, and times,” and one’s personal situation can be analyzed alongside the monetary wealth consideration.¹⁶

The Prophet stipulates that there are five types of affluent individuals who can receive zakat: “the warrior fighting in the path of Allah; the worker who collects it; a debtor; (the person who buys it with his money;) and a person who has a poor neighbor to whom he gives charity and the poor man gives a gift to this rich man.” Although this distribution of charity seems counterintuitive to the Quran’s text and intentions, it is supported by most jurists because allowing zakat to be used for public benefit in addition to aid for the needy allows for discretion

¹⁴ Ibn Rushd, *The Distinguished Jurist’s Primer*, 319.

¹⁵ Ibn Rushd, *The Distinguished Jurist’s Primer*, 319.

¹⁶ Ibn Rushd, *The Distinguished Jurist’s Primer*, 322.

in determining how the zakat payment can have the greatest impact. In the modern application, this means that individuals have significant selection power over the recipient of their payment. For example, contributing to the “public good” could foreseeably be met through donations to organizations like libraries, universities, and environmental groups¹⁷; the payment does not go directly to a poor individual, but the reward of the donation can theoretically be reaped by anyone—the “public.”

With respect to the amount of payment to which each recipient is entitled, there is disagreement about the amount that should be given to a single poor person. Of the opinions, Malik’s is the most popular and states that there should be no established limit. Arguing that the amount should be situational and based on demonstrated need, Malik contends that the matter should be left to jurists to decide.¹⁸ As for debtors, “the debtor is to be given the amount that he owes if his debt was incurred for a legitimate cause,” which means that the donation should immediately be used to repay the debt. For the traveler, the amount should enable them to return home; for the warrior, the payment should be enough to “take him to the battle front.”¹⁹

The Basis of Zakat

One of the core teachings of Islam is that all people are equal as “servants of God,” and economic equality is desirable since “excessive wealth undermines the moral integrity of both the wealthy and the impoverished.”²⁰ For the rich, excessive wealth is thought to drive people to engage in the types of immorality that the Quran condemns. In contrast, the poor are thought to lose their dignity in their pursuit of sustenance and wealth. Thus, zakat is intended to act as an

¹⁷ Muhammad Mazhar Iqbal, “Inclusive Growth with Zakat,” *The Pakistan Development Review* 54, no. 4 (2015): 1002.

¹⁸ Ibn Rushd, *The Distinguished Jurist’s Primer*, 323.

¹⁹ Ibn Rushd, *The Distinguished Jurist’s Primer*, 323-24.

²⁰ Mohammad H. Fadel, “Islam: Islam, Inequality, Morality, and Justice,” 187.

intervention that restores equality and positively impacts both the rich and poor. Furthermore, from the perspective of the revelation, both wealth and poverty are tests from God. Through the Quran, God states that “if you show gratitude, I shall certainly increase you in abundance,” and the traditional way to demonstrate gratitude for the “wealth God has bestowed” is to donate it generously in line with the “prophetic mission.”²¹

Given that only Muslims are eligible to receive zakat in most cases, “the institution of zakat can reasonably be understood to represent a[n]...economic manifestation of intra-Muslim solidarity,” where Muslims commit to providing a minimum income to all those who need it to foster subsistence.²² In addition to this commitment, the initial tangential purpose of zakat was to raise revenue for the Islamic state. Since the state controlled the collection and distribution of zakat, the Islamic officials ultimately had the decision-making power and could direct the funds as they saw fit. Whether it was justified or not, the state often spent zakat revenue on “public works and territorial expansion”—objectives that were decidedly “not compatible with the [primary] goal of inequality reduction.”²³

Zakat in Saudi Arabia (Mandatory, Regulated by State)

In Saudi Arabia, zakat is mandatory and regulated by the state. The state establishes that “social responsibility is considered part of one’s service to God,” and paying zakat “enshrines this duty.” Zakat payment is obligatory for Saudi and Gulf Cooperation Council (GCC) nationals residing in Saudi Arabia and resident companies that are owned by Saudi or GCC nationals. The payment must be made annually online within 120 days of the end of the year and be supported by audited financial statements, a record of purchases made during the year, and a detailed

²¹ Mohammad H. Fadel, “Islam: Islam, Inequality, Morality, and Justice,” 196.

²² Mohammad H. Fadel, “Islam: Islam, Inequality, Morality, and Justice,” 201.

²³ Kuran, “The Economic Impact of Islamism,” 20.

account of any other economic affairs. If using the Gregorian calendar year, the rate of zakat is raised to 2.6% of an individual's total net worth, excluding debts and family expenses. Once the payments are verified as matching the stipulated amount, they are transferred to the central bank, the Saudi Arabian Monetary Agency, and then channeled to the Social Insurance Agency for distribution.²⁴

However, the complexity of the collection and distribution processes has created bureaucratic issues that affect the number of people who receive the payment that they are entitled to and have been promised. Furthermore, the complexity seems to allow people to avoid payment relatively easily without being detected. Although zakat is compulsory in Saudi Arabia, there are no laws and regulations on non-compliant individuals; the only penalty for those who do not possess a Zakat Certificate—awarded after successful payment—is that “they are not entitled to apply for certain governmental process, for example, payment of salary and recruitment of foreign employees.”²⁵ Yet, for those who are non-Muslim or do not fear the expected religious repercussions of non-compliance, there is little incentive to obey the stated obligation.

While it has proven difficult for the state to ensure that zakat-evaders are caught, a switch to a new electronic payment system in 2011 simplified the process and increased the yield by 23% compared to the prior year. The total yield in 2011, the most recent year with public data, was roughly \$5.3 billion US dollars, which is significant when considering the high percentage of migrants and foreigners who do not contribute zakat.²⁶ The House of Saud has some discretion over the zakat funds, and corruption is certainly a possibility, but the majority of the

²⁴ “Overview of Saudi Arabia's Tax Regulations,” *Oxford Business Group* online, Retrieved on November 20, 2022.

²⁵ Izlawanie Muhammad, “Analysis of Zakat System in High-Income Islamic Countries,” *The Journal of Muamalat and Islamic Finance Research* 16, no. 2 (2019): 6.

²⁶ Hosam E. A. A. Helal, “What is the Required Role of the State in Egypt Concerning Zakat?” Master's Thesis, The Hague, 2012: 30.

government's revenue comes from the income tax imposed on foreigners.²⁷ The zakat payments likely end up going primarily to individuals who genuinely need the financial assistance.

Zakat in Egypt (Voluntary, Indirectly Regulated by State)

In Egypt, many institutions specialize in the collection and disbursement of zakat funds under the supervision of the state, but the participation of the public is voluntary and decentralized. In practice, this means that the state oversees the processes without actively deciding to whom the money is donated or engaging in efforts to increase the amount of zakat that people give.²⁸ The result is a largely dysfunctional system that has an abundance of potential but remains ineffectual in application.

The primary concern for the system is that the payments are either not going to the people who need them or are not enough to make a meaningful financial difference. Since 70% of Egyptian Muslims claim to be giving zakat, the problem is likely occurring in the distribution, not the collection.²⁹ Whatever the issue may be, the lapse in successful implementation is detrimental to needy Egyptians. Poverty has been rapidly increasing in Egypt, affecting over 25% of individuals in 2010—nearly a 10-percentage point increase since 1999. Recently, Azhar scholars issued fatwas that claimed that zakat can be used to “enrich the poor” through the “investment of zakat funds in industrial, commercial, or agricultural fields, including entrepreneurship.”³⁰ Despite positive intentions, the fatwas have caused a lack of zakat for those who need their basic needs met; instead, the spending is occurring through channels that are not

²⁷ Izlawanie Muhammad, “Analysis of Zakat System in High-Income Islamic Countries,” 6-7.

²⁸ Esawe, “Using Zakat to Build the Resilience of Communities to Disasters,” 10.

²⁹ “Religious Commitment,” in “The World’s Muslims: Unity and Diversity,” Pew Research Center, August 9, 2012.

³⁰ Esawe, “Using Zakat to Build the Resilience of Communities to Disasters,” 13.

discussed in the Quran, creating a cycle where zakat payments simply return to the pockets of those who made the donations.

Many scholars argue that for zakat to become an effective poverty reduction strategy in Egypt, the reform must be three-dimensional: institutional, legislative, and media-based. Simply, the improvement of zakat is contingent on it being made obligatory, having it be directly controlled by the state, and utilizing the media to lead citizens view zakat favorably. People in Egypt “tend to rely on media messages to form their opinions and behavior” because of the hegemonic influence of media on Egyptian culture, which allows the opportunity for the media to promote zakat payment. Currently, the government monitors roughly ten national organizations that handle zakat payment based on the government’s parameters, but “there is minimal money to advertise Zakat collection; therefore, the amount collected is relatively low.”³¹ Thus, to redefine the efficacy of zakat in Egypt, the role of the government in zakat collection and distribution must be adapted.

Zakat in the United Kingdom (Voluntary, Privately-controlled)

In the United Kingdom, zakat is fully voluntary and organized by Muslim charities under regulation by the Charity Commission in British Parliament. There are significant benefits to the charity system since the formal registration as a charity brings favorable tax treatment and is likely to enhance public trust. With state-controlled zakat, there may be fears—often justifiable—that the government may act corruptly and be dishonest about the status of donations. However, if charities can present themselves as legitimate organizations worthy of donations, the public will be more likely to support their cause.³²

³¹ Hosam E. A. A. Helal, “What is the Required Role of the State in Egypt Concerning Zakat?” 26.

³² Housby, “Charities,” 135.

In the past, religious charities automatically qualified for charitable status without undertaking the typical application process, but a change in 2006 removed the exemption. Now, religious charities no longer have a privileged status and cannot cite “the advancement of religion” as a legitimate purpose for the charity. The new legislation articulates a new requirement: a charity must provide a tangible “public benefit.” Therefore, “it is no longer possible to argue that the advancement of religion is self-evidently a public benefit in its own right.”; to meet the new requirement, a charity must demonstrate a commitment to “the advancement of education” and the promotion of qualities like “equality, understanding, or harmonious cooperation in society.”³³ These requirements coincidentally align closely with Islamic values that are intended to be captured through zakat giving. Consequently, zakat giving in the UK has been disproportionately effective since the charities distributing the money are held to high standards and required to be intentional and deliberate about the distribution of funds.

Furthermore, charities are strictly forbidden to be politically active. There is ambiguity between political work and humanitarian work, but this regulation prevents zakat from being dispersed to individuals and projects that have not demonstrated a concrete need for monetary assistance. With respect to wealth that is accrued through interest—strictly forbidden in Islam—charities in the UK have added a feature that encourages Muslims to automatically donate any interest they receive on their bank accounts. The feature simultaneously rids the donor of haram money and allocates the money to a separate fund that goes directly toward Muslim food security. While the majority of the Islamic charities in the UK are quite small, they are collectively responsible for hundreds of millions of dollars in donations annually.³⁴

³³ Housby, “Charities, 136.

³⁴ Housby, “Charities, 140.

Zakat as a Poverty Reduction Strategy

Although zakat was established primarily as a means of fulfilling a religious obligation, the tradition doubles as a wealth redistribution and poverty reduction strategy. In evaluating the success of the strategy, the evidence indicates that zakat is one of the most effective tactics in reducing rate of poverty in majority-Muslim countries; however, the system has failed to fully capitalize on opportunities to convert potential to reality.

Zakat differs in meaningful ways from more common practices employed to equalize financial status. For example, taxes do not distinguish between the rich and the poor. There may be tax brackets that attempt to introduce a hint of nuance to the system, but the burden is felt relatively equally by both the affluent and the impoverished, especially in the case of indirect, fixed taxes like sales tax. In contrast, zakat is a specified right of the poor over the reach, and the payment is an immediate step towards greater equality. Given that it is separate from the state budget, zakat also benefits from not being influenced by arbitrary “fluctuations” or “financial crises” that often afflict the consistency and reach of the state budget.³⁵

The flexible nature of zakat is particularly critical to its success because it allows calculated discretion as to how a donation can have the maximize effect and be invoked most altruistically. Poverty is often a period of transition, and the severity of the situation is nearly always unstable and changing. Thus, there are meaningful considerations beyond a simple wealth assessment, and the system of zakat ensures that the payment is directed toward the most needy recipient; as Malik contents, of the eight categories stipulated in the Quran, “the zakat-giver should investigate and find who is in most need” and “give the whole amount of zakat to...people who are more in need of money, be it the needy, wayfarer, or others.”³⁶

³⁵ Hosam E. A. A. Helal, “What is the Required Role of the State in Egypt Concerning Zakat?” 8.

³⁶ Hosam E. A. A. Helal, “What is the Required Role of the State in Egypt Concerning Zakat?” 11.

Furthermore, zakat is seen as a just system that has religious standing. While taxpayers must comply with taxation because of legal standing, zakat is “passed upon the obedience and following God’s command after believing.”³⁷ In essence, zakat receives far less criticism and non-compliance because there is little question about the justice of the system, and the burden on the rich is kept at a manageable amount. Roughly 24% of the world’s population is Muslim and somewhere between \$200 billion and \$1 trillion US dollars is spent in the form of zakat across the Muslim world annually.³⁸ A global analysis of resource shortfall as a percent of GDP found that zakat is a greater percent of GDP than the shortfall, meaning that zakat is “not only sufficient to provide for the shortfall and eliminate the extreme poverty but also can generate surplus.”³⁹ Much of the excess zakat wealth comes from western countries like the United States, where Muslim Americans gave \$1.8 billion in zakat funding to domestic and international causes in 2021—an average of \$2,070 per Muslim household.⁴⁰

Considering these findings, it is apparent that the final step in converting zakat potential to actuality is to centralize the system and make it obligatory across all contexts:

“Zakat should be collected to its potential by bringing all assets and wealth under zakat net. On [the] distribution side, arrangement should be made for the cash transfer to the disabled, old aged and orphanages, and in-kind transfer for the rehabilitation of the poor. Also, make arrangements for the schooling of the poor, for their technical knowhow and health care. The selection of the poor may be made by...the local zakat committee members, who know the

³⁷ Hosam E. A. A. Helal, “What is the Required Role of the State in Egypt Concerning Zakat?” 12.

³⁸ Zainulbahar Noor and Francine Pickup, “Zakat Requires Muslims to Donate 2.5% of Their Wealth: Could this End Poverty?” The Guardian online, Guardian Media Group, June 22, 2017.

³⁹ Nasim Shah Shirazi, “Integrating Zakāt and Waqf into the Poverty Reduction Strategy of the IDB Member Countries,” *Islamic Economic Studies* 22, no. 1 (2014): 85.

⁴⁰ “Muslim Americans Gave \$1.8 billion in Religious Giving in 2021, Have More Inclusive Definitions of Philanthropy,” Lilly Family School of Philanthropy online, Indiana University, April 14, 2022.

local people personally...For the purpose of transparency, lists of beneficiaries should be made available for third party observation.”⁴¹

Currently, only a quarter of contributions are made through formal certified organizations. Through a Keynesian perspective, zakat supports the economic argument that equitable income distribution is conducive to economic stability and expansion of aggregate demand. Since zakat targets idle savings and assets, the effect is a stimulation of capital, and the implementation “may take care of the problem of excess capacity.”⁴² Although many jurists argue that the “social responsibility” of zakat ensures that the majority of Muslims fulfill their religious duty through payment, the only way to maximize the poverty reduction aspect of the system is to centralize the processes: “Shifting the public mindset so that zakat is seen as a program needing professional management for positive change, rather than simply a charity, will enhance its development impact.”⁴³

Conclusion

As poverty increases, creativity must follow. Current poverty reduction strategies are proving to be ineffectual—or, at least, inadequate—for successful widespread application. Yet, Islamic zakat has proven to be a system that uniquely defines wealth, establishes meaningful wealth classifications, offers enough flexibility to be broadly applicable, and enables poverty reduction through wealth redistribution. Zakat’s ability to transform and modernize over time has enshrined its status as a preeminent strategy for reducing poverty. The flexibility and willingness to conform to modern needs should allow for centralization and state-control of zakat. The results are proven—the final question is whether zakat’s potential can become reality.

⁴¹ Shirazi, “Integrating Zakāt,” 94.

⁴² Muhammad Mazhar Iqbal, “Inclusive Growth with Zakat,” 1009.

⁴³ Zainulbahar Noor, “Could this End Poverty?” The Guardian online, June 22, 2017.

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