

# **T**HE ISLAMIC INSTITUTION OF ZAKAT AS A PANACEA TO POVERTY ERADICATION AND HUMAN EMPOWERMENT IN MODERN NIGERIA

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## **ABSTRACT**

*One of the major ingredients for the development of every community is their strong economic system. Islam has attached great importance to this regard. Zakat is an institution of Islam that essentially seeks to eradicate poverty and empower the poor. The needy and other incapacitated in the society, to overcome their difficulties, it seeks to cultivate Love, reduce jealousy, envy and rancor. This paper seeks to explain the role played by zakat in the past toward eradicating poverty and Human empowerment and examining the effective measure use in distributing Zakat. The paper suggest ways of extending the coverage of Zakat*

## **Introduction:**

Islam has attached great importance to Zakat and ranked second only to the performance of prayer in Islamic. Zakat essentially seeks to remove poverty and to empower the poor, the needy, it cause both the rich and poor to be brothers keepers as such over by Zakat also help in reduction of immoralities and other social vices in the society, Zakat can also fore stall the rise of vices such as stealing, robberies etc.(Gusau P.44) the infect of Zakat in the society

*to some murder with the aim of increasing of proceeds of Zakat in the modern times.*

*Keywords: Zakat, eradication poverty human empowerment*

**C**annot be measured in simple terms that is why the glorious Qur'an attached much importance to it that beside prayer there is no duty incumbent upon Muslims that Zakat.

It is an established fact that there were times in the history of Islam when the administration of Zakat was so good that it was difficult to find people who would receive the Zakat. Every subject of the Islamic state had enough to satisfy his needs. The rulers had to deposit the Zakat collections in the public treasury (baitul-mal) because there were no eligible persons to receive them (Hamuddah P97). But today, the story is quite different; in most cases it seems Zakat simply serves to tantalize the multitudes of indigent Muslims. This paper suggests ways of increasing the bulk of Zakat in modern times by expanding the institution to cover some modern enterprises. There are several reasons for addressing the problem considering the necessity for the realization of increased in the Zakat proceeds to meet the needs of the teeming population of indigent Muslims in the contemporary world. In addition it is obligatory for scholars to nonscientist awaken every Muslim to realize wisdom and the obligations upon him thus every earner needs to know what is obligatory upon him of Zakat.

## ZAKAT

Allah says in the holy Quran, "and maintains the prayer and give the Zakah and bow along with those who bow (in prayer). Zakah comes along with prayer, which is the foundation of religion, in 28 verses of the Holy Quran prayer, (Qardawiy: 59). Allah says in the Holy Qur'an, "yet if they repent and maintain the prayer and give the Zakah, then they are your brethren in faith. We elaborate the sins for a people who have knowledge. (Holy Qur'an: 9:11) in another verse, it is stated:" .....a guidance and good news

for the faithful, those who maintain. The prayer and pay the Zakah and who are certain of the hereafter. "38In a prophetic tradition, Ibnu Mas'ud said: "we were ordered to maintain prayer and give the Zakah. He who refuses to give Zakah, his prayer is rejected, 39 in another narration; the prophet (SAW) is reported to have said:

*"Islam is built on 5 pillars: testification that there is no god but Allah, the performance of prayer, the giving of Zakah, the fasting of the month of Ramadan and the pilgrimage to the house of Allah for those opportunities?"*

Zakah is, therefore, a compulsory legislation and one of the five pillars of Islam that make the foundation of religion. The legislation of Zakah has been in execution since the time of the prophet (SAW), through the history up to the present day.

Indeed Zakah has served the purpose of its legislation and achieved its desired goals in the field of goodwill, discipline, and economy. However, with the beginning of the first scramble of Muslims' nations by the westerners and the subsequent colonization of those nations, the Zakah institution became weak almost everywhere, as the governments were no longer coordinating the institution.

The Islamic society in various countries has worked out different methods for the collection and disbursement of Zakah dues to various heads of expenditure as defined by the sharia. These methods fall under three categories, depending on the kind of the institution undertaking the collection and disbursement of Zakah. First: there are charity organizations, constituted voluntarily by individuals in many Islamic countries -and communities. These voluntary groupings are, in most cases, run by volunteers, and the state may control such associations. Normally, the scope of activity of such organizations is confined to a larger geographic division depending on how active the leadership is of the given organization. This activity may 38Holy Qura'n: 27: 39Tabarany: vol: I: 103. 40 Bukhariy (8); Muslim (16); Musnad Ahmad (5672); Tirmidhiy 9 (26) The prayer and pay the Zakah and who are certain of the hereafter. "38In a

prophetic tradition, Ibnu Mas'ud said: "we were ordered to maintain prayer and give the Zakah. He who refuses to give Zakah, his prayer is rejected, 39 in another narration; the prophet (SAW) is reported to have said: Islam is built on 5 pillars: testification that there is no god but Allah, the performance of prayer, the giving of Zakah, the fasting of the month of Ramadan and the pilgrimage to the house of Allah for those opportune.t? Zakah is, therefore, a compulsory legislation and one of the five pillars of Islam that make the foundation of religion. The legislation of Zakah has been in execution since the time of the prophet (SA W), through the history up to the present day. Indeed Zakah has served the purpose of its legislation and achieved its desired goals in the field of goodwill, discipline, and economy. However, with the beginning of the first scramble of Muslims' nations Qy the westerners and the subsequent colonization of those nations, the Zakah institution became weak almost everywhere, as the governments were no longer coordinating the institution.

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these two kinds of establishments, some Islamic countries set up governmental organs to receive and distribute Zakah. Such Zakah bodies that are financially independent constitute legal entities and' enjoy a larger or smaller degree of administrative independence.

Economy is the political weapon of every, nation. So it become necessary for every nation that wants political strength to set machineries for its economic development, and Zakah proves itself to be the most important aspect for the Islamic economy and food security for the' citizens. Logically, therefore, Zakah must be revived, administered, and adequately utilized to improve the economy of the Muslims nations (Galadima 17).

#### **THE ROLE OF GOVERNMENT IN ZAKAH UTILIZATION**

Zakah, as mentioned earlier, is a compulsory legislation, but it is not left to individual; one who is God wary to give it out and one who is weak in faith to deny it. "Nay, it is not an individual privilege; rather, it is a public issue to be coordinated by the government" (Qardawiy2 87). Allah calls those who coordinate the issue of Zakah (collection and distribution) 'Al'amileena 'alaiha', and puts them among the beneficiaries of Zakah. The holy Qur'an says, "The alms are only for the poor, the needy, those who work on it, to influence hearts (to belief) to free captives and debtors, for the cause of Allah and the wayfarer- a duty imposed by Allah. Allah is Knower, Wise."41In the same chapter, Allah says: "take alms out of their wealth in order to cleanse them and purify them thereby. '142 The majority of the Muslim jurists hold the view that 'Sadaqa', in this verse, refers to Zakah. The command is to the prophet and every Muslim leader. In a hadith narrated by Bukhariy and Muslim, the prophet (SAW) said to Mu'adh, when he sent him to Yemen: "collect it (Zakah) from their rich and return it to the poor" (Qardawiy2 70). This hadith authorizes the leader to coordinate the collection and distribution of Zakah; whether by himself or his deputy, and whoever refuses to give, it should be collected by force.P'Ihe prophet (SAW) and his successors put this instruction into practice.

The legislation of Zakah experienced some legal modifications and/or reviews through Islamic history. That was due to change of time and expansion of the Islamic state. For instance, during the time of the second caliph famine affected the Islamic state. The caliph postponed the collection of Zakah. Secondly, on the assertion that Islam became strong, the 2nd caliph took the names of the non-Muslim chieftains off the list of Zakah beneficiaries, arguing that the wisdom behind their entitlement was to win their hearts, and since Islam became strong, was no longer in need of them (El-Ashkar & Rodney 113).

The institution of Zakah had been flourishing from its inception up to the end of the dynastic caliphates (around late 19th cent.). While the western world started scrambling on the Muslims nations. After the weakness of the exercise, it was later revived and, now, praise be to God, the Almighty, some Muslims nations are working successfully on the administration and utilization of Zakah. These countries include Republic of Sudan, Pakistan, Saudi Arabia, Arab Republic of Yemen, Kuwait, and Malaysia, to mention but few. They administer the collection and appropriation of Zakah, specifying the wealth of Zakah, and those eligible (Qardawiy 2: 70). 43 Ibnu Hajar 3: 231 some governments in Muslims' countries give their maximum support to the issue of Zakah. They built ministries and foundations for Zakah and provide mobility to transport and distribute the proceeds. Hisbah foundations were also established to serve as watchdogs for the successful run of the exercise (Arrahiliy 32.)

However, some other countries turned away their attention from the issue of Zakah. This brought about the formation of voluntary organizations to look after the system, with a view to helping the poor and the needy, the orphans and the widows and to cater for the expenditure of the Islamic propagation (ibid). Furthermore, a number of Muslims in many countries do pay 'their Zakah voluntarily, without the hand of any organization, be it governmental or otherwise. They do it out of their commitment to the religious instructions. (Al'asifiy 7). -

The Holy Qur'an and tradition of the prophet (SAW) discuss Zakah as one of the five pillars of Islam. Reported from the prophet (saaw), "Islam is built

on five pillars: testification that there is no God but Allah and Muhammad is his messenger, the performance of prayer, the giving of alms, fasting of the month of Ramadan and pilgrimage to the house of Allah.

### **ZAKAH IN THE QUR'AN**

The Qur'an talks about the Zakah in more than 30 different verses, mainly in the Medinan suras. In the Quranic view, Zakah is a way to redistribute the wealth, thus defining a charity-based economy with a particular interest in the poor and the dispossessed Muslims (Encyclopedia of Islam: Article Zakah). Zakah ranks more than taxation. One must give Zakah for the sake of one's salvation. While those who give Zakah can expect reward from God in the afterlife, neglecting to give Zakah can result in damnation. The giving of the Zakah is considered a means of purifying one's wealth and soul (ibid) NonMuslims are not required to pay Zakah, but give a tax by a different name 41 called Jizyah tax. Giving of taxes to Muslims (which includes Zakah) is also part of the primordial.

And We took a pledge from the children of Israel: 'worship no one but Allah, do good to parents, relatives, orphans and the needy, and speak kindly to people, and maintain the prayer and give the Zakah, you turned away, except a few of you, and you were disregardingful."

The Qur'an lists the beneficiaries of Zakah, when it says, "the alms are only for the poor, the needy, those who work on it, to influence hearts (to belief) to free captives and debtors, for the cause of Allah, and the wayfarer- a duty imposed by Allah. Allah is Knower, Wise"45

### **ZAKAH IN THE HADITH**

The hadith also admonishes those who do not give the Zakah. According to the hadith, refusal to pay Zakah is a sign of hypocrisy, and God will not accept the prayers of such people. The hadith asserts that the poor would not be hungry if the rich give Zakah. However, they also state that Zakah purifies those who give it. It is believed that Allah safeguards the property of those who give Zakah. On the Day of Judgment, those who did not give the Zakah will account for their deed.

The hadith contain advice on the state-authorized collection of the Zakah. The collectors are required not to take more than what is due, and those who are paying the Zakah should not evade payment. The hadith also warn of punishment to those who take Zakah when they are not eligible to receive it.

### **HISTORY OF ZAKAT**

Zakah-e practice initiated by the prophet Muhammad (SAW) has played an important role throughout Islamic history.

The caliph Abubakr, was the first to institute a statutory Zakah system (Encyclopedia of Islam). Abu Bakr established the principle that the Zakah must be paid to the legitimate representative of the Prophet's authority, Abubakr, who ensured that each operates had a minimum standard income of 10 dirhams annually, later increased to 20 dirham (ibid).

The second and third caliphs, Umar ibn Al-Khattab and Uthman ibn Affan, continued Abubakr's codification of the Zakah. Uthman also modified the Zakah collection protocol by decreeing that only "apparent" wealth was taxable, [land, and produce] (ibid). During the reign of Ali ibn Abu Talib, the issue of which wealth was taxable had the effect of limiting Zakah mainly on agricultural produce. Zakah was tied to legitimacy of his government. After Ali, his supporters refused to pay the Zakah to Muawiyah I, as they did not recognize his legitimacy (ibid).

Ultimately, the practice of state-administered Zakah was short-lived in the early Islamic history. During the reign of Umar bin Abdul Aziz (717-720 A.D.), reports confirmed that no one in Medina needed the Zakah. After him, Zakah became more of an individual responsibility.

Today, conservative estimates of annual Zakah are estimated to be 15 times global humanitarian aid contributions (ibid).

Zakah is one of the five pillars of Islam, and all practicing Muslims, who have the financial means (Nisab), should pay. The Zakah is not collected from non Muslims, although they are required to pay the jizyah tax.



### SUGGESTIONS OF SOME MODERN SCHOLARS

Many modern scholars have actually addressed this problem. They were concerned that the collection and administration of Zakat in many Muslim countries in modern times have become so poor that the very presence of Zakat merely serves to tantalize, frustrate and infuriate the poor, thus generating resentment and hatred, rather than harmony and love. In their quest for increasing the bulk of Zakat some modern scholars have gone to the extent of advocating the modification of the rates of Zakat in our modern times (Gusau 21). However, al-Qardawi has strongly warned against such a trend. He argues that tampering with issues backed by authentic and unequivocal texts of the Qur'an, Hadith and ijma', will degrade the religiosity of Zakat and open the room for changing other Islamic laws (Gusau 22). Conceding to this view, it is obvious that the unfailing power of Zakat and the effective measure of public interest in it, stems from the fact that it is a divine injunction, an ordinance from Allah Himself, and an obligation for the fulfillment of which one will be responsible to the Lord of the Universe directly. If that essence is destroyed in Zakat, then all is lost. Besides, the function of a Mujtahid in the Shari'ah is to expound Allah's laws, and not to propound new laws in place of existing ones. For that reason, any suggestion that aims at scraping off the existing law and replacing it with something else, falls beyond the range of Ijtihad, and should be discarded. An Islamic government, of course, has the right to impose taxes when the need arises, but that should not be confused with Zakat. (Gusau 21).

### THE PROBLEM IN THE MODERN TIMES

In fact, if the modern situation is properly understood, it will be realized that the real problem is not in the low rate of Zakat (2.12 % of one's wealth). Rather, the problem is that the greater percentage of the holders of wealth does not pay Zakat at all, for one reason or another. Hence, efforts should be geared not towards changing the rate of Zakat already fixed by Allah and His Prophet (SAW), but rather towards extending the realm of Zakat to take care of items and sources of wealth which were not known in

the early days of Islam, but which have all the qualities of Zakatable items. Indeed history has recorded that over the centuries many items have been added to Zakat lists prescribed in the Qur' an and the Sunnah. Thus the efforts of this paper are not only in line with what many modern Muslim scholars are trying to do but as well it is in line with approved precedence. Most notable among the modern scholars who have taken this stand are: Sayyid AbuJ-Ala' al-Maududi, ash-Sheikh Muhammad Abu Zahra, Yusuf al-Qardawi and Su'e Ahmad Gusau. (25: 8: 22), Thus, Gusau explains that: Items of wealth about which (these) scholars have made the call for inclusion under Zakatable items include, among others, joint stock companies, shares and securities, insurance premia, vehicles on hire etc. The argument for this extension is the desire for justice among all holders of wealth and the necessity to tap all available resources for the fulfilment of the needs of the weak members of the society. (Gusau 21)

#### HOW SOME INSTITUTIONS EVADE ZAKAT IN THE MODERN TIMES?

In the light of this authentic modern *ijtihad* it is worth considering whether or not hotels, factories, companies and other rich institutions of the modern days should be' exempted from paying Zakat. A close analysis of the issue will reveal that there is no justification for their exemption at all.

In actual fact, there is no tangible ruling in the Shari' ah that shall exempt such institutions from paying Zakat. The issue is simply that their proprietors have chosen to adopt a method of paying Zakat that is as good as exempting their institutions altogether from Zakat.

To understand precisely what is happening in these institutions, there is the need to briefly examine the method of determining Zakat dues as followed by the leading Muslim scholars (imams) of past ages: In those past ages, if gold or silver or commercial property remains in one's possession for a whole year from the day its weight or value reached the taxable amount (nisab), then he must give out one fortieth (2.5%) of that wealth to the poor as Zakat. If the money one has decreases and becomes less than nisab (about N175,000 today) before a full year has elapsed after the time it reached the amount of nisab, the previous nisab lapses, and if he attains

the nisab after that, he waits for another full year. (Miyyara: 295, Ibn Ba'zz 149).

As for Zakat of produces of land, when the produce is obtained from land which is watered by rains, rivers or brooks, and has reached nisab which is 5 wask (about 600 *mudd*) then, one-tenth (10%) of it must be given to the poor as Zakat. But if the produce is obtained from land which is irrigated by animal power, waterwheel or things of that nature, then only one-twentieth (5%) of it is given as Zakat. (Miyyara 207, Ibn Ba'zz 1421 151-152).

Whether one-tenth or one-twentieth is due, it must be taken in full without deducting what is spent on animals, seed, tools, manure, workers etc. And even if the owner of the land is a child or an insane person, the Zakat due must be given. The state takes the Zakat by force from a person who is not willing to give it out of his free will, because Zakat is not a gift, but the poor man's right in the rich man's property. But if farmlands are rented out, the rentals being paid for land should follow the system of gold and silver, as far as Zakat is concerned. That is, it will now be required to pay 2 1.2% of the amount that has remained for a full year. It is the tiller of the land who will now be left to grapple with the problem of 5% or 10% of the produce of the land rented. (Abus-Sunnat 81).

The above is a brief summary of the method of deciding Zakat dues as followed by the imams of past ages. It is based on that, that the proprietors of hotels, factories and companies in the modern times have chosen to give only the Zakat of their net profit that has remained with them for a full year.

(Abus-Sunnat 81-82). If the method described above is properly considered, it will be clear that exempting these institutions completely from Zakat is not tenable. If, for instance, the proprietor of a hotel is allowed to pay 2%% of the rentals that have remained with him for a whole year, that means he is asked to pay Zakat for his money only, and that there is no Zakat at all paid for the hotel. Besides, he can spend those rentals before a year had elapsed, removing from him the whole problem of Zakat altogether.

### SUGGESTIONS FOR COUNTERACTING THE MODERN TRENDS

What is happening in these institutions as explained above is not fair especially when viewed from the poor man's perspective. A poor farmer who toils tilling the land pay 10% of the produce of the land, and a rich proprietor of a hotel is exempted from that, even though he can earn from his hotel in one night without tears, what the farmer may never be able to earn in a whole year. It would seem more logical, as suggested by Yusuf al-Qardawi (476) to at least place the two on the same rate, by asking the hotel proprietor to pay 10% of the rentals of his hotel, instead of 2% of his net profit which he may decide to spend before the full year has expired to absolve himself from payment of Zakat.

The basis of this ijihad is that both the fanner and the hotel proprietor benefit from the land. This ijihad never occurred to the minds of the imams of ijihad in the past ages for the obvious reason that they never had the types of hotels of modem times.

But then, the proprietors of these hotels may argue that they spent a lot of money to erect their hotels and that it is because of that, these hotels can now yield a lot of money. Well in that case, these proprietors may at least be asked to pay 5% of the rentals, just as we ask the fanner who has spent money on mechanical watering of his crops to pay 5% instead of 10% of the produce of the farm.

However, in respect of the owners of hotels and industries etc., the 5% should not continue indefinitely. It should only remain till such time when the proprietors would have recovered the money they spent on building the hotels. After that, they should be encouraged to return to the original rate of 10%. If this method can be applied on hotels, factories and companies, certainly huge sums of money will be realized for distribution to the less fortunate members of the society.

Finally, it is pertinent to note that what is said here of hotels is also true of all other landed properties used for commercial purposes, such as houses, schools, industries and factories. They should all be subjected to Zakat in the same way with regards to proceeds realized there from.

### CONCLUDING REMARKS

Islam is a religion whose foundation has been built on magnanimity and philanthropy. Narrow-mindedness, greed and miserliness are evils that are not tolerated. Islam has made it amply clear to its adherents that the believers are single brotherhood, and that it is a duty of every capable Muslim to help and assist poor and needy brothers. Islam also explains that the benefit of helping is not only derived by the poor and the needy, but the givers of charity also achieve invaluable riches of peace, bliss and satisfaction in this life and in the next.

Furthermore, Islam establishes an obligatory due called Zakat, to ensure that its noble objectives are achieved. It ensures that no individual in a Muslim community is so deprived as to face a life of starvation, and no wealthy person is so greedy that wealth is spent only on personal pleasure and luxuries. But some people in the modern times are bent on frustrating all the efforts of Islam, even when they know very well that these efforts aim at cementing the bonds of love and fraternity between the believers.

This paper has attempted to highlight some ways by which some 'modern' business enterprises are exempted from Zakat. The paper further justifies why such enterprises should be subjected to payment of Zakat.

The suggestions of this paper should be useful for the implementation of Shari'ah in Shari'ah complaint States. A main responsibility of the Shari'ah Implementation committees should be to collect the rights of the poor Muslims - even by force if need be - from those rich Muslims who are not imbued with the Islamic spirit of magnanimity, or those not complying with the ordinances of the Lord of the Universe.

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