

ZAKAT VS. TAXATION: THE ISSUE OF SOCIAL JUSTICE AND REDISTRIBUTION OF WEALTH

Dr. Fatima AlMatar¹

Muslim Jurists like to stress that the main difference between Zakat and taxation is that Zakat falls on the annual accumulated wealth of the Zakat payer, while tax falls on the income of the tax payer; they argue that it is this difference that makes Zakat fairer than taxation as it falls more heavily on the rich than the poor and thus achieves more social justice. However, the response to this claim is that taxes in most fiscal systems are levied on capital gains - through the alienation of movable and immovable property, taxes are also levied on inheritance and some countries impose a mansion tax, proving that there is a wider basis for extracting revenue in taxation than there is in Zakat. The issue of social justice rises again when Muslim Jurists stress that Zakat as a religious duty is holy and divine and thus cannot be altered or reformed whether such reform was targeting the type of wealth on which Zakat falls or the *Nisab* (the specified minimum wealth upon which the liability of Zakat rises), or those who are liable to pay it or its beneficiaries, none of this can be reformed². Whilst this characteristic may be viewed as adding certainty to Zakat, on the other side of the argument it can be viewed as inflexible, inadaptable to change and as undermining the idea of social justice. This article attempts to compare Zakat with taxation, highlighting the advantages and limitations of both redistributive tools.

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¹ Lectures on economic and financial law at Kuwait University.