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Realization of Economic Justice with the Islamic Tax System

Fateme Soleimani¹, Abolfazl Ranjbari^{*2}

1. Ph.D. Student in Public Law, Tabriz Branch, Islamic Azad University, Tabriz, Iran

2. Assistant Professor, Department of Law, Tabriz Branch, Islamic Azad University, Tabriz, Iran

A B S T R A C T

Today, many duties are placed on the shoulders of governments, which were not considered in the past. Governments are obliged to enter and intervene in matters such as education, health, strengthening the internal and external security system. Governments have to pay for this intervention. Therefore, due to the increase in expenses, it is not possible to expect the Islamic government to fulfill the duties and functions that have been placed on it by the requirements of the new world, relying only on Sharia tax sources such as zakat and khums. No crime and with the necessity of the times, tax resources have emerged that are first established and secondly dependent. It is established in the sense that they are new and without history, and it is submissive in the sense that they are subject to the specified Shari'a taxes and should not be in conflict with it. Paying Shariah taxes is basically considered worship and it is obligatory on the tax payer to calculate and pay his property or income. In the new tax laws, although it is possible to see the pale colors of worship, but these are the government agencies that calculate the amount of property and income of individuals and oblige the person to pay, that is why the phenomenon of evasion in the present age. A tax is raised and the government system prosecutes the perpetrator.

Keywords: Economic Justice, Islamic Tax, Khums and Zakat, Kharaj and Jizya.

INTRODUCTION

Justice and injustice are among the words that have a wide range of discussion. The human type makes many connections in life; 1- The relationship with God (regardless of the existence or non-existence of God, the human type has a perception and perception of God and has a relationship with God in accordance with this perception and perception). 2- Communication with nature 3- Communication with oneself 4- Communication with other people(Levinson, 2020; Rosenberg & Chopra, 2015). Among all the types of communication that man establishes, his desire and attraction towards the concept of justice is undeniable, for example, man expects from God that he does not discriminate against his servants and rewards some for doing something and others for He should not be punished for doing the same act, and he also expects others to behave according to justice. In fact, seeking justice is an instinctive and natural desire and pull, and all human beings have it in the depths of their psyche. Of course, this does not mean that the examples of justice in all societies are exactly the same. One society may consider a behavior fair and another society may consider it unfair(Bergh, 2008; Cappelen, Falch, & Tungodden, 2020).

* . Corresponding Author: a.ranjbari-1348@yahoo.com

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In different societies, the wealth is not equally distributed among people, the property of some people is more than the property of another group, on the other hand, the government needs income to fulfill the duties assigned to it by the constitution([Starmans, Sheskin, & Bloom, 2017](#)). Therefore, since ancient times, governments have always tried to evenly distribute wealth and cover their expenses by imposing taxes on people([Akbaş, Ariely, & Yuksel, 2019](#); [Cappelen, Sørensen, & Tungodden, 2010](#); [Cappelen & Tungodden, 2019](#); [Trump, 2020](#)).

From the point of view of Islam, the government has wide powers in the field of economy and has high incomes, and the financial system of the government has a special importance in Islam([Chapra, 1992](#); [Iqbal & Mirakhor, 2013](#); [Kunaifi, Rahman, & Dwiaryanti, 2021](#)). It is necessary to identify the capacities and indicators that Islamic taxes have, to examine the possibility of using their capabilities.

TAX AND ITS TYPES

Tax is a part of people's income or property, which is collected in order to pay public expenses and implement financial policies of governments in order to preserve the economic, social and political resources of the country according to the laws and through the administrative and executive levers of the government([Rosen, 2004](#); [Surrey, 1970](#); [Tan et al., 2022](#)). Taxes can be divided into two categories: direct and indirect([Jensen, 1999](#); [Nguyen, 2019](#); [Norouzi, Fani, & Talebi, 2022](#)). Direct taxes are taxes that are imposed directly on the source of income. This type of taxes is collected directly and in proportion to the income of real and legal persons. Direct taxes can be divided into two types: income tax and property tax([Aamir et al., 2011](#); [Nguyen, 2019](#); [Oz-Yalaman, 2019](#)). On the other hand, indirect taxes are taxing whose payer is not specified, and tax realization depends on the performance of some economic activities (including buying and selling) ([Kovalchuk, Melnyk, Novak, & Pakhomova, 2021](#)) and their portability is very high. In other words, taxes that are indirectly imposed on consumer goods and collected from consumers can be classified in this group. These taxes are divided into two categories: import tax and transaction tax (sales and consumption)([Atkinson & Stiglitz, 1976](#); [Korkmaz, Yilgor, & Aksoy, 2019](#)).

Tax division can be drawn from the point of view of the amount and amount of tax into two fixed and variable forms([Egger, Nigai, & Strecker, 2019](#)). fixed tax that is, a certain amount of tax should be taken from each person, regardless of how much his income is, or a specific amount should be taken from a workshop with specific characteristics([Christians & van Apeldoorn, 2018](#)). A variable tax is a tax whose amount is not fixed and a tax is collected from each tax payer in proportion to his income, profit, capital or sales. The tax rate can be fixed, increasing (progressive) or decreasing.

Types of taxes: 1- Direct tax 2- Indirect tax

Direct taxes: 1- Income tax 2- Property tax

Indirect taxes: 1- Import tax 2- Transaction tax (sales and consumption)

TAX SYSTEM IN ISLAM

Islamic taxes have different types. The most important of them are khums and zakat, which are specified in the Holy Quran. Kharaj and jizya are also considered as other Islamic taxes([Namdar, Moradi, Mohmodian, Shahdani, & Hassanzadeh, 2021](#)). At the beginning of Islam, tribute was considered the most important source of income for the Treasury, the amount of which was determined every year by the Prophet (PBUH) or the Caliph of Muslims and changed according to different regions and times. Jizya was a fixed tax that was collected per capita from non-Muslims and provided to them in exchange for social services([H. Amini, Raei, & Tavakoli, 2018](#)).

In addition to their specific characteristics, these types of taxes also have common characteristics. These common features can be examined in the following headings:

Khums: Khums, payment of one-fifth of the excess annual income and some other cases such as mining and treasure with the conditions stated in fiqh. Khums is one of the branches of Islam and it is mentioned in verse 41 of Surah Anfal. From a religious point of view, Khums is obligatory in seven cases: 1- Business benefits 2- Mining 3- Treasure 4- Halal wealth mixed with haram 5- Jewels obtained by diving from the sea, 6- War booty 7- The land that an unbeliever, a dhimmi, buys from a Muslim ([H. A. Amini & Raei, 2016](#); [Mohaddes, 2015](#)).

Zakat: Zakat is one of the financial obligations in Islam, according to which Muslims must pay a certain amount of 9 items of goods for consumption in the life of the poor and other general social affairs ([bin Wan Yusoff, 2008](#); [Suhaib, 2009](#)). These 9 goods are Naqdeen (gold and silver), three gifts (cows, sheep and camels) and Arbaah grains (wheat, barley, raisins and dates). The payment amount for each of these goods is different and is determined in jurisprudence. According to famous Shiite jurists, zakat is due on wheat, barley, dates, raisins, gold, silver, camels, cows, and sheep. Some have added capital to the above. However, the common opinion among Shia scholars is that they consider it mustahab to pay zakat on capital ([Najafi, 1981](#)).

Kharaj: Kharaj refers to land tax; this type of tax is actually collected from annexed lands. Additional lands refer to lands that: 1- Lands whose owners converted to Islam willingly and as a result their ownership remained in the hands of their owners. 2- Lands that fall into the hands of Muslims after winning the war and become their property. 3- Lands whose residents agree to peace without war and according to the treaty, the land becomes the property of Muslims and the residents must pay tribute to the government in exchange for the use of the land, or the land remains in the ownership of the original owners on the condition of paying tribute to the government to stay 4- Lands whose inhabitants, without the occurrence of any war or conflict, will withdraw from it and either hand it over to the Islamic State or its inhabitants will be destroyed ([Irkhani, 2019](#); [Najjar, 1985a, 1985b](#); [Weiss, 1985](#)). In fact, this type of land is owned by the Islamic ruler. The first type of land is called "Talua", the second type is called "Muftoha al-Anouh", the third type is called "Saleh" and the fourth type is called "Fie" and "Anfal" ([Manan & Muchsin, 2019](#); [Modarressi, 1983](#)).

Jizya: It refers to a tax that the Islamic government collects from the People of the Book in return for their residence in the Islamic country and immunity from others' attacks on them, based on the Dhimma contract ([Ahmed & Ahmad, 1975](#); [M. A. Amini, 2022](#)). In fact, Jaziya Ma'rab of the Persian Gazit means tax and tribute, and in Islam, it is a tribute that is taken from the people of the book in order to preserve their lives and property in the Islamic realm. In fact, Christians and Jews do not participate in wars by paying jizya, and the Islamic army is obliged to defend their property and lives with all their might ([AL-FARUQUE, 1997](#)).

THE ACCEPTED PRINCIPLES OF THE TAX SYSTEM AND THE CHARACTERISTICS OF THE ISLAMIC TAX SYSTEM

The principle of justice and equality: based on this principle, the tax burden must be fairly distributed among people and depends on the taxpayer's ability to pay. That is, each person should earn income in proportion to his share in the production of goods and services; In this case, the distribution of income in society is a fair distribution ([Kalkavan, Dinçer, & Yüksel, 2021](#); [Kuran, 2020](#); [Parsa, 2021](#)).

Certainty principle: According to this principle, the amount of the tax source, the time of payment and the method of payment must be precisely defined ([Usmani, 2021](#)).

The principle of convenience or ease of access: based on this principle, it is fashionable to obtain the relative satisfaction of people and provide various facilities for paying taxes, and setting the conditions for payment and the method of payment should be designed according minimum possible pressure([Zulkhibri, 2016](#)).

The principle of economy: based on this principle, maximum savings should be made in tax collection and the cost of collection should be reduced to the minimum possible([Elkins, 2006](#)).

Institutions accepted in the Islamic religion that can be considered under tax in today's sense of the word are khums, zakat, kharaj and jizya. Among these institutions, tributes and tributes have lost their use and are not compatible with the spirit of the present age. It should be said that in addition to their own characteristics, the two primary institutions also have common characteristics, some of which we will mention below.

The first common feature is that paying khums and zakat is considered worship and like other acts of worship, it is rewarded and taxpayers are fulfilling their divine duty by paying these types of taxes. Being religious encourages a high tax paying culture.

The second common feature of paying taxes through khums and zakat is that it is taken directly from the earned income and profit, so it does not have a bad effect on the efficiency of economic activities and in addition, it cannot be transferred to consumers.

The third common feature of tax payment through khums and zakat is their relative nature, which means that the amount of tax paid is not fixed in any way and depends on the proportion of profit earned or remaining savings; The more profit or savings, the more tax must be paid([Peerzade, 2005](#)).

The fourth common feature of paying taxes through khums and zakat is that the payers know what their funds will be used for; Because of this, the willingness to pay among them is strengthened because they know how their taxes are spent. For example, the tax revenues of each city are first used to meet the needs of that place, and if there is a surplus, it is sent to the center. Of course, this feature creates a double incentive for taxpayers because they know that their payment will be spent first in their place of residence and in their desired expenses.

The fifth common feature of paying taxes through khums and zakat is encouraging investment and production growth; If the farmer needs to dig a well to develop his agricultural activity livestock and used its water, the amount of zakat belonging to his crop would be halved. If the livestock farmers grow fodder or buy it to expand their production, they will be exempted from paying zakat.

CONCLUSION

It should be acknowledged that contrary to the opinion of some who consider Islamic taxes only limited to zakat, khums, kharaj, and obligatory expenses of Muslims, taxes from the perspective of Islam have a universal feature and also have economic institutions and programs that provide for the needs of the administration. It is an Islamic system. Therefore, the Islamic tax system has rules and laws that either exist in written form or must be discovered and studied through the use of general reasons and research and ijthad in texts and sources and by reference to the principles of inference.

On the other hand, tax in Islam is considered as a form of financial worship, and just as Muslims pray to God, they give zakat to God, and by spending money, they worship in the way of God and preserve the Islamic system, and escape from that sin. It is considered Sharia.

In a general classification, Islamic taxes can be divided into two large categories:

The first category refers to taxes, the rules and conditions of which are determined in the holy texts by the Shariah, such as zakat, khums, kharaj, etc. The cases of such taxes are also specified in the Shariah, and therefore the income should be spent in the same way.

The second category refers to taxes that do not have a history in the holy texts, including the Qur'an and hadiths, and therefore they can be considered new and subordinate; It is established in the sense that they are new and without history, and it is submissive in the sense that they are subject to the specified Shari'a taxes and should not be in conflict with it.

A review of the verses and narrations in the field of economics shows that in Islam, poverty and social injustices are reprehensible phenomena and one of the important goals of the Islamic system and, accordingly, the Islamic economy is to eliminate these cases. Therefore, in the Islamic society, it is necessary to regulate all economic and financial relations in such a way that the economic system can move in the direction of achieving the desired goals of Islam. On the other hand, the Islamic financing system, as one of the dimensions of a more comprehensive system called Islamic economy, has a duty to provide the desired goals of Islam in the field of economy, and it cannot be indifferent or less attentive to these goals. Therefore, it can be claimed that the effort to eliminate poverty and strengthen justice and benevolence in the society is one of the main goals of the Islamic financial system.

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