

## Research Proposal

# The Relationship Between Zakat and Modern Taxation: Toward an Integrated Framework for Islamic Fiscal Governance

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**Submitted to:**

**Department of Islamic Finance / Fiqh and Usul al-Fiqh**

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**Date:**

## 1. Introduction

The question of public finance in Islam is one of the most consequential yet underexplored areas in contemporary Islamic jurisprudence. While classical fiqh has extensively documented the rules of zakat as a religious obligation, and modern Islamic economics has grown into a substantial field, the structural relationship between zakat and modern taxation has received surprisingly limited systematic attention. Most contemporary scholarship treats the two systems as categorically separate, noting their differences in legal nature and calculation method, without adequately addressing the practical and theological implications of their coexistence in modern Muslim-majority states.

This research proposal seeks to fill that gap by examining the relationship between zakat and taxation through the lens of Quranic legislative methodology, early Islamic fiscal practice, and the objectives of the sharia, with the aim of developing an integrated framework for Islamic fiscal governance suited to the realities of the modern state.

It is worth noting that the questions raised in this proposal do not lend themselves to answers that can be found by surveying classical jurisprudential positions alone. The existing literature, while rich in its documentation of traditional scholarship, has largely confined itself to restating and comparing the views of classical jurists rather than interrogating the structural assumptions underlying those views. As documented in **Appendix 1** attached to this proposal, contemporary scholarship has produced valuable descriptive and comparative work in this area, yet it has stopped short of generating an actionable jurisprudential position on the coordination problem between zakat and taxation in the modern state. This proposal proceeds from the conviction that what this question requires is not another literature review but original jurisprudential ijihad that

yields conclusions capable of being applied in practice. The depth and complexity of the subject may well warrant a full doctoral research program, and this proposal is intended as a serious invitation to that level of scholarly engagement, on the understanding that the expected output is a reasoned jurisprudential position, not a survey of inherited opinions.

## **2. Statement of the Problem**

Muslim citizens in most contemporary Muslim-majority states face a dual fiscal obligation: they pay zakat as an individual religious duty and pay state taxes as a civic obligation. Both systems direct funds toward overlapping expenditure categories, yet they operate in complete institutional isolation from one another, with no coordination, no offset mechanism, and no jurisprudential framework governing their relationship.

This situation raises several unresolved questions:

- Is the coexistence of zakat and taxation without coordination consistent with the objectives of Islamic fiscal governance, or does it represent an institutional gap that has not been adequately theorized?
- Did the Quran intentionally leave zakat rates unspecified, delegating their determination to legitimate state leadership, or are the rates established by Prophetic tradition permanently fixed ritual obligations beyond the reach of ijtihad?
- If the early Islamic state used zakat as its primary fiscal instrument and supplemented it with voluntary sadaqah when needed, what is the jurisprudential status of modern taxation in relation to that original model?
- Given that the eight Quranic categories of zakat expenditure encompass virtually all legitimate government spending, can a portion of taxes paid to a state that fulfills those categories be considered as partially fulfilling the function of zakat, while acknowledging the fundamental structural differences between the two systems?
- What are the implications of the historical transition from jizya, as a fiscal obligation on non-Muslim citizens, to unified modern taxation for all citizens, on the relative fiscal burden borne by Muslim citizens compared to the original Prophetic model?

These questions have significant implications not only for Islamic jurisprudence but for the lived experience of millions of Muslims navigating dual fiscal obligations with no scholarly framework to guide them.

### **3. Background and Historical Context**

#### **3.1 Quranic Legislative Methodology and Zakat**

A careful reading of Quranic legislative style reveals a pattern of deliberate differentiation between matters specified with numerical precision and matters left to contextual determination. The Quran specifies inheritance fractions with remarkable exactness, naming precise fractional shares for various categories of heirs. In contrast, while the Quran commands zakat repeatedly and with great emphasis, it does not specify rates, thresholds, or calculation methods, leaving these entirely to the Prophetic tradition.

This is not an oversight. It reflects a consistent Quranic approach of fixing what must not vary across time and context, such as the rights of heirs, and leaving flexible what depends on circumstances, such as fiscal policy. The silence on zakat rates, read alongside the detailed specification of inheritance, suggests that zakat rates may belong to the category of contextually determined policy rather than immutably fixed ritual.

#### **3.2 Zakat in the Practice of the Prophet**

During the Prophetic period, the Islamic state had no separate tax system. Zakat functioned as the primary instrument of state finance, covering the needs of the poor, the destitute, those in debt, travelers in need, and the expenses of state administration and defense, all of which correspond to the eight categories of zakat expenditure enumerated in Surah al-Tawbah (9:60). When state needs exceeded zakat revenues, the Prophet would call on Muslims to contribute voluntary sadaqah, treating additional fiscal needs as a matter of communal generosity rather than mandatory levy.

This model reveals a coherent fiscal architecture: a mandatory baseline instrument, zakat, calibrated to the needs of the state, supplemented by voluntary contributions when extraordinary needs arose.

#### **3.3 Zakat Under the Rightly Guided Caliphs**

The fiscal centrality of zakat became most visible immediately after the Prophet's death. When certain tribes refused to remit zakat to the central authority in Medina, Caliph Abu Bakr declared war against them, famously stating that he would fight anyone who distinguished between salah and zakat. This decision, supported by the consensus of the companions, established definitively that zakat is not merely a private act of worship but a public fiscal obligation enforceable by the state.

This historical episode is jurisprudentially significant for two reasons. First, it confirms that zakat was understood as the fiscal foundation of the Islamic state, not a parallel private system running alongside state finance. Second, it raises the question of what

institutional form that fiscal foundation should take in states where zakat is no longer formally collected by the government.

### **3.4 Jizya and the Original Fiscal Architecture**

The original Islamic fiscal model distinguished between the obligations of Muslim and non-Muslim citizens. Muslims paid zakat; non-Muslims paid jizya, understood by classical scholars as a levy in exchange for state protection and public services. This created a balanced system in which all citizens contributed to state finance through instruments appropriate to their status.

Modern Muslim-majority states have largely abandoned both instruments, replacing them with unified taxation applicable to all citizens regardless of religion. This transition has an unexamined consequence: Muslim citizens now pay both zakat, as an individual religious obligation, and taxes, which functionally replace what jizya once covered for non-Muslims. The Muslim citizen in the modern state therefore bears a fiscal burden that has no direct precedent in the classical model, a reality that has received almost no systematic jurisprudential attention.

## **4. Literature Review**

Existing scholarship on Islamic public finance can be broadly categorized into three streams:

**Classical fiqh literature** treats zakat as a fixed religious obligation with immutable rates and categories, and addresses taxation only in the limited context of extraordinary state needs. This literature provides essential grounding but does not engage with the modern state context.

**Contemporary Islamic economics** has produced significant work on zakat as a redistributive mechanism and on Islamic fiscal policy more broadly. Scholars such as Yusuf al-Qaradawi, in his landmark work *Fiqh al-Zakat*, expanded the discussion by arguing for broadening the zakat base to include salaries and professional income, and by affirming the state's right to impose additional levies based on public interest. However, even al-Qaradawi did not systematically address the coordination problem between zakat and taxation in modern states.

**Islamic political economy** has engaged questions of state finance, governance, and fiscal legitimacy, but has tended to treat zakat and taxation as analytically separate topics rather than examining their structural relationship.

The gap in the literature is therefore not a lack of scholarship on either zakat or taxation individually, but a lack of systematic inquiry into their relationship as coexisting instruments in the fiscal architecture of modern Muslim-majority states.

## **5. Research Questions**

This study is organized around the following primary and secondary research questions:

**Primary Research Question:** What is the jurisprudential relationship between zakat and modern taxation in Muslim-majority states, and how should an integrated Islamic fiscal framework account for both instruments?

### **Secondary Research Questions:**

1. Does the Quran's silence on specific zakat rates reflect an intentional legislative delegation to state authority, and what are the implications of this for the flexibility of zakat rates?
2. To what extent did zakat function as the primary fiscal instrument of the early Islamic state, and what role did voluntary sadaqah play as a supplementary mechanism?
3. What is the jurisprudential basis, if any, for considering a portion of modern taxes as partially fulfilling the function of zakat, given the fundamental structural differences between the two systems in their calculation bases?
4. How does the historical transition from jizya to unified modern taxation affect the fiscal obligations of Muslim citizens relative to the original Prophetic model?
5. What framework of coordination between zakat and taxation would be consistent with the objectives of the sharia and the realities of the modern state?

## **6. Objectives of the Study**

This research aims to:

1. Analyze the Quranic legislative methodology as it pertains to zakat, comparing it to other areas of Quranic specification such as inheritance, to determine the intended degree of flexibility in zakat rates and administration.
2. Document the fiscal practice of the Prophet and the Rightly Guided Caliphs to reconstruct the original model of Islamic state finance and its underlying logic.

3. Critically evaluate the classical and contemporary jurisprudential positions on the relationship between zakat and taxation, identifying gaps and inconsistencies in the existing literature.
4. Examine the structural differences between zakat and modern taxation, particularly in their respective calculation bases, to determine the nature and limits of any functional overlap.
5. Develop a coherent jurisprudential framework for the relationship between zakat and taxation in the modern state, grounded in maqasid al-sharia and the principles of Islamic political economy.

## 7. Significance of the Study

This research addresses a gap with both theoretical and practical dimensions.

Theoretically, it contributes to the fields of *usul al-fiqh*, Islamic political economy, and *fiqh al-nawazil* by developing a systematic framework for a question that has been largely avoided in existing scholarship. The tendency of contemporary jurists to assert the categorical separation of zakat and taxation without examining the coordination problem between them represents an intellectual shortcut that this research seeks to address directly.

Practically, the findings of this research have implications for Muslim citizens navigating dual fiscal obligations, for Muslim-majority states seeking to design fiscally coherent and sharia-grounded public finance systems, and for Islamic finance institutions engaged in questions of social finance and redistributive mechanisms.

## 8. Methodology

This research will employ a qualitative methodology combining:

**Classical text analysis:** A systematic review of primary sources in Quranic exegesis, hadith literature, and classical *fiqh* as they pertain to zakat, *jizya*, and public finance, with particular attention to the works of Ibn Hazm, al-Mawardi, and Ibn Khaldun.

**Contemporary jurisprudential analysis:** A critical review of modern scholarship in Islamic economics and *fiqh al-nawazil*, including the works of al-Qaradawi, Muhammad Abduh, and contemporary Islamic finance scholars.

**Maqasid analysis:** Application of the objectives of the sharia framework to evaluate proposed coordination mechanisms between zakat and taxation against the higher purposes of Islamic law.

**Comparative institutional analysis:** A review of how selected Muslim-majority states currently handle the relationship between zakat collection and taxation, to ground theoretical findings in contemporary institutional realities.

## **9. Expected Outcomes**

This research is expected to produce:

1. A systematic jurisprudential analysis of the relationship between zakat and modern taxation, filling a recognized gap in the literature.
2. A proposed framework for understanding the coordination between zakat and taxation in Muslim-majority states, grounded in both classical sources and maqasid al-sharia.
3. Policy-relevant conclusions for states and institutions seeking to develop more coherent Islamic fiscal architectures.
4. A contribution to the broader theoretical question of how Islamic jurisprudence distinguishes between fixed ritual obligations and contextually flexible governance instruments in the domain of public finance.

It should be noted explicitly that outputs consisting solely of literature surveys or comparative reviews of classical positions, however thorough, will not constitute a satisfactory response to this proposal. The expected deliverable is a reasoned jurisprudential position on the coordination problem, grounded in sources but advancing beyond them toward a conclusion that can inform policy and practice.

## **10. Conclusion**

The question of how zakat and modern taxation relate to one another is not a peripheral issue in Islamic jurisprudence. It sits at the intersection of worship and governance, of fixed religious obligation and flexible state policy, and of classical fiqh and the realities of the modern state. The tendency to treat the two systems as categorically separate without examining the coordination problem between them has left a significant gap in Islamic political economy. This research proposes to address that gap systematically, with the aim of contributing both to jurisprudential theory and to the practical needs of Muslim citizens and states navigating this unresolved terrain.

## **References (Indicative)**

- Al-Qaradawi, Y. Fiqh al-Zakat. Beirut: Muassasat al-Risala.
- Al-Mawardi. Al-Ahkam al-Sultaniyya. Cairo: Dar al-Hadith.
- Ibn Khaldun. Al-Muqaddimah. Beirut: Dar al-Fikr.
- Ibn Hazm. Al-Muhalla. Beirut: Dar al-Afaq al-Jadida.
- [Additional contemporary references to be completed based on full literature review]

## Appendix 1: Contemporary Literature on Zakat and Taxation: A Critical Overview

### 1. Purpose of This Appendix

This appendix surveys the most significant contemporary scholarship relating to zakat and Islamic public finance, and identifies precisely why this body of work does not eliminate the need for the research proposed here. The purpose is not to diminish these scholarly contributions but to define with precision the gap this proposal seeks to fill.

### 2. What the Existing Literature Has Accomplished

Contemporary scholarship has made meaningful contributions in three areas:

**Expansion of the zakat base.** Most notably, al-Qaradawi's *Fiqh al-Zakat* extended the zakat base to professional income, shares, and investment assets through jurisprudential analogy. In the same vein, Monzer Kahf produced quantitative estimates of potential zakat revenues across eight Muslim-majority countries under three different base definitions, finding that yields could range from 0.9% to 7.5% of GDP depending on the breadth of the base adopted.

**Comparative documentation of contemporary practice.** Multiple studies have mapped the institutional models of states that formally collect zakat, including Saudi Arabia, Malaysia, Pakistan, Indonesia, and Sudan, analyzing their governance structures, compliance gaps, and administrative challenges.

**Maqasid-based reframing.** Scholars including Jasser Auda and Mohammad Hashim Kamali have provided a maqasid framework that grounds zakat in the preservation and circulation of wealth, opening space for broader jurisprudential reflection on its social function.

### 3. What the Existing Literature Has Not Addressed

Despite this substantial body of work, three core problems remain unresolved:

**The absence of an actionable jurisprudential position on coordination.** The existing literature has not produced a specific jurisprudential ruling that answers the practical question at the heart of this proposal: in a state that does not formally collect zakat but imposes taxes spent on categories overlapping with the eight zakat expenditure categories, what is the sharia ruling on this arrangement, and what framework should govern the relationship between the two obligations? The existing work describes the problem but does not resolve it.

**The unexamined double burden.** No existing work has systematically addressed the jurisprudential implications of the transition from a model in which non-Muslims paid

jizya to one in which all citizens pay unified taxes, and what this means for the relative fiscal burden on Muslim citizens compared to the original Prophetic model.

**Description without ijihad.** The dominant mode of existing scholarship is descriptive and comparative, cataloguing what classical jurists said and what modern states do, without generating new jurisprudential conclusions. This is not a failure of intent but of method: producing a new jurisprudential position on a nawazil question requires a different approach than literature review and comparison.

#### **4. The Distinction Between What Exists and What This Proposal Requires**

The existing literature resembles a detailed clinical description of a condition: its symptoms have been catalogued, its historical course documented, its variations across populations mapped. What is missing is a prescription. This proposal asks for a physician, not a medical historian. Any work submitted in response to this proposal that does not advance beyond the descriptive and comparative to offer a reasoned jurisprudential position will not have fulfilled its purpose, however comprehensive and rigorous it may be in its treatment of the existing literature.