

## **Public Revenues in the Islamic Economy**

The Islamic revenues resources can be divided into two sections:

- 1- Periodic resources: It consists of the Zakat, Jezia and Al Kharaj. It is the main resource of the Muslims Financial House (Beit Al Mal).
- 2- Non- periodic resources: They are non- annual resources, such as the fifth part of booties, heritage which has no heirs, Al Fe'e (pillage), Al Eshour, besides the government revenues of its properties and legitimate charges.

### **Alms (Zakat):**

**It is the allocated amount in the wealth of certain individuals for a certain group of people at a certain time.**

It is considered in Islam a religious obligation, and by Quranic ranking, is next after prayer (salat) in importance

Allah says (Cut alms out of their money, which purge and refine them). Zakat is the third **Pillar of Islam**, **Zakah** Alms was decided in the second year of the Hijra after fasting the month of Ramadan.

Zakat is the compulsory giving of a set proportion of one's wealth to charity. It is regarded as a type of worship and of self-purification.

It is mandatory for everyone who earns the alms amount(nisab) and if he did not, he is sinful. For this reason, Abu Bakr fought the people who abstained from paying Zakah.

Zakat on wealth is based on the disposable income of an individual after fulfilling all their essential needs. It is customarily 2.5% (or 1/40) of a Muslim's total disposable income after the necessities of their dependents and themselves, and Muslims who do not hold wealth above a minimum amount known as nisab do not need to pay Zakat,

Zakat in Islam is strictly designated for eight categories of recipients, as outlined in the Quran (Surah At-Tawbah 9:60). These categories include the poor, the needy, administrators of Zakat, those whose hearts are to be reconciled (towards Islam), freeing captives, debtors, in the cause of jihad, and the stranded traveler.

### **Fifth of the spoils of war:**

Spoils of war or (booty)

Refers to the movable property, goods, money, or resources lawfully captured or seized from an enemy during armed conflict, becoming the victor's property under the laws of war, though modern rules distinguish between legitimate seizures (like military equipment) and prohibited looting, protecting personal effects. It historically included everything from gold and land to ships.

Spoils of war are divided into five divisions. **four-fifths are to be shared out among the army (mujahidin) who took part in the fighting** and the fifth is the share of the prophet (ﷺ), which he will spend to fulfill the welfare of Muslims. Allah says (Know that whatever spoils you take, one-fifth is for Allah and the Messenger, his close relatives, orphans, servants and 'needy' travelers, if you 'truly' believe in Allah and what We revealed to Our servant on that decisive day when the two armies met 'at Badr'. And Allah is Most Capable of everything.)

### **Fay':**

Fay' is money that returns to Muslims from non-Muslims without fighting, or what they agreed upon in peace treaties, or what is returned to them from their own money.

It is often spent for the benefits of Muslims. The verse identified its division where Allah says (If you (prophet) had pillage from the villagers, it should belong to the prophet, God's sake, the relatives, the poor.)

**Jayziah:**

*Jizya* (Arabic: جِزْيَة) refers to a per capita, yearly tax historically levied by Islamic states on certain non-Muslim subjects, known as *dhimmi* (permanently protected people), who lived under Islamic law.

It was, in effect, a form of tribute paid in exchange for protection from outside aggression, exemption from military service, and the right to practice their faith with some communal autonomy.

**Who Paid It:** It was primarily required from free, sane, adult males among the *dhimma* community (Jews, Christians, and others).

**Who Was Exempted:** Women, children, the elderly, the poor, the handicapped, slaves, monks, and hermits were usually exempted from paying *Jizya*.

Its amount is decided by the Moslem leader and according to their capabilities.

**Land tax(Al Kharaj):**

Land tax, known in Islamic jurisprudence as **Al-Kharaj** (or *Kharaj*), is a tax levied on agricultural land, particularly that which was acquired during Islamic conquests.

**Al Eshour (Customs tax):**

The government's collected fees from the merchandiser who passes through Muslim land or access-roads, whether the traveler was a Muslim, non-Muslim

**Purpose:** It acted as a toll for protection, access to markets, or simply a duty on foreign goods. In many Islamic and Middle Eastern historical accounts, this tax was sometimes levied on non-Muslim traders (who did not pay the *Zakat*) or on goods traveling between different regional emirates.

Omar Bin Khattab the Caliph was the first one to stipulate this type of taxes.

**Loose money (which has no owner):**

It is like a heritage which has no heirs, or deposited money which has no holder.

**The charitable endowments (Wakf):**

Mortmain property is **an inalienable charitable endowment under Islamic law.**

It typically involves donating a building, plot of land or other assets for Muslim religious or charitable purposes with no intention of reclaiming the assets.

Jurisprudents stated that it should be used for good deeds or beneficence, otherwise it is void.

## THE PUBLIC EXPEDTURE IN ISLAM

The goal of public spending is to fulfill / satisfy the public needs:

- 1-public services
- 2-Social security service

### THE PUBLIC EXPEDTURE IN ISLAM

#### ■ In the Prophet Mohammed era

1. They did not need (Bait Almal) government treasury
2. The main revenue comes from the wars
3. They distribute the money right away
4. If the revenues are not enough the leader is allowed to borrow the Zakah in advance

#### ■ In Abu Baker Era

Same as the Prophet era, however Abu Baker has fought the people who rejected to pay Zakah (why?)

#### ■ In Omer Ibn Alkhattab era

1. The Islamic state became larger
2. The revenues of the country increased
3. He established the state treasury (why)
4. The connections with other nations help them to organize their economic affairs like establishing (Aldewan/ ministry)

#### ■ In Othman Ibn Affan era

1. The revenues of the country increased more than the era before
2. The money distributed in increasing the salaries and granting gifts

#### ■ In Ali Ibn Abe Taleb era

In his time, he gave attention to economic development and on building the lands

## **The rules of public expenditure:**

It means the rules and regulations which govern the public spending, it is called general spending rule and they are:

### ■ **The rule of beneficial use**

Means to direct the expeditors to the highest level of utility with the minimum cost to provide prosperity for the larger number of people in society

### ■ **The rule of Economic use**

Means that avoid extravagant and spend money on basic needs without wasting

### ■ **The rule of Authorization**

It means spending money only after the approval of the competent authority through a law that has been approved by the legislative authority.