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Islamic Tax (*al-Khums*) in Jurisprudence and Economic Equity

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ABSTRACT

This paper aims to provide a comprehensive understanding of the concept of *al-Khums* in Islamic law. *Al-Khums* refers to the religious obligation of Muslims to pay one-fifth of their surplus income to religious authorities. The paper explores the basis for *al-Khums* in the Quran, its historical development, and its practical application in various aspects of Muslim society. Additionally, it examines the controversies and debates surrounding *al-Khums* and its relevance in contemporary times. The study employs a review analysis methodology to investigate *al-Khums*, emphasizing its historical context, foundational principles, and contemporary applications. By thoroughly analyzing primary and secondary sources, this paper aims to highlight the significance and implications of *al-Khums* in Islamic law.

INTRODUCTION

Khums, also known as *Khoms* or *al-Khums*, holds significant historical and religious importance in the Islamic world (Rizvi, 1992). The term *al-Khums* literally means 'one-fifth' and refers to a form of Islamic taxation or obligation. In Islamic jurisprudence, *al-Khums* is a mandatory religious tax levied on specific types of income or wealth (Shahrudin et al., 2022). This tax is divided into two parts: the first part, one-fifth of the income or profit, is allocated to religious authorities, referred to as *sahm al-sada* (the share of the Islamic leader), while the remaining four-fifths may be retained by the individual. Derived from the teachings of the Prophet Muhammad, *al-Khums* is regarded as both a form of charity and a means of supporting the community. Historically, *al-Khums* played a pivotal role in the development and expansion of the Islamic empire. It served as a financial source for various religious and social activities, including supporting scholars, maintaining mosques, and addressing the needs of the poor and underprivileged

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(Siddiqi, 1985). Furthermore, merchants passing through cities contributed a portion of their profits as *al-Khums*, bolstering the local economy and facilitating regional development.

The principle of *al-Khums* plays a pivotal role in promoting economic equity within the Islamic economic system. It facilitates wealth distribution, reduces income inequality, and ensures that the financial resources of the Muslim community are utilized for the common good. Additionally, it supports the maintenance of religious institutions and the promotion of educational activities, both of which are essential for preserving and advancing Islamic teachings and values. Understanding the concept of *al-Khums* in jurisprudence highlights how Islamic economic principles strive to create a fair and just society. It underscores the significance of wealth redistribution and the role of religious and political authorities in managing economic affairs to uphold equity among Muslims (Siddiqi, 1985). Furthermore, *al-Khums* is a cornerstone of Islamic finance and economic ethics, emphasizing the importance of economic equity and social welfare within the Islamic community (Iqbal & Mirakhor, 2011).

Methodology

This paper employed a review analysis methodology to investigate *al-Khums*, focusing on its historical context, foundational principles, and contemporary applications. The analysis centred on key terms such as ‘*al-Khums*’, ‘Islamic law’, ‘economic equity’, and ‘contemporary’. The methodology began with an examination of foundational scholarly references, which provided insights into the origins and theoretical underpinnings of *al-Khums* in early Islamic society. It then incorporated contemporary texts that explored the practical implications of *al-Khums* in addressing modern economic issues. The review systematically collected and synthesised literature from diverse sources, including academic articles, scholarly opinions, and conceptual studies, to evaluate the effectiveness of *al-Khums* in promoting economic equity within a contemporary context (Esposito & Voll, 2001). The analysis assessed the role of *al-Khums* in resource allocation and social justice initiatives while also examining the challenges associated with its implementation across various cultural and economic settings. By integrating historical, theoretical, and practical perspectives, this methodology provided a comprehensive understanding of *al-Khums* as a tool for promoting economic equity, contributing to the broader discourse on its relevance in contemporary Islamic finance (Usmani, 2002).

Historical Development of *al-Khums*

The historical origins of *al-Khums* can be traced back to the time of the Prophet Muhammad and the early Muslim community. It was initially introduced as a means to finance the needs of the Islamic State and support the nascent Muslim society. During the Prophet's time, *al-Khums* primarily derived from the spoils of war. When the Muslims engaged in battles and acquired wealth, one-fifth of that wealth was allocated to the Prophet himself, while the remaining four-fifths were distributed among the soldiers. This system of *al-Khums* played a vital role in funding the needs of the Muslim community, including maintaining the Islamic state and providing support for soldiers defending the faith (Maududi, 1992).

After the passing of the Prophet Muhammad, the responsibility for collecting and distributing *al-Khums* was entrusted to Islamic leaders, regarded as the rightful successors of the Prophet and the leaders of the Muslim community. These leaders received and allocated the funds for various purposes, including maintaining religious institutions, supporting scholars, and facilitating charitable projects. Throughout history, *al-Khums* has played a pivotal role in the financial and social structure of Muslim communities. It has served as a vital mechanism for sustaining religious institutions, advancing educational initiatives, supporting scholars, and addressing the needs of the poor and vulnerable members of society (Siddiqi, 1985).

Today, the practice of *al-Khums* is upheld by many Muslims, particularly within the Shia branch of Islam. It is regarded as a means to support religious authorities, promote social justice, and contribute to the well-being of the community (Qutb, 2000). The funds collected through *al-Khums* are used for various purposes, including maintaining religious institutions, aiding the poor and orphans, and funding educational and cultural initiatives. Initially introduced to finance the needs of the Islamic state and support the Muslim society (Siddiqi, 1985), *al-Khums* continues to be observed as a religious obligation and a significant source of financial support for the community.

The Basis for *al-Khums* in the Quran

In Islamic law, *al-Khums* is regarded as a religious obligation for Muslims who meet specific criteria (Mohaddes, 2015). The primary source establishing the obligation of *al-Khums* is the Quran which states:

“Know that whatever thing you acquire, a fifth of it is for Allah, for the Prophet, for the near relative (of the Prophet), and for the orphans, the needy, and the wayfarer.”

Surah al-Anfal, 8: 41

Practical Application of *al-Khums*

The practical aspects of *al-Khums* and its application are discussed across various spheres of Muslim society. This study examines the distribution of *al-Khums* and explores their role in supporting religious institutions, social welfare programs, and other community initiatives.

The distribution of *al-Khums* is divided into two parts. The first part, known as *sahm al-sada*, refers to the share allocated to the religious authority, which was historically designated for the Prophet. This portion is used for various purposes, including maintaining religious institutions, supporting scholars, and facilitating charitable projects. The second part, known as *sahm al-Imam*, is allocated to the religious leader. As the representative of the Prophet, the Islamic leader is believed to have the authority to use these funds for the welfare of the community. This includes providing for the needs of the poor, supporting educational initiatives, and promoting social welfare programs. Muslims observe two main types of *al-Khums*:

i. *Khums al-Ghanima* (Spoils of War):

This type of *al-Khums* refers to the one-fifth share of the spoils of war traditionally allocated to the Islamic state. In Islamic history, when Muslims engaged in battles and acquired wealth, one-fifth of that wealth would be set aside as *al-Khums*. This portion would be used to support the needs of the Muslim community and the Islamic state, including the maintenance of the state, provision of support for soldiers, and addressing other societal needs.

ii. *Khums al-Tijara* (Commercial Profit):

This type of *al-Khums* pertains to the surplus commercial profit earned by individuals or businesses. According to Islamic law, Muslims are required to give one-fifth of their surplus earnings from trade and business to religious authorities or the community. This *al-Khums* is intended to support religious institutions, assist scholars, and contribute to charitable initiatives. It is essential to note that the practice of *al-Khums* varies among different Muslim communities and schools of thought. While the concept of *al-Khums* is generally recognized, its implementation and distribution may differ (Mohaddes, 2015). Some communities designate religious authorities or institutions responsible for collecting and distributing *al-Khums*, while others may rely on individual discretion in giving to charitable causes.

Contemporary Application

The funds collected through *al-Khums* are utilized in various ways, such as supporting religious institutions, providing for the needs of the poor and orphans, and funding educational and cultural initiatives. *Al-Khums*, as the fifth in the Islamic leader legal system, is a form of taxation incumbent upon the *mukallafun* (the believers subject to the law, in this case, the Islamic leader), in addition to *zakat* (alms) (Al-Qaradawi, 1999; Saeed, 1996; Jamal et al., 2020). It is calculated on the following seven items after deducting one year's provision: (1) booty (*al-ghanima*), (2) objects obtained from the sea (*al-ghaws*), (3) treasure (*al-kanz*), (4) mineral resources (*al-ma'din*), (5) gainful earnings (*arbah al-makasib*), (6) the lawful (*al-halal*) which has become mixed up with the unlawful (*al-haram*), and (7) land which is transferred from a Muslim to a *dhimmi* (a free non-Muslim who is protected by a treaty of surrender) by the latter's purchase of it.

Table 1: Seven Items After Deducting One Year's Provision

No.	Items	(Saving) x 20%
1	Surplus or profit of income	
2	Legitimate wealth mixed with illicit wealth.	
3	Mines and minerals	
4	Precious stones are obtained from the sea by diving.	<i>Khums become obligatory at the beginning of the new financial year on the profit or surplus of the past year's income.</i>
5	Treasures	
6	Land that a <i>dhimmi</i> believer purchases from a Muslim living in a Muslim country	
7	Spoil of war	

Source: Subhani (1994)

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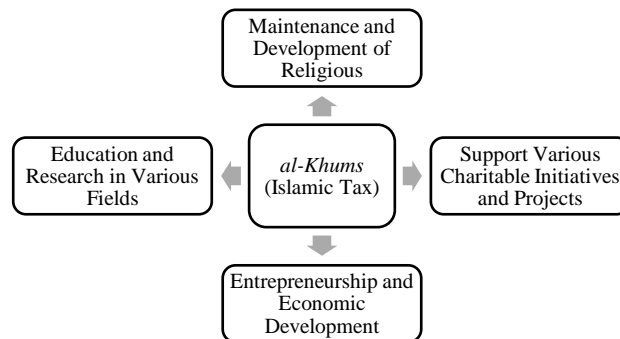
In some Muslim communities, designated religious authorities or institutions collect and distribute *al-Khums*. These institutions, often referred to as *Hawzah* or *Marja'iyah*, are entrusted with managing the funds collected through *al-Khums* (Heern, 2017). The religious authorities, who possess extensive knowledge of Islamic jurisprudence, guide how the funds should be allocated and distributed based on the needs of the Muslim community.

In Shia Islam, these two concepts are deeply intertwined, reflecting the community's approach to religious education and authority (Rasiah, 2007). The *Hawzah* functions as the educational cornerstone for training religious scholars, and recent reforms have modernized its curriculum by incorporating social sciences alongside traditional studies (Kassem, 2018). Simultaneously, the *Marja'iyah* is experiencing significant evolution, with some scholars advocating for a 'modern *Marja'iyah*' to align with contemporary scientific and rational paradigms (Toosi, 2022). The legitimacy of the *Marja'iyah*, however, is not without contestation. For example, Muhammad Husayn Fadlallah established a Beirut-based *Marja'iyah* that directly challenged the dominance of traditional centres such as Najaf and Qom (Clarke, 2018). In Lebanon, the *Marja'iyah*'s non-institutional and non-hierarchical nature has empowered followers to influence the selection and endorsement of Marjas. Political and social dynamics have played a crucial role in shaping this institution's trajectory, particularly in regions where the *Marja'iyah* intersects with broader societal factors (Abisaab, 2009). These developments illustrate substantial transformations in the frameworks of Shia education and authority. Religious authorities within these systems, equipped with extensive knowledge of Islamic jurisprudence, oversee the allocation and distribution of *al-Khums* funds, ensuring they address the diverse needs of the Muslim community.

The collected *al-Khums* funds are typically used to support various religious initiatives and activities. This includes the maintenance of religious institutions, such as mosques and *madrasas*, providing financial assistance to scholars and students of Islamic knowledge, and funding charitable projects that benefit the broader community (Mohaddes, 2015). Additionally, a portion of the *al-Khums* funds may be allocated to support less fortunate members of society through programs such as poverty alleviation and welfare initiatives.

However, not all Muslim communities follow this centralized approach to implementing *al-Khums*. In some cases, individuals are given the discretion to distribute their *al-Khums* directly to charitable causes. This allows for a more personalized approach, where individuals can support specific causes or organizations that align with their values and priorities. Moreover, this decentralized approach is often preferred by those who believe in empowering individuals to make their own decisions regarding charitable giving (Mohaddes, 2015). The rationale behind the implementation of *al-Khums* can be traced back to the teachings of Islam. The concept of *al-Khums* is rooted in the Islamic principles of wealth redistribution and social responsibility. It emphasizes the importance of sharing wealth with those in need and supporting the overall welfare of the community. By implementing *al-Khums*, Muslims fulfil their religious duty and contribute to the betterment of society (Mohaddes, 2015). Regardless of the method, the implementation of *al-Khums* reflects the Islamic values of wealth redistribution and social responsibility, enabling Muslims to fulfil their religious obligation and contribute to the welfare of the community.

Table 2: *al-Khums* Sectors



Source: Sachedina (1980)

The concept of *al-Khums* in the context of the economy refers to the potential benefits and positive impact it can have on the economic well-being of a community or society (Obaidullah, 2005). As an Islamic financial obligation, *al-Khums* encourages individuals to allocate a portion of their surplus income or savings for religious purposes, which can significantly affect the overall economy (Sachedina, 1980).

Firstly, the funds collected through *al-Khums* can be used to maintain and develop religious institutions such as mosques, madrasas, and Islamic centres. These institutions play a crucial role in providing religious education, spiritual guidance, and community services. By supporting these institutions, *al-Khums* contributes to preserving and promoting religious values and principles, which can positively impact the social fabric of society (Weill, 2019).

Additionally, *al-Khums* can be directed toward charitable initiatives aimed at assisting the needy and less fortunate members of society. This may include providing financial aid, food, clothing, housing, healthcare, and education to those in need. By addressing socioeconomic disparities and supporting the disadvantaged, *al-Khums* fosters social justice and helps reduce poverty within the community (El-Gamal, 2006). Furthermore, *al-Khums* funds can be channelled into entrepreneurship and economic development initiatives, providing financial support to individuals or groups wishing to start businesses or invest in

productive ventures. This support can lead to job creation, economic growth, and greater prosperity, making *al-Khums* an essential driver of economic development within society.

Moreover, *al-Khums* can also be used to establish and support programs and projects that promote education and research in various fields, including economics, finance, and business. By investing in education and research, *al-Khums* contributes to the development of human capital, innovation, and intellectual capacity within the community. This, in turn, can lead to advancements in various sectors of the economy, fostering long-term economic growth and prosperity.

CONCLUSION

This study underscores the enduring significance of *al-Khums* in Islamic law and emphasizes the need for continued research and dialogue on this subject. The conclusion also presents recommendations for further exploration and in-depth analysis of *al-Khums* in future studies. Overall, the manuscript offers a comprehensive and scholarly examination of *al-Khums* in Islamic law, providing valuable insights into its historical development, scriptural foundation, practical application, associated controversies, and ongoing relevance in contemporary society.

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CONFLICT OF INTEREST STATEMENT

In connection with the writing of this article, the author declares that there are no competing interests, including financial or personal relationships, that could have influenced the content.

AUTHORS' CONTRIBUTIONS

Mohd Solahuddin Shahrudin conducted the research and wrote and revised the article. Mohd Yusra Abdullah and Muaz Mohd Nor conceptualized the central research idea and provided the theoretical framework. Mohd Norazri and Mohd Paidi Norman designed and supervised the research progress; Ahmad Zuhdi Ismail anchored the review and revisions and approved the article submission.

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