

# The Revenue of the State in the Era of Holy Prophet (ﷺ)

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## ABSTRACT

*The revenue is the most important tool of Islamic fiscal policy, which determined the expenditure. At the Time of Holy Prophet, there were two types of revenue i.e. revenue collected from Muslims e.g. Voluntary Contribution, Zakah and Revenue collected from nonmuslims, e.g. Jazia Ghanima or Booty and Fay etc. But voluntary contribution was the main source of revenue at that time. When Quranic revelation started coming regarding to the revenue about Zakah Jazia, Booty Khums Fay then these became the main sources of revenue.*

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## 1. INTRODUCTION

The life of Muhammad (ﷺ) is the guideline for us. He touched almost all aspect of life including the economic system, ethical system, social system, and political system etc. His message of the peace, brotherhood, and mutual respect beyond colour and cast undoubtedly helped in assuaging the suffering of humanity all over the world. His life is an ideal in all respect of life. He is known as an ideal ruler and pioneer of first ideal Islamic State, i.e. Madinah.

When Holy Prophet (ﷺ) migrated from Mecca to Madinah after spending a life of distress and grief, the first challenging job that comes in his way was to raise sufficient fund or to seek for monetary help that was essential to form an economic system for running the affairs of the state. Initially there was no specific source under which to collect the revenue. Voluntary contribution was the only source of income. As the viability of the state and the welfare of the general public are dependent on the economics conditions, hence Quranic revelation started coming in this regard. The sources of revenue according to Quran pertained to Zakah (poor tax), Jizya (poll tax) Ushar, Fay, and Khums or Booty. Quran prescribed no rate and Nisab of the above mentioned sources. The Holy prophet (ﷺ) not only gave the Nisab and rate of the above mentioned sources but also implemented it and used it as cannon for the revenue of the state. Thus the main source of revenue revolved around the Voluntary contribution, Zakah, Khums, Ghanima, or booty Fay



and Ransom The main objectives of this paper is to highlight the economic system of the earliest Islamic state, which was governed by the Shariah teaching, and particularly to focus on sources of finance of the early Islamic state, which was setup under the wisdom of the Holy Prophet (ﷺ).

## 2. VOLUNTARY CONTRIBUTION

This was the major source of revenue in the early Islamic State. Individuals would donate their saving in the form of goods, money, and other accessories. Many Ghazwat and Battle were financed by this source of revenue. Whenever there was a problem for financing in any project or venture, the Holy Prophet (ﷺ) was used to raise the funds by general appeal to the companions or any particular group among them. The finance of Ghazwa Tabuk was the most important one, which the Holy Prophet led. At the time of financing the Tabuk, all of his followers were expected to donate their maximum accessories to finance. Umar brought literally half of his belongings, while Abu-Bakar swept away every thing in his house, wealthy Usman also raised equal to expectations. At times Holy Prophet (ﷺ) also appealed of his followers to donate according to their financial capabilities. When there was scarcity of water in Madinah, He (ﷺ) asked his companions as to go and make purchase of the well so that problem could be overcomed. A gentleman offered his money the purposed was achieved.

## 3. ZAKAH

Zakah is the main sources of state revenue. It has economics implication that is similar to surplus tax or an alternative translation would be asset tax or accumulation tax. It has been imposed by Quranic injunction. However, Holy Prophet (ﷺ) elaborated the concept of Zakah in detail. He described the value and Nisab in simple and understandable manner to all those whose belongings are subject of Zakah. However, the Holy Quran has prescribed no rate. Nisab of Zakah, rate of Zakah and nature of the commodity at which Zakah is imposed is the defined by Prophet (ﷺ).

Nisab is the annual minimum surplus of the value or property equivalent in value to it over necessary expenditure. It becomes subject to Zakah only when it is mature and productive. But Nisab will be dissolved on the date of the sale during a year and the first year must elapse before the amount realized becomes subject to Zakah. The elapse of a period of twelve months is essential because time is indispensable for the productivity to materialize. Zakah is not charged on goods, which are perishable and are meant for personal use and consumption (i.e. residential houses, clothes etc). It may be noted that Nisab is different with different kinds of property and is also reckoned differently. In case of gold and silver, Zakah is determined in terms of weight. Nisab has been 3 ounces or 7.5 tola or 84.47 grams of gold and 5 Uquyya or 21 ounces or 52.5 tola or 612.37 grams for silver. It is payable after the lapse of one full year of



holding the nisab value.

In case of animals Zakah attaches to their physical identity not to their commercial value. In case of camel one goat for five camels, after that one for each additional five. This will continue up to 24 camels. If the nisab of camels exceed to 24 to up to 34 a one year female camel will be taken as Zakah. From 35 to 45 two years female camel will be taken as Zakah. From 46 to 60, the three years female camel, 61 to 75 the age will be four years. For 76 to 90, two female camels whose age will two years were given as a Zakah, and from 91 to 214, two female camels whose age is three years given as a Zakah. And up to 214, one female camel age will be two years given after a each forty camels or one, age will be three years after each 50 camels.

In case of goat and sheep Zakah is one goat or sheep from 40 to 120, two for 121 to 200, three for 201 to 300 and after that one each for hundred.

In the case of cows one-year-old calf will be given as zakah on every thirty cows and two years old, one for every forty is prescribed. Horses are taxable according to their value at 2.5 percent. On merchandized, in every form of commercial goods there would levy the Zakah at the rate of 2.5 percent. "The Holy Prophet (ﷺ) used to command as that we should pay Zakah out of what we had for sale". In case of deposit money and security, it is also levied at 2.5 percent. In case of borrowed money, the returns, which are certain the Zakah will also impose by the

rate of 2.5 percent.

The Zakah on agriculture production is known as Ushar. It was the most important sources of income of the state during the era of the Holy Prophet (ﷺ). The rates of Ushar are also fixed, which are 5 percent of output on irrigated land and 10 percent on non-irrigated land. Quran says "In their season, but render the dues that are proper on the day that the harvest is gathered". In another place Quran says: "Give of the goods things which ye have earned and fruit of the earth which we have produced." In Hadith "Hazrat Abdullah described, the Prophet (ﷺ) said that, Ushar of land which was irrigated by rain or fountain, there is 10 percent levy of the output and that land which was irrigated by well, 20 percent levy of output was imposed."

The heads of expenditures of Zakah has been explained by Quranic injunction. The Holy Prophet (ﷺ) further explained the heads of expenditures regarding the unclear point of interpretation. He explained the funds of Zakah for Ghazi, the collector and distributor of Zakah, the debtor, one who buys goods from recipient of Zakah and one to whom it has been gifted by the recipient of Zakah goods.

The total amount of Zakah, which was received by Holy Prophet, is not found anywhere. There were certain reasons like as he distributed Zakah fund as he were received, a large portion of Zakah was distributed by collectors locally, counting of the Zakah funds was



not popular method of distribution at that time. The Holy Prophet (PBUH) would pay the salaries to the collectors of Zakah as described by Quran.

#### **4. KHUMS**

Fifth part of buried minerals, which was derived before its distribution is called fifth or Khums. Fifth part goes to state treasury. It is levied of Zakah on buried minerals. Quran says " And knew that out of all the booty that ye may acquire in war. A fifts shares assign to Allah and to apostle and neat relatives orphans, the needy". In Hadith: "There is fifth on buried minerals".

#### **5. GHANIMA OR BOOTY**

The booty is the share in goods, which were captured from enemy during the War. One-fifth part of Booty goes to the Allah and His Prophet and fourth fifth has been distributed among the soldiers. The first Ghanima or booty acquired in Badar war. It was distributed soon after receiving it with no hesitation among all those participated in war. However, there was controversy started in using it. Quran decided this controversy. Quran says, "They ask you about the spoil sys; thee spoils belongs to Allah and Apostle: Shortly it is further explained by Quran the one fifth of Ghanima belongs to Allah and His Prophet and fourth fifth to needy orphans wayfarer. Quran says: " And know that out of all the booty that ye may acquire in war. A fifth

share is assigned to Allah and to apostle and to near relatives orphans, the needy. In the first ayah, Quran says one fifth belongs to prophet (ﷺ) and Allah. But in the second ayah, one fifth is the part belongs to Allah and fourth fifth distributed among to the soldiers.

The expenditure of Khums depended on the urgency of a particular head of expenditure. In the early Medinian period of the Prophet, the Khums receipts were very poor and personal requirements of the Holy Prophet's family were quite pressing. The gradual increase in the Khums property eased the personal financial stringency of the Holy Prophet (ﷺ) and the situation was further relieved by the addition of the Fay's receipts. Then the Khums receipts would have been used to meet the heads of expenditure. In this orphans, needy and the wayfarers were also financed. Besides this the Holy Prophet (ﷺ) were also enjoined the use of the funds in providing arms and riding animals for Jihad.

#### **6. JAZIA**

It is a tax leviable on all nonmuslims adults living in Islamic State in lieu of compulsory military services to be rendered. Quran says. "Fight against such of those who have given the scripture as believe no in Allah nor the last day, and for did not that which Allah hath for bidden by His messenger, and follow not to the religion of truth, until they pay the tribute readily being brought now".



It existed in the time of Prophet (ﷺ) as a source of revenue and was practiced till the rule of Haroon-ur-Rasheed. The rates of Jazia can be varied according to ability to pay. During the days of Prophet (ﷺ), it was one dinar per for every adult capable of paying it. However, women children beggars, monks, the aged, the insane and those suffering from incurable diseases were exempted.

## **7. FAY**

Fay was the charge which non-believers were asked to pay the two conditions. First, if they found defeated in the field of war by the Muslims and their belongings or valuables were captured. Second, if they runaway from the battlefield without confronting Muslims. Quran says. "What Allah has bestowed on His apostle (and taken way) from this ye made no expedition with either Calvary comely. But Allah gives power to His Apostles over any He pleases, and Allah has power over all things."

This ayah revealed at the time of punishment of Banu Nader. The state captured their land and rendered it to Muslims or non-Muslims for cultivation and received Khiraj form that land.

## **8. RANSOM**

Ransom was another source of revenue, which was received against the freedom of war prisoners, or

war captives. The prisoners those were caught in the Badar or Uhad battle received Ransom. In Badar the non-believers were defeated and leaving many captives in the hand of Muslims. It was decided to take ransom from each of them at the rate of 4000 dirhams per head. Islam introduce an easy method for those who were not able to pay ransom to get freedom was to make literate at least ten Muslims.

## **9. CONCLUSION**

Voluntary Contribution was the main source of revenue, but this source was uncertain and irregular in the time of Holy Prophet. Zakah, Fay, Khums Ghanima, or Booty were the other sources of revenue. These sources were certain and later found more regular. Ransom is also the source of revenue but the role was minor.



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