

## **The Importance of Zakat in Struggle against Circle of Poverty and Income Redistribution**

**Authors :** Hasan Bulent Kantarci

**Abstract :** This paper examine how Zakat provide a fair income redistribution and struggle with poverty. To provide a fair income redistribution and struggle with poverty take place among the fundamental tasks of all countries. Each country seeks a solution for this problem according to their political, economical and administrative styles through applying various economic and financial policies. The same situation gets handled via zakat association in the Islam. Nowadays, we observe different versions of zakat in developed countries. The applications such as negative income tax denote merely a difference from the zakat being applied almost the same way under changed names. But the minimum values to donate the zakat (e.g. 85 gr. gold and 40 animals) get altered and various amounts are put into practice. It might be named as negative income tax instead of zakat, nonetheless, these applications are based on the Holy Koran and the hadith released 1400 years ago. Besides, considering the savage and slavery in the world at those times, we might easily recognize the true value of the zakat applied the first time then in Islamic system. Through zakat is enabled an income transfer by the government so that the poor could reach the minimum level of life standard. To whom the zakat would be donated was not left to people's heart and encouraged to determine according to objective criteria. Since the zakat is obligatory, the transfer do not get forward by hand but via the government and get distributed, which requires a vast government organization. Through applying the zakat as it must be would achieve to reduce the poverty mostly and ensuring the fair income redistribution.

**Keywords :** Islamic finance, zakat, income redistribution, circle of poverty, negatif income tax

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