

# Examining the Impact of Wealth Redistribution through Zakat

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## Abstract

*As society considers it, it is scattered with distinct differences. If we highlight this issue, this gap is due to economic instability. Religion never differs between the rich and the poor, but the people who follow the religion will do, so as the fundamental thoughts, religion itself guides on the matter of removing the imbalance in religion in particular and society at large, for which we can find the taxing system in India. At the same time, Islam also proposes the idea of zakat to remove the gap between those who have and those who do not. To examine the idea of which the study was conducted by considering the Karnataka Zakat Trust of Mangaluru City of Karnataka state, as it is a donation that people are making out of their wealth. The information was gathered using a structured interview method, and for the remaining randomly selected 75 samples mail questionnaire was distributed, out of which 62 respondents responded to the study, so the total respondents of the study were 87 beneficiaries of Mangaluru City. This study shows that in the potential and globally recognized Mangaluru City, zakat is working effectively through Karnataka Zakat and Charitable Trust. Here, it is also proposed to claim the rebate for the relief of Islamic followers to make a difference in the country's policy.*

**Keywords:** Economy; Poverty; Tax; Zakat



## INTRODUCTION

The act of providing financial assistance to members of society who are struggling financially is known as zakat, and it originates from the Arabic language. According to Ahmad (1989), it literally implies "increase, growth, and purification," in addition to "blessings." The Arabic root word zaka is from where the word zakat, which means "almsgiving," comes. Technically, zakat is "that portion of a man's wealth which is designed for the poor" (Sabiq, 1991; AbuBakar & AbdulRahman, 2007; Ghani & Said, 2011). According to the strict interpretation of the Shariah, the word "Zakat" refers to the portion of one's wealth the payment of which has been deemed obligatory by Allah and His Prophet Muhammad (S.A.W.). Zakat can also refer to the distribution of a certain portion of one's wealth to those who are legally entitled to receive it. The act of donating wealth is known as zakat, and it purifies not only the giver's thoughts and emotions but also his financial situation (Hidajat, 2017; Zulinda et al., 2022).

It is enforced on Muslims to collect extra money or rich from members of Muslim society so that it might be distributed among those who are financially disadvantaged and in need. Impoverished people experience a rise as a result, both in the sense that they receive something for their own good and that their minds are fulfilled, which results in an increase in psychological well-being. Zakat is one of five pillars in Islam, in addition to the conviction that there is only one God, the act of praying five times a day, fasting during the month of Ramadan, and doing the Hajj (a journey to Mecca and Madina at least once in one's lifetime). Charitable giving is an important aspect of Islam (Mansor et al., 2019; Ganiyev & Umaraliev, 2020).

Every adult and physically capable Muslim is required to fulfil the mandatory deed of zakat, which was established by Allah (The

Glorified and Exalted). It is one of the five pillars of Islam and a significant pillar. Zakat is a tax on money and property that Muslims are required to pay each year in order to aid the underprivileged in their society. Maintaining those who are wealthy and financially free from sin is a fundamental goal of zakat. As a result, every Muslim and Islamic personality should play a sincere role in developing awareness among the masses of Muslims (Hoque et al., 2013, 2014, 2015) to pay their zakat to be used in the development of educational and healthcare projects, as long as the beneficiaries of such projects fulfill the criteria to be recipients of Zakat (Hassan, 2010).

### **Literature Review**

There is no controversy regarding the notion that the primary purpose of zakat is to work toward the realization of socioeconomic justice (Yusoff, 2011; Suprayitno et al., 2017; Khasandy & Badrudin, 2019). Furthermore, the redistribution idea is formed by the fact that the Quran and the act of the Prophet (Sunnah) have overwhelming evidences which suggest that the Islamic system does not recognize and does not like any form of concentration of wealth or income in a few hands (Nurlaelawati, 2010). This evidence has been used to establish the concept of redistribution. According to AlMatar (2015), there are several schools of thought regarding taxes and zakat, and these disagreements continue to evolve. Although the state of the world is undergoing rapid change, the majority of Muslims believe that the issue of zakat is a religious requirement that must be upheld and cannot be changed. This is the case even though the world is becoming more developed.

Zakat and tax cannot be equated with one another because their legal underpinnings are distinct (Pahala, 2016). While taxes are determined by legislation established by the government, zakat is determined by the Qur'an and Sunnah (Umaimah et al., 2020). According to the findings of research conducted by Fuadi et al.

(2015), there was disharmony in the Aceh region regarding the practice of applying zakat and taxes. Aceh is a semi-autonomous Indonesian province located at the northwest tip of Sumatra Island. It is famous for its beaches, scuba diving locations, and mountainous, uninhabited areas. This discord was caused by the practice in Indonesia of applying zakat payments to reduce taxable income rather than reducing the tax burden in line with the income tax law. This leads to imbalance in the system.

Implementing Maqid al-Shar'ah requires recognizing zakat as a tax deduction, despite the fact that it is not a tax debt, but rather a deduction from taxable income (Sudirman, 2015; Faisal et al., 2023). Alongside the already established distributions of living allowance, medical aid, shelter aid, and the like, zakat distribution in the form of revenue production initiatives has been launched (Suhaib, 2009; Azam et al., 2014). It does this by separating spending for public welfare from those for other budgetary items and by placing the responsibility for satisfying the societal requirements for economic welfare. In contrast to taxes that are levied by the government in exchange for services rendered to tax payers on the basis of a quid pro quo, zakat is determined by the Quran and Sunnah, regardless of the economic situation of the society (Ali & Myles, 2010). Its heads of expenditure include food, clothing, and shelters. According to Yusuf & Derus (2013), the Zakat system, which is a method of Islamic funding, has the potential to be used as one of the powerful weapons to combat poverty. Western and Muslim scholars have overlooked this possibility.

**Impact of Zakat on poverty alleviation:** A significant amount of research has focused on the impact of zakat on poverty alleviation. Several studies have shown that zakat can be an effective tool for reducing poverty and improving the well-being of the poor. For example, a study conducted in Indonesia found that zakat had a

positive impact on poverty reduction, particularly in rural areas. Another study conducted in Pakistan found that zakat was effective in reducing poverty and improving the living conditions of the poor (Mohsin et al., 2021; Wahab et al., 2022).

**Zakat collection and distribution:** Research has also been conducted on the collection and distribution of zakats. A study conducted in Malaysia found that the collection and distribution of zakat in the country was well-organized and effective. However, another study conducted in Nigeria found that there were challenges in the collection and distribution of zakat due to lack of transparency and accountability (Abioyea et al., 2011; Ashafa, 2023).

**Zakat and social justice:** Some scholars have argued that Zakat is an important mechanism for promoting social justice. For example, a study conducted in Saudi Arabia found that zakat was an effective tool for redistributing wealth and reducing income inequality. Another study conducted in Egypt found that zakat promoted social solidarity and reduced social inequalities (Abdelbaki, 2014; Al-Hadhrami et al., 2021; Al-Malkawi & Javaid, 2018; Jedidia & Guerbouj, 2020; Rehman et al., 2021).

**Zakat and Islamic finance:** Research on the relationship between Zakat and Islamic finance has also been conducted. One study conducted in Pakistan found that zakat was an important component of Islamic finance and helped promote financial inclusion. Another study conducted in Malaysia found that zakat institutions could play a significant role in promoting the growth of Islamic finance (Ahmed & Salleh, 2016; Salleh, 2015; Seman et al., 2021; Zauro et al., 2020).

**Zakat and the COVID-19 pandemic:** The Covid-19 pandemic has had a significant impact on Zakat practices. Some studies have examined how Zakat institutions have responded to the pandemic. For example, a study conducted in Indonesia found that Zakat

institutions increased their distribution of Zakat funds during the pandemic to help those affected by the crisis (Akram H et al., 2022; Hakim & Setyaningsih, 2022; Hasan & Kamiluddin, 2021; Hudaefi et al., 2021).

Overall, recent literature on Zakat has focused on a variety of themes, including poverty alleviation, Zakat collection and distribution, social justice, Islamic finance, and the impact of the COVID-19 pandemic. The literature suggests that zakat can be an effective tool in promoting social welfare and reducing poverty; however, there are also challenges in its implementation and distribution that need to be addressed.

### **Zakat - Indian Taxation**

It is appropriate for the king to take rich from his subjects at the appropriate moment. It is necessary for the king to "milk" his kingdom on a regular basis, much as an intelligent man would milk his cow. The advice that Bhishma gave to Yudhishtira was that he should take money gradually from his kingdom to store it. Bhishma compared this to the way a bee gently collected honey from blossoms without harming the tree (Mahabharata, Book12: SantiParva: Rajadharmanusasana Parva). "It was only for the good of his subjects that he collected taxes from them." Kalidas said that in Raghuvansh, eulogized King Dalip. "Just as the Sun draws moisture from the Earth to give it back a thousandfold"

Zakat functions in the same way as the Indian taxation system, albeit with several key distinctions. For as long as economists, sociologists, and legislators exist, one of their top priorities has been designing a system that effectively redistributes wealth. On the other hand, the ideas of equity and social justice were simpler to materialize in philosophical theories than in actual practice. Taxation has been discovered to be an effective technique for wealth redistribution in the Western world. Zakat, on the other hand, is

regarded to be a system of social justice and redistribution in the majority of Islamic countries. Despite this, our daily lives are influenced by both Hinduism and Islam, because we live in a country like India, where each person embodies a different aspect of the country's culture.

Going by the present mood, it is essential to understand the need for a tax rebate for Zakat payers, where the amount paid as Zakat can be deducted from the total taxable income under section 80 G of the Income Tax Act 1961, along with other allowable deductions. It has been necessary for Indian Muslims to follow double taxation over the past decades. Zakat is also a tool, like a tax, to redistribute wealth in society. From this perspective, it is necessary to consider Karnataka Zakat and Charitable Trust, Mangaluru, and its beneficiaries. This study will be undertaken to determine the effective working of Karnataka Zakat and Charitable Trust in Mangaluru City, thereby acting as a tool for the redistribution of wealth. The objectives of the study are to study the differences and similarities between the Zakat and Indian taxation; to analyze the idea of wealth redistribution in Islam; and to study the effectiveness of Karnataka Zakat and Charitable Trust in Mangaluru City.

## **METHOD**

This study employs a mixed-method approach that utilizes both primary and secondary data. The secondary data are gathered through a literature review, analyzing published books, journals, and magazines to explore the similarities and differences between Zakat and taxation and to contextualize the concept of wealth redistribution in contemporary times. To collect primary data, a random sample of beneficiaries from different areas of Mangaluru City, who have received support from the Karnataka Zakat Charitable Trust (KZCT), will be selected. The data will be collected

through structured questionnaires and interviews to gain insights into the impact of the trust initiatives on their lives. Expert opinions were also gathered to further enrich the analysis.

The pilot study was conducted with 10 selected beneficiaries of the KZCT Mangaluru. After considering their comments on the questionnaire, modifications were made to ensure the effectiveness of the data. Samples were selected from the Mangaluru City. The sample size was 100, of which 25 were selected on a non-random basis, that is, convenient sampling. The information was gathered using a structured interview method, and for the remaining randomly selected 75 samples mail questionnaire was distributed, out of which 62 respondents responded to the study, so the total respondents of the study were 87 beneficiaries of Mangaluru City.

## **RESULTS AND DISCUSSION**

Karnataka Zakat and Charitable Trust (KZCT), with the tagline “Every act of Goodness is Charity”, established in the year 2010 is a Community Social Enterprise, based on the concept of Collective Zakat and the belief that such an initiative can bring about a dramatic change in the lives of several of the underprivileged sections of the Muslim community, through investment in their education. Its registered office is located in Hyderabad. The KZCT was devised with the help of the Hyderabad Zakat Charitable Trust. At KZCT, they believe that collective Zakat can have a big impact on the lives of many brilliant and young minds and help them achieve their dreams, and Every Charitable Act is a stepping stone towards Heaven.

Zakat promotes more equitable redistribution of wealth and fosters a sense of solidarity amongst Muslim community. It works as a similar taxation system for the redistribution of wealth and plays a greater role in removing inequalities in society. Therefore, it is

necessary to know the differences and similarities that prevail between Zakat and Indian Taxation and to determine the effectiveness of working in the Karnataka Zakat & Charity Trust in Mangaluru City. The concept and implementation of Zakat in Islamic jurisprudence and the Indian taxation system share some similarities and differences. Some possible similarities and differences are as follows:

**Similarities:** The Quran states that Zakat is meant for "the poor and the needy, and those employed to administer it" (At-Tawbah 9:60), which reflects the idea of collective responsibility and social welfare. (Auda, 2008). The Indian Income Tax Act of 1961 sets out the legal framework for the collection, administration, and enforcement of direct taxes in India, including income tax, wealth tax, and gift tax. (*Indian Income Tax Act, 1961, 1962*)

Both Zakat and Indian taxation require proper record keeping and auditing to ensure transparency and accountability. (I. Ali & Hatta, 2014; Owoyemi, 2020; Government of India, 2021; Ashurov et al., 2022). Both Zakat and Indian taxation systems have the potential to promote social welfare and economic development by providing public goods and services, funding social programs, and stimulating investment and growth. (Auda, 2008; Government of India, 2019)

**Differences:** The Quran emphasizes that Zakat is a religious obligation that is incumbent upon Muslims who possess a minimum amount of wealth (Nisab), while Indian taxation is a legal obligation that applies to all citizens and residents regardless of their faith or financial status (Al-Baqarah 2:177). Zakat is primarily designed to address poverty and inequality by redistributing wealth from the rich to the poor, whereas Indian taxation serves a broader range of purposes, such as funding public goods and services, regulating economic activity, and promoting social welfare (Auda, 2008; Government of India, 2019).

Zakat is collected and managed by religious institutions and organizations, such as mosques and Zakat committees, while Indian taxation is collected and managed by government agencies, such as the Central Board of Direct Taxes and the Goods and Services Tax Council (I. Ali & Hatta, 2014; Owoyemi, 2020; Government of India, 2021; Ashurov et al., 2022).. Zakat is based on a fixed rate of 2.5% for certain types of assets, such as cash, gold, and livestock, while Indian taxation has a more complex and varied tax structure that includes income tax, corporate tax, indirect taxes, and other forms of levies (Auda, 2008; Government of India, 2019).

In this section, data analysis and interpretation are conducted with respect to the study objectives. Keeping in mind the objectives of the study, the data were broken into concepts to provide more clarity to the research. Based on the concepts that are related to differences and similarities between Zakat and the Indian Taxation and the effective working of KZCT in Mangaluru City, the structured questionnaire was framed containing the questions framed in the annexure. The data were gathered through interviews with a few selected participants, and the remaining mail questionnaire was circulated. The collected data were coded, tabulated, and presented in the form of charts for easy understanding of the responses. Here, the data are analyzed and interpreted to understand the effective working of KZCT in Mangaluru City and the idea of redistribution of wealth in Islam.

The data in [Table 1](#) shows the respondents' age-wise classification. Approximately 70.11% of the respondents were below 25 years old, whereas only 3.45% were above 35 years old. The percentage of respondents who belonged to the age group of 25 to 30 years was 19.55%. As India is a nation of youth, the same can be depicted in the above data.

**Table 1**

*Age wise classification of the respondents*

Age	Responses	Percentage
Below 25	61	70.11
25 - 30	17	19.55
30 - 35	6	6.89
35 & Above	3	3.45
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

**Table 2**

*Gender wise classification of the respondents*

Gender	Responses	Percentage
Male	23	26.44
Female	64	73.56
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

The data provided in [Table 2](#) show that around 73.56% of the respondents were female and the remaining 26.44% of the respondents were male. The general perception of women in Islam was that they were oppressed by the community. Today, this trend has changed with the inclusive agenda of Zakat, which has become a lifeline for marginalized women to rejoice.

**Table 3**

*Qualification wise classification of the respondents*

Qualification	Responses	Percentage
No formal Education	6	6.89
Primary	11	12.64
High School	8	9.19
PUC	5	5.75
Degree	39	44.84
Post Graduation	18	20.69
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

[Table 3](#) provides information about the educational qualifications of the respondents; where majority of them i.e. (44.84

%) were pursuing degree education, while only 6.89% of the respondents were illiterate. Approximately 20.69% of the respondents were pursuing postgraduation. Even though Zakat beneficiaries are categorized in the Qur'an, a greater number of beneficiaries are students pursuing their degree education and post-graduation, as the Zakat institution provides scholarships for attaining their educational needs. Islam also gives importance to education; hence, we can find fewer illiterate beneficiaries.

**Table 4**

*Marital status of the respondents*

Marital status	Responses	Percentage
Married	26	29.89
Unmarried	61	70.11
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

As per the collected data in [Table 4](#), the majority of responses (that is, (70.11 %) were unmarried, while the remaining 29.89% were married. As most of the respondents are unmarried, it shows the self-sufficiency rate of the Islamic community, especially among women, as they are in more number. With increasing educational attainment, education has become more costly. Hence, there is a need for money in the form of zakat.

**Table 5**

*Occupation wise classification of the respondents*

Occupation	Responses	Percentage
Daily wage	12	13.79
No job	14	16.09
Student	61	70.12
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

Among the respondents, 70.12% were students who did not have any jobs other than studying. As in [Table 5](#), nearly 16.09% of the respondents had no job and the remaining 13.79% had an occupation

of daily wage. Through Zakat, there is a flow of money to the needy students, thereby making them avail the education that can be the weapon to fight poverty because birth as a poor is not the fault, but death as a poor is the biggest fault. Hence, there is a distribution of wealth among the community of students in the form of scholarships.

**Table 6**

*Income wise classification of the respondents*

<b>Income level</b>	<b>Responses</b>	<b>Percentage</b>
No income	75	86.21
Below Rs 50,000	7	8.05
Rs.50,000- Rs.100,000	5	5.74
Above Rs.100,000	0	0
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

**Tabel 6** shows the income classification. Around 86.21% of the respondents are having no income and only 5.74% of the respondents are having the annual income between Rs.50,000 to Rs.100,000. Approximately 8.05% of respondents had an annual income below Rs.50,000. As the study is concerned, the majority of the respondents were students, and the same trend is depicted here. Zakat is to be given to only 8 categories of the people which is mentioned in Qur'an. Here, people with no income are students who do not have any income and are eligible to receive zakat.

**Table 7**

*Ownership of the house*

<b>Ownership</b>	<b>Responses</b>	<b>Percentage</b>
Own House	8	9.19
Rented	58	66.67
Lease	21	24.14
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

Table 7 provides data related to the type of house in which the respondents live. The majority of respondents (66.67%) lived in rented houses, whereas the rest (9.19%) lived in their own houses. Zakat bridges the gap between rich and poor as we can find majority of the respondents live in rented house. Thus, wealth redistribution is at its track to leading a blissful life because of Zakat.

**Table 8**

*Category wise distribution*

Category	Responses	Percentage
The Faqir	39	44.83
The Miskin	3	3.45
Collectors of the Zakat	0	0
For the weakly faithful	0	0
To free slaves	0	0
Those in debt	45	51.72
In the cause of Allah	0	0
The Wayfarer	0	0
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

Table 8 provides the data related to the category-wise classification of the respondents, where the majority of the respondents (51.72 %) became eligible to receive Zakat money because they are in debt, while the least were found, that is, 3.43% who are under the *miskin* (the poor) category. The respondents were also found to be *faqir* (destitute). Majority of the respondents are in debt may be because of the higher demand by the educational institutions in the form of donation.

From Table 9, it can be observed that more than 50%, that is, 89.66% of the respondents, were receiving Zakat in the form of cash and only 10.34% of the respondents were receiving Zakat in the form of fruits and grains. This is because, as the majority of the respondents are students, they are receiving Zakat from Karnataka Zakat and Charitable Trust in the form of cash.

**Table 9**

*The kind of zakat received*

Kind of zakat	Responses	Percentage
Cash	78	89.66
Gold/silver	0	0
Sheep/goat/camel	0	0
Fruits/grains	9	10.34
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

**Table 10**

*The amount of zakat received*

Amount	Responses	Percentage
Less than 5,000	38	43.68
5,000-10,000	26	29.89
10,000-20,000	12	13.79
20,000-30,000	2	2.29
More than 30,000	9	10.35
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

Nearly 43.68% of the respondents receive less than Rs.5,000 as Zakat annually, as in [Table 10](#), whereas 2.29% of the respondents receive Zakat between Rs.20,000 and Rs.30,000. Of the respondents, 29.89% received more than Rs.5,000 but less than Rs.10,000 as zakat in a year. Only 10.35% of the respondents receive more than Rs.30,000 as zakat annually. As per the study, most of the respondents are students who are pursuing their graduations and may be because of this fact; they are receiving less than Rs.5000 as Zakat. However, the amount of zakat depends on the type of property held by the zakat payer. In other words, giving hand is few while receiving hand is many, so it becomes necessary to cover all eligible people and may be because of this reason; the portion of Zakat received by the majority of the respondents is less than Rs.5000 in a year.

**Table 11**

*Source of the zakat*

Source	Responses	Percentage
Relatives	4	4.59
Villagers	0	0
Zakat Institution (KZCT)	61	70.12
Unrelated rich people	22	25.29
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

As per [Table 11](#), that provides the data related to the source of the Zakat, 70.12% of the respondents received Zakat from the Zakat institution, that is, from KZCT, whereas 25.29% of the respondents received it from unrelated rich people. Approximately 4.59% of the respondents received it from their relatives, while none of the respondents received it from their villagers. Because the vast majority of respondents are recipients of zakat from zakat institutions, it is obvious that the system of zakat distribution offers a solution to the issue of poverty regardless of a person's race, color, ethnicity, or the amount of zakat that they have previously contributed to the zakat fund. Karnataka Zakat and Charitable Trust are charitable organizations that assist many disadvantaged students in meeting their educational and financial obligations. It is founded on the belief that eradicating poverty, establishing social justice, and contributing to the process of nation building in our country can be accomplished by providing educational opportunities to disadvantaged populations, thus empowering those populations.

**Table 12**

*Saving habits of the respondents in the bank*

Saving habit	Responses	Percentage
Yes	81	93.11
No	6	6.89
<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Primary data (2021)*

As per [Table 12](#), among the respondents, 93.11% had a saving habit, whereas the remaining 6.89% did not. The form of zakat also cultivated saving habits among the community that showed financial inclusion and also a kind of reform in the community.

**Table 13**

*Purpose of saving*

<b>Purpose</b>	<b>Responses</b>	<b>Percentage</b>
To meet future needs	21	24.14
To meet educational needs	57	65.51
To meet the medical expenses	9	10.35
<b>Total</b>	<b>81</b>	<b>100</b>

*Source: Primary data (2021)*

[Table 13](#) shows that 24.14% of the respondents make savings in order to meet various future needs, while the majority of them make savings to meet educational needs. The remaining 10.35% of them save to meet medical expenses. As everything becomes costlier with the passage of time, so does education. Hence, Zakat acts as a lifeline to meet the dreams of education. Moreover, as most of the respondents receive Zakat from KZCT, it provides scholarships to the poor and needy students to continue their education unhindered and the respondents will take the Zakat for the same purpose.

## **Findings**

It was found that most of the respondents were females (73.56%) and the respondents were below 25 years of age, which consists of 70.11% of the total respondents. Regarding educational qualifications, it is important to note that most of them are pursuing their degree education, that is, 44.84%. years, and the least were found to be illiterates (6.89 %). The majority of the respondents were unmarried (70.11%), and the respondents were students who did not have any occupation. As most respondents were students, the

majority (86.21%) had no income. It is important to note that only 9.19% of the total respondents had their own houses, while the majority (66.67%) lived in rented houses.

The majority of the respondents become eligible to receive zakat because they are in debt (51.72%), and no respondents were found apart from the category of Faqir and Miskin. Of the respondents, 89.66% received zakat money in cash, while none of the respondents found that they received money in other kinds, apart from fruits or grains. Nearly 43.68% of the respondents receive less than Rs. 5000 as Zakat annually. However, it will increase with increasing educational qualifications.

Majority of the respondents, that is 70.12% of them receive the Zakat money from the Karnataka Zakat and Charitable Trust, Mangaluru. Out of 87 respondents, majority of them that is 81 of them have the saving habit in the bank and the purpose of their savings is to meet the educational needs and the remaining 6 respondents spend the money without savings. There was a positive response for the effective redistribution of wealth in the community through Zakat by all respondents. More than 50% of the respondents preferred zakat as a system of social justice when compared to taxation. However, the remaining 39.09% of respondents opined that both systems are of social justice.

### **Suggestions**

There should be a centralized institution to collect Zakat money from eligible people who are liable to pay, so there will be an effective pool of Zakat money in the economy. If there is an annual effective collection of Zakat in the economy, the same can be distributed to eligible beneficiaries, thereby vanishing the poor in the economy and indirectly contributing to the development of the economy. However, Zakat must be paid to an appropriate religious authority established under any written law, or any person

authorized by such a religious authority. There is a need to understand the tax rebate for Zakat payers, as it is a double taxation for them. Therefore, there is a need to create workshops for Zakat payers on the system of Zakat, its working conditions, and the conditions that are dealt with in the Qur'an. Thus, it will be easy to understand the structure and also regarding the double taxation that the community has followed for the past decades and to move in a manner that can be fulfilled.

As it is an obligatory payment, the Zakat payers have to get tax reduction or rebates from the taxable income under section 80 G of the Income Tax Act 1961, providing the necessary receipt of the Zakat paid as the tax is also paid out of the same accumulated income or wealth. Hence, those who pay Zakat to eligible people through Zakat institutions should receive the same in order to claim tax rebates. This study shows the self-sufficiency rate of the Islamic community among women through Zakat. The same thing can be done in other backward communities whereby institutions collect surplus money from the people who have and channelize the same to the needy people of the community, thereby reducing poverty. If such a change happens in society, the two goals of sustainable development 2030 are no poverty and zero hunger.

Both the means by which aid is distributed and the goals it intends to achieve affect how successfully it is administered to those in need. However, for this strategy to fulfill its aim of assisting the less fortunate in leading better lives, it will need to be improved upon and evaluated on a regular basis. Publications related to this topic should be made available online via an open-access system. This would enhance the utilization of the Internet, allowing scholars from other countries to view the journal. Despite this, there are not many publications that have been published that are connected to these study topics; hence, it is essential for researchers to continue

their research or studies in this sector. Worldwide journals should encourage or propose to writers who study in these study areas and publish articles related to them. Simultaneously, universities should provide sufficient assistance to promote these fields.

## **CONCLUSION**

For Muslims to fully appreciate the benefits of the Zakat Fund, it is critical for them to have a broad understanding of the topic. Zakat is a form of obligatory charity in Islam, and it can be applied to a total of eight different situations. Five of them are intended to alleviate poverty: the poor, impoverished, debtors, slaves (to free them from their captors), and travelers in need. Zakat helps to alleviate income inequality by decreasing the gap between affluent and poor, and it also boosts the purchasing power of those who are considered to be on the lower end of the economic spectrum. The current system is complicated in that individuals who are qualified to pay Zakat are required to pay taxes on the same accumulated income and wealth. Therefore, the government needs to take appropriate action to provide tax rebates for individuals in accordance with Section 80G of the Income Tax Act of 1961, in addition to any other deductions that may be applicable.

The distribution of zakat has a considerable and favorable influence on the goal of improving the distribution of income for those who are poor and in need. The Zakat formulation is also a useful instrument for reducing the occurrence, extent, and severity of poverty. Zakat is an Islamic tax. In the potential and globally recognized Mangaluru City, zakat is working effectively through Karnataka Zakat and Charitable Trust. Hence, there is a need for tax rebates for Zakat payers who are all paying Zakat money to the institution that is to be distributed to the eight categories of beneficiaries.

## **Author Contributions**

Conceptualization: V.N. & K.P.H.; Data curation: V.N. & K.P.H.; Formal analysis: V.N. & K.P.H.; Funding acquisition: V.N. & K.P.H.; Investigation: V.N. & K.P.H.; Methodology: V.N. & K.P.H.; Project administration: V.N. & K.P.H.; Resources: V.N. & K.P.H.; Software: V.N. & K.P.H.; Supervision: V.N. & K.P.H.; Validation: V.N. & K.P.H.; Visualization: V.N. & K.P.H.; Writing – original draft: V.N. & K.P.H.; Writing – review & editing: V.N. & K.P.H. All authors have read and agreed to the published version of the manuscript.

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## **Institutional Review Board Statement**

The study was approved by Department of PG Studies in Commerce, University Evening College, Mangalore, Karnataka, India.

## **Informed Consent Statement**

Informed consent was not required for this study.

## **Data Availability Statement**

The data presented in this study are available on request from the corresponding author.

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## **Conflicts of Interest**

The authors declare no conflicts of interest.

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