

***Had Kifayah* Zakah and Adequacy
of Income Redistribution:
A Proposal Framework**

Bayu Taufiq Possumah

STEI TAZKIA, Bogor Indonesia

Universiti Malaysia Terengganu (UMT)

Research Background

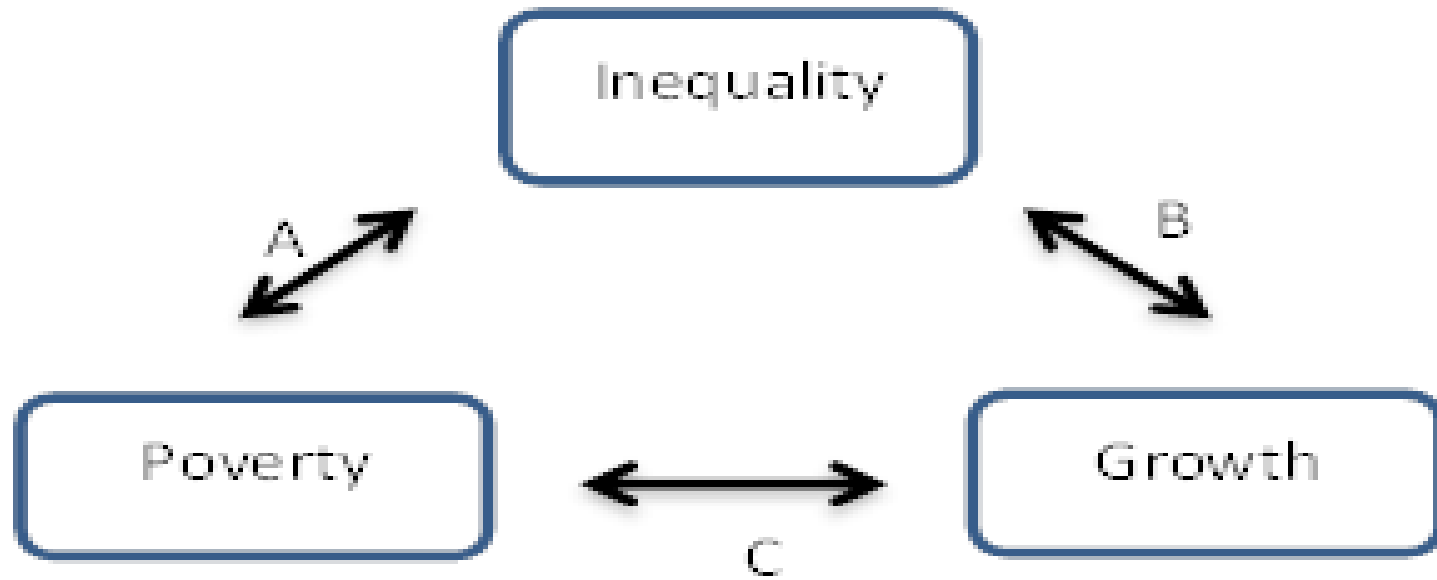
- Poverty is a classic and complex socio economic problem of human's life, existed and will continue from time to time
- The World Development Report (1990) recommended a dual approach to reducing poverty: (i) efficient labor-intensive growth based on appropriate market incentive, physical infrastructure, institutions and technological innovations; (ii) adequate provision of social services, including primary education, basic health care and family planning services

The main objective of Research Paper

- to explore relationship between poverty and income inequality distribution, social security and poverty, and last but not least how *had Kifayah zakah* mechanism used as instrument of redistribution of income and social security to reduce poverty levels and become standard of minimum level of living.

POVERTY AND INEQUALITY DISTRIBUTION: REVIEW OF ISSUES

- Poverty, inequality and growth interact with one another through a set of two-way links



ZAKAT BASED SOCIAL SECURITY AND INCOME REDISTRIBUTION

- Redistribution of income is redistributing the income from the wealthy group to the poor communities, either from taxes or other charges.
- Income redistribution is a form of social security by the state to the public
- Social security is a form of social investment that is profitable in the long term which is based on two main pillars; redistribution of income and social solidarity (Spicker, 1995).

- The essence of social security in principle is covers the provision of health services to the entire population and the pensions.
- “social security may be defined as any program of social protection established by legislation, or any other mandatory arrangement, that provides individuals with a degree of income security (ISSA,2014)

***HAD KIFAYAH* OF ZAKAT BASED ADEQUACY OF INCOME REDISTRIBUTION**

- Redistribution system in Islam is an attempt to enforce the fairness distribution of wealth and income in society. The driving factors for the redistribution of wealth and income besides the religious duty, is also a suggestion to give the excess wealth for the needy.

The problem

- in the case of minimum incomes, what is being judged is the adequacy of income levels for achieving some specified minimal level of living. What that specification is, and what the context of evaluation of the minimal level of living is, has to be arguable and justified in its social context.
- 'adequacy'; it can be argued only in terms of answers to real-life questions such as adequacy for what? adequacy for how long? adequacy for whom? And who says?

***HAD KIFAYAH* OF ZAKAT BASED ADEQUACY OF INCOME REDISTRIBUTION: A PROPOSAL**

- The *Had al-kifayah* as the measurement division of income.
- in general is a tool for measuring poverty. Quite simply, it is used to measure the adequacy of expenditure, by comparing the gross income and minimum spending of family or individual. The decisions were obtained also more specific and precise in determining the level of one's zakat applicant, as they are rich, poor or indigent (absolute poor).

- Had Kifayah: 'The distribution of zakat to *asnaf* (needy) and poor who have to meet the real basic needs.'
- Had Kifayah intended to facilitate the determination of the absolute poor. Qardhawi (2000) and Parid (2001) recommended that the distribution of zakat, at least should be meet the minimum cost of living and the comforts for the recipients and their dependents

MECHANISM AND MEASUREMENT

- Vertical redistribution
- Horizontal Redistribution
- Public Employment Program

Measurement Method	Purpose of Measure
Current poverty thresholds	Determine whether persons living in a family are officially poor.
Experimental poverty thresholds	Provide reasonable thresholds to derive poverty statistics
Family budgets	Estimate what it costs a working family of four to live
Family expenditures	Describe consumer spending and determine cost-of-living indexes.
Material hardship	Identifies individuals who do not consume minimal levels of goods and services
Median family income	Estimates the income of the family at the middle of the income distribution.
Per capita personal income	Presents the nation's personal income on a per person basis
One-half median family income	Provides a means for comparative analysis of poverty status.



Had Kifayah
Zakah based Adequacy of
income Redistribution

Conclusion

- To alleviate the poverty in Islamic community and strengthen the social security in Muslim community, It is desirable to ensure that at least the quality of life of asnaf (recipients) is better than the other communities in Malaysia, even their income is below the poverty level. In managing the distribution of income more fairly, the government can do these programs such as follows:
- The Government should create the programs such as granting soft community loan, running various development programs of labor-intensive and business development (small-scale industries), provide the guaranteed access to the basic needs for the poor as well as cooperating with local and foreign private company to run the program of corporate social responsibility (CSR).