

Ending Exploitative Taxation: A Zakat-Based System for Justice, Economic Growth, and Welfare for All

(A student's perspective)

Introduction: A Student Who Lives the Burden

As a university student in Pakistan, I never truly understood the word “economy” until I began living its consequences. Every month, I watched the prices of food, fuel, transport, books, and even basic stationery climb higher and higher. My parents would try to hide their worry, pretending things were normal, but I could see the stress in their eyes.

One day, while buying a simple notebook for class, the shopkeeper laughed and said,

“Beta, asli price to bas 90 rupees hai, baqi sab tax aur duty.”

That line stuck with me. Why am I, a student from a middle-class family, paying taxes on a notebook? Why does a student have to pay taxes on mobile cards, bus fares, and electricity bills? Why are people who barely earn enough to survive funding the entire economic system?

It made me wonder:

Is this justice? Is this the system Islam teaches us?

This article is not just a theory. It is written from the lived experience of a student who sees, every day, how Pakistan's current taxation hurts ordinary people — and how a Zakat-based model could create fairness, dignity, and economic independence.

Understanding the Problem: Taxation That Punishes the Poor.

Pakistan's tax system depends heavily on indirect taxes. These are hidden in the price of almost everything:

Petrol and transport, food items, electricity and gas, mobile recharge, books and stationery, medicines, clothing etc.

Indirect taxes work like this:

Everyone pays the same amount, no matter how much or how little they earn.

So a daily-wage earner buying flour pays the same tax as a millionaire buying the same flour. A struggling student pays the same tax on mobile data as a businessman.

For me, as a student, this became painfully real when fuel prices skyrocketed. My daily transport cost doubled because of indirect taxes on petrol. Suddenly, attending classes felt like a luxury.

This is not a system of justice. It is a system of survival — a system that punishes the poor to keep the government running.

The Islamic Alternative: A System Rooted in Fairness

Islam does not leave economic justice to guesswork. It provides a complete model where the burden is placed on those who have, not those who struggle.

That model begins with Zakat.

Unlike modern taxation:

Zakat is NOT taken from the poor.

Zakat is NOT charged on basic necessities.

Zakat is collected only from those who possess wealth above the Nisab.

Zakat is redistributive — it flows from the wealthy to the vulnerable.

Every rupee is meant for welfare, not luxury or bureaucracy.

The philosophy is simple:

People who are struggling should not be taxed; they should be supported.

People who are comfortable should not hoard; they should share.

As a student studying economic models, I realized something:

Zakat is not charity.

It is a structured economic mechanism that keeps wealth circulating and prevents extreme inequality.

A Personal Reflection: The Two-Classroom Reality

Let me share a scenario from my own university life.

In my class, there are students from very different financial backgrounds. One comes in a large car, wearing branded shoes; another walks every day from a distant neighborhood because he cannot afford transport. One buys lunch from the cafeteria without concern; another quietly eats roti he brought from home.

But here is the strangest part:

Both of them pay the same indirect taxes throughout the day.

The wealthy student hardly notices.

The struggling student feels every rupee.

This is exactly what an exploitative tax system does:

It treats unequal people equally — which is the worst form of inequality.

A Zakat-based economic model does the opposite:

It treats people according to their situation.

How a Zakat-Based Model Could Replace Exploitative Taxes?

Transitioning to a Zakat-led economic system does not mean abolishing all taxes overnight. It means gradually shifting the financial burden away from the poor and toward wealth-based contributions.

1. Removing Indirect Taxes That Hurt Students and the Poor

The biggest relief would come from reducing or eliminating:

Sales Tax (GST)

Taxes on food items

Petrol and fuel taxes

Utility taxes

Taxes on education materials

Imagine a Pakistan where:

A notebook costs its real price.

Transport fares don't increase with every oil fluctuation.

Students can buy internet packages without feeling punished.

Basic necessities are affordable again.

This is not wishful thinking — this is exactly what Zakat-based systems historically achieved.

2. Modernizing Zakat Collection for National Welfare

To support the removal of unfair taxes, Pakistan must strengthen and modernize its Zakat institutions:

- Create digital Zakat calculators

- Ensure transparent records

- Use blockchain-style technology for tracking

- Form local Zakat committees at the community level

- Conduct yearly audits

- Establish strict rules for usage

With efficient collection, Zakat can fund:

- University scholarships

- Health care

- Food security programs

- Emergency relief

- Social protection for widows, orphans, persons with disabilities

This directly replaces the welfare functions of taxation.

3. Ending Dependence on Interest and Debt

One of the biggest mistakes Pakistan made was depending on interest-based loans. Every loan leads to more debt, more inflation, and more taxes.

Zakat-based circulation reduces this dependency by:

- Funding small businesses

- Supporting farmers

- Helping start-ups

- Financing social projects

Instead of foreign debt, the economy can rely on internal redistribution.

4. Integrating Waqf and Sadaqah for National Development

Historically, Muslims built:

Schools

Hospitals

Water systems

Public facilities

Through Waqf — charitable endowments.

If revived today, Waqf can finance:

University buildings

Hostels

Research centers

Rural infrastructure

This reduces the need for heavy taxation.

A Student's Story: When Tax Takes Away Opportunity

One of my close friends almost dropped out of university last year. His father lost his job, and the family could not afford rising transport and meal costs. He began skipping classes because traveling every day became too expensive.

I remember him saying one day,

“I’m not leaving because of studies. I’m leaving because of inflation.”

That sentence broke me.

Inflation is not just an economic term.

Inflation is a thief that silently steals dreams, education, and opportunity from ordinary people.

Much of that inflation is driven by indirect taxes — taxes that a Zakat-based system would eliminate or reduce dramatically.

If Pakistan had a welfare-first approach, supported by Zakat, my friend would not have faced that choice.

Economic Growth Through Justice:

Some people think Zakat is only a religious duty. But as a student of economics, I have come to appreciate its brilliance as an economic tool.

A Zakat-driven economy:

Increases productivity:

People work better when they are not crushed by taxes.

Reduces inflation:

Goods become cheaper without indirect taxes.

Encourages investment:

Wealth is not hoarded — it is reinvested.

Boosts entrepreneurship:

People receive support rather than punishment.

Strengthens social cohesion:

When poor families feel protected, society becomes more stable.

This is not theory — history proves it.

Why Pakistan Needs a Zakat-Based System Today?

Pakistan is standing at a crossroads.

Everywhere you look, people feel frustrated:

Students struggle with fees and transport

Families cut meals because of inflation

Farmers cannot afford seeds, fertilizer, or diesel

Businesses collapse under utility costs

The poor pay more tax proportionally than the rich.

This is not sustainable.

Zakat offers a path where:

Welfare replaces exploitation

Fairness replaces inequality

Stability replaces debt

Community replaces isolation

Dignity replaces humiliation

As a student living through these hardships, I can say with conviction that Pakistan needs this shift now, not “someday.”

Conclusion: A Future Worth Building

When I first began studying Islamic economics, I saw it as theory. But now, after watching how taxation affects real people around me, Zakat feels like the answer we have been ignoring.

Ending exploitative taxation is not just about numbers — it is about human dignity. It is about ensuring that a student does not drop out because transport is too expensive, that a family does not eat less because of fuel taxes, and that the poor are not punished for being poor.

A Zakat-based economy is not a dream.

It is a direction — a moral direction and an economic direction.

If Pakistan truly wants a future where prosperity is shared, where no student is left behind, and where justice is the foundation of finance, then the transition toward a Zakat-centered system is essential.

As a student, I believe this transformation is not only possible — it is necessary.

Not for the wealthy. Not for the elites.

But for the millions of ordinary Pakistanis who deserve a system that finally works for them, not against them.