

RELEVANCE OF ZAKAT AND TAXATION IN ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGS): A LITERATURE REVIEW

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Abstract	<p><i>This study aims to identify the literature related to zakat and taxes to achieve 17 goals of 'Sustainable Development Goals' (SDGs). This goal is set by the United Nations (UN) to be a guide for every country to help human needs and the sustainability of the earth. Thus, the issue was examined through this qualitative study with the acquisition of primary data through documentation and history. Descriptive analysis was conducted on the data obtained by focusing on the objectives to identify the relevant literature. This study successfully obtained three classifications of literature that show the integration of functions to achieve the goals of the SDGs, namely Islamic finance, zakat and tax fiscal. This study proves that Islamic finance, zakat and taxes play a major role in influencing the achievement of SDGs goals. Therefore, the results of this study can help policy makers set requirements in the calculation of SDGs data as well as a guide for researchers to explore other mediums to realize the goals of the agenda. This study can also be expanded to other financial instruments such as sadaqah, waqf and so on.</i></p> <p>Keywords: <i>Relevance, Tax, Goals, Country, Zakat.</i></p>
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INTRODUCTION

Development is a symbol or measure of the achievement of the country's civilization in the eyes of the world. According to the Brundtland Commission, this refers to sustainable development, i.e., ensuring that current needs are met without compromising future generations' ability to meet their own needs (Robert & Leiserowitz, 2015). There are three most essential elements in sustainable development: economic, social, and environmental, that need to be given equal priority (Andi, 2009). Therefore, in developing the national economy and society in general, the support of various parties is needed, whether government or private, to mobilize energy to drive the country towards excellence.

In line with this desire, the United Nations (UN) on 25 September 2015 launched the 2030 Agenda through the idea of 'Sustainable Development Goals (SDGs)', which was later agreed upon by 193 countries in the UN General Assembly (UN, 2020). This 2030 agenda is to develop the country sustainably to benefit human beings and the earth. The SDGs also focus on eradicating poverty, hunger, and education, a problem for developing countries.

The reality is that countries worldwide have a significant component of the country's source of income, namely taxes used for the physical development and convenience of the people (Nor Haslinda, 2012), further to achieve the goals of the SDGs. At the same time, Islamic countries, including Malaysia, also have zakat instruments as the primary medium to help poverty and the needs of society. As a result, this study was

conducted to determine the relevance of the two instruments in achieving the SDG's target.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The SDGs are a continuation of the Millennium Development Goals (MDGs), which ended in 2015—featuring the theme of "No One Left Behind" to assure that everyone will benefit from sustainable development based on human rights. This idea is also part of Resolution 70/1 of the UN General Assembly, Agenda 2030, which includes 17 goals, 169 targets and 244 indicators to measure the achievement of global development (UN, 2020).

The SDG's agenda is to secure future generations to get all the necessities. Thus, 17 goals have been set as targets that need to be achieved by 2030, as in Table 1 (UN, 2020).

No	Goals
1	No Poverty
2	Zero Hunger
3	Good Health and Well-being
4	Quality Education
5	Gender Equality
6	Clean Water and Sanitation
7	Affordable and Clean Energy
8	Decent Work and Economic Growth
9	Industry, Innovation, and Infrastructure
10	Reducing Inequality
11	Sustainable Cities and Communities
12	Responsible Consumption and Production
13	Climate Action
14	Life Below Water
15	Life on Land
16	Peace, Justice, and Strong Institutions
17	Partnerships for the Goals

Table 1: 17 Goals of SDGs Agenda

To achieve the above targets, scholars agree that financial instruments such as zakat and taxes are an essential medium towards achieving these goals, thus helping the development and progress of a country. For example, Sayyid (2011) argued that Islamic and conventional fiscal policies have different welfare goals but the same objectives. This is supported by Yusmina, Rubiah, & Muhamad Hashim (2017) because Islamic fiscal policy includes material welfare in this world and the hereafter than conventional fiscal policy such as zakat.

Islamic and conventional fiscal policies have the same economic objectives to achieve economic growth, wealth distribution and price stability (Faridi, 1983; Sayyid, 2011). According to Al-Qaraḍawi (2006), the implementation of Islamic fiscal policy should be used to meet the five basic principles of *maqasid shariah*. Conventional fiscal policy refers to two main components: government spending and the tax system (Vengedasalam & Madhavan, 2010).

A study by Ibrahim & Umar (2016) in Nigeria found that the role of Islamic finance is essential to achieving the SDGs' goals. The study revealed that Islamic finance, such as zakat, sadaqah and waqf, and financing instruments such as Sukuk, *musharakah*, *murabahah* and others, positively impact the economic sector and ultimately realize the SDGs.

Ahmet (2018) considers that Islamic finance, i.e., zakat, can address the first 11 goals of the SDGs by leveraging resource mobilization products. Moreover, it directly

benefits the poor to achieve the goals of the SDGs, as opposed to *sadaqah*, because it is suitable to use during emergencies.

This is different from Zainulbahar (2017) view, which stated that zakat could not achieve the goals of the SDGs. This is because these two organizations have different roles and functions. Namely, zakat refers to the Muslim relationship with the Creator, while the SDGs organization has no relationship with Islam. More to the goal from the social aspect, which is the relationship between communities.

He also explained some confusing perceptions of Zakat recipients regarding Muslim conditions compared to standard taxes. This was agreed by Muhammad Syukri, Shereeza, & Wan Norhaniza (2019), who see that zakat is subject to the eight groups of *asnaf* that have been listed in the Quran, compared to the SDGs, which is a view from the west, and it is out of the true goal of zakat.

In other respects, the SDGs are a political agenda that is authoritarian and not democratic (Smith, 2018). SDGs' original word is taken from 'sustained growth' (economic term) versus 'sustainable growth', which encompasses a broader and domestic dimension (Winkler & Williams, 2017).

Other views say the SDGs fail to implement human rights accurately and clearly as the main agenda. Similarly, studies related to the SDGs, in general, have not yet been discussed from an Islamic perspective (Atih Rohaeti, Muhammad Syukri, & Hakimi, 2016; UNDP & Baznas, 2018).

FINDINGS

Studies show that zakat and taxes have a close relationship, namely togetherness in realizing the goals of the SDGs. In addition, the literature review shows that researchers agree that both instruments are needed to address poverty and the needs of society. Thus, these findings were divided into three main functions to realize the goals of the SDGs, namely the Islamic financial function in general, the zakat function, and the tax function.

Islamic Financial Functions

The literature related to the function of Islamic finance in general to achieve the goals of the SDGs is shown in Table 2.

No.	Author	Function
1	Ahmed, Mohieldin, Verbeek, Aboulmagd, & Wael (2015)	Islamic finance has outstanding potential in promoting financial stability, financial inclusion and mutual prosperity, and infrastructure development, which will create an environment that enables timely implementation of the SDGs.
2	Khazzam (2015)	Through the Sukuk Green Project, Islamic finance financing Sukuk funds such as clean energy, mass transit, water conservation, forestry, and low carbon technology and improve the lives of the people and the community. It is also designed to encourage investors to transfer capital into companies with high governance standards for diversity, accountability, and transparency.
3	Khazzam (2015)	Islamic financing encourages investors to transfer capital into companies with high governance standards for diversity, accountability, and transparency.
4	Mohieldin, Iqbal, Rostom, & Fu (2012)	The main principles of Islam funded by Islamic finance are based on social justice and capital sharing.
5	Mohieldin et al. (2012)	Islamic finance promotes risk-sharing contracts that provide viable alternatives to conventional finance through specialized instruments of wealth distribution among the

		community.
6	Mohieldin et al. (2012)	Zakat, <i>sadaqah</i> , waqf and <i>qard al-Hasan</i> instruments targeted at the poor can eradicate poverty and build a healthy and innovative economy.
7	Abduh (2019)	Islamic social finance, namely <i>sadaqah</i> , waqf and zakat, plays a role in achieving the second goal of the SDGs, which is to end hunger, achieve food security, improve nutrition, and promote sustainable agriculture at three achievements in the short, medium and long term.
8	Ahmad Nazrul & Norhaniza (2019)	Assistance to citizens financially refers to other assistance such as housing, education, and health to achieve the SDGs.

Table 2: The Literature Related to The Function of Islamic Finance in General to Achieve The Goals Of The SDGs

The Function of Zakat

The literature related to zakat's function to achieve the SDGs' goals is shown in Table 3.

No.	Author	Function
1	Eko, Aslam, & Azhar (2017) and Ummi, Wafa, & Mustafa Omar (2018)	As a fiscal policy, Zakat plays a role in ensuring human development towards excellence and increasing the number of <i>asnaf</i> in the future.
2	Azman, Mohd Zaini, Mursyid Junaidi, Mohamad Anwar, & Norfatimah Amlin (2019)	The distribution of zakat to <i>muallaf</i> is successful in terms of <i>maqasid syariah</i> and SDGs in two states, namely Selangor and Negeri Sembilan.
3	Hafizah, Zakaria, & Faisal (2019)	Zakat institutions need to work with the government by issuing <i>asnaf</i> , especially to the poor and needy, so that the country's economic progress is in line with improving the quality of society.
4	Hafizah et al. (2019)	There are seven of the 17 goals of the SDGs that can be adapted to manage zakat as a guarantee to benefit from social, economic, and environmental development aspects.
5	Ummi et al. (2018)	The need to use modern communication in e-community based platforms to ensure the effective use of zakat funds by recipients.
6	Ummi et al. (2018)	The use of modern communication has succeeded in providing more comprehensive zakat coverage to some of the poor in Northern Nigeria and increasing financial inflows with various sources of collection.
7	Zainulbahar (2017)	Zakat cannot be seen solely as additional funds to achieve the goals of the SDGs as they both have different functions.
8	Muhammad Syukri et al. (2019)	Zakat should not be included in western thinking (SDGs) because it is contrary to the image of Islam and epistemology.

Table 3: The Literature Related to Zakat's Function to Achieve the SDGs' Goals

The Function of Tax

The literature related to the function of tax to achieve the goals of the SDGs is shown in Table 4.

No.	Author	Function
1	Sayyid (2011)	Islamic and conventional fiscal policies have the same economic objectives to achieve economic growth, wealth distribution and price stability.
2	Yusmina et al. (2017)	Islamic fiscal policy broadly encompasses material welfare in this world and the hereafter compared to conventional fiscal policy.
3	Nor Haslinda (2012)	Taxes are instruments of the national economy as money or property that the household sector and firms must pay to the government and are the main component of the country's source of income.
4	Nor Haslinda (2012)	The government uses taxes to administer and manage the country and provide physical development and infrastructure for the convenience of the people and national security.
5	Marghinani (2017)	The country needs to collect taxes from the people to finance the public interest if the country's source of income is insufficient.
6	Yusuf (1979)	The national tax rate can increase or decrease according to the people's abilities.
7	Abd al-Qadir (2001)	Taxation in Islam began when the Prophet SAW introduced <i>jizyah</i> , which taxed non-Muslims living under Islamic rule.
8	Abd al-Qadir (2001)	<i>Jizyah</i> tax allows non-Muslims to protect and care for all aspects, whether property, family, and blood.
9	Abd al-Qadir (2001)	The existence of land tax (<i>kharaj</i>) and trade tax (<i>ushur</i>) in Umar al-Khattab was to cover the country's development.
10	Miller, Vandome, & McBrewster (2010)	Minimal tax assessments stimulate the entrepreneurial spirit to grow its business.
11	Miller et al. (2010)	Low tax payment obligations will double and increase indirect tax revenue.
12	Al-Qaradhawi (2000)	Taxes should be imposed to ensure that the government can manage the welfare of the ummah, including developing the welfare of the people, paying salaries of government staff, provision of infrastructure etc.

Table 4: Literature Related To The Function of Tax to Achieve The Goals of The SDGs

In summary, this study found that Islamic instruments and conventional instruments are in line with achieving the goals of the SDGs. Zakat and taxes are inseparable because they are interrelated to the development and progress of the country. Government institutions use the revenue collection to benefit and *maslahah* to human beings and the whole world. Both also meet the need to maintain and preserve the *Maqasid Shariah* outlined in Islam.

CONCLUSION

Zakat and tax instruments both have a close relationship to achieving the goals and targets of the SDGs. Both have the same goals and objectives in developing the country and improving society towards the general *maslahah*. Through zakat, the *asnafs* can free themselves from poverty in society. Through taxes, the government can provide

necessities, physical infrastructure, and public facilities. Both help the people and the country; indirectly, human development can be enhanced in line with the goals of the SDGs.

Similarly, the earth's sustainability can be preserved to ensure that the 2030 Agenda is achieved successfully. The production of literature in this study is believed to help other researchers to multiply studies related to the SDGs, especially from an Islamic perspective. Expanding the idea to other issues can also be a reference and guide for all, including policymakers, economists, researchers, and society.

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