

Headlines:

- The Revenue System of Islam Encourages Economic Progress
- The Dismal Condition of Industries in Pakistan is because they are not Integrated with the Defence Industry
- Pakistan Needs Changes in Laws Governing Ownership, not More Taxation
- Sunnah Regarding Misappropriated Wealth Will Stop the Prolonged Corruption Circus

Details:

The Revenue System of Islam Encourages Economic Progress

Leaders of five export-oriented industries on Saturday 15 June 2019 demanded the immediate withdrawal of 17 per cent sales tax on all exports that was imposed in the National Budget of 2019-20. Speaking at the KPC, business leader Zubair Motiwala said that representative bodies of the five sectors — textile, leather, carpets, sports good and surgical instruments — will continue to protest on a daily basis. He called it the 'IMF Budget' and alleged that the budget was a planned conspiracy to destroy the entire export industry.

In the capitalist economic system, tax is taken from industrialists and traders, when it is still not known whether they will get benefit or not, from their economic activity. The capitalist system does not consider whether an industrialist and a trader will have excess money after covering all his expenses. This system is only concerned with levying tax on anybody to run the expenses of the state. The traders, industrialists and farmers have been saying for many years that the cost of doing business has been increasing and because of this, their goods cannot compete in overseas markets. The current regime, that came in power in the name of "change," has provided tax concessions to some export oriented industries, so that exports and dollar reserves can be increased, decreasing the current account deficit. However, on pressure from the IMF, this concession has been taken back so that more tax can be collected and the loans of colonialist institutions can be paid back along with their interest without any interruption, which is now eating more than 40 percent of the annual federal budget.

Ending sales tax is imperative not only for export oriented industries, but for all industries and trade because it is an un-Islamic tax. In Islam no tax can be levied on anyone without Shari' evidence. Therefore not only sales tax rather, every tax should be abolished which is not from Islam. RasulAllah (saaw) said, «كُلُّ الْمُسْلِمِ عَلَى الْمُسْلِمِ حَرَامٌ دَمُهُ وَمَالُهُ وَعِرْضُهُ» **"Every Muslim's blood, property and honor are unlawful to be violated by another Muslim."** [Muslim]. Principally Islam does not apply any tax on industry and trade. Islam only imposes Zakah on stocks of industries and trading goods after the lapse of one year. So in an Islamic economic system the cost of doing business is at its minimum, because of no tax on industries and trade and this results in significant increase in industrial and trade activities. Therefore the economy of Pakistan and its exports can only progress at maximum pace under the revenue system of Islam. And the state which Implements the revenue system of Islam, will be the real state of Madina, the Khilafah state.

The Dismal Condition of Industries in Pakistan is because they are not Integrated with the Defence industry

An article was published in daily Dawn on 15 June 2019 which said that despite spending enormous amounts in the defence sector, the economy of Pakistan has not

benefitted. This is because of the absence of a relationship between the industries and defence sector. Industrial production can be enhanced if a relationship is established between defence industries, like Pakistan Atomic Energy Commission and Heavy Industries Taxilla, and civilian industries and research organizations. Cooperation between the defence industry and private sector industries is one aspect on which policy makers must focus.

Although Pakistan is a nuclear power and its missile program is one of the most modern programs in the world, Pakistan has not been able to use this capability to establish a defence industry which will cater for all of its defence requirements. Moreover the normal civilian industry has benefitted from it. Important sectors of the economy deeply rely on imported machinery, goods and technology, such as in the fields of telecommunication and heavy industries. The main reason for this dismal situation is that the rulers of Pakistan are devoid of an ideological vision, confining themselves to the continuous implementation of colonialist policies. The agent rulers take loans from colonialist countries with disastrous conditions, like unrestricted privatization, minimum interference of state in economic matters, focusing on exports to earn dollars, which ensures that local private industries and state run industries are run into the ground. Western states enjoy industrial progress because of the state backed research and development, especially in the defence sector. The US, which is the world's leading industrialist country, has focused on defence technologies, like stealth technology, super computers and space technology. Before the Second World War, Japan and Germany prepared their industrial policy keeping in view the upcoming war. And that policy is still benefitting them.

Jihad is the corner stone of foreign policy in Islam. From the very first day of the establishment of Khilafah, the Islamic state will focus heavily on defence industries, which is essential for strong private sector industries. The Islamic state cannot depend on other states through military alliances and pacts as this gives them a way over the believers. Allah (swt) said, ﴿وَلَنْ يَجْعَلَ اللَّهُ لِلْكَافِرِينَ عَلَى الْمُؤْمِنِينَ سَبِيلًا﴾ **“And He does not permit the believers to grant the kuffar a way over them.”** [Surah An-Nisa'a 4:141]. Therefore it is an obligation on the Islamic state to attain self-reliance. And this will only happened with the state does establish heavy industries and those industries which are essential for heavy industries, whether they belong to defence or civilian sectors. Therefore actual industrial progress is only possible if we adopt the vision of Islam.

Pakistan Needs Changes in Laws Governing Ownership, not More Taxation

On 30 May 2019, Imran Khan stated that “only one percent tax filers exist in the population of 220 million which is a very small proportion. As people do not give taxes, government is not in a position to build hospitals, schools and other facilities for people. When people won't pay tax then the government has to take loans”. The current regime in Pakistan is continuously creating an impression that the people of Pakistan pay very little tax and this is the prime reason for the dismal economy and inadequate facilities. This impression is also propagated by electronic and print media as well. However, when we examine this claim, a contrary reality emerges. Almost fifty percent of Pakistan's population comprises of women, who are primarily responsible to look after their house. Fifty percent of Pakistan's population is under the age of 23 years, which means that 65 million population is not even earning. According to the official statistics of the government of Pakistan issued in 2016, which were gathered with the help of UNDP, 40 percent of the population is poor. Due to continuous high inflation from 2016 onwards, coupled with devastating inflation in the first ten months of the current regime, the percentage of poor has increased further. As for the 60.5 million people that does earn, almost 30 million people live below poverty level. The remaining 30.5 million people are those whose lives are just above the poverty level as their earnings are completely consumed by basic needs, because the state does not provide good, affordable or free of cost education, health and security. In other words their monthly income is less than 100,000 Rupees. So whatever percentage of prosperous are left, only a

few people pay direct tax, whilst the rich and poor all pay indirect taxes, including those who are entitled to get Zakah or charity.

These rulers are trying to create an atmosphere that the people of Pakistan feel ashamed and willingly pay oppressive taxes. Then these rulers can spend this tax money on interest (Riba) payments. These rulers themselves have no shame in mercilessly imposing taxes on a 120 million poor people in Pakistan. Rather than chasing people for taxation, the current capitalist economic system must be abolished. It is built on the concept of freedom of ownership, which deprives the people from the wealth generated through public properties such as oil, gas, electricity and minerals. It grants ownership of these massive resources to few individuals and companies to make huge wealth. The rulers should have declared these resources as public properties, so the wealth produced through them comes into the state treasury. However, instead they are burdening the people with more taxes and slandering them if they don't pay taxes. On the other hand the people are cursing these oppressive rulers because of their oppressive taxes which is making them even more poor. RasulAllah (saaw) rightly said, «خَيْرُ أَيْمَتِكُمُ الَّذِينَ تُحِبُّونَهُمْ وَيُحِبُّونَكُمْ وَيُصَلُّونَ عَلَيْكُمْ وَتُصَلُّونَ عَلَيْهِمْ وَشِرَارُ أَيْمَتِكُمُ الَّذِينَ تُبْغِضُونَهُمْ وَيُبْغِضُونَكُمْ وَيَلْعَنُونَكُمْ وَتَلْعَنُونَهُمْ» **“The best of your *Imams* are those whom you love and they love you, and you pray for them and they pray for you, and the worst of your *Imams* are those whom you hate and they hate you, and you curse them and they curse you.”** (Muslim).

Sunnah Regarding Misappropriated Wealth Will Stop the Prolonged Corruption Circus

The alleged front man of Leader of the Opposition in Punjab Assembly Hamza Shahbaz and his brother Salman Shahbaz on 17 June 2019 confessed to have laundered over Rs600 million for the two brothers. “I have been working for the two brothers since they started looking after their family's sugar business in 2005,” said Mushtaq Cheeni in his confessional statement recorded by a judicial magistrate under Section 164 of the CrPC.

There are constant revelations and twists and turns regarding the corruption within the political and military leadership but with no result. It has been a long time since the Panama Papers were made available on 3 April 2016 by the International Consortium of Investigative Journalists (ICIJ). It has been quite a while since 28 July 2017, when the apex court announced its unanimous decision and disqualified the Prime Minister, Nawaz Sharif, from holding public office. It's a similar situation in the case of many former rulers of Pakistan, such as General Pervez Musharraf, Shaukat Aziz, Ishaq Dar, Asif Ali Zardari and Nawaz Sharif. However, in all this time, the misappropriated billions of dollars have not been restored to the state treasury. The man-made judiciary is easily manipulated to ensure that the corrupt keep their wealth for decades, despite years of court cases.

Islam establishes a swift and sure solution to the problem. RasulAllah (saaw) said, «مَنْ اسْتَعْمَلَنَاهُ عَلَى عَمَلٍ فَرَزْنَاهُ رِزْقًا فَمَا أَخَذَ بَعْدَ ذَلِكَ فَهُوَ غُلُوفٌ» **“When we appoint someone to an administrative post and provide him with an allowance, anything he takes beyond that is misappropriation.”** [Abu Daud] Pakistan's rulers took loans and benefitted personally, as is clear from the increases in the personal wealth of the corrupt within the military political and leadership. The Khilafah's Islamic judiciary will ensure the swift liability of public debt is on the corrupt rulers in proportion to the size of their ill-gotten wealth. It has immediate consequences because the total public debt is Rs. 28,600 billion as of March 2019. Rather than squeezing the armed forces in spending or breaking the backs of the people for taxation, the Khilafah (Caliphate) on the Method of Prophethood will implement the Islamic ruling on misappropriation by the rulers and officials.