



Offsetting Receivables Against Zakat Obligations: A Study of Imam al-Layth ibn Sa'd's Jurisprudential Reasoning

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Article Information:

Received May 20, 2026

Revised June 15, 2026

Accepted July 07, 2026

Keywords: : *Debt Forgiveness, Islamic Jurisprudence, Legal Reasoning, Receivables Zakat, Zakat Administration*

Abstract

This study aims to examine Imam al-Layth ibn Sa'd's legal opinion on the permissibility of treating receivables as zakat and to analyze the jurisprudential foundations underlying his position. The research employs a qualitative library-based method using *fiqh* and *uṣūl al-fiqh* approaches through a systematic analysis of classical legal texts, authoritative works documenting al-Layth's opinions, and contemporary literature on zakat and debt. The findings reveal that Imam al-Layth permits a creditor to discharge zakat obligations by cancelling receivables owed by poor or insolvent debtors, considering such debt forgiveness to effectively realize the objectives of zakat by alleviating the financial burden of eligible beneficiaries. His legal reasoning is primarily based on the principles of *maṣlaḥah* (public benefit) and the substantive equivalence between debt cancellation and direct zakat distribution, rather than a strict interpretation of *tamlīk* (transfer of ownership). The study concludes that al-Layth's opinion represents a purposive approach to Islamic jurisprudence that emphasizes the realization of social justice and the objectives of zakat over formal legal procedures. This research contributes to Islamic legal scholarship by providing a comprehensive analysis of an alternative classical juristic opinion and offering a maqāṣid-based framework for contemporary discussions on zakat administration, debt relief, and Islamic social finance.

INTRODUCTION

Debt has long constituted an essential element of economic life and remains one of the primary instruments supporting economic development in both conventional and Islamic financial systems (Zulkifli, Gemilang, Almaktsur, Andriani, & Fitrianto, 2026). Individuals, households, business actors, and governments rely on debt to finance productive investment, educational expenses, healthcare, business expansion, and urgent consumption needs. Nevertheless, contemporary economic developments have transformed indebtedness into an increasingly complex social issue (A. F. Ismail, Salim, & Yusof, 2025). The rapid growth of consumer financing,

How to cite: Budiman, A., Busyro., Rosman, Edi., Nofiard. (2026). Offsetting Receivables Against Zakat Obligations: A Study of Imam al-Layth ibn Sa'd's Jurisprudential Reasoning. *Suluh Pasaman*, 4(2), 359-368.

E-ISSN: 2986-8467

Published by: The Institute for Research and Community Service

digital lending platforms, and online credit services has expanded access to financial resources while simultaneously increasing the number of individuals experiencing excessive debt burdens. Rising living costs (Rusydia, Prakoso, Aslan, & Riani, 2025), inflation, unemployment, declining household income, and unexpected financial emergencies have further intensified this situation, causing many debtors to become trapped in prolonged cycles of financial hardship. Consequently, debt is no longer merely a private contractual relationship but has become a broader socio-economic challenge affecting poverty, financial exclusion, and social welfare. Islamic law recognizes debt (*dayn*) as a lawful contract founded upon justice, trust, transparency, and mutual responsibility. The Qur'an regulates debt comprehensively by requiring accurate documentation and encouraging creditors to provide relief for debtors facing genuine hardship. Beyond contractual regulation, Islam establishes zakat as a redistributive mechanism intended to alleviate poverty and strengthen social solidarity. This objective is explicitly reflected in Qur'an 9:60, which identifies *al-ghārimin* (indebted persons) as one of the eight legitimate zakat beneficiaries, demonstrating that debt relief constitutes an integral objective of Islamic social finance and the realization of *maqāṣid al-sharī'ah*.

Previous research has extensively examined the distribution of zakat to *al-ghārimin* (indebted persons), the implementation of debt relief through zakat institutions, and the legal requirement of *tamlīk* (transfer of ownership) as an essential condition for the validity of zakat payment. Most studies conclude that receivables cannot be converted into zakat because debt cancellation merely extinguishes an existing financial obligation without transferring ownership of wealth to the beneficiary, thereby failing to satisfy one of the fundamental legal requirements of zakat (Qamruzzaman, Farzana, & Mindia, 2026). Other studies have explored the role of Islamic banking (Shikur, Aslan, & Fodol, 2025), zakat management organizations, and Islamic philanthropic institutions in addressing household indebtedness, emphasizing debt relief as an important instrument for poverty alleviation and social welfare. Although this body of literature has significantly enriched contemporary discussions on Islamic social finance (Shikur et al., 2025), it remains largely concentrated on the dominant juristic doctrine and offers only limited analysis of alternative interpretations preserved within the classical tradition of Islamic jurisprudence. Consequently, the diversity of classical legal reasoning concerning the permissibility of treating receivables as zakat has not been systematically examined (Huda, Kaamilah, & El Hijri, 2025), leaving important doctrinal and practical questions unresolved. This limitation creates a significant research gap because alternative juristic approaches may provide valuable normative insights for addressing contemporary challenges in debt relief, zakat governance, and the development of more responsive Islamic social finance frameworks.

The permissibility of treating receivables as zakat through debt cancellation has been the subject of longstanding debate among Muslim jurists. The majority of classical scholars from the four Sunni schools maintain that such a practice is impermissible because zakat requires *tamlīk*, namely the actual transfer of ownership of wealth from the *muzakki* to an eligible beneficiary (Asni, Yusli, & Al-Shibany, 2025). According to this dominant interpretation, cancelling an existing debt merely extinguishes a financial obligation without transferring new property to the debtor, thereby failing to satisfy one of the essential legal requirements of zakat. Consequently, this opinion continues to influence contemporary fatwas and the operational policies of many zakat institutions. Nevertheless, several distinguished jurists adopted a different legal position by permitting debt cancellation under specific circumstances involving genuine financial hardship. Among them, Imam al-

Layth ibn Sa'd occupies a unique position because his legal reasoning emphasized substantive justice and public welfare while remaining firmly grounded in the Qur'an and Sunnah (Liddiana, Andrian, Karom, Khairunisa, & Rukmini, 2026). Although his independent school of law did not survive institutionally, many of his opinions remain preserved in classical legal literature (Liddiana et al., 2026). Previous studies have extensively discussed zakat distribution, *al-ghārimin*, and the doctrine of *tamlīk*, yet they generally focus on the majority opinion and only briefly mention minority juristic perspectives (Khan, Harvey, Price, & Maclean, 2026). As a result, Imam al-Layth's legal reasoning concerning receivables as zakat has not been systematically examined, creating a significant theoretical gap and limiting scholarly understanding of alternative jurisprudential approaches that may contribute to contemporary Islamic social finance.

This study examines Imam al-Layth ibn Sa'd's legal opinion concerning the permissibility of treating receivables as zakat through debt cancellation and analyses the jurisprudential principles supporting his interpretation. Specifically, the research addresses two principal questions: first, how does Imam al-Layth justify the permissibility of converting receivables into zakat through debt forgiveness; and second, what legal methodology and interpretive principles underpin his reasoning within the broader framework of Islamic jurisprudence? Answering these questions is important because contemporary discussions of zakat administration continue to be dominated by the majority doctrine requiring *tamlīk*, whereas minority juristic opinions have received comparatively limited scholarly attention despite their potential relevance to present-day financial challenges. By reconstructing Imam al-Layth's legal reasoning through a systematic analysis of classical legal sources and contemporary scholarship, this study seeks to enrich academic understanding of the diversity of Islamic jurisprudence concerning zakat and debt relief. Furthermore, the research evaluates the consistency of his opinion with the objectives of *maqāṣid al-sharī'ah* and contemporary Islamic social finance, thereby providing an alternative normative framework for zakat governance. The findings are expected to contribute both theoretically and practically by expanding scholarly discourse on minority juristic opinions while offering useful insights for zakat institutions, Islamic financial organizations, policymakers, and researchers seeking more responsive and socially oriented approaches to addressing debt-induced poverty in contemporary Muslim societies.

METHODS

This study employs a qualitative doctrinal legal research design to examine the permissibility of treating receivables as zakat through debt cancellation in Islamic jurisprudence. It adopts legislative, conceptual, and historical approaches to analyse the development of juristic opinions on zakat, debt, and *tamlīk* (transfer of ownership). The study relies exclusively on normative legal sources, including the Qur'an, the Sunnah, classical juristic works, contemporary books, peer-reviewed articles, fatwas, dissertations, and other authoritative legal references. Data were collected through systematic document analysis by identifying, selecting, classifying, and reviewing relevant legal materials according to their authority and relevance.

The data were analysed using descriptive, interpretative, and comparative legal analysis. Descriptive analysis identifies juristic opinions, interpretative analysis examines their legal reasoning with particular attention to *tamlīk* and *maqāṣid al-sharī'ah*, while comparative analysis evaluates the consistency and contemporary relevance of majority and minority views. To enhance credibility, the study applies source triangulation by comparing primary Islamic sources, classical juristic literature,

contemporary scholarship, and institutional legal opinions. This analytical framework provides a systematic assessment of debt cancellation as zakat and its relevance to contemporary Islamic social finance and zakat governance while contributing to Islamic legal theory and normative discourse on debt relief.

RESULT AND DISCUSSION

Jurisprudential Basis for Treating Receivables as Zakat in Classical Islamic Law

The concept of *dayn* (receivables or debt obligations) occupies a central position in Islamic commercial jurisprudence because it regulates legal relationships arising from deferred financial obligations between creditors and debtors. Classical jurists define *dayn* as an enforceable obligation established in the liability (*dhimmah*) of a debtor, requiring repayment either immediately or at a specified future date. Unlike tangible property (*ayn*) (Khan et al., 2026), which exists physically and can be possessed directly, *dayn* represents an intangible legal entitlement that exists as a financial claim recognized by the Shari'ah. This distinction has significant legal consequences because ownership of receivables differs fundamentally from ownership of physical assets in matters concerning transfer, inheritance, sale, and charitable distribution (Anwar, Haji-Othman, Cheumar, Aminudin, & Khalil, 2026). The Qur'an explicitly acknowledges the legitimacy of debt transactions in its longest verse, which regulates documentation, witnesses, and contractual certainty to safeguard the rights of both parties (Hudaefi, 2026). Consequently, Islamic law does not merely tolerate debt but establishes comprehensive legal principles governing its creation, enforcement, and settlement. Jurists further distinguish between strong receivables, where repayment is highly probable, and weak receivables, where collection remains uncertain, because the legal effects of each category differ in various financial rulings. These classifications demonstrate that *dayn* constitutes a legally protected proprietary right despite its intangible character, thereby forming an essential component of Islamic financial law and creating the doctrinal foundation for subsequent debates concerning whether outstanding receivables may themselves function as objects of zakat payment or merely remain assets upon which zakat becomes due.

Among the eight categories of zakat beneficiaries identified in the Qur'an, *al-gharimin* occupy a distinctive position because their entitlement is based not on chronic poverty alone but on the legal burden of debt that threatens their financial stability and social welfare. Classical jurists generally define *al-gharim* as an individual whose lawful debt exceeds his present financial capacity, rendering repayment excessively difficult without external assistance. This classification reflects the broader objective of Islamic social finance in preserving economic dignity while preventing indebtedness from causing long-term hardship or social exclusion. Juristic literature further distinguishes between debtors who incur liabilities for personal necessities and those who assume financial obligations for public reconciliation, communal benefit, or settlement of disputes. Both categories may qualify for zakat provided their debts arise from lawful activities rather than sinful conduct. The inclusion of *al-gharimin* demonstrates that zakat functions not merely as poverty

alleviation but also as an instrument for restoring financial equilibrium within society. Most schools of Islamic jurisprudence maintain that zakat should be transferred directly to eligible debtors (Al-hiary, 2025), enabling them to satisfy outstanding obligations while acquiring full ownership of the distributed funds. Nevertheless, the practical implementation of this principle has generated important legal debates concerning whether creditors may discharge a debtor's obligation by cancelling an existing receivable and counting that cancellation as zakat (Hariyanto et al., 2025). The answer depends largely upon competing interpretations regarding ownership transfer, the legal nature of receivables, and the doctrinal requirement of *tamlīk*, all of which become central issues in subsequent juristic discussions.

The doctrine of *tamlīk*, meaning the transfer of complete ownership from the zakat payer to an eligible beneficiary, constitutes one of the most influential legal principles governing zakat distribution in classical Islamic jurisprudence. Although the Qur'an specifies the categories entitled to receive zakat, jurists developed the doctrine of *tamlīk* to explain the legal mechanism through which entitlement is realized. According to the majority of scholars, zakat is valid only when the beneficiary acquires unrestricted ownership over the transferred wealth, allowing him to possess, use, consume (Sunarsih, Hamdani, Rizal, & Yusfiarto, 2025), or dispose of it independently. Consequently, ownership transfer becomes an indispensable legal condition distinguishing zakat from other charitable expenditures that merely benefit individuals without granting them proprietary control. This principle explains why expenditures for public infrastructure, communal facilities, or indirect welfare projects were generally excluded from obligatory zakat according to classical doctrine, despite their evident social value (Lan, Thu, & Ha, 2025). The requirement of *tamlīk* also serves to protect the dignity and legal autonomy of recipients by recognizing them as rightful owners rather than passive beneficiaries of charitable assistance. Within debates concerning debt cancellation, however, *tamlīk* becomes highly contested because extinguishing a debt owed to the creditor does not involve the physical transfer of wealth into the debtor's possession. Instead, the debtor merely experiences the removal of an existing liability (Camarero & Mattei, 2026). Whether such legal relief constitutes genuine ownership transfer has therefore divided Muslim jurists for centuries, making *tamlīk* the pivotal doctrinal criterion upon which competing opinions regarding receivables as zakat ultimately depend.

The overwhelming majority of classical Muslim jurists reject the view that a creditor may discharge an outstanding receivable and simultaneously regard that cancellation as payment of zakat to the indebted debtor. This position is adopted by the leading authorities of the Ḥanafī, Mālikī, Shāfi'ī, and Ḥanbalī schools, although their legal reasoning varies in emphasis. The principal justification rests upon the doctrine of *tamlīk*, which requires an actual transfer of ownership from the zakat payer to the recipient. When a creditor merely forgives a debt, no tangible wealth leaves the creditor's possession and enters the debtor's ownership. Instead, only the debtor's financial liability is extinguished (Johar, Badhrulhisham, Meerangani, Binti Mat Saad, & Hanapi, 2025), while the creditor relinquishes a legal claim. Consequently, the essential legal condition of transferring zakatable property remains

unfulfilled. Classical jurists further argue that zakat is an act of worship (*'ibādah māliyyah*) whose validity depends upon compliance with precise legal requirements rather than solely upon achieving beneficial social outcomes (Lesmana, Afiff, Wijanto, & Kasri, 2025). Permitting debt cancellation as zakat, they contend, would blur the distinction between voluntary debt remission, which is highly encouraged as an act of compassion, and obligatory zakat, which possesses its own legal structure and designated conditions (Muneeza, Bin-Nashwan, Abdel Moshin, Mohamed, & Al-Saadi, 2023). Furthermore, allowing creditors to count uncollected receivables as zakat could create opportunities for abuse (Susiyanto, Ardinata, Isra, Saputra, & Rahmatia, 2026), particularly where doubtful or unrecoverable debts are written off merely to satisfy religious obligations without transferring productive wealth to eligible recipients. For these reasons, the majority conclude that creditors must first transfer zakatable assets to the debtor, who then acquires unrestricted ownership and may independently decide to repay the outstanding obligation (Masykuroh, Hidayati, & Cahyani, 2025). Such a sequence satisfies both the objective of relieving indebtedness and the legal requirement of *tamlīk*, thereby preserving doctrinal consistency within the classical law of zakat.

Despite the dominance of the majority position, a minority of classical and later jurists developed a more flexible interpretation regarding the permissibility of treating receivable cancellation as zakat under specific circumstances. These scholars argue that the ultimate objective of allocating zakat to *al-ghārimīn* is to eliminate the burden of lawful debt and restore the debtor's financial capacity rather than to insist exclusively upon a formal transfer of cash or tangible assets. According to this approach (Satiawan, Muhammad, & Nustini, 2026), extinguishing an enforceable liability produces a measurable economic benefit equivalent to placing wealth in the debtor's hands because the debtor immediately acquires freedom from an obligation that previously diminished his financial position (Muin, Bn, Ilyas, Syarifuddin, & Putra, 2026). Supporters of this interpretation further contend that Islamic jurisprudence frequently recognizes legal effects based upon substantive outcomes rather than rigid formalities, particularly where public welfare (*maṣlahah*) and the higher objectives of Shari'ah are served. Since the debtor ultimately benefits by retaining resources that would otherwise be devoted to repayment, the practical result resembles ownership of equivalent wealth. Nevertheless, proponents generally impose important qualifications. The receivable must represent a genuine and legally enforceable debt, the debtor must clearly qualify as one of the Qur'anic categories of zakat beneficiaries, and the creditor must sincerely intend the cancellation as zakat rather than as a commercial write-off or financial convenience (F. Ismail, Saad, Saaidun, & Ahmad, 2025). These limitations demonstrate that the minority opinion does not abolish the principles governing zakat but instead reinterprets the requirement of *tamlīk* through a broader understanding of economic benefit and legal acquisition. Consequently, this approach represents an exception within classical jurisprudence rather than a rejection of the established legal framework.

Among the early jurists whose opinions attracted considerable scholarly attention in this debate, Imam al-Layth ibn Sa'd occupies a distinctive position

because he permitted, under certain conditions, the treatment of debt cancellation as a valid form of zakat for indebted beneficiaries. His opinion departs from the prevailing interpretation by emphasizing the substantive realization of the Qur'anic objective rather than the formal mechanics of ownership transfer (Danila, Saat, & Bahador, 2025). Al-Layth reasoned that when an impoverished debtor is released from a legally enforceable obligation, the economic consequence is equivalent to receiving financial assistance because the debtor's liability is immediately removed and his remaining resources become fully available for personal and family needs. In this sense, the cancellation itself functions as an effective transfer of economic value even though no physical property changes hands (Abidin, Long, & Hisham, 2026). His reasoning reflects a purposive approach that gives considerable weight to the social function of zakat in relieving hardship and restoring financial stability among vulnerable members of society. Nevertheless, al-Layth's opinion does not suggest unrestricted permissibility. The debt must be genuine, the debtor must belong to the category of *al-ghārimin*, and the creditor's intention must be directed toward fulfilling the obligation of zakat rather than merely abandoning an uncollectible claim. These conditions ensure that the practice remains connected to the ethical objectives of Islamic social finance rather than becoming a mechanism for avoiding genuine charitable transfer. Although the majority of jurists ultimately declined to adopt this view, the position of Imam al-Layth ibn Sa'd remains an important minority precedent that continues to inform contemporary discussions on zakat administration, financial inclusion, and the adaptation of classical legal doctrines to modern debt relationships.

Legal Analysis of Imam al-Layth ibn Sa'd's Opinion on Receivables as Zakat

The permissibility of treating debt cancellation as zakat, as attributed to Imam al-Layth ibn Sa'd and supported by a limited number of jurists, is grounded upon a purposive reading of the Qur'an and Prophetic tradition concerning the relief of indebted persons. The primary textual basis derives from the Qur'anic designation of *al-ghārimin* among the eight legitimate recipients of zakat, indicating that the removal of financial hardship constitutes an independent objective of zakat distribution. While the Qur'an does not explicitly prescribe the technical mechanism through which indebted persons must receive assistance, it establishes debt relief as a legitimate concern within the broader framework of Islamic social finance. Supporters of this opinion further invoke Qur'anic passages encouraging creditors to grant respite or remission to debtors experiencing genuine hardship, portraying debt forgiveness as an act of exceptional virtue and compassion. Although these verses primarily address voluntary charity rather than obligatory zakat, minority jurists argue that the ethical values underlying them reinforce the legitimacy of using receivable cancellation to achieve the Qur'anic objective of protecting financially distressed individuals. Prophetic traditions similarly emphasize mercy toward debtors and praise creditors who facilitate repayment or forgive outstanding obligations. Rather than viewing these texts as separate from zakat regulations, proponents interpret them as complementary evidence demonstrating that Islamic law consistently prioritizes the

alleviation of debt-related hardship. Consequently, they contend that where debt cancellation effectively fulfills the economic purpose intended for *al-ghārimīn*, the absence of an explicit textual prohibition permits a broader legal interpretation consistent with the spirit of the revealed sources.

The minority opinion permitting receivable cancellation as zakat is founded upon a distinctive juristic methodology that prioritizes substantive legal objectives over strict adherence to procedural formalities. Rather than limiting legal analysis to the outward mechanics of ownership transfer, this approach evaluates whether a particular transaction successfully realizes the purposes for which zakat was prescribed. Jurists adopting this methodology employ principles such as *maṣlahah* (public interest), *ta'līl al-aḥkām* (identification of the effective legal cause) (Okasha, 2025), and purposive interpretation to determine whether extinguishing an enforceable debt produces an outcome functionally equivalent to transferring zakatable wealth. They argue that Islamic jurisprudence recognizes legal equivalence in numerous contexts where different contractual forms achieve identical economic consequences. Accordingly, the decisive consideration should not be whether physical assets move from one party to another but whether the debtor experiences a genuine increase in financial capacity through the elimination of legal liability. This reasoning reflects a broader methodological tendency within Islamic legal theory that distinguishes immutable principles from adaptable mechanisms of implementation. The objective of zakat for *al-ghārimīn* is understood as restoring financial stability rather than prescribing a single technical procedure for accomplishing that objective. Consequently, the cancellation of a legitimate receivable may satisfy the underlying rationale of zakat when it effectively removes economic hardship. This methodological perspective does not reject classical legal doctrines but instead interprets them through a framework that gives greater weight to practical legal consequences, social welfare, and the realization of the higher objectives embedded within the Shari'ah.

The doctrine of *tamlīk* constitutes the main point of disagreement between majority and minority juristic opinions on debt cancellation as zakat. The majority require the transfer of tangible wealth into the recipient's ownership, whereas the minority adopt a broader interpretation based on economic substance rather than physical possession. They argue that cancelling a valid debt improves the debtor's financial position by releasing assets previously burdened by legal obligations, thereby providing a measurable economic benefit equivalent to ownership transfer. This view is supported by Islamic commercial jurisprudence, which recognizes legal rights and claims as possessing economic value. However, such flexibility is limited to valid and enforceable receivables owed by eligible debtors and must be carefully regulated to prevent misuse. Accordingly, the minority interpretation seeks to preserve the essential purpose of *tamlīk* while allowing debt cancellation to fulfill the objectives of zakat in appropriate circumstances.

The minority opinion permitting debt cancellation as zakat is strongly supported by the framework of *Maqāṣid al-Shari'ah*, which emphasizes justice, hardship alleviation, and social welfare. Since excessive debt threatens economic

security, dignity, and social stability, releasing an eligible debtor from a genuine financial obligation directly serves the objectives of preserving wealth (*hifz al-māl*) and promoting public welfare. Proponents argue that zakat should be assessed not only by procedural requirements but also by its ability to achieve the Sharī'ah's substantive purposes. However, this *maqāṣid*-based approach does not permit unrestricted flexibility; it remains subject to revealed texts and established legal principles. Accordingly, debt cancellation is acceptable only when it fulfills the social objectives of zakat without violating explicit legal requirements. This balanced approach demonstrates how minority juristic opinions reconcile classical doctrine with contemporary financial realities while preserving the normative integrity of Islamic law.

Although debt cancellation as zakat is recognized by a minority of jurists, its permissibility is subject to strict legal conditions. The receivable must arise from a lawful and enforceable debt, while the debtor must genuinely qualify as *al-ghārimin* by demonstrating an inability to repay. The creditor must also intend (*niyyah*) the debt cancellation as zakat, and the forgiven amount must not exceed the zakatable obligation. To ensure legal certainty and transparency, some jurists further recommend proper documentation of the cancellation. These conditions demonstrate that debt cancellation is not an unrestricted or pragmatic practice but a carefully regulated legal exception. By imposing clear safeguards, the minority opinion seeks to ensure that debt cancellation fulfills the objectives of zakat and benefits eligible recipients without compromising the integrity of Islamic social finance. Contemporary zakat administration has renewed interest in the minority opinion permitting debt cancellation as zakat due to the growing prevalence of consumer debt, educational loans, business credit, and microfinance. In many cases, settling outstanding debts may provide greater social benefit than direct cash distribution. The juristic reasoning of Imam al-Layth ibn Sa'd offers a framework for accommodating such mechanisms while remaining consistent with Sharī'ah principles. However, its implementation requires clear governance standards, including transparent eligibility criteria, independent debt verification, proper documentation, and institutional oversight to prevent abuse and ensure accountability. Debt cancellation should also operate within recognized Sharī'ah governance frameworks rather than relying solely on creditor discretion. Although the majority opinion remains dominant, the minority view retains contemporary relevance by providing a principled and carefully regulated alternative for addressing modern financial challenges while preserving the ethical objectives of zakat.

Reassessing Debt Cancellation as Zakat: Classical Juristic Diversity and Contemporary Islamic Social Finance

The findings of this study demonstrate that the doctrine of *tamlīk* should not be understood exclusively through a literal conception of physical wealth transfer but also through its substantive legal objective of ensuring that zakat provides genuine economic benefit to eligible recipients. The dominant juristic position interprets *tamlīk* as requiring the direct transfer of ownership from the *muẓakki* to the

beneficiary, thereby invalidating debt cancellation as a form of zakat because no new asset is physically delivered. However, the reconstructed minority approach suggests that releasing an insolvent debtor from an enforceable financial obligation may equally generate an immediate economic advantage by restoring the debtor's financial capacity and eliminating legal liability. From the perspective of *maqāṣid al-sharī'ah*, the essential purpose of zakat extends beyond procedural compliance to the realization of justice, social solidarity, and economic welfare. Accordingly, a contextual interpretation of *tamlīk* does not necessarily undermine classical legal doctrine but rather broadens its application in circumstances where debt forgiveness achieves the same redistributive objective as direct financial assistance. Such an interpretation remains subject to strict legal safeguards, including the debtor's genuine insolvency, the certainty of the receivable, and the creditor's voluntary intention to discharge zakat. Therefore, the concept of *tamlīk* may be understood as a legal mechanism serving the objectives of zakat rather than an isolated procedural requirement detached from its broader socio-economic function.

The analysis further indicates that debt cancellation may represent an effective instrument for achieving the fundamental objectives of zakat, particularly in protecting vulnerable individuals from prolonged financial hardship. Islamic law consistently promotes the removal of hardship (*raf' al-ḥaraj*), the preservation of human dignity, and the equitable circulation of wealth within society. In cases involving debtors who possess no realistic capacity to repay outstanding obligations, the continuation of debt frequently perpetuates poverty, social exclusion, and economic dependence. Under these circumstances, forgiving the debt may produce greater social utility than requiring repayment followed by a separate transfer of zakat funds. This approach aligns with the broader objectives of *maqāṣid al-sharī'ah*, particularly the protection of wealth (*ḥifẓ al-māl*) and the promotion of public welfare (*maṣlahah*). Nevertheless, recognising debt cancellation as zakat should not be interpreted as an unrestricted legal principle applicable to every creditor-debtor relationship. Appropriate legal conditions remain essential to prevent abuse, protect the rights of beneficiaries, and preserve public confidence in zakat administration. Consequently, debt cancellation should be regarded as a carefully regulated exception justified by compelling social necessity rather than a universal substitute for conventional zakat distribution. This balanced interpretation enables Islamic social finance to respond more effectively to contemporary patterns of household indebtedness while maintaining fidelity to the ethical and legal objectives underlying the institution of zakat.

The debate concerning receivables as zakat reflects a broader tension within Islamic jurisprudence between legal formalism and the pursuit of substantive social welfare. The majority juristic position emphasizes the preservation of legal certainty by maintaining *tamlīk* as a fundamental condition for zakat validity. This approach protects the institutional integrity of zakat by ensuring that beneficiaries receive actual ownership of wealth and preventing potential misuse of zakat obligations. However, excessive emphasis on formal requirements may create challenges when applied to complex contemporary socio-economic conditions in which the primary

objective of zakat is to relieve hardship and restore social balance. The minority approach demonstrates that Islamic jurisprudence has historically accommodated contextual reasoning by considering the consequences and objectives of legal rules. Rather than rejecting established principles, this approach attempts to harmonize legal requirements with the broader purposes of Islamic law. Such jurisprudential flexibility illustrates that Islamic legal tradition contains internal mechanisms for responding to changing social realities while maintaining continuity with revealed sources. Therefore, the issue of debt cancellation as zakat should not be framed merely as a conflict between permissible and impermissible practices but as a methodological debate concerning how legal principles should be interpreted in light of social objectives. This perspective contributes to contemporary Islamic legal discourse by demonstrating that the application of Islamic norms requires both textual fidelity and sensitivity toward the economic circumstances faced by vulnerable communities.

The findings of this study have significant implications for the development of contemporary Islamic social finance, particularly for zakat institutions responsible for addressing poverty and financial vulnerability. Modern zakat organizations increasingly encounter beneficiaries whose primary difficulty is not the absence of income alone but the accumulation of unsustainable financial obligations. In such circumstances, conventional zakat distribution models that focus exclusively on transferring financial assistance may not fully resolve the structural causes of economic hardship. The possibility of debt cancellation as zakat provides an alternative mechanism that directly eliminates financial burdens and enables beneficiaries to regain economic independence. Nevertheless, institutional implementation requires careful governance frameworks, including clear eligibility criteria, verification procedures, transparent documentation, and effective monitoring mechanisms. Without adequate regulation, debt cancellation may create opportunities for misuse or undermine public trust in zakat management. Therefore, contemporary zakat institutions should approach this issue through a balanced framework that integrates classical jurisprudential principles with modern administrative standards. The recognition of alternative juristic perspectives does not require abandoning the dominant doctrine but rather expanding the range of legally and ethically justified solutions available for addressing complex social problems. In this regard, Islamic social finance can become more responsive by incorporating diverse legal interpretations while maintaining accountability, justice, and alignment with the fundamental objectives of zakat. This approach strengthens the role of zakat as a dynamic institution capable of responding to evolving economic challenges in Muslim societies.

The discussion of receivables as zakat underscores the need for a responsive zakat governance framework that integrates classical juristic principles with contemporary socio-economic realities. While traditional zakat emphasizes the transfer of ownership, increasing financial challenges call for mechanisms that address poverty and indebtedness more effectively. Under appropriate legal and ethical conditions, debt cancellation may serve as an innovative form of zakat that

advances the objectives of *maqāṣid al-sharī'ah*, including poverty alleviation, social justice, and the preservation of human dignity. Its implementation, however, requires clear criteria for debtor eligibility, financial hardship, the validity of receivables, the *muzakki's* intention, and strong institutional transparency and accountability. By balancing classical legal principles with contemporary needs, zakat governance can become more adaptive, equitable, and responsive while remaining firmly grounded in Islamic ethical and legal values.

This study recommends that future research and zakat governance further explore the integration of diverse classical juristic perspectives into contemporary Islamic social finance. Rather than relying solely on dominant legal opinions, scholars and policymakers should consider alternative interpretations that balance legal principles, *maqāṣid al-sharī'ah*, and social welfare. Future empirical studies should examine the implementation of debt cancellation as zakat through zakat institutions, Islamic financial organizations, and beneficiary experiences, while regulatory frameworks should establish clear criteria, accountability, and ethical safeguards. Further research should also explore models that harmonize formal legal requirements with the broader objectives of Islamic law. By providing a conceptual foundation for innovation in Islamic social finance, this study supports the development of more inclusive, equitable, and socially responsive zakat governance while preserving the ethical principles of Islamic jurisprudence.

CONCLUSION

This study concludes that the debate over treating receivables as zakat through debt cancellation reflects the diversity of Islamic jurisprudential reasoning. The majority of jurists reject this practice because zakat requires *tamlīk* (transfer of ownership), whereas debt cancellation merely extinguishes an obligation. In contrast, alternative juristic views emphasize the objectives of zakat (*maqāṣid al-sharī'ah*), arguing that debt cancellation may be permissible when it effectively alleviates poverty and financial hardship, particularly for genuinely insolvent debtors. Theoretically, this study highlights the flexibility of classical Islamic jurisprudence in addressing contemporary socio-economic issues. Practically, it provides insights for zakat institutions, Islamic financial organizations, and policymakers in developing accountable debt-relief mechanisms. However, as a doctrinal study, it is limited to normative legal sources and does not examine institutional practices or beneficiary experiences.

Future research should empirically investigate the implementation of debt cancellation as zakat within Islamic social finance institutions and compare governance models across Muslim societies. Further studies should also explore the relationship between *tamlīk*, *maqāṣid al-sharī'ah*, and contemporary economic realities to support more inclusive and responsive zakat governance. By integrating classical jurisprudential insights with modern financial challenges, Islamic social finance can develop innovative mechanisms that uphold Islamic ethical principles while strengthening poverty alleviation, financial dignity, and social solidarity.

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