

Review Article

Fiscal Policy in Review Sharia Economic System

Sumadi

Institut Teknologi Bisnis AAS Indonesia, Indonesia; e-mail: ahmadsumadi1924@gmail.com
Corresponding Author: Sumadi

Abstract: In a state fiscal policy is a state obligation and becomes the right of the people as a form of *ri'ayatusy syu'un* so that fiscal policy is not merely a necessity for economic improvement and for improving people's welfare. However, fiscal policy in the Islamic economic system does not rely on economic growth as in the capitalist economic system but refers to the creation of a fair economic distribution mechanism, because the essence of economic problems that afflict mankind is derived from how the distribution of assets in society occurs. This type of research is a qualitative research with a descriptive approach that uses the literature study method as a method of completion. The study object of research regarding fiscal policy in terms of the Islamic economic system. Fiscal policy plays an important role in the Islamic economic system when compared to monetary policy. Fiscal policy (fiscal policy) is government actions to improve general welfare through government revenue and expenditure policies, mobilization of resources, determining prices for goods and services from companies.

Keywords: Economic Development; Economic System; Fiscal Instruments; Fiscal Policy; Sharia Economics.

1. Introduction

Fiscal policy in Latin is called *Fiscus* which comes from the personal name of the first financial holder in the time of the Roman Empire, literally can be interpreted as "basket" or "bag", in English known as *fisc* which means state or kingdom treasury. Fiscal is used to explain the form of state or royal income collected from the community and by the government used as expenditure with programs to generate achievements on national income, production and the economy and is also used as a balance tool in the economy. The two main elements of modern fiscal are taxation and public expenditure (M. Suparmoko, 1997; Desviona et al., 2026).

Fiscal policy in the capitalist economic system is "only a necessity" for economic recovery due to the crisis and to boost the economy in order to achieve positive growth so that the main focus of fiscal policy in capitalist countries is economic growth. In the Islamic economic system, fiscal policy is an obligation of the state and is the right of the people as a form of *ri'ayatusy syu'un* so that fiscal policy is not merely a necessity for economic improvement and for improving people's welfare. However, fiscal policy in the Islamic economic system does not rely on economic growth as in the capitalist economic system but refers to the creation of a fair economic distribution mechanism, because the essence of the economic problems that plague humanity comes from how the distribution of wealth in society occurs (Jamil & Ariswanto, 2024).

The concept of *maqasid ash-syariah* in realizing human benefit in the form of; religion, soul, mind, and property (*Al-kulliyah al-khamsah*), where the core of the concept of *maqasid ash-sharia* is to prevent damage and bring benefits (Sumadi, 2018) Fiscal policy plays an important role in the Islamic economic system when compared to monetary policy. Fiscal policy is government actions to improve public welfare through government revenue and expenditure policies, resource mobilization, pricing of goods and services from companies (Mustafa Edwin Nasution, 2004).

Received: January 21, 2026

Revised: March 10, 2026

Accepted: March 31, 2026

Published: June 30, 2026

Curr. Ver.: June 30, 2026



Copyright: © 2025 by the authors.

Submitted for possible open

access publication under the

terms and conditions of the

Creative Commons Attribution

(CC BY SA) license

(<https://creativecommons.org/licenses/by-sa/4.0/>)

2. Proposed Method

This type of research is a qualitative research with a descriptive approach that uses the literature study method as the completion methodology. With the object of research on fiscal policy in terms of the Islamic economic system. According to Best, as quoted by Sukardi is a research method that seeks to describe and interpret objects according to what they are (Sukardi, 2005). Likewise, according to Edmund Husserl (1970), science always rests on the experiential (experiential). For him, the relationship between perception and its objects is not passive. Husserl argues that human consciousness actively contains objects of experience. Because qualitative research understands the underlying meaning of participant behavior, describes the setting, and complex interactions, explores to identify types of information, describes phenomena (Immawati et al., 2026).

3. Results and Discussion

In the course of Islamic history, several sources of state income and finance have been known (al-mawarid al-maliyyah li al-dawlah). Some opinions of scholars related to this (Gusfahmi, 2005): Wahhab Khalaf: There are two sources of state income, namely routine (dawriyyah) and incidental income (ghayr dawriyyah). Routine state income consists of zakat, kharaj (earth tax), jizyah (security insurance tax on non-Muslims), and ushr (export and import tax). Meanwhile, non-routine income is unexpected income such as from ghanimah and fa'i (spoils of war), ma'adin (one fifth of the mine) and rikaz (treasure), inheritance from heirs who do not have heirs, assets found and all the form of property whose owner is not known with certainty.

Sabahuddin Azmi: The sources of state revenue are distinguished by their allocation objectives, namely ghanimah income, shadaqah income, and fa'i income.

Ibn Taimiyyah: Underlines that the sources of state financial revenues consist of three categories, namely ghanimah, sadaqah and fa'i. Some economists who argue that taxes are a solution due to the implementation of a deficit budget system: M. A. Mannan: Islamic countries must accept the concept of a deficit budget. The deficit is overcome by rationalizing the tax structure or taking bank debt but in a shari'ah way (mudharabah, musyarakah, and murabahah). M. Umer Chapra: Muslim countries should use budget deficits for growth. The deficit is overcome by reforming the tax system but rejecting debt because it will pose a heavy burden for future generations. Abdul Qadim Zallum: The Muslim state budget is now so heavy and has big responsibilities, traditional sources of income are no longer adequate. The deficit is overcome by controlling BUMN and imposing taxes on the people, while debt is haram (usury). In modern fiscal policy, taxes are the main source of state revenue. Through taxes, the government seeks to achieve a level of income or full employment, as well as stabilization of the price level (inflation).

History of Fiscal Policy at the Time of the Prophet

The economic system applied by the Prophet was rooted in the principles of the Qur'an. Al-Quran which is the main source of Islamic teachings has set various rules for human beings in carrying out activities in every aspect of their lives, including in the economic field (Adiwarman Azwar Karim, 2006).

About State Revenue

Until the 2nd year H, the source of state income was almost non-existent, but the Battle of Badr that occurred at that time made the State have income from one-fifth of the spoils of war (ghanimah) called khums, according to the word of God in Q.S. Al-Anfal (8) verse 41:

Meaning: "Know, verily whatever you can get as spoils of war, then verily one-fifth to Allah, the Messenger, the apostle's relatives, the orphans, the poor and ibnussabil, if you believe in Allah and in what We have sent down. to Our servant (Muhammad) on the day of Furqaan, that is, the day the two armies meet. and Allah has power over all things."

Another income earned as a result of the Battle of Badr was the ransom of prisoners of war. Rasulullah set a money of 4,000 dirhams for each prisoner of the Battle of Badr. Against the prisoners who were poor and could not pay the amount of money, the Prophet asked them to teach reading 10 Muslim children.

There are also other sources of secondary income, among others are prisoners of war ransom; loans for payment of diyat of the Muslims of Bani Judzaimah or before the Battle of Hawazin, which amounted to 30,000 dirhams (20,000 thousand dirhams according to Bukhari) from Abdullah bin Rabi'ah, as well as borrowed clothes and riding animals from Sofyan bin Umayyah; khums and rikaz or treasure; amwal fadilah, namely assets that come from the property of Muslims who died without heirs or the property of a Muslim who has

apostatized and left his country; waqf, which is property dedicated by a Muslim for the sake of Allah's religion and whose income will be kept in the Baitul Mal; nawaib, which is a special tax imposed on wealthy Muslims to cover state expenditures during times of emergency, as happened during the Tabuk War; zakat fitrah; and other forms of alms such as animal sacrifice and kafarat. Kafarat is a fine imposed for mistakes committed by a Muslim when carrying out religious activities, such as hunting during the pilgrimage season.

State Expenses

Notes regarding expenditures in detail during the reign of the Prophet have not been found by the author. However, the conclusions for these things include (Adiwarman Azwar Karim, 2006):

a. Primary Expenditure

Primary Expenditure includes several categories of state spending. These expenditures consist of defense costs, such as weaponry, camels, and supplies; distribution of zakat and ushr to those who are entitled to receive it according to the provisions of the Qur'an, including zakat collectors; payment of salaries for guardians, qadi, teachers, imams, muezzins, and other state officials; payment of wages for volunteers; payment of state debt; and assistance for travelers from the Fadak area.

b. Secondary Expenditure

Secondary Expenditure includes several categories of state spending. These expenditures consist of assistance for people studying religion in Medina; entertainment for religious delegates; entertainment for tribal and state delegates along with their travel expenses; gifts for governments of other countries; payments for the release of Muslims who became slaves; payment of fines for those who were accidentally killed by the forces of the Muslims; payment of debts of people who died in poverty; payment of allowances for the poor; allowances for the Prophet's relatives; household expenses of the Messenger of Allah, which were only provided in small amounts, namely 80 dates and 80 grains of wheat for each of his wives; and emergency supplies derived from part of Khaibar's income.

Fiscal Policy During Friends

The reign of Caliph Abu Bakr Al-Siddiq

In an effort to improve the welfare of Muslims, Caliph Abu Bakr Al-Siddiq carried out several things related to fiscal policy, including (Adiwarman Azwar Karim, 2006): He and his family were allocated Baitul Mal funds because since serving as the leader of the State, the results of his trade were deemed insufficient to meet the needs of his life and that of his family. But some time before his death, he ordered to sell part of his land and the proceeds of the sale were given to the State. He is very concerned about the accuracy of the calculation of zakat so that there is no excess or lack of payment.

He distributed the conquered lands, some to the Muslims and some to the responsibility of the State. He gave the same amount to friends who first embraced Islam with friends who later, between slaves and free people, and between men and women. According to him the principle of equality is better than the principle of virtue. He did not let the treasures in Baitul Mal accumulate for a long time, even when he died only one dirham was found in the State treasury. He did not let anyone in poverty, so the implications for the increase in aggregate demand and aggregate supply which in turn will increase national income.

The reign of Caliph Umar ibn Al-Khattab

Along with the expansion of the territory of Islamic rule during the reign of Caliph Umar ibn Al-Khattab, state revenues experienced a very significant increase. Some of the fiscal policies during the reign of Caliph Umar ibn Al-Khattab, namely: He developed Baitul Mal so that it becomes a regular and permanent institution, and is equipped with a good and well-organized administrative system. The assets stored in the Baitul Mal are given to those who are entitled and for the benefit of the people. He established a diwan system and appointed a lineage committee to make a population census report according to the level of interest and class, starting with people who have kinship with the prophet, to be given annual allowances of varying amounts. He applied the principle of virtue in distributing Baitul Mal's assets by arguing that justice requires that one's efforts and the energy that has been devoted in fighting for Islam must be maintained and rewarded as well as possible. But then he realized that this method had a negative impact on social strata and people's lives. Belian died before he could change his policy. He did not distribute the conquered land to the Muslims but let the land remain with the owner on the condition that he paid kharaj and jizyah (except for the conquered Iraqi territory by force to become the property of Muslims). If the land is not used by the owner, the State has the right to take it over by providing adequate compensation. He

determined the withdrawal of zakat from horses because at that time the horse trade was increasing rapidly and shifting the role of horses from consumptive animals to being productive, also towards war (a type of herbal grass used to make powder and perfume) and rubber found on the Yemeni peninsula.

The reign of Caliph Uthman ibn Affan

During the reign of Caliph Uthman ibn Affan the government and the situation of the State tended to be chaotic. Some things related to the fiscal policy of the reign of Caliph Uthman ibn Affan, among others: Development of irrigation waters, the establishment of a police organization to maintain state security, especially trade security, the policy of dividing the vast land belonging to the Persian king to individuals and the results have increased, increasing the defense and marine budget and increasing pension funds and development funds in the newly conquered territories made several administrative and administrative changes. increase kharaj and jizyah from egypt.

The reign of Caliph Ali bin Abi Talib

Caliph Ali bin Abi Talib often faced resistance and rebellion, especially from Muawiyah, which resulted in a decline in state revenues. In general, some of the fiscal policies carried out during the reign of Caliph Ali bin Abi Talib were: The distribution of all income in the Baitul Maal is the same as the policy carried out during the time of the Prophet and Abu Bakr, but in contrast to Umar's policy of setting aside for reserves, naval expenditure was eliminated, because the coastal area was under Muawiyah's rule. However, the expenditure or budget for the police is maintained which aims to maintain state security, there is a policy of tightening the state budget.

Contextualization of Current Fiscal Policy

Fiscal policy is a very important policy in a country. In general, the determination of state revenue policy should be guided by several principles. First, Nash ordered, where every income in the State must be obtained and distributed in accordance with the laws of Shari'a. This means that "And do not part of you eat the wealth of others among you in a false way and (do not) take the property to the judge, so that you can eat part of the property of others with (the way of) sin, yet you know" (Q.S. Al-Baqarah: 188). Second, there must be a separation between Muslims and non-Muslims, as Islam distinguishes between the subjects of zakat and taxation for Muslims and non-Muslims. Third, only the rich bear the burden, meaning that the zakat and tax system must ensure that the main burden is carried by wealthy and prosperous groups who have sufficient financial capacity. Fourth, there is a demand for public good, where public benefits must be prioritized to prevent harm. Based on this general requirement, the State may impose additional sources of income. As stated, "An imam (caliphate) is the caretaker and administrator of (people's) affairs, and he will be held accountable to the people" (H.R. Muslim).

In this modern era, if there is a budget deficit in fiscal policy in a country, then the policy solutions to overcome it include: First, make loans/debts, both from within the country and from abroad. Second, printing money to meet urgent budget needs. Third, implement a strict policy of spending money, Fourth, raise the tax rate.

4. Conclusions

Fiscal policy is an obligation of the state and is the right of the people as a form of ri'ayatusy syu'un so that fiscal policy is not merely a necessity for economic improvement and for improving people's welfare. The economic system applied by the Prophet was rooted in the principles of the Qur'an. The Qur'an which is the main source of Islamic teachings has set various rules for human beings in carrying out activities in every aspect of their lives, including in the economic field, especially in the field of fiscal policy, which regulates state income and expenditure.

References

- Abdul Qadim Zallum.(2002). Sistem Keuangan di Negara Khilafah, (Al-Amwal fi Daulah al-Khilafah), alih bahasa Ahad S. dkk, cet. I, Bogor: Pustaka Thariqul Izzah.
- Al Arif, M. Nur Rianto.(2010). Teori Makroekonomi Islam : Konsep, Teori, dan Analisis, Bandung: Alfabeta
- Desviona, N., Aisyah, S., & Ramadhani, F. (2026). School-based support for monitoring the nutritional status of primary school: Initial reflections on the implementation of the Free Nutritious Meals Programme as a tool for human resource development. Jurnal Pengabdian Masyarakat Sains dan Teknologi, 5(2), 215–226. <https://doi.org/10.58169/jpmsaintek.v5i2.1091>
- Grossman, Gregory.(1995). Sistem-Sistem Ekonomi, Jakarta: Bumi Aksara.

- Gusfahmi.(2007).Pajak Menurut Syariah, Jakarta: PT. Raja Grafindo.
- Immawati, S. A., Rahma, A., & Lestari, F. D. (2026). FoMO dan strategi digital marketing dalam mendorong minat beli skincare impor. Jurnal Bisnis Inovatif dan Digital, 3(1), 88–99. <https://doi.org/10.61132/jubid.v3i1.1330>
- Jamil, A. M., & Ariswanto, D. (2024). Optimalisasi penerapan sertifikasi halal melalui self declare dalam perspektif kesadaran dan kepatuhan hukum: Studi kasus pada pelaku usaha mikro di Kabupaten Bangkalan. Masalah: Jurnal Manajemen dan Ekonomi Syariah, 3(1), 112–126. <https://doi.org/10.59059/maslahah.v3i1.1744>
- Karim, Adiwarmar Azwar.(2006).Sejarah Pemikiran ekonomi Islam, Jakarta: PT. Raja Grafindo Persada.
- MR Kurnia.(2002).Syariat Islam Rahmat bagi Seluruh Manusia, dalam Panitia Diskusi Publik Selamatkan Indonesia dengan Syariah, Bunga Rampai Syariat Islam, cet. I Jakarta: PTL.
- Muhammad, Abdullah bin.(2008).Lubabu Tafsir min Ibnu Katsir, Jakarta: Pusta Imam asy-Syafi'i.
- Nasution, Mustafa Edwin.(2006).Pengenalan Eksklusif : Ekonomi Islam, Jakarta: Kencana.
- Shihab, M. Quraish.(2002).Tafsir Al-Misbah : Pesan, Kesan dan Keserasian Al-Qur'an, Jakarta: Lentera Hati.
- Sumadi, s. (2018). Menakar Transaksi Leasing dalam Tinjauan Hukum Ekonomi Syariah. Jurnal Ilmiah Ekonomi Islam, 4(02), (XX-XX).doi: <http://dx.doi.org/10.29040/jiei.v4i2.262>
- Suparmoko.(1997). M. Keuangan Negara Dalam Teori dan Praktik, Yogyakarta: BPFE-Yogyakarta.
- Suprayitno, Eko.(2005). Ekonomi Islam : Pendekatan Ekonomi Makro Islam dan Konvensional, Yogyakarta: Graha Ilmu.
- Taqiuddin an-Nabhani, The Economic System of Islam (London: Al-Khilafah Publication, 1421 AH/ 2000 CE), p. 26.
- Zuhaili, Wahbah.(1989). al-Fiqh al-Islami wa Adilltuhu, Damaskus: Dar Al-Fikr.