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Contribution of Abu Yusuf's Thoughts in The Book Al-Kharaj Towards Sharia Taxes In KPBU: Analysis of DSN-MUI Fatwa No. 156 of 2023

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ABSTRACT

Income inequality and high poverty rates are significant problems for developing and even developed countries in the world. Thus, the distribution of income to improve welfare and reduce poverty is urgently needed. Many instruments in Indonesia provide a distribution process, one of which is with taxes. However, the problem is that the Indonesian tax system often contains errors or fails to comply with Sharia principles. This research is a quantitative, descriptive study using a library research method and a qualitative content analysis approach. This study uses secondary data as its primary data. The researcher will examine and review previous literature, including journals, articles, books, and websites, that provide information on the tax distribution process. So that the collection of taxes from the community is inappropriate and results in increased income inequality. Given this phenomenon, this research is essential for understanding the appropriate Sharia tax system as outlined in the book Al-Kharaj, as seen in the DSN-MUI fatwa no. 156 of 2023 is needed, as well as providing solutions to the obstacles faced. This research has the following objectives: to understand, analyze, and determine the relevance of implementing Sharia taxes in Indonesia, as outlined in Fatwa No. 156 of 2023, to the concept of taxes put forward by Abu Yusuf in the book Al-Kharaj.

Keywords: Book of Al-Kharaj, Sharia Tax, Government and Business Entity Cooperation (PPP), DSN-MUI Fatwa No. 156 of 2023.

I. Introduction

The primary purpose of tax collection is not just to collect state property, but to ensure a fair distribution so that welfare can be felt by the entire community, as in Abu Yusuf's Al-Kharaj. The problems in the world's economies include income inequality and poverty rates (M. Anas and Lilia Pasca Riani, 2019), as well as ways to reduce them (Hesty et al., 2023). In Indonesia, income distribution, apart from *infaq*, *zakat*, and alms, is also carried out through tax collection. Taxes are one of the sources of income, or direct or indirect revenue, other than *zakat*, *infaq*, and alms, that finance infrastructure development in a country (Diana et al., 2024). The purpose of taking tax funds is to lead to a prosperous, just, and equitable society.

Taxes are one of the sources of state revenue. In addition, taxes play a role in efforts to maintain state sovereignty, especially in the state's ABPN revenue. Thus, the community also plays a vital role in the development and distribution of income. It also succeeds in developing state infrastructure used by many people (Diana et al., 2024). Income disparities are a common problem in poor and developing countries, as



well as in developed ones. Because economic growth and inequality are trade-offs faced by all countries. However, what needs more attention is whether the gaps and income differences are too conspicuous within each group. Thus, the life of the nation, the government needs something that can support the various potentials and creativity of the community. This can maintain the community's welfare, security, and intelligence in government practices. Based on data from the Central Statistics Agency (BPS) collected in 2022 – 2024, Indonesia received tax and non-tax income totaling 8,075,835.50 billion Rupiah. From the considerable tax revenue, taxes should also play an essential role in supporting welfare by addressing poverty. Fast and appropriate infrastructure development also requires careful regulation. By improving applicable regulations, the government can accelerate investment and encourage businesses to participate in infrastructure and service development guided by business principles.

The participation of business entities is essential because there is a funding gap between government funds and infrastructure funding needs. Thus, the Government and Business Entity Cooperation (PPP) scheme is one of the efforts to increase infrastructure development, which has a direct impact on community welfare and can serve as a stimulus for community economic activities. Efficient infrastructure development also improves the lives of the nation and the state and opens up opportunities for Indonesia to achieve sustainable development. However, in Indonesia's tax system, errors often occur due to the dominance of the capitalist economic system, which creates inequality and marginalizes welfare. This research aims to understand, analyze, and determine the relevance of the application of tax distribution in Indonesia to the concept of tax proposed by Abu Yusuf in the book *Al-Kharaj*. The benefit of the research is the evaluation of the relevance and effectiveness of applying Sharia principles in tax distribution to improve people's welfare in Indonesia.

II. Literature Review and Hypothesis Development

2.1. Tax Thought in the Book of *Al-Kharaj* by Abu Yusuf

Abu Yusuf was one of the classical Islamic scholars who is known as the pioneer of fiscal thought in the Islamic economic tradition. His work, *Book of al-Kharaj*, was written at the request of Caliph Harun al-Rashid as a guide to the management of taxation, state revenue, and public administration in accordance with sharia principles. This book discusses tax concepts such as *kharaj* (land tax), *ushr* (agricultural product tax), and *jizyah*, as well as mechanisms for fairly determining and collecting taxes in accordance with sharia, with an emphasis on justice, community welfare, and the state's responsibility to the public. The principles carried by Abu Yusuf include *muqasamah* (proportional system) as the primary method for determining taxes, replacing the *separah* (fixed rate) system, because it is considered fairer and more responsive to taxpayers' economic conditions. He also emphasized the integrity of the tax authorities, administrative transparency, and protection from tax oppression. Recent research shows the relevance of Abu Yusuf's views to the contemporary tax system, including the principles of fiscal justice, ability to pay, and the use of taxes as an instrument of public welfare. Abu Yusuf placed taxes as part of state revenue, to be collected without burdening taxpayers and used for public benefit.

2.2. DSN-MUI Fatwa No. 156 of 2023 concerning Sharia PPP

DSN-MUI Fatwa No. 156/DSN-MUI/V/2023 regulates the application of sharia principles in the provision of infrastructure through Government and Business Entity Cooperation (PPP) based on availability payment. This fatwa stipulates that the implementation of PPP must avoid practices that are contrary to sharia, such as *riba* (interest), *gharar* (uncertainty), *maysir* (speculation), *tadlis* (fraud), *zhulm* (injustice), *risywah* (bribery), and haram objects. In addition, the contract structure used in PPP must be based on the principles of *shirkah*, *ijarah*, *istishna'*, *musyarakah*, or other contracts in accordance with sharia. The fatwa also emphasizes the need for PPP activity documents that clearly include aspects of service benefits, the amount of rewards, risk allocation, and commitment to fulfilling sharia provisions. Disputes in PPP must also be

resolved in accordance with Sharia principles, for example, through consensus deliberation or Sharia settlement institutions. This fatwa is an operational guideline to ensure that PPP projects are not only efficient from an economic perspective but also consistent with sharia values, particularly in financing, contract structure, and contractual relations between the government and business entities.

2.3. Integration of Abu Yusuf's Thought with Modern Sharia PPP

Abu Yusuf's thoughts on taxes and the state's responsibility for public welfare align with the purpose of DSN-MUI fatwa No. 156, which is to ensure that the financing mechanism and cooperation in the provision of infrastructure do not violate sharia principles. Abu Yusuf's concept, which emphasizes fiscal justice, the use of taxes for public welfare, and transparency in public administration, can serve as a theoretical basis for implementing sharia-compliant fiscal policy in PPP. Although Book al-Kharaj does not address PPP directly (which is a modern scheme), the general principles formulated by Abu Yusuf reflect the purpose of welfare distribution that is relevant to assessing sharia tax practices in today's public-private cooperation structures. Modern literature shows that the development of a sharia-based tax system attends not only to fiscal technical aspects but also to moral values and social welfare — something at the heart of Abu Yusuf's thinking and reflected in the DSN-MUI fatwa on PPP.

III. Research Method

This study uses a quantitative descriptive design combined with library research and a qualitative approach through content analysis. This methodological approach was chosen to provide a comprehensive understanding of tax distribution from a Sharia perspective, especially in the context of public policy and Government and Business Entity Cooperation (PPP) schemes. The data used in this study are entirely secondary data, obtained from various academic and institutional sources. Data sources include articles from reputable scientific journals, classic and contemporary textbooks, policy documents, official reports of state institutions, fatwas of the National Sharia Council–Indonesian Ulema Council (DSN-MUI), and publications from relevant official websites. Quantitative data is used to describe the conditions of tax distribution and its role in development financing. In contrast, qualitative data is used to examine the normative principles and conceptual framework of sharia taxation.

The library research method is applied to systematically examine Abu Yusuf's thoughts in Book al-Kharaj, as well as Islamic economic literature on taxation, fiscal justice, and the role of the state in society's welfare. This study provides a theoretical and normative basis for assessing the relevance of sharia tax principles to modern tax practices in Indonesia. The selected literature is critically analyzed by considering its historical context, the substance of its thought, and its relevance to contemporary economic systems and public policies. Furthermore, content analysis is used to analyze normative and policy documents, especially DSN-MUI Fatwa No. 156 of 2023 concerning the application of sharia principles in PPP. The study identified themes, key concepts, and Sharia principles related to tax distribution, infrastructure financing, and fiscal governance. This approach allows researchers to compare the ideal idea of Sharia taxation formulated in classical literature with contemporary policy implementation. The use of this combination of methods is based on the consideration that the research aims not only to produce an empirical picture of tax distribution and its implications for community welfare, but also to conduct a normative evaluation of the conformity of tax policies with Sharia principles. Thus, this method enables analysis of the gap between theory and practice and provides a solid basis for formulating relevant and applicable sharia-based tax policy recommendations in the context of national development.

IV. Results and Discussion



4.1. Analysis Result

Researchers have reviewed several previous studies related to tax distribution and its impact on social inequality. A survey by Anisa Fahmi (2019) found that societal disparities lead to an imbalance in a country's politics and economy. Moreover, taxes were created to overcome regional and group gaps. This results in a high GDP (Gross Domestic Product) and a large income gap. Because tax policy in Indonesia focuses solely on increasing state revenue, not as a means of distributing welfare, this is not in accordance with the concept Abu Yusuf put forward in *Al-Kharaj*.

Research by Dwi Nusiantari (2020) found that income inequality is a persistent problem that will remain a concern for tax policy. Based on the study's results, there is a lack of effectiveness in direct taxes in several developing countries, caused by several factors. This is strengthened by research conducted by Riva Abdillah, Yadi Janwari, and Dedah (2022). Based on the research results, the concept of distributing the Caliphate of Harun Ar-Rasyd was found to be at its height. Because the distribution can be done in the most equitable way for the community's welfare. However, in the modern Indonesian distribution system, it is not entirely fair and on target. Furthermore, in a study conducted by Irgi Iqbal and Hendra (2022), taxes are one of the sources of state revenue, the collection of which is charged to taxpayers. With the existence of taxes, the government processes them and uses them for the benefit of the state, such as funding development and public services. Taxes must also be used in accordance with the principles of fairness and proportionality, and to achieve welfare, security, equity, and peace in the community. However, in some conditions, equality in Indonesian society has not been fully fulfilled. This is supported by the existence of several socio-economic inequalities between the poor and the rich in Indonesia. The results of the research are accepted by Afifah Irwan and Hana Tuo (2024). The concept put forward by Abu Yusuf in his book *Al-Kharaj*, which discusses the types of taxes and their implementation, can be applied to the modern tax system. So, it can be a solution for managing tax income. However, taxes are often misused in the distribution process.

4.2. Discussion

4.2.1. Biography of Abu Yusuf

Abu Yusuf (113 – 182 AH / 731 – 798 AD), real name Imam Abu Yusuf Ya'qub bin Ibrahim bin Habib Al-Anshari Al-Jalbi Al-Kufi Al-Baghdadi. Born in Kufa (113 H) and died in Baghdad (182 H), he was called Al-Anshari because his mother was still in a relationship with one of the Prophet's companions. Sa'ad Al-Anshari. With this nasab, Abu Yusuf took responsibility for everything he did to adjust to it. As a child born into a simple family, he was interested in science. With this interest, he then studied with the great scholars in the city of Kufa. Some of the scholars include: Abu Muhammad Athi bin As-Saib Al-Kufi, Sulaiman bin Marhan Al-A'Masy, Hisham bin Urwah, Muhammad bin Abdurrahman bin Abi Laila, Muhammad bin Ishaq bin Yassar bin Jabbar, and Al-Hajjaj bin Arthah. Abu Yusuf also studied with Abu Hanifah, the founder of the Hanafiyah madhhab. He became a great scholar who contributed to the development of this madhhab. Abu Yusuf wrote several books during his lifetime, namely: *Al-Athar*, *Al-Ikhtiaf Abi Hanifa wa Ibni Abi Laila*, *Al-Radd 'Ala Siyar Al-Auza'i*—The book of *Adabu Al-Qad*, *Al-Mahriji fi Al-Haili*, and *Al-Kharaj*. The Book of *Al-Kharaj* is the most famous. The book contains several economic problems, especially during the caliphate of Harun Ar-Rashid during the Abbasid dynasty.

Abu Yusuf also lived during the transition period of two of the greatest caliphates in Islamic history, at the end of the Umayyad caliphate in Damascus and the time of the Abbasids. With the struggle for power carried out by the Hashim, as a political rival of the Umayyad Dynasty, spearheaded by Abu Al-Abbas ibn Abdu Al-Mutalib Ibn Hashim. Succeeded in killing Caliph Marwan II, the last caliph of the Umayyad dynasty.

4.2.2. Analysis of DSN-MUI Fatwa no. 156 of 2023



DSN-MUI Fatwa No. 156 of 2023 provides essential guidance on the application of sharia principles in PPP projects, including taxation. This analysis shows that the current tax system still has inconsistencies with Sharia principles, particularly in the areas of interest-based taxation, double taxation, and the lack of incentives for Sharia-based projects. With this fatwa, it is hoped that the tax system can better support sharia-based infrastructure projects through fairer, transparent tax policy reforms that are in accordance with sharia principles. This requires collaboration among DSN-MUI, the government, and tax authorities to develop regulations that support the development of the sharia economy in the infrastructure sector.

4.2.3. Implementation of the Al-Kharaj Principle in the Modern Tax System

In Indonesia, taxes are a source of national revenue. More than 50% of national revenue is derived from tax collections (Siburian, 2021). Thus, taxes have 2 main functions: the budgetary function and the function of implementing government policies in the economic field. The budget function acts as a source of government revenue to cover its expenses. The function of implementing government policies as a regulator can be used to regulate state policies in the social and economic fields. Taxes also effectively reduce inequality through a progressive tax system (Diana et al., 2022). Abu Yusuf first wrote about taxation in Islam in his book *Al-Kharaj* (Zunaidi, 2022), which serves as a guideline in the field of state taxation. This book was commissioned by the caliph Harun Ar-Rashid, who wanted to build and regulate the *Baitul Mal* system (Iqbal & Hendra, 2020). In taxation, Abu Yusuf tended to prefer the *muqasamah* system over the separation system. Because it is felt that the *muqasamah* system is fairer than the separate system, where the collection of taxes is measured at a specific ratio of the total production. According to Abu Yusuf, there are 2 advantages of the state setting taxes under the *muqasamah* system: an increase in Baitul Maal income and the prevention of injustice in tax payments. The concept of taxation put forward by Abu Yusuf has been carried out to date. The expenditure and collection of taxes during the time of Abu Yusuf were divided into 3 parts: land tax, income tax, and import duty. This is a common occurrence in the tax collection sector today. The main principles in the tax system according to Abu Yusuf; In order for taxes to be imposed on property that exceed their means and to be set on their own volition, taxes are taken from the rich and given to the poor among the community, the government has paid close attention to tax regulations to avoid fraud, taxes are not collected arbitrarily, and the abolition of *jizyah* for non-Muslims.

4.2.4. Challenges and Opportunities for the Implementation of Sharia Tax in PPP

Tax awareness is a crucial aspect in the modern era (Achmad Wicaksono et al., 2024). In Indonesia, taxes play a role in the country's development and economy. However, several challenges in implementing the tax in the community reduce public trust and hinder the tax process. Law number 28 of 2007 does not address the responsible parties or business entities in the tax collection process in Indonesia (Renita & Nurcahyani, 2024). This is the root cause of the community's failure to pay taxes. According to Muhammad Amin Rizan (2022), as reported by Achmad Wicaksono et al. (2024), the main challenge faced by tax institutions is low public awareness and understanding of taxation. Here are some of the challenges faced in taxation in the current digital era;

1. Technology and e-commerce
2. Globalization and tax evasion
3. Taxpayer education and awareness
4. Tax and social policy

Among the 4 challenges above, a factor no less important in the challenges faced by tax institutions is the financial crisis (Fera Dwi Septiani, 2023). The impact of the financial crisis is significant, eroding taxpayers'

ability to pay and creating an additional burden on state revenue. The crisis also reduces entrepreneurs' motivation and increases tax avoidance (Suhidra et al, 2024). Changes in consumption patterns also reduce the volume of transactions subject to tax and affect potential VAT (value-added tax) revenue. Similarly, some of the possible challenges that may arise in the implementation of this fatwa in the tax system are:

1. Support for Government Regulations and Policies for the Sharia Economy
 - a. The government is increasingly supporting the development of the Sharia economy, including in the Sharia PPP scheme.
 - b. DSN-MUI Fatwa No. 156 of 2023 can be the basis for tax reform that is more in accordance with Sharia principles.
 - c. The potential for the implementation of sharia-based taxes is increasing with increasing attention to sharia finance in the infrastructure sector.
2. Potential for Tax Incentive Development for Sharia PPP
 - a. Governments can design specific tax incentive policies for sharia-based projects, such as:
 1. Tax holiday for PPP projects based on sharia contracts.
 2. Tax deduction for business entities that use Islamic financial schemes.
 3. Tax alignment in the *ijarah* and *istisna'* schemes so that there is no double tax.
 - b. With this incentive, investors will be more interested in participating in sharia-based PPP projects.
3. Integration of Sharia Taxes in the National Tax System
 - a. Sharia-based taxes can be an alternative in national tax reform that is fairer and based on public benefits (*maslahah ammah*).
 - b. If implemented optimally, this system can reduce the unfair tax burden for Islamic business entities.
4. Collaboration between DSN-MUI, the Government, and the Tax Authority
 - a. DSN-MUI, the Ministry of Finance, and tax authorities can work together to create tax regulations that are more in line with Sharia principles.
 - b. The DSN-MUI fatwa can be a reference in the preparation of tax rules that better support the Sharia PPP scheme.
5. Increasing Awareness and Education about Sharia Taxes
 - a. With the increasing understanding of the public and the business world about Sharia taxes, the implementation of this system will be more straightforward.
 - b. Academics, regulators, and business actors can work together to build a better Sharia tax ecosystem

V. Conclusion

This research highlights the contribution of Abu Yusuf's thought in Book Al-Kharaj to the sharia-based tax distribution system, especially in the context of Government and Business Entity Cooperation (PPP). Abu Yusuf, one of the leading thinkers in classical Islamic economics, provided an in-depth view of the principles of taxation that are fair, efficient, and in accordance with sharia principles. This study analyzed DSN-MUI Fatwa No. 156 of 2023 and found that the concept of Al-Kharaj taxation is highly relevant to the modern sharia-based tax distribution system. This fatwa emphasizes the need to apply the principles of justice, transparency, and public utility in tax management in Sharia PPP projects.

By linking Abu Yusuf's thinking with contemporary sharia tax regulations, this study concludes that the tax distribution system in sharia-based PPP can be strengthened through a more equitable and beneficial approach, in accordance with Islamic values. Therefore, tax policies for PPP projects should be guided by the principles outlined in Al-Kharaj to create a more inclusive, sustainable, and Sharia-compliant guidance system.

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