

THE CONCEPT OF PUBLIC FINANCIAL POLICY IN ISLAM ABU UBAID AL-QASIMY'S PERSPECTIVE

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Abstract

The public financial management system includes state revenues and expenditures which include kharaj, zakat, jizyah, ushur, and ghanimah. This system aims to create justice and optimize state revenue. Second, Abu Ubaid emphasized the importance of fair, transparent, and community-friendly distribution of public finances, as well as maintaining the balance of economic power to reduce inequality. The application of these principles requires fair policies, strict supervision, and the use of public funds to meet social needs, in order to achieve social justice and stability in society. This research uses a *library research* approach to explore the concept of public financial policy in Islam from the perspective of Abu Ubaid al-Qasimy. This method was chosen because it allows for an in-depth study of a wide range of relevant literature, including primary texts such as *the Kitab al-Amwal* by Abu Ubaid al-Qasimy as well as secondary literature that discusses his thoughts.

Keywords: *Abu Ubaid al-Qasim bin Salam, Financial Policy, Public Financial Management, Public Finance Distribution*

INTRODUCTION

Public finance¹ has a crucial role in state management, where policies should be based on the principles of justice, transparency, and accountability. In this case, public financial policy is required to manage state resources efficiently and fairly for the welfare of the people.² The scholar born in Hirrah Baghdadi (Afghanistan) al-Qasim bin Sallam during the Abbasid dynasty has a view on public financial policy.

The reality of public financial policy shows that many public financial policies have not fully met the principles of fairness, transparency, and accountability. For example, although Presidential Decree No. 13 of 2018 concerning the application of the principle of recognizing beneficial owners of corporations has been issued, only about 22.36% of companies comply with these rules as of August 31, 2021.³ This reflects the low level of transparency in reporting, transparency in Beneficial Ownership (BO) reporting, lack of clarity in the formulation of the articles of this Presidential Regulation, and the absence of strict incentives or sanctions, leading to ineffective implementation.

In addition, BO data is not widely available and free of charge to the public, reducing accountability and opening up opportunities for corrupt and money laundering practices. This situation is exacerbated by the non-conformity of

¹ Harvey S. Rosen and Ted Gayer, *Public Finance*, 8th ed. (New York: Mc Graw-Hill, 2008)

² Bernard Salanie, *Microeconomics of Market Failures* (Cambridge MA: MIT Press, 2000).

³ Half-Hearted Transparency of Corporate Beneficial Ownership | ICW," accessed June 24, 2024, <https://antikorupsi.org/index.php/id/setengah-hati-transparansi-beneficialownership-korporasi>

regulations with international standards, as well as the lack of factual verification by the government and the lack of disclosure of the ultimate beneficial owner.

The lack of transparency in the management of public funds causes the public to not get clear information about the allocation and use of funds, which ultimately triggers distrust and the potential⁴ for abuse of injustice in the distribution of wealth and the non-transparent management of the public budget also widens social and economic disparities, which is detrimental to the state and society. This is exacerbated by the increasing global economic uncertainty. Shocks such as Brexit, U.S.-China trade tensions, the covid-19 pandemic, and the Russia-Ukraine war have created high economic instability, hampered economic growth, and significantly affected public finances.⁵

In Islam, public finances are regulated and managed by the state as a source of income as well as a tool to distribute income evenly among the community. The main goal is to ensure that wealth is not only circulated among the wealthy, but distributed equally so that every member of society can feel the benefits. In addition, the concept of public finance in Islam also involves the active participation of the community, reflecting the collective management of public finances. Sources of public financial income in Islam include *zakat*, *jizyah*, *kharaj*, *khums*, and *ursy*. *Zakat*, for example, is an obligation for every Muslim who has wealth above a certain limit. *Jizyah* is a tax on non-Muslims living in Islamic countries in exchange for protection and services provided by the state. *Kharaj* is a land tax imposed on land owned by non-Muslims, while *khums* are a 20% tax on certain profits, such as spoils of war and natural resources.

One of the most famous Muslim scholars in the field of public financial policy is Abu Ubaid al-Qasimi. It offers concepts rooted in strong moral and ethical values. His thinking emphasizes the importance of fairness in the distribution of wealth, transparency in the management of public funds, and accountability to prevent budget abuse. These principles are particularly relevant in addressing various issues in public financial policy today.

Overall, Abu Ubaid applies a balanced approach between individual rights, public interest, and the role of the state. In situations where there is a conflict between the interests of individuals and the public, Abu Ubaid emphasizes the importance of putting the public interest first. He is known as a pioneer in formulating ethical and moral principles related to the fair distribution of public finances. In his work *al-Amwal*, Abu Ubaid explained that in addition to *zakat*, the source of public financial income includes taxes such as *kharaj*, *jizyah*, and *'usyr*, as well as *shadaqah*, including *ghanimah*, *khumus*, and *ta'zir* funds which are included in the *fa'i* category. Funds obtained from *ta'zir* and other sources of public revenue, including general and special *shadaqah*, are directed to the public interest and infrastructure development.⁶

In discussing taxes such as *kharaj* and *jizyah*, Abu Ubaid emphasized the importance of maintaining a balance between the financial capabilities of non-

⁴ Dandy Geofani Silaban et al., "The impact of lack of transparency in regional management on local development and community welfare," *JRP: Journal of Public Relations* 02, no.01 (February 1, 2024):28-36

⁵ Abdulloh Arif mukhlis, "Principles of Public Finance in Islam: A Study of Zakat and Taxes," *JIHBIJ:Journal Of Islamic Economy, Finance, and Banking* 06, no.02 (31 May 2022)

⁶ Abu Ubaid al-Qasim, *Al-Amwal* (al-Qohiroh: Dar al-Syuruq, 1989), 705

Muslims and the needs of Muslims who are entitled to receive. *Jizyah* is imposed on the *dhimmi* as an obligation comparable to the *zakat* paid by Muslims, with the aim of upholding the principles of equality and stability. Abu Ubaid also mentioned that the contractual tax rate can be reduced or abolished if there is an inability to pay. If a non-Muslim applies for the cancellation of a debt witnessed by a Muslim witness, then the merchandise equivalent to the debt will be exempt from customs.

In terms of collecting *kharaj*, *jizyah*, *ushur*, and *zakat*, Abu Ubaid did not impose financial obligations in a harsh or oppressive manner. He opposes a tax system that is discriminatory, exploitative, and oppressive. Abu Ubaid's policy regarding *kharaj* includes adjusting tariffs based on existing situations and conditions. In the economic context, Abu Ubaid acknowledged the existence of private and public ownership. Regarding property ownership, he is of the view that the relationship between property and agricultural improvement policies is the responsibility of the government, such as by providing official ownership of barren land that has been successfully cultivated, in order to encourage an increase in agricultural production. The land is given without tax and can be cultivated, but if it does not make a profit in three consecutive years, it will be subject to a fine and its ownership transferred to the competent authority.⁷

Abu Ubaid also emphasized that sources of public welfare such as water, grasslands, and fire should not be monopolistic objects. All these resources should be managed by the state to meet the needs of the community. Abu Ubaid classified two categories of public income: first, *maal mutaqawwiem*, which is wealth for Muslims that comes from halal sources, and second, *maal ghayr mutaqawwiem*, which includes wealth for non-Muslims such as wine, pork, and so on. As a source of public revenue, the Islamic government is only allowed to accept *maal mutaqawwiem* in accordance with Islamic teachings. Therefore, in the case of taxes, a non-Muslim is required to exchange the property for cash.

In his thoughts, Abu Ubaid emphasized the importance of protecting and defending the rights and obligations of the community, with justice as the main foundation in every government policy. He emphasized the importance of solidarity and collective responsibility in maintaining social balance.⁸ Abu Ubaid argues that the state plays a crucial role in the economy, as its main task is to ensure the welfare of the people based on established principles of justice. For example, the implementation of *zakat* can reduce social inequality and encourage increased social awareness. Through efficient state financial management, the provision of basic needs, public facilities, and income equity can be carried out properly, which ultimately creates a fairer and more sustainable economy.⁹

According to Abu Ubaid, the government's task is to maintain security and improve people's lives.¹⁰ He gave recognition to the Imam who was authorized to establish the public interest, such as whether the conquered land should be

⁷ Reni Ilma Sari, "Comparison of the Tax System in the Time of Abu Ubaid with the Tax System in Indonesia," *Reslaj: Religion Education Social Laa Roiba Journal* 6, no. 2 (2024): 666–72.

⁸ Kikin Mutaqin et al., "Islamic Microeconomic Thought Theory of Abu Ubaid and Imam Al-Shaibani's Perspective," *Journal of Economics* 3, no. 6 (June 6, 2024): 670–83.

⁹ Tina Arfah, "Public Finance in the Perspective of Islamic Economics," *ISLAMIKA Journal*, vol. 3, 2020

¹⁰ Abu 'Ubaid Al-Qasim, *Encyclopedia of Public Finance* (Yogyakarta: Gema Insani, 2006), 405.

transferred to the conqueror or remain owned by the natives, indicating the existence of an agreement in public financial policy that could be adapted to the needs of the community. Abu Ubaid also discussed the basic rate of land tax or poll tax and emphasized the importance of balancing the ability of non-Muslims to pay and the interests of Muslim recipients.¹¹

The state needs to have effective financial planning to face the economic challenges of the community. To avoid economic disparities and achieve prosperity and welfare, the Government is obliged to maintain security, improve welfare, protect people's rights, manage state assets wisely, and ensure the preservation of Islamic *maqasid*. The welfare and prosperity of a country is highly dependent on the proper management of the country's financial income and expenditure. The importance of a stable relationship between the people and the state is the key to realizing common prosperity.

Public finance examines how the government manages revenues and expenditures and their impact on resource allocation, income distribution, and economic stability. The management of public finances by the state is becoming increasingly vital, especially because the level of welfare of the Indonesian people is still relatively low. Problems such as poverty, corruption, income inequality, slow economic growth, and other financial irregularities require solutions that can be offered through a public finance perspective based on Islamic principles.

A qualitative approach that prioritizes social phenomena and state financial management practices in Indonesia, including historical analysis, can be the key in solving the problems faced. Public finance, which regulates government revenues and spending, serves as an important tool for creating equitable welfare. In this regard, sharia economics offers an ideal solution to realize economic justice for every individual. History has proven that a well-managed Islamic economic system is able to bring prosperity and happiness to the ummah. Islam affirms that every nation bears a great responsibility in carrying out the prophetic mission to achieve *al-maqashid al-syariah* (sharia goals). In the Islamic system, all state wealth is concentrated in *the baitul mall*, an institution that is in charge of managing and distributing state wealth to those who have the right, for the sake of achieving justice and true welfare.

METHOD

This research uses a *library review* approach to explore the concept of public financial policy in Islam from the perspective of Abu Ubaid al-Qasimy. This method was chosen because it allows for an in-depth study of a wide range of relevant literature, including the primary texts of the book *al-amwal* by Abu Ubaid al-Qasimy as well as secondary literature that discusses his thoughts.

A. Definition of Public Finance

Public finance is a branch of economics that specifically deals with taxes and government spending, including public goods, equity, and welfare. In general, the term "public" refers not only to government activities but also

¹¹ Junaidi Safitri and Abdulmuhammad Fakhri, "A Comparative Analysis of Abu 'Ubaid Al-Qasim and Adam Smith's Thoughts on International Trade," *Millah: Journal of Religious Studies*, February 20, 2018, 85–98, <https://doi.org/10.20885/millah.vol17.iss1.art5>

includes public services that meet the needs of the wider community and the activities of charitable organizations. The term public finance, as explained earlier, is often understood in a narrow sense of public finance, where the term "finance" refers to all government activities aimed at raising capital and how to use those capital sources to achieve government objectives.¹²

Modern public funding focuses on the microeconomic functions of government, such as how the government manages resource allocation and income distribution. On the other hand, the macroeconomic function of government involves the use of taxation, spending, and monetary policy to influence unemployment and price stability.¹³ In general, the term "public" refers not only to government activities but also includes public services that meet the needs of the wider community and the activities of charitable organizations. The term public finance, as explained earlier, is often understood in a narrow sense of public finance, where the term "finance" refers to all government activities aimed at raising capital and how to use those capital sources to achieve government objectives.¹⁴

According to Arifin P. Soeria Atmadja, quoted by Tina Arfah, state finance is seen from the perspective of government accountability, where the government is obliged to account for finances that come from the state budget. Thus, state finance refers to funds whose source is the State Budget. Arifin P. Soeria Atmadja explained that there is dualism in the understanding of state finance, namely in a broad and narrow sense. In a broad sense, state finance includes funds from the State Budget, Regional Budget, finance of state business units, state-owned companies, and all state wealth. Meanwhile, in a narrow sense, state finance only includes funds derived from the state budget.¹⁵

In conclusion, public finance has a very close relationship with fiscal policy, or the management of the state budget. This policy is the government's effort to regulate revenues and expenditures to influence the economy with the main goal of achieving public welfare.

B. Functions and Objectives of Public Finance

The public and private sectors are important components of the economic system, but the government bears primary responsibility for three public activities: the provision of national defense, social justice, and infrastructure development. Public policy has become very significant because it affects national economic activities through monetary and fiscal policy instruments. John Stuart Mill (1921) outlined the reasons for the importance of the government's role in public activities, such as ensuring basic services that the private sector cannot provide effectively, protecting citizens' rights, and maintaining economic and social balance¹⁶:

¹² Tina Arfah, "Public Finance in the Perspective of Islamic Economics", *ISLAMIKA Journal*, Vol. 3, No. 2, 2020, pp. 14-23

¹³ Nurdjaman Arsjad, et al, *State Finance*, Jakarta: Intermedia, 1992, p. Sec. 76.

¹⁴ Tina Arfah, "Public Finance in the Perspective of Islamic Economics", *ISLAMIKA Journal*, Vol. 3, No. 2, 2020, pp. 14-23

¹⁵ Tina Arfah, "Public Finance in the Perspective of Islamic Economics", *ISLAMIKA Journal*, Vol. 3, No. 2, 2020, pp. 14-23

¹⁶ Noor Fuad, et.al, *Public Finance: Theory and Application*, Jakarta: LPKPAP, 2006, p. 3

- a. In national defense, government participation is necessary to protect society from external and internal threats, even if it must limit individual freedom.
- b. The government should not be dominant in industrial and trade activities because the private sector can run them more effectively.
- c. Individuals tend to be more confident when taking care of their own interests, so the role of the government should be limited to matters related to the public interest.

The reasons put forward by John Stuart Mill were later adopted in the capitalist economic system, which emphasized full individual freedom and minimized government intervention. The government is only allowed to intervene in matters that cannot be effectively governed by individuals themselves, such as national defense, law enforcement, and public infrastructure development. The main focus of capitalism is to provide space for private initiative and market mechanisms to regulate the economy.

1. Scope of Public Finance

State finance can be defined through an approach based on objects, subjects, processes, and objectives. From the perspective of objects, state finance includes all rights and obligations of the state that are valued in the form of money, including policies and activities in the fiscal, monetary, segregated management of state assets, and everything that the state owns related to the implementation of these rights and obligations. Meanwhile, in terms of subjects, state finance involves all parties responsible for the management of the object, including the Central Government, Regional Governments, State/Regional Companies, and other bodies related to state finance.¹⁷

In terms of process, state finance encompasses a whole series of activities related to financial management, from policy formulation to reporting and accountability. Meanwhile, in terms of objectives, state finance includes all policies, activities, and legal relationships related to the control of the country's financial objects, which aim to support the implementation of state government effectively and efficiently.¹⁸

The study of public finance begins with the role of the government in the economy, including the control of externalities, the allocation of public goods, and interventions in market distribution. In addition, the role of the government in maintaining economic stability is very important. The scope of public finance includes the following aspects:

- a. Public finance illustrates how people make decisions about government institutions and the balance achieved through elections, which affect the provision of public goods and services, as well as the management and distribution of resources.
- b. Public finance includes how governments collect revenue from various sources, both tax and non-tax, as well as how this relates to fairness and revenue sharing.

¹⁷ Noor Fuad, et.al, *Public Finance: Theory and Application*, ..., p. 4

¹⁸ Noor Fuad, et.al, *Public Finance: Theory and Application*, ..., p. 5

- c. Public finance examines government spending as the main activity in providing goods and services for the public welfare, focusing on the efficiency of service delivery and the economic impact of government spending.

State financial budgeting is the process of preparing an annual financial plan. In Indonesia, this budgeting is carried out through government policies that must be approved by the House of Representatives in the form of the State Revenue and Expenditure Budget (APBN). The State Budget is a systematic and detailed document that includes the country's revenue and expenditure plans for the period of one fiscal year, from January 1 to December 31. Every year, the State Budget, changes to the State Budget, and its accountability reports are stipulated through law. The preparation of the State Budget is based on the annual Work Plan and Budget of State Ministries/Institutions (RKA-KL), which is the responsibility of the Minister and the Head of the relevant Institution.¹⁹

The State Budget is a law that reflects the agreement between the Government and the House of Representatives. Based on Article 23 of the 1945 Constitution, the State Revenue and Expenditure Budget as a form of state financial management is determined every year through law and is implemented in a transparent and accountable manner, with the main goal of improving the welfare of the people.

Based on Law Number 17 of 2003 concerning State Finance, after the State Budget is determined, its implementation will be further outlined in the Presidential Decree.

Overall, the scope of public finance encompasses several aspects, namely: (1) State spending, where the government influences the course of the economy by managing demand and supply, not only through money but also with other economic resources; (2) State revenue, which discusses various sources of state revenue; (3) State administration, which includes all financial activities and related administrative matters; (4) Stabilization and growth, focusing on the government's economic policies in various situations; (5) The influence of the State Budget on the economy, including the impact on economic growth, price stability, income distribution, efficiency improvement, and job creation.

C. PUBLIC FINANCE IN AN ISLAMIC PERSPECTIVE

1. Definition of Public Finance in an Islamic Perspective

Public finance has always been closely related to the role of the state and government in any discussion of public policy. While conventional theory generally focuses on social goals based on individualism and self-interest, public finance in an Islamic perspective uses a holistic approach that considers the overall purpose of a Muslim's life, while emphasizing the importance of the state's role in Islamic society.²⁰

The Islamic system covers all aspects of life, including public finance, which is part of economic studies. However, it should be understood that

¹⁹ Amtiran and Molidya, "State Financial Management", *Journal of Manaement (SME's)*, Vol 12, No. 2, 2020, p. 208

²⁰ Munawar Iqbal (ed.), *Distributive Justice Needs Fulfillment in an Islamic Economy*, Islamabad: IIIIE & Leicester UK, The Islamic Foundation, 1988, p. 56-57.

Islam has regulated the lives of people as a whole, so that every individual in his economic activities aims to achieve the pleasure of Allah, to be free from the oppression of fellow human beings, as well as from fear and hunger. Islam ensures fundamental freedoms and the fulfillment of social needs in an orderly order of life, governed by a just government.²¹ Islamic teachings emphasize behavior based on faith and moral values, and provide ethical guidelines, rules for economic institutions, and social security guarantees.

In the view of Islamic economics, there are three main goals to be achieved, namely:

- a. Fulfillment of basic human needs
- b. Economic development that focuses on achieving state goals, by meeting the needs of the growing population, strengthening defense, preserving cultural identity, and supporting other entities in building society.
- c. Ensuring fairness in the ever-increasing distribution of income and wealth.²²

Islam teaches the importance of utilizing natural resources and human potential to realize justice, goodness, and peace, which can bring progress and form a just, prosperous, and dignified society under the auspices of Allah. In Qur'anic terminology, this concept is known as *baladun thayyibatun wa rabbun ghafur*, which leads to the salvation of man in this world and the hereafter. This is in accordance with the words of Allah in Surah Ali Imran (3) verse 110:

كُنْتُمْ خَيْرَ أُمَّةٍ أُخْرِجَتْ لِلنَّاسِ تَأْمُرُونَ بِالْمَعْرُوفِ وَتَنْهَوْنَ عَنِ الْمُنْكَرِ وَتُؤْمِنُونَ بِاللَّهِ وَلَوْ آمَنَ أَهْلُ الْكِتَابِ لَكَانَ خَيْرًا لَهُمْ مِنْهُمْ الْمُؤْمِنُونَ وَأَكْثُُهُمُ الْفَاسِقُونَ

"You are the best people who were born for mankind, commanding the righteous, and preventing the unrighteous, and believing in Allah. If the People of the Book believed, it would have been better for them, some of them were believers, and most of them were wicked.

The socio-economic system in Islamic society involves a harmonious interaction between all components of society in the context of the physical and psychological environment, with the main goal of creating benefits for the ummah. The relationship between individuals and groups in society is governed by a structured system, which is based on shared religious beliefs and agreed rules of law. These patterns of interaction in social systems are normative and seen as culturally correct patterns, reflecting collectively recognized values.²³

The paradigm of the Qur'an in Islamic society as part of a broader social system, includes other elements such as the judicial system (*qadha*) and *hisbah* (accountability). The moral values taught in the Qur'an should be

²¹ Munawar Iqbal (ed.), *Distributive Justice Needs Fulfillment in an Islamic Economy*, ..., p. 56-57

²² Read Al-Mawardi's thoughts on the relationship between individuals, society, and the state in Ahmad Wahban, *Al-Mawardi: Ra'id al-Fikr al-Siyasi al-Islami*, Alexandria: Dar al-Jami'ah al-Jadidah li al-Nashr, 2001, pp. 25-38.

²³ Regarding the definition of social system, see Robert H. Lauer, *Perspectives on Social Change*, Translator: Alimandan, *Perspective on Social Change*, Jakarta: Rineka Cipta: 1993, p. 108

the basis for the drafting of valid and applicable laws. For example, in the business world, transactions are not allowed to run without restrictions, because the Qur'an has established clear guidelines for regulating such economic activities, ensuring fairness and honesty in every interaction.

In short, the business ethics taught in the Qur'an emphasize that humans and society must follow the rules with full awareness, while legal laws serve to ensure that every individual and community remains within the limits set by Allah in its economic activities. Therefore, neither the socialist nor the capitalist economic system is in line with the principles of Islamic economics. However, many countries, including Arabic-speaking or Muslim-majority ones, currently implement or follow capitalist economic practices, which can ultimately undermine the economic structure of society and go against Islamic values.²⁴

According to Ibn Taymiyah, the achievement of welfare requires the existence of a state with a central authority. Human welfare can only be realized if there is a cooperative bond between communities. Therefore, obedience to the authorities and authorities is essential. Without the shari'a, the state, and the judicial system that governs the teachings of Islam, Islam will not be fully implemented.²⁵

According to al-Mawardi,²⁶ a leader who has power can realize the welfare of the people because his power can maintain religion and ensure that religious teachings are practiced properly. A leader will unite the various aspirations of society, prevent conflict and social disintegration, overcome rebellion, and protect the soul, wealth, and honor of citizens. In addition, the government also serves to prevent monopolies in the economy and business.²⁷

Therefore, the role of the state is very important in realizing *the wealth of nations*. In the economic context, prosperity is a key factor to achieve benefits, while underdevelopment can threaten the sustainability of a country. The principle of public interest and efforts to maintain economic balance must be the main focus for both the government and the community. This shows how important government intervention is in regulating market mechanisms and managing public finances effectively and efficiently, in order to ensure common welfare.

To ensure the public interest optimally, the state needs to manage financial resources that support economic policies through fiscal and monetary instruments. This step is very important to ensure the political stability of the community and regulate a socio-economic system that focuses on improving welfare. With proper management, the state can maintain a balance between economic growth and resource distribution, ensuring that people's needs are met fairly and equitably.

²⁴Mustaq Ahmad, *Business Ethics in Islam*, Translator: Samson Rahman, *Business Ethics in Islam*, Jakarta: Pustaka al-Kautsar, 2001, p. Sec. 155.

²⁵ Mustaq Ahmad, *Business Ethics in Islam*, Translator: Samson Rahman, *Business Ethics in Islam*, ..., p. 155

²⁶ Al-Mawardi, *Abkam al-Sultaniyah wa Wilayah al-Diniyah*, Beirut: Dar al-Fikr, 1960, p. 35

²⁷ Francis Abraham, *Perspectives on Modernization: Toward a General Theory of Third World Development*, Translator: Rusli Karim, *Modernization in the Third World: A General Theory of Development*, Yogyakarta: Tiara Wacana, 1991, p. Sec. 105.

The discussion of Islamic public finance is also related to the interests of society as a whole. The community cannot be separated from the role of the government and community collaboration in regulating their life systems. Therefore, the principles of public finance implementation must be based on Islamic values and adjusted to the goals of Islamic government, which is to realize *falah* (welfare).

Public finance in Islam involves the management of resources that aim for the benefit of society, both on an individual, collective, and government scale. Islamic public finance includes two main aspects: revenue and expenditure. According to Abu Ubaid, public wealth is seen as a special asset managed by the government with the authority to distribute it for the benefit of the community in a fair and responsible manner.

In the discussion of public finance, Abu Ubaid Ibn Salam, through his work *Al-Amwal*,²⁸ emphasized the normative aspect as it is considered an integral part of Islamic law. He uses the term *sunuf al-amwal al-lati yaliha al-a'imatu li al-ra'iyah* or *al-amwal al-lati taliha a'imatu al-muslimin* to refer to public revenue. This phrase appears at the beginning of his book's discussion when reviewing public finance, asserting that public revenues are under the responsibility of Muslim leaders to be managed for the benefit of the people.²⁹

The above definition shows that there are various types of wealth (*sunuf al-amwal*) managed by the government related to the interests of the community. There are four important concepts covered in this definition, namely *al-amwal* (wealth), *territory* (authority), *imamah* (leadership), and *ra'iyah* (people). In the initial discussion, Abu Ubaid Ibn Salam outlined the rights and obligations of the government and society, accompanied by hadith and *atsar* that explain the characteristics of good leaders and ideal citizen behavior in a society based on Islamic values.

According to Abu Ubaid Ibn Salam, the main foundation of a government is trust or trust. If this mandate is not properly maintained, it will be a source of destruction and regret in the hereafter.³⁰ Public authorities must carry out their duties in accordance with God's provisions with full responsibility and justice. The government must not delay in doing good for its people. If a leader meets these conditions, then the people are obliged to listen, obey, and follow his directions. The relationship between the government and the community is like that of a shepherd and his shepherd, where communication is based on mutual counsel, which is the core of religious teachings.³¹

The concept of territory plays a crucial role in determining how the government manages public wealth. The government is not the owner, but the custodian who is responsible for managing wealth for the welfare of the community. In other words, public wealth is not the property of the

²⁸ Abu Ubaid al-Qasim Ibn Sallam, *Kitab al-Amwal*, Dar al-Syuruq, 1989, p. 75

²⁹ Ugi Suharto, *Islamic Public Finance Reinterpretation of Zakat and Taxes*, Study of the Book of al-Amwal Abu Ubaid, Yogyakarta: Center for Zakat Studies, 2004, p. Sec. 85.

³⁰ Abu Ubaid al-Qasim Ibn Sallam, *Kitab al-Amwal*, ..., p. 75

³¹ Ugi Suharto, *Islamic Public Finance Reinterpretation of Zakat and Taxes*, Studies of the Book of al-Amwal Abu Ubaid, ..., p. Sec. 89.

government, but belongs to the people, and the results of its management must return to them. The government acts as a trusted guardian to protect and use that wealth wisely. However, like a guardian who manages the property of orphans, the government can use the wealth if the situation is urgent, always with the principle of serving the interests of the wider community.

Abu Ubaid classified public wealth into two categories, namely *mall mutaqawwim* and *mall ghayr mutaqawwim*. In the context of state revenue, the government is only allowed to accept *mutaqawwim malls*, which are in line with Islamic teachings. Therefore, when paying taxes, non-Muslims are required to convert assets that are not included in *the mall of mutaqawwim* into cash, ensuring alignment with Islamic law in the management of public wealth.³²

In the context of kharaj and jizyah taxes, Abu Ubaid emphasized the importance of maintaining a balance between the economic capabilities of non-Muslims and the interests of Muslims who are entitled to receive. Islam not only regulates worship, but also covers all aspects of life, including public finances which are part of economic studies. Islam organizes people's lives in a way that allows each individual to carry out his economic activities in order to seek Allah's pleasure, free from human oppression, fear, and hunger. This is realized through the guarantee of fundamental freedoms and the fulfillment of basic needs managed by a fair and prudent government.

Therefore, Islam guides conduct based on faith and morality, while providing codes of ethics and rules that apply within economic institutions, and ensuring comprehensive and equitable social protection.

³² Ugi Suharto, *Islamic Public Finance Reinterpretation of Zakat and Taxes*, Studies of the Book of al-Amwal Abu Ubaid, ..., p. 90. See also Abu Ubayd al-Qasim Ibn Sallam, *Kitab al-Amwal*, ..., p. Sec. 76.

Table

Sources	The country	time	of the Prophet
From Muslimin	From non-Muslims	General (Primary Secondary)	
1. Zakat 2. Ushr (5-10%) 3. Ushr (2.5%) 4. Zakat 5. Waqf 6. Amwal 7. Nawaib 8. Zakat 9. Khums	1. Jizyah 2. Kharaj 3. Ushr (5%)	1. Ghanimah 2. Say 3. 4. Loan or - 5. Gifts leader ruler	

Table

Sources	Country	Time	Rasulullah
Primary			Skunder
1. Production as keeping, the provision . 2. The distribution of 3. Payment for of the country, wali, (qadi), , , zmuazin zand z z. 4. Giving for who registered. 5. Repayment of negara. 6. Provision accommodation (taken area).			1. Help z them gain religion Medina. 2. Provision of for religious . 3. Entertainment costs zutusan from tribes countries. 4. Giving z z. 5. The payment frees Muslims to be . 6. The payment for that was not zMuslim. 7. The repayment of people 8. Allowance for the 9. Provision for near . 10. The expenditure needs the ladder SAW (only , 80 dates 80 wheat each). 11. Storage , partially from Khaibar.

Income deep Islam time SAW the Comes some , Zakat 'Ushr, , , kharaj. Five that Described The Qur'an, kharaj development possessions deep country . All income Used support Various Vital .

The Use of Public Money in basis Ubaid two main as trade as transaction. She "No that and not except price and most that Retrieved second Ini Use buy (infaq)."

Ini backing Ubaid view about money even though not Detailed reason gold silver not to other as thing service.³³

View Ubaid Understanding Use Estimation from and Than product Argued if metal Used as value will because two different: Commodities worth as exchange price Other. Ash with Suggest gold silver Used tool to stability they.

2. Abu Ubaid Al-Qasimy Ibn Salam's Thoughts on Public Financial Management

Abu Ubaid emphasized that the use of *state treasury* should be in the public interest and should not be misused for personal gain. He also highlighted the importance of balance in the implementation of taxes, such as *kharaj* and *jizyah*, taking into account the financial capabilities of non-Muslim populations as well as the rights of Muslims who are entitled to receive.³⁴ Abu Ubaid emphasized that the contractual tax rate does not need to be applied rigidly; it can be lowered if one is experiencing financial difficulties. In addition, when non-Muslim residents apply for debt exemption and obtain the approval of Muslim witnesses, their merchandise of equivalent value to the debt will be exempt from customs. In the context of *collecting kharaj, jizyah, ushur*, and *zakat*, Abu Ubaid firmly rejected a system that forced people to fulfill strict financial obligations, as well as sought to eliminate discrimination and oppression in taxation.³⁵

Abu Ubaid's view, which does not refer to the level of *kharaj* applied by Caliph Umar³⁶, shows his application of the rules of fiqh "*la yunkaru taghayyuru al-fatwa bi taghayyuril azmani*" (it is not considered wrong if the fatwa changes according to the changing times). However, he argues that this variation only applies in the context of law or decisions produced through *ijtihad*. Abu Ubaid's thoughts on Islamic public financial management emphasize the principles of fairness, transparency, and efficiency in the management of state financial resources, aiming to realize social justice and optimize state revenues for the welfare of the community. State revenue in Abu Ubaid al-Qasim's view includes several major sources that are based on sharia principles.

a. Kharaj

Abu Ubaid al-Qasimy Ibn Salam's thoughts on the management of Islamic public finances have a wide depth and scope, especially in the concept of *kharaj*. Etymologically, *kharaj* means "to rent" or "wages." The terms *al-kharaj* and *al-kharj* have almost the same meaning, which is something issued by a group of people. According to Abu Ubaid, *kharaj* can be interpreted as a contract, lease, or handover of something, based on the custom of the Arab community to use this term to refer to the surrender of

³³ Fauzi, ., *Economics : Rasulullah Time*, . Sec. 75.

³⁴Taufik Hidayat, "Abu Ubaid as a Fuqaha and Economist: Critical Reading on Ibn Ubaid's Economic Thought and Conception Patterns" in *Al-Falah: Journal of Islamic Economics*, Vol. 4, No. 1, 2019, p. Sec. 4.

³⁵ Abu Ubaid, *Al-Amwal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. Sec. 137.

³⁶ Fitra Rizal, The Relevance of Abu Ubaid's Islamic Economic Thought to the Modern Economy, *ACTIVA: Journal of Sharia Economics*, Vol 01.no.1 April 1, 2018. p. 114

land, houses, or slaves, which in this context refers to the income or income of *Kharaj* is a land tax imposed on agricultural land managed by non-Muslims under Islamic rule. This tax is calculated based on the area of land and the revenue obtained, and is one of the main sources of state revenue to finance various public needs. Thus, the concept of *kharaj* is not just a fiscal instrument, but also reflects the principles of justice and welfare in the management of public finances.³⁷

The basis of the law of *kharaj* in Islam is rooted in the Qur'an, especially in surah *al-Mu'minun* verse 72 which states: "Or do you (the Prophet Muhammad) ask for a reward from them, while the reward from your Lord is better because He is the best giver of sustenance?" In this context, the term *kharaj* refers to a promised reward or reward. According to an-Nisaburi, *kharaj* has less to do with the gifts of man and more to describe the abundance of sustenance from Allah to His people

Al-Mawardi conveyed two views from al-Kalbi: first, the sustenance given by Allah in this world is the best, and the second is that the reward of your Lord in the Hereafter is the most important. Khatib Syarbini interprets *kharaj* as *ajr* (wages), while *kharaj* reflects the sustenance enjoyed by humans in this world and the rewards obtained in the hereafter. Zamakhsyari emphasized that *kharaj* has a more specific meaning compared to *kharaj*, because the sustenance that comes from humans is much less than the sustenance bestowed by Allah. In the end, Allah is the best source of sustenance and the Most Equal Giver.³⁸

Historically, *kharaj* was a tax imposed on land or agricultural products that was obligatory to be paid to the Islamic state by the managers of the conquered territories. When the land of Sawad and other areas fell into the hands of the Islamic government, the government became the owner of the land, while the land managers leased the land from the government. They cultivate land and pay *kharaj* taxes as their obligation. This is in contrast to the concept of taxes in the modern economy, which is seen as a mandatory payment from citizens to the government to support their expenditure

For Abu Ubaid, *kharaj* is a form of payment or rental fee related to the use value of agricultural land. In al-Mawardi's view, the determination of *kharaj* is carried out by government authorities, both in terms of quantity and the method of collection, which is adjusted to certain conditions. The main principle emphasized is that *the payment of kharaj* must be balanced with the economic capabilities of the farmers, thus maintaining a balance between fiscal responsibility and existing socio-economic conditions.

The application of *kharaj* was first carried out by Umar Ibn al-Khattab after winning the land of Iraq. Umar had *ijtihad* that if the land was distributed as spoils of war, it would be depleted without leaving any remains for future generations. Therefore, in order to be a source of state income that would be beneficial to many people, Umar decided to let the land remain managed by the locals and collect taxes from it. This shows that

³⁷ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, , p. Sec. 137.

³⁸ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, , p. Sec. 137.

kharaj serves not only as a tax but also as a tool to achieve social justice and the general welfare.³⁹

In practice, *kharaj* gives the landowner the freedom to use the land as he wishes, as well as ensuring that the food supply for Muslims is maintained. This allows soldiers and residents to train and increase strength without having to be distracted by the work of tilling the ground. In addition, *kharaj* helps in the process of equitable distribution of wealth so that it is not only controlled by a few people. Thus, *kharaj* is an important instrument in creating economic justice and social welfare.

Abu Ubaid emphasized that *kharaj* differs from taxes in the modern sense, which is usually a mandatory payment by citizens to the government. In Abu Ubaid's view, *kharaj* is a payment or rental fee for the use value of agricultural land, which allows landowners to utilize it while contributing to the state. The application of *kharaj* must be in accordance with the principles of justice and the economic situation of farmers. The government has the authority to determine the amount and method of collecting *kharaj* that is adjusted to the economic capabilities of farmers. Thus, *kharaj* is not only a source of income for the state but also a tool to achieve social justice and equal distribution of wealth.⁴⁰

The main purpose of the *implementation of kharaj* is to give freedom to landowners to use the available land, to maintain food supplies for the Muslims, and to ensure the equitable distribution of wealth. With *kharaj*, soldiers and residents can continue to train and increase their strength without being distracted by the work of tilling the land. In addition, *kharaj* helps in the process of equitable distribution of wealth so that it is not only controlled by a few people.

Abu Ubaid's thoughts on *kharaj* have a significant impact on creating an inclusive and fair financial system. *Kharaj* allows governments to manage resources efficiently, ensure wealth is not concentrated in a few people, and create stable and sustainable economic conditions. In the modern context, the principles espoused by Abu Ubaid can be adapted to design a fair and efficient tax system, which benefits the state and all levels of society.

Overall, Abu Ubaid al-Qasimy Ibn Salam's thinking on *kharaj* shows that *kharaj* is not just a tax, but also an important instrument in achieving social justice and economic efficiency. By applying Abu Ubaid's principles, the public financial system can be designed to create public welfare, wealth equity, and sustainable economic stability. This thinking is relevant to be applied in the management of public finances in various countries, especially in creating an inclusive, transparent, and socially just tax system.

b. Zakat

According to Abu Ubaid, *zakat* etymologically means "growth" (*an-numu*) and "increase" (*az-ziyadah*). Sometimes, *zakat* is also understood as

³⁹ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. Sec. 137.

⁴⁰ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. Sec. 137.

"purification" (*ath-thaharah*) and "blessing" (*al-barakah*). In his view, *zakat* serves to cleanse property and soul from miserliness and eliminate the rights of others attached to the property. The wealth that has been issued by *zakat* will receive blessings, even if the amount is quantitatively reduced.

In the Qur'an, the word *zakat* is mentioned 32 times, and its synonyms such as *alms* and *infak* are mentioned 82 times. Abu Ubaid emphasized the importance of *zakat*, which is often associated with the command to establish prayers, showing the close relationship between these two worships. From the perspective of *fiqh*, *zakat* according to Abu Ubaid is to take out a certain part of the property that has reached *nisab* to be given to those who are entitled, according to certain conditions. The recipients of *zakat* mentioned in surah At-Taubah verse 60 include the fakir, the poor, *amil*, the convert, the servant of sahaya (*riqab*), the person who is in debt (*gharimin*), *fi sabilillah*, and *ibn sabil*.⁴¹

Abu Ubaid also emphasized that *zakat* is one of the pillars of Islam and is the main source of public income in the government of Islamic countries in classical times. *Zakat* is obligatory on various types of possession of a Muslim, including gold, silver, money, merchandise, livestock, agricultural products, mining, and treasures.⁴²

Abu Ubaid argued that *zakat* is collected based on the Qur'an and Sunnah. Verses such as Al-Baqarah (2) verse 43 and At-Taubah (9) verse 103 affirm the obligation to collect and distribute *zakat*. The implementation of *zakat* cannot rely solely on individual awareness; the government has the right to request and even force the payment of *zakat*.

According to Abu Ubaid, there are several conditions that must be met in order for one's property to be *zakat*:

1. Perfect Ownership (*Milkiyah Tammah*): Assets must be completely under the control of a person without any rights of another party.
2. Productive or Developing Assets: Assets that must be *zakati* must have the potential to develop.
3. Achieving *Nisab*: Assets must reach a certain minimum amount that must be *zakati*.
4. Non-Primary Needs Surplus Assets: Assets that exceed basic needs.
5. No Debt Dependents: Assets that have been reduced by the amount of debt.
6. Ownership for a Full Year (*Haul*): Property must be owned for a full year, except for agricultural products whose *zakat* is issued every harvest.⁴³

According to Abu Ubaid, the main purpose of *zakat* is to create a more equitable distribution of income in society. He sees *zakat* as an important tool to reduce economic disparities and ensure that the basic

⁴¹ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. Sec. 137.

⁴² Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. Sec. 137.

⁴³ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. 137. See also Qusthoniah, "Management and Distribution of Public Finance from the Perspective of Abu Ubaid Al-Qasimy, *Dissertation*, Postgraduate Program of UIN Sultan Syarif Kasim Riau, 2023, p. Sec. 231.

needs of the underprivileged are met. In addition to functioning as a fulfillment of economic needs, *zakat* is also a significant religious obligation for every Muslim. The payment of *zakat* not only fulfills financial obligations but also strengthens the spiritual relationship with God and affirms that wealth is a trust from Allah that must be used for the benefit of mankind.⁴⁴

Zakat also serves as a means of spiritual purification for those who pay it. This cleanses one's treasures of materialistic nature and greed, and fosters a sense of inner peace. By paying *zakat*, a Muslim shows concern for others and strengthens social ties in the community. This process provides spiritual satisfaction because it helps those in need and obeys religious teachings.⁴⁵

As a form of social security, *zakat* entitles the poor to a portion of the wealth of the rich. Abu Ubaid emphasized that *zakat* is the right of the poor, not just the charity of the rich, so that the poor have a legitimate claim to some of the wealth. Thus, *zakat* recognizes the social responsibility that must be fulfilled by the rich to maintain balance and harmony in society.

It can be concluded that Abu Ubaid al-Qasim Ibn Salam views *zakat* as a major component in the public financial system and fiscal policy in the Islamic economy. *Zakat* is an obligation that cannot be replaced by other countries' financing models and serves as an important instrument in alleviating poverty and creating a fairer distribution of income.

c. *Jizyah*

According to Abu Ubaid, *jizyah* is a tax imposed on non-Muslim residents (ahl al-dzimmah) living under the auspices of the Islamic state. Etymologically, the word *jizyah* comes from "*al-jaza'*," which means retribution or compensation. In various sources, such as the Dictionary of al-Muhith, *jizyah* is defined as the land tax collected from ahl al-dzimmah. On the other hand, in *Lisan al-Arab*, this term is interpreted as "*al-mukafa'ah ala al-syay*" (equalization of something) and also as a form of retaliation. Al-Azhari interprets *jizyah* as property imposed on ahl al-dzimmah, as explained in a number of hadiths that show that *jizyah* includes all types of property taken under agreement with the scribes as compensation for the guarantee of salvation given to them.⁴⁶

According to Abu Yusuf, *jizyah* is an individual tax (kharaj al-ra's) imposed on dzimmi members in exchange for the protection provided by the Islamic rulers. Meanwhile, Abu Hanifah argued that dzimmi members would not be attacked in Islamic territory as long as they paid the tax. By definition, *jizyah* is a tax levied from every non-Muslim individual. This tax was also seen as a form of retribution for their disbelief, which served as an insult to their faith, or as compensation for the security provided by the

⁴⁴ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. Sec. 137.

⁴⁵ Qusthoniah, "The Management and Distribution of Public Finances from the Perspective of Abu Ubaid Al-Qasim (Reconstruction of Zakat and Taxes for the Economic Welfare of Islamic Families)", ...thing. Sec. 231.

⁴⁶ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, p. 140

Islamic government. The determination of *this jizyah* is based on the provisions contained in the Qur'an.⁴⁷

Based on the above definition of *jizyah*, the Islamic government can receive income (ahl al-dzimmah) from the non-Muslim population in exchange for the protection received by the non-Muslim population. This poll tax is mandatory for all non-Muslims living in Islamic countries, and the government is responsible for protecting their lives, property, and freedom to practice their religion. In addition, non-Muslims are exempt from military service and guaranteed social security.

To maintain the continuity of the payment of *jizyah*, the government requires scribes who are under the protection of Muslims to pay *jizyah* per individual as a condition of residence in Islamic territory. In return for the payment of the tax, non-Muslims are guaranteed two rights: the right not to be attacked or mistreated, and the right to protection from threats, both domestic and foreign.⁴⁸

Although *jizyah* is generally levied from non-Muslims, this tax is only levied on those who can afford it. The poor, the poor, those who have no jobs or skills, including the blind and the clergy, are not subject to *jizyah*, unless they have property. One example of this practice is the policy of Umar bin Abdul Aziz, who imposed a tax of 2 dinars per year on wealthy priests.

The application of *jizyah*, as done by the Prophet Muhammad and the Khulafa' al-Rashidun, became a topic of debate among the fuqaha'. According to the madhhab of Imam Shafi'i, *jizyah* is imposed on scholars of the book, both Arab and non-Arab, regardless of ethnicity. Imam Abu Hanifah argued that *jizyah* was imposed on all scribes and pagans from among non-Arabs, but not on the Arabs. Imam Malik argued that *jizyah* should be collected from all disbelievers, both scribes and idolaters, both Arabs and non-Arabs, but with the exception of the Quraish infidels and scribes who adhere to the original teachings. Meanwhile, Abu Yusuf was of the view that the collection of *jizyah* was based on the tribal factor, so it was only imposed on non-Arabs, both scribes and idolaters, but not on Arabs.⁴⁹

The amount of *jizyah* paid has no fixed provisions. According to Abu Ubaid, the amount of *jizyah* is determined by the government, considering that there is no special provision from the Prophet Muhammad SAW. This determination must pay attention to the aspect of justice and the financial condition of the state, by ensuring that *the jizyah* is not too high so as to burden the payer, and not too low so as to harm the state's finances. Therefore, *jizyah* should be considered based on the economic level, ease of payment, and financial situation of the country. As exemplified by the Prophet Muhammad (PBUH), in the past he allowed the receipt of clothes

⁴⁷ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

⁴⁸ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

⁴⁹ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

in lieu of cash, so that other objects of equivalent value could be used to pay taxes.

The determination of *jizyah* as a tax must pay attention to the principles of economic justice, ease of implementation, and good state financial management. As a tax per individual, *jizyah* also serves as a form of protection for non-Muslim lives and property, in accordance with the peace agreement. If non-Muslim minorities violate the treaty, they will be peacefully transferred to nearby enemy territory, as long as they do not fight against the Islamic state. Therefore, *jizyah* can be used by the government to run the government and improve the welfare of the community, including Muslims.⁵⁰

Abu Ubaid emphasized that the determination of the amount of *jizyah* must be done by paying attention to the principle of justice. The government must set the amount of taxes that are not too high to burden payers, or too low so as to harm the state's finances. This determination needs to consider the economic conditions of each individual and their ability to pay. *Jizyah* is only imposed on non-Muslims who can afford it. People who are poor, poor, without skills or jobs, including the blind and priests who have no wealth, are exempt from the obligation to pay *jizyah*. This step aims to ease the tax burden on those who are already in a state of economic hardship.⁵¹

During the time of the Prophet Muhammad, *jizyah* could be paid in a form other than cash, such as clothes or other goods that have equivalent value. This flexibility makes it easy to pay for non-Muslim residents who may not have cash but have other valuables. The payment of *jizyah* gives non-Muslims the right to be free from harassment and persecution, as well as ensures their safety from threats both domestic and foreign. The government has an obligation to protect their lives, property, and religious freedom as part of the social agreement reflected in the payment of *jizyah*.

The funds obtained from *the jizyah* are used for the benefit of the government and the welfare of the community, including Muslims. Abu Ubaid emphasized the importance of public financial management that focuses on the common good, including infrastructure development, public services, and improving social welfare. In the management of public funds, Abu Ubaid suggested the application of the principles of economic justice and ease of administration. The government must ensure that the process of collecting and distributing funds is carried out with transparency and efficiency, and in accordance with sharia provisions.⁵²

d. Usyr

⁵⁰ Qusthoniah, "The Management and Distribution of Public Finances from the Perspective of Abu Ubaid Al-Qasimy (Reconstruction of Zakat and Taxes for the Economic Welfare of Islamic Families)", ..., p. 231

⁵¹ Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

⁵² Fitra Rizal, "The Relevance of Abu Ubaid's Islamic Economic Thought to the Modern Economy", *ACTIVA: Journal of Sharia Economics*, Volume 1 Number 1 April 2018, p. 117. See also Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

According to Abu Ubaid al-Qasim, *ushur* or '*usyr*' is one of the important components in the public financial management system in Islamic government. This *ushur* has two main meanings:

- a *Usyr Zakat*: *Usyr zakat* is zakat taken from agricultural products and fruits. As mentioned in QS. Al-An'am: 141, *usyr zakat* is part of the obligation of zakat that must be issued at the time of reaping the results. The main objective is to ensure that a portion of the agricultural produce and fruits are distributed to those in need as a form of social justice and religious responsibility.
- b *Trade Usyr*: *Usyr* in the context of trade is a tax imposed on merchandise entering or exiting an Islamic country. This tax is imposed on Muslim and non-Muslim traders who bring merchandise across Islamic territory. This *usyr* is more similar to the customs duties known in the modern trading system.

Before Islam, rural tribes used to pay '*usur*' for each trade transaction, in the amount of about one dirham per transaction. After Islam came, the Prophet PBUH brought about changes by abolishing interprovincial import duties in Islamic territory, after reaching an agreement with these tribes, to encourage the growth of trade.

However, the term '*ushur*' only became common and developed during the reign of Caliph Umar bin Khattab. This began when reports reached Umar that Muslim traders trading to non-Muslim areas were taxed by the local government. In order to uphold the principles of justice and equality in international trade, Umar decided to impose the same taxes on non-Muslim merchants who traded in Islamic territory.⁵³

According to Abu Ubaid al-Qasim, the principles and implementation of *usyr* in the management of public finances include several important aspects. First, the principle of fairness and wisdom in the collection of *usyr* emphasizes that this tax is only imposed on merchandise, not on basic necessities. In addition, *usyr* only applies to merchandise with a value of up to 200 dirhams, so it does not burden traders with low-value goods.

Second, the level and frequency of *usyr* are regulated wisely. This tax is levied only once a year at different rates: 2.5% for Muslim traders, 5% for *ahl al-dhimma* (non-Muslims living in Islamic territory), and 10% for *kafir harbi* (non-Muslims who are not in Islamic territory).

Flexibility in *usyr* payments is also one of the main principles. *Usyr* can be paid with goods or agricultural products of equivalent value, not only in the form of cash. Caliph Umar bin Khattab, for example, granted permission to non-Muslim merchants to trade in Islamic territory by paying 1/10 of the value of their goods, showing flexibility in the implementation of *ushur*. Furthermore, supervision and accountability in the *usyr* election was strongly emphasized by Umar bin Abdul Aziz. He ensures that every payment of *usyr* is clearly recorded and proof of payment is given to the

⁵³ Fitra Rizal, "The Relevance of Abu Ubaid's Islamic Economic Thought to the Modern Economy", *ACTIVA: Journal of Sharia Economics*, Volume 1 Number 1 April 2018, p. 117. See also Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

payer, and prohibits state officials from withdrawing *usur* in an improper way. This is to ensure that the collection is done fairly and transparently.⁵⁴

The funds obtained from *usyur* are used for the public interest, including public safety and welfare. *Usyur* serves as a form of security guarantee for traders who pay this tax, guaranteeing protection from threats both from within the country and abroad. Thus, *usyur* not only functions as a source of state revenue but also as a mechanism for the protection and welfare of the community, as well as ensuring justice and balance in the international trade system. The principles outlined by Abu Ubaid reflect a commitment to economic justice, flexibility in payments, and strict oversight to ensure transparency and accountability in tax collection.

e. **Ghonimah**

According to Abu Ubaid al-Qasim, *ghanimah* (spoils of war) in the management of public finances has a significantly different structure and characteristics compared to *zakat*. *Ghanimah* refers to the wealth obtained from the infidels through war or physical conflict, which includes various forms such as captives, women and children, items that can be carried, and land. Abu Ubaid emphasized that *the law of ghanimah* is different from *zakat*, where *zakat* is taken from Muslims to cleanse their property and souls, while *ghanimah* is taken from the disbelievers as a form of punishment and fine for them.⁵⁵

Abu Ubaid outlined some of the main principles in the management of *ghanimah*. First, the recipient of *zakat* has been clearly regulated in *the Qur'an*, so the head of state or government does not have the authority to change or expand the provision. On the other hand, the criteria for *the recipient of ghanimah* are determined through *the ijtihad* of the head of state or government. *Fa'i property*, which falls under the category of *ghanimah*, is used for the benefit of government and the welfare of the ummah. *Fa'i* is a treasure obtained from the scribe through peaceful means, without going to war, or after the war is over, and is called *fa'i* because Allah returned it to the Muslims.⁵⁶

Abu Ubaid also distinguishes between *fa'i* and *ghanimah*. *Fa'i* is given voluntarily, while *ghanimah* is obtained by force. The use of five-fourths (4/5) of the *fa'i* property is different from the use of five-fourths of the *ghanimah property*. According to Abu Ubaid, *fa'i* is property taken from a peace agreement with the *dzimmi* who pay *jizyah*, in which their right to the protection of soul and honor is respected.

Furthermore, Abu Ubaid explained that *ghanimah* is also known as *anfaal*, because it is an addition to the wealth of Muslims. The practice of spoils of war has become a tradition among the Arabs, in which the treasures obtained from war are given to the victorious side and distributed

⁵⁴ Fitra Rizal, "The Relevance of Abu Ubaid's Islamic Economic Thought to the Modern Economy", *ACTIVA: Journal of Sharia Economics*, Volume 1 Number 1 April 2018, p. 117. See also Abu Ubaid, *Al-Ammal*, ed. Setiawan Budi Utomo, *Encyclopedia of Public Finance*, Jakarta: Gema Insani, 2009, pp. 140-141

⁵⁵ Rizki Syahputra, "Reconstruction of Zakat Perspective of Al-mawardi and Abu Ubaid", in *Ecobisma Journal*, Vol. 4 No. 2 June 2017, p. Sec. 13.

⁵⁶ Rizki Syahputra, "Reconstruction of Zakat Perspective of Al-mawardi and Abu Ubaid", in *Ecobisma Journal*, Vol. 4 No. 2 June 2017, p. Sec. 13.

to the soldiers, with the warlord receiving the largest share. However, the taking of spoils of war is only allowed for the people of the Prophet Muhammad (PBUH), as stipulated in surah al-Anfaal verse 69 and the hadith narrated by Imam Muslim from Abu Hurairah.⁵⁷

During the time of the Prophet PBUH, the rule regarding the distribution of *ghanimah* was first applied in the year 17 Hijriyah, especially in the Battle of Badr. At that time, *ghanimah* became one of the sources of state revenue. Allah SWT sent down surah *al-Anfaal* to explain the procedure for the distribution of spoils of war. Based on verse 41 of surah *al-Anfaal*, it is known that the share of state revenue is 1/5 (*khumus*). This section was distributed to relatives of the Prophet PBUH, orphans, and the poor. Meanwhile, the part that is the right of Allah SWT and His Messenger is used for general needs such as the poor, military equipment, jihad operations, and other needs.

Abu Ubaid emphasized that the Prophet Muhammad PBUH did not use supernatural wealth for his personal or family interests. His personal and family needs were met from the *fa'i treasures*. According to the narration of Imam Muslim from Umar, the property of the Banu Nadhir was specifically owned by the Prophet and was used to buy horses and weapons to wage jihad in the cause of Allah SWT.

In practice, Abu Ubaid mentioned that there are two main opinions regarding the division of 4/5 of the share of *ghanimah*. First, this section is distributed specifically to qualified soldiers, such as free, mature, and sensible men. This share was given as a salary to those who were both strong and weak, or who were directly involved in the battle or not. Second, *ghanimah* is used for the vital needs of Muslims, including the salaries of soldiers. In addition, the *fa'i* property cannot be channeled to those who are entitled to receive zakat, nor can the proceeds of zakat be given to the recipient of the *fa'i* property. Thus, Abu Ubaid al-Qasim provides a clear and detailed framework of the principles and implementation of *ghanimah*, with the aim of ensuring justice, prosperity, and security in Muslim society.⁵⁸

From the above explanation, it can be understood that the public financial management system according to *Abu Ubaid al-Qasim* includes various aspects of state revenues and expenditures designed to achieve justice in society and optimize state revenue. In Abu Ubaid al-Qasim's view, state revenues involve several main sources, namely *kharaj*, *zakat*, *jizyah*, *'ushur*, and *ghonimah* (spoils of war, including state-owned assets and unmanaged dead land as well as *qotho'i*). Each of these sources of revenue has specific characteristics and management mechanisms, which contribute to the overall financial structure of the country.

Kharaj is a tax imposed on land controlled by an Islamic state, and the proceeds from this tax are used for public interest as well as

⁵⁷ Ali ibn Muhammad ibn Ḥabab al-Mawardi, *al-Aḥkām al-Sultāniyyah Wa al-Wilāyat al-Diniyyah*, al..., p. Sec. 183.

⁵⁸ M. Abdul Mannan, *Theory and Practice of Islamic Economics*, Yogyakarta: PT. Dana Bhakti Wakaf, 1995, pp.228-271.

government financing. *Zakat*, on the other hand, is a religious obligation for Muslims that aims to cleanse their wealth and soul and distribute wealth to those in need. *Jizyah* is a tax paid by non-Muslims (*ahlu zimmah*) as a form of protection and recognition of their existence in Islamic territory. *'Usyur* is a tax imposed on traded goods, with a percentage that varies depending on the religious status of the merchant.⁵⁹

Ghonimah, or spoils of war, was a source of revenue obtained through military conflicts with non-Muslim sides. Abu Ubaid distinguishes between *ghonimah* and *fa'i*, where *ghonimah* is obtained through active warfare, while *fa'i* come from a peace treaty or after the war ends. The management of *the ghonimah* is strictly regulated, with 1/5 of the share allocated to public interests such as the welfare of the community, military equipment, and the operational needs of the jihad, while the rest is distributed to soldiers participating in the battle.

The main goal of the state financial management guidelines, according to Abu Ubaid, is to create social justice and optimize state revenue. Social justice is achieved through a distribution mechanism that ensures that wealth not only circulates among the rich, but also reaches those in need, such as orphans, the poor, and *ibn sabil*. Optimizing state revenue is carried out by regulating various sources of revenue efficiently and fairly, as well as ensuring that each source has a significant contribution to the country's financial stability.

An analysis of this discussion shows that Abu Ubaid al-Qasim has a comprehensive and systematic view of the management of public finances. He understands the importance of diversifying state revenue sources and emphasizes fair and responsible management. His approach incorporates the principles of justice, accountability, and general welfare, which are relevant to the context of the Islamic society of his time. In addition, Abu Ubaid also showed flexibility in financial management, such as allowing the payment of *'usur* with agricultural goods or products, which showed adaptability to existing economic and social conditions. Thus, the public financial management system according to Abu Ubaid al-Qasim not only serves to meet the country's fiscal needs, but also as an instrument to achieve broader social and economic goals, namely justice, welfare, and stability. This holistic approach can be an inspiration for modern public financial management that seeks to create a more just and prosperous society.

In the system of public financial management, Abu Ubaid al-Qasim offers a view that reflects the basic principles of modern economics, particularly in terms of state revenues and spending. According to Abu Ubaid, state revenue involves various sources, including *kharaj* (land tax), *zakat*, *jizyah* (protection tax), *usyur* (trade and agricultural produce tax), and *ghonimah* (spoils of war). *Kharaj*, as a tax imposed on the value of land,

⁵⁹ Ahmad Dahlan, *Islamic Public Finance: Theory and Practice*, Purwokerto: STAIN Purwokerto Press, 2008, p. 17-35.

is in line with modern economic theories that suggest the collection of taxes based on the economic value of property.⁶⁰

Taxes based on the economic value of property are based on the principle that taxes must reflect the economic value of the taxable property. This means that the taxes paid should be proportional to the market value of the property, reflecting how much profit or economic value the property can generate. This principle seeks to create fairness in tax collection, ensuring that property owners who own high-value assets pay higher taxes according to the economic value they are utilizing.

In the context of the modern economy, tax collection based on the economic value of property is still very relevant. Many countries use this system as a primary source of revenue, especially for property taxes and land taxes. It reflects the application of the principles of fairness and efficiency in taxation, where taxes are adjusted to the economic value generated by the property.

Overall, the collection of taxes based on the economic value of a property is a method designed to create a fair and proportionate taxation system, with the aim of ensuring that the taxes imposed are in accordance with the economic benefits derived from the property. These principles remain relevant in modern taxation theory and practice, serving as an important tool for revenue collection and property use regulation.

Then the second zakat, which serves as a redistribution of wealth, is similar to the progressive tax system in the contemporary economy, where individuals with higher incomes are taxed heavier to support the general welfare.⁶¹ The progressive tax system is based on the principle of vertical fairness, which is that individuals with greater financial ability must pay taxes in greater proportions compared to individuals with lower incomes. This principle aims to 1). Income Redistribution: Reduce income inequality by shifting a portion from high to low income through taxation mechanisms. This contributes to a more equitable distribution of wealth in society, 2). Fairness: Ensuring that the tax burden is proportional to the taxing capacity of individuals, so that those with more resources make a greater contribution to the financing of public services and social welfare.

Then Jizyah, a tax imposed based on legal status, reflects the principle of financial contribution in modern economic theory that focuses on social justice and social structure.⁶² In the modern economy, the principle of social justice is the center of attention in designing fiscal and taxation policies. This concept refers to efforts to ensure that economic

⁶⁰ Taxation based on the economic value of property is a taxation system that sets taxes on a property based on its market value or economic value. The system is designed to ensure that the taxes levied are proportional to the economic value generated by the property, be it land, buildings, or a combination of both.

⁶¹ A progressive tax system is an approach to taxation in which tax rates increase as revenue increases. In the contemporary economy, these systems are designed to create social justice and support the general welfare by burdening individuals with higher earning ability to do so. The following is a detailed explanation of the progressive tax system, its function in the modern economy, and the benefits and challenges faced.

⁶² Financial contributions in modern economic theory, especially those that focus on social justice and social structure, involve a set of ideas and concepts designed to address economic injustices and promote a more equitable distribution of wealth.

resources are distributed equitably across all walks of life and that every individual has equal access to opportunities and resources. Key aspects of social justice include: 1). Income Redistribution: Using fiscal tools such as progressive taxes and social transfers to reduce income inequality and ensure that lower-income individuals receive the support necessary to improve their well-being. This includes social benefits, subsidies, and welfare programs. 2). Balance Health and Education: Providing equal access to quality health services and education for all walks of life, which is an important foundation for social justice and equal opportunity.

Usyur, which is imposed on agricultural and trade products, bears a resemblance to customs and sales taxes in the modern economy, indicating the collection of taxes based on economic results.⁶³ In the modern economy, customs and sales taxes are key instruments in a tax system that is based on economic outcomes. Both play an important role in regulating trade, collecting state revenues, and influencing consumption patterns. Through these tax collections, governments can influence economic behavior, support trade balance, and provide funding for public needs, all while ensuring that the tax system functions fairly and effectively in the context of a growing economy.

Ghonimah, or spoils of war, describes income from unusual sources, in line with economic theories that manage unexpected income for the public good.⁶⁴ In modern economic theory, the management of unexpected revenues for the public benefit involves a variety of approaches that focus on social welfare, fiscal stability, sustainability, economic development, and resource use efficiency. These approaches provide guidance on how to harness unexpected revenues to improve people's quality of life, support economic growth, and create a fairer and more sustainable system.

In terms of the distribution of public finances, Abu Ubaid emphasized the need for fair and pro-people distribution to achieve the common good. He highlighted the importance of ensuring that state wealth does not only circulate among certain groups, but reaches all levels of society. This concept is relevant to modern economic theory that focuses on social justice and income redistribution to reduce inequality.

Modern economic theories that focus on social justice and income redistribution to reduce inequality encompass a wide range of concepts and approaches aimed at creating a more just and equitable society. One of the significant theories in this context is Keynesian economic theory, developed by John Maynard Keynes. Keynesianism emphasizes the importance of the role of government in regulating the economy, especially through active fiscal policy. This theory advocates the use of progressive taxes and social spending to redistribute income from the rich to the poor, with the aim of reducing economic inequality and improving social welfare.

⁶³ In the modern economy, customs and sales taxes play an important role in the taxation system, and both reflect the principles of tax collection based on economic outcomes.

⁶⁴ Economic theories that manage unexpected revenues for the public benefit generally focus on how governments or economic entities can utilize or manage unpredicted or unexpected revenues in a way that supports general welfare and economic stability.

This approach argues that income redistribution can increase aggregate demand in the economy, as low-income groups tend to have higher consumption tendencies than high-income groups. By increasing the purchasing power of the poor, the economy can grow faster and more stable, while reducing social inequality. In addition, investments in public services such as education, health, and infrastructure are also an important part of this strategy, as they can provide more equitable access to economic and social opportunities.

Abu Ubaid also emphasized the need for a balance of economic power, reflecting the importance of market regulation and antitrust in the modern economy to prevent dominance by a few economic actors.⁶⁵ Antitrust regulations in particular focus on controlling monopoly practices and market consolidation that can be detrimental to competition. This is done through the enforcement of antitrust laws that prevent anti-competitive actions, such as cartels and unfair price fixing. Supervision of mergers and mergers between companies is also an important part of these regulations, to ensure that mergers of companies do not significantly reduce competition. In addition, regulators investigate and prosecute economic actors who engage in practices that are detrimental to the market, with the aim of maintaining the balance of market forces and ensuring fair opportunities for new business actors.

In addition, openness and responsibility in the management of public finances, which Abu Ubaid prioritizes, are in line with the principles of *good governance* in contemporary economic theory. Good governance, or effective governance, involves transparency, accountability, participation, and fairness in decision-making and implementation of public policies. These principles are critical in achieving redistributive goals and reducing economic inequality.

First, transparency in the management of public finances ensures that state revenues and expenditures can be audited by the public. This reduces the risk of corruption and misuse of public funds, which often hamper revenue redistribution efforts. With high transparency, people can monitor how the taxes they pay are used for programs that support the general welfare.

Second, accountability is the principle by which the government is responsible for the policies and actions taken. In the context of revenue redistribution, governments must be able to explain and account for the fiscal and redistribution decisions they make. This includes the use of progressive taxes, subsidies, and social assistance programs to support disadvantaged groups.

Finally, Abu Ubaid's goal of maximizing state revenue and creating social justice reflects the principle of *fiscal efficiency* that is important in modern economic theory. *Fiscal efficiency* focuses on how governments can

⁶⁵ Market regulation and antitrust in the modern economy play an important role in maintaining healthy competition and preventing dominance by a few economic actors. The main purpose of these regulations is to ensure that the market functions efficiently and fairly, as well as to protect consumers and small businesses from unfair practices.

collect and spend public revenues in a way that minimizes waste and maximizes benefits to society. In modern economic theory, the principle of *fiscal efficiency* aims not only to ensure that public resources are used wisely, but also to encourage sustainable and inclusive economic development. By applying these principles, governments can improve the effectiveness of their fiscal policies, provide better public services, and ultimately improve the overall well-being of society. Abu Ubaid's views offer a valuable framework that remains relevant in the context of the modern economy, demonstrating how the principles of justice and the management of public finances can be applied.

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