

Analysis Of Land and Building Tax According To Islamic Economic Perspective

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Abstract

Purpose - This research intends to examine land and building tax analysis from the viewpoint of Islamic economics.

Methodology - This study's data sources and data collection were derived from secondary data gathered through library and Internet research. Data reduction, data presentation, and verification are employed in data analysis. Source triangulation was used to test the validity of the data in this study by comparing data obtained from multiple relevant sources, including books, articles, scientific papers, journals, and legislation.

Findings- The findings of this study reveal that tax in Islamic Economics is referred to as dharibah. Kharaj, also known as the land tax, is one of the many types of Dharibah. Kharaj (land tax) was only levied on non-Muslims during the time of Rasulullah (a.s.). In Indonesia, Kharaj is called the Land and Building Tax, and most Ulama (jumhur ulama) agree that it should be done. So that the results of the Land and Building Tax Analysis from an Islamic Economic Perspective are in line with Islamic law if they have benefits and are not part of the mukus group (unfair levies). This means that the money from Land and Building Tax is used for the good of society, such as building public facilities and making sure everyone can pay Land and Building Tax.

Keywords: Islamic Economics, Land and Building Taxes

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1. INTRODUCTION

The majority of the work that goes into national development is done for the community, and both the government and the community contribute to its completion. As a result, the role that the community plays in financing development needs to continue to expand, and this can only be done by fostering members' awareness, comprehension, and appreciation of the fact that development is a right, an obligation, and the responsibility of every individual in Indonesia. At the present time, one of the most significant sources of funding that can be obtained in order to finance all of the government's spending is through the collection of tax revenue.

Taxes are the primary source of revenue for the state, and they serve both as a mandatory contribution to the state that is owed by individuals or entities that are coercive under the law, not by getting compensation directly but by aiming for the requirements of the state to ensure that it can prosper and prosper its people at the same time [\(Safitri, 2021\)](#). Tax collection cannot be done randomly or without rules; it has to be based on the law in order to be legal. The Law on General Provisions and Procedures for Taxation, which is based on the Pancasila Philosophy and the Constitution of 1945, is what governs taxes in Indonesia. This law has rules for protecting the rights of citizens and making sure that tax obligations are met as a state duty.

In Indonesia, taxes are classified into two categories based on which level of government has authority over them: central taxes and regional taxes. The Directorate General of Taxes is responsible for the collection and administration of the central tax, also known as the central government tax. The results are incorporated into the state's budget for revenues and expenditures, where they are used to finance day-to-day operations as well as infrastructure development. Meanwhile, regional taxes are obligatory contributions to the regions payable by persons or companies that are coercive based on the law by not getting direct recompense and are utilized for regional needs for the maximum prosperity of the people. These taxes are determined by the law on regional taxes and regional levies. The outcomes are put to use in the financing of local governments, with the money coming from regional original revenues and going into the regional expenditure budget.

Land and building taxes are just one of the many ways that the Indonesian government brings in money through taxation. The Law Number 12 of 1985 concerning Land and Building Tax, as amended by the Law Number 12 of 1994 is the basis for the Land and Building Tax, which is a tax that can be imposed on land as well as buildings. In the meantime, Law Number 28 of 2009 pertaining to regional taxes and levies and Law Number 1 of 2022 pertaining to relations between the central government and regional governments. The acquisition of land and buildings tax is subdivided into central taxes and regional taxes, respectively. The Land and Building Tax is a collection of taxes that the central government imposes on the plantation, forestry, and mining industries. This tax is also referred to by its acronym, PBB-P3. A tax that is specific to a region is known as the PBB-P2 Land and Building Tax, and it is levied on both rural and urban land and buildings.

The Land and Building Tax Law needs to take into account the interests and situations of the taxpayers in the community. The law gives taxpayers the chance to be protected by the law, which in turn makes taxpayers feel like justice is being done. This is due to the fact that different members of the community have varying levels of life and carrying capacities, and that members of the community include those who are capable, those who are less capable, and even those who are unable. In a similar way, ideas about taxes change as society changes, especially in the Muslim community, which makes up the majority of the world's population [\(Rizatya, 2022\)](#). One of them

is taxes, including land and building taxes, as well as zakat for the majority of Muslims, which have not been fully received.

In the academic world, there are two different ways of thinking about this subject. The first school of thought holds that it is forbidden to levy taxes on Muslims due to the fact that Muslims are already required to pay zakat. Another way of thinking says that charging Muslims taxes is fine as long as certain conditions are met. One of these requirements is that the government must show that it really needs the money and that the country will be in danger if the tax is not collected (SN, 2019). The opinions of Abu Yusuf, Ibn Khaldun, and Abdul Qadim are examples of those held by scholars who support the imposition of taxes (Surahman & Ilahi, 2017). In the book *Al-kharaj*, written by Abu Yusuf, it is explained that the friends Umar bin Khattab, Ali bin Abi Talib, and Umar bin Abdul Aziz said that the collection of taxes must be based on justice and prosperity. In addition, make sure that it does not go beyond the capabilities of the people, which would make it difficult for them to meet their day-to-day requirements and leave them unable to do so (Surahman & Ilahi, 2017). In this particular instance, Abu Yusuf conceded to the right of the authorities to adjust the burdensome people's tax burden upwards or downwards according to their ability.

There are also scholars who do not permit taxes, among these scholars is Imam Ibn Hazm Al-Andalusi. This is due to the fact that the jurists (Islamic jurists) are concerned that if tax law in Islam is allowed, it will be abused and then become a tool to oppress people. If this is allowed, then this is why this is the case (Surahman & Ilahi, 2017). In the same vein, the ability to pay taxes is another factor that needs to be taken into consideration because this is a matter of equity. Because according to Islamic economics, the tax system needs to be in harmony with and in accordance with Islamic principles, the most important of which is justice (Karim, 2022).

In Islamic economics, the concept of tax is comprised of philosophical values like monotheism, justice, deliberation, freedom, and trustworthiness or responsibility (Karim, 2022). Taxes are considered fair if they satisfy all three of the following conditions: they must be levied and collected for the purpose of benefiting the entire community; the tax burden must not be unduly onerous in comparison to the individual's capacity to bear it; and the tax burden must be fairly distributed among all individuals who are in a position to pay, the funds from the taxes collected are used in a morally responsible manner to fund the activities that necessitate the imposition of the taxes (Chapra, 2019).

The Islamic term for the tax on land and buildings is *kharaj* (land tax) (Gusfahmi, 2017). But the Land and Building Tax and the *Kharaj* (land tax) are two different things in terms of the source or basis of collection. However, they are the same thing in terms of their nature as an attempt to take or collect wealth from the community for social purposes. Land and Building Tax applies to vested interests that are regulated by the state through a lawful democratic process, whereas *Kharaj* (land tax) applies to vested interests that are regulated by religion.

The land and building taxes originated from the concept of the state, whereas the *Kharaj*, also known as the land tax, originated from an Islamic concept. Differences between the two, including differences in opinion and application, have led to skepticism on the part of the general public, particularly among members of the Muslim community. In the meantime, the community must fulfill the obligation to pay land and building tax in accordance with the regulations that are currently in effect from the applicable government. Therefore, taxes, most notably the Land and Building Tax, need to get the attention of the government in order to be implemented, especially when taking into consideration the significance of the benefits provided by those who are entitled to receive the Land and Building Tax.

According to the findings of earlier studies carried out by [\(Astrini, 2012\)](#), values associated with monotheism have not been implemented in Indonesia's system of taxation, as evidenced by the absence of government involvement in efforts to increase the number of Muslim communities that comply with the payment of zakat. It is still considered inadequate and is not in accordance with the requirements and interests of the Indonesian people as a whole because taxes contain illegal elements such as tax subjects and tax objects. Because of this, the implementation of taxes is still considered inadequate. According to the findings of the research conducted by [\(Lestari, 2015\)](#), the concept of taxation in Islam already existed during the time of the Prophet and his companions; however, it was only obligatory for non-Muslims living in Muslim areas, and Islamic values in the taxation system had not been fully implemented at that time. According to the findings of the research that has been carried out by [\(Fikri & Thamrin, 2021\)](#) it is permissible, as stated by the scholars, to collect taxes solely for the benefit of the people, because the funds available from the government are insufficient to cover all of the costs, and if things are allowed to continue as they are, problems (things that are harmful or dangerous) will develop.

The writer is focused in continuing the research with the title "**Analysis of Land and Building Tax According to the Perspective of Islamic Economics**". This interest is based on the background information that was described above.

2. LITERATURE REVIEW

2.1. Tax

Article 1 paragraph 1 of Law No. 16 of 2009 in [\(Mardiasmo, 2019\)](#), amending Law No. 6 of 1983 enacting general provisions and tax processes reads as follows: "Tax is a mandatory contribution to the state owed by an individual or a coercive body based on the law, not getting compensation directly, and used for the needs of the state for the greatest prosperity of the people".

Taxes are mandatory payments made by citizens to the government in order to cover the costs of government services and programs, as defined by Prof. Dr. Rochmat Soemitro, S.H. Taxes can be enforced by withholding the provision of lead (contrapretation) services, and are therefore subject to public inspection [\(Mardiasmo, 2019\)](#).

According to Djajadiningrat in [\(Resmi, 2019\)](#), a tax is an obligation to give some of your money to the state treasury because of a condition, event, or a course of conduct that places you in a given circumstance, but not as a kind of punishment; although rules established by the government can be enforced, there is no direct service in return from the state to uphold general welfare.

2.2. Tax Category

The following tax groups are included in [\(Mardiasmo, 2019\)](#):

1. Depending on the category
 - a. Direct taxes are those that cannot be passed on to another person and must be paid by the individual themselves.
 - b. Indirect taxes are allocated to others.
2. Depending on the characteristic
 - a. Subjective taxes consider the taxpayer's personal situation.
 - b. An objective tax is a tax on the subject without regard to the taxpayer's personal situation.
3. Based on the collection institution

- a. State households are financed by a central tax.
- b. Local government taxes finance regional households.

2.3. Land and Building Tax

According to Law No. 12 of 1985 concerning Land and Building Tax as revised by Law No. 12 of 1994, there is a state tax on land and/or structures.

As per the land and building tax provisions of Law No. 28 of 2009 pertaining to regional taxes and regional levies, “Tax on land and/or buildings that are owned, managed, and/or operated by individuals or companies, with the exception of areas used for plantation, forestry, or mining economic activities. This tax is known as the “Rural and Urban Land and Building Tax”.

According to [\(Suandy, 2017\)](#) the Land and Building Tax is a tax that is material in nature, and the amount of tax that is owed is determined by the state of the object, specifically the land or building. The state of the subject, or the person who pays the tax, does not play a role in determining the amount of tax that is owed.

According to [\(Waluyo, 2017\)](#) defines land and building tax as follows: “The earth's surface contains land, inland waters (including marshes and water ponds), and Indonesia's territorial sea” and “Buildings are permanent technical structures”.

2.4. Legislation Pertaining to Land and Building Taxes

1. The Land and Building Tax Law Number 12 of 1994 About Changes to the Land and Building Tax Law Number 12 of 1985 Regulates All Matters Relating to the Collection of Land and Building Tax.
2. Regional Taxes and Levies Act of 2009 (Law No. 28 of 2009).
3. Law Number 1 of 2022 Concerning Relations between Central and Regional Governments.

2.5. Subject to Land and Building Taxes

A tax subject is a person or entity that owns, controls, or benefits from land or buildings, according to the Law on Land and Building Tax, Article 4 Paragraph 1.

Private entities and individuals have the following rights under Law Number 28 of 2009 on Regional Taxes and Levies:

1. Have the right to land.
2. Obtain the benefits of the earth.
3. Own a building.
4. Take control of the building.
5. Obtain the benefits of the building.

2.6. The Object of Land and Building Taxes

The object of land and building tax according to [\(Waluyo, 2017\)](#) is:

1. Earth contains land, inland waters, and Indonesia's territorial seas.
2. Buildings are technical structures permanently anchored to land or water.

Land and Building Tax does not apply to some tax objects. Law Number 12 of 1994 on Land and Building Tax requires the tax object to meet certain criteria, including:

1. The tax object serves the public interest in worship, social, health, education, and national culture without profit.
2. Used for graves, relics, etc.
3. Tax objects include protected forests, nature reserves, tourist forests, national parks, village-controlled grazing land, and state land without a right.
4. Diplomats and consultants use tax objects on the basis of reciprocity.
5. Tax objects are used by Minister of Finance-approved international organizations.

2.7. Land and Building Taxation basis

According to [\(Mardiasmo, 2019\)](#) cites several reasons for land and building taxation.

1. Sales Value of Taxable Object.
2. On behalf of the Minister of Finance, the Head of the Regional Office of the Directorate General of Taxes determines the tax object's selling value every three years (Regional Government).
3. Tax is calculated at 20% to 100% of the taxable object's sales value.
4. Government regulations consider the national economy when setting the percentage.

The tax rate multiplied by the taxable sales value determines the tax due.

2.8. Land and Building Tax Rates

According to Law Number 1 of 2022's Article 41 on Financial Relations between the Central Government and Regional Governments, the maximum Land and Building Tax rate is 0.5%, and the taxable selling value ranges from 20% to 100% of the selling value of the taxable object less the selling value of the non-taxable taxable object.

2.9. Islamic Economics

According to [\(Ghofur, 2020\)](#) says experts define Islamic economics as follows:

1. Qaradhawi claims that Islamic economics (sharia economics) is a divine economy.
2. Sharia economics is a multidimensional, interdisciplinary, comprehensive, and mutually integrated science based on the Qur'an, the Sunnah, and the rational sciences, according to Rivai and Buchari.
3. Mannan defines Islamic economics (sharia economics) as the study of sharia-compliant economies.

2.10. Islamic Economic Objectives

According to [\(Zahrah, 2018\)](#) lists Islamic economics' goals:

1. Every Muslim contributes to society, the environment, and soul purification.
2. Justice in society involves law and muamalat.
3. Protected faith, soul, mind, family, and property.

2.11. Basis Islamic Economic Law

1. Al-Qur'an.
Q.S. An-Nisa verse 29 states that voluntary trading is halal muamalat.

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Translation: You who believe! Except in mutually agreed-upon trading, do not consume each other's wealth. Keep yourself alive. Allah is merciful to you.

2. Hadist.

According to HR. Bukhori, "Halal is clear, unlawful is also clear, and between the two of them is subhat, but not many people know about it." Whoever keeps himself from subhat, then he is free for his religion and pride; whoever falls into subhat, then he is like a shepherd around a forbidden land who is afraid of falling. Allah's prohibition is something that is forbidden by Allah SWT. Remember that meat is the heart, and if it is good, the whole body is good, and if it is bad, the whole body is ugly".

2.12. Tax in Islam

According to [\(Gusfahmi, 2017\)](#) etymologically, taxes in Arabic are called dharibah, which has the meanings of obliging, determining, hitting, explaining or imposing, and so on. Dharibah is state-collected property. Dharibah can mean many things, but scholars use it to pay for property collected as an obligation. Jizyah (non-Muslims, notably people of the book, pay Jisyah to ensure their safety, security, freedom of religion and thought, and exemption from compulsory military duty) and kharaj (land tax) are levied by dharibah (tax), which is obligatory (Gusfahmi, 2017).

According to Qaradhawi in [\(Ghofur, 2020\)](#) taxes are obligations set against taxpayers that must be deposited with the state in accordance with the provisions, without getting a return from the state, to finance general expenses and achieve economic, social, political, and other state goals.

Hasanuddin Abdul Fatah, Head of the Indonesian Ulema Council (MUI) Fatwa Commission, there are no syar'i texts (legal stipulations originating from the Al-Quran and As-Sunnah) regarding taxes, but there are fiqh rules (generalizations of fiqh that can be used as a reference for scholars in setting laws) that allow authorities to make any policy as long as it provides benefits, namely "tasharruful imam 'alar ra'iyah manuthun bil maslahah", which means a leader's actions must benefit the people [\(Mukhtar & Nursalikah, 2021\)](#).

2.13. Principles of Taxation in Islam

According to Qaradhawi in [\(Ghofur, 2020\)](#), the legal principles governing the community's obligation to pay taxes include the following:

1. Agreement Principle

In the 19th century, philosophers argued that taxes were obligated on the basis of the state's reciprocal relationship with society. Tax is an advance payment made by a person for the protection of a group of people.

2. State Sovereignty Theory

This theory explains the view that the state has a function to serve the needs of society, not for personal gain. To carry out its functions, the state requires financing; therefore, the state has the right to oblige its citizens, on the basis of sovereignty, to bear the financing according to the level of ability of each of its citizens. The taxation principle is comprised of four principles: fairness, certainty, feasibility, and economy.

3. The Principle of Justice

Principles that must be considered in every tax imposed on society and principles that are in accordance with Islamic law For example: equality in the obligation of zakat; freeing assets that

are less than the nisab; the prohibition of paying zakat twice; the amount of zakat being proportional to the amount of energy expended; paying attention to the conditions in payment.

4. The Principle of Certainty

The principle is closely related to tax stability. Uncertainty in the tax system will threaten tax justice.

5. The Principle of Eligibility

By maintaining feelings and being courteous to the taxpayer, so that the taxpayer will voluntarily hand over the tax without hesitation or compulsion as a result of unfavorable treatment.

6. Economic Principles

Save money on tax collection and avoid unnecessary waste.

2.14. Characteristics of Taxes in Islam

Taxes in Islam have the following characteristics, according to [\(Gusfahmi, 2017\)](#):

1. Tax (dharibah) is only levied for obligatory financing and cannot exceed that amount.
2. Non-Muslims are not taxed (dharibah). Dharibah pays for Muslim-only necessities.
3. Rich Muslims pay dharibah, not others. Rich people have excess assets from financing basic and other needs for themselves and their families according to community eligibility.
4. Taxes (dharidah) are only collected to finance needs.
5. Unneeded taxes (dharidah) can be removed.

2.15. Types Taxes in Islam

According to [\(Gusfahmi, 2017\)](#) classifies Islamic taxes into several categories:

1. Zakat

Zakat is one of the basic provisions of Islam, which is the main basis of income in a government and is voluntary; there are no special rules or legal provisions, and regulations regarding the issuance of zakat are enforced in the ninth year of the Hijri when the Islamic foundation is solid.
2. Ushr

Ushr is an import duty imposed on all traders, where payment is only made once a year and only applies to goods worth more than 200 dirhams. Protected people's duty rate is 5%, and Muslim swords have a 2.5% rate.
3. Waqf

Waqf is property dedicated to Muslims by Allah SWT, and the income will be deposited in the Baitul Maal.
4. Amwal Fadhlah

Amwal fadhlah comes from the property of Muslims who died without heirs or from the belongings of a Muslim who left his country.
5. Nawaib

Nawaib is a tax that is quite large in amount charged by the rich in order to cover state expenses during an emergency, and this has happened during the Tabuk War.
6. Zakat Fitrah

Zakat fitrah is obligatory for Muslims once a year as a cleaning agent for the assets they have, especially in the month of Ramadan, and zakat fitrah is increasingly showing its development because it is mandatory.

7. Khumus
Khumus is a treasure or discovery and applies to the pre-Islamic period.
8. Kafarat
Kafarat is a fine for mistakes committed by a Muslim during religious events, such as hunting during the Hajj season.
9. Jisyah
Non-Muslims, notably people of the book, pay Jisyah to ensure their safety, security, freedom of religion and thought, and exemption from compulsory military duty.
10. Kharaj
Kharaj is a land tax collected from non-Muslims when Khaibar was conquered, the land was taken over by Muslims and the old owner offered to manage the land in lieu of land rent and was willing to give a portion of the production to the state. The amount of kharaj for this land is fixed, i.e. half of the production is left to the state.

3. METHODOLOGY

The authors of this study employed a method of research known as descriptive research. The data will be presented using descriptive analysis, which describes or discloses the variables that the author is interested in, such as the analysis of land and building taxes according to Islamic economic perspective.

To complete this research, the writers relied on secondary data sources. Library and online research were used to gather data. This research studies, explores, and cites theories or concepts from relevant books, journals, magazines, newspapers, and other written works.

Data analysis in this study concern data reduction, data display and conclusion drawing or verification. The triangulation of sources ensures the reliability of the data collected for this study. The describing stage, the narrowing stage, and the choosing stage are the stages of procedure that are involved in this research.

4. RESULTS AND DISCUSSION

4.1. Taxes According to The Perspective of Islamic Economics

There are two terms that are often interpreted as taxes, namely dharibah and max. The tax practice that applies in Indonesia is closer to the term "dharibah," while "max" can be called "tribute," namely in the form of forced taking by the authorities of their people to use as their own wealth with their colleagues [\(Khozin, 2022\)](#). Meanwhile, taxes are taken from all citizens and managed for mutual benefit. Thus, the practice of collecting taxes and collecting tributes is fundamentally different, so the laws that apply are not the same. Forcing tribute violates everyone's property rights. Taxes on community assets managed for empowerment.

Taxes and zakat are two different things; taxes are the business of the ruler or government of a country, and there are no syar'i texts regarding taxes, but there are fiqh rules that allow rulers to make any policy as long as it contains benefits, namely "tasharruful imam 'alar ra' iyyah manuthun bil maslahah". Meanwhile, zakat is related to the obligations of a Muslim which is explained in the syar'i texts [\(Mukhtar & Nursalikhah, 2021\)](#). The general rule is the policy of the ruler or government towards its people and must depend on the benefit. The policies issued are those that benefit the people and the nation; all of these policies include taxes. Furthermore, taxes and zakat serve similar ends in that both are designed to generate revenue for the common good,

with the latter being used to ensure that both material and spiritual necessities are met in a sustainable manner [\(Darvina, Kamaluddin, & Ridho, 2020\)](#).

The policies implemented by the government, including taxes, are not intended to extort, inconvenience, or burden the people. So, tax collection must be fair [\(Karim, 2022\)](#). Islam is a religion that promotes economic growth through the use of capital, forbids the hoarding of money, and institutes a yearly tax on unaccounted-for wealth [\(Fahlevi, 2019\)](#). Muslims are commanded to pay taxes by the Koran. The distribution of taxes is different from zakat, but both are mandatory. Eight asnaf of zakat are paid for distribution to eligible groups [\(Insani, 2021\)](#). Meanwhile, taxes depend on the government and are in accordance with the needs of the nation and society.

Taxes are situational, that is, they are collected from the people when a country needs them to carry out development. Especially when a country's budget is fulfilled, there is no need to collect taxes from the people, and vice versa, it is the people who are given the funds. The principle of justice requires that taxes be collected without oppressing the less fortunate and at a reasonable amount, such as higher taxes for those with more wealth or income. Al-Qur'an, Hadith, Ijma, and Qiyas-based tax rules must also be followed [\(Ridwan, Umar, & Ghafar, 2021\)](#). Taxes are forbidden if they are unjust, but if they are just and not mukus (tyrannical levies), they are worship.

Even though it does not include the obligation of the diniyah, a Muslim must follow the law that says they must pay taxes if it is returned to its basic law. The obligation to pay taxes is the same as other socio-economic obligations, such as paying for daily needs. On the other hand, paying taxes is a form of jihad for wealth, plus there are no tyrannical practices when collecting taxes. We should pay taxes to create development and growth and maintain the stability of the country's economy. Ibn Khaldun's Muqaddimah states that taxation is permitted and Abdul Qadim's Al-Amwal fi Daulah Al-Khilafah states that Muslims must pay for non-Baitul Mal expenditures. Without funding, Muslims will suffer. If so, Muslims must pay taxes to cover the shortfall in expenditure items. But not too much [\(Surahman & Ilahi, 2017\)](#).

4.2. Land and Building Tax According to the Islamic Economic Perspective

Taxes in Islamic Economics are known as Dharibah, namely assets that are compulsorily collected by the state to finance the needs of Muslims [\(Gusfahmi, 2017\)](#). One source of Dharibah, among others, is obtained from the Kharaj, namely Land Tax. Kharaj (land tax) is imposed on land conquered by force, regardless of the owner's age, status, religion, or status as a slave [\(Ghofur, 2020\)](#). When Rasulullah SAW conquered Khaibar, the Muslims took over the conquered land and gave the old owner the right to cultivate it as a tenant if he was willing to give half of his production to the country. To determine the extent of production, Rasulullah SAW dispatched specialists. One third is set aside as compensation for potential overvaluation, and the remaining two thirds are split between the state and the tenants. The state's revenue came from the kharaj (land tax) [\(Ghofur, 2020\)](#). Landowners who are not Muslims but who become Muslims are still required to pay kharaj (land tax), but must instead pay 10% of their harvest in zakat [\(Gusfahmi, 2017\)](#).

The Sharia forbids land and building taxes, muslims are also responsible for their land and buildings. If it is identified with kharaj, then the Indonesian state is not included in the kharajiyah land, which was carried out by war, so that Muslim residents of that land are not obliged to pay kharaj but include it in receiving zakat. Thus, there is no evidence to support the taxation of Muslim-owned, occupied, or used property. Zakat includes all land and building taxes in the form of goods and services from land leasing. Abu Yusuf wrote in Al-Kharaj that companions such as Umar bin Khattab, Ali bin Abi Talib, and Umar bin Abdul Aziz said it was okay to collect taxes,

especially taxes on land and buildings, as long as they were fair and prosperous. Also, don't let it exceed the people's ability and make it hard for them to meet their daily needs [\(Surahman & Ilahi, 2017\)](#).

4.3. Legal Basis for Land and Building Taxes According to an Islamic Economic Perspective

Law Number 12 of 1985, as amended by Law Number 12 of 1994, regulates land and building taxes with the belief that land and buildings benefit those who own or use them. So, it makes sense that it should pay taxes for some of the benefits or pleasures it gets. Because these taxes' revenue is crucial for national development that seeks to improve people's well-being.

Today's economic life relies more heavily on the industrial and service sectors than the traditional agricultural and animal husbandry sectors, so there will be an increasing number of types of wealth, and its details will even become a tool for class differences in society. Policies can continue to change as conditions, the community's potential, and the problems and difficulties that must be dealt with change. The objective conditions affect the determination of policies that must be implemented [\(Baqir, 2022\)](#).

Policy formulation for Muslim countries should be based on previous policies. The right of an Islamic state to impose taxes justly is relevant to modern life. Changing current conditions necessitate a tax system that takes into account the realities of changing needs in developing countries and modern economies.

The previous policy makes clear that taxes like zakat, ghanimah, kharaj, and others are used to fund the government [\(Gusfahmi, 2017\)](#). However, since this revenue stream is no longer available, other means of funding must be found to meet the growing demand for public works projects like constructing new bridges, rehabilitating old ones, re-irrigating fields, and so on. Therefore, taxes, particularly the Land and Building Tax, must be enacted to be able to finance these public needs.

According to Qaradhawi in [\(Ghofur, 2020\)](#), tax collection must meet the following conditions:

- a. The treasure is essential and the only source.
- b. Fair sharing of the tax burden.
- c. Taxes should support good causes.
- d. Consent of experts and scholars.

In addition to collecting state revenues, tax policies, especially land and building taxes, are also aimed at increasing the productivity of land and buildings. Land and buildings that are not productive will have less economic value compared to land and buildings that are used for productive activities. Owners gain from income-generating activities, in this way the economic worth of land is not diminished by the imposition of land and building taxes. As a result, people will be incentivized to make use of the land and buildings they own through the Land and Building Tax system.

4.4. The Concept of Land Ownership According to an Islamic Economic Perspective

The concept of ownership in Islamic economics is based on the concept of monotheism [\(Ghofur, 2020\)](#). Humans can use nature to survive because Allah SWT owns the universe. Islam considers property rights an offering to Allah SWT that benefits all people. As vicegerents on earth, humans can take on responsibility. Allah SWT has provided everything that humans require, and as caliphs, humans are tasked with managing what Allah SWT has provided on earth.

Everything that is legal can become human property and be used for the betterment of their lives. Property rights must comply with Shari'a.

According to [_\(Baqir, 2022\)](#) the concept of ownership in Islamic economics has three forms, namely:

1. Private Ownership

Everyone has the power to enjoy his property, use it productively, transfer it, and protect it from waste. However, the rights are subject to a number of limitations, and it is not permissible to use them in vain or for extravagant purposes. In addition, each individual may not use his property rights, which can cause harm to others.

2. Public Ownership

Social property rights are necessary for social purposes. Co-ownership is a natural gift that comes from Allah SWT, and humans have no difficulty making use of it.

3. State Ownership

Every state needs property rights to generate income, sources of income, and power to carry out its obligations. The main sources of state wealth are zakat and ghanimah. In addition, the state can also increase its sources of income by imposing taxes when needed or when the need increases. State wealth is actually public (general) wealth. The head of state is only a trustee, so the state must issue it for the public good.

The concept of ownership in Islamic economics is different from the concepts of capitalism and socialism [_\(Baqir, 2022\)](#). Islam holds that everyone has the full right to own property. Property rights are one of the most fundamental rights that every individual has in order to live properly in their daily lives. Having property encourages economic activity in society, so the desire to own property is human nature. However, in Islamic economics, individual rights to assets are limited by community rights, which means that in individual assets there are community property rights, especially for those who cannot afford it.

Land ownership is a social matter that has an important role in human thinking and is a major phenomenon in human life. An individual obtains ownership rights over a plot of land based on the effort he devotes to cultivating and exploring it. If someone resurrects a dead piece of land, he will have rights over the land. Meanwhile, Islam does not recognize private ownership of land unless an individual has owned a piece of land since before the land entered the fold of Islam, either voluntarily or through an agreement [_\(Baqir, 2022\)](#).

Basically, land belongs to the state in Islam, and the use of property rights is possible as long as it does not conflict with the principles of Shari'a. Private ownership rights to land are not absolute rights to the land. They are bound by the obligation to continue cultivating and fertilizing their land in order to contribute to the advancement of society, especially the Muslim community.

4.5. Procedures for Land Tax Collection from an Islamic Economic Perspective

In simple terms, kharaj is land tax, which can be interpreted as assets issued by landowners to be given to the state. The other meaning of kharaj is the amount paid for agricultural land tax or a crop tax. There are three types of Kharaj: land tax, jizyah, and 'ushr [_\(Gusfahmi, 2017\)](#).

According to [_\(Rachmawati & Md Zulkifli, 2021\)](#), Abu Yusuf used wazifah and muqasamah to discuss taxation. Wazifah gives the impression of a fee system based on a fixed value, without considering the taxpayer's ability level or taxing everyone the same amount. Muqasamah, on the other hand, is a tax collection system based on changeable values and income or proportional tax.

According to Mannan in [\(Ghofur, 2020\)](#), the land tax collection system (Kharaj) is divided into two types, namely the wazifah system (fixed) and the muqasamah or misaha system (proportional).

1. The wazifah (fixed) system, namely the burden on the land as much as natural products or land unit money that must be paid after one year has passed, by taking into account the level of soil fertility, irrigation systems, and types of plants. The application of this method means that only a large part of the land can be cultivated, while the other parts are left alone. Cultivated areas were grouped into one category, and kharaj was also collected from uncultivated land.
2. The system of muqasamah or misaha (proportional) is a ratio that is determined based on the yield portion, such as 1/2, 1/3, or 1/5 of the total harvest collected at each harvest. The proportional tax method will bring in more money from land taxes and encourage farmers to grow more crops, which will keep the economy from going into a slump. Because this system bases its evaluation on current harvests.

According to [\(Riza, 2016\)](#) land tax (kharaj) must consider land capacity such as:

1. Type of soil: Because the soil content is good, the plants will be fertile, and the results are better than with poor soil.
2. Types of plants: some have high prices, and some have low prices.
3. Land management: high management costs mean the land tax is not as high as the land tax for land that is watered with rainwater (low cost).

Land tax (kharaj) in general is in accordance with the standards and values of modern science for public revenue sources. So, the kharaj has met the important conditions in economics to achieve a good income. Likewise, Land and Building Tax and Kharaj are both taxes that pay attention to fairness in their determination as well as in their collection.

4.6. Land and Building Tax Objects as a Tool for Wealth Distribution from the Perspective of Islamic Economics

Islamic economic philosophy emphasizes wealth distribution. At any one time, a person's wealth can be thought of as stock, much like the money they have invested or amassed and weekly, monthly, and yearly earnings are all examples of income, which is a flow concept [\(Agustini, 2017\)](#). Some people in this world are wealthy, while others are not. This wealth is not a right or control, so it should not be wasted. It must be used productively to benefit both himself and others. Every Muslim is urged to try to make a living doing something Allah approves of economically [\(Latif, 2019\)](#). Islam's purpose in economics and society is to ensure that money is distributed fairly among all citizens [\(Ghofur, 2020\)](#). Islam wants everyone to have the same amount of money and the same chances in life. Good wealth distribution means that there are no significant economic or social gaps between people in a given community. Therefore, the issue of unequal income distribution across social classes is assumed to be settled by distribution theory.

In Islamic economics, the principle of distribution is to ensure that all living things have what they need, that the giver benefits, that one's faith is strengthened, that one develops the habit of sharing with others, eliminating economic inequalities, increasing the efficiency with which natural resources and fixed assets are used, and inspiring generosity in others [\(Idris, 2017\)](#).

In addition to zakat, alms, endowments, wills, and inheritance, tax is a method of redistribution of wealth in Islamic economics. The purpose of wealth redistribution is to ensure

that the economy is not dominated by the wealthy few. In particular, land and building taxes are levied against land and/or structures. Buildings are a form of productive wealth, and land is a source of production, so they are both objects of wealth redistribution. The community's wealth is taxed, and the proceeds are used to share it.

4.7. Land and Building Tax Rates Based on Social Justice According to the Islamic Economic Perspective

Land and building taxes in Indonesia are assessed at a proportionate rate, meaning that the same percentage is applied to all taxable values, resulting in a tax bill that is directly related to the property's assessed value (Resmi, 2019). Land and building tax are calculated at a 5% rate. Despite an expanding land and building tax base, prices have not gone up in tandem. Thus, many still hoard land and buildings as wealth. Prof. Dr. Rochmat Soemitro, S.H., believes that taxes can reduce the poverty gap between high- and low-income groups (Mardiasmo, 2019). Thus, progressive tariffs can solve this.

Taxes are a means of redistributing wealth; where taxes with progressive rates are intended to impose higher taxes on those who can afford it, this role is very important for upholding social justice (Mardiasmo, 2019). Progressive rates are percentage-based rates that rise with tax bases (Resmi, 2019). Progressive taxes are the best way to eliminate stark differences in wealth and income where wealth cannot be distributed evenly among people and are intended to impose higher taxes on those who can afford it; this role is very important for upholding social justice. According to Ibn Khaldun in (Maulidizen, 2019), people are more willing to contribute to the government if they feel that they are not being overburdened financially. People's motivation to work hard and pay their fair share of taxes declines under a heavy tax load. Islamic ideals of social justice and income equality are supported by progressive taxation.

5. CONCLUSION

Only non-Muslims pay kharaj. Land and building tax are legal under Shari'a because the proceeds are used for national development. If they do not violate Shari'a, land and building tax ownership rights are allowed. Because of the importance placed on fairness in the assessment of land and building taxes, they are in line with Islamic principles. Due to the fact that the Islamic economy redistributes wealth through land and building taxes, these levies are included in this system.

Allowing the implementation of taxes, including Land and Building Tax in Indonesia by a large number of scholars (opinions or agreements from the majority of Islamic scholars that can be followed), including the Chairman of the Fatwa Commission of the Indonesian Ulema Council (MUI) Hasanuddin Abdul Fatah as a form of jihad for wealth, has benefits in implementation and following the applicable Shari'a to create development growth and maintain stability.

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