



## Abu Yusuf's Fiscal Thought in the Book of Al-Kharaj and Its Relevance to the Modern Public Financial System

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**Abstract:** *Classical fiscal thought in Islamic economic literature has rarely been examined comparatively within the framework of contemporary public finance theory. This study aims to analyze Abu Yusuf's fiscal framework in *Buku al-Kharaj* and evaluate its relevance to modern public finance systems. A qualitative method was employed using library research and content analysis of the primary text *al-Kharaj*, complemented by conceptual comparison with contemporary fiscal theory. The findings indicate that Abu Yusuf's fiscal thought emphasizes distributive justice, proportional taxation, revenue optimization based on productivity, and accountability in fiscal governance. The productivity-based kharaj system and supervision of tax administration demonstrate normative correspondence with the principles of equity, efficiency, and fiscal sustainability in modern public finance. Theoretically, these findings contribute to the integration of classical Islamic economics and contemporary fiscal studies. Practically, Abu Yusuf's framework may serve as a normative reference for equitable tax reform and responsible public financial governance.*

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### Introduction

The transformation of global public financial governance demonstrates a shift toward a fiscal model that emphasizes budget sustainability, distributive justice, and institutional accountability as prerequisites for long-term economic stability. Tax reform and public expenditure management are now positioned as strategic instruments for maintaining macroeconomic balance while reducing social inequality (Ahmed, 2021; Hassan et al., 2024; Nguyen et al., 2023). Consistent with this, contemporary literature emphasizes that the principles of equity, efficiency, and fiscal sustainability are the foundation of the legitimacy of modern public policy (Karim et al., 2023; Ullah et al., 2022; Taha & Azid, 2022). However, this discourse is still dominated by conventional economic approaches, while the integration of classical fiscal thinking within the Islamic tradition has not been systematically studied within a

modern public finance framework.

Empirically, various developing countries face challenges such as low tax ratios, unequal income distribution, and weak fiscal transparency. Recent research shows that the failure of fiscal reforms is often caused by the absence of an ethical dimension of distribution and weak institutional oversight in tax administration (Ullah et al., 2022; Hassan et al., 2024; Nguyen et al., 2023). Contrary to the goal of a welfare state, optimizing state revenues in several jurisdictions actually increases the burden on low-income groups due to less progressive tax structures (Ahmed, 2021; Karim et al., 2023; Taha & Azid, 2022). This situation emphasizes the need to explore normative fiscal models that balance revenue efficiency with social justice and governance accountability.

Despite the significant dynamics of Islamic economic development, most research focuses on the Islamic financial sector and market instruments, while the classical perspective on state fiscal policy has received relatively little analytical attention (Ahmed, 2021; Ullah et al., 2022; Hassan et al., 2024). Previous studies generally discuss the principle of justice in Islamic economics in general without elaborating on the specific fiscal construct formulated by Abu Yusuf in his *Kitab al-Kharaj* and its relationship to modern taxation theory (Karim et al., 2023; Taha & Azid, 2022; Nguyen et al., 2023). Consequently, the conceptual relationship between the productivity-based *kharaj* principle, proportionality of the tax burden, and administrative accountability has not been analyzed through a systematic comparative-conceptual approach. This gap indicates a research gap in the epistemological integration of classical fiscal thought and contemporary public finance theory.

Based on these gaps, this study offers a comparative analysis of Abu Yusuf's fiscal thinking in the *Book of al-Kharaj* with modern public finance principles. This study aims to identify the normative structure of *kharaj* policy, fiscal oversight mechanisms, and distributive justice orientation within the state's institutional framework, then evaluate their relevance to the concepts of equity, efficiency, and fiscal responsibility. Thus, this study's theoretical contribution lies in the systematic integration of classical Islamic economics and modern fiscal theory, while also providing a normative reference for social justice-based tax policy reform.

## Research Methods

This study employs a qualitative approach with a normative-conceptual type and a library research design. This approach was chosen because the study aims to analyze the construction of Abu Yusuf's fiscal thought in the *Book of al-Kharaj* and evaluate its relevance to the principles of equity, efficiency, and fiscal responsibility in the modern public finance system. The qualitative approach allows for a systematic exploration of the argumentative structure, normative values, and conceptual framework in the classical text through an interpretive approach (Creswell & Creswell, 2018).

## Research Design

The research design was descriptive-analytical with a text analysis strategy. The research was conducted through systematic stages: concept identification, thematic classification, comparative analysis, and theoretical synthesis.

## Sampling Sources and Techniques

The research data consists of:

1. Primary data, namely the text of the *Book of Al-Kharaj* by Abu Yusuf as the main object of analysis.
2. Secondary data, namely journal articles and academic literature that discuss public finance theory and modern fiscal policy.

The selection of secondary literature was carried out using purposive sampling techniques, namely the selection of sources based on the following criteria:

- A. relevance of substance to fiscal themes,
- B. academic credibility (indexed journals/main methodological references), and
- C. conceptual linkage with modern public finance principles (Sugiyono, 2017).

## Data collection technique

Data collection was conducted through documentation techniques and systematic literature reviews. Data collection procedures included:

1. Intensive reading of primary texts.
2. Identify units of meaning related to fiscal concepts.
3. Initial coding was based on analysis categories.

The unit of analysis focuses on the concepts of: distributive justice, tax proportionality, optimization of state revenue, and accountability of fiscal administration.

### **Data Analysis Techniques**

The analysis was carried out using qualitative content analysis with the following stages:

1. Data reduction, namely the selection of relevant units of meaning.
2. Thematic categorization, namely grouping concepts based on fiscal principles.
3. Comparative-conceptual analysis, namely testing the correspondence between the principles of *kharaj* and modern public finance theory.
4. Theoretical synthesis, namely the formulation of normative relevance in the context of the contemporary fiscal system.

This procedure follows a systematic and structured content analysis framework (Krippendorff, 2018).

### **Data Validity Test**

Data validity is tested through:

1. Triangulation of sources, by comparing interpretations of primary texts and secondary literature.
2. Triangulation of theory, by testing the consistency of findings against the framework of modern public finance theory

This technique aims to increase the credibility and consistency of interpretation of research results (Yin, 2018).

### **Results and Discussion**

The analysis of the Book of *Al-Kharaj* shows that Abu Yusuf's fiscal thinking is based on the principle of balance between the state's interest in generating public revenue and the government's obligation to maintain the economic sustainability of society. From this perspective, taxes are not understood solely as a fiscal instrument to increase state revenue, but as an economic distribution mechanism that must consider social justice and the economic capacity of the community. This approach demonstrates that fiscal policy in Abu Yusuf's thinking has a public welfare orientation, which aligns with the development of the concept of inclusive public finance in modern economic literature (Hudaefi & Noordin, 2021; Rahman et al., 2022).

Substantively, Abu Yusuf emphasized that determining tax rates must take into account the level of economic productivity and social conditions of the community. This principle asserts that taxes should not burden economic activity, hindering public production. In a modern context, this approach shares similarities with the concept of an equitable taxation system, which emphasizes the distribution of the tax burden based on taxpayers' economic capacity. Contemporary research shows that a tax system that considers the community's economic capacity can improve tax compliance and stabilize state revenues (Zainuddin & Ibrahim, 2021; Uddin et al., 2023).

However, unlike some modern fiscal policies, which often emphasize expanding state revenues through increasing tax rates, Abu Yusuf rejects excessive taxation practices, as they can reduce public economic productivity. This perspective demonstrates an awareness of the long-term impact of fiscal policy on public economic activity. Recent research in Islamic public finance shows that fiscal policies that balance state interests and public welfare can create more sustainable economic stability (Ascarya, 2022; Hasan et al., 2023).

In line with this, the principles of fiscal administration in the Book of *Al-Kharaj* also emphasize the importance of fairness and government accountability in tax management. In Abu Yusuf's view, government officials are not permitted to engage in arbitrary tax collection practices, as this could undermine the state's legitimacy in the eyes of the public. This concept is relevant to modern theories of good fiscal governance, which emphasize that transparency and accountability in public financial management are crucial factors in increasing public trust in the government (Yusuf & Khan, 2024).



Thus, the findings of this study demonstrate that Abu Yusuf's fiscal thinking not only holds historical value in the development of Islamic economics but is also relevant to modern discourse on public financial governance. The principles of tax justice, economic efficiency, and administrative accountability contained in the Book of Al-Kharaj strengthen and expand upon the Fiscal Social Contract theory, a concept that emphasizes the reciprocal relationship between the state and society in legitimizing tax collection.

## Conclusion

This study concludes that Abu Yusuf's fiscal thinking in the Book of Al-Kharaj offers a normative framework emphasizing the balance between state revenue and social justice through the principle of productivity-based tax proportionality, the rejection of excessive collection, and strict administrative accountability. These concepts, such as *muqasamah* and public welfare orientation, demonstrate a strong correspondence with the principles of equity, efficiency, and fiscal responsibility in modern public finance, thus enriching the Fiscal Social Contract theory with classical Islamic ethical dimensions. These key findings underscore Abu Yusuf's historical relevance as a foundation for contemporary fiscal reform, particularly in developing countries facing challenges of inequality and transparency.

However, the study's limitations lie in its normative-conceptual approach, which relies on primary text analysis without quantitative empirical testing or specific case studies of modern policy implementation. This limits the generalizability of the findings to actual fiscal contexts such as Indonesia. For future research, it is recommended to adopt a mixed-methods approach with empirical data-based fiscal model simulations or cross-country case comparisons. Practically, the implications of this study encourage policymakers to integrate Abu Yusuf's principles into progressive tax design, strengthening good fiscal governance, and redistribution programs to improve public compliance and the sustainability of public budgets.

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