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Integration of Tax Justice Principles into Islamic Law for the Achievement of Sustainable Development Goals

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Abstract

Objective: This study aims to examine how the principles of tax justice in Islamic Law can be integrated into modern tax policies to support the achievement of Sustainable Development Goals (SDGs). **Theoretical framework:** This study is based on the theory of justice in Islamic Law, which includes the concepts of distributive justice, benefit, and transparency, which in the context of Islamic history are realized through instruments such as zakat, *kharaj*, *jizyah*, and *usyur*. These principles are compared with modern taxation theory, which emphasizes the principles of justice, efficiency, and equity. **Literature review:** The literature review includes The Principle of Justice in Islamic Law, Islamic Fiscal Instruments in Historical Perspective, Modern Taxation Theory. **Methods:** This study uses a qualitative approach with a juridical normative method through library research. Data were collected from Islamic legal sources, tax regulations, SDGs documents, and previous research results, then analyzed using content analysis to identify the relevance and potential for integrating the principles of Islamic tax justice with modern fiscal policies. **Results:** The results of the study indicate that the principle of tax justice in Islamic Law is oriented towards proportionality of burden based on taxpayers' ability, public welfare, and transparency of management. Integration of this principle with modern tax policy can strengthen the function of income redistribution, increase tax compliance, and support the achievement of SDG 1 (poverty alleviation), SDG 8 (inclusive economic growth), and SDG 10 (reduced inequality). **Implication:** These findings provide policy recommendations for the government to harmonize tax and zakat regulations, improve public fiscal literacy, and optimize the digitalization of tax and zakat payment systems to align with SDG targets. **Novelty:** This study offers a Hybrid Fiscal Model integration model that combines modern taxes and Islamic fiscal instruments proportionally and based on public welfare, thus creating a tax system that is not only based on Sharia values, but also relevant to the global development agenda.

Keywords: tax justice, islamic law, sdgs, fiscal policy, public welfare.

INTRODUCTION

Taxes are the main fiscal instrument used by the government to finance various development programs [1][2]. Its role is increasingly strategic in the global context, particularly in supporting the achievement of the Sustainable Development Goals (SDGs), which target poverty alleviation, equitable distribution of prosperity, and sustainable development by 2030. In Indonesia, taxes contribute more than 70% to state revenue, so their management is crucial for the effectiveness of development financing [3]. However, the debate over fairness in taxation remains a significant issue, particularly regarding the disparity in tax burdens between high- and low-income groups.

From the perspective of Islamic law, public levies such as taxes must fulfill the principles of justice (*'adl*), welfare (*maslahah*), and openness (*shafafiyyah*) [4]. Since the time of Rasulullah SAW and Khulafaur Rasyidin, the Islamic fiscal system has known instruments such as zakat, *kharaj*, *jizyah*, and *usyur*, which function not only as a source of state income but also as a mechanism for fair distribution of wealth [5]. Thus, the values of Islamic law can serve as a moral and normative foundation for the formation of equitable tax policies in the modern era.

Integrating the principles of Islamic tax justice into the national tax system is relevant because the majority of Indonesia's population is Muslim. Furthermore, many values in Islamic law align with the SDGs, such as poverty alleviation (SDG 1), inclusive economic growth (SDG 8), and inequality reduction (SDG 10). The challenge is how to formulate a fiscal policy model that can synergistically combine zakat and tax mechanisms without creating a double burden on society. The concept of tax justice from an Islamic legal perspective has been widely discussed by academics, albeit with varying focuses. Some studies focus on the harmonization of taxes and zakat, others highlight the contribution of Islamic fiscal instruments to poverty alleviation and economic equality, while studies explicitly linking them to the achievement of the Sustainable Development Goals (SDGs) are still relatively limited.

Herianingrum et al. emphasized that zakat has great potential as an instrument for poverty alleviation in Indonesia, but its management must be integrated with national fiscal policy. According to them, making zakat a tax deduction is an effective strategy for improving fiscal compliance and reducing the double burden on Muslims. This view aligns with the Islamic principle of justice, which emphasizes proportionality of obligations based on the taxpayer's economic capacity [6]. In his research, Syamsuri discusses how an optimally managed zakat system can strengthen the income redistribution function, thereby helping the government achieve its inclusive development goals. However, he notes that regulations in Indonesia still separate zakat and tax management, which means their potential synergy is not maximized [7]. Meanwhile, Al-Qaradawi, in his monumental work, *Fiqh* az-Zakah, explains that public levies in Islam, whether permanent like zakat or temporary like emergency taxes (*dharibah*), must fulfill the principles of justice, welfare, and transparency. He emphasizes that taxes in the Islamic system are only legitimate when zakat is insufficient to meet public needs, and the burden imposed should not exceed the community's capacity [8].

Another study by Van Brederode examines theories of tax justice in modern economics, such as the ability to pay principle and the benefit principle, which are substantially similar to Islamic tax principles. This similarity opens up space for integrating Islamic values into the modern tax system without drastically altering the existing legal framework [9]. In the context of the SDGs, Petr Procházka emphasized the importance of fair tax reforms to achieve the goals of poverty eradication (SDG 1), inequality reduction (SDG 10), and sustainable economic development (SDG 8) [10]. While this report does not directly refer to Islamic law, the principles it promotes align with the values of justice and equality in sharia. Research by Ahmad and Ghiasul attempts to link zakat with the SDGs, particularly in poverty alleviation and improving community welfare. They found that productive zakat distribution significantly increases the income of those entitled to receive zakat, which directly supports the achievement of SDG 1 [11]. However, their study has not yet discussed the integration of zakat and taxes within a single, equitable fiscal framework.

Although there is extensive literature discussing the relationship between tax, zakat, and development, there is little research explicitly examining the integration of tax justice principles within an Islamic legal framework with the SDGs. Most studies focus on the technical aspects of tax collection and distribution, but have not elaborated on the justice dimension as a normative principle that can bridge national fiscal policy and the global development agenda. This research is important because the justice principle in Islamic law is not only ideal but also applicable in tax management. If applied appropriately, this principle can reduce economic inequality, increase the legitimacy of tax policies, and strengthen public support for development programs. Furthermore, this integration can serve as an alternative model for Muslim-majority countries in designing fiscal policies that align with sustainable development goals .

In Indonesia, the main challenges in tax management are low taxpayer compliance, unequal tax burdens, and the continued separation of zakat and tax management. This situation has the potential to reduce the effectiveness of income redistribution and the achievement of SDG targets. Therefore, a new approach is needed that integrates Sharia values into the tax system, thereby creating a sense of justice and increasing public participation. Synergy between taxes and zakat can increase the country's fiscal capacity while strengthening social protection. Zakat managed by Sharia can complement taxes in addressing poverty and inequality, while taxes remain a general source of financing for infrastructure development and public services. With the right design, these two instruments can complement each other without creating a double burden on Muslim taxpayers.

Modern taxation has instruments that can be synergized with zakat, such as tax incentives, tax reduction schemes, and state spending allocations that align with the *maqāṣid al-syarī'ah* (the principles of Islamic law). For example, zakat can be optimized to support the SDGs related to poverty alleviation and inequality reduction, while taxes remain the primary instrument for financing infrastructure and public services. With proper design, these two instruments can complement each other without creating a double burden on Muslim taxpayers. However, this integration mechanism still requires a clear legal and institutional framework to be effective, transparent, and accountable.

The integration framework proposed in this study is based on the principles of the Hybrid Fiscal Model, which combines a modern progressive tax system with Islamic fiscal instruments based on the welfare of the people. This model is designed to ensure a proportional tax burden according to capacity, targeted fund allocation, and transparent management that is accountable to the public. Thus, fiscal policy not only meets state revenue targets but also realizes socio-economic justice. Based on this description, this study aims to analyze the principle of tax justice in Islamic law, evaluate its relevance to modern tax policy in Indonesia, and formulate an integration model that can support the achievement of the SDGs.

LITERATURE REVIEW

The Principle of Justice in Islamic Law

Justice in Islamic law is a universal principle governing the relationship between humans and God, humans and their fellow humans, and humans and the environment. In the field of public finance, this principle emphasizes that fiscal burdens must be distributed proportionally according to each individual's ability. This avoids economic oppression or social injustice resulting from burdensome levies on one party while others are exempt from obligations. This principle aligns with the teachings of *maqasid al-sharia*, which views the management of public resources as a trust that must be used to safeguard religion, life, intellect, posterity, and property [12].

The concept of distributive justice in Islam specifically emphasizes the equal distribution of wealth. This distribution does not mean dividing wealth equally, but rather dividing it according to need and ability. The Qur'an in QS. Al-Hasyr: 7 emphasizes that wealth should not only circulate among the rich, which implicitly contains a command to create a mechanism for equitable distribution of wealth [13]. In a fiscal context, this means policies that ensure that the poor receive greater benefits from public policies, while the wealthy bear a greater share of the burden, commensurate with their economic capacity.

The history of Islamic civilization shows that this principle of justice has been implemented through fiscal instruments such as zakat, *kharaj*, *jizyah*, and ushur. Zakat, for example, has a *nisab* (minimum threshold) and *haul* requirement, so it is only levied on those who meet certain wealth criteria. *Kharaj* is a land tax proportional to land productivity. *Jizyah* is levied on non-Muslims who enjoy state protection, while ushur is levied on cross-border trade goods at different rates for Muslims and non-Muslims. The clarity of the object, rate, and beneficiary in each of these instruments reflects the transparency and proportionality that are key characteristics of fiscal justice in Islam [14][15].

Islamic Fiscal Instruments in Historical Perspective

The history of fiscal management in Islam shows that since the time of the Prophet Muhammad, the state levy system has been designed with the principles of justice, welfare, and sustainability [14]. Zakat is the primary instrument obligatory for every Muslim who has met the *nisab* (minimum threshold) and *haul* (*haul*), with clear rates according to the type of wealth: 2.5% for gold and silver, 5–10% for agricultural products, and special provisions for livestock and trade goods. Zakat is not merely an obligatory act of worship, but also an instrument for wealth distribution to alleviate poverty, reduce social inequality, and strengthen community solidarity. This mechanism distinguishes zakat from conventional taxes, as its distribution is directly directed to the eight groups of mustahik (deserving recipients) as stipulated in QS. At-Taubah: 60 [13][16]. In addition to zakat, there is *jizyah*, imposed on non-Muslims living in Islamic territories and receiving state protection (*ahl al-dhimmah*). *Jizyah* is not a form of discrimination, but rather a fiscal contribution instead of the military obligations imposed on Muslims. Historically, the amount varied according to the payer's ability, and in some cases, *jizyah* was waived for the poor, the elderly, or those who volunteered to defend the country. This practice reflects the flexibility and humanitarian side of Islamic fiscal policy, which is oriented towards protecting citizens and maintaining social peace [15].

Kharaj, on the other hand, is a land tax levied on state-controlled agricultural land after the region came under Islamic rule, either through a peace treaty or conquest. The amount of *kharaj* was calculated based on the productivity of the land, so that the tax burden was proportional. Abu Yusuf, a prominent scholar and advisor to Caliph Harun al-Rashid, emphasized that the determination of *kharaj* must take into account the farmers' abilities to avoid poverty and decreased productivity. This approach demonstrates a macroeconomic awareness from the early days of Islamic civilization, where the welfare of farmers was seen as key to state stability [17].

Usyur complements the Islamic fiscal system as a levy on goods traded across regions. Tariffs differ between Muslim (generally 2.5%) and non-Muslim (up to 10%) traders, to encourage internal Muslim trade while regulating the flow of foreign goods. Revenue from *usyur* is used to finance the state, including trade infrastructure, defense, and social assistance. Scholars such as Al-Mawardi in Al-Ahkam al-Sultaniyyah emphasize that all these fiscal instruments are designed not only to fill the state treasury but also to achieve social justice, maintain economic stability, and fulfill the principles of *maqasid al-sharia* [18].

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Modern Taxation Theory

From a public economic perspective, modern tax theory is built on three main principles: equity, efficiency, and redistribution. The principle of equity emphasizes that the tax burden must be distributed proportionally and not create injustice between social groups[19]. Efficiency refers to tax collection with low administrative costs and without causing detrimental distortions to economic activity. Meanwhile, the principle of equality aims to reduce income disparities through fiscal transfer mechanisms from the rich to the poor. These three principles form the normative framework used by policymakers in designing an ideal tax system [17].

The concept of fairness in modern tax theory is generally operationalized through two main principles. First, the ability to pay principle, where the amount of tax is determined by the taxpayer's economic capacity. In this system, individuals or entities with higher incomes are subject to higher tax rates, as in a progressive tax system. Second, the benefit principle, which links the amount of tax to the direct or indirect benefits received by taxpayers from public services [20][21]. Ideally, road taxes are used for transportation infrastructure development or certain levies to finance health services. Substantially, modern tax theory shares fundamental similarities with the fiscal principles of Islamic law, particularly regarding the proportionality of the burden and the transparency of the use of public funds. Both systems recognize the importance of a fair distribution of the fiscal burden and the use of levy proceeds for the public interest. The difference lies in the source of legitimacy: modern taxation is based on social agreement and state legislation, while the Islamic fiscal system is based on revelation, the *Sunnah*, and the consensus of Islamic scholars. This similarity opens up opportunities for integration between the two approaches, particularly in the formulation of tax policies oriented towards social justice and supporting sustainable development goals.

METHODOLOGY

The research method used is a qualitative approach with a juridical normative method. This approach was chosen because the research focuses on analyzing legal principles, both those derived from Islamic sharia and Indonesian tax laws and regulations, and their relationship to the sustainable development framework. Data collection techniques were conducted through library research, which involved searching and reviewing primary sources such as the Qur'an, Hadith, and classical and contemporary Islamic jurisprudence works that discuss fiscal obligations [22][23]. Furthermore, national tax regulations, the Zakat Management Law, and official documents for the 2030 SDGs also served as primary references. Secondary data were obtained from relevant scientific journals, books, and previous research reports. Data analysis was conducted using content analysis, which involves identifying, categorizing, and interpreting the concept of tax justice from an Islamic perspective, then comparing it with modern tax principles [24]. This process aims to find common ground and opportunities for integrating the two systems to support the achievement of the SDGs targets, particularly in the areas of economic justice, poverty alleviation, and inequality reduction.

Table 1. Research Method Used in This Study

Aspect	Description
Type of Research	Qualitative research
Approach	Juridical normative method
Research Objective	To analyze legal principles from Islamic sharia and Indonesian tax regulations, and their relationship to the sustainable development framework (SDGs)
Rationale for Approach	The juridical normative approach was chosen because it allows for in-depth analysis of legal norms and principles, comparing Islamic fiscal obligations

	with modern tax regulations in Indonesia
Key Figures Analyzed	Classical and contemporary Islamic jurists (through Qur'an, Hadith, and fiqh works) and policymakers in Indonesian tax and zakat law
Main Data Sources	Primary sources: Qur'an, Hadith, classical and contemporary Islamic jurisprudence works, Indonesian tax regulations, Zakat Management Law, and SDGs official documents Secondary sources: scientific journals, books, and previous research reports.
Method of Analysis	Content analysis: identifying, categorizing, and interpreting the concept of tax justice from an Islamic perspective, then comparing it with modern tax principles
Theoretical Framework	Integration of Islamic legal principles (justice, redistribution, solidarity) with modern tax principles (proportionality, transparency, public benefit) within the SDGs framework
Focus of Analysis	The potential for integration between zakat and tax systems to support economic justice, poverty alleviation, and inequality reduction in line with SDGs
Expected Outcome	To provide theoretical and practical contributions in harmonizing Islamic and modern tax systems as a means to strengthen fiscal justice and accelerate the achievement of SDGs in Indonesia.

RESULTS AND DISCUSSION

The Concept of Justice from the Perspective of Islamic Law and Modern Taxation

Justice is a fundamental principle in Islamic law that permeates all aspects of life, including the management of fiscal obligations. In Islam, justice (al-*'adl*) means not only giving something its due, but also placing everything in its proper place according to sharia law. This principle applies to both interpersonal relationships and relationships between individuals and the state. In the fiscal context, justice demands that obligations be adjusted to one's ability (*istitha'ah*) and that the proceeds be used for the public good (*maslahah 'ammah*).

Throughout Islamic history, the concept of fiscal justice has been implemented through instruments such as zakat, *kharaj*, *jizyah*, and *usyur*. Zakat, for example, has a fixed rate and is levied only on those with wealth reaching the *nisab* (minimum). This mechanism ensures that those with financial means are subject to the obligation, while those with less means become the beneficiaries. This pattern demonstrates that justice in Islam is always oriented towards a balance between obligations and social protection. From a modern tax perspective, justice is usually discussed within the framework of public economic theory. One of its main principles is equity, which is divided into horizontal equity (equal treatment for taxpayers with equal ability) and vertical equity (greater burdens on those with greater ability). This concept intersects with the Islamic principle of proportionality, where the burden of obligations increases in line with a person's level of economic ability [14][15].

Modern tax theory recognizes the ability-to-pay principle, which measures the amount of tax based on the taxpayer's ability to pay. This principle aligns with zakat, which is only obligatory for those who reach the *nisab* (lowest legal threshold), and *kharaj*, which is levied according to land productivity. Both avoid imposing a fiscal burden that burdens the economically weak. In other words, both Islam and modern theory recognize the importance of matching the burden to economic capacity. Furthermore, modern taxation also adheres to the benefit principle, which states that taxes are paid according to the benefits received from the state. While this concept may sound economically neutral, in Islam, the benefits referred to go beyond public facilities to protection, stability, and social justice. For example, the jizya tax paid by non-Muslims is not merely a fiscal burden but also a reward for guaranteeing security and the right to peaceful coexistence within an Islamic state. The striking difference between the two lies in the source of legitimacy [20]. In Islamic law, fiscal justice is based on revelation (the Qur'an and Hadith), which is absolute and morally and legally binding. Meanwhile, in modern taxation, legitimacy stems from social contracts and laws that can change according to political and economic dynamics. Nevertheless, both systems recognize the importance of transparency in the use of public funds as part of the principle of justice [21].

From an implementation perspective, justice in Islam is measured not only by the proportionality of the burden, but also by the distribution of the proceeds. Zakat, for example, explicitly identifies eight categories of recipients (*asnaf*) as stipulated in QS. At-Taubah: 60 [13]. This ensures that collected funds are returned to those in need. Modern taxes do not rigidly determine recipient groups, but if managed according to the principle of redistribution, the ultimate goal remains to reduce social inequality [25]. In practice, integrating the principles of Islamic tax justice and modern taxation can strengthen the legitimacy of fiscal policy. If income tax can be harmonized with zakat obligations through a tax deduction scheme, Muslims will feel their obligations align with their religious teachings. This will not only improve tax compliance but also optimize the redistribution function in achieving the Sustainable Development Goals (SDGs). However, this integration also faces challenges. One of these is the difference in management mechanisms: zakat is generally managed by zakat institutions with direct distribution to those entitled to receive it, while taxes are managed by the state through the state budget (APBN), which covers various sectors. Without strong transparency and accountability, the goal of justice will be difficult to achieve. Therefore, a public accountability system is a key element in ensuring the true implementation of the principle of justice. Analytically, the concepts of justice in Islamic law and modern taxation have strong convergence, particularly regarding the proportionality of burdens and the goal of equity. The differences lie more in the legal sources, scope of benefits, and distribution mechanisms [26][27]. The integration of the two offers a significant opportunity to build a fair, efficient, and socially legitimate tax system. This can serve as the foundation for fiscal policies that directly contribute to the achievement of the SDGs, particularly poverty eradication (SDG 1), reduced inequality (SDG 10), and sustainable economic development (SDG 8).

Adam Smith, in his landmark work, The Wealth of Nations, put forward four principles of taxation, one of which is the principle of equity. According to him, every citizen should contribute to state finances according to their abilities, in proportion to the protection and benefits they receive from the state [28]. This principle aligns with the ability to pay principle widely adopted in modern tax systems. Richard Musgrave, a renowned public economist, also emphasized that taxes serve not only to collect revenue but also to redistribute welfare. For him, tax fairness should be measured by the extent to which taxes reduce inequality and improve collective welfare [29].

Al-Mawardi, in his book Al-Ahkam As-Sulthaniyyah, emphasized that the collection of fiscal obligations such as zakat, *jizyah*, and *kharaj* must be carried out fairly, without oppressing the weak, and the results must be used for the benefit of the people [18] [30]. Abu Yusuf, a student of Imam Abu Hanifah, in his work Kitab al-*Kharaj*, emphasized that fiscal policy is a mandate that must be carried out by the ruler to ensure the welfare of the people. He even rejected taxation that was burdensome or had no basis in Islamic law, as it contradicted the principle of justice [17]. Ibn Khaldun, in the Muqaddimah, stated that excessively high taxes would damage the economy and reduce productivity, so fiscal justice must maintain a balance between the needs of the state and the capabilities of the people [31].

Comparatively, Western and Islamic scholars share common ground in their emphasis on the proportionality of the burden, distributive justice, and the redistributive function of taxes. Both recognize that a just tax is one that not only considers the taxpayer's economic capacity but also ensures that the proceeds are used effectively for the benefit of the wider community. The difference lies in the source of legitimacy; Western thinkers base their principles on economic theory and the social contract, while Islamic thinkers base theirs on revelation and sharia principles. Integrating these two perspectives opens up opportunities for building a more equitable, sustainable, and widely accepted fiscal system, particularly in countries with Muslim majorities.

Historical Analysis of Islamic Fiscal Instruments

Islamic fiscal instruments have long and solid historical roots since the time of Rasulullah SAW. The fiscal concept in Islam is not just a means of collecting state revenue, but also a means of realizing social justice and community welfare. In the early period of Islam in Medina, Rasulullah SAW implemented the zakat system as a religious obligation and mechanism for distributing wealth. Zakat is collected by *amil* appointed by the state, then distributed to eight groups (*asnaf*) who are entitled to receive it by the provisions of the Koran (QS. At-Taubah: 60). In Yusuf al-Qaradawi's view, zakat is the most authentic fiscal instrument in Islam that combines the values of worship and economic mechanisms to overcome poverty. Apart from zakat, the Prophet also introduced fiscal instruments in the form of *kharaj* and *jizyah* [8][32]. *Kharaj* was a land tax levied on state-controlled agricultural land, while jizya was an annual contribution from non-Muslims in exchange for protection from the Islamic state. According to Farida, these two instruments reflected Islamic fiscal tolerance because jizya was not a form of oppression, but rather a social contract that guaranteed security and religious freedom [33].

During the era of the Rightly Guided Caliphs, particularly Caliph Umar ibn Khattab, fiscal administration underwent major reforms. Umar established the Baitul Mal (*Bayt al-Mal*) as an official state institution to transparently manage revenues and expenditures. He also expanded the implementation of *kharaj* and more systematically regulated the zakat distribution system. Chapra cites Umar's fiscal policies as the first milestone in the institutionalization of public financial management in Islam. The Umayyad era marked the development of more systematic fiscal instruments. Trade taxes (*ushr*) began to be regularly imposed, as did revenues from *ghanimah* (booty of war) and *fai'* (property obtained without war) [34][35]. According to Marie Legendre, the fiscal administration of the Umayyads already had the characteristics of a modern bureaucracy, where recording, auditing, and budget distribution were carried out with high discipline [36].

During the Abbasid period, fiscal complexity increased. The state developed various revenue sources, including agricultural taxes, cross-border trade taxes, and the management of *waqf* assets. The use of *waqf* to finance education, health care, and public facilities demonstrated that Islamic fiscal instruments were not only consumptive but also productive. According to Kahf, *waqf* is a fiscal innovation that enables sustainable financing without burdening the state budget of Islamic states [37]. History also records the significant role of the *ghanimah* and fai' instruments during the period of Islamic expansion. Revenue from these sources was used to finance infrastructure development, military salaries, and welfare programs. In Monzer Kahf's view, the management of *ghanimah* and fai' in the early Islamic period reflected a high level of public accountability and equitable distribution of benefits. Furthermore, the *hisbah* instrument, which monitored markets and trade, also played an indirect fiscal function. The *Hisbah* institution ensured fair transactions, unmanipulated prices, and fair trade taxes. According to al-Mawardi (al-Ahkam al-Sulthaniyyah), *hisbah* was an economic oversight mechanism that ensured the smooth flow of state revenues while protecting consumers [18].

Historically, the difference between Islamic fiscal character and conventional fiscal character lies in the integration of moral values and Sharia law. There are no levies that are oppressive or detrimental to society, and state revenues must be used for the public good. According to Abasimel, Islamic fiscal policy rejects levies that lack Sharia legitimacy and emphasizes the principles of *al-'adl* (justice) and *al-ihsan* (goodness). Islamic fiscal instruments also underwent adaptations during the Ottoman Empire, where the *waqf* system, land tax, and zakat continued to operate alongside international trade taxes. Fiscal reforms were implemented to adapt to global economic developments [38]. In principle, all Islamic fiscal instruments are oriented towards reducing socio-economic disparities. These instruments not only channel funds to those in need but also create opportunities for them to escape the cycle of poverty through the construction of facilities, the creation of jobs, and the enhancement of economic capacity. This makes them relevant not only in a historical context but also in contemporary fiscal policy. Chapra's view emphasizes that the ultimate goal of Islamic fiscal policy is to create economic justice and social equity, not simply to increase state revenue. With a system that combines aspects of worship, law, and economics, Islamic fiscal instruments create a public financial structure that balances economic growth and social justice [34][35].

The Relationship between Islamic Tax Justice and the SDGs

The concept of tax justice in Islam has a very strong relevance to the Sustainable Development Goals (SDGs), particularly the goals of reducing inequality (Goal 10) and eradicating poverty (Goal 1). In Islam, taxes, whether in the form of zakat, *kharaj*, or other sharia-compliant levies, function not only as fiscal instruments but also as mechanisms for equitable wealth distribution. This principle aligns with the spirit of the SDGs, which place equality and inclusivity as the foundation of sustainable development. Zakat, as one of the tax instruments in Islam, directly contributes to the achievement of the SDGs, particularly in poverty alleviation and hunger reduction (Goal 2). According to Yusuf al-Qaradawi, zakat not only purifies wealth but also serves as a social safety net that ensures that no individual is economically marginalized. This aligns with the SDG targets that emphasize social protection for vulnerable groups [8][32].

Other tax instruments, such as *kharaj* and *jizyah*, also play a role in supporting the SDGs, particularly in infrastructure development, education, and health (Goals 3 and 4). These taxes are used for public financing, the benefits of which benefit all citizens, both Muslims and non-Muslims. Zaura et al., assert that this mechanism represents a form of Islamic fiscal justice that prioritizes public welfare over the interests of specific groups [39]. From a sustainable economic perspective (Goal 8), Islamic tax justice promotes inclusive growth by leveraging fiscal resources [40]. to create jobs and develop the economic potential of the poor. According to M. Umer Chapra, fiscal policy in Islam serves to encourage productivity and prevent the accumulation of wealth in the hands of a few, which is also the core mission of the SDGs [34]. Islamic tax justice is also relevant to Goal 16 (peace, justice, and strong institutions). Transparency in tax management and distribution of its results can maintain public trust in the government. Al-Mawardi, in his book Al-Ahkam al-Sulthaniyyah, emphasizes the importance of trustworthiness in public financial management as a prerequisite for achieving social justice and stability [18][30].

Funding for sustainable infrastructure development (Goal 9) can also be achieved through the implementation of fair Islamic taxes. Trade taxes (*ushr*) and productive *waqf* provide funding for public projects without burdening the poor. Monzer Kahf described *waqf* as a sustainable fiscal instrument that aligns with the green economy principles of the SDGs [37].The principle of fairness in Islamic taxation also contributes to Goal 5 (gender equality). Zakat funds can be allocated to empower poor women through education and business capital, enabling them to achieve economic independence. Research by Ayuniyyah et al. shows that productive zakat has successfully elevated the socio-economic status of women in several Muslim countries [41].

In the environmental context (Goal 13), some contemporary scholars see that public funds from Islamic taxes can be used for environmental conservation projects, such as clean water management, reforestation, and sustainable agriculture. This reflects the flexibility of taxes in Islam as long as they support the public good. According to Alwy, tax justice in Islam demands proportionality of the fiscal burden according to the taxpayer's ability to pay (ability to pay principle). This concept ensures that the wealthy contribute more for equity, thus aligning with the SDGs principle that encourages redistribution to close the gap [26].

Thus, the link between Islamic tax justice and the SDGs is very close, both in economic, social, and environmental dimensions. Islamic tax, if managed according to sharia principles and modern management, can be a strategic instrument in achieving sustainable development that is inclusive, equitable, and oriented towards the welfare of all humanity. Experts agree that integrating Islamic values into tax policy not only strengthens moral legitimacy but also accelerates the achievement of the SDG targets.

Table 2. The Relationship between Islamic Fiscal Instruments and the Sustainable Development Goals

Islamic Tax Instruments	Relevant SDGs Goals	Contribution to SDGs
Zakat	Goal 1 (No Poverty), Goal 2 (Zero Hunger), Goal 10 (Reduced Inequalities)	Reducing poverty, ensuring basic needs are met, and distributing wealth evenly
Kharaj	Goal 2 (Zero Hunger), Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Innovation and Infrastructure)	Financing agricultural infrastructure, increasing productivity, strengthening local economies
Jizyah	Goal 16 (Peace, Justice, and Strong Institutions)	Ensuring the right to protection and freedom of religion, building harmonious relations between citizens
Ushr	Goal 8 (Decent Work), Goal 9 (Infrastructure), Goal 12 (Responsible Consumption and Production)	Promote fair trade, provide funds for public facilities
Ghanimah	Goal 10 (Reduced Inequalities), Goal 16 (Peace, Justice)	Ensuring that the fruits of war are not only enjoyed by the elite supports social stability
Fai'	Goal 9 (Infrastructure), Goal 11 (Sustainable Cities and Communities)	Funding urban development, social infrastructure and public services
Productive *Waqf*	Goal 4 (Quality Education), Goal 3 (Good Health), Goal 5 (Gender Equality), Goal 13 (Climate Action)	Funding schools, hospitals, women's empowerment, and sustainable environmental projects
***Hisbah* (Market Supervision)**	Goal 8 (Decent Work), Goal 10 (Reduced Inequalities)	Guarantee consumer protection, prevent monopolies, and ensure fair prices

Zakat and Tax Policy Integration Model in Indonesia

The integration of zakat and tax policies in Indonesia has become an important discourse in efforts to optimize the potential of state revenue while strengthening the socio-economic function of zakat. Currently, Indonesia has regulated zakat as a deduction from taxable income as stipulated in Article 22 of Law Number 23 of 2011 concerning Zakat Management and Article 9 paragraph (1) letter g of Law Number 36 of 2008 concerning Income Tax. However, this regulation is still partial and does not yet lead to the recognition of zakat as a full tax credit. The first alternative integration model is Zakat as a tax credit. In this model, the amount of zakat paid by zakat payers to official zakat collection institutions can be deducted directly from the amount of tax owed, not just from gross income. The advantage of this model is that it provides a direct incentive to zakat payers to fulfill their zakat obligations through official channels, thereby encouraging increased compliance and transparency.

The second alternative model is zakat as a tax deduction, which is currently in effect in Indonesia. In this model, zakat reduces gross income, which serves as the basis for calculating taxes. While it provides relief, this model is considered suboptimal because the deduction only impacts the tax base, not directly reducing the tax payable. According to Yusuf al-Qaradawi, zakat has different characteristics from taxes, both in terms of its purpose and distribution mechanism. Therefore, recognizing zakat as a tax credit represents a form of policy harmonization that respects sharia principles while supporting national development [8][32].

A regulatory synchronization strategy is crucial to avoid a double burden for Muslims who pay zakat and taxes simultaneously. One important step is to align the Zakat Management Law and the Taxation Law so that both recognize each other's obligations without overlap. For example, the government could stipulate that zakat paid through the National Zakat Agency (BAZNAS) or registered Zakat Institutions (LAZ) is automatically recorded as a tax credit. According to Chapra, the integration of zakat and taxes will be more effective if accompanied by a transparent and integrated public financial administration system [34][35]. Zakat payment data must be linked to the Directorate General of Taxes (DGT) so that verification can be carried out automatically without burdening taxpayers.

In several Muslim countries, such as Malaysia, the zakat and tax integration model has been implemented in the form of tax reductions. According to Herianingrum, this policy has successfully increased zakat revenue because it encourages people to pay through official channels to obtain fiscal benefits [42]. Indonesia can adopt this model with appropriate regulatory adjustments. One challenge in integrating these policies is ensuring that zakat does not lose its spiritual function. As al-Mawardi emphasized, zakat is not only a fiscal instrument, but also an act of worship that requires intention. Therefore, integrated policies must maintain the religious dimension of zakat. It is also crucial to ensure that zakat distribution remains on target [18]. Zakat paid and recognized as a tax credit, must be managed by an official institution with strict oversight. According to Monzer Kahf, transparency and accountability of zakat management institutions are key factors in ensuring policy integration does not arouse public suspicion [37].

The synchronization strategy also encompasses public education. Many taxpayers still don't understand that zakat can reduce their tax burden. The government, through the Directorate General of Taxes (DGT) and BAZNAS, can conduct a joint campaign to promote the benefits and mechanisms of this integration. Saad's opinion underscores that the Islamic fiscal system must minimize double burdens on society [43]. Therefore, synchronizing taxes and zakat is a logical step to ease the fiscal obligations of Muslims without reducing their contribution to national development. Furthermore, integrating zakat and taxes also supports the achievement of the Sustainable Development Goals (SDGs). Zakat funds, recognized as tax credits, can be allocated to poverty alleviation, education, and health programs, in line with Goals 1 and 3. According to Kamaruddin, utilizing zakat within the framework of sustainable development broadens its positive impact on society [44].

With a digital zakat and tax system, reporting, verification, and recognition of tax credits can be carried out quickly and accurately. This aligns with Kahf's recommendations, which emphasize the importance of modernizing fiscal administration in the context of a contemporary Muslim state [37]. Integration also requires political and institutional support. The House of Representatives (DPR), the Ministry of Finance, and the Ministry of Religious Affairs need to work together to formulate clear implementing regulations, including reporting and oversight procedures. Without strong political support, this policy integration will be difficult to achieve optimally. In the long term, integrating zakat and taxes can broaden the state's fiscal base without increasing the economic burden on the community. This also strengthens zakat's role as an effective instrument for economic equality.

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Muhammad Umer Chapra emphasized that fiscal policies aligned with religious values will have stronger social legitimacy, thus increasing their chances of success. This view is relevant to the reality of Indonesia's predominantly Muslim society, where zakat is not merely a financial obligation but also an act of worship with profound spiritual significance [34][35].

Yusuf al-Qaradawi, in his study of zakat jurisprudence, emphasized that zakat is a sharia obligation that has both worship and social dimensions. According to him, the state has the right to centrally manage zakat to optimize its distribution, as long as such management does not diminish the value of worship or add a double burden to the community. Integrating zakat with taxes as a tax credit, if implemented with appropriate regulations, would align with this principle [8][32]. Monzer Kahf highlighted the administrative efficiency dimension of zakat-tax integration. He argued that implementing zakat as a tax credit not only benefits taxpayers but also makes it easier for the government to manage fiscal data [37]. With an integrated information system between the Directorate General of Taxes (DGT) and BAZNAS (National Agency for Zakat and National Zakat Agency), state revenue leakage can be minimized and the accuracy of zakat distribution can be improved.

From a Western perspective, Joseph Stiglitz emphasized the importance of the principles of vertical justice (paying taxes according to ability) and horizontal justice (equal treatment for those with equal economic burdens) [45]. If this principle is applied, Muslim taxpayers who have paid zakat should not bear the full tax burden without acknowledging the zakat paid. This is why the concept of a tax credit for zakat is relevant. Sen adds a human development dimension to this discussion. He argues that fiscal policy should aim to expand society's capabilities, not simply pursue economic growth [46][47]. Zakat-tax integration can channel social funds to the education, health, and economic empowerment sectors, ultimately expanding the freedom and life choices of the poor.

Abbas Mirakhor sees zakat-tax integration as an opportunity to create a just and stable economic ecosystem. He emphasized the need for clear institutional regulations and strict oversight so that this integration is not merely a symbolic policy but truly impacts wealth distribution and poverty alleviation [48]. Jeffrey Sachs views zakat-tax integration from the perspective of sustainable development funding. He believes that zakat funds, managed in a modern and transparent manner, can be an alternative source of funding to achieve the SDGs, particularly poverty alleviation and inequality reduction, without increasing the state's fiscal burden [49]. Fazlur Rahman emphasized that wealth distribution is at the heart of Islamic teachings of social justice. He believes that integrating zakat with taxes can be a structural mechanism to ensure the value of justice is consistently realized, rather than relying solely on individual awareness [50].

Kenneth Arrow, although speaking from the economic perspective of social choice theory, emphasized that the success of public policy depends on the level of public trust in institutions [51][52]. In zakat-tax integration, this trust will emerge if zakat management institutions and tax authorities are transparent, accountable, and able to demonstrate the tangible benefits of the funds they manage. Therefore, integrating zakat as a tax credit with a regulatory synchronization strategy is a realistic and relevant step for Indonesia. This approach not only avoids double burdens for Muslims but also optimizes zakat's role in equitable national development. The success of this integration will depend heavily on regulatory design, zakat institution governance, system transparency, and the support of all stakeholders.

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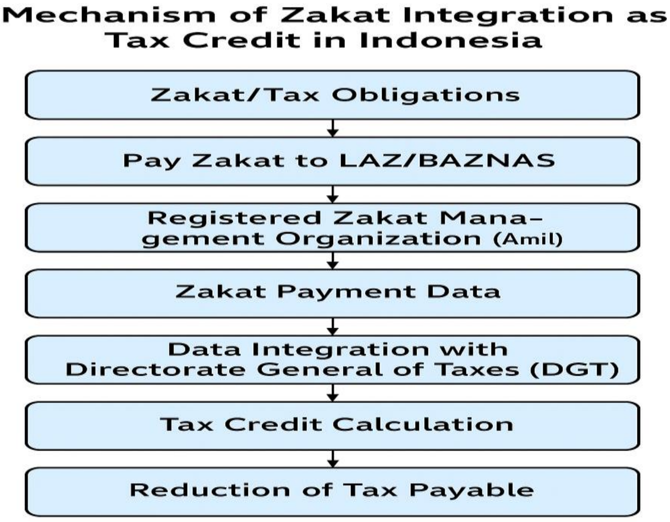

Figure 1. Mechanism of Zakat Integration as Tax Credit in Indonesia

The flowchart above illustrates the process of integrating zakat into a tax credit, starting from the individual/entity's obligation to pay zakat and taxes, to the process of reducing tax payable through a mechanism for recognizing the zakat paid. This process begins when zakat/taxpayers fulfill their obligations through official Zakat Collection Institutions, such as LAZ or BAZNAS. The zakat payment is then recorded by the registered institution, and the payment data is channeled to the Directorate General of Taxes (DGT) through an integrated system. The DGT then calculates the tax credit value based on the amount of zakat paid, thereby reducing the tax payable accordingly.

This mechanism has the potential to provide several strategic benefits: first, it reduces the double burden on Muslims who previously had to pay zakat and taxes separately without official recognition. Second, encouraging fiscal compliance through tax reduction incentives. Third, increasing transparency in zakat management through official recording and integration with state fiscal data. Fourth, expanding the fiscal base by strengthening the synergy between zakat and taxes as an instrument for economic equality. This approach also aligns with the Islamic principle of tax justice, which emphasizes a balance between financial obligations to the state and socio-religious responsibilities to the community. Furthermore, with an integrated system, zakat management becomes more accountable, minimizes the risk of leakage, and facilitates distribution to the right recipients. However, the success of this mechanism depends heavily on regulatory synchronization, procedural uniformity, and awareness of all stakeholders. This system requires readiness in information technology, the administrative capacity of zakat institutions, and the ability of the Directorate General of Taxes (DGT) to integrate data in real time.

Challenges and Obstacles to Implementing Zakat Integration as a Tax Credit in Indonesia

The integration of zakat as a tax credit in Indonesia faces legal and regulatory hurdles that are not yet harmonized. Currently, zakat is regulated by Law No. 23 of 2011 concerning Zakat Management, while taxes are subject to the General Provisions and Taxation Law and the Income Tax Law. Differences in substance and procedures in these two regulations make integration difficult. Kahf emphasized that these differences in legal frameworks are a major obstacle to the implementation of sharia fiscal policy, so regulatory harmonization is a mandatory first step [37]. In line with this, Hary stated that revising the tax law is an absolute requirement for zakat to be recognized as a tax credit [53].

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The differences in the mechanisms for collecting and managing zakat and taxes present a challenge. Zakat is managed by BAZNAS and LAZ based on sharia principles, while taxes are managed by the Directorate General of Taxes (DGT), focusing on state revenue. Alwy believes that integration requires uniform reporting and verification systems so that zakat data can be recognized by the tax authorities [26]. Saoki even proposed an integrated digital platform to connect BAZNAS, LAZ, and DJ [54], which was reinforced by Wong, that information technology can close the gap in administrative differences and reduce the risk of data leaks [55][56].

The difference in distribution of zakat funds and taxes also requires attention. Zakat has a moral and social function based on sharia, targeting eight categories of recipients (*asnaf*). Aisyah emphasized that integration should not obscure the original purpose of zaka [57]. A study by Ali & Hatta in Malaysia found that a tax credit system for zakat can be effective if there is dual oversight, both from a sharia and fiscal perspective, to maintain legitimacy in the eyes of the Muslim community. Another challenge is the low level of Sharia fiscal literacy among the public. Many Muslims still view zakat and taxes as a double burden. Herianingrum et al. stated that massive public education is needed to ensure that the public understands that this integration reduces the burden [6]. From an international perspective, Bernadene De Clercq also emphasized that complex tax policies can only be accepted by the public if accompanied by increased fiscal literacy [58].

Table 4. Conceptual framework Challenges and Obstacles to Implementing Zakat Integration as a Tax Credit

Aspect	Key Challenges & Obstacles
Regulation	Misalignment between the Zakat Law and Tax Laws; lack of legal harmonization
Management System	Different collection and management mechanisms between BAZNAS/LAZ and DGT
Administration & Technology	Absence of an integrated reporting–verification system
Fund Distribution	Zakat's sharia objectives (asnaf) differ from tax allocation principles
Public Literacy	Low sharia fiscal literacy; perception of double burden
Human Resources & Coordination	Limited shared understanding between tax officers and zakat administrators
Implementation Capacity	Policy success depends on implementers' competency, not only regulations

Lack of understanding also occurs among tax officials and zakat administrators. Differences in background, work systems, and task orientations make coordination difficult. Research by Muda, Rafiq, and Ismail in Brunei found that joint cross-institutional training could be a solution to building a common understanding [59][60]. Without a shared understanding, integration will falter even if regulations and technology are available. This provides an important lesson for Indonesia: the successful integration of zakat as a tax credit is not only a matter of regulation and technology, but also of building a shared understanding among policy implementers. From a public policy perspective, this confirms Fanting Meng's view that the effectiveness of fiscal policy depends not only on legal design but also on the capacity of the human resources implementing it [61]. In other words, harmonization of regulations without harmonization of understanding at the implementing level will result in a significant implementation gap.

CONCLUSION

The research findings demonstrate that integrating tax justice principles with Islamic law has strategic relevance in strengthening the achievement of the SDGs in a more equitable and sustainable manner. The principles of tax justice based on proportionality of burden, public benefit, and transparency align with Islamic values of wealth distribution and social solidarity. This integration provides an important scholarly contribution by strengthening the theoretical framework on harmonizing zakat and taxes as complementary fiscal instruments, while also offering a conceptual model for Muslim-majority countries like Indonesia to enhance fiscal policy legitimacy, expand public participation, and encourage more effective income redistribution. This approach demonstrates the potential to accelerate SDGs 1, SDGs 8, and SDG 10 through the integration of tax justice and zakat mechanisms within a modern social protection system. However, this research also identifies several limitations that require attention. Harmonization of tax and zakat regulations still faces challenges, particularly the risk of a double burden on Muslim taxpayers if the legal framework is not formulated comprehensively. Furthermore, the level of Sharia-based fiscal literacy among the public remains low, necessitating more intensive public education. On the other hand, the effectiveness of this integration depends heavily on optimizing the digitalization of the zakat and tax payment systems to ensure transparency and accountability. This limitation also opens up opportunities for further research to test empirical implementation and formulate more operational and measurable policy designs.

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Author Contribution

All authors contributed equally to the main contributor to this paper, some are as chairman, member, financier, article translator, and final editor. All authors read and approved the final paper.

Conflicts of Interest

All authors declare no conflict of interest.

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