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Conventional Fiscal Policy System and Islamic Economics in The Indonesian Economy

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Abstract - The economic crisis and political turmoil in the 1990s did not guarantee the strength of Indonesia's economic situation, therefore political and fiscal decentralization was initiated and Law No. 25 was passed in 1999. This research aims to understand conventional fiscal policy and Islamic economics in the Indonesian economy. This research method uses literature study through secondary data collection. The results of this research show that conventional fiscal policy has a stability function that aims to, among other things, maintain high employment opportunities, relatively stable price levels, and economic growth rates. This function shows the similarity of the functions and benefits of zakat, jizyah, khums, and kharaj in Islamic economic fiscal policy. If zakat, jizyah, khums, and kharaj are instruments of fiscal policy, the redistribution of income and wealth will take place, then the problem of poverty and economic growth can be reduced and will have a good impact on economic and political stability. According to experts, the concept of contractionary fiscal policy is reducing government spending so that the money supply can be reduced through income redistribution. This is in line with the aim of fiscal policy instruments in Islamic economics to improve the living standards of the poor by redistributing the income of the rich to the poor.

Keywords**:** Fiscal, Distribution, Income, Stability, Economy.

1. Introduction

The economic crisis has taught Indonesians that satisfactory macroeconomic indicators do not necessarily guarantee a strong Indonesian economy. To achieve balanced economic activity and pre-crisis growth rates in the late 1990s, the economic policy options pursued were economic stabilization and political decentralization (Pardamean, 2009). The onset of the currency crisis in 1998 and the economic and political turmoil that followed the fall of Indonesia's authoritarian and centralized regime, Soeharto, made political and fiscal decentralization a major step forward. All the problems in the economic crisis revolve around the exchange rate foreign exchange rates, especially the US dollar, which soared when faced with People's income in rupiah remains constant, even in some cases it has fallen plus layoffs, even though the prices of many goods have risen quite high, except for some agricultural and export sectors. The impact of the sharp decline in the rupiah exchange rate we already know: difficulty covering the APBN, rising egg/chicken prices, external debt country in rupiah soared, fuel prices/electricity rates rose, transportation rates rose, companies closing or reducing production because they cannot sell their goods and debt burden high levels, shops are empty, layoffs everywhere, investment is decreasing due to imports of capital goods becomes expensive, the cost of studying abroad soars.

Fiscal policy, also known as budget policy, refers to policies implemented by the government through fiscal policy instruments, such as the management of government sector spending and revenues. The objective of this policy is to influence overall demand in the economy (Nurlina & Zurjani, 2020). Fiscal policy is the government's effort to regulate economic efficiency by using the mechanism of government revenue and expenditure (Lativa, 2021). Fiscal policy takes the form of the State Budget (APBN) (Isnaini, 2017). In the APBN document, you can analyze the sources of state revenue, the composition of revenue, which segments of society bear the largest and smallest burden of all government revenues, how the revenue is used, which regions receive the most and least financing for spending money and so on (Mujiatun, 2014). Fiscal policy is a policy regulated by the government regarding tax collection and spending to facilitate various economic programs (Hamja, 2015). The fiscal policy in question refers to government policies that manage and regulate government revenue/income and expenditure/expenditure to maintain and strengthen economic stability and encourage national / state economic growth. Fiscal policy, which is also supported by other policies such as monetary policy, will evaluate all problems that can hinder economic development (Zakiyatul Miskiyah et al., 2022). And of course, it still leaves various kinds of problems in reality (Kadir, 2023).

Together, the DPR and the Executive Government responded to the growing need for decentralization by passing a law in April that established decentralization in Indonesia starting on January 1, 2001. The World Bank identified Indonesia's decentralization program as important and called it the Big Bang Decentralization. In early 2001, the tax decentralization policy began to be implemented in Indonesia through the passing of the Regional Autonomy Law, namely the Regional Government Law No. 22 of 1999. Later, the law was amended with Law No. 32 of 2004 and Law No. 25 of 1999 on Financial Balance between the Government and the Regions, which was then amended again in 2004 with the passing of Law No. 33 of 2004 on Financial Balance between the Government and the Regions. In the reform era, attention to fiscal policy increased because the goal was to achieve good governance (effective and efficient governance) (Akhmad, 2012).

The terminology of finance began to be recognized in 1930. Before that year, government spending was only used as a means to modify government-led initiatives. In contrast, taxes were only used as a tool of state-level diplomacy. Thereafter, in the decade of the 1930s, there was a severe economic depression that plagued various countries around the world, including the US and other countries. To deal with the ongoing economic downturn, governments could no longer rely on the type of monetary policy that was usually used to support individual or sector-wide initiatives. Then, as a means to overcome this economic problem, Keynes presented his theory in a book titled "The General Theory of Employment, Interest, and Money (1936)". The government must also use other types of economic activities to address the macroeconomic situation. Monetary policy was the only tool available to it. Fiscal policy began to be discussed more openly because of this book. Keynes' book served as a guide. However, improvements were made over time. Various financial policies were implemented with a focus on the public interest and the welfare of society. Financial institutions were reformed to reorganize or build human resources and infrastructure resources. This also stimulates the role of the community economy, which contributes to Indonesia's economic development towards an independent and sovereign nation. A sustainable economy is promoted by reforming the country's economic policies and balancing state and local administration, which strengthens the national economy. The aim of all this is to raise living standards and improve people's welfare in a globalized economy (Abdullah, 2014). In addition, according to Islamic economics, the purpose of fiscal policy is to improve the living standards of the small layers of society based on distributing wealth and adding spiritual value equally and fairly (Zakiyatul Miskiyah et al., 2022).

In Islamic economics, fiscal policy has a role as a means to achieve the objectives of sharia, as expressed by Imam Al-Ghazali, which include promoting social welfare by maintaining faith, intelligence, livelihood, wealth, and property (Amri, 2018). In general, Islamic economic theory has long recognized fiscal policy that dates back to the time of the Prophet Muhammad and his companions and was further developed by Islamic scholars. Ibn Khaldun once argued that reducing the tax burden and increasing government spending are efforts to overcome the problems associated with economic downturns (Khoiruddin, 2000). The government acts as a large market, the center of all revenue and income (Turmudi, 2015) This shows that there is attention to applying Islamic principles in running the company (Kadir, 2019).

This has been discussed in several scholarly articles, which need to be presented here as academic references for this discussion. First, "Fiscal and Monetary Policy in Islam" by Imam (Turmudi, 2015) in An-Nawa: Journal of Islamic Studies (Sumarni, 2015). This article states that in fiscal policy, Islamic leadership guides private interests but does not neglect public interests. Second, "Fiscal Policy in the Maqasid Spectrum of Al-Muwafaqat" by M. Zidny Nafi' Hasbi in the Proceedings of the Conference on Strengthening Islamic Studies in the Digital Age (M. Zidny Nafi' Hasbi, 2021) explains that fiscal policy also includes aspects of maqasid (objectives), such as the prohibition of taxes. Third, Ihdi Ain's book entitled "Fiscal Policy in Islamic Economics" in Al-Qisthu: Journal of Legal Studies (Aini, 2019). This article explains that the purpose of Islamic economic fiscal policy at a macro level is to improve and maintain people's living standards through a fair and equitable distribution pattern of wealth and connect worldly and ukhrawi values.

Based on the above description, fiscal policy plays a key role in supporting the country's economic stability. Its role is more than just a government spending function and has interrelated effects on the functioning of the national economy (Isnaini, 2017). This is why research is needed to understand fiscal policy for economic development. Therefore, researchers have an interest in conducting research related to the fiscal system and economic development of Indonesia from the time of the Prophet Muhammad. The role of the government in managing the state budget is very important for the sustainability of the Indonesian economy. The author's hope in this research is to obtain a more detailed understanding and view of the fiscal policy system, both from the point of view of conventional economics and Islamic economics.

2. Research Methods

This research uses library research. A literature study is a study that examines reference works and previous research findings that are relevant and useful in obtaining theoretical foundations and principles that intersect with research issues (Sarwono, 2006). The research method used is an exploratory approach. Exploratory research or research approach is a type of research whose purpose is to find knowledge and questions in a discipline and find solutions to problems that occur. The purpose of research activities is a relatively thorough mapping of the object (Kadir, Kara, et al., 2023; Tewksbury, 2013). Secondary data from various magazines, books, websites, and reliable documentation are used for data collection (Waharini & Purwantini, 2018). Management of discussion materials and collection of library information is carried out by reading, recording, and collecting (Nursalam, 2016). The data source used in this research is secondary data, namely fiscal policy from the perspective of conventional economics and Islamic economics.

To ensure high reliability, researchers must verify the authenticity of the documents or manuscripts obtained. Literature review data collection is done in stages and researchers must have sufficient knowledge about data collection. According to Arikunto, the concept of data collection techniques refers to the data collection methods of researchers, where this method refers to abstract concepts that cannot be realized in the form of physical materials but can be illustrated through their use (Arikunto Suharsimi, 2013). The data collection technique for this research went through several stages. First, library research was conducted, i.e. literature study, in which literature or writings related to the main topic were studied (Kadir, Rah, et al., 2023). After that, the available literature was classified according to its relevance to the research. Third, the review was conducted by reading, examining, or analyzing the literature related to the research question and drawing conclusions. Data analysis techniques go through the stages of compilation, analysis, and conclusions to draw conclusions related to fiscal policy from the perspective of Islamic economics and conventional fiscal in Indonesia.

3. Result and Discussion

3.1. The Role of Fiscal Policy for the Indonesian Economy

To improve the country's current economic conditions, fiscal policy can be seen by adjusting various specific policies in the field of government spending and revenue. Fiscal policy in a country focuses on the steps taken by the government to regulate spending and taxation, as well as using fiscal tools to influence the performance of the economic system to achieve maximum welfare for the people in the country. Fiscal policy is one of the most important policies in macroeconomic analysis. The current state of financial economics is related to the uphill battle to improve the nation's economic conditions by encouraging government revenue. One other example of the concept of fiscal policy is a policy implemented by the government that is related to the regulation of economic activity through government income and expenditure.

This fiscal policy regulation involves government spending and taxes that directly affect total demand and prices of goods, to control inflation. In more detail, fiscal policy can be said to be the steps taken by the government regarding government revenue and expenditure to implement monetary policy initiatives or to improve economic conditions. In general, it is left to the government to regulate and control the amount of state spending, expenditure, and payments. It is used explicitly to improve the general economy of the nation. In actual practice, the various ideas appear through what is often called the State Budget (APBN) in Indonesia.

In addition, the term "fiscal reporting" can also refer to one of the most important macroeconomic reporting matrices, which is the ability to a) Support business continuity planning. b) Fully support sustainable economic growth. c) Protect the economy from inflation. The government must always keep the economy in balance. In this case, the name of the entity is "balanced budget". If the government budget is less than expected, the government must increase revenue from public taxes or use fresh funds.

Nowadays, government spending in most countries is developed in a balanced situation, the government budget is always adjusted to the current economic conditions in each period. When economic conditions are poor and there are many disasters, poverty, calamities, etc., the government will make decisions that are less favorable to its revenue. This is the event that triggers the budget deficit. However, if the economy is good, then some things can be done such as stabilizing spending in the regions and the government can make savings on expenditures. These events can lead to a budget surplus

1. Objectives of Fiscal Policy for the Economy

There are three objectives for regulating government revenue and expenditure, namely: a. Increase Gross Domestic Product (GDP) and accelerate economic growth, or improve the country's economic conditions. b. To increase employment opportunities and reduce unemployment. c. To achieve overall commodity price stability, especially to control inflation.

The main focus of fiscal policy is to increase aggregate demand and achieve income equality. In addition, the impact of this policy can also stimulate supply in the long run. (Surjaningsih et al., 2012). In addition to the three objectives above, there are other fiscal policy objectives, namely overcoming income inequality, stimulating economic growth, and income redistribution. The objectives of fiscal policy are to improve economic stability, increase economic development, and achieve income equality.

According to Adiwarman (2008), other fiscal policy objectives are as follows:

a. Increasing Investment

The purpose of fiscal policy is to optimize and encourage public and private sector investment. Fiscal policy can also be used to identify and evaluate the type of investment in a region. In this context, the government needs to accelerate public sector reinvestment. Developing countries also have specific problems such as rising prices of goods and services and unproductive investments made by the country's population. This is because neither the private sector nor the government is currently using adequate foreign capital. Thus, fiscal policy provides a solution to increase the public savings ratio which can be used as an impetus for higher long-term investment and economic growth.

b. Increasing Employment Opportunities

To achieve these objectives, fiscal policy has a very significant role in decision-making. This involves shaping budgetary spending to promote state enterprises as well as directing private business by providing subsidies, waivers, and other incentives. This measure aims to create more jobs so that it can provide significant benefits to the people, including an increase in their income.

c. Tackling inflation.

The fiscal policy approach to tackling inflation is through the implementation of a progressive tax system including commodity taxes. This approach aims to reduce income to tackle inflation.

d. Increasing revenue

Fiscal policy aims to increase income by maximizing people's income and reducing income inequality. This can be achieved through government investment and infrastructure development in various regions to achieve the goal of equity.

2. The Impact of Fiscal Policy on the Indonesian Economy

To achieve macroeconomic stability, there are demand-side effects and supply-side effects of the relationship between demand and supply. In this context, the impact of fiscal policy on the supply side generally has a long-term impact on the economy. This is because fiscal policy directed at increasing the capacity of the supply side can overcome the problems that cause a decrease in production capacity so that the impact is very influential on the economy.

An example of the application of fiscal policy can be seen in economic depression. When there is an economic depression, the market economy will not be able to function properly without government intervention. Similarly, monetary policy is powerless to overcome economic depression by using the interest rate instrument. Even though in the recession, the standard interest rate threshold has reached its lowest point. According to Keynes, the use of fiscal policy instruments can cause the economy to grow rapidly in this case is the regulation of government spending or tax arrangements. By boosting demand for household consumption goods, this policy can cause a multiplier effect (Surjaningsih et al., 2012).

The government also can implement fiscal policy through tax cuts to boost economic growth. In this case, the provision of tax amnesty can increase the income that can be spent by the community. The relationship between policy and economic activity in a country is generally very complex. Fiscal policy decisions can affect several economic indicators. However, the general expectation for fiscal policy is that the economy will continue to grow steadily, while the expectation for the impact of inflation is negative.

3. Types of Fiscal Policy Used to Stabilize the Economy

Fiscal policy is one of the interventions used by the government to address economic problems. To achieve economic stability in a country.

In its development, there are various fiscal policies used, namely:

a. Functional Financing

Functional financing is a policy that regulates government spending by considering indirect effects on national income, which aims to increase employment opportunities. In carrying out this function, the government often does several main things, such as taxes have uses not only for government spending; it can also be used to regulate the private sector, and if there is excessive inflation, then to finance the withdrawal of funds from the public, the government makes loans from abroad.

b. The Managed Budget Method Is Known As Budget Management

The managed budget approach is a policy of regulating government spending, taxation, and borrowing to achieve economic stability. In this case, the relationship between government expenditure and tax revenue is always maintained directly. In addition, adjustments in the budget are always made to mitigate economic instability, so that the budget may run a deficit or surplus based on the problem at hand.

c. Automatic Budget Stabilization
Budget stabilization is a policy that modifies the government's decision-making process by highlighting the significant costs and benefits of various programs this measure aims to save government spending. In this situation, the focus of government spending is on the benefits and cost adequacy of various government programs. Taxes are set in such a way that a budget surplus is created over a certain period. In other words, there will be economic stability that occurs automatically, the government budget is determined by considering the potential benefits and reasonable costs of various programs. However, the tax setting is intended to generate a surplus over a certain period.

d. The balanced budget method is known as a balanced budget.
A balanced budget adjusts revenues and expenditures so that they are equal. This principle also applies in the long run. In other words, budget theory based on the balanced budget approach emphasizes the importance of achieving a balance between revenues and expenditures. This means that the government should not spend more than it receives. Therefore, the government is not obliged to go into debt, be it domestic or foreign.

4. Types of Fiscal Policy

According to Nopirin (2000), fiscal policy is divided into two types, namely expansionary fiscal policy and contractionary fiscal policy. As mentioned above, the differences between the parties are as follows

a. Expansionary Fiscal Policy
Expansionary fiscal policy is a policy aimed at increasing aggregate demand in the economy. The policy aims to boost Gross Domestic Product (GDP) growth and reduce unemployment. This expansive fiscal policy is a type of economic policy that aims to improve economic conditions by reducing government spending to avoid the Gap. The gap in question is a condition where potential output (Y) is higher than actual output (Y1). When this structural gap occurs, the state of the economy is described as high. the actual level of action where U > U is natural.

b. Contractionary Fiscal Policy
A contractionary policy is a policy that aims to reduce government spending and increase government revenue by increasing tax rates. The purpose of this policy is to overcome the problem of inflation. When the economy is experiencing overheating conditions, it is necessary to implement a surplus policy to reduce demand.

According to Latumaerissa (2017), contractionary policy namely fiscal policy carried out by reducing the money supply or increasing the interest rate to reduce the level of aggregate demand in an economy. Meanwhile, according to Paul Samuelson (1997), fiscal contractionary policy is carried out by reducing government spending so that the amount of money in circulation that comes from the flow of money from the government through projects to the community can be reduced and increasing tax rates so that the money held by the public decreases due to increased taxes (Samuelson, 1997).

5. Fiscal Policy Instruments

According to Adiwarman (2008), there are two instruments to influence fiscal policy, namely revenue policy as a component of tax policy and government expenditure policy. Each of these instruments will operate within the framework of the state budget. From a traditional economic perspective, the National Revenue Budget (APBN) has a structure that includes several instruments and methods used to allocate funds to support government initiatives. Some of these are:

a. Doing Business. The government can run a business like any other company, for example through the establishment of a State-Owned Enterprise (SOE). As with any other business, it is expected that this company can provide benefits that can become one of the sources of income for the country.
b. Taxes. Funds collected from the public are obtained through the imposition of taxes on the public. Taxes applied include income tax, sales tax, PBB, and the like.
c. Borrowing Money. The government can obtain loans from the public or other sources. However, such loans must be temporary and should not be made on an ongoing basis.

3.2. Fiscal Policy in Islamic Perspective on the Indonesian Economy

1. Financial Policy During the Time of the Prophet Muhammad Saw

At the beginning of the rule of the city of Medina, government revenue and expenditure almost did not occur. At the time of the Prophet Muhammad, almost all tasks were performed voluntarily without pay, and there was no official army. No fixed salaries were given, but they were allowed to take a share of the spoils of war. During the prophetic period, budgetary policies were simple and not as complex as today's budgetary systems. This was due to fundamental socio-economic changes, and another factor was the establishment of the Islamic state by the Prophet Muhammad. As is well known, in the early days of Islamic rule, the main sources of government revenue were zakat and alms. Prophet Muhammad implemented seven fiscal policies including:

a. Establishment of Muslim Brotherhood (ukhuwah Islamiyah) (Mujiatun, 2014): To increase demand among the Muslim community in

Medina, Prophet Muhammad implemented a policy of brotherhood between the Muhajirs (emigrants from Makkah) and the Ansar (residents of Medina). This policy resulted in the flow of income from the Anshar being channeled to the Muhajirin which in turn increased the overall demand in Medina.

b. Taxation (Zakiyatul Miskiyah et al., 2022): Prophet Muhammad implemented taxation policies such as Kharaj (land tax), jizyah (tax on non-Muslim citizens), khums (one-fifth tax on war booty), and zakat. These policies helped stabilize prices and reduce inflation. The Prophet managed the national budget carefully, efficiently, and effectively. As a result, budget deficits were rare despite frequent and costly wars.
c. Special taxation policies (Borrowing) (Aini, 2019): Prophet Muhammad implemented special taxation policies, such as accepting voluntary donations from Muslims to meet the needs of the Islamic army, borrowing equipment from non-Muslims with guaranteed returns and compensation, and borrowing money from certain individuals to newly converted Muslims (muallaf). One other policy was to introduce incentives to regulate spending and increase Muslim labor participation and productivity.
d. Zakat (Sugiatni, 2018; Zakiyatul Miskiyah et al., 2022): During the time of Prophet Muhammad, one of the sources of government revenue was zakat. One of the first mandatory types of zakat was zakat fitrah, which was inaugurated in the second year after the hijrah to Medina. This zakat fitrah is paid monthly during the month of Ramadan in the form of one sha' (about 2.5 kg or 2.7 kg) of food such as dates, flour, cheese, raisins, and others. This payment must be made before the Eid prayer. In addition, zakat mal is also obligatory, which includes zakat on gold, silver, trade profits, agriculture, mining, livestock, marine resources, and professional income. To improve the standard of living of the poor by giving them the right to own what they receive from the rich, distributing these funds to the poor increases their income (Kadir, Tawwab, et al., 2023).

e. Khums (Oktaviana & Harahap, 2020):: Khums is one-fifth of the spoils of war given to a country. The distribution of booty during the time of Prophet Muhammad was done by dividing it into three parts. The first part was for the Prophet Muhammad and his family, the second part for his close relatives, and the third part for orphans, the poor, the needy, and travelers. In addition, four-fifths of the spoils of war were distributed to the soldiers involved in the battle.
f. Jizyah (Isnaini, 2017): The state also received funds through jizyah, which was a tax imposed on non-Muslim residents to ensure their security, protection of their property, freedom of worship, and exemption from military service. The jizyah tax at the time of Prophet Muhammad was 1 dinar/year levied on non-Muslim adults in good health. Those who were not required to pay the jizyah tax were women, children, beggars, priests, the elderly, the mentally ill, and the chronically ill. Payment of the jizyah tax was not limited to cash, but could also be made in the form of goods or services. This system continued until the reign of Caliph Harun al-Rashid (170-193 AH).
g. Kharaj (Turmudi, 2015): Kharaj was a rental payment collected from people who used agricultural land to grow crops. Specifically, in the context of battles between Muslims and non-Muslims, if the non-Muslims suffered defeat, any land acquired as spoils of war would become the property of the state; anyone could cultivate the land but had to pay rent. All rental income became state revenue and was used for the welfare of the community.

2. Islamic Economic Tax Policy for Indonesian Economic Development

In Islamic economic fiscal policy, in addition to the existing conventional economic instruments, there are also new fiscal policy instruments, but the implementation and the resulting development effects are different. Although there may be disagreements and disputes about taxes other than zakat, Sharia permits and does not prohibit the imposition of taxes other than zakat as long as it is necessary in the context of modern administration. Therefore, most Islamic economists allow the government to levy taxes in addition to zakat. In addition, Islamic economics has another source of revenue for the government, which is the zakat institution established by the government through zakat.

Zakat becomes an effective tool or instrument in achieving some fiscal policy objectives and is expected to have a significant impact on economic development. As mentioned above, zakat can prevent hoarding, encourage investment, increase effective demand, and others. Referring to the principles of Islamic economics, the formulation of poverty alleviation policies in economic development has several characteristics. First, it prioritizes the responsibility of each individual to improve the standard and quality of life by the value that God has assigned to humans. Second, it emphasizes a collaborative process that provides opportunities to foster innovation, creativity, and hard work to achieve higher profits. Third, realizing a fair, measured, and equitable distribution of wealth and income among the community. Fourth, maintaining stability in the process of long-term economic progress and development.

Based on these principles, Islam encourages its people to strive to achieve a better level of life. Along with this, the Indonesian government must develop policies based on direct and indirect community involvement. The strategic steps to fight poverty can be stated as follows: "Enabling poor families and communities to solve their problems". This means that the government must reposition its role and shift from enabler to influencer. Hence, zakat, infaq, and sadaqah are very important in Islamic teachings. In this context, the government will provide opportunities for people to pay zakat, infaq, and sadaqah through the establishment of the Badan Amil Zakat, Infaq, and Sadaqah (BAZIS) in each province, district, and sub-district. The collected funds will then be distributed to the underprivileged, helping them to overcome the difficulties and poverty they face, thus becoming a government expenditure. Thus, the zakat, infaq, and sadaqah system aims to improve the living standards of the poor by reconciling the differences between the poor and the rich.

Government expenditure should be directed towards encouraging the financial endeavors of Muslims. Public funds are allocated to programs that promote Islamic awareness and benefit the welfare of the ummah. On the other hand, government revenues should be distributed equally among the population. Surah Adh-Dzariyat (51:19) says: "And in their wealth, there is a right for the poor and the needy." And in Surah Al-Baqarah (2): 219 Allah says: "They ask you about wine and gambling. Say: "In both, there is great sin and some benefit to man. But their sins outweigh their benefits. ..'" Also mentioned in Surah Al-Hasyr (59:7): "So that wealth may not circulate only among the rich among you." These Qur'anic meanings are supported by several Prophetic traditions. For example, Abu Hurairah narrated that the Prophet said: "The best charity is that which a rich man gives (of what he does not need) to another rich man, and the beginning of it should be from where you depend." Similarly, Al-Hakim Abu Al-Ahwash narrated that the Prophet said: "If Allah has blessed you with wealth, then the signs of His blessing can be seen in you, and then add to what Allah has given you."

Based on the meaning of the verse and hadith above, it is the duty and authority of the state to distribute wealth wisely and fairly. Therefore, government policy plays an important role in this regard. This is in line with the provisions contained in Article 34 paragraph 1 of the 1945 Constitution which states that "the state is responsible for caring for the poor and abandoned children." Fiscal policy instruments such as Zakat, Infaq, and Sadaqah (ZIS) are very promising to alleviate poverty in Indonesia. For this reason, the government's attitude and actions are needed to manage ZIS optimally and seriously, just like the policies it has been doing so far, namely taxes.

4. Conclusion

Fiscal policy is a policy taken by the government to regulate income or receipts and spending or expenses to maintain and control economic stability to increase national economic growth and development. This function is referred to as the stabilization function which aims to maintain high employment opportunities, relatively stable price levels, and adequate levels of economic growth. This shows the similarity of the functions and benefits of zakat, jizyah, khums, and kharaj in Islamic fiscal policy. And if we refer to the function of fiscal policy, there is no doubt that zakat, jizyah, khums, and kharaj can be used as instruments in fiscal policy for the state because they have fulfilled the function of fiscal policy well. Receipts of fiscal policy instruments can be used to build infrastructure, facilities, and human resources to improve moral values and professional skills that will contribute to the country's economic growth. With the new fiscal policy instrument, it will become a tool for redistributing income and wealth. The concept of fiscal policy instruments in Islam is similar to the concept of fiscal policy instruments according to Keynes, namely that increasing the use of other policy instruments will cause a multiplier effect, meaning the widespread influence caused by fiscal policy instruments where an increase in national spending affects an increase in income. and consumption. However, there are many fundamental differences, both from a philosophical perspective, legal basis, and issues of distribution and usability. As an instrument, of course, fiscal policy instruments in Islam require adequate infrastructure, both in terms of regulatory policies to institutional forms and detailed operational techniques. If the functions of zakat, jizyah, khums, and kharaj as instruments for the redistribution of income and wealth run well, then social problems and inequalities can be reduced. Referring to the principles of Islamic economics, the formulation of economic development policies to alleviate poverty includes empowering individuals to improve the quality of life through human dignity that is glorified by Allah. Since the aim of Islamic policy instruments is to improve the standard of living of the poor by giving them the right to own what they receive from the rich, distributing such funds to the poor increases their income, and therefore automatically their ability to consume, therefore, consume goods and services sold in the market (purchasing power increases).

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