

Zakat and State Revenue Allocation: A Sharia-Based Approach to Economic Justice and Social Welfare

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Abstract

Income distribution inequality, unequal access to resources, and high poverty levels indicate that the current economic in Indonesia system still faces challenges in achieving social justice. Islamic economic principles emphasize the importance of fair wealth distribution through mechanisms such as zakat and waqf, which serve as social safety nets for underprivileged groups. This study analyzes the allocation and distribution of national income from the perspective of Islamic law, focusing on the implementation of zakat and waqf as key instruments in income redistribution. The research employs a normative-conceptual approach by analyzing Islamic legal sources and academic literature related to state fiscal policies from the perspective of Islamic economics. The findings indicate that optimal management of zakat and waqf can enhance societal welfare and strengthen economic justice. The government plays a crucial role in regulating and integrating Sharia principles into fiscal policies, including centralized zakat management and market regulations that prevent monopolistic practices and economic exploitation. As a recommendation, a professional and transparent zakat and waqf administration system is needed to improve the effectiveness of fund distribution.

Keywords: Economic justice, social welfare, waqf, wealth distribution, zakat.



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Introduction

Economic justice serves as a fundamental pillar in building a prosperous and harmonious society. It is also one of the objectives of the implementation of Islamic economic system.¹ In the context of Indonesia, achieving economic justice remains a significant challenge. The wide income distribution gap, unequal access to resources, and persistently high poverty rates illustrate that the current economic system has yet to fully realize fairness. The urgency of this research lies in addressing these challenges by exploring the relevance of Shariah principles in providing sustainable solutions to economic inequality.

From the perspective of Islamic economics, the principles of income distribution and allocation encompass more than just economic efficiency; they also emphasize fulfilling social rights based on Shariah values. Islamic economic principles, grounded in the Qur'an and Sunnah,² stress the importance of justice, equity, and balance in wealth distribution.³ The ultimate goal is to reduce social disparities, ensure the fulfillment of basic needs, and guarantee that disadvantaged groups receive their rightful share within the economic system.

A core tenet of Islamic economics is the prohibition of *riba* (interest),⁴ which is considered a source of economic exploitation and social injustice.⁵ Islam advocates for fair, transparent transactions grounded in mutual consent and risk-sharing.⁶ Wealth redistribution mechanisms, such as *zakat*, play a pivotal role in achieving social justice.⁷ *Zakat* is an obligatory almsgiving imposed on individuals whose wealth surpasses a specified threshold, serving as a social safety net for those in need.⁸ Additionally, voluntary instruments like *infaq* and *sadaqah* further contribute to maintaining economic balance. In this regard, Islamic economic law provides a comprehensive framework for ensuring the fair and equitable allocation of state income, ultimately supporting societal welfare.⁹

¹ Helza Lita, "The Implementation of Waqf to Actualize Economic Justice Based on Islamic Law," *PADJADJARAN Jurnal Ilmu Hukum (Journal of Law)* 07, no. 01 (April 2020): 1–18, <https://doi.org/10.22304/pjih.v7n1.a1>.

² Mustafa Raza Rabbani et al., "Exploring the Role of Islamic Fintech in Combating the Aftershocks of COVID-19: The Open Social Innovation of the Islamic Financial System," *Journal of Open Innovation: Technology, Market, and Complexity* 7, no. 2 (June 2021): 136, <https://doi.org/10.3390/joitmc7020136>.

³ Aufa Rizka Azzumi, Miswanto Miswanto, and Naqiyah Naqiyah, "Islamic Economic Thoughts And Their Relevance In Society 5.0 Era Of Zainal Abidin Ahmad," *Public Service and Governance Journal* 4, no. 2 (July 5, 2023): 44–50, <https://doi.org/10.56444/psgj.v4i2.913>.

⁴ Budi Sulistiyo et al., "Analisis Konsep Etika, Norma, Dan Hukum Dalam Implementasi Hukum Ekonomi Syariah," *Strata Social and Humanities Studies* 1, no. 2 (December 14, 2023): 193–203, <https://doi.org/10.59631/sshs.v1i2.119>; Achmad Miftah Farid and Fandi Ahmad Fahreza, "Gadai Syariah (Rahn) Dalam Perspektif Hukum Islam Dan Hukum Positif," *Strata Law Review* 1, no. 1 (March 27, 2023): 43–52.

⁵ Fadli Daud Abdullah, Ah. Fathonih, and Mohamad Athoillah, "Analisis Kajian Tafsir Ahkam Tentang Kedudukan Akad Muamalah Pada Lembaga Keuangan Syariah Di Indonesia," *Jurnal AT-TAHFIDZ Jurnal Ilmu Al-Qur'an Dan Tafsir* 3, no. 1 (2021): 52–69.

⁶ Kamil Husain, "Contribution of Zakat and Community Economic Welfare," *Indonesian Journal of Social Science Research* 2, no. 1 (2021): 39–43, <https://doi.org/10.11594/ijssr.02.01.06>.

⁷ Pranam Dhar, "Zakat as a Measure of Social Justice in Islamic Finance : An Accountant's Overview," *Journal of Emerging Economies and Islamic Research* 1, no. 1 (January 31, 2013): 64, <https://doi.org/10.24191/jeeir.v1i1.9118>.

⁸ Zusak S Zauro, "Islamic Economics for Sustainable Development," *SeEk* 1, no. 2 (2024): 53–70, <https://doi.org/10.35335/ac1n5382>.

⁹ Dadi Wardiman, Yadi Janwari, and Muhammad Hasanuddin, "Fiscal Policy in Islamic History: From Baitul Mal Management to the Tax System," *Strata International Journal of Social Issues* 2, no. 1 (February 7, 2025): 68–79, <https://doi.org/10.59631/SIJOSI.V2I1.319>.

In addition to zakat, the waqf (endowment) system plays a significant role in promoting socio-economic development. Waqf is often utilized to finance essential public services such as education, healthcare, and infrastructure.¹⁰ When managed effectively, waqf serves as a long-term funding source that fosters economic self-reliance and strengthens societal cohesion. The state has a crucial role in overseeing and regulating the utilization of waqf to ensure compliance with Shariah principles while maximizing its social impact. This study will specifically explore how the optimization of zakat and waqf mechanisms can contribute to equitable income distribution and sustainable economic development.

This research aims to analyze the allocation and distribution of state income from the perspective of Islamic law, with particular attention to the implementation of zakat and waqf as core instruments in income redistribution. Furthermore, it seeks to evaluate the integration of Shariah principles into state fiscal policies to balance individual interests with societal welfare. The findings of this study are expected to provide both theoretical insights and practical recommendations for developing a more just and inclusive economic system.

A review of previous research indicates that the existing literature has thoroughly examined the theoretical foundations of Islamic economics. However, there remains a notable gap regarding the practical application of zakat and waqf mechanisms in contemporary state income allocation. For instance, Abbas Mirakhor's research highlights the state's role in income distribution but does not sufficiently explore the concrete implementation of zakat and waqf in modern Muslim-majority countries.¹¹ This study aims to address this gap by proposing policy strategies that governments can adopt to optimize zakat and waqf as instruments for promoting economic justice and reducing social inequality.

METHOD

This study employs a normative method with a conceptual approach. This approach is used to examine and analyze the principles of Islamic economic law related to the allocation and distribution of state income based on relevant legal sources, particularly Islamic economic law. The data used in this study are derived from secondary legal materials, specifically scientific literature related to the mechanisms of zakat, waqf, and state fiscal policies from the perspective of Islamic economic law. The analysis in this study is conducted qualitatively by reviewing the prevailing theories of Islamic economic law and academic interpretations of the concept of economic justice within the Islamic legal system.

RESULT AND DISCUSSION

Principles of Economic Justice in Islam

The principle of economic justice in Islam is deeply rooted in religious teachings found in the Qur'an and Sunnah, emphasizing equality, fairness, and the equitable distribution of resources. Economic justice is not merely an ideal but a fundamental command that shapes the socio-

¹⁰ Musmuliadi Kamaruding et al., "Exploration of the Application of Islamic Management Principles in the Management of Construction Businesses," *International Journal of Academic Research in Business and Social Sciences* 13, no. 6 (2023), <https://doi.org/10.6007/ijarbss/v13-i6/17172>.

¹¹ Havis Aravik, Achmad I Hamzani, and Nur Khasanah, "The Role of the State in the Islamic Economic System: A Review of Abbas Mirakhor's Thought," *Islamic Banking Jurnal Pemikiran Dan Pengembangan Perbankan Syariah* 7, no. 1 (2021): 1–22, <https://doi.org/10.36908/isbank.v7i1.271>.

economic framework of Islamic society.¹² The Qur'an contains numerous verses that highlight the importance of fair treatment for all individuals and the just allocation of resources as part of creating a prosperous society.¹³ The teachings of Prophet Muhammad (PBUH) also affirm that fairness in economic distribution is a prerequisite for establishing a just and harmonious community.

One of the key principles in Islamic economics is the prohibition of *riba* (interest), which is considered a mechanism that exacerbates economic inequality and social injustice.¹⁴ *Riba* causes wealth to be concentrated among a specific group, while others are increasingly trapped in poverty. Islam forbids this practice as it is deemed exploitative toward economically weaker groups. Instead, the Islamic financial system promotes fair profit-and-loss sharing, as seen in *mudharabah* and *musyarakah* transactions, which provide all parties with proportional shares based on their contributions.¹⁵ This system encourages a more equitable distribution of wealth and reduces the potential for exploitation.

In Islamic economics, preventing economic disparities is not only achieved through the prohibition of *riba* but also through the obligation of *zakat*, which is one of the main pillars of wealth redistribution. *Zakat* requires individuals with excess wealth to contribute a portion of their assets to assist those in need. This is one of Islam's approaches to alleviating poverty and narrowing the gap between the rich and the poor. By distributing a portion of wealth through *zakat*, economic inequality can be reduced, leading to a more just and prosperous society.¹⁶

Apart from *zakat*, *waqf* (endowment) also serves as a crucial instrument in Islamic economics, promoting wealth redistribution. *Waqf* allows individuals or institutions to dedicate their assets for public welfare, such as education, healthcare, and infrastructure development. These endowed assets benefit not only the present generation but also future generations. This principle supports social welfare sustainability and provides long-term benefits to the broader society.¹⁷ As a result, *waqf* becomes an effective tool for achieving socio-economic balance and supporting the public sector without harming any party.¹⁸

In the context of Islamic economics, the role of the state is also crucial in ensuring economic justice. The state must function as a regulator and overseer of the economy to ensure that wealth

¹² Fadli Daud Abdullah et al., "Analisis Perdagangan Internasional Melalui Model Politik Heckscher-Ohlin Terhadap Kepentingan Ekonomi Nasional Pespektif Hukum Ekonomi Islam," *Al Ushuliy: Jurnal Mahasiswa Syariah Dan Hukum* 2, no. 2 (2023): 251, <https://doi.org/10.31958/alushuliy.v2i2.11483>.

¹³ M R Oktaviandi, "Economic Justice Through Al-Hisbah: Reviewing the Role and Performance of Market Supervisory Institutions," *Al-Kharaj Journal of Islamic Economic and Business* 6, no. 1 (2024), <https://doi.org/10.24256/kharaj.v6i1.5022>.

¹⁴ Muhammad S I Ishak, "The Principle of *Maṣlaḥah* and Its Application in Islamic Banking Operations in Malaysia," *Isra International Journal of Islamic Finance* 11, no. 1 (2019): 137–46, <https://doi.org/10.1108/ijif-01-2018-0017>

¹⁵ Husain, "Contribution of Zakat and Community Economic Welfare."

¹⁶ Zauro, "Islamic Economics for Sustainable Development."

¹⁷ Ari Fajar Santoso et al., "Fiscal Policy Instruments in Islamic Macroeconomics Perspectives," *Strata International Journal of Social Issues* 2, no. 1 (February 22, 2025): 128–38, <https://doi.org/10.59631/SIJOSI.V2I1.325>.

¹⁸ Siti N M Ali et al., "Analyzing the Role of Waqf and Zakat in the Economy Through a Case Study of Agricultural and Livestock Projects," *International Journal of Academic Research in Business and Social Sciences* 12, no. 12 (2022), <https://doi.org/10.6007/ijarbss/v12-i12/16065>.

distribution is carried out fairly. Abbas Mirakhor¹⁹ argues that the state must formulate policies that facilitate equitable wealth distribution and ensure equal access to economic opportunities for all individuals. Therefore, fiscal policies should support income redistribution and reduce socio-economic disparities among different societal groups.

Market regulation is another essential aspect of economic justice in Islam. The state must ensure that markets remain free from monopolistic practices that could lead to unequal distribution of goods and services. Monopolies not only harm consumers but also result in wealth accumulation by a select few, while most of the society becomes marginalized. Hence, the state's role in regulating markets and ensuring healthy competition is vital to achieving economic justice.²⁰

Additionally, in Islamic economic principles, *al-hisbah* (market supervision) plays a significant role in promoting economic justice. *Al-hisbah* requires oversight of economic activities, including consumer protection from exploitation, fraudulent practices, and unfair transactions. This supervision is not limited to market transactions but also includes quality control of goods and services, ensuring that all economic activities are conducted with integrity and transparency. Market supervision is crucial for maintaining balance and preventing inequalities caused by unethical business practices.²¹

The concept of economic justice in Islam also integrates ethical considerations into every economic decision. As explained by Muhammad Umer Chapra, the Islamic economic system does not only aim for economic efficiency but also seeks to create social welfare and environmental sustainability.²² Islam encourages economic actors to consider not only profit but also the social and environmental impacts of their economic activities. Therefore, economic decisions in Islam must be based on principles of justice that benefit not only individuals or specific groups but also society as a whole.²³

The application of economic justice principles in Islam focuses on the fair distribution of economic outcomes. This aligns with the Islamic view that every individual has the right to earn a livelihood and prosper fairly. Islam emphasizes the balance between individual rights and

¹⁹ Aravik, Hamzani, and Khasanah, "The Role of the State in the Islamic Economic System: A Review of Abbas Mirakhor's Thought."

²⁰ Siti S A Razak and Nik Ahmad Kamal Nik Mahmod, "Embracing the Islamic Principles of Social Justice in the Malaysian Trade Union Movement," *Uum Journal of Legal Studies* 12 (2021), <https://doi.org/10.32890/uujls2021.12.2.1>.

²¹ Suziraha Dzulkepli and Mohd N Barom, "Financial Inclusion and the Goal of Distributive Justice in Islamic Economics," *The Journal of Muamalat and Islamic Finance Research*, 2021, 66–77, <https://doi.org/10.33102/jmifr.v18i1.330>.

²² Zainal Arifin, "Comparative Analysis of Muhammad Umer Chapra and John Maynard Keynes' Perspectives on Fiscal Stimulus in Addressing Economic Crises," *Organize* 2, no. 3 (2023): 135–45, <https://doi.org/10.58355/organize.v2i3.55>.

²³ Nurunnabi Abbas, "Exploring the Intersection of Islamic Economics and Sustainable Development: Challenges, Opportunities, and Policy Implications," *SeEk* 1, no. 2 (2024): 10–20, <https://doi.org/10.35335/wyp8gp53>.

social responsibilities.²⁴ Thus, the Islamic economic system should promote collective prosperity, allowing every individual to fulfill their basic needs without compromising the rights of others. Effective redistribution policies are essential in addressing inequalities and fostering a prosperous society.²⁵

To achieve economic justice, Islam also teaches the importance of managing wealth responsibly and avoiding extravagance. Islam encourages the use of wealth for beneficial purposes, both for personal needs and for the betterment of society. Therefore, individuals with surplus wealth are expected to spend part of their assets on beneficial activities such as *zakat*, *waqf*, and social investments that enhance community well-being. By doing so, Islam seeks to prevent wealth accumulation that benefits only a few and ensures that economic resources are shared across all levels of society.

The Role of Zakat in Creating Justice through wealth redistribution and State Income

Zakat, as one of the five pillars of Islam, plays a crucial role in wealth redistribution and influences national income allocation within the Islamic economic system.²⁶ Zakat is an obligation that must be fulfilled by every Muslim who possesses wealth above a certain nisab threshold, to be distributed to those in need.²⁷ The fundamental principle of zakat is that wealth is a trust from Allah (SWT) that must be shared with those who require it, with the aim of creating a balanced and just society.²⁸ Thus, zakat is not only a form of personal worship but also serves as a tool to improve social welfare and reduce economic inequality within society.

In the Islamic economic system, zakat functions as an effective wealth redistribution mechanism. Zakat distribution is not only carried out individually but can also be managed centrally by the state. For example, in some Islamic countries, zakat is collected through state-managed zakat institutions that operate in an organized and professional manner. This centralized approach ensures that zakat is directly distributed to those entitled to receive it (*mustahik*) in accordance with Islamic law, ensuring that its distribution is targeted and efficient.²⁹ This system allows zakat to play a more significant role in achieving national development goals, such as poverty alleviation and reducing socio-economic disparities.

One example of the effective implementation of zakat in national income allocation is the National Amil Zakat Institution in Indonesia. This institution has demonstrated how zakat can

²⁴ Fadli Daud Abdullah, Syahrul Anwar, and Dede Kania, "Analisis Kebebasan Produksi, Distribusi Perdagangan Beras Untuk Mencapai Harga Rasional Perspektif Etika Bisnis Islam," *Strata Business Review* 1, no. 2 (2023): 246–57, <https://doi.org/10.59631/sbr.v1i2.118>.

²⁵ Zauro, "Islamic Economics for Sustainable Development."

²⁶ A R M Wahyu, "Zakat Empowerment Model in Islamic Boarding School," *Balanca Jurnal Ekonomi Dan Bisnis Islam* 5, no. 2 (2023): 74–85, <https://doi.org/10.35905/balanca.v5i2.5112>.

²⁷ Amany Amany et al., "The Role of Islamic Economic Law in Strengthening Global Partnerships for Sustainable Development Goals," *Multidiscience : Journal of Multidisciplinary Science* 2, no. 1 (January 12, 2025): 194–205, <https://doi.org/10.59631/multidiscience.v2i1.323>.

²⁸ Naziruddin Abdullah, Alias M Derus, and Husam-Aldin N Al-Malkawi, "The Effectiveness of Zakat in Alleviating Poverty and Inequalities," *Humanomics* 31, no. 3 (2015): 314–29, <https://doi.org/10.1108/h-02-2014-0016>.

²⁹ Heni Noviarita et al., "Analisis Zakat Sebagai Sumber Kekayaan Negara," *Bukhori Kajian Ekonomi Dan Keuangan Islam* 2, no. 1 (2022): 17–28, <https://doi.org/10.35912/bukhori.v2i1.1747>.

be managed efficiently and contribute to supporting the local economy. With proper management, zakat can be invested in community empowerment programs, such as small and medium enterprise development, education, and healthcare, which directly support the country's economic growth.³⁰ This is a concrete example of how zakat can contribute to increasing national income and overall social welfare.

Furthermore, zakat has been proven to have a positive relationship with economic growth.³¹ Studies show that effective zakat distribution can enhance the welfare of zakat recipients, which in turn stimulates the local economy. By providing financial assistance to those in need, zakat increases the purchasing power of the poor, driving consumption and investment within the community.³² This increased economic activity contributes to overall economic growth and improves the quality of life for those previously living in poverty.

Beyond its direct economic impact, zakat also plays a crucial role in the social finance sector, particularly within Islamic banking. Funds collected from zakat can be utilized to finance microfinance initiatives, such as providing interest-free loans to small businesses and micro-entrepreneurs. This creates opportunities for the underprivileged to improve their well-being through sustainable economic activities. The connection between zakat and financial institutions positions zakat as a strategic tool in strengthening the Islamic financial system and promoting broader financial inclusion.³³

In this context, zakat is not merely a religious obligation but also a highly significant economic instrument. Through zakat, the state can help equalize income distribution and reduce socio-economic disparities. Moreover, with proper zakat management, the state can fund social projects that provide long-term benefits, such as education and healthcare, contributing to broader human and economic development.³⁴

The management of zakat can also accelerate the achievement of sustainable development goals. Through an organized and professional zakat system, governments can ensure that zakat funds are optimally used to meet basic societal needs, such as food, education, and healthcare. This reduces the government's burden in providing social services and accelerates the achievement of poverty alleviation and more equitable socio-economic development.³⁵

Additionally, zakat serves as a reminder for individuals and society to always share and care for others. In the Islamic economic system, every financially capable individual has a duty to

³⁰ Heni Noviarita, "Islamic Philanthropy Literacy in Improving Welfare and Sustainable Economic Growth in Lampung Province," *Kne Social Sciences*, 2024, <https://doi.org/10.18502/kss.v9i12.15873>.

³¹ Dheddy Abdi Tamba et al., "The Concept and Philosophy of Fiscal Policy in Modern and Islamic Historical Perspectives," *Strata International Journal of Social Issues* 2, no. 1 (February 5, 2025): 1–8, <https://doi.org/10.59631/SIJOSI.V2I1.282>.

³² Afief E Ashfahany et al., "How Zakat Affects Economic Growth in Three Islamic Countries," *Journal of Islamic Economic Laws* 6, no. 1 (2023): 45–61, <https://doi.org/10.23917/jisel.v6i1.21242>.

³³ Ai N Bayinah, "Role of Zakat as Social Finance Catalyst to Islamic Banking and Economic Growth," *International Journal of Zakat* 2, no. 2 (2017): 55–70, <https://doi.org/10.37706/ijaz.v2i2.25>.

³⁴ Asti N W Ariza, "Peran Institusi Zakat Dan Wakaf Sebagai Pilar Dalam Sistem Perekonomian Indonesia," *Jis* 2, no. 1 (2024): 108–15, <https://doi.org/10.59024/jis.v2i1.571>.

³⁵ Wahyu, "Zakat Empowerment Model in Islamic Boarding School."

assist those less fortunate, not only as an act of social responsibility but also as a religious obligation. This fosters collective awareness within society to actively participate in reducing economic and social inequality.³⁶

The positive impact of zakat on the national economy is also reflected in reducing dependence on foreign aid. By optimizing zakat as a source of national income, Islamic countries can lessen their reliance on external funding sources, which are not always stable or controllable. If managed properly, zakat can become a highly valuable domestic resource for financing various social and economic programs without depending on international aid, which often comes with conditions that may not align with the country's need.³⁷

Allocation of State Revenue from the Perspective of Sharia

From the perspective of Islamic economics, the allocation of state revenue must adhere to Sharia principles, which emphasize justice, equality, and societal welfare.³⁸ Every economic policy implemented by the state should be based on the moral and ethical guidelines found in Islamic teachings to ensure that wealth is distributed fairly and that the needs of all societal groups are met. The allocation of state revenue is particularly crucial in the management of zakat, waqf, and other forms of social contributions, which are integral components of the Islamic economic system.³⁹

Zakat, as one of the fundamental obligations in Islam, plays a significant role in wealth redistribution. It is levied on individuals whose wealth exceeds a certain threshold (nisab) and aims to assist those in need, thereby reducing poverty and social inequality.⁴⁰ The state is responsible for facilitating the collection and distribution of zakat, ensuring that funds are effectively channeled to eligible recipients (mustahik). This not only helps alleviate poverty but also contributes to economic stability by enhancing the purchasing power of lower-income communities.⁴¹

In the Islamic economic system, state-managed zakat serves as a structured mechanism for wealth distribution in accordance with Sharia principles. The state acts as a facilitator in this system, ensuring that zakat funds are properly managed and utilized to address the needs of the

³⁶ Bunga A Batubara, "Pengelolaan Zakat Uni Emirat Arab," *El-Mal Jurnal Kajian Ekonomi & Bisnis Islam* 5, no. 5 (2024), <https://doi.org/10.47467/elmal.v5i5.2022>.

³⁷ Noviarita et al., "Analisis Zakat Sebagai Sumber Kekayaan Negara."

³⁸ Hisam Ahyani, Naeli Mutmainah, and Memet Slamet, "The Relevance of Allocation and Distribution of Income in the Islamic Economic Perspective in Indonesia," *Islamiconomic Jurnal Ekonomi Islam* 14, no. 1 (2023), <https://doi.org/10.32678/ije.v14i1.329>.

³⁹ Zahra N Kurnia et al., "The Optimization of Zakat in Achieving Maqashid Sharia," *International Conference of Zakat*, 2020, 159–78, <https://doi.org/10.37706/iconz.2020.237>.

⁴⁰ Kurnia et al.

⁴¹ Ali et al., "Analyzing the Role of Waqf and Zakat in the Economy Through a Case Study of Agricultural and Livestock Projects."

most vulnerable. Consequently, zakat contributes to the creation of a more just and equitable society, aligning with the primary objective of Islamic economics, which is collective welfare.⁴²

Apart from zakat, waqf also plays a crucial role in the allocation of state revenue under Sharia principles. Waqf refers to assets dedicated to charitable and social causes, such as education, healthcare, or public infrastructure development. Effective management of waqf assets can support the financing of social projects that benefit society, particularly in sectors that may lack sufficient funding from the state budget.⁴³ Waqf can also serve as a sustainable source of revenue that can be reinvested to improve the quality of life, reduce dependence on state funds, and accelerate infrastructure development.

The efficient management of zakat and waqf directly contributes to state revenue while simultaneously supporting overall economic development. With resources derived from zakat and waqf, the state can enhance access to education and healthcare, expand infrastructure development, and improve essential social programs that promote societal well-being. In this regard, the state functions as a prudent administrator and distributor, ensuring that wealth and resources are utilized to advance collective welfare rather than benefiting only certain groups.⁴⁴

Furthermore, the allocation of state revenue in Islamic economics must prioritize justice and equality. The state has a responsibility to implement policies that guarantee equal access to essential services such as education, healthcare, and economic opportunities for all citizens. This also means that the state must prevent the concentration of wealth in the hands of a few, which could lead to greater social inequality. Thus, progressive economic policies, such as progressive taxation and budget allocations for social welfare programs, are essential in fostering a just society.⁴⁵

In practice, Sharia principles also encourage the state to regulate economic activities in a manner that ensures financial transactions do not involve elements that contradict Islamic teachings, such as *riba* (interest) or harmful speculation. The state plays a key role in overseeing and regulating economic activities to ensure they remain aligned with Sharia principles, which emphasize fairness and societal well-being. This oversight extends not only to business transactions but also to the financial sector, ensuring that banks and financial institutions do not engage in unethical practices.⁴⁶

By enforcing strict regulations in the financial sector, the state can establish a fair and transparent economic environment, ultimately strengthening public trust in the existing economic system. Active participation in the economy, particularly in the financial sector, is

⁴² Ahyani, Mutmainah, and Slamet, "The Relevance of Allocation and Distribution of Income in the Islamic Economic Perspective in Indonesia."

⁴³ Ali et al., "Analyzing the Role of Waqf and Zakat in the Economy Through a Case Study of Agricultural and Livestock Projects."

⁴⁴ Ridwan Fauzi et al., "The Role of Share Waqf on Economic Resilience in Indonesia," 2022, 42–49, https://doi.org/10.2991/978-2-494069-69-5_5.

⁴⁵ Ahyani, Mutmainah, and Slamet, "The Relevance of Allocation and Distribution of Income in the Islamic Economic Perspective in Indonesia."

⁴⁶ Kurnia et al., "The Optimalization of Zakat in Achieving Maqashid Sharia."

highly influenced by the sense of justice and transparency provided by the state.⁴⁷ A nation that successfully develops an economic system based on justice and Sharia principles can encourage greater public engagement in economic development.⁴⁸

Moreover, the implementation of Sharia principles in state revenue allocation can contribute to more sustainable social development. By adopting welfare-oriented policies, the state can reduce reliance on foreign aid and build a stronger economic foundation. State revenue generated through zakat, waqf, and ethical management of natural resources can be used to finance development projects focused on improving the overall quality of life in a holistic manner.⁴⁹

Thus, the allocation of state revenue from a Sharia perspective is not limited to the management of zakat and waqf but encompasses comprehensive economic policies that reflect social justice and equality. The state must ensure that its economic policies promote a more equitable distribution of resources, reduce social disparities, and enhance the quality of life for all citizens. The application of Sharia principles in state revenue allocation contributes to sustainable development and broader social well-being.⁵⁰

CONCLUSION

Based on the research findings and discussion, it can be concluded that the principles of economic justice in Islam play a crucial role in ensuring the fair and equitable distribution of wealth. Zakat and waqf serve as key instruments in the Islamic economic system, not only aiming to reduce social inequality but also to enhance overall societal welfare. Additionally, the state plays a vital role in managing economic resources by implementing fiscal policies aligned with Sharia principles, such as centralized zakat management and market regulations to prevent monopolistic practices and economic exploitation. By adopting a fair wealth distribution system, the state can create a stable, transparent, and sustainable economic environment.

As a recommendation, zakat and waqf management should be optimized through a more professional and transparent administrative system to enhance the effectiveness of fund distribution to those in need. The government should also strengthen regulations on Islamic finance by ensuring that economic transactions remain free from elements of riba and harmful speculation. Furthermore, integrating zakat into national economic policies can serve as a solution to reduce dependence on foreign aid and improve the country's economic self-sufficiency. Thus, the implementation of a Sharia-based economic system can contribute to more inclusive and sustainable development.

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