

The Function of Baitul Maal in Public Financial Policy: A Perspective from Islamic Economics

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Abstract: - Conventional economic objectives tend to focus on material gains, often neglecting "immaterial" aspects. All analyses in this framework are directed solely at measuring outcomes from a worldly perspective. In contrast, Islamic economics adopts a more holistic approach, addressing both material and spiritual dimensions, ensuring balance for life in this world and the hereafter. This research explores the role of Baitul Maal in public finance, examining the principles associated with finance and the evolution of Islamic finance from the past to the present. The findings reveal that Baitul Maal, established by the Prophet in Medina, serves as a key financial institution. It manages assets received by the state and distributes them to eligible Muslims, functioning as both a repository and a disbursement mechanism for state revenues. Baitul Maal acts as a hub for storing incoming assets and managing outgoing resources. Key instruments utilized for public financing under the role of Baitul Maal include zakat, state assets and enterprises, kharaj (land tax), jizyah (poll tax), and waqf (endowments).

Key-words: Product Quality, Consumer Knowledge, Purchasing Decision Process, Murabahah Islamic Banking, Customer Satisfaction.

1. Introduction

In Islamic finance, the existing financial policy must be adjusted to the goals to be achieved by an Islamic government. There is a fundamental difference between the objectives of economic activities in conventional economics and Islamic economics. Conventional economic goals are more material and do not consider the "immaterial" aspects. All analyses are aimed at measuring the results of these activities from a worldly perspective only. Meanwhile, Islamic economics has a very comprehensive goal that

concerns material and spiritual aspects both for life in this world and life in the hereafter.

The first Islamic state built in the world was the country built by the Prophet in Medina which we know as the Islamic State of Medina. This country was built based on the spirit of Islam which is reflected in the Qur'an and the leadership of the Prophet. The main capital used to build this country is not money but the spirit of monotheism that Rusulullah instilled in

the people of Medina. At that time the Muhajirin who fled from Mecca and came to Medina without bring enough provisions. Meanwhile, in Medina there is no well-organized government

To achieve maximum falah, market activities cannot be entirely left to the market mechanism, sometimes the market mechanism fails to provide goods and services needed by the community or the market mechanism does not work fairly and fairly. The next problem is what goods and services, which need to be provided by the government or the community, from which source of funds are used for the provision of these services. How is the allocation and distribution of goods and services provided by the government or society, what are the criteria for goods and services that are suitable or appropriate, therefore, it is necessary to study public finance, what principles are related to finance and what is the state of finance, especially Islam, in the past and in the present.

History of Islamic Public Finance

When the development of Islam began to appear, and Islam was openly preached, the Prophet began to send companions to be ambassadors to preach religion and take zakat from the Arabs. The main thing that the messenger must do is to give religious lessons first to the leaders of the tribe, and it is hoped that it can penetrate into his people, the Prophet has delegated Muadz bin jabal to Yemen with a clear job description, saying: "I sent you to come to the scholars of the book. The main question that you should preach to them is to invite them to worship Allah. If they have known Allah, tell them that Allah obliges them to pay zakat. Zakat is withdrawn (obligatory) from the rich, and then distributed to the disbelievers. If they wait for it, then take it from them and keep the glory of their treasure. And fear the prayers of the wronged, for their prayers have no hijab with Allah."

The Prophet once sent a letter to his employee Amr bin Harits in Najran about the issue of zakat, alms and diyat. The Prophet was also selective in choosing his employees, namely

those whose religion was strong and were pioneers in converting to Islam. So that the economy and government of the Prophet become strong and can finance the lives of Muslims.

The main goal in the economy is to achieve maximum falah, not all economic activities can be left to market mechanisms. Sometimes the market mechanism fails to provide the goods and services needed by the community or the market mechanism does not work fairly and fairly. The next problem that arises is how the Islamic economy runs in the time of the Prophet and Khulafaurrasidin, where the source of funds is used for the provision of these goods or services, how is the allocation and distribution of goods or services provided by the government or society.

Public Finance During the Time of the Prophet PBUH.

To understand the history of public finance during the time of the Prophet PBUH and Khulafaurrasyidin, it can be seen from the practices and policies implemented by him and his companions. Regarding public finances during the time of the Prophet PBUH, it departed from his position as head of state. The same is true of the companions of Khulafaurrasyidin.

After 13 years in Mecca, he migrated to Medina. At the time of the migration to Medina, the city was still in a state of chaos, without a sovereign leader or king. In this city there are many tribes, one of which is the Jewish tribe led by Abdullah Ibn Ubay. After the Prophet PBUH migrated to Medina, Medina in a short time, experienced rapid progress. The Prophet succeeded in leading all the centers of government of Medina, applying principles in government and organization, building institutions, directing foreign affairs, guiding his companions in leading and finally relinquishing his position completely.

The Time of the Caliphate of Abu Bakr Ashiddiq

Abu Bakr Shiddiq was elected as caliph in poor conditions, as a merchant with insufficient

income to meet the needs of his family. Since becoming the caliph, the needs of Abu Bakr's family have been taken care of by the wealth of Baitul Mal. According to some information, he was allowed to take two and a half or two three quarters of the dirhams every day from Baitul Mal with additional food in the form of lamb meat and ordinary clothes. After running for some time, it turned out that the allowance was insufficient so it was determined 2,000 or 2,500 dirhams and according to other information 6,000 dirhams per year. During about 27 months of his leadership, Abu Bakr As-Siddiq has dealt with many problems of apostasy, excise, and people who refuse to pay zakat to the state. Abu Bakr As-Siddiq paid close attention to the accuracy of the calculation of zakat. Zakat is always distributed every period with no residue. This distribution system continued, even until his death only 1 dinar remained in the financial treasury. During his caliphate, the treasures of the baitul mal never piled up in long period of time because it is directly distributed to all Muslims¹.

Caliph Umar bin Khattab al-Faruqi

After Abu Bakr died, Umar bin Khatab became the caliph. Caliph Umar then built a special building to store the treasures, formed its sections, appointed its writers, fixed the salary from the property of the baitul mall, and formed an army. ²There are several things that need to be noted related to the issue of state financial policy during the time of the Caliph Umar, including:

1) Baitul Mal

The property of Baitul Mal is considered the "property of the Muslims" while the caliph and his amils are only the holders of the trust. Thus, it is the responsibility of the state to provide continuous allowances for widows, orphans, abandoned children, finance the burial of the poor, pay the debts of the bankrupt, pay diyat money for certain cases and to provide interest-free loans for commercial affairs.

2) Land Ownership

Throughout Umar's reign, many areas were conquered through peace treaties. This is where the problem of how to distribute it began to

arise, among which some friends demanded that the wealth be distributed to the fighters, while others refused. Therefore, a suitable plan was sought for both those who came first and those who came last.

3) Zakat and Ushr

Before Islam, every tribe or tribal group living in the countryside used to pay a purchase and sale tax (ushr) (maqs). After the Islamic State was established in Arabia, the Prophet took the initiative to encourage trade efforts by abolish import duties between provinces that are included in the territory of his power and are included in the agreements handled by him together with the tribes subject to his power.

4) Alms for non-Muslims

There is no scholar of the book who pays alms on his cattle except the people of the Banu Taghlib Christians whose entire wealth consists of livestock. They pay 2 times what Muslims pay. The Banu Taghlib are a Christian Arab tribe that has suffered from war. Umar imposed Jizyah on them, but they were too prestigious to refuse to pay jizyah and instead paid alms. However, Ibn Zuhra gave reasons for their case. He said that it is fundamentally unwise to treat them like enemies and that their courage should be an asset to the state. Umar summoned them and doubled the alms they had to pay, on condition that they agreed not to baptize a child or force him to accept their beliefs. They also agreed and accepted to pay double alms.

5) Currency

During the time of the Prophet and throughout the time of the Khulafaurrasyidin foreign currencies of various weights were known in Arabia, such as the dinar, a gold coin and a dirham a silver coin. The weight of the dinar is equal to mistqal or equal to twenty qirath or one hundred grain of barley. The weight of the dirham is not uniform. To avoid confusion, Umar stipulated that the silver dirham weighed 14 qirath or 70 grains of barley. So, the ratio between 1 dirham and 1 mistqal is 7 per 10. However, it should be noted that before the prophet was born, the economy at that time had used gold and silver as a means of transaction.

6) Classification of State Revenue

In the early period of Islam, the caliphs distributed all the income received. This policy changed during Umar's time. The income received at Baitul Mal is divided into 4 types:

a. Zakat and ushr

These funds are collected mandatorily from Muslims and distributed to 8 asnaf at the local level. The surplus is stored in the central Baitul Maal, and will be redistributed.

b. Khums and Alms

These funds are distributed to the most needy and the poor or to finance their activities in seeking welfare without discrimination.

c. Kharaj, fay, jizyah, ushr and annual fixed rent of land These funds are obtained from outside parties and distributed to pay for pension funds and relief funds, as well as to cover administrative operational expenses, military needs, and so on.

d. Various kinds of income received from all kinds of sources. These funds are spent on workers, the maintenance of abandoned children, and other social funds.

7) Production

The most important part of the overall income is the pension fund, followed by the State defense fund and the development fund. Broadly speaking, State expenditure during the time of Umar's caliphate was spent on the first priority needs, namely the expenditure of pension funds for those who joined the military, both Muslims and non-Muslims. The fund also includes pensions for civil servants.

Musa's Caliph Atsaman bin Affin

Uthman bin Affan was the third caliph. In the first six years of his rule, Balkh, Kabul, Ghazni, Kerman, and Sistan were conquered. To organize new revenues, Umar's policy was followed. Shortly after these countries were conquered, effective measures were implemented in the context of the development of Natural Resources. Water flows were dug, roads were built, fruit trees were planted and trade security was provided by means of the formation of a permanent police organization.

Caliph Uthman did not take wages from his office. Instead, he eased the burden on the government in serious matters. He will keep his money in the state treasurer. This caused a misunderstanding between the caliph and Abdullah Bin Arqom, one of the Prophet's prominent companions, who was authorized to carry out the activities of the central baitul mall. He also sought to increase expenditure and defence and navy, increased pension funds and the construction of new conquered territories, the caliph made some administrative changes and increased the kharaj and jizyah of Egypt.

The vast land owned by the Persian royal family was taken over by Umar, but he kept it as undivided state land. Meanwhile, Uthman divided it among individuals for reclamation and for contributions as part of his processing to Baitul Mal. It is reported that this land in the time of the caliph Umar bin Khattab generated nine million dirhams, but in the time of Uthman bin Affan when the land had been distributed to individuals, the revenue increased to fifty million. In the later period he also allowed the exchange of the land for land in the Hejaz and Yemen, while Umar's policy was not so. Zakat wealth during Uthman's time reached a record high compared to previous times.³

Kalifah Ali ibn Abi Talib

After the death of the caliph Uthman bin Affan, Ali was unanimously elected as caliph. Ali became caliph for 5 years. Ali's life was very simple and he was very strict in running the country's finances. Governor Ray was thrown into prison by the caliph on charges of embezzlement of State money. In terms of state revenue, Ali still charges khums levies on fish or forest products. According to Baladhuri, Ali charged the forest owners 4,000 dirhams. In this forest, there is a deep canyon, which according to some, the ground was made for palace stones, and according to others, it is a landslide.

Unlike Caliph Umar, Caliph Ali distributed all income in baitul maal to the provinces in baitul maal Medina, Bushra and Kufa. The distribution system of each pecan once for the

first time was adopted. Thursday is the day of distribution or the day of payment. On that day the counting was completed and on Saturday a new count began. In terms of the allocation of expenditure is still the same as it was during the leadership of Caliph Umar bin Khattab. The increased naval expenditure during the reign of Uthman bin Affan was almost completely eliminated because areas along the coastline such as Syria, Palestine, and Egypt were under Muawiyah's rule. However, with the presence of night watchmen and patrols, the fourth caliph still provided regular police who organized, called Shurta, and its leader was given the title Sahibush-Shurta. Other functions of Baitul Mal still remain the same as in the past and there was no significant development of activities in this period.

2. Research Result

The Role of *Baitul Maal* in Islamic Public Finance Policy

Baitul Maal is the dominant institution in the Islamic economy. This institution is clearly a different entity from the ruler or leader of the state. However, the relationship is very strong, because the institution of Baitul Mal is an institution that carries out the economic and social functions of an Islamic country. In much of the literature on the history of classical Islamic civilization and economics, the mechanism of *Baitul Mal* has always been inseparable from the function of the caliph as

the head of state. This means that various decisions regarding baitul mall and all institutional policies are predominantly carried out by the caliph.

The function and existence of *Baitul Mal* has been clearly expressed both during the time of the Prophet and during the caliphate after his death. However, concretely, the institutionalization of *Baitul Mal* was only carried out during the time of Umar Bin Khattab, when the policy of distributing the collected funds changed. The *Baitul Mal institution* is based in the capital of Medina and has branches in the provinces of the Islamic region.

The existence of the *Baitul Mal* institution was initially a consequence of the professionalism of the management carried out by the zakat manager. However, he also reflects the scope of Islam, where Islam is also defined as religion and government, the Qur'an and power, so that *Baitul Maal* becomes one of the components that carry out the functions of the Qur'an. Functions of government and power of the state . So when the state has to manage State revenues, whether regulated by sharia or obtained based on conditions at that time, the state needs an institution that collects, manages and distributes the accumulation of state funds for the benefit of the state. Both the use is regulated by sharia or also which is a development priority at that time. More details on the use of the funds collected in *Baitul Mal* have been described in the discussion of the state budget in this chapter. From a historical review of the public acceptance of Muslims, it can be shown that there are various forms of public funding sources

Source Acceptance	Main characteristics
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Zakat	<p>It is a direct obligation from Allah</p> <p>The payer of zakat is</p> <ul style="list-style-type: none"> -Exclusively Muslim individuals -Materially capable, up to nisab <p>Charged on stock of wealth or profits instead of working capital. The high rate of zakat is influenced by:</p> <ul style="list-style-type: none"> -The higher the human management of nature, the smaller the zakat rate. -The high rate is proportional
Ushr	<p>It is a duty imposed by the government on traders, aimed at improving trading. Ushr payers are Muslim and non-Muslim traders Charged on trading volume</p>
Kharaj	<p>It is an obligation required by the government to users</p> <p>State land or other land.</p> <p>The higher the tariff is getting higher with the following conditions:</p> <ul style="list-style-type: none"> -Better soil quality and plant type production methods/lower HR roles -The value of production (max 50%) is collected permanently periodically.
izyah	<p>It is an obligation given by the government as a Compensation for the protection of life, property, and worship is the responsibility of the military.</p> <p>Collected from non-Muslim dzimmi living in Islamic areas</p> <p>The high tariff is influenced by:</p> <ul style="list-style-type: none"> -Material ability of jizyah payers -Can be paid individually or collectively
Fai	<p>It is property obtained from non-Muslims peacefully</p> <p>The principle is the use of idle property</p> <p>Owned by the original owner if he is still alive or converted to Islam and becomes the property of the State if the owner dies remains in a non-Muslim state Some income can be said to be fai, such as jizyah, tribute, customs, fines, kharaj, amwal fadhila etc.</p>
Amwal fadhila	<p>Property obtained because no one has good because abandoned by the owner or without heirs</p>
Nawaib	<p>It is a levy imposed by the government on certain people for (specific) State purposes, for example, for the defense of the State, Collection is carried out purposively, for emergency purposes, Imposed on the rich only.</p>
Waqf	<p>It is a property that is willingly handed over by a person Muslims to be used for the benefit of the Ilam Specialized in long-term assets.</p> <p>There is no provision regarding the amount, depending on the waqf</p>

Alms	It is a property that is willingly handed over by a person Muslims to other people or Muslims or the State There is no provision regarding the amount, depending on the will of the almsgiver
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The Prophet's Policy to Strengthen the Government

Several policies have been taken by the Prophet to strengthen the existing government. In the economic field, in order to spur the growth of existing economic activities, the policy steps taken by the Prophet are:

1. Building a mosque as *an Islamic center* that is used not only for worship but also for other activities such as parliamentary meeting places, secretariats, supreme courts, army headquarters, foreign affairs offices, education centera place of training for the widespread propagators of religion, a dormitory, a baitul maal, a place for councils and messengers.
2. In order to spur economic activities, the Prophet (peace and blessings of Allaah be upon him) made a brotherhood between the mujahirin and the anshar. The Ansar group gave part of their wealth to the muhajirin to be used in production activities until the muhajirin could continue their lives.

Viewed from the perspective of Islamic economic analysis, the policy of brotherhood of the muhajirin with the ansar turned out to have a huge economic impact. The brotherhood turned out to have made Medina a prosperous country in the future. In the early days of the Islamic State's government, Islamic public finance and fiscal policy did not play much of a role in economic activities. Fiscal policy has not been implemented as done in today's fiscal policy analysis, because there was no state revenue at that time. The Prophet and his staff did not receive salaries as is customary in a government. Government revenue only comes from community donations. Zakat was not required at the beginning of the Islamic Government. If the Prophet needed funds to help the poor, then Bilal used to borrow from the Jews.

Another source of revenue at the beginning of the year of the reign was the treasures obtained from the spoils of war, and this was only allowed to become one of the sources of finance for the government after the descent of surah al-Anfal in the second year of the Hijri. Furthermore, in the second year of Hijri, zakat fitrah is an obligation that must be paid by every Muslim and this then becomes one of the government's financial sources. Another source of finance comes from jizyah, which is a tax paid by non-Muslim groups, especially scholars of the book, who obtain guarantees of life protection under Islamic rule. Other sources are *kharaj*, *ushr* which is imposed on every trader and is paid only once a year and is only valid if the value of the trade exceeds 200 dirhams.

With the passage of time and the accumulation of financial resources, the government began to be able to finance various expenses, especially used to maintain the existence of the state. For example, expenses to finance defense, payment of state debt, assistance for travelers, payment of salaries for guardians, teachers, an other state officials. Only after that, the verse concerning the provisions for the disbursement of zakat funds to eight groups was dropped, as stated in Surah at-Taubah .

With the decline of this paragraph, it appears that fiscal policy firmly establishes the types of expenditure that can be used on existing zakat funds. The use of zakat funds outside the provisions stipulated by the verse is not in accordance with the provisions of the Quran. It is clear how Islamic economics cares deeply about the poor, whose standard of living needs to be helped and raised to a decent level. From the public financial side, the collection and expenditure of zakat funds can be seen as an activity for a more equitable distribution of income. Islam does not want property to remain in one's hands. If the property has enough nisab, then it is obligatory to issue zakat.

Thus, here there seems to be an effort to encourage people to turn their wealth into the economic system, so that it can generate growth. With the development of Islam, which is reflected in the widening of the Islamic government's territory, the role of public finance activities is increasingly important. The collection of zakat through the *amil* institution was a model of collecting zakat funds that existed at that time. The *Baitul Maal* institution is the "finance department" of the Islamic government. In addition to these institutions, in Islamic government there are also other institutions that play a role in improving the welfare of the community, namely institutions related to waqf activities. In the history of Islam, it is recorded that this waqf institution plays such a large role in the economic system.

Islamic Fiscal Policy

Unlike conventional fiscal policy, where a government can influence economic activities through various incentives in tax rates and the amount of "*tax. base*" of an economic activity, then in the zakat system, all provisions about the amount of "*tarif*" zakat have been determined based on the instructions of the Prophet. Therefore, the zakat policy is very different from the tax policy. Zakat is the main component in the public financial system as well as the main fiscal policy in the Islamic economic system.

Zakat is a mandatory activity for all Muslims. However, there are still other components, which are voluntary, that can be used as another element in the source of state revenue. These voluntary components are related to a person's level of devotion. Government financial sources outside zakat can be determined as long as they do not conflict with existing sharia provisions. New sources of financial resources can be formed after going through the process of studying fiqh. For example, whether to eradicate poverty, the government is allowed to collect taxes outside Zakat.

This question is one of the debates among jurisprudence experts which is characteristic of

how a fiscal policy can be carried out in an Islamic system of government. Meanwhile, new types of taxes in public finance in the conventional economic system are studied based on different principles. One of the principles used in public money in the conventional economic system is the principle of fairness. In public finance, the issue of fairness is said to be an issue of "*e-tika*" which is full of value judgement. For this reason, they determined several principles that must be considered in the *value judgement*, namely the benefit principle and *the ability to pay principle*. It must be admitted that the analytical system in Islamic public finance is not as advanced as the analytical system in conventional public finance. It still needs hard work to develop ideas related to Islamic public finance.

Fiqh Experts' Views on Zakat and Tax

Zakat is an obligation imposed on every Muslim after meeting certain criteria. In the Qur'an there are 32 words of zakat, and 82 times they are repeated using terms that are synonymous with the word zakat, namely the words *alms* and *infaq*. The repetition contains the intention that zakat has a very important position, function, and role in Islam. Of the 32 verses in the Qur'an that contain the provisions of zakat, 29 of them relate the provisions of zakat (Al-Muzzammil [73]): The commandment of zakat that was revealed in the period of Makkah, as contained in the two verses mentioned above, is only an exhortation to do good to the poor and those who need help. Meanwhile, what was handed down in the Medina period was an order that had become an absolute obligation.

In the course of history, the Islamic state's revenue is not only sourced from zakat, but many other sources both as primary and secondary sources. Taxes, which today are the main source of revenue in almost every country, are also getting the attention of fiqh scholars today. However, the view of classical fiqh experts. Not much has been discussed about tax issues. These fiqh scholars discuss more about: *fai*", *ghanimah*, *jizyah*, and *kharaj*. Their discussion revolved around its definition,

distribution, and use.

Contemporary fiqh scholars have stated that there is a material obligation in the form of taxes that is not in doubt because it turns out that at this time the state needs a very large revenue budget, which is impossible to meet with zakat. At this time, these two obligations are united in a Muslim, not only tax obligations, but also zakat obligations at the same time.

The Application of *Baitul Mal* in Islamic Public Finance Policy in Indonesia

Various instruments that can be used as a source of state financing can basically be developed because in essence this is an aspect of muamalah, except in terms of zakat. This means that as long as there is no violation of Islamic sharia in the process of resource exploration, it is also allowed according to Islam. Therefore, the Indonesian state can apply several instruments that can be used as public financing instruments, namely the following:

1. Zakat

Zakat was the first and most important source of state revenue, at the beginning of Islamic rule. Other sources of revenue are as will be outlined in the next section. It should be noted, that zakat is not an ordinary source of revenue for countries in the world, because it is also not considered the main source of financing

2. State Assets and Companies

In the context of modern life, where physical warfare is no longer carried out or the troops are professional salaried troops, ghanimah cannot be used as a source of income. The government only takes 20% of the ghanimah for the alleviation of poverty, orphans, and Ibn Sabil.

3. Kharaj

Kharaj or commonly known as land tax. In its implementation, kharaj is divided into two, namely proportional and fixed. Proportionally it means that it is imposed as a total share of agricultural production, for example, a quarter,

a fifth, and so on. Fixed means a fixed tax on land. In other words, proportional kharaj is not fixed, depending on the yield and price of each type of agricultural product. Meanwhile, kharaj is still imposed once a year.

4. Jizyah

Although jizyah is mandatory, in Islamic teachings there is a provision, namely that jizyah is imposed on all adult non-Muslims, men, who can afford it. As for the perambu, children, parents and pastors are excluded as groups that are not obliged to participate in the battle and are not expected to be able to participate in the battle.

5. Waqf

In Islamic law, waqf means handing over a long-term property right to a person or nadzir in the form of an individual or an institution, provided that the proceeds are used in accordance with Islamic law.

Organization and Operations

During the time of Umar bin Abdul Azis, the *Baitul Mal* institution was divided into several departments. The division of departments is carried out based on the reception posts owned by *Baitul Mal* as the state treasurer. So that the department that handles zakat is different from the one that manages khums, Jizyah, Kharaj and so on. Yusuf Qardhawiy divides *the baitul mall* into four parts of work based on the reception post, referring to the application of the classical Islamic period⁶ :

1. Special department for alms (zakat).
2. Special department for storing taxes and tributes.
3. Special department for ghanimah and rikaz.
4. A special department for property of unknown heirs or whose inheritance is severed (e.g. due to murder).

This has actually also been expressed by Ibn Taymiyah, he revealed that in the financial administration of the State, in *Baitul Mal* several departments have been formed known

as *Diwan*. These councils include:

1. *Diwan al Rawatib* which functions to administer salaries and honorariums for civil servants and soldiers.
2. *Diwan al Jawali wal Mawarits al Hasyriyah* which functions to manage *poll taxes (jizyah)* and property without heirs.
3. *Diwan al Kharaj* which serves to collect *kharaj*.
4. *Diwan al Hilali* which functions to collect monthly taxes.

In essence, the development of institutions and policies in Islamic economics does not have standard provisions except what has been outlined in the sharia. Especially in the formation of departments and policies for the strategy of collecting and using State revenue, it actually also depends on the development or condition of the State's economy at a certain time. This means that the development of economic institutions and policies is not tied to what has been done by previous leaders, the role of *ijtihad* by considering contemporary circumstances is very decisive and forms of institutions and economic policies.

Referring to what has been explained by Qardhawi about the *Baitul Mal* institution, in its operation, one of the policies of state revenue management is when the funds owned by the alms department whose function meets the basic needs of citizens are lacking, it can use funds from other departments, namely the tax and tribute department. However, in the classical Islamic period, this was done with a debt scheme, meaning that if one day the alms department already had sufficient funds, then the debt had to be repaid to the tax and tribute department. The stages of using state finance are in accordance with what was explained earlier, where the main source of state finance is zakat, then *fay* and taxes. If there is still a shortage, the state will carry out a *takaful* scheme, where all assets are collected by the state and distributed equally.

3. Conclusion

Public financial sources in Islamic history other than zakat, the majority are voluntary, namely in the form of *infaq*, *waqf*, and alms. *Baitul mal* is a special institution that handles property received by the State and allocates it to Muslims who are entitled to receive it, in other words, *baitul maal* is a shelter and expenditure of property, which is part of the State's revenue. *Baitul mal* as a place to store incoming treasures and the management of outgoing treasures, in the time of the Prophet had not prepared a special place. This is because the wealth that came in at that time was not so much.

Taxes are different from *dharibah*. *Dharibah* is a levy that is the closing of the state visit. Levies that are imposed unilaterally on residents cannot be used as a long-term source of revenue so this will have an effect in calculating budget surpluses or deficits. The State of Indonesia can apply several instruments that can be used as public financing, namely Zakat, Assets and State Companies, *Kharaj*, *Jizyah*, and *Waqf*.

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