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Ibn Khaldun's Thoughts on Taxes and Their Relevance to Modern Sharia Fiscal Policy

Try Itsnawati
State Islamic University of Madura, Indonesia
*Corresponding author: tryitsna@gmail.com

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ABSTRACT

Taxation has returned to public debate in many Muslim-majority countries because rising state expenditure is often met with increased fiscal burdens, without considering the resilience of society's productive capacity. In this context, Ibn Khaldun's reflections in the Muqaddimah offer a relevant historical-sociological perspective, yet their reading within modern Islamic fiscal policy has not been systematically developed. This study aims to describe Ibn Khaldun's framework on taxation and the dynastic cycle, explain the relationship among tax rates, productivity, and state revenue, and articulate its relevance for modern Islamic fiscal policy. The study employs a qualitative approach with a library research design. The primary source is the Muqaddimah, while secondary sources consist of journal articles, a fatwa document, and recent Islamic economics literature. Data were collected through documentation and analyzed descriptively and analytically through data reduction, data display, and conclusion drawing. The findings show that Ibn Khaldun regarded taxation as part of the dynamics of civilization (umran), group solidarity ('asabiyyah), and the rise and fall of dynasties. In the early phase, the state relied on lightly assessed sharia-based levies, namely zakat, kharaj, jizyah, and 'ushr, whereas in the final phase additional non-sharia levies (mukus) emerged as the ruler's expenditure swelled. Light assessments stimulate production and therefore yield large total revenue, while heavy assessments destroy the incentive to work. These ideas are relevant to modern Islamic fiscal policy through the principles of proportionate tax rates, spending discipline, legal certainty, trustworthy governance, and the integration of tax and zakat grounded in maqasid.

Kata Kunci:
Ibn Khaldun; pajak; Kebijakan fiskal syariah; Muqaddimah; Maqasid Syariah

ABSTRAK

Persoalan pajak kembali menjadi perdebatan publik di banyak negara Muslim karena kebutuhan belanja negara yang terus meningkat sering dijawab dengan menaikkan beban fiskal tanpa mempertimbangkan daya tahan produksi masyarakat. Dalam situasi tersebut, pemikiran Ibn Khaldun dalam al-Muqaddimah menawarkan cara pandang historis-sosiologis yang masih relevan, tetapi pembacaannya dalam kerangka kebijakan fiskal syariah modern belum banyak disusun secara sistematis. Penelitian ini bertujuan menguraikan kerangka pemikiran Ibn Khaldun tentang pajak dan siklus dinasti, menjelaskan hubungan antara tarif pajak, produktivitas, dan penerimaan negara, serta merumuskan relevansinya bagi kebijakan fiskal syariah modern. Penelitian ini menggunakan pendekatan kualitatif dengan jenis penelitian kepustakaan. Data primer berupa al-Muqaddimah, sedangkan data sekunder berupa artikel jurnal, dokumen fatwa, dan literatur ekonomi Islam terbaru. Data dikumpulkan melalui dokumentasi dan dianalisis secara deskriptif-analitis melalui tahap reduksi, penyajian, dan penarikan kesimpulan, dengan triangulasi sumber untuk menjaga validitas temuan. Hasil penelitian menunjukkan bahwa Ibn Khaldun memandang pajak sebagai bagian dari dinamika peradaban (umran), solidaritas kelompok ('asabiyyah), dan siklus naik-turunnya dinasti. Pada fase awal, negara bertumpu pada pungutan syariah berupa zakat, kharaj, jizyah, dan 'ushr dengan beban yang ringan, sedangkan pada fase akhir muncul pungutan tambahan di luar syariah (mukus) akibat belanja penguasa yang membengkak. Tarif ringan mendorong produksi sehingga total penerimaan menjadi besar, sedangkan tarif berat mematikan insentif untuk berusaha. Belanja negara berfungsi sebagai penggerak pasar, sementara kepastian hukum menjadi syarat bagi keberlangsungan produksi. Gagasan ini relevan bagi kebijakan fiskal syariah modern melalui prinsip tarif proporsional, disiplin belanja, kepastian hukum, tata kelola yang

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amanah, serta integrasi pajak dan zakat berbasis maqasid demi keadilan fiskal yang berkelanjutan.

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INTRODUCTION

Taxes are one of the most decisive instruments in modern state financial management. Through taxes, the government finances public services, infrastructure, education, and social safety nets, while directing people's economic behavior. However, behind these functions lies a fundamental question that has not yet been debated: to what extent does the state have the right to collect, and at what point does the levy erode people's ability to produce? This question is increasingly felt in Muslim-populated countries because fiscal policy there is judged not only by revenue adequacy, but also by fairness of distribution, public benefit, and conformity with sharia values. Fiscal studies from an Islamic economic perspective emphasize that zakat, waqf, and alms need to work together with fiscal policies to realize justice, reduce inequality, and equalize welfare (Dahlia et al., 2026). Strengthening Sharia fiscal institutional governance is also a crucial requirement so that the collection of public instruments does not overlap and is able to encourage macroeconomic stability in a sustainable manner (Pikriyyah et al., 2025).

In many Muslim countries, including Indonesia, tax revenues are the backbone of development financing, while zakat, infaq, and waqf have developed as institutional spaces for generosity but operate outside the tax system. Whenever the government needs additional revenue, debates arise over who should bear the burden, how much is appropriate, and how the proceeds are spent. These debates often stop at technical arguments about tariffs and tax bases, even though they rest on ethical and sociological questions about the relationship between the state and its citizens. It is this question that makes the examination of classical thinkers who, from the beginning, viewed taxes as a reciprocal relationship between power and society relevant to reopen, not as intellectual nostalgia, but as a source of perspective that can enrich the way we assess current fiscal policy. An integrative approach between fiscal instruments and social compliance ethics has been proven to strengthen the effectiveness of public revenues in various developing countries (Askari et al., 2023).

The debate over the limits of levy fairness is not new. In the 14th century, Ibn Khaldun wrote a keen observation about the relationship between the levy burden, the zeal for effort, and the fate of a state in his monumental work, *al-Muqaddimah* (Chowdhury & Islam, 2022). Different from the classical fiqh discussion, which tends to focus on the law and the details of the object of levy, Ibn Khaldun reads taxes as a social phenomenon that is closely related to civilization (*Umran*), group solidarity (*'asabiyyah*), and the cycle of the ups and downs of dynasties. This reading offers an analytical framework rarely found in his contemporaries' fiscal texts, because taxes are not seen as budget numbers alone, but as variables that affect

production, popular trust, and the durability of power. That is why his ideas often appear in contemporary discourse on optimal tariffs.

Ibn Khaldun's approach has its own appeal because he does not start from norms, but rather from observations of the behavior of people and rulers over a long period of history. By tracing how dynasties grew and collapsed, he discovered a pattern: levy policies affect economic passion, and economic passion, in turn, determines the power of the state. This pattern provides historical evidence that complements the normative arguments in jurisprudence, so that the two can be read as mutually reinforcing. This reading, which brings together the historical-sociological dimension and the normative-sharia dimension, is needed to address contemporary fiscal challenges, when policies must be ethically legitimate, economically viable, and socially acceptable.

Selecting Ibn Khaldun as the object of study also reflects the al-Muqaddimah's continued relevance across disciplines, from history and sociology to economics. This shows that his ideas reach beyond their time, but it also requires caution so modern interpretations do not detach the text from its historical context. Therefore, this article seeks to read Ibn Khaldun's ideas carefully in the text, while also criticizing the limits of their application in a fiscal context that has changed considerably. Attempts to contextualize Khaldunian thought continue to be updated by academics to test the relevance of state revenue theory in the midst of modern political economy dynamics (Chowdhury & Islam, 2022).

The relevance of this idea is increasingly evident when developing countries face great spending pressure. The issue of tax justice in low- and middle-income countries, for example, is now a serious concern in the development economics literature (Bachas et al., 2024). In Indonesia, the discussion of fair taxes has even entered the realm of fatwa, when the Indonesian Ulema Council (MUI, 2025) issued a fatwa on fair taxes. The study of the fatwa shows that the legitimacy of taxes in Islamic law is conditional, depending on the needs of the state, the ability of the payer, the protection of basic needs, and the governance of revenues that is trustworthy, transparent, and accountable (Bianda et al., 2026). Thus, the limits and ethics of tax collection are now part of religious discourse as well as public policy. Social justice-based public financial governance reform also continues to be encouraged to minimize distortion of the fiscal burden on low-income groups (Ismail, 2017).

Another equally important issue is the relationship between taxes and zakat. In practice, these two obligations follow different paths, so some Muslims feel they bear two levies with overlapping purposes. The idea of integrating zakat and taxes has been studied through a systems approach *to Maqasid* (Lestari, 2024), while a study of zakat compliance in Indonesia reminds us that payer behavior is a problem that needs empirical explanation and cannot be assumed away (Kasri, 2020). In this context, rereading the legacy of classical fiscal thought is important so modern policy does not lose its normative footing while remaining economically realistic. Shows that fiscal policy within the framework of *Maqasid* al-Syatibi must stand on the principle of benefits and place taxes as part of the concept of economic equity (Chowdhury & Islam, 2022). If the framework of *Maqasid* gives normative direction, then Ibn Khaldun's framework can explain how levies work in a country's economic and political life.

Based on this background, there are several problems that need to be answered. First, how did Ibn Khaldun develop a framework for thinking about taxes in relation to civilization, group solidarity, and dynastic cycles? Second, how did he explain the relationship between tax rates, public productivity, and state revenue? Third, to what extent can these ideas serve as a basis for formulating modern sharia fiscal policy, especially regarding tariffs, state spending, legal certainty, and the relationship between taxes and zakat? This article also discusses these three questions, so the discussion does not stop at interpreting classical texts but moves toward policy implications.

Several previous studies have addressed this theme from different perspectives. The first study was conducted by which examines Ibn Khaldun's thoughts on tax rates and their influence on economic growth through a study of the *al-Muqaddimah* (Henry & Lusiawati., 2025). The study explains that tax policies change as a country develops, from the initial phase and growth phase to the dynasty's final phase. The results show that a light tax burden can encourage economic activity, while excessive increases in levies can hinder economic growth.

The second study was conducted, which read Khaldun's theory of taxation as a dynamic process embedded in the structure of the state and urbanization (Ahmed, 2025). This study confirms that the relationship between taxes and production is inversely related, and relates it to the concepts of tax justice, sharia goals, and behavioral economics. The third study, although not focusing on Ibn Khaldun, examines the reconstruction of tax-based accounting *maqashid* through the integration of taxes and zakat (Dahlia et al., 2026). The literature review-based study concluded that integrating the two instruments can increase transparency, accountability, and compliance among Muslim taxpayers while reducing the double burden of fiscal obligations.

However, these previous studies still leave room for further research. Studies seem to be more focused on the interpretation of Ibn Khaldun's ideas and their relationship with contemporary economic growth or concepts, while the formulation of operational Sharia fiscal policy implications has not been the main focus (Henry & Lusiawati., 2025; Ahmed, 2025). As for Developing Tax and Zakat-Based Integration *maqashid* without using the framework of the Ibn Khaldun dynasty cycle as a foothold for analysis (Dahlia et al., 2026). Based on the author's search of the referenced literature, there have not been many studies that unite three things at once: a systematic reading of the tax framework and the dynastic cycle in *al-Muqaddimah*, an explanation of the relationship between tariffs, productivity, and state revenue, as well as the withdrawal of its relevance into the architecture of modern sharia fiscal policy that takes into account zakat and sharia objectives. This is where the article's novelty lies. This research links the classical analysis of the levy phase in the dynastic cycle with the current sharia fiscal policy agenda.

Given this difference in focus, this article addresses the research gap of an integrated discussion of Ibn Khaldun's tax thought, the relationship between tax rates and economic productivity, and their relevance to formulating modern Islamic fiscal policy within a single analytical framework. Therefore, this study seeks to fill this gap by examining Ibn Khaldun's thought more comprehensively, not only from historical and theoretical aspects but also through the lens of contemporary fiscal policy (Murtadho et al., n.d.).

The novelty of this research lies in the effort to integrate three main aspects, namely Ibn Khaldun's thinking about taxes in the dynastic development cycle, the relationship between tax rates, public productivity, and state revenue, and the relevance of these thoughts to modern sharia fiscal policy based on the principles of sharia maqashid. Thus, this article offers a perspective that connects Ibn Khaldun's historical-sociological analysis with the needs of modern fiscal policy, especially in realizing a tax system that is fair, proportional, transparent, and oriented towards the benefit of the community (Irgi Iqbal, 2022).

Based on this research gap, this study focuses on three main problems. First, what is Ibn Khaldun's thinking about taxes in relation to civilization (*umran*), group solidarity (*'asabiyyah*), and the cycle of dynastic development? Second, how does Ibn Khaldun explain the relationship between tax rates, public productivity, and state revenue? Third, how is Ibn Khaldun's thinking relevant to modern sharia fiscal policy, especially regarding tax rate determination, management of state spending, legal certainty, and the relationship between taxes and zakat?

Based on these gaps, this study aims to (1) outline Ibn Khaldun's framework of thought on taxes and dynastic cycles, (2) explain the relationship between tax rates, productivity, and state revenues according to Ibn Khaldun, and (3) formulate the relevance of these thoughts to modern Islamic fiscal policy. Theoretically, this research is expected to enrich the study of classical Islamic economic thought by showing that Ibn Khaldun's ideas can be read as a framework for policy analysis, not just a historical record. Practically, the results of this research are expected to be considered for fiscal policy formulations, zakat management institutions, and Islamic economics academics in formulating fair, proportionate, and benefit-oriented state revenue and expenditure policies. Thus, this article is expected to contribute to academic and policy discussions.

METHOD

This research uses a qualitative approach with descriptive-analytical *library research*. This approach was chosen because the object of the study is in the form of ideas and texts, not the behavior of taxpayers who are quantitatively measured. The primary data source is *al-Muqaddimah* by Ibn Khaldun in a condensed edition of Franz Rosenthal's translation published by Princeton University Press (2015), especially the section that discusses civilization, group solidarity, dynastic cycles, state levies, and the role of the state in the market. Secondary data sources include journal articles on Ibn Khaldun's fiscal thought, Islamic fiscal policy, the integration of zakat and taxes, and sharia maqasid published in 2019–2026, plus the MUI Fatwa document Number 2/MUNAS XI/MUI/2025 on fair taxes. Data collection is carried out through documentation techniques, namely searching, reading, and systematically recording these sources through Google Scholar and online journal portals with keywords such as Ibn Khaldun, taxes, sharia fiscal policy, zakat, and *maqasid*.

Data analysis is carried out in a descriptive-analytical manner through three stages: data reduction, data presentation, and drawing conclusions. In the reduction stage, the author sorts the texts and literature relevant to the three main research issues. In the

presentation stage, the data are arranged thematically into three groups: the tax framework and dynastic cycle; tariff relations, productivity, and state revenue; and relevance to sharia fiscal policy. In the conclusion-drawing stage, the author interprets the findings through historical-interpretive analysis by comparing Ibn Khaldun's views with the latest research and the framework of the sharia maqasid. The validity of the data is maintained through triangulation of sources, which involves comparing primary texts with several secondary studies and checking the consistency between sources. This study does not involve human respondents, so the findings are conceptual; The findings are not intended as an empirical generalization, but rather as an analytical framework that can be tested in subsequent research.

RESULTS AND DISCUSSION

The following discussion is structured following three main research issues. Each section combines the description of *the text of al-Muqaddimah* with the views of current researchers, then closes with an author's review that assesses the strength and limits of the arguments described. In this way, the discussion not only reconstructs Ibn Khaldun's ideas but also tests the extent to which these ideas are worthy of serving as a reference for modern sharia fiscal policy. The discussion deliberately follows the sub-items formulated in the text's initial framework: the framework of thought and dynastic cycles, tariff relations, productivity, state revenues, and relevance to modern sharia fiscal policy.

Ibn Khaldun's Framework of Thought on Taxes and Dynastic Cycles

Ibn Khaldun's starting point is that human society cannot be understood as a collection of individuals who stand alone. Humans need cooperation to meet the needs of life, and it is from that cooperation that civilization is formed (*Umran*), both in the form of badawi life and city life. The state, in this view, arises when a group that has strong solidarity (*'asabiyyah*) is able to subjugate other groups and build power. State finance in itself is not a technical affair separate from the process. The ruler requires costs for troops, apparatus, and services, while the source of that cost is only available if the society under which it is governed is sufficiently prosperous to produce and trade. This dynamic relationship between power, social bonds, and economic sustainability confirms that fiscal policy is not merely a technical-economic instrument, but a reflection of the evolution of the socio-political structure of society (Saputa, 2024).

This view is in line with the findings, which show that Ibn Khaldun analyzed taxes by paying attention to the development of taxation in the beginning, growth, and end of a country (Henry & Lusiawati., 2025). That is, for Ibn Khaldun, taxes never stood as a neutral instrument; they were always tied to the stage of the country's life. Adds that tax theory in Khalduni's thought was one of the earliest economic concepts that linked tax rates to the fate of the state and urbanization (Ahmed, 2025). From this, it appears that Ibn Khaldun's main contribution lies in the way of reading, which is to place taxes in the reciprocal relationship between power and the prosperity of society. Power requires prosperity to survive, while prosperity requires the protection and certainty of power. The evolution of 'asabiyyah from the stage of communal solidarity to the institutionalization of power is

decisive to the extent to which fiscal authorities can maintain the legitimacy and efficiency of voting without undermining the social order (Yusfiarto, 2020).

This framework also explains why Ibn Khaldun saw the state's condition as changing over time. Group solidarity that was initially strong tended to weaken when power was established, and luxury became the norm. As solidarity weakened, the ruler became more dependent on mercenaries, who added to the budget burden. Thus, shifts in the distribution of power and changes in the state's financial structure went hand in hand. Taxes are one of the most observable markers of these changes, as the burden borne by the people reflects the extent to which the ruler's needs have exceeded the capabilities of their people.

Ibn Khaldun wrote in a situation that gave him the opportunity to observe firsthand the change of power. He had been involved in government affairs in the Maghrib and Andalusia before finally pursuing writing, so his observations about state levies and expenditures were not born of mere speculation but of experience seeing how fiscal policy works in practice. This experience gives empirical weight to his analysis and helps explain his tendency to link fiscal problems to the character of rulers, the quality of the apparatus, and social conditions. However, modern readers should be careful: a historian's observations also carry points of view and limitations, so their interpretation needs to be tested against other sources.

Initial Phase: Light and Fixed Sharia Levy

In the early phase of the dynasty's establishment, Ibn Khaldun argues that power was still supported by a simple disposition and strong group solidarity. The ruler was not used to luxury, so his spending needs were limited. State revenue in this phase rested on levies set by sharia, namely zakat on certain property, *kharaj* on the ground, *jizyah* on non-Muslims who are under state protection, and *'ushr* on trade and certain products. The amount of the levy is relatively light and fixed because it follows legal provisions that cannot be changed at the will of the ruler. In Ibn Khaldun's account, the small levy per person at this stage generated large revenue overall because people were eager to work and the number of payers kept growing. The voluntary compliance and productivity boost of the community in this phase was supported by a predictable fiscal burden and the absence of exploitative levies outside the legal corridor (Dahlia et al., 2026).

A brief explanation of each levy helps to clarify why Ibn Khaldun considered it light. Zakat is levied on certain types of property after it reaches a minimum threshold and has been owned for a certain period, so people without excess wealth are not burdened. *Kharaj* is imposed on agricultural land of the size determined by the agreement or the initial provisions of the conquest, and Jizyah is imposed on non-Muslim residents who obtain security guarantees from the state. The *'ushr* is imposed on merchandise or products at a predetermined percentage. The four similarities are clear limits, defined sizes, and a legal basis, so business actors can estimate their obligations before starting a business. This characteristic distinguishes it from mucus, which lacks a standard size and can be added according to the ruler's needs. Levy sourced from definite sharia norms (*Qath'i*) acts as a safe boundary (*fiscal threshold*) which prevents arbitrariness of the authorities and maintains the sustainability of investment incentives in the real sector (Ismail, 2017).

The fixed, limited nature of the sharia levy has important implications. First, it limits the ruler's ability to arbitrarily increase the burden. Second, it provides certainty for business actors about what they have to bear, so that production planning can be carried out calmly. Third, it fosters a sense of justice in society because the burden is set by mutually recognized rules, not by the tastes of the rulers. Therefore, the initial phase can be read as a period when law, solidarity, and state needs are in relative balance. This initial phase of fiscal stability shows how the principles of justice and legal certainty are the main foundation in creating an inclusive economic climate (Ismail, 2017).

A study on fiscal policy in the framework of *Maqasid* al-Syatibi provides a complementary perspective for this reading. According to the study, a country's fiscal policy should be based on benefits, and tax collection should follow the same principle, as taught by previous scholars. In other words, when sharia levies in the early phases of dynasties worked well, they aligned with the principle that the fiscal burden should follow benefits, not the ruler's interests alone.

Final Phase: Emergence *of Mucus* and Levy Circles

That balance changed as the dynasty entered a phase of establishment and luxury. The ruler and his circle of power began to get used to a lifestyle that demanded high costs, while the number of officials, troops, and gifts to supporters continued to grow. Spending needs increased, but the fixed source of sharia levies was no longer sufficient. To close the gap, rulers increased levies outside sharia provisions, known in classical literature as mucus, and raised existing levy rates. In fact, according to Ibn Khaldun, rulers can participate in trading and farming to increase income, a practice that is detrimental to business actors because they have to compete with those in power. The imposition of mucus and direct involvement of rulers in the market creates economic distortions that trigger market uncertainty and erode investment incentives in the real sector (Dahlia et al., 2026).

This additional levy did not stop at a single increase. As the burden increased, enthusiasm for trying decreased, production shrank, and revenues fell, so rulers were encouraged to raise the levy again to cover the shortfall. This created a vicious cycle that worsened the situation until people lost the will to produce, some left the territory, and the city's civilization weakened. At this point, the tax shifted from a source of support to a cause of the state's collapse. Summing up the logic is similar to stating that raising taxes does not automatically increase state revenues, and can even weaken economic activity, shrink urbanization, and bring about the destruction of the state (Ahmed, 2025). This vicious circle of fiscal demons basically describes an economic contraction due to tax rates that exceed the optimal point, which ultimately erodes the tax base and destroys state revenue stability (Saputa, 2024).

This picture shows that the fiscal problems in the dynasty's final phase were rooted in spending. The increase in levies was only a response to the rulers' swelling needs. This reading is important because it prevents the overly simplistic conclusion that Ibn Khaldun rejected taxes. He criticized levies that lost their legal basis, exceeded the people's capacity, and were used to finance unproductive luxuries. Failure to control public spending and

impose a disproportionate tax burden triggered a loss of public trust (*public distrust*) and the erosion of government legitimacy in public financial governance.

Author Review

The author's review of this series of arguments yields three notes. First, the dynastic cycle in *al-Muqaddimah* is not a rigid natural law, but a historical model that shows a tendency: power independent of legal control tends to magnify spending, and swollen spending tends to be financed by excessive levies. Second, the distinction between sharia and *mucus* levies is not merely formal. It serves as a criterion of legitimacy: levies are legitimate if they have a clear legal basis, reasonable rates, and accountable purposes. Third, the problem in this model is not the existence of taxes, but the unbalanced relationship between the ruler's needs and the community's capacity. Therefore, the solution implied by Ibn Khaldun is not the abolition of levies, but discipline over spending and the certainty of rules.

This reading also shows a difference in tone with some modern studies that frame Ibn Khaldun especially as a precursor to the idea of optimal tariffs. (Ahmed, 2025) He associated this theory with what is now called the optimal or critical point in the tax-rate equation. Such framing is helpful, but risks simplifying, because Ibn Khaldun is not talking about mathematical functions, but about social processes involving the morality of rulers, the structure of solidarity, and justice. Therefore, in this article the comparison with modern fiscal theory is positioned as a clarifying analogy, not as an equalizer.

These three notes also show the methodological value of Ibn Khaldun's approach. He does not separate economic analysis from political and moral analysis, so fiscal phenomena are read as part of a larger social system. This integrative approach aligns with the spirit of the systems approach in contemporary maqasid studies, which reads the law with its purpose and context. Thus, there is a methodological intersection between Khaldun's reading and *the maqasid* framework that can be used in policy research.

The Relationship between Tax Rates, Productivity, and State Revenue

Ibn Khaldun's most famous idea about taxes can be summarized in one observation: a light levy encourages people to work harder, while a heavy burden makes them lose their reason to work. He explained that when the levy on small businesses is low, business actors feel they can enjoy the fruits of their labor. This hope fosters the spirit of planting, trading, and building, so economic activity expands, the number of business actors increases, and the tax base also grows. Although the rate per unit is low, the number of units subject to the levy is large, so that the total state revenue increases.

On the other hand, when the tariff is raised beyond reasonableness, business owners expect most of the work will be taken. Some reduce production, others stop operating, and some move to a place where the burden is lighter. As a result, the collection base narrows, and the revenue decreases despite the increase in tariffs. Ibn Khaldun makes this observation as a summary of the historical experience of the dynasties he studied: at the beginning of a dynasty, small levies produced large revenues, while at the end of a dynasty, large levies produced small revenues. This pattern is also discussed within the framework

of the relationship between tax rates and economic growth (Henry & Lusiawati., 2025), which confirms that the relationship between taxes and production is opposite (Ahmed, 2025).

The logic of this incentive is both psychological and economic. People not only calculate the difference in profits, but also assess whether their efforts are rewarded and protected. Linking this reading to behavioral economics is the view that the main purpose of taxes is not simply to collect money, but also to regulate the economic behavior and consumption of individuals (Ahmed, 2025). In this framework, tax rates are signals that influence decisions to work, save, and invest, so rate increases should be understood as changes in incentives, not just changes in revenue figures.

State Expenditure as a Market Driver

One aspect that often misses popular readings of Ibn Khaldun is his attention to spending. He views the government as the largest market in the economy because most of the revenue the state collects returns to the community as officials' salaries, purchases of goods and services, and the construction of public facilities. If the ruler hoards wealth and does not spend it, market turnover declines, traders lose buyers, and people's incomes shrink. The decline in income, in turn, reduces people's ability to pay the levy. At this point, state revenues and expenditures in Ibn Khaldun's view are two sides of a cycle of wealth flows, not two independent policies.

This awareness explains why Ibn Khaldun criticized the ruler who wasted the levy on luxury, as well as the ruler who hoarded without spending. What he wanted was productive spending, that is, spending that maintains security, maintains facilities, and drives economic activities. Highlights that many governments, especially the less prudent ones, do not understand the optimal point of tax rates and fall into the mistake of raising taxes without planning due to the pressure of public spending, especially unnecessary and unproductive spending (Ahmed, 2025). This observation reinforces the reading that fiscal problems for Ibn Khaldun stem from the quality of spending as much as the amount of tariffs.

From the perspective of contemporary Islamic economics, this view is close to the affirmation that fiscal policy aims to support social welfare and wealth equality (Ahmed, 2025). It also mentions the functions of allocation, distribution, and stabilization as the main functions of fiscal policy, which, in the framework of al-Shatibi, are interpreted as the provision of public goods according to needs, equitable distribution of income, and the maintenance of job opportunities. If these functions are carried out properly, state spending not only moves the market as Ibn Khaldun envisioned, but also directs the levy to those who need it most.

Ibn Khaldun also highlighted the dangers of rulers entering the business world. According to him, when rulers engage in trade and agriculture, they harm society because they have advantages other business actors do not, such as access to resources and coercive power. Business actors who compete with rulers will lose profits and eventually stop doing business. In modern parlance, this warning can be read as a concern about market distortions when the state uses its fiscal and regulatory powers to gain commercial advantages without equal competition. Although the institutional context is very different,

the core message is still worth considering: the state needs to maintain a healthy distance between its role as a regulator and its role as an economic actor.

Legal Certainty and Protection of Property Rights

The third condition for sustainable production is a sense of security over property rights. Ibn Khaldun asserts that tyranny (*zulm*) destroys civilization. Tyranny in this context is not limited to physical violence, but includes the taking of property without legal basis, the imposition of forced labor, and levies that do not comply with the provisions. When people are not sure that the results of their efforts are protected, they have no reason to invest capital and energy. In other words, low tariffs will have no effect if the rules of the game change and property rights are easily confiscated. By contrast, clear rules and consistent legal protection foster trust that becomes social capital for economic activity.

This view aligns with contemporary studies on tax governance. It examines tax fairness in low- and middle-income countries, and shows that the actual impact of tax distribution often deviates from the objectives stated in the provisions due to structural factors and limited enforcement capacity (Bachas et al., 2024). The findings remind us that tariffs that appear fair on paper are not necessarily fair in implementation. In Ibn Khaldun's language, legal certainty and consistent enforcement are prerequisites to keep taxes from turning into a form of tyranny.

Legal certainty also relates to compliance. When rules are clear, rates are predictable, and enforcement is done fairly, payers tend to view tax liability as part of a shared responsibility rather than extortion. Conversely, fickle rules and selective enforcement foster suspicion and encourage avoidance. Studies about the determinants of compliance with paying zakat in Indonesia show that compliance deserves to be treated as a separate research issue, so the discussion of the burden of levy should not stop at the amount of tariffs (Kasri, 2020). Thus, compliance is not only a function of tariffs, but also of trust in the fairness of the system.

Author's Review

The author's review shows that the relationship between tariffs, productivity, and revenue in *al-Muqaddimah* is best read as a policy hypothesis based on historical observations, not as a formula. Ibn Khaldun does not mention an ideal tariff figure and does not distinguish between types of levies based on elasticity, as economists commonly do today. The optimal tax rate will depend largely on each country's economic structure, administrative capacity, and public trust. Therefore, the author argues that the reading that makes Ibn Khaldun a justification for reducing tariffs in general is incorrect. What can be drawn is a methodological warning: any decision to increase the fiscal burden must be tested for its impact on business incentives, the quality of spending, and society's sense of justice.

The second note concerns the model's limitations. Ibn Khaldun's discussion emphasizes more on the relationship between rulers and people as a productive unit and does not elaborate on the problem of burden distribution between income groups, something that is the focus of modern fiscal policy and frameworks *Maqasid*. This is where

the need to complement the Khalduni framework with considerations of distributive justice arises, as the study shows, which places taxes as part of the concept of economic equality based on benefits (Annuar et al., 2026). Thus, Ibn Khaldun's framework explains how levies affect production, whereas the Maqasid framework explains how the burden and benefits of the levy should be divided.

The third note relates to how to test Khaldun's hypothesis. Since Ibn Khaldun structured his arguments from historical observations, his testing in the modern context requires different data and methods, for example, comparing changes in rates with changes in the tax base and behavior of payers over a given period. This kind of testing is not carried out in this article, so conclusions about the suitability of Ibn Khaldun's ideas with contemporary data should be read as well-founded conjectures, not proven findings. Clarity about the status of these arguments matters so classical ideas are not treated as absolute truth in policy debates.

Relevance for Modern Sharia Fiscal Policy and Proportional Tariffs and Expenditure Discipline as Policy Principles

The first principle that can be derived from Ibn Khaldun is that tax rates should be set in proportion to the community's productive capacity, and that any additional burden must be accompanied by a testable reason. In modern policy, this principle can be translated into an obligation to conduct an impact assessment of any planned tariff increase or introduction of new levies, especially on small and medium-sized enterprises that are most vulnerable to loss of incentives. The impact assessment not only calculates potential revenues, but also estimates changes in payer behavior, so that policies do not fall into the trap of raising rates that actually narrow the tax base.

The second principle is spending discipline. In dynastic cycles, increases in levies almost always began with swelling rulers' spending. Therefore, efforts to maintain the fiscal health of the sharia do not stop at setting tariffs; they must include quality standards of spending, control of waste, and the prioritization of productive spending. The perspective of Islamic fiscal policy is summarized as placing fiscal policy as a tool to realize social welfare, reduce income inequality, and ensure a fair distribution of wealth (Dahlia et al., 2026). These goals can only be achieved if state spending is directed to needs that truly support benefits.

In practice, these two principles require a monitoring mechanism that lets the public assess whether the burden they bear is proportionate to the benefits they receive. Without such a mechanism, even seemingly light tariffs can feel heavy because the public does not see the results. By contrast, a higher burden is acceptable if the use of funds is transparent and the benefits are felt. The author sees this as the most concrete translation of Ibn Khaldun's concern about levies that lose touch with public needs.

These two principles are also relevant to evaluating incentives and tax relief. Incentives designed to encourage business activities need to be assessed for effectiveness so that they do not become a burden on the budget without productive benefits. From Khalduni's point of view, a good incentive maintains the spirit of business without

sacrificing the state's ability to provide basic services. Assessing this balance requires adequate data and periodic evaluation, so that fiscal policy does not rely on intuition alone.

Conditional Legitimacy and Trustworthy Governance

Ibn Khaldun's distinction between sharia levies and *mucus* finds a modern echo in MUI Fatwa Number 2/MUNAS XI/MUI/2025 on fair taxes. According to the study, the fatwa does not view taxes as legitimate just because they are collected by the state (Bianda et al., 2026). Taxes are seen as conditionally legitimate, i.e., when public resources are insufficient, burdens are imposed on those who can afford them, basic needs are protected from excessive levies, and revenues are managed with trust, transparency, accountability, professionalism, and fairness. The structure of this argument bears a logical resemblance to Ibn Khaldun's ideas: the legitimacy of levies depends on necessity, the reasonableness of the burden, and the integrity of its management.

The similarity does not mean that the two are identical. Ibn Khaldun wrote as a historical observer who assessed the levy by its consequences for civilization, while fatwas were products of legal reasoning that set normative conditions. Nevertheless, both came to the conclusion that taxes that are not accompanied by responsible management will lose legitimacy, both morally and functionally. It also affirms that fatwas do not replace the state's fiscal-legal authority, but provide an ethical benchmark for assessing whether taxes are fair, accountable, and benefit-oriented (Bianda et al., 2026). According to the authors, this position matters: the Khalduni framework and fatwa can serve as evaluation criteria for policies drafted through a legitimate legislative process, not as a substitute for it.

The condition that the burden be imposed on those who can link this discussion back to the fairness of the distribution. Suggests that the impact of tax distribution in practice may deviate from the objectives stated in the provisions due to structural factors and limited enforcement capacity, and that administrative reforms intended to be distributionally neutral can have significant equity impacts (Bianda et al., 2026). The implication for sharia fiscal policy is that a commitment to justice must be translated into realistic design and implementation, not just normative formulations.

For a country like Indonesia, which does not make sharia the sole source of fiscal law, this approach has practical advantages. Policies are still drafted through constitutional institutions and procedures, while the values of trust, justice, and welfare serve as moral measures that the public, scholars, and academics can use to assess such policies. In this way, criticism of excessive levies can be conveyed constructively, not as a rejection of state obligations.

Integration of Taxes and Zakat Based on *Maqasid*

The third relevance concerns the relationship between taxes and zakat. In the early phase of the dynasty, according to Ibn Khaldun, zakat included sharia levies that supported the state, while in modern practice zakat is managed separately from taxes so that some payers bear double obligations. Dahlia et al. (2026) shows that the tax and zakat systems have run separately and produced outcomes that have not been optimal for fiscal justice and public welfare, and that integrating the two within the framework of the maqashid has the

potential to increase transparency, accountability, and compliance while reducing double burden. The idea of integration has also been studied through the Jasser Auda system approach (Nikmah, 2022) and a fair tax fatwa places zakat as a tax deduction factor to overcome the risk of overlapping burdens (Bianda et al., 2026). The institutional and administrative harmonization scheme between tax authorities and zakat institutions has been proven to strengthen the effectiveness of public revenue collection while expanding the impact of welfare redistribution (Kasri, 2020).

From Khalduni's perspective, this integration matters because uncoordinated double burdens can pressure business actors and erode production incentives. Meanwhile, the framework *of Maqasid al-Syatibi is* discussed. It places the management of state revenue and expenditure within a benefit framework that includes protecting religion, soul, descendants, property, and intellect. In that framework, property protection (Hifz Al-Mal) aligns with Ibn Khaldun's emphasis on property rights as a condition of production. Thus, integrating taxes and zakat can be understood as an effort to protect people's property from layered levies while ensuring the funds collected return to the needs of the public and entitled groups. The application of the principle of maqasid shariah in this dual fiscal policy guarantees the protection of individual wealth (*Hifz Al-Mal*) from excess burdens while optimizing the provision of public goods (*public goods*) (Saputa, 2024).

The discussion of integration also needs to address the differences in the nature of the two instruments. Zakat is an obligation of worship with provisions on the type of property, size, and recipient class determined by sharia, while tax is a state obligation whose details are determined through laws and regulations. This difference requires prudence so that coordination does not obscure the character of zakat worship and the public character of taxes. Therefore, according to the author, the safest form of integration is mutual recognition, for example through the reduction of taxes on zakat that has been paid, accompanied by transparent reporting, as reflected in the position of a fair tax fatwa (Bianda et al., 2026). Zakat-based tax credit mechanism (*zakat as a tax credit*) is empirically proven to increase voluntary compliance among muzakki and taxpayers without reducing state budget revenues (Dahlia et al., 2026).

Payer behavior factors still need consideration. Research on zakat payment compliance in Indonesia (Kasri, 2020) reminds that policy drafts need to be tested against real behavior, not just assumed to work as designed. The author argues that effective integration must start with administrative coordination and clear reduction rules before moving to institutional unification. This gradual approach aligns with Ibn Khaldun's caution against sudden, unpredictable changes in the burden on business actors. Therefore, this policy transformation requires regulatory clarity and the digitization of an integrated reporting system so as not to trigger administrative confusion at the payer level (Annuar et al., 2026).

Formulation of Policy Implications and Limitations

Based on the description above, the author formulates five implications for modern sharia fiscal policy. First, tax rates are set proportionally and each increase is tested for its impact on business incentives. Second, state spending is directed to productive activities

and controlled from waste. Third, legal certainty and property rights protection are maintained so that levies do not turn into fiscal tyranny. Fourth, revenue management is carried out in a trustworthy, transparent, and accountable manner so that the legitimacy of levies is maintained. Fifth, taxes and zakat are coordinated so that double burdens are reduced and the goal of benefits is easier to achieve. These five implications are frameworkal, and their implementation requires adjustments to the institutional context of each country.

The implementation of these five implications requires the role of various stakeholders. Policymakers are responsible for designing proportionate tariffs and spending, tax authorities and zakat institutions play a role in maintaining coordination and transparency, while scholars and academics can provide ethical frameworks and studies that test the impact of policies. The community itself plays a role through social compliance and supervision. This division of roles is in line with Ibn Khaldun's idea that the balance of the state cannot be maintained by the ruler alone, but by a healthy relationship between the ruler and the people (Sukmawati & Nabila, 2026).

Some limitations need to be noted. This article is conceptual and based on a literature review, so the implications formulated have not been tested with empirical data. The socio-political context of the 14th century in the Maghrib region also differs from that of modern countries that manage taxes through legislation, professional administration, and various levies. Therefore, further research needs to empirically examine the relationship between tariffs and revenues in certain contexts, as well as examine the forms of integration of taxes and zakat that are most in line with the national legal framework. By taking into account these limitations, Ibn Khaldun's ideas are more appropriately positioned as a critical lens and source of policy principles, rather than as a technical prescription that can be applied directly.

Taken together, the three parts of the above discussion form a single plot of argument. The dynastic cycle framework explains why levies tend to swell when power breaks away from legal control and solidarity. The relationship between tariffs, productivity, and revenue explains how the swelling weakens the state's own revenue base. The relevance to modern sharia fiscal policy shows how these principles can be translated into assessment criteria for tariffs, spending, governance, and tax coordination with zakat. This flow confirms that Ibn Khaldun's ideas are most useful when combined with *the maqasid framework and contemporary research findings, so classical readings and today's policy needs can complement each other* and remain open to testing and correction in future research.

CONCLUSION

This study concludes that Ibn Khaldun viewed taxes as part of the dynamics of civilization, group solidarity, and the cycle of dynastic rise and fall. In the initial phase, the state relied on sharia levies in the form of zakat, *kharaj*, *jizyah*, and *'ushr* with light and fixed burdens, while in the final phase, mucus appeared due to the swelling of the ruler's spending. The relationship between tariffs, productivity, and state revenue is explained through the logic of incentives: light tariffs encourage production so that total revenues are large, heavy tariffs kill business spirit so that revenues shrink, state spending becomes a

market driver, and legal certainty and property rights protection are conditions for production sustainability.

This idea is relevant to modern sharia fiscal policy through five principles: proportional rates, productive spending discipline, legal certainty, trustworthy and transparent governance, and maqasid-based tax and zakat coordination. These principles should be understood as evaluation criteria and a framework for consideration, not a technical prescription that can be applied without adjustment. Given that this research is conceptual, further research is recommended to empirically examine the relationship between tariffs and revenues, assess the design of tax and zakat integration that best aligns with the national legal framework, and expand the study to include policy data and payer perceptions.

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