

Between Zakat and Tax: The Construction of Fiscal Legitimacy Through Perception by UIN Students in Contemporary Indonesia

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Article Info	Abstract
Received: 20-04-2026 Revised: 25-06-2026 Accepted: 29-06-2026 Published: 30-06-2026 Keywords: Perceptions, State Islamic University Students, Classical Islamic Taxation, Contemporary Taxation	This study aims to identify and analyse UIN students' perceptions of taxation in Indonesia by linking classical Islamic levies, civic obligations, state revenue, and public welfare within a conceptual framework. The study employs a descriptive-interpretative qualitative design to gain a contextual understanding of the students' knowledge, reasoning, experiences and constructions of meaning regarding taxation within their social lives in contemporary Indonesia. Primary data were sourced from observations and interviews with students from the Faculty of Islamic Economics and Business at one UIN, whilst secondary data were drawn from relevant literature. Data were collected through observation, semi-structured interviews and documentation, and were subsequently analysed using the stages of data condensation, data presentation, and the systematic and iterative drawing and verification of conclusions. The findings indicate that students accept taxation as a civic and moral obligation, provided that its collection is fair, transparent and proportionate, and is genuinely directed towards the common good and public services. Informants' understanding encompasses taxation as a compulsory levy, a source of state revenue, and an instrument of distribution; however, awareness of indirect tax payments remains limited in everyday practice. Consequently, tax education at UIN needs to integrate positive law, Islamic ethics, budgetary mechanisms, literacy in direct and indirect taxation, and critical scrutiny of state expenditure. Future research should involve informants across UINs and faculties, strengthen triangulation, and combine interviews with surveys, literacy tests, observations, and measurable actual behavioural data.
Info Artikel	Abstrak
Kata Kunci: Persepsi, Mahasiswa Universitas Islam Negeri, Pajak Islam Klasik, Pajak Kontemporer	Penelitian ini bertujuan untuk mengetahui dan menganalisis persepsi mahasiswa UIN mengenai perpajakan Indonesia dengan menghubungkan pungutan Islam klasik, kewajiban sipil, penerimaan negara, dan kesejahteraan publik dalam kerangka konseptual. Penelitian menggunakan desain kualitatif deskriptif-interpretatif untuk memahami secara kontekstual pengetahuan, penalaran, pengalaman, dan konstruksi makna mahasiswa terhadap perpajakan dalam kehidupan sosial mereka di Indonesia kontemporer. Data primer bersumber dari observasi dan wawancara terhadap mahasiswa Fakultas Ekonomi dan Bisnis Islam pada satu salah UIN, sedangkan data sekunder berasal dari kepustakaan relevan. Data dikumpulkan

melalui observasi, wawancara semi-terstruktur, dan dokumentasi, kemudian dianalisis menggunakan tahapan kondensasi data, penyajian data, serta penarikan dan verifikasi kesimpulan secara sistematis dan berulang. Temuan menunjukkan mahasiswa menerima pajak sebagai kewajiban sipil dan moral, sepanjang pemungutannya adil, transparan, proporsional, serta secara nyata diarahkan bagi kemaslahatan bersama dan pelayanan publik. Pemahaman informan mencakup pajak sebagai pungutan wajib, sumber pendapatan negara, dan instrumen distribusi, tetapi kesadaran mengenai pembayaran pajak tidak langsung masih terbatas dalam praktik keseharian. Implikasinya, pendidikan perpajakan di UIN perlu mengintegrasikan hukum positif, etika Islam, mekanisme anggaran, literasi pajak langsung dan tidak langsung, serta pengawasan belanja negara secara kritis. Penelitian mendatang perlu melibatkan informan lintas UIN dan fakultas, menguatkan triangulasi, serta memadukan wawancara dengan survei, tes literasi, observasi, dan data perilaku aktual yang terukur.



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INTRODUCTION

Taxation now stands at the crossroads of fiscal needs, global economic integration, and demands for distributive justice. Taxes are not merely instruments for revenue collection, but mechanisms that enable the state to fund education, healthcare, infrastructure and social protection; thus, tax revenue is directly linked to the state's capacity to improve the welfare of its citizens (Nguyen The et al., 2025). However, the legitimacy of taxation does not automatically stem from legal authority. Citizens assess taxation in terms of the fairness of the tax burden, the utility of public spending, transparency, and their relationship with the state. The history of tax resistance shows that compliance increases when taxation is understood as a fair exchange for collective goods, whilst inequities in the burden and a lack of clarity regarding benefits can transform consent into resistance (Delalande & Huret, 2013). At the normative level, taxation is justified when it supports public goods in accordance with the principles of fairness and efficiency, rather than merely serving the government's administrative needs (Delmotte, 2020). At the same time, capital mobility and tax avoidance practices have shifted taxation from a domestic matter to a matter of cross-border governance. The Base Erosion and Profit Shifting (BEPS) project has transformed the actors, norms and instruments of international taxation (Mason, 2020), but the effectiveness of multilateral instruments is limited as treaty shopping persists (Hohmann et al., 2025). Consequently, the global debate on taxation oscillates between the needs for revenue, fairness, compliance and public trust.

Within Muslim societies, this debate takes on an additional conceptual dimension as modern fiscal obligations come up against zakat and classical Islamic levies. History reveals the diversity of Muslim fiscal practices. In medieval Hungary, Muslim communities were involved as royal fiscal agents and revenue collectors, with their obligations influenced by social status, military service and Christian authority (Štulrajterová, 2013, p. 185). In the Ottoman Empire, the distinction between groups of taxpayers and those granted exemptions, alongside the practice of tax farming, demonstrates that fiscal reforms were intertwined with state centralisation, religious legitimacy, and demands for justice (Anscombe, 2010). This diversity prevents *zakat*, *jizyah*, *kharaaj*, and modern taxes from being placed on a simple evolutionary trajectory. Contemporary literature also indicates that the majority of Muslim scholars accept the state's authority to levy taxes beyond zakat when

public revenue is required for defence, education, healthcare, transport, and the public good (Rahman et al., 2026). However, this acceptance is conditional: views on whether taxes are halal or not influence the propensity to comply, particularly when citizens assess whether the government is entitled to collect contributions and use them for the public good (Al-Ttaffi et al., 2021). In the Indonesian context, this tension is relevant because UIN students are studying Islamic economic norms whilst also being prospective taxpayers. Their perceptions may reveal how the concepts of religious obligation, state legitimacy and public welfare intersect in their everyday civic consciousness.

The local issue is not merely students' knowledge of tax definitions or procedures, but rather how they interpret the relationship between state levies, public revenue, and social welfare. Compliance may weaken when the system is perceived as complex, unfair, or when institutions lack trust; a review of 423 studies indicates that tax morale, income levels, penalties, administrative quality, policy complexity, accountability, and trust in officials are interrelated (Hossain, Ali, Ling, et al., 2024). Presenting the consequences of taxation more prominently can alter individual decisions; therefore, formal knowledge must be accompanied by an awareness of the function and impact of taxation (Bazley et al., 2022). Tax reform also requires a narrative capable of linking taxation to inequality and the public interest; failure to frame this relationship can act as a barrier to policy acceptance (Prabhakar, 2023). This issue takes on greater significance within the UIN context, as students may view taxation through two distinct lenses simultaneously: positive law, which positions it as a civic duty, and Islamic ethics, which demand justice, trustworthiness and the public good. Little attention has yet been paid to how students link tax revenue to the services they experience, assess the distribution of its benefits, or critically distinguish the functions of taxation from zakat in their academic lives. Yet, the perceptions of this young, educated group can serve as an early indicator of the formation of a tax ethic, acceptance of fiscal authority, and readiness to fulfil tax obligations once they enter the workforce.

Previous studies have examined the relationship between religion, perceptions and compliance, but their focus, subjects and methods have not addressed the issues faced by UIN students (Rahman et al., 2026). Utilised semi-structured interviews with Islamic educators at Malaysian universities and found that participants accepted income tax, but held differing views regarding tax on secondary income. These findings underscore the importance of religious understanding, though the subjects were experienced taxpayers rather than students. (Al-Ttaffi et al., 2021) surveyed 500 small and medium-sized enterprise managers in Yemen and found that acceptance of the government's right to levy taxes was associated with higher compliance. Using a cross-sectional survey of 274 Yemeni entrepreneurs and PLS-SEM analysis, (Abdul-Jabbar & Bin-Nashwan, 2022) demonstrated that institutional credibility and social pressure influence zakat compliance, whilst law enforcement strengthens this relationship. A survey of 199 CEOs of Islamic family-owned firms in Jordan revealed a negative relationship between CEOs' religiosity and tax aggressiveness, but zakat payments can weaken that relationship (Abu-Rajab et al., 2024). (Mozumi, 2022) employs a historical policy approach to demonstrate that favouritism and the complexity of the tax system can undermine taxpayer consent. These studies explain the behaviour of taxpayers, business owners and corporate elites, but have not yet examined how Muslim students construct their reasoning regarding taxation as a civic duty and a source of welfare.

Building on these limitations, the novelty of this research lies in the integration of three domains that are often studied separately: conceptual memories of classical Islamic levies, the legitimacy of taxation in contemporary Indonesia, and UIN students' perceptions of the relationship between state revenue and public welfare. This research does not assume that religiosity always increases compliance, nor that knowledge of taxation automatically leads to

acceptance. Instead, students' perceptions are treated as the result of an interplay between their understanding of Islam, their experiences with public services, their assessment of distributive justice, their trust in the government, and their awareness as citizens. This focus avoids equating zakat with taxation: zakat is discussed as a religious obligation with specific distribution rules, whilst taxation is understood as a state fiscal instrument whose benefits and legitimacy must be assessed empirically. On this basis, the research questions posed are: how do students at a State Islamic University (UIN) in Indonesia interpret taxation, negotiate the relationship between the concept of Islamic levies and modern fiscal obligations, and assess the contribution of tax revenue to public welfare? This study aims to analyse UIN students' perceptions of taxation in Indonesia by examining how they link the Islamic fiscal heritage, civic duties, state revenue, and public welfare.

RESEARCH METHOD

This research is a qualitative study employing a descriptive-interpretative approach, designed to gain an in-depth and contextual understanding of how students at State Islamic Universities (UINs) in Indonesia interpret taxation, relate it to the Islamic fiscal tradition, and assess the role of tax revenue in public welfare. A qualitative approach was chosen because the research objects cannot be adequately captured by reducing them to numerical measures. The unit of analysis is the perspectives of UIN students as subjects who study Islamic values whilst simultaneously being part of Indonesian civic society. Research data were sourced from primary data and secondary literature. Primary data was obtained through observation of the context of discussions and students' responses regarding taxation, as well as interviews with UIN students in Indonesia. Observation was used to capture the situations, interactions and expressions accompanying the informants' views, whilst interviews were designed to explore their understanding of taxation, the relationship between taxation and zakat, the legitimacy of state tax collection, citizen compliance, revenue management and public welfare. Literature data was compiled from scientific journal articles, reference books, academic documents, and other relevant sources on taxation, classical and contemporary Islamic fiscal thought, tax compliance behaviour, and the relationship between taxation and public services. These two types of data were used to complement one another: field data provided contextual explanations, whilst the literature provided a conceptual framework and comparative material for interpreting the findings.

Data collection was carried out through observation, interviews and documentation. Observation notes were compiled to record the research context and phenomena relevant to the focus of the study. Interviews were conducted using semi-structured guidelines to ensure consistency in questioning, whilst allowing informants the space to explain their views, reasons, experiences, and any doubts or contradictions in their attitudes. Documentation included the collection of field notes, interview transcripts, policy materials and literature relevant to the research subject. Data were analysed using the interactive model developed by Miles, Huberman and Saldaña, which comprises data condensation, data presentation, and the drawing and verification of conclusions (Miles et al., 2014). During the condensation stage, observation notes, interview transcripts and documents were read repeatedly, selected on the basis of their relevance, and then coded to identify patterns, categories, themes, differences in perspective, and cases that did not align with the general trend. The presentation stage involved organising the coding results into thematic descriptions and a matrix of inter-category relationships, particularly concerning understanding of taxation, Islamic perspectives, civic duties, trust in the state, public acceptance, and welfare. Conclusions were then formulated incrementally and re-examined by comparing the results of observations, interviews, and documentation. This verification was intended to ensure

traceability between data, codes, themes, interpretations and claims. The validity of the findings was strengthened through triangulation of sources and techniques, whilst the informants' identities were kept confidential and their participation was based on consent following an explanation of the research objectives.

RESULTS AND DISCUSSION

From Classical Islamic Levies to Contemporary Taxation

The Arabic word for 'tax' is '*dharibah*', which means to oblige, to strike, to establish, to determine, to explain or to impose (Kurniawati, 2009). The word '*dharibah*' is a singular noun, or '*isim mufrod*', whilst its plural form, '*dharaiib*', means 'burden'. This refers to a burden that constitutes an additional obligation on the ownership of wealth, apart from zakat. Consequently, the collection of tax may be perceived as a (justified) burden for those who own wealth (Setiawan, 2010).

Islam views taxation as one type of muamalah activity in the economy that functions as a source of state revenue derived from the community (Surahman & Ilahi, 2017). During the time of the Prophet Muhammad (peace be upon him), the Companion Zubair bin al-Awwam introduced an innovation in muamalah practice: he did not like to accept property on deposit, but preferred to accept such a deposit in the form of a loan (Arrighi, 2022). Consequently, there is no explicit textual evidence (*nash*) governing this matter, leading to many differing opinions amongst scholars regarding the legal provisions on the collection of taxes (Adam, 2020).

Islamic law sets out provisions regarding the status of taxation which distinguish it from the capitalist tax system: namely, that taxation is temporary in nature and therefore not continuous. This means that taxes may be levied when the state treasury (*baitul mal*) is empty and there are no other sources of revenue. Consequently, the levying of taxes may cease once the state treasury has been replenished. Conversely, zakat will continue to be collected even if there are no longer any people in the country in need of it. Similarly, the tax system from a non-Muslim perspective is of a permanent nature; that is, like zakat, it is imposed on members of society who own property (Gazali, 2015). Consequently, the status of taxation from the perspectives of Muslims and non-Muslims differs as follows (Gazali, 2015):

Firstly, from an Islamic perspective, the collection of taxes is permitted provided it remains within the established limits and thresholds and is used to fund the obligations of the Muslim community; thus, it must not exceed what is required. Meanwhile, from a non-Muslim perspective, the collection of taxes is intended not only to finance the state's needs but also to serve as a reserve fund.

Secondly, only Muslims are subject to taxation to fulfil their religious obligations; consequently, non-Muslims are not taxed. Non-Muslims argue that there should be no discrimination, yet the taxation system makes no distinction in their view.

Thirdly, only wealthy Muslims are required to pay tax; everyone else is exempt. Whilst this is the case, the non-Muslim perspective on the taxation system holds that everyone, rich or poor, must pay tax; consequently, they do not regard the possessions they own as the subject but rather as the object of their ownership.

Table 1. Basic Comparison between Islamic and Contemporary Views of Taxation

No.	Aspect	Islamic Perspective	Contemporary / Conventional Taxation Perspective
1.	Function of Taxation	Tax collection is allowed as long as it remains within acceptable limits and is used to meet communal obligations and public welfare needs.	Tax collection is intended not only to meet state needs but also to maintain broader fiscal reserves and public expenditure.
2.	Who is Taxed	Taxation is mainly associated with Muslims in connection with their obligations within an Islamic legal framework.	Taxation does not differentiate on the basis of religion and applies generally to citizens or taxpayers under state law.
3.	Who Bears the Burden	Tax is imposed mainly on wealthy Muslims, while those without sufficient wealth are exempt.	Taxation may apply more broadly to members of society, whether rich or poor, depending on the taxable object and the tax system in force.

Furthermore, from another perspective, taxes may also be levied on non-Muslims as a guarantee of their security whilst residing in a country with a Muslim majority. Consequently, scholars from the era of the Companions and the Tabi'in right up to contemporary scholars hold differing views on whether it is obligatory for Muslims to collect taxes.

Firstly, scholars in favour of tax collection, such as Abu Yusuf, Ibn Khaldun and Umar Chapra, state that tax collection is permissible provided that it is carried out fairly and used for the welfare of the people; in such cases, tax collection is permitted. Indeed, Yusuf Qardhawi, in (Ridwan, 2014), sets out several conditions regarding the permissibility of tax collection: *firstly*, if the state genuinely requires the funds and has no other source of revenue, then tax collection is permissible; *secondly*, tax collection must be carried out fairly; *thirdly*, taxes must be used solely for the benefit of the public; and *fourthly*, tax rates must be set with the consent of experts (Ridwan, 2014). Conversely, if the amount levied exceeds the people's ability to pay the state, then taxation may oppress the people and is therefore impermissible.

Tax collection is carried out as a right of the Muslim state in order to increase state revenue alongside the collection of zakat (Lestari, 2015). The reason for this is that zakat is used entirely to meet the needs of those entitled to it, including the poor and destitute. The state also requires revenue from other sources in the form of taxes, which can be used to develop the country by carrying out the functions of allocation, distribution and stabilisation of national finances. The current tax system is progressive and consistent with Islamic principles. Taxes are levied in proportion to one's means; where the tax rate is low, the amount collected is also small, and conversely, where the tax rate is high, the amount collected is also substantial (Arrighi, 2022).

Secondly, there are opposing academics who argue that, since Muslims are already obliged to pay zakat, taxation should not be levied upon them (Gazali, 2015). This view is echoed by the Sudanese scholar Sheikh Hasan Turabi, who, in (Turmudi, 2015), states that the collection of tax is not permitted due to several factors, namely the element of compulsion involved in its collection and the need to prevent the misuse of tax revenue—such as through corruption—which would render it a tool of oppression against the people. According to him, this differs from the collection of zakat, which does not involve any quid pro quo, unlike the collection of taxes. Another issue that has arisen and is a source of concern for the public is that people are required to fulfil a dual obligation: paying both zakat and tax (Turmudi, 2015).

Given the pros and cons amongst these scholars, they have set out a number of prerequisites that must be met before permitting Muslims to collect taxes, including (Harnaeni, 2021): *Firstly*, a nation must first be committed to upholding Islamic Sharia law. *Secondly*, the state must be in a position where it requires funds, desperately needing to meet needs that affect the public welfare, such as paying for military weapons to safeguard the country's borders. *Thirdly*, apart from tax revenue, the state must have no other reliable sources of income. *Fourthly*, the religious scholars and the local government must agree on the collection of taxes. *Fifthly*, taxes must be levied fairly. This means that taxes imposed only on the wealthy should not also be imposed on the poor. Furthermore, their distribution must be fair, transparent and widely shared so that they are not concentrated in specific regions or used to fund government initiatives that encourage immorality and sin. *Sixthly*, tax collection is temporary in nature and is not imposed on a permanent basis. Consequently, taxes are levied only when the state is in a state of emergency or faces urgent needs. *Seventhly*, tax collection is carried out by first eliminating excessive spending that merely squanders funds. Thus, taxes are levied to fund projects that genuinely benefit the general public. *Eighthly*, the tax rate must be adjusted in line with the funding requirements (PengusahaMuslim.com, 2011).

Recontextualising Taxation in the Contemporary Indonesian Nation-State

In the contemporary Indonesian nation-state, taxation can no longer be adequately understood merely as a legally valid levy, but rather as a reciprocal relationship between citizens, the state, and the outcomes of development within observable social experiences. An analysis of this research data indicates that students at State Islamic Universities (UINs) tend to associate taxation with the government's ability to fund education, healthcare, social protection, infrastructure and basic services. This interpretation aligns with the argument that public levies gain their initial justification when used to provide public goods fairly and efficiently (Delmotte, 2020). This relationship is also confirmed by cross-country studies that identify tax revenue as a vital source for development and welfare, although the impact of expanding financial access on revenue is not always linear (Nguyen The et al., 2025). Consequently, the recontextualisation of taxation in Indonesia must address two aspects simultaneously: citizens' obligation to pay and the state's obligation to demonstrate the benefits. The data summarised does not indicate a simple rejection of taxation. What emerges, rather, is conditional acceptance: taxes are deemed fair if their legal basis is clear, the burden is proportionate, the administration is understandable, and the proceeds are returned to the community. Thus, the legitimacy of taxation stems not only from the state's coercive power but also from citizens' experiences of seeing public revenue transformed into tangible welfare.

The stance of UIN students is significant because their views are shaped simultaneously by civic education, Islamic knowledge, and their experience of observing state governance within the contexts of the university and the family. In summarising the data, taxation is understood as a civic duty that can coexist with zakat, rather than as a substitute for that religious obligation. However, this understanding still raises questions regarding the limits of state authority, the types of income that are appropriate for taxation, and how to ensure that the revenue is used for the public good. This pattern is consistent with interviews with Islamic educators in Malaysia: all informants accepted the permissibility of income tax, but held differing views when assessing secondary income, meaning that misunderstandings could lead to unintentional non-compliance (Rahman et al., 2026). A survey of 500 small and medium-sized enterprise managers in Yemen also showed that beliefs regarding the government's right to levy taxes are linked to compliance tendencies; those who consider taxation permissible are more compliant than those who reject it (Al-Ttaffi et al., 2021). The findings of this study expand upon both of these perspectives. For UIN students,

religious legitimacy does not stand alone, but intersects with constitutional considerations and an assessment of the public good. Taxes are accepted when viewed as a collective endeavour to sustain communal life, but this acceptance weakens if the collection process appears to lack transparency, is unfair, or is out of step with the needs of society.

Reflection on the causes of this conditional acceptance points to issues of trust, justice and the visibility of benefits. Citizens are more likely to view taxation as a shared contribution when they understand the rules and witness public services in action. Conversely, complex procedures, uneven distribution of information, inconsistent enforcement and mistrust of public officials create a psychological distance between taxpayers and the state. A systematic review of 423 articles found that tax morale, penalties, reporting systems, assessment processes, distrust of officials, policy complexity, the politicisation of authority, weak auditing, and a lack of accountability are all interrelated with tax avoidance and evasion (Hossain, Ali, Ling, et al., 2024). Historically, tax resistance has never been merely about a reluctance to hand over money. It is a social act that reveals a breach of contract between citizens and institutions, particularly when taxpayers feel they are not receiving commensurate benefits (Delalande & Huret, 2013). The experience of reform in the United States reveals similar causes: various tax preferences and loopholes make the system complex and skewed, undermining its redistributive capacity and taxpayers' consent (Mozumi, 2022). In the Indonesian context, students' perceptions can therefore be seen as an early barometer of fiscal credibility from the very outset of civic awareness: compliance stems from the belief that rules are applied consistently and that public funds are managed responsibly.

Another cause lies in the disparity in the ability of different groups to manage their tax burden. Students, as prospective taxpayers, generally face the rules from the perspective of ordinary citizens, whilst large companies and the wealthy have access to knowledge, advisers, financial instruments and jurisdictions that allow for more aggressive tax planning. A study of listed companies in Bangladesh shows that firm size, profitability and leverage are positively associated with tax avoidance; these findings were obtained through a panel analysis of 62 companies over the period 2009–2020 (Hossain, Ali, Islam, et al., 2024). At a global level, the hoarding of assets abroad—whether through illegal evasion or avoidance exploiting loopholes—reduces a state's ability to respond to its citizens' needs, widens inequality, and entrenches fiscal injustice (Arlen & Burelli, 2022). These figures help explain why calls for individual compliance are easily called into question when more powerful actors appear to have a way out of their obligations. For UIN students, the issue is not merely whether taxes must be paid, but whether the same principles are applied to workers, small business owners, corporations and capital owners in an increasingly open economy. The recontextualisation of taxation therefore demands both horizontal and vertical justice: people in comparable circumstances are treated equally, whilst those with greater economic capacity bear a commensurate share without receiving hidden privileges.

The effects of this chain of causes are evident in the development of a tax ethic before students become full taxpayers. When the fairness of the tax burden, the transparency of its use, and the quality of services are trustworthy, taxes are more easily internalised as a civic responsibility. Religious knowledge then serves as an ethical reinforcer, as contributions to the state are understood as part of upholding the common good, rather than as a transaction separate from moral values. Conversely, legal ambiguity or the perception of preferential treatment can transform doubts into justifications for non-compliance. (Al-Taffi et al., 2021) found that religious views, tax rates and penalties are associated with decisions to non-comply, whilst suggesting an emphasis on civic duty and the use of tax revenue for the public good. (Rahman et al., 2026) reveals a more nuanced effect: religiosity supports compliance, but a misunderstanding of the tax base can still lead to incorrect reporting. The findings of this study point to broader educational implications. Tax

literacy at UIN needs to explain the legal basis, budgetary mechanisms, the distinction between tax and zakat, and the channels for public oversight in an integrated manner. Such an approach does not stop at raising awareness of the threat of sanctions. It builds students' capacity to critically assess policies whilst understanding, from a rational, moral and institutional perspective, that criticism of governance does not automatically nullify legally established obligations.

Recontextualisation also means situating Indonesian taxation within the context of changing international governance. Capital mobility, multinational corporations and the digital economy limit a single country's ability to safeguard its own tax base. The Base Erosion and Profit Shifting (BEPS) project has transformed international taxation through the expansion of actors, agendas, institutions, norms and legal forms; consequently, a strict separation between national and international taxation is becoming increasingly difficult to maintain (Mason, 2020). For Indonesia, these changes open up opportunities for cooperation whilst also requiring caution to ensure that the global agenda does not undermine the fiscal needs of developing countries. Its limitations are evident in the multilateral instruments for revising tax treaties: state participation remains incomplete, and the practice of treaty shopping has not decreased significantly despite the introduction of anti-abuse rules (Hohmann et al., 2025). The impact on domestic perceptions is significant. Students may be asked to comply, but the legitimacy of this message depends on the state's sincerity in tackling profit shifting and cross-border tax avoidance. Within this framework, fiscal sovereignty is not a reason to isolate oneself, but rather the capacity to negotiate, exchange information, improve administration, and continue to set national priorities. A state that is active internationally but weak in domestic enforcement will produce a symbol of reform without restoring trust. Conversely, global coordination accompanied by consistent, measurable and transparent national accountability demonstrates that tax obligations apply across all social classes and business forms.

The next point concerns the direction of reform. Broadening the tax base or expanding financial access does not automatically lead to a continuous increase in revenue. A Bayesian analysis of 43 countries between 2004 and 2020 found a non-linear relationship: financial inclusion can boost revenue below a certain threshold, but the effect reverses once that threshold is exceeded (Nguyen The et al., 2025). This implies that digitalisation and the expansion of formal services must be accompanied by sound administrative design, high-quality data, and protections for vulnerable groups. On the distributional side, the idea of taxing wealth is often held back not only by technical issues, but also by the dominance of the status quo, weaknesses in problem framing, and policy processes that fail to build political support (Prabhakar, 2023). The principle of tax uniformity reminds us that justice demands general rules that reduce selective privileges, rather than nominal equality that disregards the ability to pay (Delmotte, 2020). For Indonesia, the practical implication is the need to link every reform through honest public communication with a narrative that citizens can scrutinise: who bears the additional burden, who receives the benefits, and how leaks are plugged. The UIN students in this study are not merely the targets of education, but prospective public watchdogs. Their perceptions will be more positive if reforms are explained using evidence of revenue utilisation, equitable service delivery, and the enforcement of rules against economically powerful actors.

Compared to previous studies, the contribution of this research lies in its focus on the subjects' perspectives, life stages, and interpretative frameworks. (Rahman et al., 2026) examined Malaysian Islamic educators who had been taxpayers for at least ten years through qualitative interviews, whilst (Al-Ttaffi et al., 2021) assessed the compliance tendencies of 500 business managers in Yemen through a survey scenario. (Hossain, Ali, Ling, et al., 2024) systematically mapped the literature on tax avoidance, whilst (Hossain, Ali, Islam, et al., 2024) assessed corporate

behaviour using panel regression. This study, by contrast, examines the perceptions of UIN students as educated Muslims who are in the process of forming their fiscal identity before their tax experiences become established. This distinction yields an important conceptual finding: for them, the legitimacy of taxation is not derived from religiosity, sanctions or material benefits in isolation, but from the convergence of all three with procedural justice. Thus, taxation in the Indonesian nation-state can be accepted as both a civic duty and a moral responsibility provided the state demonstrates equitable enforcement, budgetary transparency and social benefits for all sections of society. This conclusion does not regard a critical stance as a form of rejection. On the contrary, the students' criticism signals a hope for a more mature fiscal contract: citizens fulfil their obligations, whilst the state is accountable for its authority to collect and spend public funds fairly.

Taxation as a Civic Obligation: UIN Students' Perceptions of Revenue and Public Welfare

Perception is the process by which individuals become aware of various matters whilst understanding information about an event or environment through their five senses. According to another definition, perception is a way of perceiving an object, a way of receiving, organising, and interpreting a stimulus that has the power to alter a person's behaviour or attitude (Novianingdyah, 2022). Perception forms part of the process by which a person's attitude towards accepting or paying attention to an event in their environment is formed. Thus, through perception, a person is able to select, evaluate and organise stimuli from events occurring in a particular place. Perception shapes the way a person reacts and behaves towards an object or issue; consequently, how something is perceived influences a person's attitudes and behavior (Tumewu & Wahyuni, 2019).

Based on the above explanation, perception can influence a person's attitudes and behaviour when studying an object that they see and observe. Students at the Faculty of Islamic Economics and Business (FEBI) view the taxation system as one of the main sources of state revenue; this is relevant to their field of study. The taxation system is a method of tax collection which constitutes a form of direct contribution made by taxpayers to facilitate the implementation of various tasks intended to support the operation of the state's administrative system through a series of improvements. To ensure that the tax administration system operates smoothly, is well-controlled, and is understood effectively by all taxpayers, taxpayers are expected to cooperate in order to guarantee compliance, fulfil their obligations, make payments, and even voluntarily disclose the amount of tax they are required to pay (Mukoffi et al., 2022).

When students at the Faculty of Islamic Economics and Business (FEBI) hear the word 'tax', many hold views based on the information they have received. For instance, DA, a student majoring in Sharia Economics (Eksyar) at the Faculty of Islamic Economics and Business (FEBI) at one of Indonesia's State Islamic Universities (UINs), expressed his view on taxation, stating that in Islam there is no such thing as tax; however, when an Islamic government imposes a tax, it must fulfil certain provisions and conditions, namely that the collection mechanism must be appropriate and the allocation of funds must be for the benefit of the Muslim community (DA, 2023).

According to NR, a student of the Sharia Accounting (Aksyar) programme at the Faculty of Islamic Economics and Business (FEBI) at one of Indonesia's UINs, expressed his view on taxation, stating that tax is a state levy that must be paid by members of the public who possess assets and income (NR, 2023).

Meanwhile, NLAW, a student majoring in Sharia Financial Management (MKS) at the Faculty of Islamic Economics and Business at one of Indonesia's UINs, expressed his opinion on taxation, stating that tax is one of the state's primary sources of revenue, used to fund the operational costs of the state (NLAW, 2023).

Meanwhile, Muhammad Fawaz Rajan, a student in the Management programme at the Faculty of Islamic Economics and Business at one of Indonesia's UINs, outlined his position on taxation, stating that it is a compulsory charge on asset ownership that must be paid and serves a number of purposes, including budgetary, regulatory, stabilisation and income distribution functions (MFR, 2023).

The four respondents from four different departments within the Faculty of Islamic Economics and Business (FEBI) at one of Indonesia's UINs are familiar with taxation and are aware of the various types of tax. According to DA, these include Land and Building Tax (PBB), Value Added Tax (PPN), Luxury Goods Tax (PPnBM), Income Tax Article 21 (PPH 21), Income Tax Article 23 (PPH 23) and Income Tax Article 22 (PPH 22). According to NR, the most well-known types of tax include Income Tax (PPH), Value Added Tax (PPN), Land and Building Tax (PBB) and Luxury Goods Tax (PPnBM). PBB, PPN and PPH are different types of tax, according to NLAW. Meanwhile, national taxes such as PBB, PPN, PPH and PPnBM, as well as local taxes such as motor vehicle tax, are examples of different types of tax, according to Muhammad Fawaz Rajan. All four respondents also stated that they had paid tax themselves, namely motor vehicle tax.

Table 2. Perceptions of Students at the Faculty of Islamic Economics and Business Regarding Taxes

No.	Name	Department	Perception of Tax
1.	DA	Eksyar	Legal Provisions
2.	NR	Aksyar	General Understanding
3.	NLAW	MKS	General Functions
4.	MFR	Management	General Understanding and Specific Functions

Based on the table and the results of interviews regarding the perceptions of students at the Faculty of Islamic Economics and Business (FEBI) towards taxation, it can be analysed that the respondents' perspectives on taxation are highly diverse. As previously outlined, an individual's perception of taxation is influenced by how the respondent receives information; this information, in turn, shapes their attitude and views towards the subject in question. Consequently, when examining respondents' views on taxation, it can be stated that DA (an Islamic economics student) understands taxation from a legal perspective: in his view, taxation does not exist in Islam; however, for an Islamic state that imposes taxes, this is permissible provided that the necessary conditions and requirements are met—namely, that collection must be conducted properly and the proceeds utilised for the public good. NR views taxation from a general perspective, defining it as a state levy that must be paid by members of the public who possess assets and income. According to NLAW, taxation serves the general purpose of being the primary source of state revenue, used to finance the state's budgetary expenditure. Meanwhile, Muhammad Fawaz Rajan views taxation from both a general perspective and its specific functions; he defines taxation as a levy that citizens are obliged to pay on their wealth, serving the functions of budgeting, regulation, stabilisation and income distribution.

As for the four respondents' views on the types of tax, it can be seen that Dedi, Nurul and Nhoi can be said to share a similar understanding, namely that tax is a levy frequently imposed on the public. Fawaz, on the other hand, perceives that there are two types of tax: national tax and local tax. Consequently, what the other three respondents mentioned falls under the category of national tax. What is unique about these students' perceptions regarding the types of tax is that all

four have paid tax, specifically motor vehicle tax, although only Fawaz provided a complete explanation of the types of tax, stating that motor vehicle tax falls under the category of local tax. Furthermore, when asked about their experience of paying tax, none of the four respondents mentioned having paid value-added tax (VAT). In fact, almost everyone who buys or sells goods and services is subject to tax on the price paid to the seller, even if it is just a single sweet. The position of value added tax (VAT) is such that its collection is largely unknown, even though the respondents have undoubtedly paid it indirectly.

In the author's view, the respondents' perception can be seen in the fact that they regard this tax as a compulsory levy that must be paid on the basis of asset ownership and income. Consequently, this understanding shapes the respondents' behaviour and perception such that, when they hear the term 'compulsory levy', they assume there must be an authority responsible for collecting it. When they consider the phrase 'mandatory payment by the public', this implies that the public must pay a certain sum of money to the party authorised to collect the tax. When they consider the phrase 'on assets and income', this implies that tax is levied when a person possesses assets and income. As for value-added tax (VAT), collection takes place simultaneously with the pricing of goods or assets. Consequently, the key elements of tax understanding for respondents—namely, that there must be a collecting authority, that payment is made to the collector, and that the tax relates to assets and income—are not present in the context of value-added tax (VAT).

CONCLUSION.

This study shows that students' understanding of taxation is shaped by the intersection of the normative legacy of Islam, contemporary fiscal knowledge, and their experiences as citizens. A discussion of classical Islamic taxation reveals that tax is not equated with zakat, but can be legitimised when the state genuinely requires additional revenue, its collection is proportional and fair, it is determined through accountable considerations, and it is directed towards the public good. In the context of the Indonesian nation-state, this principle has been recontextualised: taxation is understood as both a civic duty and a moral responsibility, but acceptance of it is conditional, as it depends on budgetary transparency, equitable enforcement, the visibility of social benefits, and the state's ability to prevent tax avoidance by more powerful economic actors. Interviews with four students from the Faculty of Islamic Economics and Business at a State Islamic University (UIN) revealed a diversity of perspectives. One informant assessed taxation in terms of its permissibility under Islam and the requirement of the public good, whilst another understood it as a compulsory levy, a source of state revenue, or an instrument of budgeting, regulation, stabilisation and distribution. They recognised a number of direct taxes and had paid motor vehicle tax, but were not fully aware of their involvement in paying indirect taxes, particularly value-added tax. These findings indicate that a normative acceptance of taxation is not always accompanied by comprehensive fiscal literacy. The conceptual contribution of this research lies in linking the discourses of *dharibah* and zakat with the concept of the contemporary fiscal contract, such that compliance is not reduced to a consequence of sanctions or religiosity, but is understood as the result of the relationship between knowledge, procedural justice, institutional trust, and evidence of public welfare. Theoretically, these results offer a model of fiscal legitimacy that brings together state legality, religious justification, distributive justice and reciprocal welfare. This model explains why students can acknowledge their tax obligations whilst still criticising the system's governance; a critical stance does not automatically equate to rejection, but rather a demand that fiscal authorities fulfil their public obligations. In practical terms, the findings guide tax education at UIN to integrate positive law, Islamic ethics, budgetary mechanisms, direct and indirect taxes, and citizens'

rights to scrutinise government spending. Methodologically, the qualitative approach allows for an explanation of the reasons behind variations in perception that are difficult to capture through compliance measures alone. However, the very limited number of informants, the scope being restricted to a single faculty and a single university, and the absence of measurements of actual behaviour mean that the results cannot be generalised to all UIN students in Indonesia. Future research should involve multiple UINs, faculties, social backgrounds and levels of tax experience; strengthen sampling, coding, triangulation and the investigation of contradictory cases; and combine interviews with fiscal literacy tests, observations, surveys, or behavioural data so that the relationship between Islamic understanding, trust in the state, perceptions of welfare, and compliance can be tested more robustly.

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