



## An Islamic View of Cigarette Excise Tax, Is it OK as an Instrument of State Revenue?

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### Abstract

Cukai rokok berperan sebagai sumber pendapatan negara sekaligus instrumen pengendalian konsumsi rokok yang berdampak negatif bagi kesehatan dan ekonomi masyarakat, terutama kelompok berpenghasilan rendah. Dalam perspektif ekonomi Islam, hukum rokok masih diperdebatkan, dengan sebagian ulama mengharamkannya karena mudaratnya lebih besar, sementara lainnya menganggapnya makruh. Prinsip maqashid syariah yang menekankan perlindungan jiwa dan kesejahteraan masyarakat mendukung penerapan cukai jika bertujuan untuk kemaslahatan umum. Melalui studi kepustakaan, penelitian ini menemukan bahwa cukai rokok dapat diterapkan dalam ekonomi Islam selama memenuhi prinsip keadilan, transparansi, dan kesejahteraan. Oleh karena itu, kebijakan cukai harus dirancang seimbang agar tidak hanya meningkatkan penerimaan negara, tetapi juga mengurangi dampak negatif rokok serta melindungi kesejahteraan tenaga kerja di industri tembakau

*Cigarette excise acts as a source of state revenue as well as an instrument to control cigarette consumption, which has a negative impact on the health and economy of the community, especially low-income groups. In the perspective of Islamic economics, the law of smoking is still debated, with some scholars forbidding it because the harm is greater, while others consider it makruh. The maqashid principle of sharia, which emphasizes the protection of the soul and the welfare of society, supports the implementation of excise tax if it aims for the public good. Through a literature study, this research finds that excise tax on cigarettes can be applied in Islamic economics as long as it fulfills the principles of justice, transparency and welfare. Therefore, the excise policy must be designed in a balanced manner so that it not only increases state revenue, but also reduces the negative impact of smoking and protects the welfare of workers in the tobacco industry.*

## INTRODUCTION

Taxes and excise are two key fiscal policy tools that are crucial to a country's economy. Taxes serve as the main foundation of the state and are used to support routine and construction projects, such as infrastructure, public services, and personnel expenditure. Taxes also function as regulators, which means that the government can use its policies to support or encourage certain economic activities to meet national development goals (Sutedi, 2022) .

Excise tax is a term used to describe a country's attitude towards certain goods that consumers need to be aware of, their use should be monitored, or their use may have a negative impact on the general public or the environment. According to Article 2 of Law No. 39 Year 2007, products that are often referred to as excise usually have unique characteristics, such as cigarettes and alcohol, which must be evaluated to protect public health. Excise taxes are used not only as a source of state wealth but also as a tool to assess the consumption of certain goods that may cause adverse impacts. (Triono, 2017)

Excise policy can be used to regulate resource allocation in the economy by influencing consumption and production behavior. Increasing excise taxes on products that have a negative impact on health or the environment can reduce the consumption of these products while encouraging the production and consumption of goods that are more environmentally friendly or healthy. (Solihat & Gunadi, 2023) Taxes and excise not only function as a source of state revenue, but also as a policy instrument to achieve certain objectives in the economy, such as consumption control, income distribution regulation, and economic stabilization. Effective fiscal policy allows the government to create stable and sustainable economic conditions and improve the overall welfare of society.

Based on a report by the Directorate General of Customs and Excise, in 2023 total revenue from customs and excise will reach IDR 286.2 trillion, with the largest share coming from excise worth IDR 221.8 trillion. This revenue from excise is dominated by excise tax on tobacco products (CHT), which is the main pillar in the structure of national excise revenue. The size of this revenue shows how the tobacco industry still plays an important role in Indonesia's economic and fiscal sectors (KEMENKEU, 2024)

Despite contributing a large amount of revenue to the state, cigarette consumption remains a major issue, especially in terms of health and its impact on the household economy. Based on data from the Ministry of Finance, cigarettes not only pose health risks, but also have an impact on the level of community welfare, especially for lower economic groups. Data from the Central Statistics Agency (BPS) through the National Socio-Economic Survey (Susenas) in 2021 noted that cigarettes were the second largest expenditure for the poor after rice, with 11.9% in urban areas and 11.24% in rural areas. This condition shows that smoking is a factor that contributes to the economy of low-income households (KEMENKEU, 2021) .

The purpose of government-imposed cigarette tariffs is to increase national consumption and boost the economy. Higher tariffs may lead to a decline in cigarette production, which will negatively affect the labor force in the sector. Therefore, the government should ensure that the excise tax increase policy is implemented at a steady growth rate to stimulate consumption without disrupting the labor market and cigarette industry.

Most of the funds obtained from cigarette excise are allocated to support development programs, especially in the health sector and improving the quality of human resources. One of the allocation mechanisms is through the Tobacco Excise Revenue Sharing Fund (DBH CHT), which is channeled to local governments to support the Jaminan. National Health Insurance (JKN) program and improvement of health services (Beacukai, 2022) .

Scholars continue to disagree on the prohibition of smoking in Islam. According to some, smoking is makruh, which is discouraged but does not rise to the level of haram. This viewpoint deviates from the notion that the harmful effects of smoking are not enough to warrant a complete ban. According to the book *Irsyād Al-Ikhwān* by Sheikh Ihsan Muhammad Dahlan, differences of opinion on this issue are unavoidable because the law of smoking is the result of academic *ijtihad*. (Hidayat, 2017)

Since smoking has a negative impact on health, some other experts classify it as haram. According to Muhammadiyah's fatwa, smoking goes against the premise of *hifz al-nafs* (protection of the soul) of Maqashid Sharia. Smoking has negative consequences not only for the smoker but also everyone around him who is exposed to cigarette smoke. This viewpoint is based on the idea that harming oneself or others is prohibited. (Nasution & Tanjung, 2024)

There is disagreement over the validity of tobacco excise tax collection from an Islamic economic perspective. Islam permits taxes and excises as long as they serve the public welfare and do not cause injustice. According to some opinions, excise taxes on cigarettes can be likened to *usur*, which was once levied under different conditions on Muslim and non-Muslim businessmen. How the excise tax law can be modified to suit Islamic ideals of justice is discussed in *Al-Mustashfa: Journal of Islamic Economic Law Research*. (Zahroh, 2020)

A number of studies have examined the prohibition of smoking in Islam and the function of excise taxes in the Islamic economy. According to Jutek's research from 2022, smoking can jeopardize five key Islamic principles: safeguarding religion, soul, intellect, offspring, and property. This has been the basis for some academics to ban smoking, mostly due to its detrimental effects in terms of both economy and public health. Meanwhile, research by Sheikhnurjati (2021) discusses excise from an Islamic perspective, stating that the public interest should be the main objective and taxation or excise is only justified in an emergency. These opposing viewpoints sparked a discussion on the legality of cigarette excise tax, especially if cigarettes are considered haram or makruh in Islam.

The discussion on the law of smoking becomes more complex when it is linked to fiscal policy. Mahadaisyah (2023) in his study argues that the law of smoking in Islam is situational, depending on its impact on individuals and society. If smoking is proven to harm health and cause financial loss, then Islamic law may lead to prohibition. In this context, the government has an obligation to

protect the public from the dangers of smoking, either through restrictive policies or fiscal instruments such as excise taxes. On the other hand, research from UIN KHAS (2022) highlights the importance of excise tax in limiting the circulation of illegal cigarettes that can harm the state and society. However, the question is whether the collection of excise tax on cigarettes is legitimate in the Islamic economic system if smoking itself is seen as something that is not recommended?

In addition to the smoking ban, the principle of justice in the Islamic economic system is also at the center of this discussion. Islamic economics places great emphasis on the idea that economic policies should benefit society as a whole. The application of excise tax as a tool to regulate the use of cigarettes can be considered consistent with the principles of Islamic economics. However, there may be a moral dilemma that conflicts with Islamic values of justice if excise taxes are seen as a way to legalize something or provide profit to the state for something that is prohibited. To find out how excise tax on cigarettes can be incorporated into Islamic economics without contradicting the principles of sharia, a more thorough investigation is needed.

Research on cigarette excise tax from an Islamic perspective needs to consider various aspects, including fiqh law, fiscal policy, and its impact on society. Some Muslim-majority countries have different approaches in dealing with cigarette excise, depending on how scholars and governments interpret Islamic law. The sustainability of the cigarette excise policy in Indonesia also needs to be studied from the perspective of Islamic economics to ensure that this policy is not only aimed at increasing state revenue, but also in line with the principles of benefit and justice that are the basis of Islamic economics.

## RESEARCH METHODOLOGY

This research uses a library research method, namely by collecting, reading, recording, and analyzing various relevant literature sources without conducting direct research in the field (Dewi et al., 2023) . Literature study was chosen because it provides flexibility in exploring existing theories and comparing various developing perspectives (Putri, 2020) . The sources used in this study include various academic references, such as books, scientific journals, articles, and official documents related to taxes in Islam, especially cigarette taxes. Each source is selected based on its relevance and credibility so that the information obtained can be accounted for. The analysis process is carried out by comparing various existing views, both from the perspective of classical and contemporary scholars, so as to provide a more comprehensive picture of the application of taxes in the Islamic financial system. Thus, the results of this study are expected to provide greater insight into how tax policy, especially cigarette tax, is implemented in Islam.

The analysis process is carried out by connecting existing theories with the phenomena studied, so as to produce logical and objective conclusions. This analysis involves various stages, starting from problem identification, data collection, selection of credible sources, to drawing conclusions. In literature studies, the credibility of sources is a very important aspect, so only literature that has a strong academic basis is used as a reference (Asyari, 2016) .

After the data is collected, the next step is to analyze and present the research results in a systematic form. The process of data analysis is carried out by looking for the main idea from various references, comparing various scholarly opinions, and drawing conclusions based on the principles of justice and welfare in Islam. This study not only highlights the legal aspects of cigarette tax in Islam, but also its impact on the economy and the welfare of society.

The results of this study are expected to provide a clearer understanding of taxation in Islam and its impact on tax policy in the modern era, especially cigarette tax. With this research, it is expected to be a reference for the government, academics, and the public in understanding how tax policy, especially cigarette tax, can be applied fairly in accordance with Islamic principles. In addition, this research can also serve as a foundation for further studies on the taxation system in Islam and its relevance in the current economic context.

## RESULTS AND DISCUSSION

### Cigarettes in Islamic Perspective

Cigarettes are often regarded as goods with greater harms than benefits, in accordance with Islamic principles that prohibit anything that damages health and life. From a health perspective, smoking has been shown to cause a range of serious diseases such as lung cancer, heart disease, and respiratory disorders (Amalia et al., 2023) . Cigarettes are a product that has long been debated in Islam, especially in relation to its impact on the health and welfare of society. In Islamic teachings, any action that can harm oneself or others is prohibited, as mentioned in the hadith of the Prophet Muhammad SAW:

لَا ضَرَرَ وَلَا ضِرَارَ

Meaning: "Do no harm to yourself and do no harm to others" (HR Ibn Majah, no. 2340).

Cigarettes have been medically proven to have a negative impact on health, both for active and passive smokers. Therefore, in an Islamic perspective, anything that brings greater harm than benefit tends to be prohibited or at least avoided. One of the main causes of serious illnesses such as heart disease, lung cancer and respiratory disorders is smoking. The World Health Organization

(WHO) reports that smoking kills more than 8 million people worldwide every year, with exposure to cigarette smoke causing 1.2 million deaths (WHO, 2021). Maqashid sharia, or the preservation of the soul (hifzh al-nafs), in Islam includes preserving health; therefore, smoking, which is clearly harmful to one's health, goes against this principle (WHO, 2020) .

Apart from damaging individual health, smoking also has a considerable social impact. Cigarette smoke is not only harmful to the smoker themselves, but also to those around them, including children and pregnant women. This phenomenon contradicts Islamic principles that teach not to harm others. The Qur'an in Surah Al-Baqarah verse 195 emphasizes:

وَلَا تُلْقُوا بِأَيْدِيكُمْ إِلَى التَّهْلُكَةِ

Meaning: *"And do not bring yourselves down to destruction..."* (QS. Al-Baqarah: 195). This verse confirms that every Muslim is prohibited from taking actions that risk damaging themselves or others, thus reinforcing the prohibition against harmful habits such as smoking.

From an economic perspective, spending on cigarettes can also be a form of waste that is not in accordance with Islamic teachings. In Surah Al-Isra' verse 27, Allah SWT says:

إِنَّ الْمُبَذِّرِينَ كَانُوا إِخْوَانَ الشَّيْطَانِ

Meaning: *"Verily those who are extravagant are the brothers of Satan..."* (QS. Al-Isra': 27). Cigarette consumption often takes up a large portion of a person's income, especially for those from the middle to lower economic classes. In fact, the money could be used for more useful things such as education, health, or family welfare. This further strengthens the argument that smoking has more negative impacts than benefits.

In Islam, cigarettes are considered to cause more harm than good. Smoking is at least makruh, if not haram, according to a number of fatwas issued by international Islamic organizations, including the Indonesian Ulema Council (MUI), and scholars from other countries. Therefore, in order to maintain social harmony, economic prosperity, and health, Muslims are urged not to smoke (KEMENAG, 2009) .

There are differing views among scholars regarding the prohibition of smoking in Islam, with some opposing and others supporting. This difference is due to the fact that the ruling on smoking is not specifically mentioned in any source; instead, scholars base their ijtihad on the broad principles of sharia. Some scholars forbid smoking on the grounds that cigarettes contain harmful substances that can damage health. They rely on the fiqhiyah rule that states that avoiding harm should take precedence over benefiting. In addition, they also refer to the hadith of the Prophet Muhammad SAW which prohibits actions that harm themselves and others. This view is supported by several contemporary scholars who emphasize the health hazards of smoking. (Safira et al., 2024)

Smoking is seen as a costly and ineffective behavior, and academics discourage it. They argue that smoking should be avoided as it is not beneficial to the practitioner, although it is not expressly prohibited. This viewpoint is usually based on the idea that smoking is not a basic need and can result in excessive behavior or *israf*. (Rezi, 2018)

This difference of opinion is also reflected in the fatwas of Islamic organizations in Indonesia. The Indonesian Ulema Council (MUI) in its 2009 *Ijtima'* Ulama stated that smoking is haram for children, teenagers, pregnant women, and in public places, while for other than these groups the law is *makruh*. Meanwhile, Muhammadiyah through the Tarjih and Tajdid Assembly in 2010 issued a fatwa that forbids smoking in general, on the grounds that smoking harms health and is a destructive act. This difference of view shows that the law of smoking in Islam is *ijtihadiah* and can change according to the development of science and the condition of society.

### **Cigarette Excise in the Context of Islamic Economics**

Customs duties in Arabic are known as *Al-Usyur*, *Al-Maks*, or *Ad-Dharibah*, which means levies from the people by tax collectors. In Islam, taxes are divided into two main types based on the discussion of the Department of Scientific and Intellectual Studies of SEF UGM (2017). First, *rustum* tax, which is a tax paid by citizens in return for facilities provided by the government, such as airport tax or road tax. Second, *mucus* tax, which is imposed on citizens as a result of their presence within a state territory.

One form of taxation known in Islamic history is *kharaj*, which is a tax imposed on land controlled by the state. *Kharaj* serves as a source of state revenue and is used for the benefit of the wider community. The implementation of *kharaj* has proven to be effective in creating a fair and prosperous economic system, especially during the leadership of Caliph Umar bin Khattab and Umar bin Abdul Aziz. During the reign of Umar bin Khattab, the tax collection system was implemented with clear regulations. In the narration of Ziyad bin Hudair, it is mentioned that Umar sent him to manage the '*usyur* in Iraq and Sham. Umar set a tax rate of 2.5% for Muslim traders, 5% for the *Zhimmi*, and 10% for the *Kafir Harbi* (Surur, 2021; Zahroh, 2020)

This taxation system divided merchants into three groups: *Ahlu Harbi* merchants (non-Muslims from enemy territory), *Ahlu Zhimmah* merchants (non-Muslims living in Islamic territory by treaty), and Muslim merchants. It is prohibited to collect '*usyur* from Muslim merchants, in accordance with Islamic customs. According to Prophet Muhammad (SAW), tax collectors who unfairly cheat Muslims will not be allowed to enter paradise. Therefore, instead of paying the entire '*usyur*, Muslim merchants were only required to pay *zakat* of 2.5% under the system implemented by Umar bin Khattab.

Regarding the collection of taxes from the merchants of Ahlu Zhimmah, the scholars have differing opinions. Taking 'usyur from Ahlu Zhimmah is prohibited, according to the Shaafa'is and Ibn Hazm, unless it is specifically permitted in a peace treaty. However, the Maliki scholars allowed Ahlu Zhimmah to be taxed if they transported goods outside their borders. They are exempted from paying taxes if they trade within their own territory.

Another opinion comes from the Hanafi and Hambali scholars, who allow the collection of 'usyur from Ahlu Zhimmah merchants both in their own areas and in other areas. In this case, the tax imposed is lower than that of Ahlu Harbi traders. From Muslim traders, 2.5% (a quarter of 10%) is taken, while from Ahlu Zhimmah it is 5% (half of 10%) (Mardiyansyah et al., 2024) .

For Ahlu Harbi merchants, the tax imposed was 10%, as they also imposed the same tax on Muslim merchants trading in their territory. This decision was taken by Umar bin Khattab based on consultation with the Muslims, so that its application was fair and balanced. The types of goods subject to 'usyur include jewelry, animals, agricultural products, and fruits. This tax was levied once a year for one type of goods, even though the trader repeatedly crossed the border with the same merchandise. This was to keep the tax system fair and not overburden the merchants.

Some scholars allow the collection of taxes, including excise taxes, if the state's financial resources are insufficient to meet the needs of the community. The condition is that taxes must be collected fairly, transparently, and only from those who can afford it. In addition, the funds obtained must be used for the public interest and not misused. Tax implementation in Islam aims to maintain social justice and economic balance.

### **Cigarette Excise Tax as an Islamic Economic Instrument**

Cigarette excise serves as a fiscal tool used by the government to regulate tobacco consumption and increase state revenue. As an indirect tax, excise taxes are imposed on certain goods to cover the negative impacts caused by their consumption. The application of cigarette excise is in line with the concept of *Pigovian Tax*, which is a tax imposed on goods that have a detrimental impact on society in order to internalize the social costs that arise.

On a macroeconomic scale, cigarette excise contributes significantly to state revenues. For example, in Indonesia, state revenue from tobacco excise is dominated by cigarette excise. Of the IDR326 trillion in taxes contributed, approximately 61% or around IDR200 trillion comes from the cigarette industry (Nafi'ah, 2021) . This revenue is often allocated to support public health and welfare programs, making it a strategic source of revenue for the state.

An increase in cigarette excise tax rates can generate pros and cons. On the one hand, an increase in excise tax may limit cigarette consumption, which has a positive impact on public health. On the other hand, it may affect related

economic sectors, such as the cigarette industry and tobacco farmers. Therefore, an excise tax increase policy needs to consider its impact on the economy as a whole.

The implementation of *earmarking* or special allocation of tobacco excise revenue can be an effective strategy in supporting health programs. In Indonesia, for example, a portion of tobacco excise revenue is shared with local governments to support health and social development programs (Sitepu, 2016). Imposing excise taxes on cigarettes that are too high can lead to new problems, such as an increase in the illegal cigarette trade. Countries with high excise tax rates often face the circulation of illegal cigarettes, which not only costs the state revenue, but is also potentially more harmful because it does not meet health regulation standards. Therefore, in addition to raising excise taxes, the government must also strengthen the monitoring system and increase public education on the negative impacts of cigarette consumption.

Muslim scholars and economists have differing opinions on cigarette excise taxation as an economic tool from an Islamic perspective. The idea of tax or excise is often equated with 'usyur or kharaj in Islamic economics, which is permissible as long as it does not result in injustice. Its implementation should take into account the welfare of society without burdening certain groups. The main objective of this policy should be in accordance with the *maqashid* of sharia, which is to uphold the welfare of society and avoid harm, including the adverse effects of smoking on socio-economic conditions and health (Zahroh, 2020).

To prevent harm to the general public, cigarette excise must be implemented in accordance with the principles of fairness and transparency. The government or authorities must ensure that the money collected from cigarette excise is used for public purposes such as social welfare, education, and health. In order for the public to accept the policies enacted and avoid distrust, transparency in excise tax management is essential.

The difference of opinion among scholars regarding excise tax on cigarettes relates to the law of smoking itself. Some scholars state that smoking is haram because it has a negative impact on health. Cigarettes are considered to contradict the rule of "*La Dharar wa La Dhirar*", which means that one should not harm oneself or others. This view is supported by various medical studies that show that cigarettes can cause various serious diseases, so their use is considered contrary to the principle of protecting the soul in Islam.

According to some scholars, smoking is makrooh. The Qur'an and hadith do not include clear evidence forbidding it outright. Some academics argue that although smoking has harmful effects, not everyone feels them to the same degree. The amount of harm that smoking causes to individuals and society as a whole may influence the prohibition of smoking in certain situations.

The view on cigarette excise tax is also related to economic aspects and social welfare. In Islamic economics, fiscal policies such as excise taxes are

allowed as long as their implementation does not cause injustice. The revenue obtained must be allocated for the benefit of society, especially in sectors related to welfare, such as health services and education. The principle of justice in the distribution of excise funds is important so that there is no exploitation of certain groups (Zahroh, 2020) .

The concept of *maslahah*, or benefit to society, should be the guideline for the government in managing excise tax collection. In order not to raise doubts for the public, the use of excise revenue should be done transparently. To guarantee that the money is actually used for the public good, strict supervision is required. The extent to which the government can effectively use this principle will determine how much trust the public has in fiscal policy.

Islamic law emphasizes the aspect of justice in taxation. Cigarette excise tax can be a problem if it burdens the poor disproportionately. A greater economic burden on low-income groups can lead to injustice in the distribution of welfare. This policy needs to be studied by considering its impact on vulnerable groups of society so as not to increase social inequality.

The principle of distributive justice in Islam emphasizes that taxes must be collected in a fair manner. The use of funds derived from cigarette excise should be directed towards social welfare without causing exploitation. Fiscal policies that are not in accordance with the principles of justice can lead to distrust in society. Supervision and transparency in the management of excise taxes is an important part so that this policy truly benefits the people.

Scholars' views on excise taxes are influenced by the use of funds obtained from the tax. Revenue from cigarette excise allocated to the health sector or social programs may make this policy more acceptable. The utilization of funds must be done by considering the principle of benefit in order to provide benefits to the wider community, especially in improving welfare and quality of life.

Islam allows taxes on the condition that their use must be in line with the interests of the people. The funds obtained should not be used for something that contradicts *sharia* or harms the community. Transparent and responsible management is important so that this policy does not cause polemics. Clarity in the distribution of funds can ensure that the taxes collected actually provide benefits in accordance with the expected objectives.

The role of the state in regulating the consumption of harmful goods is one of the main reasons for the application of excise taxes. Controlling goods such as cigarettes is necessary to protect the public from the negative impacts they cause. This policy can help reduce excessive consumption, especially among vulnerable groups such as children and low-income people. (Fatmariyah et al., 2022) . In Islamic economics, the state has the responsibility for *hisbah*, which is the supervision of economic activity to prevent practices that harm society. The application of cigarette excise tax can be used as an instrument of control so that its circulation is more controlled. In addition, supervision of the production and

distribution of cigarettes is also needed to ensure that this policy runs effectively without causing other negative impacts.

From an industry perspective, the cigarette excise policy could impact the labor and tobacco farming sectors. An increase in excise tax could potentially reduce demand for cigarettes, which in turn could affect the viability of businesses in the sector. Workers in the cigarette industry and tobacco farmers face the risk of reduced income or even loss of livelihood if there are no policies that anticipate these impacts. (Handaka, 2018)

In Islam, earning a halal living is highly emphasized, so the economic impact of the excise policy must be considered. If this policy causes job cuts or economic hardship for farmers, then there needs to be an alternative solution to safeguard their welfare. The government has a responsibility to develop policies that can accommodate these impacts, such as creating job opportunities in other sectors or providing incentives for farmers to switch to more sustainable commodities.

The application of cigarette excise tax in Islamic economics can be allowed as long as it fulfills the principles of justice, benefit, and transparency in its use. Fiscal policies such as excise tax must be based on the interests of society at large without causing a disproportionate burden on certain groups. The principle of justice in Islam emphasizes that every economic policy must provide equitable benefits and not cause exploitation of weaker groups. (Maulida et al., 2024)

Islam does not reject fiscal policies aimed at social welfare, but their implementation must be done carefully. Cigarette excise tax should not cause injustice or lead to greater negative impacts on society, such as increased circulation of illegal cigarettes or increased economic inequality. (Triono, 2017) Strict supervision and transparency in the management of excise tax revenues are important factors so that this policy remains in accordance with Islamic values and provides real benefits for the people. (Subkhi Mahmasani, 2020)

## CONCLUSION

Among fiscal policy tools, cigarette excise serves as a source of state funding and a tool to restrict cigarette use to protect public health. Cigarette excise in Indonesia contributes significantly to state revenue, but it also creates problems as it affects household finances and health, especially for those on low incomes. The prohibition of smoking is still debated from an Islamic perspective. Some scholars argue that smoking is *makruh*, while others prohibit it due to its adverse impact on public health and welfare. Fiscal measures such as cigarette excise tax can be justified if they are intended to reduce the harmful effects of smoking and improve people's welfare, as the *maqashid* principle of sharia places a strong emphasis on the protection of people's lives and welfare.

Excise taxes are acceptable from an Islamic economic point of view, provided they do not cause injustice and the money collected is put to good use. Cigarette taxes can be imposed as a form of control in accordance with the

Islamic concept of hisbah, which requires supervision of economic activity to stop actions that harm society. To prevent them from losing their jobs, policies that protect tobacco farmers and employees in the cigarette industry should be balanced with the imposition of exorbitant excise taxes. As long as the excise tax on cigarettes is in line with the values of justice, welfare, and transparency, it is permissible in Islamic economics. The protection of public health, state revenue, and the impact of the policy on the economy and social welfare must be balanced when designing this program.

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