



Compensation Settlement for Breach of Contract in Land Lease Agreements from the Perspective of Islamic Economic Law

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Abstracts: *This analysis purposes to identify the settlement of compensation arising from default in a land lease agreement as well as to examine it from the Islamic economic law perspective. The analysis motivated by land leasing practices that do not fully protect tenants' rights, particularly when the landowner sells the leased object before the lease period ends. The research was conducted in Karang Tumaritis Village, Kotabumi Utara District, North Lampung, using a qualitative technique with a case study approach. Data collected from the interviews, observations, as well as documentation implicating parties directly engaged in the land lease agreement. The results show that the landowner committed default by failing to fully deliver the benefits of the leased object and by selling the land while the lease period was still ongoing without notifying the tenant. From the positive law view, this action violates the provisions of Articles 1243 and 1548 of the Indonesian Civil Code. Meanwhile, from the Islamic economic law perspective, such conduct contradicts the principles of the ijarah contract, which emphasize justice ('adl) and trustworthiness. The tenant's total financial loss is estimated at approximately IDR 11,000,000. Dispute resolution was carried out through deliberation (sulh), resulting in an agreement to provide partial compensation amounting to IDR 5,500,000, accompanied by the tenant's act of relinquishment (ibrā'). This settlement is considered consistent with justice principle and public interest (maṣlahah) in law of Islamic economic.*

Keywords: *Compensation; Default; Ijarah; Islamic Economic Law.*

Abstrak : Analisis ini bertujuan untuk mengidentifikasi penyelesaian kompensasi yang timbul akibat wanprestasi dalam perjanjian sewa tanah serta untuk mengkajinya dari perspektif hukum ekonomi Islam. Analisis ini dimotivasi oleh praktik sewa tanah yang tidak sepenuhnya melindungi hak penyewa, khususnya ketika pemilik tanah menjual objek sewa sebelum masa sewa berakhir. Penelitian ini dilakukan di Dusun Karang Tumaritis, Kecamatan Kotabumi Utara, Lampung Utara, menggunakan teknik kualitatif dengan pendekatan studi kasus. Data dikumpulkan dari proses wawancara, observasi serta dokumentasi langsung pada pihak-pihak yang terlibat dalam perjanjian sewa. Hasil penelitian menunjukkan bahwa pemilik tanah melakukan wanprestasi dengan gagal memberikan manfaat objek sewa secara penuh dan dengan menjual tanah tersebut sementara masa sewa masih berlangsung tanpa memberitahukan kepada penyewa. Dari perspektif hukum positif, tindakan ini melanggar ketentuan Pasal 1243 dan 1548 KUHP Indonesia. Sementara itu, dari perspektif hukum ekonomi Islam, tindakan tersebut bertentangan dengan prinsip-prinsip kontrak ijarah, yang menekankan keadilan ('adl) dan kepercayaan. Total kerugian finansial penyewa diperkirakan sekitar Rp 11.000.000. Penyelesaian sengketa dilakukan melalui musyawarah (sulh), menghasilkan kesepakatan untuk memberikan kompensasi sebagian sebesar Rp 5.500.000, disertai dengan penyerahan hak milik (ibrā') oleh penyewa. Penyelesaian ini dianggap sesuai dengan asas keadilan keadilan dan kepentingan umum (maṣlahah) dalam hukum ekonomi Islam.

Kata kunci: Ganti Rugi; Hukum Ekonomi Syariah; Ijarah; Wanprestasi.



Introduction

Land lease agreements constitute one form of muamalah contract hugely practiced in society, particularly in agrarian regions. In Islamic economic law, leasing practices are known as *ijarah*, which refers to a contract for the usufruct rights transfer over a good or service for a specific time in exchange for a mutually agreed compensation (*ujrah*). This contract requires clarity regarding the leased object, the lease duration, and the rights and obligations fulfillment in a fair and trustworthy manner. However, in practice, land lease agreements are still frequently characterized by breaches of contract (*wanprestasi*) that cause losses to one party and create legal uncertainty in muamalah relationships.¹

The phenomenon of breach of contract in land leasing can be observed in a case that occurred in Karang Tumaritis Hamlet, Kotabumi Utara District. In this case, Mr. RH as the tenant paid a rental fee of IDR 10,000,000 for a one-hectare plot of land with a lease period of five years. However, after the payment was made, the land was still being used by another party, preventing the tenant from optimally utilizing the leased object. This situation resulted in financial losses for the tenant amounting to approximately IDR 11,000,000. The peak of the breach occurred in the fourth year of the lease period when the landowner unilaterally sold the leased land to a third party, despite the fact that one year of the lease period still

remained as the tenant's right. Such an action constitutes a clear violation of the agreement, as the landowner transferred the leased object to another party without the tenant's consent from the Islamic economic law vies, this act not only violates the *ijarah* contract but also contradicts the principles of trustworthiness and justice, as well as the prohibition against unlawfully consuming the property of others in Islamic economic transactions.

In Islamic economic law, contract breach is understood as a violation form of the contractual commitment agreed over by the parties, whether through complete failure to perform obligations, or performance which does not conform to the terms of the contract. Such actions not only result in material losses but also undermine the moral values of Islamic economic transactions that emphasize honesty, justice, and legal certainty. Therefore, Islamic economic law places special attention on mechanisms for protecting the rights of the parties and resolving breaches of contract in order to prevent injustice.²

According to Islamic economic law, such actions can be categorized as violations of contractual obligations that contradict the justice principles (*'adl*) as well as honesty (*ṣidq*) emphasized in Islamic economic transactions. The recurring practice of breach of contract in land leasing within agrarian communities not merely makes

¹ Suhartono Abd Hadi, "Ratio Legis of Combining Illegal Acts with Default in Small Claim Court Cases," *Al-'Adalah*, Vol 20, no. 1, 2023, p. 214, <https://doi.org/https://doi.org/10.24042/adalah.v20i1.12681> ratio.

² Asmak Ab Rahman and Taufiq Kurniawa, "Analysis of the Application of the Wa'd Concept in the Issuance of Project-Based Sukuk (PBS) in Indonesia," *AL-'ADALAH*, Vol 18, no. 1, 2021, p. 136, <https://doi.org/https://doi.org/10.24042/Adalah.V18i1.8969>

economic losses for tenants but leads to legal uncertainty and weak protection of contractual rights as well. Therefore, this research holds both theoretical and practical significance in examining the settlement of compensation resulting from breaches of land lease agreements in order to align with justice principles, benefit, as well as legal certainty in Islamic economic law.³

In Islamic economic law, leasing agreements are referred to as *ijarah*, defined as a contract transferring the usufruct rights of a good and service for a specific period in exchange for an agreed compensation (*ujrah*).⁴ The *ijarah* contract requires clarity regarding the leased object, the duration of use, and the fulfillment of the rights and obligations of every party in a fair manner. If one party fails to perform the obligations stipulated in the contract, the act is typed as a contract breach that results in legal consequences. Within the view of Islamic economic law, breaches that cause losses to another party require compensation known as *ta'widh*, which aims to restore the loss

proportionally without involving elements of injustice.⁵

Furthermore, the land leasing practice in this case also contains elements of *gharar*, as the leased object was not fully under the control of the landowner from the outset and could not be optimally utilized by the tenant. The existence of another party still using the land and the sale of the land before the lease period ended indicate uncertainty and ambiguity within the contract. In Islamic economic law, contracts containing excessive uncertainty (*gharar fahish*) may render the contract defective or even invalid because they contradict the principles of transparency and justice in muamalah.

Previous studies related to *ijarah* have examined various aspects of leasing practices.⁶ analyzes sequential land leasing practices from the Islamic economic law perspective with a focus on validity of the contract and its conformity with *ijarah* principles. Other studies conducted focuses on dispute resolution arising from breaches of contract in land rights transfers based

³ Muhammad Asdon Munthea, Anggi Wirakusuma, Amanda Syafani Al Ikhsan Hasibuan, Adhitya Aldani Wijaya, and Muhammad Yasir Azhara, "Breach of Contract in Commercial Property Lease Agreements," *Jurnal Sains Ekonomi dan Edukasi*, Vol 2, no. 2, 2025, p. 320, <https://doi.org/https://manggalajournal.org/index.php/aksioma>

⁴ Amiruddin K, Sufiana Fahmi, and Mukhtar Lutfi, "Sharia Principles in the Management of Contracts for Islamic Economic Transactions," *SANTRI: Jurnal Ekonomi dan Keuangan Islam*, Vol. 3 No. 1, 2025, p. 64, <https://doi.org/https://doi.org/10.61132/santri.v3i1.1233>

⁵ April Dian Aura Lina and Muhammad Nadrattuzaman Hosen, "Determination of Customer Eligibility in the Imposition of Ta'widh / Compensation Fees (Analysis of Decision 1217/Pdt.G/2017/PA.Kra)," *Jurnal Hukum Ekonomi Syariah*, Vol. 5 No. 1, 2022, p. 20, <https://doi.org/https://doi.org/10.30595/jhes.v5i1.13108>

⁶ Muhammad Nor Muhammad Firman Hidayat, "Review of Islamic Economic Law on Sequential Land Leasing in Taman Sari Village, Gunung Sari Subdistrict, West Lombok Regency," *Jurnal Kajian Hukum Ekonomi Syariah*, Vol. 16 No. 2, 2024, p. 110, <https://journal.uinmataram.ac.id/index.php/muamalat/index>

on administrative court decisions.⁷ In addition, measures *al-ijarah concept* in boarding house rental practices using a normative approach to the pillars and conditions of the contract.⁸

Although these studies discuss leasing and breach of contract, they mainly focus on normative aspects, different lease objects, and formal juridical dispute resolution contexts. These studies have not specifically examined breaches of contract in agricultural land leasing that involve elements of *gharar* due to the leased object not being fully under the owner's control, nor have they analyzed the factual implementation of compensation mechanisms (*ta'widh*) at the community level.

Based on this review, the unique of this study is in its empirical study of breach of contract practices in agricultural land leasing, emphasizing elements of *gharar* and non-litigation compensation settlements within agrarian communities. The study also evaluates these practices based on the justice principles, benefit, as well as legal certainty in Islamic economic law. Therefore, this analysis is expected to complement previous studies and provide both conceptual and practical contributions to the expansion of

Islamic economic law, especially regarding the resolution of breaches in *ijarah* contracts.

Islamic economic law also recognizes the concept of *gharar*, which refers to uncertainty, ambiguity, or deception in transactions that may cause losses to one party. *Gharar* encompasses any condition where the outcome is unknown or where elements of intentional deception are present. Transactions containing *gharar* are categorized as invalid contracts because they contradict the justice principle as well as transparency in muamalah. In the context of land leasing, *gharar* may arise when:

- a. the leased object is unclear in its boundaries or is still used by another party,
- b. the lease period is uncertain,
- c. the rental price is not clearly determined, or
- d. the landowner leases land that is not fully under their control.⁹

To obtain a deeper understanding of this issue, this study employs empirical legal research using a qualitative approach with a case study conducted in Karang Tumaritis Hamlet, Kotabumi Utara District. The study examines the factual conditions of the land lease agreement, the occurrence of breach of contract, and the compensation settlement carried out by the parties involved.

⁷ Dinda Dwi Hamdani and Muh Afif Mahfud, "Settlement of Disputes Arising from Breach of Contract in Land Rights Transfer (Case Study of Decision No. 80/B/2022/PT.TUN.SBY)," *Reslaj: Religion Education Social Laa Roiba Journal*, Vol. 5 No. 6, 2023, p. 3060, <https://doi.org/10.47476/reslaj.v5i6.3365>

⁸ Zaidan Fahmi, "The Concept of Al-Ijarah in the Boarding House Rental System," *Mu'amalat: Jurnal Kajian Hukum Ekonomi Syariah*, Vol. 17 No. 1, 2025, p. 55, <https://doi.org/https://doi.org/10.20414/mu.v17i1.13188>

⁹ Atmah, Taufik Hidayat, Fikri Ibnu Fazda, and Fadil, "Fiqh Muamalah as a Solution in Addressing the Practices of Riba and Gharar," *Indonesian Journal of Islamic Jurisprudence, Economic and Legal Theory*, Vol. 2 No. 4, 2024, p. 2165, <https://doi.org/https://doi.org/10.62976/ijijel.v2i4.796>

This research purposes to analyze the compensation settlement form resulting from breaches of land lease agreements that occurred in Karang Tumaritis Hamlet and to evaluate its conformity with the justice principles (*‘adl*), public benefit (*maslahah*), and legal certainty in Islamic economic law. In addition, this analysis is hoped to give a comprehensive understanding of the application of justice as well as benefit principles in resolving land leasing disputes and to contribute to the implementation of muamalah practices that align with Islamic values.

Problem Statement

1. How is the settlement of compensation for losses resulting from breach of contract in land lease agreements in Karang Tumaritis Hamlet?
2. How is the settlement of compensation for losses resulting from breach of contract in land lease agreements reviewed from the perspective of Islamic Economic Law?

Research Objectives

1. To analyze the form of compensation settlement resulting from contract breach in land lease agreements in Karang Tumaritis Hamlet.
2. To analyze the settlement of compensation for losses resulting from contract breach in land lease agreements based on the perspective of Islamic Economic Law.

Research Methods

His study employs empirical legal research utilizing a method of qualitative with a case study approach. According to John W. Creswell, a case study model is used to obtain an in-depth comprehension of a particular phenomenon within its real-life

circumstance.¹⁰ This research is descriptive-analytical in nature, aiming to describe and analyze the settlement of compensation resulting from contract breach in a land lease agreement.

The research was conducted from December to January in Karang Tumaritis Hamlet, Kotabumi Utara District, North Lampung Regency. This location was selected because a breach of contract case in a land lease agreement occurred in this area and was resolved through a non-litigation mechanism.

This study contain of primary as well as secondary data. Statistic primary were acquired over in-depth interviews and field observations involving parties directly related to the case, including the landowner, the land tenant, the previous tenant, the land buyer, and witnesses who had direct knowledge of the breach of contract and the compensation settlement process. The interviews were conducted using a semi-structured format to obtain comprehensive information regarding the form of the agreement, the implementation of the lease, the occurrence of the breach of contract, and the dispute resolution process carried out by the parties.

Field observations were also conducted to examine the condition of the land and the interactions among the involved parties. Secondary data were obtained through documentation, including lease agreements, payment receipts, as well as books and scientific journal articles related to Islamic economic law.

¹⁰ Wayan Suyadnya and Siti Kholifah, *Metodologi Penelitian Kualitatif: Berbagai Pengalaman dari Lapangan* (Depok: PT RajaGrafindo Persada, 2019), 25.



The data identified qualitatively through three steps: data reduction, data presentation, as well as conclusion drawing. In the data reduction, the researcher optioned and focused on interview results, observations, and documentation which related to the analysis problem. The data were next displayed in the form of systematic narrative descriptions to illustrate the legal facts occurring in the field. The final stage involved drawing conclusions by analyzing the research findings in relation to the concept of breach of contract and the principles of Islamic economic law, thereby producing comprehensive research results.¹¹

Discussion and Research Results Chronology of the Lease Agreement and the Emergence of Breach of Contract

A lease agreement is an arrangement where one party promises to grant another party the right to enjoy the use of a particular property for a specific period in exchange for a mutually agreed payment.¹² In Islamic economic law view, leasing is known as *ijarah*, which refers to a contract involving the transfer of usufruct rights upon a good or service without transferring ownership, for a specified period and in return for an agreed compensation (*ujrah*). Based on the object of the contract, *ijarah* is classified

into two types: *ijarah 'ala al-manfa'ah* (leasing of benefits from goods) and *ijarah 'ala al-a'mal* (leasing of services or labor). Land leasing falls under the category of *ijarah 'ala al-manfa'ah* because the object of the contract is the benefit derived from the use of land for specific activities within a predetermined period.¹³

The validity of an *ijarah* contract is determined by the fulfillment of its pillars and situations. *ijarah essential pillars* include the lessor (*mu'jir*), the lessee (*musta'jir*), the leased object in the form of benefits (*ma'jur*), the rental payment (*ujrah*), and the *ijab* and *qabul* as expressions of mutual agreement between the parties. Meanwhile, an *ijarah* contract legal conditions require clarity regarding the advantages of the object which leased, certainty of the lease duration, the agreed amount of *ujrah*, and the obligation of the owner to ensure that the leased object benefits can be fully enjoyed by the tenant throughout the contract period. If one of these conditions is not fulfilled, the *ijarah* contract has the potential to generate disputes and may be considered improperly implemented.¹⁴

Land lease agreements represent a common form of muamalah contract

¹¹ Lexy J. Moleong, *Metodologi Penelitian Kualitatif* (Bandung: Remaja Rosdakarya, 2022), 25.

¹² Muslihin Rais, "The Supreme Court Cassation Decision Number 2704 K/PDT/2015 on Lease Agreements: A Juridical Analysis and Justice Perspective," *Reformasi*, Vol. 13 No. 2, 2023, p. 177, <https://jurnal.unitri.ac.id/index.php/reformasi/article/view/4447>

¹³ Istikomah Muftil Umam, Ilham Zamzami, and Muhammad Syafi'i, "Implementation of the Ijarah Contract in Agricultural Land Leasing Practices: An Analysis from the Perspective of Sharia Economics in Mundurejo Village, Jember Regency," *I'THISOM (Jurnal Ekonomi Syariah)*, Vol. 1 No. 1, 2025, p. 593, <https://doi.org/https://doi.org/10.70412/its.v4i2.204>.

¹⁴ Silvia Nur Febrianasari, "Islamic Economic Law in the Ijarah and Rahn Contracts," *Jurnal Qawanin*, Vol. 4 No. 2, 2020, p. 195, <https://doi.org/https://doi.org/10.30762/q.v4i2.2471>



practiced within society. However, in practice, breaches of contract frequently occur. A case in Karang Tumaritis Hamlet, Kotabumi Utara District, illustrates such a situation. In this case, Mr. RH, acting as the tenant, paid a rental fee of IDR 10,000,000 for a one-hectare plot of land for a specified lease period. However, after the payment was made in 2019, the tenant was unable to immediately utilize the land because the landowner did not inform him that the land was still being cultivated by another farmer. So that, the cultivation process was delayed until 2020, when the tenant was finally able to use the land in accordance with the intended benefits.

At the end of 2022, while the lease agreement was still valid and there was still remaining time for utilization, the landowner sold the land to another party without the knowledge or consent of the tenant. This transfer of ownership directly eliminated the tenant's right to continue cultivating the land until the lease period ended. Consequently, the tenant was unable to continue farming activities in 2023, resulting in losses in terms of time, labor, and economic opportunities. The total loss experienced by the tenant was estimated at IDR 4,000,000, calculated based on the remaining cultivation period that was lost and the potential agricultural yield that could no longer be obtained.

In the Islamic economic law context, the landowner actions could be classified as a contract breach (*wanprestasi*) because the obligation to fully deliver the benefits of the leased object was not fulfilled. Furthermore, such actions contradict the principles of justice (*'adl*) and honesty (*ṣidq*), which require the landowner to uphold trust

(*amanah*) and refrain from actions that may harm the tenant throughout the duration of the contract period.¹⁵

Forms of Breach of Contract Identified

The term *wanprestasi* comes from Dutch, which means poor performance of an obligation. According to the legal dictionary, *wanprestasi* refers to negligence, breach of promise, or failure to fulfill obligations stipulated in a contract.¹⁶

Based on field data, two main forms of breach of contract were identified in this agreement. First, the landowner failed to provide land that could be immediately utilized by the tenant, as the leased object that should have been available for use was still being cultivated by another party. As a result, the tenant was unable to enjoy the benefits of the land that had already been paid for. This situation constitutes a breach of contract because the contractual obligation to deliver the benefits of the leased object was not fulfilled. Second, the landowner sold the land while the lease period was still in effect without any communication, compensation, or alternative solution provided to the tenant. Such actions demonstrate a violation of the principle of good faith in contractual relations, as

¹⁵ Joni Hendra, Indah Puspita Sari, and Ria Anggraini, "The Mechanism of Ijarah in Sharia Perspective: Clarity, Justice, and Legal Implications," *Jurnal Pendidikan Tambusai*, Vol. 8 No. 3, 2024, p. 41189, <https://doi.org/https://doi.org/10.70412/its.v4i2.204>

¹⁶Nur Azza Morlin Iwanti and Taun, "Legal Consequences of Breach of Contract and Legal Remedies Based on Applicable Laws," *Jurnal Ilmu Hukum "THE JURIS"*, Vol. 6 No. 2, 2022, p. 3563, <https://doi.Org/10.56301/Juris.V6i2.601>

the tenant's rights remained valid until the lease period ended.

The breach of contract in this case can therefore be seen as the landowner failure to meet the obligations agreed upon in the lease agreement. A breach of contract does not always take the form of a direct refusal to perform obligations; it may also occur through actions that hinder the fulfillment of another party's rights. The failure to deliver the land in a condition ready for use at the beginning of the lease period represents a failure to perform the contractual obligations as agreed. Furthermore, the sale of the land during the ongoing lease period constitutes a serious violation because it unilaterally eliminated the tenant's right to utilize the leased object.¹⁷

In addition to the failure to fulfill the primary obligations of the landowner, this case also reveals other forms of breach with legal relevance, namely the improper execution of contractual performance and delays in fulfilling contractual obligations. Although the lease agreement had been mutually agreed upon by the parties, the leased object was not delivered in a condition ready for use from the beginning of the contract period. Consequently, the benefits that should have been enjoyed by the tenant were not obtained at the specified time. This condition indicates that the contractual performance was carried out imperfectly

¹⁷ Wahyu Nusantara Illahi and Muhammad Taufiq, "Review of the Ijarah Contract on Breach of Contract in Boarding House Rental among Final-Year Female Students at UIN Bukittinggi," *Jurnal Bisnis dan Manajemen*, Vol. 1 No. 1, 2023, p. 595, <https://doi.org/https://doi.org/10.62335/aksiom>

and was not aligned with the objective of the *ijarah* contract, which is the transfer of usufruct rights for the entire agreed duration.

The action of the landowner in selling the land while the lease period was still ongoing can also be classified as a contract breach in the performing actions form that contradict the contractual provisions. The transfer of ownership unilaterally eliminated the tenant's rights over the benefits of the leased object that were still bound by the agreement, thereby reflecting a violation of the principle of good faith in economic transactions. Therefore, the breach of contract in this case is not only manifested as negligence in fulfilling obligations but also as an active action that harms the tenant and contradicts the principle of rights protection in the *ijarah* contract.

From the Islamic economic law perspective, such a breach of contract can also be viewed as a violation of the trustworthiness (*amanah*) principle and honesty in economic transactions. The *ijarah* contract requires clarity of benefits and protection of the rights of the *mustajir* (tenant) throughout the duration of the agreement. If the landowner performs actions that result in the loss of the leased object's benefits, the *ijarah* contract can be considered substantially violated. Therefore, the breach of contract in this case not only has legal implications but also touches upon the moral and ethical dimensions of Islamic economic transactions.¹⁸

¹⁸ Sufiana Fahmi and Mukhtar Lutfi, "Sharia Principles in the Management of Contracts for Islamic Economic Transactions", *SANTRI: Jurnal Ekonomi dan Keuangan Islam*, Vol. 3 No. 1, 2025, p. 65,



Impact of Losses on the Tenant

The tenant experienced various forms of losses that were interconnected and had a significant impact on the economic condition of his family. From an agricultural perspective, the tenant lost the opportunity to cultivate the land in 2019 because the land was still being used by another farmer.¹⁹ As a result, the potential agricultural yield for that year could not be obtained. Furthermore, after the land was sold at the end of 2022, the tenant also lost the opportunity to cultivate the land during the remaining lease period, including the year 2023, even though this period was still part of the agreed lease duration. The losses suffered by the tenant were further aggravated by the operational costs that had already been incurred during the land management process. These costs included the purchase of 70 bundles of cassava seedlings with a total cost of IDR 600,000. In addition, the tenant incurred labor costs involving five workers for one day, resulting in a total labor expense of IDR 400,000.

Subsequently, the tenant also bore the cost of plowing one hectare of land using agricultural equipment, which required approximately IDR 1,000,000. For plant maintenance, the tenant purchased eight bottles of Primastar pesticide at a price of IDR 160,000 per bottle. Since the spraying process was carried out twice when the

cassava plants were approximately two months old and again at around five months the total spraying cost reached IDR 500,000.

In addition, the tenant purchased Ponska fertilizer amounting to 12 sacks with a total cost of IDR 1,800,000. Thus, the total operational expenses incurred by the tenant during the cultivation process amounted to IDR 7,000,000. Overall, the tenant experienced financial losses estimated at IDR 4,000,000 due to the loss of the remaining cultivation period, while the total economic loss, including the unrecovered initial capital, reached approximately IDR 11,000,000.

The losses experienced by the tenant in this case are primarily financial in nature, arising from the loss of the opportunity to utilize the agricultural land within the lease period that had been agreed upon in the contract. The inability to use the land during several planting seasons resulted in the loss of potential agricultural yields that should have been obtained from the cultivation of the land. From the perspective of Islamic economic law, *manfa'ah* (benefit) constitutes the primary object of an *ijarah* contract. Therefore, the contract breach in this case indicates the negligence of the landowner in maintaining the continuity of the leased object's benefits until the end of the contractual period. Within the *ijarah* contract, the landowner is obligated to ensure that the leased object benefits can be enjoyed by the tenant throughout the agreed duration of the contract. When this obligation is not fulfilled, the objective of the contract to provide fair benefits to the tenant cannot be achieved. Therefore, this breach of contract highlights the

<https://doi.org/https://doi.org/10.61132/santri.v3i1.1233>.

¹⁹ Selamat Joko Utomo and Dwi Wulandari, "Agricultural Land Leasing System in Rural Communities from an Economic Perspective", *Jurnal Dinamika Ekonomi Pembangunan*, Vol. 3 No. 1, 2020, p. 30.



importance of implementing *ijarah* agreements consistently based on the justice principle and public benefit within Islamic economic law.

Settlement of Breach of Contract through Deliberation in the Perspective of Islamic Economic Law

The settlement of the breach of contract in this case was carried out through a deliberation process involving several parties, including Mr. Rahmat Hidayat as the tenant, Mrs. AN as a witness, Mrs. HS as the buyer of the land, and village officials consisting of neighborhood and community leaders (RT, RW, and RK). The deliberation was also attended by Mr. MI as a party related to the dispute. The involvement of village authorities and related parties indicates that the compensation settlement for the land lease dispute was conducted in an open and participatory manner, emphasizing the principles of prudence and fairness for the parties involved in the dispute.

The deliberation also involved individuals who had familial relationships. One example is Mr. MI, who has a kinship relationship with Mr. RH through family ties on his wife's side; Mr. MI is the son of the younger sibling of Mr. RH's wife. This kinship relationship reflects the existence of family bonds that form part of the local social structure. Consequently, the deliberation process was conducted while considering the social and familial aspects present within the community.

During the deliberation, Mr. RH stated that the compensation for the breach of contract he experienced should amount to IDR 11,000,000, corresponding to the losses incurred due to the loss of land utilization during the remaining lease period. However,

considering the kinship relationship between Mr. RH and Mr. MI, as well as the financial condition and capability of Mr. MI, the parties agreed to resolve the dispute through a familial approach. Based on the mutual agreement, Mr. MI was initially required to pay compensation amounting to IDR 11,000,000, as there had been a written agreement signed on stamped paper. Nevertheless, due to Mr. MI's financial capacity, which only allowed him to provide IDR 5,500,000, Mr. RH ultimately agreed to accept that amount. The remaining unpaid compensation was voluntarily relinquished by Mr. RH, taking into account the familial relationship between the two parties.

From the Islamic economic law perspective, the settlement of compensation resulting from contract breach in agreement of land lease through deliberation is consistent with the concept of *ṣulḥ* (peaceful settlement). *Ṣulḥ* refers to a dispute resolution mechanism carried out through mutual agreement without resorting to litigation. In Islamic economic transactions, *ṣulḥ* is recommended because it emphasizes the principles of justice, mutual consent (*tarāḍin*), and the preservation of social harmony between the disputing parties. As long as the agreement is reached voluntarily and is free from elements of coercion, fraud, or injustice, the settlement through *ṣulḥ* is considered valid and permissible within Islamic economic law.

Furthermore, the decision of Mr. RH to forgive part of the compensation can be categorized as *ibrā'*, which refers to the remission or release of part of a debtor's obligation. In Islamic economic



law, the concept of *ibrā'* is permissible when it is carried out based on the full willingness of the party who holds the right and does not cause harm to the other party. The practice of *ibrā'* reflects the moral and ethical values of Islamic economic transactions, emphasizing mutual assistance, empathy, and collective welfare. At the same time, it functions as a means to reduce conflict and maintain social stability within the community.²⁰

Conclusion

From the outcomes of research and discussion above, it can be stated that the contract breach in the land lease agreement in Karang Tumaritis Hamlet occurred due to the failure of the landowner to fulfill the obligation to deliver and guarantee the benefits of the leased object throughout the contract period. The breach was manifested in the delayed delivery of the land, which was still being used by another party, as well as the sale of the land to a third party while the lease agreement was still in effect. These actions resulted in the loss of the tenant's right to enjoy the benefits of the land until the end of the contractual period. Legally, such actions fulfill the elements of breach of contract both under positive law as and law of islamic economic

From the Islamic economic law perspective, the landowner actions contradict the principles of the *ijarah* contract, which emphasize the clarity of benefits (*manfa'ah*), trustworthiness (*amanah*), and justice (*'adl*). The loss of the benefits of the leased object during

the contractual period indicates that the primary objective of the *ijarah* contract was not fulfilled. Therefore, the tenant has the right to receive compensation (*ta'wīd*) for the losses incurred. These losses include the loss of opportunities to cultivate the land, potential agricultural yields, and operational costs that had already been incurred, with the total estimated loss reaching IDR 11,000,000.

The settlement of compensation resulting from the breach of contract in this land lease case was carried out through a deliberation mechanism (*ṣulḥ*) involving the disputing parties and village authorities. The agreement reached involved the payment of partial compensation amounting to IDR 5,500,000, accompanied by the tenant's voluntary remission (*ibrā'*) of the remaining losses. This settlement is considered consistent with the principles of Islamic economic law because it was conducted based on the mutual consent of the parties, without coercion, and prioritized social harmony and public benefit, although normatively the tenant's full right to compensation was not completely fulfilled.

This study demonstrates that the settlement of compensation resulting from contract breach in agreements of land lease within the framework of Islamic economic law does not solely focus on the formal fulfillment of rights, but also considers the values of substantive justice, the ethical principles of muamalah, and the social conditions of the community. These findings highlight the importance of understanding and consistently implementing *ijarah* contracts in order to ensure legal certainty, protect the rights of the parties involved, and

²⁰ Nur Fauzi, "Settlement of Sharia Economic Disputes Based on Sulh (Peace) to Achieve Justice", *Jurnal Hukum Syariah*, Vol. 1 No. 2, 2018, p. 215.



promote economic transactions that align with Islamic values.

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