

Certification and Supervision of Sharia Conformity National Sharia Council Indonesian Ulama Council (DSN-MUI) on Sharia Property

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Abstract

The usage of shariah labels in business activity, especially the property business, causes problems in some cities. This research was carried out to study the arrangement of certification law and the monitoring of shariah compliance in shariah property and the effort of DSN-MUI, The Representative of East Java Province, in certifying and monitoring shariah compliance in shariah property with a juridical empirical approach. The results of this research showed that the arrangement of certification law and monitoring of Shariah compliance in Shariah property is regulated in The Law of Limited Liability Company, The Law of Shariah Banking, and The Law of DSN-MUI Regulation. The effort done by DSN-MUI, The Representative of East Java Province, in certifying and monitoring the Shariah compliance in Shariah property was by explaining the principles of Shariah property normatively, recommending the discussion of Shariah property in The Leader Meeting of Central MUI, cooperating with BI, ADPS, and OJK to carry out training for The Prospective Shariah Supervisor, making education book and Jumat Preaching Book about Shariah Economy, and educating the community about DSN-MUI fatwa to improve the vigilance on fraud cases by using the Sharia label.

Keywords: Sharia Certification; Monitoring of Sharia Compliance; Sharia Property.

Abstrak

Penggunaan label syariah dalam kegiatan usaha khususnya bisnis properti menimbulkan permasalahan di beberapa kota. Penelitian ini dilakukan untuk mengkaji pengaturan hukum sertifikasi dan pengawasan kesesuaian syariah pada properti syariah dan upaya DSN-MUI Perwakilan Provinsi Jawa Timur dalam mensertifikasi dan mengawasi kesesuaian syariah pada properti syariah dengan pendekatan yuridis empiris. Hasil penelitian ini menunjukkan bahwa pengaturan hukum sertifikasi dan pengawasan kesesuaian syariah pada properti syariah diatur di dalam UU Perseroan Terbatas, UU Perbankan Syariah dan peraturan DSN-MUI. Upaya yang dilakukan DSN-MUI Perwakilan Provinsi Jawa Timur mensertifikasi dan mengawasi kesesuaian syariah pada properti syariah adalah dengan; Menjelaskan secara normatif prinsip-prinsip properti syariah; Merekomendasikan pembahasan properti syariah dalam Rapat Pimpinan MUI Pusat; Bekerjasama dengan BI, ADPS dan OJK untuk mengadakan pelatihan Calon Pengawas Syariah, membuat buku edukasi dan khutbah Jumat tentang ekonomi syariah, dan; Mengedukasi masyarakat tentang fatwa DSN-MUI untuk meningkatkan kewaspadaan terhadap kasus penipuan yang menggunakan label syariah.

Kata Kunci: Sertifikasi Syariah; Pengawasan Kesesuaian Syariah; Properti Syariah.

INTRODUCTION

The use of Sharia labels came into the spotlight again when Law Number 21 of 2008 concerning Sharia Banking was issued. In this law, it is stated that what is meant by Sharia bank is a bank that carries out its business activities based on Sharia principles. Meanwhile, Sharia principles are considered Islamic law principles created by institutions with the capacity to issue fatwas in the context of Sharia economics and Sharia banking activities.

The use of Sharia labels, which was initially widely used in financial institutions such as Sharia pawnshops, Sharia banks, Sharia insurance, Sharia cooperatives, and so on, has gradually spread to various products, businesses, and services, from Sharia traveling, Sharia salons, sharia tourism, sharia hotels, sharia swimming pools, sharia property, and so on.

Economic activities that use Sharia principles or what is also known as Sharia economics are a collection of legal standards that control all human economic operations in meeting needs and maintaining life, which encompasses all economic activities, enterprises, professions, and services according to the Koran and al-hadith (Marwing, 2017).

The substantial focus, development, and growth of Sharia economic teachings in Indonesia are founded on the notion that Sharia economics can realize Muslims' desires for a way of life based on the provisions stated in Islam (Suherli et al., 2022).

The spread of sharia-labeled items, businesses, and services in society appears to send a statement about the importance of the sharia economy in Indonesia. The presence of sharia economics is unavoidable given that Indonesia has the world's largest Muslim population. In reality, sharia labels have now become a business trend, appearing in a variety of products, activities, systems, and services to promote popularity.

As Muslims, we are obligated to respond carefully and painstakingly to this

subject by developing the quality of human resources as the most essential indication in the development and growth of the sharia economy, so that sharia economic development does not stagnate (Helmi, 2018).

We must positively embrace the spread of Sharia-based systems, activities, products, and services in society by providing Sharia information (labels) on the products, businesses, or services offered. This phenomenon indicates that the Muslim community in Indonesia is becoming more interested in implementing the principles of Islamic Sharia in all aspects of life, not just in matters of worship, but also in matters of muamalah, because the issue of muamalah has been regulated in this way in Islam.

However, in addition to appreciating the use of Sharia principles in business activities in society, we must also understand the rules regulating the use of Sharia labels (principles) in business activities, lest Sharia labels be employed solely to attract consumers and earn profits.

A recent example of sharia label misuse is the alleged fraudulent sale and acquisition of property under the pretense of sharia in Surabaya in early January 2020, which damaged 32 people and resulted in a total loss of IDR 3 billion. In the same year, there was also a case of alleged fraud using a similar method under the guise of a sharia housing project in Ponorogo which harmed 47 people with a total loss of IDR 4.5 billion (Syahrul, 2020).

The proliferation and development of the use of Sharia labels in business activities, especially Sharia property, without being accompanied by sufficient knowledge and knowledge, will have an impact on the rise of fraud cases such as the author's example above. This house buying and selling transaction with a Sharia label (scheme) is more popular with the public than the house purchase scheme through a Sharia bank with a Home Ownership Credit (KPR) scheme because of the convenience and facilities offered such as a tahfidz house, mosque,

playground and others, even though it is a transaction with a scheme. This sharia is riskier because it does not involve relevant authorities such as the Sharia Supervisory Board (DPS), the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), the Financial Services Authority (OJK), or Bank Indonesia (BI) (Jamaludin, 2023).

Aside from that, the lack of legislation or regulations that specifically/control Sharia property commercial activities adds to the uncertainty about future legal ramifications. So, based on the explanation of the problem above, the researcher aims to investigate in greater depth how the legal arrangements for Sharia conformance in Sharia property are? as well as how the activities of the DSN-MUI East Java Province Representative to certify and monitor Sharia conformance in sharia property going?

LITERATURE REVIEW

According to research findings, relatively little research has been conducted on the subject of certification and supervision of sharia conformance in sharia property. There are several studies related to the research that researchers are currently studying, including:

1. Abdul Ghoni and Muhammad Sofwan Jauhari (2022) in their article examine the urgency of DSN-MUI assessment and certification in Multi-Level Marketing (Multi-Level Direct Sales) Companies. The results of this research concluded that the Sharia label was the reason more than 90% of respondents joined the MLM business. This shows the urgency of DSN-MUI sharia certification for MLM companies (Ghoni & Jauhari, 2022).
2. Noor Rizqiya Fimauidina (2020) in her article examines the urgency of sharia conformity certification in hospitals studying DSN MUI fatwa No. 107/DSN-MUI/X/2016. This research yields various conclusions. For starters, Sharia principles in hospital management

necessitate the employment of a variety of indicators concerning service, drinks, food, contracts, medicines, other used materials, cosmetics, and fund management. Second, sharia certification must be adopted in Indonesia to supervise the operation of hospitals based on sharia principles and to strengthen and sustain the spirit of the Muslim community. Third, disparities in implementation were discovered between the Republic of Indonesia Hospital Law and the DSN-MUI fatwa (Fimauidina, 2020).

3. Rahman Helmi (2018) investigates the method (manhaj) in determining legal fatwas connected to Sharia economics in Indonesia in his article. According to the findings of this study, the DSN-MUI fatwa has made significant contributions to addressing Sharia economic issues that have arisen in the development of the Sharia finance and banking industry. Fiqh presents four solutions for assessing the DSN-MUI fatwa: *tahqiq al-month al-taysiral-manhaji*, *i'aadah al-nazhar*, and *tafriiq al-halaal 'an al-haraam* (Helmi, 2018).

RESEARCH METHODS

This study is a field study with an empirical juridical approach. A juridical approach is used to analyze law when observed as *das sollen* (norms) by examining the legal arrangements for certification and supervision of Sharia conformity in Sharia property through legal materials such as statutory regulations, jurisprudence, etc. Meanwhile, an empirical approach is used to study law as a social and cultural reality (*das sein*) using primary data obtained from several field sources, specifically the DSN-MUI Representative of East Java Province and several offices of the Indonesian Ulema Council Leadership Council in East Java Province, to describe and analyze the efforts made in certifying and supervising sharia properties. The data collection methods used

were observation, interviews, and documentation which were then reduced, analyzed, presented and conclusions were determined.

THEORETICAL FRAMEWORK

National Sharia Council of the Indonesian Ulema Council (DSN-MUI)

The recommendation for the development of the DSN-MUI began with an ulama workshop on October 14, 1997, which examined Sharia Mutual Funds. Finally, in 1998, these proposals were implemented, and the DSN was formally established (Mufid, 2018).

The formation of the DSN was motivated by the need for an institution that serves as a forum for resolving problems encountered by Sharia Supervisory Board (hereinafter referred to as DPS) practitioners at Sharia financial institutions in Indonesia, to achieve uniformity of answers when providing legal provisions for problems that arise in sharia financial institutions so that this does not occur. Customers, Sharia financial institutions in particular, and the Muslim community in general are perplexed by legal ambiguity (Antonio, 2001).

As a MUI-formed institution that is structurally subordinate to the MUI, DSN is the only institution capable of determining accurate and valid fatwas in the field of Sharia economics to respond to the rapid development of Sharia financial institutions, business, and economics (Gayo & Taufik, 2012).

Within the MUI organization, two institutions have the authority to issue fatwas: the fatwa commission, which issues fatwas in the fields of social, worship, and aqidah, and the DSN, which issues fatwas in the field of sharia economics (Ghoni & Jauhari, 2022).

DSN-MUI has the authority to set rules that will serve as the operational foundation for all Sharia economic, business, and financial institutions in Indonesia. DSN-MUI is attempting to provide legal legality as

material for DPS supervision (Awaluddin & Febrian, 2020).

DSN-MUI's duties are specifically outlined in the 2021 DSN-MUI Articles of Association and Bylaws, which include: 1) Establishing existing fatwas on business, economic and sharia financial institutions regarding activities, systems, services and products; 2) Supervise the implementation of fatwas in sharia business, economic and financial institutions through DPS; 3) Describe the fatwa that applies to sharia business, economic and financial institutions in the guidelines for implementing the fatwa to avoid multiple interpretations; 4) Issue circular letters (ta'limat) to sharia business, economic and financial institutions and others; 5) Make or retract recommendations from the DPS, Sharia Advisor, or Sharia Committee in sharia-compliant corporate, economic, and financial institutions, or from others.; 6) Give or withdraw recommendations for Capital Market Sharia Expert candidates; 7) Issue a statement of equality or conformity to Sharia for products or provisions issued by the relevant authority; 8) issue statements of Sharia conformity for economic, financial and other sharia business institutions regarding their products, service activities and systems; 9) Issue sharia certificates for other sharia business, economic and financial institutions that need them; 10) Carrying out sharia expertise certification activities for other sharia business, economic and financial institutions; 11) Educate and socialize about sharia economics, finance and business as an effort to increase literacy; and 12) Increasing the application of Sharia values in financial activity, in particular, and in the economy as a whole (Pedoman Organisasi Majelis Ulama Indonesia No. 11, 2021).

Bank Indonesia, as a governmental organization with jurisdiction in the sector of financial institutions, provides unique legitimacy to DSN and the products it creates. This is stated in Article 31 of the Decree of the Board of Directors of Bank

Indonesia Number 32/34/1999, which specifies that:

“sharia commercial banks are required to pay attention to the DSN fatwa to carry out their business activities”

If a bank intends to carry out activities as intended in the previous article (namely, articles 28 and 29), and it turns out that the activity lacks a fatwa from the DSN, the Sharia commercial bank shall seek DSN clearance before carrying out the business activity (Mufid, 2018).

To make the DSN more effective and efficient in determining fatwas on Sharia economic difficulties, the DSN, as an extension of the MUI's duties and power, can directly coordinate with the ulema (Nurjaman & Ayu, 2021). DSN is also expected to provide guidance, implementation, and supervision of the principles and values of Islamic teachings to sharia economic actors proactively (Tamam, 2021).

The fatwa stipulated by the DSN-MUI must have moderate principles and consider the general benefit, it must not be too rigid (rigid) on the text of the Qur'an and hadith (nas), but also not too far from the meaning of the text (Mardani, 2021), because of the fatwa not moderate will be resistant to contradictory things. A fatwa must have moderate principles as well as *waqi'iy* (contextual), applicative, and argumentative principles. *Waqi'if* refers to avoiding severe impressions of a fatwa for its implementation to be more applicable (effective) and free of difficulties. Meanwhile, it has an argumentation concept to demonstrate that the fatwa implemented took the situation and conditions into account (Mundzir, 2021).

Submission of a Request for Recommendation to the Sharia Supervisory Board (DPS)

The Sharia Business, Economy, and Finance Institution has at least three (three) DPS, one of whom is confirmed as chairman. If a Sharia Business, Economic, and Financial Institution still has modest business

management, it is allowed to have two (two) DPS people, one of whom is confirmed as chairman (Dewan Syariah Nasional Majelis Ulama Indonesia No. PER-01, 2017).

The stages that must be taken to obtain a DPS recommendation from DSN-MUI are, the first stage is that the applicant completes the required documents for a recommendation application, including; a cover letter from MUI according to the company's operating location, sharia supervisor basic training certificate issued by the DSN-MUI Institute, sharia supervisor competency certificate from the Indonesian Ulema Council Professional Certification Institute, profile of a DPS candidate whose status is not currently an employee or active administrator at a business institution, relevant sharia economics and finance. The second stage was a friendly meeting and interview with DSN-MUI.

Mechanism for Determining Sharia Economic Fatwas

DSN does not determine fatwas on items, activities, and systems in economic, business, and Sharia organizations on its own. When discussing, studying, and determining the fatwa on activities, systems, products, and services that will be fatwa, it involves agencies or institutions that have the authority to determine these matters, such as Bank Indonesia, the Financial Services Authority, entrepreneurs, and experts in their fields (Nurjaman & Ayu, 2021). The process for submitting an application and determining a sharia economic fatwa at DSN-MUI is as follows; 1) practitioners from sharia economic, financial and business institutions, the community, government or supporting institutions submit requests for fatwa on problems, activities or products to the DSN-MUI Daily Implementation Body (BPH); 2) The Secretary will record/document the application letter which will then be submitted to BPH DSN-MUI for follow-up; 3) BPH DSN-MUI schedules a meeting attended by BPH and the applicant with the agenda of explaining the essence of

the problem so that the applicant requests that a fatwa be issued and checks whether there has been a fatwa regarding the problem being proposed or not; 4) The Chairman of BHP DSN-MUI will form a team to comprehensively study if a fatwa has not been found on the requested problem by involving a team of experts and related parties; 5) The findings of the study, appraisal, and discussion at the DSN-MUI Plenary conference were compiled into a fatwa draft (Bulus & Sururi, 2021); 6) The DSN fatwa is determined and signed by the chairman together with the secretary of the BPH DSN-MUI after receiving approval in a plenary meeting (Pedoman Organisasi Majelis Ulama Indonesia No. 11, 2021).

Sharia Compliant Certification

Application for the Issuance of Sharia Compliant Certificates

The procedures for issuing Sharia conformity certificates for Sharia businesses, economic and financial institutions are as follows: 1) The applicant submits an application letter which is presented to DSN-MUI by attaching the specified documents and requirements; 2) The application letter will be processed to complete the specified requirements; 3) The BPH DSN-MUI Secretariat invites applicants for a presentation; 4) The team appointed by the BPH DSN-MUI leadership conducts field studies and prepares written reports, and; 5) DSN-MUI issues a sharia conformity certificate and DPS recommendations are submitted to the applicant (Dewan Syariah Nasional Majelis Ulama Indonesia No. KEP-01, 2016).

Sharia Compliant Certification Requirements

Several requirements must be fulfilled by Limited Liability Companies in the form of Sharia financial, business, or economic institutions that wish to obtain a conformity certificate from DSN-MUI. These requirements are divided into specific requirements and general requirements,

adapting to the business field of the limited liability company (Dewan Syariah Nasional Majelis Ulama Indonesia, 2022).

The general requirement to obtain a Sharia conformity certificate from DSN-MUI is to submit a request first (Fimauidina, 2020), by attaching several documents, including a letter of request for Sharia conformity certification according to the template provided, a statement of company commitment signed by the board of directors, transfer slip payment of sharia certification registration fees, photocopy of company legal files (consisting of Company Domicile Certificate, company establishment deed, Company Registration Certificate, GMS Decision Letter, Trading Business License, Taxpayer Identification Number and permission letter from the relevant authority), company profile according to the template, DPS recommendation requirements documents and proof of account ownership at a sharia financial institution. The next stage is to complete the special requirements form for sharia certification according to the business field.

The particular requirements for sharia conformance certification vary according to the company industry. Product types, commission system, marketing model, halal certificate from LPPOM, photocopy of Indonesian Direct Sales Association member card, and Direct Sales Business Licence from the Investment Coordinating Board are all required documents for the Tiered Direct Sales (PLB) business sector.

The technology business sector is organized into three business sectors: companies that issue electronic money (E-Money), software companies, and internet trading companies. There are no unique criteria for software firms. The e-money company's commercial section is photocopying e-money issuing methods and sharia electronic card holders' information manuals. Meanwhile, online trading enterprises must provide copies of the online guide (e-manual book) for sharia trading as

well as a photocopy of standard operational procedures for managing sharia online trading.

The custodian bank business sector has various particular requirements, including a photocopy of standard operational procedures for delivering sharia custodian services and a photocopy of the template custodian service manual.

The television broadcasting business sector, like the software business sector, has no particular requirements. The tourism industry is separated into numerous segments, including spas, restaurants, travel agents, and hotels. Photocopies of halal certificates and certificates/membership cards are required for the hotel, spa, and restaurant industries. Meanwhile, special requirements for travel brokers include a list of Sharia-certified tour guides, a photocopy of the certificate/association member card, and a photocopy of the tour planner/leader's business standard certificate.

The hospital sector is the last business sector. A photocopy of a recommendation letter or membership card from the All-Indonesian Islamic Health Effort Council, a photocopy of a halal certificate from LPPOM-MUI or PPBJP H or an institution accredited by BPJPH/MUI, and a photocopy of a certificate or certificate of graduation from an accreditation institution hospitals that have received government recognition are all required for this business sector.

RESULT AND DISCUSSION

Legal Arrangements for Certification and Supervision of Sharia Conformity in Sharia Property

The certification and supervision of Sharia conformity in Sharia property cannot be separated from the legal regulations governing the use of sharia principles in business activities because the certification and supervision process begins after the provisions governing the use of sharia principles in business activities are fulfilled. Companies that will employ Sharia principles in their business activities must

comply with the provisions of the Limited Liability Company Law before they can conduct business.

Legal regulations regarding the use of Sharia principles in business activities are regulated in Law Number 40 of 2007 concerning Limited Liability Companies (hereinafter referred to as UUPT) and Law Number 21 of 2008 concerning Sharia Banking (hereinafter referred to as UUPS).

The UUPT stipulates that:

"1) Companies that carry out business activities based on sharia principles, in addition to having a board of commissioners, are required to have a sharia supervisory board; 2) The sharia supervisory board as intended in paragraph (1) consists of one or more sharia experts appointed by the General Meeting of Shareholders (GMS) on the recommendation of the Indonesian Ulema Council; 3) The sharia supervisory board as intended in paragraph (1) is tasked with providing advice and suggestions to the Board of Directors and supervising the Company's activities so that they comply with sharia principles" (Undang-Undang Republik Indonesia, 2007).

Furthermore, in Article 1 number 12 UUPS it is explained that:

"Sharia principles are principles of Islamic law in banking activities based on fatwas issued by institutions that have the authority to determine fatwas in the field of Sharia" (Undang-Undang Republik Indonesia, 2008).

From these two laws, it is known that the use of sharia labels (principles) in business activities is required to fulfill two things. First, it is mandatory to have a DPS in the company's organizational structure. Second, make fatwas determined by institutions that have authority in determining Sharia economic fatwas as the basis for running the company's systems, activities, products, or services.

Fulfillment of provisions relating to

the existence of a Sharia supervisory board in the company's organizational structure, as regulated in the Limited Liability Company Law, will be indirectly related to provisions relating to the submission of a recommendation application for a Sharia supervisory board to DSN-MUI as a condition for establishing a company (company) that uses the Sharia principle (label) in business activities.

Numerous prerequisites must be met before DSN approves the application for a Sharia supervisory board recommendation and the company is certified as lawfully created and can utilize Sharia labels (principles) in its business activities. Complete several required documents, including a cover letter from the MUI based on the company's operating location, a sharia supervisor competency certificate from the Indonesian Ulama Council Professional Certification Institute, a basic sharia supervisor training certificate issued by the DSN-MUI Institute, and a profile of a DPS candidate whose status is not currently an employee or active administrator at the institution concerned. If the required documents above have been met and declared complete, then the applicant will contact DSN for an interview.

After the company has gone through the stages above and is declared legally established, it will then enter the stage of submitting Sharia conformity certification for the company's activities, systems, products, or services.

However, because there is no specific fatwa regulating Sharia property, the company directly or through the Sharia supervisory board submits a request for a fatwa regarding Sharia property to the DSN-MUI Daily Executive Board. The secretary will document the application letter and submit it to the BPH DSN -MUI to organize a meeting with the BPH and the applicant. The Chair of the BHP DSN-MUI shall organize a committee to thoroughly investigate if a solution to the desired problem has not been discovered by

involving a team of experts and associated parties. The outcomes of the DSN-MUI Plenary meeting's review, assessment, and discussion are compiled into a fatwa draught, which is determined and signed by the chairman and the DSN-MUI BPH secretary after receiving approval at the plenary meeting.

The fatwa will become a guideline or basis for the implementation of business activities carried out by the company during the process of certification and monitoring sharia conformance. DSN will work with the Sharia supervisory board to coordinate the Sharia conformity certification process of firm operations (systems, activities, products, or services), and if appropriate, DSN will provide a Sharia conformance certificate to the company.

Meanwhile, for the supervision process, the Sharia supervisory board will make Sharia views routinely (twice a year) and submit the outcomes of monitoring in the company to DSN-MUI (Pedoman Organisasi Majelis Ulama Indonesia No. 11, 2021).

Legal arrangements for certification and supervision are further regulated in regulations stipulated or issued by DSN-MUI in the form of fatwas, decisions, standard operating procedures, or circular letters (*ta'limat*) such as; MUI Organizational Regulation No. 11/PO-MUI/VIII/2021 concerning the DSN-MUI Articles of Association and Bylaws, DSN-MUI Regulation No. PER-01/DSN-MUI/X/2017 concerning the Sharia Supervisory Board (DPS) in Sharia Financial Institutions (LKS), Sharia Business Institutions (LBS), and Sharia Economic Institutions (LPS), DSN-MUI Decree No. KEP-01/DSN-MUI/VI/2016 concerning Operational Standards and Procedures for Issuing Sharia Conformity Certificates, Standard Operating Procedures Number SOP-DSN-MUI/01 concerning Determination of DSN-MUI Fatwas, Number SOP-DSN-MUI/02 concerning Providing Recommendations DPS, Number SOP-DSN-MUI/04 concerning Issuance of

Sharia Conformity Certificates, Number SOP-DSN-MUI/05 concerning Statements of Sharia Conformity, DSN-MUI Circular Letter Number U/234/DSN-MUI/III/2019 concerning Ta'limat DSN-MUI regarding Procedures for Submitting DSN-MUI Fatwa Application Letters or Sharia Conformity Statements, etc.

Efforts of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) Representative of East Java Province in Certifying and Supervising Sharia Property

The authority to certify and monitor Sharia compliance was previously vested in the Central MUI, however, this authority was assigned to the DSN-MUI in 1998. Discussions, studies, and the issuance of fatwas in the subject of sharia economics (fiqh muamalah) have also altered, first at the MUI Fatwa Commission and then at DSN-MUI (Nafis, 2011).

According to Nanang Qosim, Technical Implementation Coordinator of the DSN-MUI Secretariat Representative of East Java Province, the process of granting sharia conformity certificates is currently carried out directly by DSN-MUI, either directly by the Central DSN-MUI or in coordination with the DSN-MUI Representative of East Java Province, after passing the learning process, assessment, review, and examination.

According to the facts on the ground, property dispute cases in Sidoarjo Regency and Surabaya City did not comply with the provisions outlined in the Limited Liability Company Law because the property companies only claimed to use sharia labels (principles) without complying with the provisions outlined in the Law. This law is concerned with the presence of DPS in the organizational structure of the organization.

The absence of a DPS in the company's organizational structure (economic, financial, or Sharia business institutions) will make DSN-MUI's task of

assuring the certainty of the company's Sharia-based operations more difficult (Elpira & Candra, 2020).

DPS will work with DSN to oversee the Sharia aspects of companies' systems, activities, products, or services in Sharia economic, business, and financial institutions in Indonesia, ensuring that they adhere to the guidelines in the form of fatwas determined by DSN-MUI after going through the review, exploration, and formulation process. economic concepts and values based on Sharia (Sari Utami, 2021).

DPS is a major player in sharia conformity certification, from the corporate governance audit process to the supervision process. DPS also designs policies and guidelines that must be followed by all management, including reviewing sharia and approving products issued by the company (Izzatika & Lubis, 2019).

The issue with the lack of a Sharia Supervisory Board in the corporate organization originates from the question of whether the property company intended to manufacture products, systems, or services that followed Sharia principles (labels) from the start or not. If this is the case, the company's permit should not be approved because the Company Law requires the presence of a DPS in the company's organs, which is entirely within the purview of the Ministry of Law and Human Rights as the body with the jurisdiction to provide permits to establish businesses. However, if there was no intention from the start to create a product, system, or service that uses a Sharia label and the idea of using a Sharia label emerged later (after the company obtained an establishment permit), the Ministry of Law and Human Rights should be notified. Is it necessary to start the permit to establish a company from the beginning, or can it be modified directly by adding a Sharia supervisory board organ to the company's organizational structure?

If it is discovered that the property entrepreneur is actively utilizing the Sharia label to maximize profit, the matter will

become more problematic. If this occurs, the businessman may be charged with two offenses: one for fraud and the other for defamation or religious blasphemy.

Aside from the lack of a DPS in the organizational structure of the company (limited liability company) that claims to use Sharia principles in the property company's business activities, researchers discovered another issue in the certification process and supervision of Sharia conformity in Sharia property, namely the lack of a fatwa that specifically regulates these business activities. Researchers also confirmed this with Nanang Qosim and Ainul Yaqin as Chair of the East Java Province MUI who said that there was no fatwa that specifically or specifically regulates Sharia property.

The use of sharia as a principle in the industrial sector means subordinating the implementation of the company's business activities to the fatwa issued by DSN-MUI, in other words, all business activities of the company must be based on the DSN-MUI fatwa (Mujib, 2016).

There are numerous DSN-MUI fatwas on the activities, systems, products, or services of sharia financial institutions, and some have also received legitimacy from Bank Indonesia or the Financial Services Authority, and have even been regulated in higher regulations, namely statutory regulations, such as Law no. 19 of 2008 concerning State Sharia Securities, Law no. 21 of 2008 concerning Sharia Banking, Law no. 40 of 2014 concerning Insurance, and so on.

Meanwhile, there are few DSN-MUI fatwas that govern Sharia commercial organizations, particularly Sharia property. According to research, only a few fatwas are close, such as the fatwa on *murabahah*, *ijarah maushufah fidz dzimmah*, *ijarah mutaniyah bit tamlik*, *musyarakah mutanaqisah*, and fatwa regarding intermediary (*wasathah*) in the property business, and there is no specific fatwa that regulates sharia property.

As a result, the Coordinator of the DSN-MUI Representative for East Java Province or the Leadership of the MUI Leadership Council for East Java Province did not issue an official circular in response to this case because they believed that the incident in Surabaya City and Sidoarjo Regency did not fall under their jurisdiction (authority). The researcher agrees since, in addition to failing to comply with the provisions of the Limited Liability Company Law, the property company also fails to comply with the provisions of the Sharia Banking Law, which bases the company's operational operations on the DSN-MUI fatwa.

However, in response to the emergence and development of individuals claiming to use sharia labels (principles) in marketing their company's products, Nanang Qosim, as the Technical Implementation Coordinator of the DSN-MUI Secretariat, East Java Province Representative, is attempting to certify and supervise sharia property in several ways, including: 1) accepting, providing a normative explanation of the principles related to sharia property, as well as directing to report to the authorities (authorities) if there is an element of fraud; 2) recommend discussion regarding this sharia property at the Central MUI Leadership Meeting; 3) collaborate with Bank Indonesia, the Association of Sharia Supervisory Boards and the Financial Services Authority to provide training for prospective Sharia Supervisors, create educational books and Friday sermon books about Sharia economics; 4) educate the public about the DSN-MUI fatwa in sharia economic, financial and business institutions to increase awareness of cases of fraud that use sharia labels.

Efforts by the DSN-MUI Representative of East Java Province, which are also supported by the Leadership Council of the East Java Provincial Ulama Council, Regency, and Subdistrict Level, to certify and supervise sharia properties and respond to individuals who claim to use sharia labels

(principles) in marketing company products (in the sharia property sector), are by the provisions regulated in Chapter 3 Articles 4 and 5 concerning the duties and authorities of DSN.

Thus, the Central DSN-MUI's next task must be to issue a fatwa on Sharia property, taking into account the prevalent fraudulent practice of buying and selling buildings with Sharia labels. This fatwa was judged by the researcher to be one of the criteria believed to necessitate a fatwa (Pedoman Organisasi Majelis Ulama Indonesia No. 11, 2021). As a result, without any requests, proposals, or fatwa queries from organizations/institutions, the government, or the general public, BPH DSN-MUI can draught and then stipulate a fatwa connected to Sharia property

CONCLUSION

Law Number 40 of 2007 about Limited Liability Companies and Law Number 21 of 2008 concerning Sharia Banking and DSN-MUI regulations govern legal requirements relating to certification and supervision of Sharia conformance in Sharia property.

The DSN-MUI East Java Province Representative's efforts in certifying and supervising Sharia property are by 1) Providing a normative explanation of the principles related to Sharia property; 2) Recommend discussion of Sharia property at the Central MUI Leadership Meeting; 3) Collaborating with Bank Indonesia, the Association of Sharia Supervisory Boards and the Financial Services Authority to provide training for Sharia Supervisory Candidates, create educational books and Friday sermon books about Sharia economics; 4) Educating the public about the DSN-MUI fatwa to increase awareness of fraud cases using sharia labels.

SUGGESTION

Coordination between ministries and agencies is critical in responding to cases of sharia fraud, which is currently common. Preventive efforts can be started by

tightening and monitoring permits for the establishment of limited liability companies that use Sharia principles (labels) in their business activities; take firm action against individuals who use Sharia labels and act in the name of religion for personal or group interests; strengthening the supervisory function of the Central DSN-MUI or Regional Representatives; collaboration between Bank Indonesia, Financial Services Authority, National Land Agency, Ministry of Public Works and Public Housing, National Defense Agency, Regional Government (provincial, city/district, sub-district and village levels) and the Police to participate in monitoring and educating the public about sharia economics, especially sharia property.

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