

## ABSTRACT

Bankruptcy is one of the ways of dispute resolution relating to the business process of interaction. The institution of bankruptcy is also found in Islam. Bankruptcy institution in Islam is known as Al-Taflis. In reality, bankruptcy and Al-Taflis are interconnected each other. In judicial practice, the request of bankruptcy by Syaria Bank as one of the parties occurs several times such as PT Bank BNI Syariah with PT Lintas Sarana Komunikasi, PT Bank BNI Syariah with E. Purdi Chandra (founder of Primagama Learning Center), and PT Bank Syariah Bukopin with PT Hasenda Remindo. The inconsistency in the settlement of Syaria economic disputes needs to be observed carefully in those cases. The main issue in this research is the opportunity for the dispute resolution through Islamic bankruptcy using legal research method. Thus, the principle of Syaria bankruptcy law is the expansion of Syaria principles, Syaria Economic principles and general principles in bankruptcy law. The elaboration of these three group of principles uses deductive methods. A conclusion taken from Syaria principles can be adopted as Syaria Principles Bankruptcy law. The legal principles that indicate the functions of bankruptcy law are the principle of debt collection, debt pooling principle, the principle of debt forgiveness, and commercial principles out of financial difficulties. The study of the principles of the two groups is then complemented by a general principle in bankruptcy law. The general principle in the Bankruptcy Act is made as a complement to the study of the previous two groups of principles because of the substance and emphasis on the operational aspects of bankruptcy. The concept of bankruptcy in Islam is known as *at-Taflis*. In Fiqih there is Iflas, a sense of not having property. In Islam there is mechanism of deferring debt payments to debtors who are experiencing difficulties as the almighty word of Allah in Al-Q.S. Baqarah: 280. In the context of legal reform in religious courts, there are several factors that support legal reform; the structure, the substance, and the legal culture. These three elements support the existence of legal reform within the scope of religious courts. Legal reform may start first by establishing norms that need to be regulated, which are (1) the law concept of Syaria Bankruptcy, (2) the provisions of the bankruptcy of material petitions, (3) the consequences of the law from the bankrupt against the debtor, (4) the state of the debtor after the bankruptcy is over, and (5) suspension of debt payments.

**Key words : Law Construction – Shariah Bankruptcy – Indonesia**