

THE REALITY AND ANALYSIS OF TAX FINANCING FOR THE GENERAL BUDGET IN IRAQ FOR THE PERIOD (2004-2021)

¹AJEEL ABDEL-QASIM JAMAAN AL-SAEEDI, ²PROF. DR. BAQER KARAJI HABIB AL-JUBOURI

¹Researcher, Department of Economics, College of Economics and Business management, Al-Qadisiyah University

Email: alsydyjyl@gmail.com

²Department of Economics, College of Economics and Business management, Al-Qadisiyah University

Abstract

Taxes are considered one of the most important sources of public revenues in financing the general budget in Iraq, because through them, financial revenues can be provided to finance public expenditures because they are stable compared to other revenues such as oil revenues. The financial policy in the country through which it can solve economic problems such as inflation and solve social problems through the redistribution of income among members of society. The research reached a set of conclusions and recommendations.

Economic and social objectives, the presence of cases of double taxation in some tax laws and legislations that lead to tax evasion, the low importance of the percentage of tax revenues in public revenues in Iraq during the study period (2004-2021), as the average contribution percentages reached (3.469%) from a group public revenue. As for the recommendations, the most important of them is that we must diversify the sources of public revenues in Iraq and pay attention to tax revenues and increase interest in the industrial, agricultural and commercial sectors because they lead to an increase in the size of the tax base, relying on a consistent and unified tax system for taxes that helps to implement tax laws and legislation effectively.

Keywords

The Iraqi tax system:

The tax legislation in Iraq is one of the oldest legislation in the world if there is a reference to the levies and taxes in the ancient Iraqi antiquities as well as the Islamic system and the legislation pertaining to the imposition and collection of taxes and then the tax legislation under the Ottoman government on Iraq and then the tax legislation in Iraq after the establishment of the modern government and it was the first Tax law in Iraq, Law No. (52) of 1927.

Tax personality: Tax personality is one of the important principles in achieving tax justice in addition to the principle of equality and tax generality. Tax personality means taking into account the personal circumstances and financial position of taxpayers.

General tax: It is the imposition of tax on all individuals within the state, whether they are residents of the state or residents in it, in view of their benefit from the public services provided by the state.

Double taxation: is the imposition of the same tax more than once on the same tax base and the same taxpayer during the same period of time

An introduction

Taxes are considered one of the most important sources of public revenues in financing the general budget in Iraq, because through them, financial revenues can be provided to finance public expenditures because they are stable compared to other revenues such as oil revenues. Fiscal policy in the state through which it can solve economic problems such as inflation and solve social problems by redistributing income among members of society, but the role of tax laws and legislation in Iraq was limited in achieving economic and social goals due to the low percentage of tax revenues in financing the general budget and appropriation Oil revenues are largely used to finance public expenditures.

The importance of the research: The importance of the research comes from the role and importance of tax revenues in financing public revenues, as well as its role in solving economic and social problems.

The research problem: The research problem is evident in the weakness of tax revenues and their low percentage in public revenues.

The research hypothesis: - The research stems from a hypothesis that amending tax laws and legislation and reducing duplication leads to an increase in tax revenues and an increase in its percentage in public revenues.

The research objective: - The research aims to know the role played by the tax system in Iraq through tax laws and legislation to increase tax revenues in public revenues, in addition to showing the relative importance of tax revenues in public revenues.

The research temporal and spatial boundaries :

The spatial boundaries:

The reality and analysis of tax financing for the public budget in Iraq

The Temporal Boundaries : Duration (2004-2021)

Research methodology: For the purpose of achieving the objectives of the research, the descriptive analytical approach was adopted using the method of inference and extrapolation. It solves general phenomena, devises the effects and results resulting from them, then analyzes the historical data and extrapolates the economic reality.

The structuring the research: The research consists of two sections. The first section includes the Iraqi tax system. The second research includes tax analysis and a percentage of contribution to public revenues in Iraq.

The first topic: the Iraqi tax system and its position on tax justice.

The first requirement: the Iraqi tax system and equality before taxes

First: the Iraqi tax system :

The tax legislation in Iraq is one of the oldest legislation in the world if there is a reference to the levies and taxes in the ancient Iraqi antiquities as well as the Islamic system and the legislation pertaining to the imposition and collection of taxes and then the tax legislation under the Ottoman government on Iraq and then the tax legislation in Iraq after the establishment of the modern government and it was the first Tax Law in Iraq Law No. (52) of 1927 amended this law and after that it was canceled and Law (36) of 1939 was issued, then followed by Law (85) of 1956 and after it Law (95) of 1959 which was issued after the end of the monarchy in Iraq and the establishment of the system The Republican adopted it, and then Law No. 113 of 1982 came after it, and it is still in force and that the Iraqi tax system is similar to many tax systems in the rest of the world, as it consists of direct taxes (income tax, real estate tax, and property taxes) and indirect taxes (customs tax, production and sales tax) (1).

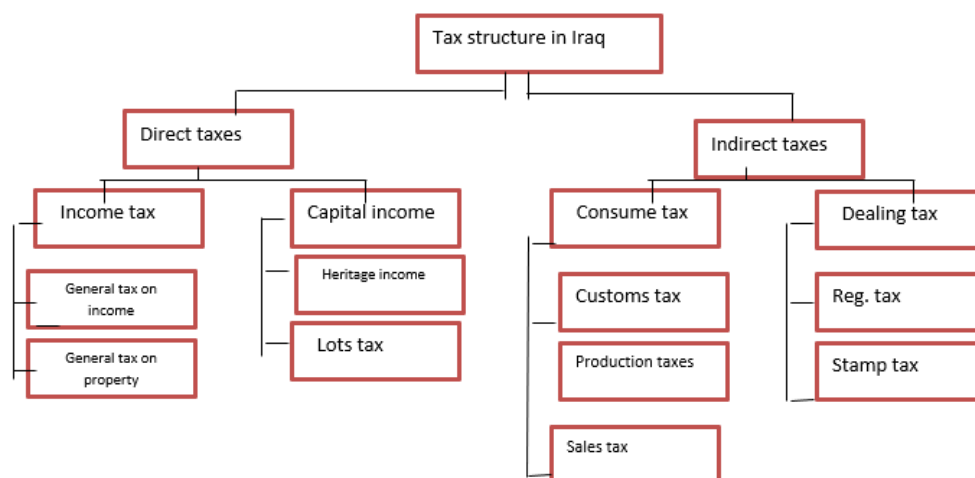


Figure (1) Direct and indirect taxes in Iraq

Second: the concept of equality and its characteristics



1- The concept of equality: Equality before taxes is one of the most important pillars of tax justice. Equality means distributing the tax burden on individuals charged with paying taxes according to their income and financial ability to pay according

1) Emad, Public Finance, Ministry of Higher Education and Scientific Research, Madinat Al-Ilm University College, 1st edition, 2014, p. 227.

A unified tax system does not differentiate between taxpayers, whether the taxpayer is a natural or legal person, and this does not conflict with exempting those with limited incomes from the tax burden (tax performance) or with the tax escalation rule ⁽¹⁾.

When referring to the tax legislation, the researcher believes that the Iraqi legislator has moved away from the principle of equality before taxes, especially in some exemptions from various taxes, the most important of which are:

A. When referring to Article 5 of the amended Income Tax Law No. (123) for the year 1982, the income of workers in state departments is exempted from income tax, but the income of workers in state departments was subject to income tax according to the decision of the (dissolved) ⁽²⁾

Coalition Provisional Authority No. (48) for the year 2003.). The researcher agrees with the decision of the Coalition Provisional Authority No. (48) for the year 2003 as long as the worker in the state receives a salary or wages for his work and that the worker in the private sector receives a salary or wages for his work.

If all workers in the public and private sectors are equal in imposing taxes on their income, this will achieve tax justice.

B . When referring to Article (7) of Income Tax Law No. (113) for the year 1982, some exemptions were received, including the exemption for entry to premium and first-class hotels established in Baghdad for a period of five years and the rest of the provinces for a period of seven years, and here the legislator fell into the problem of double taxation because these hotels Subject to real estate tax in accordance with Law (162) of 1959 amended ⁽³⁾.

The researcher considers the Iraqi project to reconsider the exemption decided for the income of the first- and first-class hotels so that the exemptions are permanent and not temporary.

2. Characteristics of equality before taxes ⁽⁴⁾.

(1) Muhammad Abdel-Al-Sinari, The General Theory of Public Rights and Freedoms, 1st edition, The Legal Library, Cairo, without a year of printing, p. 113.

(2) Article (5) Iraqi Income Tax Law No. (113) of 1982, as amended.

(3) Article (7) Iraqi Income Tax Law No. (113) of 1982, as amended.

(4) Rifaat al-Mahjoub, Public Finance (public expenditures and public revenues), Arab Renaissance Library, Cairo, 1981, pp. 327-330.

A. Equality before taxes is relative, not absolute: This means that equality is between taxpayers who have the same conditions, whether legal or financial, and there is no equality between taxpayers who do not have the same conditions. ⁽¹⁾

B. Equality before taxes does not discriminate between citizens and foreigners residing in the country: taxes are imposed on all residents within the political borders of the state in accordance with laws and regulations and take into account the financial capacity of the taxpayers without distinguishing between foreigners and the original citizens of the state.

C. Equality before taxes is seen in the total number of taxpayers, regardless of the category that deviates from the principle of equality: equality is not understood through equality between a specific category of taxpayers, such as the category of employees or merchants, but equality is the non-discrimination between taxpayers who are subject to one tax burden (the same tax on all taxpayers).

The second requirement: the general tax

It is the imposition of a tax on all individuals within the state, whether they are residents or residents of the state due to their benefit from the public services provided by the state ⁽²⁾.

According to Income Tax Law No. (113) for the year 1982 in Article (7) a set of exemptions are stipulated, as well as in Article (3) of the Real Estate Tax Law, the most important of which are:

1. Exemptions for political reasons.



(1) Abdel-Aal Al-Sakban, *An Introduction to the Science of Public Finance and Public Finance in Iraq*, Part One, Foundation for Printing and Publishing Books, University of Mosul, 1976, pp. 170-173.

(2) Looking at:

- Article 2 of Income Tax Law No. (113) of 1982.
- Article (7) Paragraph (17, 4, 7, 10).
- Paragraph (3) of the amended Real Estate Tax Law (162) of 1959.

A. Entry of international organizations in Iraq.

B. Salaries and allowances paid by the United Nations and foreign representations to their employees.

C. Not in the year 2003 did the Coalition Provisional Authority add exemptions to the Coalition Authority and its foreign workers, whether they were employees or contractors under Order No. (49) of 2004.

D. Exemptions for all state real estate, as well as real estate belonging to public institutions.

H. And in Article (55) of the Customs Law, what is imported by the President of the Republic and the Presidential Court and what is imported by diplomatic bodies and foreign consulates is exempted. The researcher believes that it is necessary for the Iraqi legislator to reconsider the exemptions granted because this is inconsistent with the principle of general taxation and does not achieve tax justice.

2. Exemptions for economic goals (1):

a. Article 2 of the Income Tax Law No. (113) of 1982 provides for the exemption of some activities for economic purposes, including exemption of the entry of natural persons from interest on their deposits with banks, as well as the taxpayers' profits accrued from poultry farms and hatcheries, and the exemption of entry to hotels of premium and first grades for a specific period of five years. Years.

B. Real estate tax exemptions and estates to achieve economic goals, as the Iraqi legislator exempted in Article (3) of the real estate tax law real estate intended for agricultural housing and real estate used for the purposes of preserving agricultural crops or sheltering livestock. The researcher agrees with economic exemptions because this leads to improving the economic conditions in the country.

3. Social goal exemptions

Among the most important exemptions for social goals are (2):

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- Paragraph (3) of the amended Real Estate Tax Law (162) of 1959.

(1) Looking at:

- Article 2 of Income Tax Law No. (113) of 1982.
- Paragraph (3) of the amended Real Estate Tax Law (162) of 1959.

(2) Looking at:

- Paragraphs (3, 8, 12) of Article (7) of Income Tax Law No. (113) of 1982.
- Paragraph (3) of the amended Real Estate Tax Law (162) of 1959.

A. Exempting the entry of institutions, bodies, and associations that lead to achieving a public benefit and serve the community, as Paragraph (3) of Article (7) of the Iraqi Income Tax Law No. (113) of 1982 provides for the exemption of income (endowments, temples, religious institutes, and charities). As Paragraph No. (12) of the same article stipulates an exemption from entering (cooperative societies). Paragraph (8) of the same article also stipulates an exemption from entering institutions that perform public services for society, such as (municipalities, electricity and transportation).

B. In Article (3) of the Real Estate Tax Law, the Iraqi legislator approved the exemption of real estate for housing purposes, government real estate, and real estate for charitable institutions.

C. In Article (155) of the Customs Tax Law No. (23) of 1984, the Iraqi legislator exempted the personal effects, tools and household furniture of Iraqis coming to reside in Iraq as well as travelers. The researcher believes that it is necessary to reconsider the exemptions granted to religious endowments and charitable associations or to control them due to the high capital and

their holdings. Likewise, customs exemptions granted to Iraqis only in Article (155) must include foreigners residing in Iraq in order to achieve tax and social justice.

The third requirement: the tax personality

Tax personality is one of the important principles in achieving tax justice in addition to the principle of equality and tax generality. Personal tax means taking into account the personal circumstances and financial position of taxpayers ⁽¹⁾.

The Iraqi legislator was very keen on achieving tax justice, as he took into account the social and personal conditions of the taxpayer, granting a minimum living allowance, as well as granting allowance for the burdens borne by the taxpayer for the wife and children, and granting allowance for the elderly ⁽²⁾.

The fourth requirement: no double taxation

- Article (155) of the Customs Tax Law No. (23) of 1984.

(1) Adel Fleih Al-Ali, Public Finance and Tax Financial Law, Dar Al-Tharaa for Publishing and Distribution, Mosul, 2nd Edition, Part 1, 2011, pp. 201-202.

(2) Raed Naji Ahmed, The Science of Public Finance and Financial Legislation in Iraq, Al-Atak for the Book Industry, Cairo, 2012, p. 97.

First: The concept of double taxation and the conditions for its realization

1. The concept of double taxation: is the imposition of the same tax more than once on the same tax base and the same taxpayer during the same period of time ⁽¹⁾.

2. Conditions for achieving double taxation ⁽²⁾.

a. Unity of the imposed tax: In order for the phenomenon of double taxation to be achieved, the taxes imposed on the same money must be of the same nature. If there is a difference in the imposed taxes, whether in nature or type, this denies the existence of double taxation. The income of the same person but from another activity such as commercial activities.

B. Unit of the person charged with the tax: the phenomenon of double taxation is achieved if the same person bears the tax burden more than once and on the same money, i.e. the same person is the one who bears the tax more than once, otherwise there is no double taxation.

C. Taxable money unit: In order to achieve the phenomenon of double taxation, the tax should not be imposed on the same person more than once. The tax must be imposed on the same money for several times. For example, "if the same person charged with paying the tax pays a tax on the income generated from self-employment, such as law or fishing, and pays a tax on his income on the output from his work as an employee. In this case, there is no double taxation phenomenon with regard to the unity of the person charged with paying taxes because the source of funds differs.

D. Only the period for which the tax is due: In addition to the three previous conditions, it alone stipulates the period during which the tax is imposed more than once. If the tax is imposed, for example, on the taxpayer's income in one year, then it is imposed again on his income in another year, double taxation will not be achieved.

Second: Types of double taxation and its causes

1. Types of double taxation Double taxation can be divided into several types, the most important of which are:

A. Double taxation in terms of territorial scope:

(1) Noor Hamza Hussein, international double taxation and ways to remedy it, Faculty of Law, Al-Mustansiriyah University, Journal of Legal Sciences, University of Baghdad, first issue 2020, p. 270.

(2) Nasser Murad, The Effectiveness of the Tax System Between Theory and Practice, 2nd edition, University Press, Algeria, p. 131.

- **The internal double taxation:** This type of double taxation occurs within the political borders of the state and is due to legislative or administrative errors, and it is of two types, intended and unintended ⁽¹⁾.



- International (external) double taxation: This type of double taxation is outside the political borders of the state, where the same tax is imposed on the same money and for the same period of time, and it is due to the difference in legislation between countries and the lack of prior coordination between them ⁽²⁾.

B. Double taxation in terms of intentional occurrence:

Intentional double taxation: The tax legislator deliberately creates this type of double taxation against the taxpayers, and its aim is to support the state treasury with additional taxes to bridge a financial deficit or to limit some economic activities.

- Unintentional double taxation: This type of double taxation occurs unintentionally from the authorities charged with tax collection and is due to a deficiency or defect in the tax law.

- (tax legislation) or lack of cooperation and coordination between countries, and this type of double taxation takes place at the international level more than the local or internal level ⁽³⁾.

2. Reasons for double taxation

A. Internal causes of double taxation: .⁽⁴⁾

- Legislative reasons: These reasons are represented by the lack of coordination between the different tax laws within the country, and in many cases some legislation or tax laws conflict with each other, which leads to the subjection of some funds to more than one tax of the same type ⁽⁵⁾

(1) Income Tax Law No. (113) of 1982 amending Article (12), Paragraph (1).

(2) Abbas Lafta Hamid, The Problematic of Double Taxation in Iraq, Master Thesis, The Islamic University of Lebanon, Faculty of Law, 2015, pp. 17-18.

(3) Mohamed Bragg, The Role of Tax Policy in Stimulating Foreign Direct Investment, Algeria Case Study, PhD thesis in Economic Sciences, Faculty of Economic Sciences, Commercial Sciences and Management Sciences Algeria, 2016, p. 103.

(4) Muhammad Taqa, Huda Al-Azzawi, Economics of Public Finance, 2nd Edition, Dar Al-Maysarah for Publishing and Distribution, Amman, Jordan, 2010, p. 118.

(5) Fulayh Hassan Khalaf, Public Finance, 1st edition, 2008, p. 194.

The financial reasons: Because of the increasing financial burdens, the state is expanding in imposing taxes, so the tax is imposed more than once on the same money, or similar taxes are imposed on the same money. Also, in the case of the state's desire to distinguish between different categories of financiers in a financial transaction, it imposes an additional tax on a specific group as well. A general tax imposed on all classes of society.

Administrative reasons: These reasons are represented by the state allowing the local financial authorities to impose local taxes by these authorities on the financial vessels subject to central taxes imposed by the central authority (the capital of any country).

B. The most important external causes of double taxation:

- Progress in the arts of production: which led to the emergence of industries carried out by companies that carry out their economic activities in more than one country, because the local market is not sufficient to sell their products. This makes it vulnerable to double taxation because it imposes a tax on its profits in more than one country at the same time. An example of this is multinational companies that operate in many countries.

- The progress and spread of modern transportation: which led to the ease of movement of capital and manpower between different countries.⁽¹⁾

- The absence of coordination between countries in tax matters: which makes every country see itself as having the right to impose taxes.

Third: Means of dealing with double taxation

1. Means of dealing with internal double taxation ⁽²⁾:

Internal double taxation occurs through a lack of coordination between internal tax rules and legislation within the same country or for administrative reasons. Here, this double taxation can be addressed by amending tax laws and legislation, as well as not allowing local authorities within the country to impose taxes without referring to the central authority.



(1) Ammar Yassin Kazem Al-Bayati, International Double Taxation Disputes and the Basis of International Liability, College of Law and Political Science, Diyala University, Journal of Human and Natural Sciences, Volume 2, Issue 4, 2021, p. 140.

(2) Adel Fleih, Public Finance, Financial and Tax Law, 2nd edition, previous source, 2011, p. 226.

2. Means of handling international (external) double taxation.

A. internal legislation. The state can avoid double taxation by imposing taxes on funds within its territory and on the profits achieved within its political borders only ⁽¹⁾.

B. The International Convention: The interest of many countries in the problem of double taxation and how to avoid this problem through international bodies and organizations, the problem of double taxation and avoiding this double taxation and addressing this problem is the most important of these bodies ⁽²⁾.

1. The Institute of International Law and the Avoidance of Double Taxation.

2. League of Nations and avoidance of double taxation.

3. The International Chamber of Commerce and the avoidance of international double taxation.

4. The United Nations avoid international double taxation.

5. The Organization for Economic Cooperation and Development avoids international double taxation.

6. European countries and international avoidance of double taxation.

7. The League of Arab States and to avoid international double taxation.

(1) Abbas Muhammad Nasrallah, The General Theory of Tax and Tax Legislation, first edition, Beirut, Lebanon, 2015, p. 100.

(2) Khaled Saad Zaghloul, Conflict of Laws in the Tax Field, An Applied Study in Kuwaiti Law and Civil Law, Academic Publishing Council, Kuwait University, 2007, pp. 64-88.

The second topic: the development of taxes and the general budget in Iraq for the period (2004-2021)

The first requirement:

the most important laws and tax legislation in Iraq and the amendments to laws and legislation after 2003

First: The most important tax laws and legislations in Iraq

The laws and legislation in force under which the Iraqi tax system operates are as follows ⁽¹⁾:

1. Income Tax Law No. (113) of (1982)

2. Real Estate Tax Law No. (162) of (1959)

3. Pitch Tax Law No. (162) of (1962)

4. The General Authority of Customs operates under the amended Customs Law No. 23 of 1984. and Customs Tariff Law No. 22 of 2010 as amended

5. Sales Tax Law No. 36 of 1997 on restaurants and hotels

6. Real Estate Transfer Tax Resolution No. 120 of 2000

7. Arab Investment Law No. 62 of 2002 This law grants several exemptions and tax privileges to the Arab investor in order to encourage Arab investments in the process of economic development in Iraq

8. Investment Law No. 13 of 2006 on 2016: 19 _ 20

9. Inheritance Tax Law No. 64 of 1985 (this law was repealed by Law No. 22 of 1994 and remained applicable to deaths occurring within the effective period)

10. The law imposing an income tax on foreign oil companies contracting to work in Iraq, Law 19 of 2510, according to which an income tax of 35% is imposed on the income generated in Iraq by the companies contracting to work in Iraq.

11. Articles related to sales tax on mobile phone and internet cards included in the budget laws for the years 2015 (2016...2017)



(1) look at :

— Omar Khalaf, Reforming the tax system in Iraq, the necessity of maximizing revenues, Iraqi Ministry of Finance, Economic Department, Tax Policy Department, 2017, p. 8.

—Amir Hashem and Muhammad Salman, Reforming the tax system in Iraq as an entry point to the stability of financial returns, Al-Mustansiriya Journal of Arab and International Studies, Volume 56, Al Udeid 56, for the year 2017, p. 322.

Second: Amendments to tax laws and legislations after 2003

After 2003, the government instituted a set of reforms that included amending laws and issuing new laws in the short term (through a law for the general budget), the most important of which are (1):

1. After the change in the Iraqi political system in the year 2004, work on the tax system was suspended by Resolution No. 37 by the Coalition Provisional Authority, then it was reinstated in April of 2004 and in the same year the Coalition Provisional Authority issued Resolution No. 49 reducing the income tax rate from 60% to 40 % and three levels of 5 %, 10%, 15% and also reduced the property tax rate from 35% to 10%.

2. Law No. 10 of 2007, which includes the amendment of the Income Tax Law No. 113 of 1982. This amendment prevented the courts from hearing lawsuits related to the imposition of taxes.

3. In the year 2007, instructions were issued to deduct the income tax, and the deduction would be in a direct manner, and these instructions were organized to deduct the tax on wages, salaries, and allowances of state employees.

4. In the year 2008, tax accounting instructions related to contracts concluded between Iraqi and foreign contracting parties were issued, and they included in the first chapter (supply contracts) and how to deal with them in terms of considering the contract as trading in Iraq, and then subjecting the contract to income tax.

5. In the year 2009, the income tax law was amended, and this amendment led to an increase in the insurance premiums mentioned in the law on deductions. Then the deduction for life insurance premiums was increased to 1000000 dinars, and the other source of income was also 1000000 dinars. This encourages taxpayers to insure their lives or sources Taxable income.

6. Law No. 19 of 2016, which includes an income tax imposed on contracting foreign oil companies

(1) look:

— Razzaq Dhiab and Abbas Asfour, Tax reform is one of the necessities of economic transformation in Iraq, Al-Muthanna Journal of Administrative and Economic Sciences, Al-Muthanna University, Volume 2, Number 2, 2012, p. 87.

— Omar Khalaf, Reforming the tax system in Iraq, the necessity of maximizing revenues, previous source, 2017, p. 18.

6. Law No. 19 of 2016, which includes an income tax on foreign oil companies contracting in Iraq, and this law subjected the income of foreign companies contracting to work in Iraq to a year of 35%, and those working in the production and extraction of oil and gas.

7. In the Budget Law of 2016, sales tax was imposed on internet and mobile phone services at a rate of (20%).

8. At the beginning of 2016, the Customs Definition Law No. (22) was implemented in 2010, and it had a clear role in increasing customs revenues.

9. Imposing an airport tax in the amount of (25,000) dinars for each ticket at all airports, and this was in a law in the general budget (2016-2017)

10. The 2017 budget included an increase in the real estate tax rate from 10% to 12%.

The second requirement: analysis of public taxes in Iraq for the period (2004-2021).

First: direct tax analysis

1. Income tax

The income tax is one of the most important direct taxes in Iraq, as the first income tax law in Iraq No. (52) of 1927 was issued, then it was canceled and replaced by several other laws, the latest of

which was Law No. 113 of 1982, which became effective as of the fiscal year 1983, then several amendments were made to it And that the law currently in force is Income Tax Law No. 113 of 1982, as amended ⁽¹⁾.

The income tax in Iraq is characterized by several characteristics, the most important of which are:
A. Personal tax: It takes into account the personal and social circumstances of the taxpayers, such as the minimum standard of living or the family burdens borne by the taxpayer on behalf of his family (wife and children).⁽²⁾

(1) Abdel Raouf Nehme, Notes on the Income Tax Law in Iraq No. 113 of 1982, Journal of Legal Sciences University of Baghdad, Volume 23, Number 1, 2008, p. 27.

(2) See: Income Tax Law No. (113) of 1982 amending Article 1, Paragraph 3, and Article 12, Paragraph 1.

B. Progressive tax: an incremental tax rate is imposed that increases as the income of the taxpayer increases. The Iraqi legislator took the incremental rate in order to achieve tax justice, and the tax rates are as follows:

From 1 dinar to 500 thousand dinars 3%

From 500 thousand to 1 million 5%

From 1 million to 2 million 10%

From 2 million or more 15%

c. Annual tax: It is accounted for with those charged with paying the tax during one fiscal year.

Dr.. It relies on the principle of regional taxation: the Iraqi project adopted the principle of regional taxation, subjecting the income generated inside Iraq to the income tax, that is, the tax is imposed on the income generated inside Iraq, regardless of the nationality of the taxpayer and his place of residence.


H. A tax imposed on the net income: In order to achieve tax justice, the Iraqi legislator relied on the net income method in imposing the tax, and the net income is the sum of the income minus the costs incurred by the taxpayer.

And the. Income tax includes work and capital: the sources of income on which the tax is imposed vary. Sometimes it is from work, such as income from salary and wages, and once from capital, such as renting agricultural land and transferring ownership of real estate, and sometimes it is mixed income from work and capital, such as commercial and industrial profits.

Table (1)

Income tax contribution to direct tax revenues in Iraq for the period (2004-2021) million dinars

Year	Income tax year 1	Annual growth rate of income tax 2	Total direct taxes 3	Income tax to direct tax ratio 4
2004	69031	—	73568	93.832
2005	174224	152.385	184071	94.650
2006	296283	70.058	306872	96.549
2007	427639	44.334	438931	97.427
2008	504055	17.869	525251	95.964
2009	568220	12.729	603040	94.225
2010	671928	18.251	722264	93.030
2011	821206	22.216	873540	94.008
2012	1087084	32.376	1146943	94.780
2013	1294589	19.088	1357833	95.342
2014	1403159	8.386	1463998	95.844
2015	1525233	8.699	1592410	95.781
2016	2283547	49.717	2358502	96.821
2017	3349538	46.681	3440218	97.364



2018	2539008	-24.198	2635334	96.344
2019	2410951	-5.043	2496990	96.554
2020	655776	-72.800	742786	88.285
2021	864210	31.784	964181	89.631
Average annual growth rate		24.029		94.800

Source: Prepared by the researcher based on.

Republic of Iraq, Ministry of Finance, Budget Department, General Commission for Taxes, Planning and Follow-up Department of Tax Revenues (2004-2021)

Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

Columns prepared by the researcher (2-4)

annual growth rate

The annual growth rate is calculated through the following equation.

compound growth rate

The compound growth rate is calculated through the following equation.

Income tax compound growth rate = 14.912

We note from table (1) the percentage of income tax contribution to direct taxes, as it constituted the largest part of direct taxes, and its rate was more than 88% during the study period (2004-2021). 93,832) from direct taxes, and in the year 2005 it achieved an amount of (174,224) million dinars, an annual growth rate of (152,385) and a contribution rate in direct taxes of (94,650) and the income tax continued for subsequent years with a very effective contribution in the year 2006, it achieved An amount of (296,273) million dinars, a growth rate of (70.058%), and a percentage of contribution from direct taxes (96,549%). 97.423%) and in 2008 it achieved an amount of (504055) million dinars, a growth rate of (17.869) and a contribution rate of (95.964%) and in 2009 it achieved an amount of (569220) million dinars and a growth rate of (12.729). Its percentage is from the direct tax group (94,225), and in 2010 it achieved an amount of (671,928), a growth rate of (18,251), and a contribution rate of (93,030).) and the percentage of contribution (97,364), and then after that it began to decrease in the year 2019, it reached (2410951) and a growth rate (-5,043) and its contribution was (96.554%) and in the year 2020 it achieved an amount of (655776) million dinars and a growth rate Negative amounted to (-72.800), and the contribution rate amounted to (88.285), which is the lowest percentage during the study period, due to the Corona crisis, which affected revenues in general and tax revenues in particular, and in the year 2021 it achieved an amount of (864210) million dinars and an average An annual growth rate of (31,784) and a contribution rate of (89,631). The average annual growth rate during the study period was (24,029).

2. The real estate and estate tax :

The real estate tax: - It is one of the types of direct taxes that are imposed on the total annual revenues (income) obtained by the taxpayer from real estate, with the exception of the residence house. After the British occupation, the property tax law (49) for the year 1923 was issued, and in the year 1927 the government put in place the landlord tax law (35), and in the year 1940 the landlord tax law No. (17) was promulgated. (162) for the year 1959 ⁽¹⁾.

It made a number of amendments to this law, the most recent of which was the amendment of the Provisional Coalition Authority by Order No. (49) of 2004 according to which the real estate tax became unified at a rate of (10%) ⁽²⁾.

Al-Arsat tax: It is a type of direct and modern tax in Iraq. It was imposed for the first time with the issuance of Law No. (15) for the year 1940 and is currently subject to Law No. (26) for the year 1962. Al-Arsah is defined as land that is not used for housing purposes, and no building has been built on it, and that is not used for investment purposes ⁽³⁾.

(1) Article (1), Paragraph (9), and Article (35) of the Real Estate Tax Law No. (162) of 1959.

(2) Iraqi Gazette, No. 3890, 2001.

(3) Iraqi Gazette, Issue 4363, for the year 4/5/2015 AD.

Table no. (2)

Contribution of real estate and property tax to direct tax revenues in Iraq for the period (2004-2021) million dinars

Year	the real estate tax and the deals	1 annual growth rate of real estate tax and lots	2 direct taxes	3 Ratio of real estate and property tax to direct taxes 4 1/3
2004	4537	—	73568	6.167
2005	9847	117.037	184071	5.349
2006	10589	7.535	306872	3.450
2007	11292	6.638	438931	2.572
2008	21196	87.708	525251	4.035
2009	34820	64.276	603040	5.774
2010	50336	44.560	722264	6.969
2011	52334	3.969	873540	5.991
2012	59859	14.378	1146943	5.219
2013	63244	5.654	1357833	4.657
2014	60839	-3.802	1463998	4.155
2015	67177	10.417	1592410	4.218
2016	74955	11.578	2358502	3.178
2017	90680	20.979	3440218	2.635
2018	96326	6.226	2635334	3.655
2019	86039	-10.679	2496990	3.445
2020	87010	1.128	742786	11.714
2021	99971	14.895	964181	10.368
Average annual growth rate		22.360		5.197

Source: Prepared by the researcher based on.

Republic of Iraq, Ministry of Finance, Budget Department, General Commission for Taxes, Planning and Follow-up Department of Tax Revenues (2004-2021)

Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

Columns prepared by the researcher (2-4)

The compound growth rate for real estate and real estate tax = 18,541

Table (2) shows the contribution of real estate and property tax to direct tax revenues during the study period (2004-2021). An amount of (9848) million dinars, an annual growth rate of (117,037) and a contribution rate of total direct taxes amounting to (5,349) and in 2006 it achieved an amount of (10598) million dinars, an annual growth rate of (7,535) and a contribution rate of (3.450) and in 2007 it achieved an amount of (11292) million dinars and an annual growth rate of (6.638) with a contribution rate of (2.572) and in 2008 it achieved an amount of (21169) million dinars and an annual growth rate of (87. 708) and a contribution rate of (4.035) and in the year 2009 it achieved a financial amount of (34820) million dinars and an annual growth rate of (64.276) and a contribution rate of (5.774)

In the year 2010 it achieved an amount of (50336) million dinars An annual growth rate of (44,560) and a contribution rate of (6,969). Real estate and property tax achieved a financial amount of (52334-59859-63244) million dinars, with an annual growth rate of (3.969-14.378-5.654).) and contribution ratios amounting to (5,991 – 5,219 – 4,657) respectively for the years (2011 – 2012 –

2013) and in 2014 it achieved an amount of (60,839) million dinars and an annual growth rate of (-3,802) with a contribution rate It amounted to (4.155), and this decline is due to the poor security situation and tax evasion. In the following years, respectively (2015-2016-2017-2018) it achieved amounts of (67177-74955-90680-96326) million dinars, and annual growth rates amounted to (10.417–11,578–20,979–6,226) and contribution ratios amounted to (4,218–3,178–2,635–3,655). (86039) million dinars, a negative annual growth rate of (-10.679) and a contribution rate of (3.455) and an amount of (87010 – 99971) million dinars, an annual growth rate of (1.128 – 14.895) and a contribution rate of (14.895 – 1.128) (11.714- 10.368), respectively, for the years 2020 and 2021. The average annual growth rate during the study period was (22.360), and the real estate and property tax contribution rate was fluctuating up and down during the study period (2004-2021), noting that it had the highest rate in 2020, which is (11.714), and the lowest rate in 2007, which is (2.572).

Second: indirect taxes

1. Customs taxes: The customs tax in Iraq went through different stages in which the legislation and laws related to the customs tax changed. In the era of Ottoman control over Iraq, the term (customs) was used, which is what money is deducted from the goods and services imposed on it by the customs law, and during the British control over Iraq The Indian Customs Law No. 8 of 1878 was applied, as well as the issuance of the Customs Tariff Statement No. 19 of 1919, which is the first attempt in modern Iraqi history in the field of organizing the collection of customs taxes until 1931, when the Customs Law No. 56 of 1931 was issued, which abolished the Customs Law Al-Hindi included rules and laws similar to most of the laws in force in the world, and after Iraq gained independence and its accession to the League of Nations in 1932, then the customs definition law No. 1 of 1933 was issued, after which the emergency tax was imposed according to Law No. 7 of 1940, according to which additional fees were imposed On coffee, sugar, and some important commodities and textiles, their value is (10-25%). Then this law was thrown in 1948, and after that the customs definition law No. 77 of 1955 was imposed, and in the year 1984 the customs law No. 23 of 1984 was issued, according to which the customs law was abolished No. 56 of 1931, and work continued under the Customs Law of 1984, as well as the Customs Definition Law No. 77 of 1955 until 2003, after which they were suspended and compensated for with the Iraq reconstruction tax at 5% of the value of imported goods subject to customs duties, according to CPA Order No. 38 For the year 2003, as well as Coalition Authority Order No. 54 for the year 2004, provided that the age tax is applied as of 4/15/2004 ⁽¹⁾.

(1) Looking at:

Ali Al-Zubaidi, Tax Policy in Iraq and Priorities of Objectives with a Reference to Customs Taxes, Journal of Economic Studies, House of Wisdom, Baghdad, Issue 15, 2002, p. 37


- Sattar Jaber Omran, The Problematic of Implementing the Customs Tariff Law No. 22 of 2010 in Iraq, University College of Heritage Journal, Issue 18, 2015, p. 339-340

– Al-Waqe' Al-Iraqiya Newspaper, Al-Udeid 3980, for the year 2004 AD

Table (3)

The contribution of customs taxes to indirect tax revenues in Iraq for the period (2004-2021)
million dinars

Year	Customs taxes 1	Customs tax growth rate 2	Total indirect taxes 3	The ratio of customs taxes to indirect taxes ¼
2004	81020	—	81314	99.638
2005	118176	45.860	290794	40.639
2006	219032	85.343	282779	77.456
2007	229076	4.585	662572	34.573
2008	376539	64.372	435678	86.425



2009	590688	56.872	1114975	52.977
2010	565718	-4.227	1002818	56.412
2011	436714	-22.803	534545	81.698
2012	517867	18.582	1486253	34.843
2013	596643	15.211	2062144	28.933
2014	514636	-13.744	2799684	18.381
2015	416358	-19.096	4645318	8.962
2016	647428	55.510	1651777	39.195
2017	1764507	172.541	2336382	75.523
2018	2261108	28.143	2902040	77.914
2019	2381102	5.306	2995950	79.477
2020	2035472	-14.515	3989219	51.024
2021	1002519	-50.747	2673160	37.503
Average annual growth rate		23.732		54.531

Source: Prepared by the researcher based on.

Republic of Iraq, Ministry of Finance, Budget Department, General Commission for Taxes, Planning and Follow-up Department of Tax Revenues (2004-2021)

_ Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

_ Columns prepared by the researcher (2-4)

The compound growth rate of the customs tax = 14.838

Table (3) shows the contribution of customs tax to indirect tax revenues, and it constituted a percentage ranging between (30-80%) of indirect taxes during the study period (2004-2021), except for the following years (2013-2014-2015). (30%) and also in the year 2004, it was more than (90%).

The customs tax achieved in the year 2004 an amount of

(81020) million dinars and a rate of (99.638%) from indirect taxes. In 2005, it achieved an amount of (118176) million dinars, an annual growth rate of (45.860), and a contribution rate of (4.639), and in 2006 it achieved an amount of (219032) million dinars, an annual growth rate of (85,343), and a contribution rate of (77,456) .372–56,872) and a contribution rate of (34,573–86,425–52,977). In 2010 and 2011, customs revenues decreased, and this decline is due to the exemption of some goods from customs tax, as well as less control of border crossings by the central government. Especially the outlets in the Kurdistan Region of Iraq, where they achieved a successive amount of money amounting to (565718-436714) million dinars, an annual growth rate of (-4.227--22.803) and a contribution rate of (56.412-81.698), then it recovered and started With an increase in the years 2012 and 2013, as it achieved an amount of (517867-596643) million dinars, an annual growth rate of (18.582-15.211) and a contribution rate of (34.843-28.933) and in the years 2014 and 2015 due to war and instability Security situation We reduce the revenues, which are the lowest customs revenues achieved during the study period if they achieved an amount of (514636 – 416358) and an annual growth rate of (13.744 – - 19.096) and a contribution rate of (18.381 – 8.962), which is less Contribution percentage during the study period, and then it began to rise due to security stability and control of border crossings. In the years 2016, 2017, and 2018, respectively, it achieved an amount of (647428–1764507–2261108) million dinars, and an annual growth rate of (55,510 – 172,541–28 .143) and a contribution percentage amounting to (39,195 – 75,523 – 77,914) from indirect revenues, and in the year 2019 it achieved an amount of (2381102) million dinars, an annual growth rate of (5.306), and a contribution rate of (79,477). In the years 2020 and 2021, respectively, it achieved an amount of (2035472- 1002519) million dinars, a negative annual growth rate of (14,515- – 50,747-) and a contribution rate of (51,024- 37,513) due to the decrease in tax revenues Customs to the Corona pandemic and what caused the closure of the borders and the decrease in import and export. The average annual growth rate during the study period was (23.732).

2. Taxes on production: It is one of the indirect taxes imposed on spending, and the consumer often bears its burden in the end. It is imposed on different types of commodities according to their economic importance. The aim of imposing them is to achieve financial resources in addition to their social goals, such as taxes imposed on alcoholic beverages (alcohol). And cigarettes, the opportunity for a production tax before the year 1921 on tobacco, alcoholic beverages, and salt, and in the year 1928 when producing and refining Iraqi oil, a tax was imposed on fuel oil and gasoline, and in the year 1961, and according to Law (81), other commodities were added from oil products, which are car and machinery oils, and in the year 1967 it was expanded Production tax base, which included all types of petroleum products. In 1953, production tax was imposed on cement for the first time. In 1966, production tax was imposed on vegetable oils and their products such as soap and other detergents, as well as on sugar ⁽¹⁾. Several amendments were made to the production tax laws, the most important of which are:

A. Law No. (196) of 1978 according to which salt was exempted from tax.

B. Law No. (1452) of 1979 according to which all taxes imposed on cigarettes and tobacco as agricultural sweeteners or industrial products were abolished and a single production tax was imposed instead.

C. Law No. (83) of 1980 canceled the tax imposed on cement production, and thus cement is not subject to any tax.

D. Law No. (11) of 1982 canceled the collection of taxes imposed on sugar production and imposed a single production tax.⁽²⁾


H. Resolution (551) of 1984 according to which the taxes imposed on oils and detergents were abolished and a unified production tax was imposed on the basis of a ton for each product of these materials.

(1) Saud Jaber Mashkour and Aqil Hamid Jaber, Contemporary Introduction to the Science of Public Finance, previous source, p. 208.

(2) Iyad Abdel-Jabbar, and others, financial and commercial legislation, Dar Al-Taqni for printing and publishing, in 1985, pp. 185-191.

Table (4)
The contribution of taxes on production to indirect tax revenues in Iraq for the period (2004-2021) is one million dinars

Year	production tax	1 Excise tax growth rate	2 Total indirect taxes	3 The ratio of production tax to indirect taxes is 1/3
2004	249	—	81314	0.306
2005	172544	69.194	290794	59.335
2006	62676	-63.675	282779	22.164
2007	431622	588.655	662572	65.143
2008	56866	-86.825	435678	13.052
2009	525906	824.816	1119475	46.977
2010	436022	-17.091	1002818	43.479
2011	97030	-77.741	534545	18.151
2012	967287	896.894	1486253	65.082
2013	1462963	51.243	2062144	70.943
2014	2283785	56.106	2799684	81.572
2015	4097682	79.425	4645318	88.211
2016	471592	-88.491	1651777	28.550



2017	28952	-93.860	2336382	1.239
2018	94803	227.448	2902040	3.266
2019	555739	486.204	2995950	18.549
2020	1402100	152.294	3989219	35.147
2021	1283676	-8.446	2673160	48.020
Average annual growth rate	166.452	23.732		54.531

Source: Prepared by the researcher based on.

Republic of Iraq, Ministry of Finance, Budget Department, General Commission for Taxes, Planning and Follow-up Department of Tax Revenues (2004-2021)

Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

Columns prepared by the researcher (2-4)

Excise tax compound growth rate = 60.019

Table (4) shows the contribution of the production tax to indirect taxes and the growth rate during the study period, as it had an important role and constituted the highest percentage after customs taxes in the year 2004. It achieved an amount of (249) million dinars, and a percentage of contribution to indirect taxes amounted to (0.306%), which is the lowest percentage during the study period, and that was due to the conditions of occupation that the country went through and the security and economic instability it witnessed. In 2005, it achieved an amount of (172544) million dinars, an annual growth rate of (69.194), and a contribution rate of (59,336) and in the year 2006 it achieved an amount of (62676) million dinars and an annual growth rate of (-63.675) and a contribution rate of (22.164) and in the year 2007 it achieved an amount of (431622) million dinars and an annual growth rate of (588).655)

A contribution rate of (65.143) and in the year 2008 it achieved an amount of (56866) million dinars and an annual growth rate of (-86.825) and a contribution rate of (13.052) and in the year 2009 it achieved an amount of (525906) million Dinars, an annual growth rate of (824,816) and a contribution rate of (46,977). And the percentage of contribution amounted to (43,479 – 18,151) and in the years 2012, 2013, 2014 and 2015, respectively, it achieved amounts estimated at (967287 – 1462967 – 2283785 – 4097682) million dinars, and an annual growth rate amounted to (896,894 – 51,243 56.106 – 79.425) and a contribution rate of (65.082 – 70.943 – 81.572 – 88.222) and during this period the production tax revenues reached levels during the study period, as it reached the highest contribution rate of indirect revenues In the year 2015, this was due to the circumstances of the war on ISIS and the low oil prices, and in the years 2016 and 2017, it achieved an amount of (471592-28952) million dinars, respectively, and an annual growth rate of (-88,491--93,860) and a contribution rate of (28,560 – 1,239) and in 2018 it achieved an amount of (94,803) million dinars, an annual growth rate of (227,448) and a contribution rate of (3,226) and in 2019 it achieved an amount of (555,739) and an annual growth rate of (486.204) and a contribution rate of (18,549) and in the year 2020 and 2021, respectively, it achieved an amount of (1402100 – 1283676) million dinars, and an annual growth rate of (152,294 – 8,446-) and a contribution rate of (35,147 – 48,020) and the reason for its increase was the Corona crisis, the decrease in imports, and the dependence on local production, and the average annual growth rate during the study period was (166,452).

3. The sales tax: It is one of the indirect taxes imposed on imported goods and goods produced locally inside the country. A sales tax was imposed in Iraq according to Resolution No. (36) of the year 1977. This tax is characterized by shifting its burden entirely or partially to the consumer by raising the prices of goods based on the amount Tax⁽¹⁾.

The General Tax Authority also issued procedures that must be followed in accordance with Instructions No. (5) of 2015 ⁽²⁾.

a. Imposing a tax on all types of cars at a rate of 15%.

B. Tax on alcoholic beverages at 300%.

C. Imposing a tax on cigarettes and tobacco at a rate of 300%.

D . Tax opportunities on recharge cards for mobile phones and the Internet at a rate of 20%.

H. Imposing an airport tax of (25,000) thousand dinars for each foreign travel ticket.

(1) Ahmad Kazem, Haider Omran, Sales Tax between the Consumer and Tax Revenue, Journal of the College of Management and Economics for Postgraduate Studies, University of Babylon, Issue 4, year 2020, p. 397.

(2) Al-Waqi' Al-Iraqiya Newspaper, preparation (4352.4363.4394), for the years 2015, 2016.

Table (5)

Sales tax contribution to indirect tax revenues in Iraq for the period (2004-2021). Million dinars

Year	sales tax	1 Sales tax growth rate	2 Indirect taxes	3 The ratio of sales tax to indirect taxes is 1/3
2004	45	—	81314	0.055
2005	74	64.444	290794	0.025
2006	1071	1.347	282779	0.378
2007	1874	74.976	665272	0.281
2008	2273	21.291	435678	0.521
2009	2881	26.748	1119475	0.257
2010	1078	-62.582	1008218	0.106
2011	801	-25.695	534545	0.149
2012	1099	37.203	1486253	0.073
2013	2538	130.937	2062144	0.123
2014	1263	-50.236	2799684	0.045
2015	129189	10128.471	4645318	2.781
2016	532703	312.343	1651777	32.250
2017	542923	1.918	2336382	23.237
2018	546129	0.590	2902040	18.818
2019	59109	-89.176	2995950	1.972
2020	551647	833.270	3989219	13.828
2021	386965	-29.852	2673160	14.473
Average annual growth rate		632.094		6.076

Source: Prepared by the researcher based on.

Republic of Iraq, Ministry of Finance, Budget Department, General Commission for Taxes, Planning and Follow-up Department of Tax Revenues (2004-2021)

Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

Columns prepared by the researcher (2-4)

Sales tax compound growth rate = 64,586

We note from table (5) that in the year 2004 the sales tax achieved an amount of (45) million dinars, and its percentage to indirect taxes amounted to (0.055), and in the year 2005 it achieved an amount of (74) million dinars and an annual growth rate of (64.444) A contribution ratio of (0.025) and in 2006 it achieved an amount of (1071) million dinars .

an annual growth rate of (1.347) and a contribution ratio of (0.378) and in 2007 it achieved an amount of (1874) million dinars and an annual growth rate It amounted to (74.976) and a contribution rate of (0.281) and in 2008 it achieved an amount of (2273) million dinars and an annual growth rate of (21.291) and a contribution rate of (0.521) and in 2009 it achieved an amount of (2881)) million dinars, an annual growth rate of (26.748) and a contribution rate of (0.257). One million dinars, an annual growth rate of (-62.582) and a contribution rate of (0.106). Sales tax

amounted to (1099 – 2538 – 1263) million dinars, annual growth rates amounted to (37,203 – 130,937 – -50,236) and contribution rates amounted to (0.073 – 0.123 – 0.045)

Respectively for the years (2012–2013–2014) and sales tax amounted to (129189–532703–542923–546129) million dinars, an annual growth rate of (10128.471–312.343–1.918–0.590), and a contribution rate of (2.781 – 32,250 – 23,237 – 18,818) respectively for the years (2015 – 2016 – 2017 – 2018) and in 2019 it achieved an amount of (59,109) million dinars, an annual growth rate of (-89,176) and a contribution rate of (1.972) In the year 2020, it achieved an amount of (551,647) million dinars, an annual growth rate of (833,270) and a contribution rate of (13,828). In the year 2021, it achieved an amount of (386,965) million dinars, and a negative annual growth rate of (29.862-) and a contribution rate of (14.473). The reason for the increase in the sales tax proceeds is that the government imposes new taxes, which are the mobile phone tax, the Internet tax, taxes on alcoholic beverages and cigarettes, and an annual growth rate during the study period amounted to (632.094).

Table (6)

The amount of direct and indirect taxes, their growth rate, and the contribution of total tax revenues to public revenues in Iraq for the period (2004-2021) million dinars

year	total direct taxes	1 annual growth rate of direct taxes	2 Total indirect taxes	3 Gross annual growth rate of indirect taxes	4 total tax revenue	5 = 1 + 3 public revenues	6 The ratio of total tax revenues to public revenues is 5/6
2004	73568	—	81314	—	154822	32988851	0.469
2005	184071	150.205	290794	257.618	474865	40435740	1.174
2006	306827	66.689	282779	-2.756	589651	49055545	1.202
2007	438931	43.054	662572	134.307	1101503	54964850	2.004
2008	525251	19.665	435678	-34.244	960929	80641041	1.191
2009	603040	14.809	1119475	156.950	1722515	55243526	3.118
2010	722264	19.770	1002818	-10.420	1725028	70178223	2.458
2011	873540	20.944	534545	-46.695	1408085	103989089	1.354
2012	1146943	31.298	1486253	178.040	2633196	119817224	2.197
2013	1357833	18.387	2062144	38.747	3419977	113840076	3.004
2014	1463998	7.818	2799684	35.765	4263682	105609846	4.037
2015	1592410	8.771	4645318	65.922	6237728	94048364	6.632
2016	2358502	48.108	1651777	-64.442	4010279	81700803	4.908
2017	3440218	45.864	2336383	41.446	5676600	77422172	7.332
2018	2635334	-23.396	2902040	24.210	5537374	106569834	5.196
2019	2496990	-5.249	2995950	3.235	5492940	107567011	5.106
2020	742786	-70.252	3989219	33.153	4732005	63199689	7.483
2021	964181	29.806	2673160	-32.990	3637341	109081464	3.334
Average annual growth rate		23.682		43.213			3.459

Source: Prepared by the researcher based on.

The Central Bank of Iraq, statistics, for the years (2004-2021)

Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

The columns prepared by the researcher (2, 4, 5, 7)



Compound growth rate for direct taxes = 15.202

The compound growth rate of indirect taxes = 20.178

We note from table (6) the amount of direct and indirect taxes, their growth rate, and the percentage of tax revenues in public revenues.

The direct taxes :

In the year 2004 it achieved an amount of (73569) million dinars, and in the year 2005 it achieved an amount of (184071) million dinars and an annual growth rate of (150.205) and direct taxes during the study period witnessed a continuous increase due to the improvement of the security situation and the openness of Iraq to the countries of the outside world And the rise in oil prices all of this led to an increase in income. Direct taxes achieved amounts estimated at (306,827–438,931–525,251–60,3040–722,264) million dinars, and an annual growth rate of (66,689–43,054–19,665–14,809–19. 770) respectively for the years (2006-2007-2008-2009-2010) and in 2011 it achieved an amount of (873540) million dinars and an annual growth rate of (20.944) and direct taxes achieved an amount of (1146943-1357833-1463998) million dinars And an annual growth rate amounted to (31,298–18,387–7,818) respectively for the years (2012–2013–2014) and achieved an amount of (1592410–2358502–3440218) million dinars, and an annual growth rate amounted to (8.771–48. 108 – 45,864) respectively for the years (2015 – 2016 – 2017) and that the reason for the direct tax increase during the three years is the government's imposition of new taxes to cover the costs of the war on terrorism. The costs of the war on terrorism, tax evasion, and the rise in oil prices, respectively, achieved an amount of (2635334–2496990) million dinars, and an annual growth rate of (-23,396–5,249). In the year 2020, direct taxes achieved an amount of (742,786) million dinars. And a negative annual growth rate amounted to (-70,252) and this was due to the Corona crisis, which led to a decrease in public revenues in general and tax revenues in particular. Direct taxes, and this is due to the improvement of economic conditions and the receding of the Corona pandemic, and the average annual growth rate was (23.682) during the study period.

The indirect taxes

In the year 2004, it achieved an amount of (81314) million dinars. 618) The reason for this visit was the increase in imported goods. In 2006, it achieved an amount of (282,779) million dinars and a negative annual growth rate of (-2.756). In 2007, it achieved an amount of (662,572) million dinars, and an annual growth rate of (134.307). 2008 achieved an amount of (435678) million dinars and a negative annual growth rate of (-34,244) and in 2009 it achieved an amount of (1119475) million dinars and an annual growth rate of (156.950) and in 2010 it achieved an amount of (1002818) million dinars and an average Negative annual growth (-10.420) and in 2011 it achieved an amount of (534545) million dinars and a negative annual growth rate of (-46.695) and indirect taxes achieved an amount of (1486253–2062144–2799684–4645318) million dinars and an annual growth rate It amounted to (178,040–38,747–35,765–65,922) respectively for the years (2012–2013–2014–2015) and in 2016 it achieved an amount of (1651777) million dinars and a negative annual growth rate of (-64,442) and achieved an amount of (2336383–2902040–2995950) million dinars, respectively, for the years (2017–2018–2019) and an annual growth rate of (41,446–24,210–3,235). In the year 2020, indirect taxes achieved an amount of (3,989,219) million dinars and an annual growth rate of (33,153) and this was due to the increase in taxes on production and new tax opportunities on sales such as taxes on mobile phones and internet services. In the year 2021, indirect taxes injected an amount of (2,673,160) million dinars, and a negative growth rate of (32,990-)

The average annual growth rate was (43,213). The reason for the increase in indirect taxes is due to the war, the improvement of security and economic conditions, and the government's control of border crossings.

– Contribution of tax revenues to public revenues in the year 2004, tax revenues achieved an amount of (154,822) million dinars, with a contribution rate of (0.469), and an amount of (474,865-589,651) million dinars, respectively, for the years (2005-2006) and a contribution rate of (0.469). 1.174–1.202) and that the reason for the decrease in the tax revenue and its percentage is due to

the occupation of Iraq in the year 2003, the deterioration of the security situation and the destruction of government institutions.

Tax revenues achieved an amount of (1101503–960929–1722515–1725028–1408085) million dinars, respectively, for the years (2007–2008–2009–2010–2011) and a contribution rate of . (2.004 – 1.191 – 3.118 – 2.458 – 1.354) In the year (2012 – 2013 – 2014) tax revenues witnessed an increase in their proceeds due to the imposition of new taxes by the government to cover war costs during the three years mentioned. If you successively achieved an amount of (2633196–3419977–4263682) million dinars and a contribution percentage of (2.197–3.004–4.037) and in 2015 you achieved an amount of (6237728) million dinars and a contribution percentage of (6.632) In the year 2016, it achieved an amount of (4010,279) million dinars, and an annual growth rate of (4,908) 5,537,374–549,294) million dinars, and an annual growth rate of (7,332–5,196–5,106), respectively, for the years 2017, 2018, and 2019. In 2020, it achieved an amount of (473,2005) and a contribution rate of (7,487). 2021 Tax revenues achieved an amount of (3,637,341) and a contribution rate of (3,334). The reason for the increase in tax revenues and an increase in the percentage of contribution to public revenues is due to the end of the war on terrorism, and the state took control of the border crossings, and the average rate of taxation to public revenues was (3,459).) And that the contribution of tax revenues is small and does not constitute a great importance compared to oil revenues.

The third requirement: analysis of the general budget for the period (2004-2021)

Table e(7)
Analysis of the general budget for the period (2004-2021) million dinars

Year	public revenue	1 Public revenue growth rate	2 Indirect taxes	3 Public expenditure growth rate	4 Excess and deficit5 1-3
2004	32988851	—	31521427	—	1467234
2005	40435740	22.573	30831142	-2.189	9604598
2006	49055545	21.317	37494459	21.612	11561086
2007	54964850	12.046	39308348	4.837	15656502
2008	80641041	46.713	67277196	71.152	11363845
2009	55243526	-31.494	55589721	-17.372	-346195
2010	70178223	27.034	70134201	26.163	44022
2011	103989089	48.178	78757666	12.295	25231423
2012	119817224	15.220	101539574	118.926	18277650
2013	113840076	-4.988	119127555	-88.268	-5287479
2014	105609846	-7.229	123521074	3.688	-17911228
2015	94048364	-10.947	70397515	-43.007	23650849
2016	81700803	-13.128	67067433	-4.730	14633370
2017	77422172	-5.236	75490115	12.558	1932057
2018	106569834	37.647	80873188	7.130	256966463
2019	107567011	0.935	111723110	38.146	-4156099
2020	63199689	-41.246	76082443	-31.900	-12882754
2021	109081464	72.598	102849661	35.181	6231803
Average annual growth rate		10.555		9.123	

Source: Prepared by the researcher based on.

The Central Bank of Iraq, statistics, for the years (2004-2021)

Republic of Iraq, Ministry of Finance, Final Accounts Tables (2004-2021)

Columns prepared by the researcher (2,4,5)

The compound growth rate of public revenues = 6.798

Compound growth rate of public expenditure = 6,720

We see from Table (7) the amount of public revenues and public expenditures, the annual growth rate, and the deficit or surplus during the study period (2004-2021).

The public revenue:

It achieved an amount of (32988851) million dinars, and public revenues achieved an amount of (40435740–49055545–54968450–80641041) million dinars, and an annual growth rate of (22,573–21,317–12,046–46,713) respectively for the years (2005). –2006–2007–2008) And during the four years, public revenues and their annual growth rate increased, and the reason is due to the lifting of economic sanctions on Iraq, the increase in oil exports, and the increase in the oil price. In 2009, public revenues and rights decreased by an amount of (55423526) and a negative annual growth rate of (-31,494) and that the reason for the decline was the global crisis, and public revenues achieved an amount of (70178223–103989089–119817224) million dinars, and an annual growth rate of (27,034–48,178–15,220) respectively for the years (2010–2011 –2012) The reason for the increase in public revenues and their annual growth rate is due to the increase in oil prices. Public revenues achieved an amount of (113840076–105609846–94048364–81700803–77422172) million dinars, and a negative annual growth rate of (-4.988–7.299 – -10,947 – -13,128 – -5,236) respectively for the years (2013–2014–2015–2016–2017) and that the reason for the decrease in public revenues is due to the drop in oil prices and the instability of the security situation, in the year 2018 it achieved Public revenues amounted to (106,569,834) million dinars, and an annual growth rate amounted to (37,647). In the year 2020, it achieved an amount of (63,199,689) million dinars and a negative annual growth rate of (41,246-) The reason for the decrease is due to the outbreak of the Corona pandemic and its negative effects on the economic situation, and in the year 2021 public revenues achieved an amount of (109,081464) million dinars And an annual growth rate of (72,598). The increase in public revenues is due to the recession of the Corona pandemic at the end of the year and the rise in oil prices. The annual growth rate during the study period was (10.555).

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Public expenditures achieved in the year 2004 an amount of (31521427) million dinars In the year 2005 public expenditures achieved an amount of (30831142) million dinars and a negative annual growth rate (-2.189) Public expenditures continued to rise until the year 2009 decreased and achieved an amount of (55589721) million Dinars and a negative annual growth rate of (-17,372) due to the global crisis, then public expenditures rose again due to the rise in oil prices until the year 2013. Public expenditures decreased again due to the decline in oil prices and the war on terrorism if they achieved an amount of (119,127,555) million dinars and an average A negative annual growth amounted to (-88,268) and the decline continued to the year 2016, after which it rose again, achieving an amount of (75490115–80873188–111723110) million dinars, and an annual growth rate of (12,558 – 7,130 – 38,146) respectively For the years 2017, 2018 and 2019, the reason for the increase in public expenditures is due to the increase in public revenues and the movement of new appointments of employees, especially in the Ministry of Education. In the year 2020, public expenditures achieved an amount of (76,082,443) million dinars, and a negative annual growth rate of (-31,900) is due to The decrease in public expenditures led to the spread of the Corona pandemic and the decrease in public revenues, and in the year 2021 it achieved an amount of (102,849,661) million dinars and an annual growth rate of (35,181). Public expenditures increased due to the receding of the Corona pandemic and the increase in public revenues. The annual growth rate of public expenditures during the study period was (9.123).

Growth rate = comparison ratio - base ratio / base ratio x 100

Compound growth rate =

$R = \sqrt[n]{\frac{\text{the last rate}}{\text{the first rate}}} - 1 \times 100$

The deficit and surplus :

The general budget achieved a surplus in its budget if it achieved in the year 2004 a surplus of (1467234) million dinars, and it continued to achieve the surplus, and that was due to the lifting of

economic sanctions on Iraq, the increase in oil exports and the increase in the price of oil. Dinars, and this was due to the global crisis and because of the rise in oil prices, the budget began to achieve a surplus in the year 2010 of (44022) million dinars, and the budget continued to achieve a surplus until the year 2013 if it achieved a deficit of (-5287479) million dinars, and in the year 2014 it achieved a deficit of (-17911228) One million dinars was due to the war on terrorism and the drop in oil prices. After that, the general budget began to achieve a surplus in the year 2015 of (23650849) million dinars and achieved a surplus of (14633370–1932057–256966463) million dinars, respectively, for the years (2016–2017–2018) and in the year 2019, it achieved a deficit of (-4,156,099) million dinars, and in the year 2020, it achieved a deficit of (12,882,754) million dinars, and that was due to the Corona crisis and the drop in oil prices. Oil and the decline of the Corona pandemic.

THE CONCLUSIONS

1. Tax laws and legislation abounded in Iraq, and some of them were weak economic and social goals.
2. The existence of cases of double taxation in some tax laws and legislations, for example, subjecting entry to premium and first-class hotels to Income Tax Law No. (113) of 1982, and at the same time this hotel is subject to Real Estate Tax Law (162) of 1959, which leads to tax evasion Hence lower tax revenues
3. Relying on direct taxes in financing tax revenues more than relying on indirect taxes.
4. The low significance of the percentage of tax revenues in public revenues in Iraq during the study period (2004-2021), as the average contribution percentages reached (3.469%) of the public revenues group.
5. There is a deficit in the general budget during the study period (2004-2021) due to the increase in public expenditures.

RECOMMENDATIONS

1. Public revenue sources in Iraq must be diversified, tax revenues should be paid attention to, and interest should be increased in the industrial, agricultural and commercial sectors because they lead to an increase in the size of the tax base.
2. Reliance on a harmonized and unified tax system that helps implement tax laws and legislation effectively.
3. The government should reduce the public budget deficit by increasing public revenues and rationalizing public expenditures.
4. Increasing tax awareness among taxpayers through seminars, scientific conferences, and audio-visual media.
5. Working to provide public services to citizens will be an incentive for them to pay taxes.

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