

## Means of activating the role of taxes in financing the Iraqi general budget in light of tax justice duration (2004-2021)

Baqer Karaji Habib Al-Jubouri

Ajeel Abdel-Qasim Jamaan Al-Saeedi

Al-Qadisiyah University - College of Administration and Economics

*Corresponding Author : Ajeel Abdel-Qasim Jamaan Al-Saeedi*

**Abstract :** Taxes are one of the important and important sources of public revenues, being one of the sovereign revenues through which the state can provide the necessary financial revenues to finance its public expenditures in addition to using it to direct the economy to achieve economic and social stability. Despite this, the role of tax revenues in Iraq was limited in achieving economic and social goals, given Due to Iraq's dependence on oil revenues mainly in financing public expenditures, the research reached a set of results, the most important of which is that increasing the effectiveness of the taxpayers' inventory system leads to an increase in activating the role of taxes in financing the general budget, as well as reforming the tax administration leads to increasing the effectiveness of taxes and increasing their percentage in financing the general budget for Iraq

The most important recommendations reached by the research, the government should work to develop the tax system and address issues of weakness in it and solve problems related to taxpayers, and work to increase the effectiveness of the taxpayer inventory system and address tax evasion because they lead to an increase in tax revenues in public revenues.

### **Keywords :**

**1- Tax burden: It is the ability of taxpayers to bear tax burdens according to their tax capacity, and it is obtained by dividing tax revenues by the gross domestic results multiplied by (100).**

**2- The Taxpayer Inventory System: It is the successful official census of income generated from all economic activities in society that are subject to taxes, and in turn leads to an increase in tax revenues and the preservation of the state's public revenues.**

**3- Tax evasion: It is the taxpayer's refusal to pay the tax or reduce its proceeds by providing incomplete information to the tax authorities or by concealing some sources of income.**

**INTRODUCTION:** Taxes are one of the sources of public revenues through which the state can provide the necessary financial revenues to finance its public expenditures as well as use it to direct the economy to achieve economic and social stability. Despite this, the role of tax revenues in Iraq was limited in achieving economic and social goals due to Iraq's dependence on oil revenues. Mainly in financing public expenditures, and the role of taxes can be activated through various means and methods that lead to the expansion of tax bases and the addition of new tax bases to achieve social and economic justice for taxes and thus lead to an increase in the role of taxes and an increase in their percentage in financing the state's public revenues. The effectiveness of taxes in Iraq can be known from Through economic indicators such as the tax burden and the internal flexibility of taxes, and one of the most important of these means in activating and increasing the effectiveness of taxes is the taxpayer inventory system, addressing tax evasion, and reforming the tax administration.

### **The importance of the research:**

The importance of the research comes from the important and effective role that taxes play in financing the general budget, as well as from the role of the means of activating the role of taxes in financing the general budget. New

### **Research problem:**

The research problem is represented by the weakness of the Iraqi tax system and the weakness of the means of activating the role of tax revenues in financing the general budget

### **Research hypothesis:**

The research started from the hypothesis that interest in means of activating the role of taxes leads to an increase in tax revenues and an increase in the percentage of its contribution to public revenues, and thus financing the budget well.

### **Research objective: -**

The research aims to pay attention to the means of activating the role of taxes, such as the effectiveness of the taxpayer inventory system, tax administration reform, and interest in tax legislation and laws.

### **The spatial limits of the research:**

- Iraq (means of activating the role of tax revenues in financing the general budget)

**The time limits of the research: -** Duration (2004-2021)

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

**Research Structure:** The research consists of three sections

The first topic included the effectiveness of the tax in financing the general budget in light of tax justice

The second topic included means of activating the role of taxes in financing the general budget

The third topic included proposals to activate the role of tax justice in financing the general budget

Table (1)

Year	tax revenue	results gross domestic	tax burden
2004	154822	53235358.7	0.290
2005	474865	73533598.6	0.645
2006	589651	95587954.8	0.616
2007	1101503	111455813.4	0.988
2008	960929	15702601.6	9.609
2009	1722515	130643200.4	1.318
2010	1725028	16206455.5	10.644
2011	1408085	217327107.4	0.647
2012	2633196	254225490.7	1.035
2013	3419977	273587529.2	1.250
2014	2463682	266420384.5	0.924
2015	6237728	209491917.8	2.977
2016	4010279	203869832.2	1.967
2017	5676600	225722354	2.514
2018	5537374	221064479	2.504
2019	5492940	277884869.4	1.976
2020	4732005	198774325.4	2.380
2021	3637341	76921056.3	4.728
average tax burden			2.611

**Chapter Three:** Activating the role of taxes in financing the general budget in light of tax justice

**The first topic:** - the effectiveness of the tax in financing the budget in light of tax justice

The first requirement: - the tax burden: - the efficiency of the tax system is known through the tax burden index because it represents the ability of taxpayers to bear tax burdens according to their costing ability. Income distribution among the members of society, and the tax factor is calculated by dividing the tax revenues by the gross domestic product multiplied by (100) and the higher the tax burden percentage indicates the efficiency of the tax system and all the lower it indicates the weakness of the tax system. (1)

$$\text{Tax burden index} = \frac{\text{tax revenue} \times 100}{\text{gross domestic product}}$$

table no. (8)

Tax burden index in Iraq for the period (2004-2021) million dinars

Source - Ministry of Finance and the General Tax Authority, Planning and Follow-up Department.

- Central Bank. General Directorate of Statistics and Research. Annual Bulletin (2004-2021).

- Column (3) of the researcher's work

1- , Hines, Access Burden of Taxation 2007, p2

Table (8) shows the average tax burden in Iraq for the period (2004-2021), and the decrease in the tax burden rate during the study period if it reached (2.611). This indicates the weakness of the tax system in Iraq (tax administration) and the spread of tax awareness among citizens and Low tax burden The ability of the state to increase the tax rate in addition to the expansion of taxation and the introduction of new tax bases.

And that the International Monetary Fund has set the rate of tax burden for developing countries at (18%), and we note from Table (8) the Iraqi tax rate is low, due to the instability of tax laws and legislation on the one hand and the decrease in oil revenues due to low prices on the other hand.

The second requirement: Income elasticity of taxes: The income elasticity index shows the degree of tax responsiveness to the change in the amount of GDP and can be obtained by dividing the growth rate of tax revenues by the growth rate of GDP in Iraq when the income elasticity coefficient is greater than one. It indicates the flexibility of taxes and their response to the change in the gross domestic product, but if the income elasticity coefficient is less than one, it indicates the inflexibility of taxes. (1)

$$\text{Income elasticity index for taxes} = \frac{\text{growth rate of tax revenues}}{\text{GDP growth rate}}$$

1- Ammar Majeed Kazem, Measuring internal elasticity, tax burden, and marginal tax pressure, total tax revenues in general, and income tax in particular for the period (1980-2001), a comparative and standard analytical study to evaluate the performance of Jordanian tax policy for the period before and after the application of economic correction programs, Iraqi Journal of Science and Economics, No. 16, Al-Mustansiriya University, College of Administration and Economics, 2008, p. 7

**TABLE (2)**  
**Income flexibility index for taxes in Iraq for the period (2004-2021) million dinars**

Year	1 tax revenue	2 revenue growth rate	3 gross domestic product	4 GDP growth rate	The income elasticity of taxes is $4 \div 2 = 5$
2004	154822		53235358.7		
2005	474865	206.716	73533598.6	38.129	5.421
2006	589651	24.172	95587954.8	29.992	0.805
2007	1101503	86.805	111455813.4	16.600	5.229
2008	960929	-12.762	15702601.6	40.886	-0.312
2009	1722515	79.255	130643200.4	-16.801	-4.717
2010	1725028	0.145	16206455.5	24.051	6.028
2011	1408085	-18.373	217327107.4	34.099	-0.538
2012	2633196	87.005	254225490.7	16.978	5.124
2013	3419977	29.879	273587529.2	7.616	3.923
2014	2463682	24.699	266420384.5	-2.169	-9.419
2015	6237728	46.299	209491917.8	-21.367	-2.166
2016	4010279	-35.709	203869832.2	-2.683	13.309
2017	5676600	41.551	225722354	10.718	3.876
2018	5537374	-2.452	221064479	-2.063	1.188
2019	5492940	-0.802	277884869.4	25.703	-0.031
2020	4732005	-13.929	198774325.4	-28.468	0.489
2021	3637341	-23.133	76921056.3	-61.302	0.377
average income elasticity					1.588

#### Source

The Ministry of Finance and the General Authority for Taxes, Planning and Follow-up Department.  
- Central Bank. General Directorate of Statistics and Research. Annual Bulletin (2004-2021).

Column (2.3.4) is the work of the researcher

Table (9) shows the income elasticity index for taxes in Iraq for the period (2004-2021).

In the year 2005 it reached (5.421) and in the year 2006 it reached (0.805) and the lowest ratio of the income elasticity index during the study period in the year 2014 was negative (-9.419).

The highest percentage during the study period in 2016 amounted to (13.309). The average income elasticity index for taxes was (1.588) during the study period (2004-2021). This indicates the flexibility of the tax structure during the study period, and enables the state to add tax bases. New, meaning that an increase in the gross domestic product by one dinar corresponds to an increase in tax revenues by (1.588%), and this indicates the response of taxes to the change in the gross domestic product in Iraq.

**The second topic:** - means of activating the role of taxes in financing the general budget

**The first requirement:** - Increasing the effectiveness of the taxpayer inventory system

**First: The concept of counting the taxpayers and its importance**

#### 1. The concept of counting the taxpayers

It is the registration of the names and addresses of all those charged with paying the various types of taxes with the public authority (the Tax Department), whether they are individuals or companies. <sup>(1)</sup>

That it is the means and procedures followed by the government, and saved by the tax administration, that limit tax evasion and prevent its occurrence, and through it, the economic and financial status of taxpayers is reached and the taxable material is known accurately. <sup>(2)</sup>

As known, the tax inventory is the successful official census of income generated from all economic activities in society that are subject to taxes, and in turn leads to an increase in tax revenues and the preservation of public revenues of the state <sup>(3)</sup>

#### 2. The importance of tax inventory

A- Achieving tax justice: Tax justice is achieved through fair legislation and laws and achieving equality and justice in imposing horizontal and vertical taxes. Different tax from expensive to expensive <sup>(4)</sup>

B- Increasing the amount of tax: - Increasing the inventory of taxpayers leads to an increase in tax revenues and the lack of loss of funds. Any defect in the inventory process leads to tax evasion, and then the loss of funds and a decrease in tax revenue.<sup>(5)</sup>

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1. Hamid Abdel Majeed, *Tax Systems*, University House, Alexandria, 1999, p. 192.
  2. Muhammad Ali Hussain, *The Role of Tax Inventory Procedures for Beauty Clinics and Centers in Reducing Tax Evasion and Its Reflection on Tax Revenue*, Higher Diploma Research, Higher Institute for Accounting and Financial Studies, University of Baghdad, year 2020, p. 21
  3. Zine El Abidine Nasser, *Principles of Finance*, Dar Al-Nahda Al-Arabiya, Cairo, 2012, p. 348
  - 4- 153, 2008 Edition Slavin, Stephen L Economics
  5. Ismail Ahmed Ali, *Modern Trends in the Unified Income Tax Inventory Systems*, PhD thesis, Faculty of Law, Mansoura University, 2006, p. 77

C - Raising the level of tax compliance: The effective tax inventory system leads to raising the level of compliance among members of society charged with paying taxes because of their feeling of achieving tax justice (1)

D- Tax inventory is a supportive regulatory body: - In many countries of the world, the effective inventory system is considered a regulatory body that has supported state institutions and their various sectors by detecting fraud and swindling by individuals who work in health professions or economic activities and they are not qualified for it because the inventory system Taxed individuals are required to submit their personal documents and academic certificates in order to work in various economic activities (2)

### **Second: - The objectives of counting the taxpayers**

The tax inventory system achieves many goals, the most important of which are (3)

1- Achieving the comprehensive commitment of taxpayers to pay taxes towards the state, and this leads to stimulating interdependence and commitment between members of society and the state.

2- Achieving equality between those charged with paying taxes by imposing taxes that are commensurate with the type of their economic activities, the size of their property, and this leads to achieving the most important tax rules, which is the rule of tax justice, which leads to achieving social justice.

3. Through the tax inventory, it is possible to find out the true picture of those charged with paying taxes and obtain the exact amount, and then achieve the economic, social, and political goals,

D- Continuously expanding the base of the tax community by updating tax inventory systems to include various modern activities or all professions that were not previously subject to tax assignment, and this contributes to strengthening the financial role of the tax, leading to a reduction in tax rates when financial abundance is achieved.

F - tax inventory seeks to eliminate tax evasion.

Third: Methods and procedures for counting taxpayers

Taxpayer inventory methods are divided according to the applicable economic activities as follows.

1 . Organized economic activities: These are the activities in which work requires obtaining approval (a work permit) from the responsible authorities, whether it is a public authority or a ministry that is determined by the central government, and the most important of them is (4)

- A. Legal cover: The law gives the financial authority the right to request information about taxpayers from government departments and public bodies. The project also required government departments to inform the financial authority of information about taxpayers. (5)

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1. Abdullah Mahmoud, *Evaluating the Effectiveness of the Tax Accounting System for Income Tax in Iraq*, previous source, year 2000, p. 136
  2. Nisreen Abdel-Hamid, *The Hidden Economy*, Dar Al-Wafaa for Printing and Publishing, Alexandria, Egypt, 1st edition, year 2008, p. 25
  - 3 . Sarah Mahmoud Hussein, *A proposed electronic model for developing the work of the tax examiner*, research for a higher diploma equivalent to a master's degree, the Higher Institute for Accounting and Financial Studies, University of Baghdad, year 2020, p. 45
  4. Shaker Mahmoud Hussein, *tax card and tax inventory procedures*, previous source, p. 53
  - 5- Uday Abdullah Hamad, *The effectiveness of tax inventory procedures and their role in expanding the tax base*, master's thesis, previous source, 2014, p. 89

B. Determining the authorities authorized to grant licenses: - As we know that organized economic activities require a work permit, the financial authority is actually responsible

1. The concept of tax evasion: It is the legal disposal of the person charged with paying taxes in part or in whole from paying them legally through the use of some loopholes in tax laws and legislation or illegally by violating tax laws in any way. <sup>(1)</sup>

As tax evasion is defined, it is the taxpayer's refusal to pay the tax or reduce its proceeds by providing incomplete information to the tax authorities or by concealing some sources of income. <sup>(2)</sup>

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<sup>(1)</sup>. Hassan Salem Mohsen, Tax Inventory and the Extent to Contribute to Reducing Tax Evasion, *Dinars Magazine*, Al Adaid Ninth, 2016, p. 15

<sup>(2)</sup>. Moataz Jassim Shaker Al-Fatlawi, The Role of Tax Information for the Supporting Authorities in Determining the Income Tax Base, Research Higher Diploma Equivalent to Master's, Higher Institute for Accounting and Financial Studies, University of Baghdad, Baghdad, year 2010, p. 15

<sup>(3)</sup>. Hamoudi Al-Qaisi, Public Finance and Tax Legislation, reprinted, Dar Al-Thaqafa for Publishing and Distribution, Amman, 2011, p. 147

## **2. The reasons for tax evasion :**

A. Psychological and social reasons: Those charged with paying taxes feel psychologically comfortable when they see the government providing services correctly and achieving the public interest. Less tax evasion and tax awareness is the knowledge of the taxpayer of tax laws and the duties incurred by him towards the state. <sup>(1)</sup>

B . Legislative reasons: - Legislations and tax laws are the means between those charged with paying taxes and the tax authority through which taxes can be imposed and their rate and time for obtaining them can be determined.<sup>(2)</sup>

c. Administrative and economic reasons: - The complexity of tax procedures, the inequality in dealing between taxpayers, the imposition of taxes arbitrarily, the lack of integrity of the tax authority, in addition to the economic crises and the inability of the taxpayer to pay taxes lead to tax evasion <sup>(3)</sup>

## **Second: Forms or types of tax evasion**

### **1. Tax evasion according to its legitimacy**

A. Legitimate tax evasion: It is the failure of the taxpayer to pay the proceeds of the tax or reduce its amount by taking advantage of some loopholes in the tax laws, for example imposing a tax on imported goods that enables the taxpayer to refrain from importing or purchasing them, and thus does not pay the amount of tax <sup>(4)</sup>

B. Illegal tax evasion: - It is the refusal of the taxpayers to pay the taxes incurred by them according to the tax laws, whether direct or indirect, through violating the laws, adopting methods of fraud and fraud, concealing facts about their income, or providing wrong information to the tax departments in the various governorates of Iraq. <sup>(5)</sup>

### **2. Tax evasion according to its size**

B . Total evasion: It is the complete disposal of taxpayers from paying the taxes incurred by them in a legal way through the taxpayers using loopholes in tax laws and legislation illegally through evasion, fraud and violation of tax laws and legislation through various means such as craftsmen and free professions who do not own workplaces And they do not have a license from state departments and institutions to practice the profession, and that this type of evasion has several risks that negatively affect public revenues and weaken the financial role of tax departments and failure to achieve tax and social justice. <sup>(6)</sup>

B . Partial evasion: It is the disposal of the taxpayers from the taxes imposed on them in part by concealing information from the tax departments by illegal means, for example, not submitting a correct declaration of entry or concealing part of the sales or recording them at prices less than the selling price. Partial tax evasion has less effects than tax evasion. Total <sup>(7)</sup>

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1. Mueen Abbas, The Impact of Tax Awareness in Achieving Economic Development, *Al-Qadisiyah Journal of Administrative and Economic Sciences*, Issue 2, 2013, pp. 144-145

2. Youssef Shabat, Public Finance, Al-Rawda Press, Damascus, 2006, p. 31

3. Khaled Shehadeh, and others, Foundations of Public Finance, Wael Publishing House, Amman, 2005, p. 219

4. Hashim Muhammad Abdullah Al-Karub, Tax Evasion, A Study of Its Determinants and Economic and Social Effects in Selected Developing Countries for the Period (1990-2008), *Journal of Regional Studies*, University of Mosul, Issue 26, year 2012, p. 73

5-Corporate – 12, 2008 Taxes, *Journal of Finance*, Vol Catt, Chris,

6. Sar Saadoun Al-Saedi, Using Determinants of Tax Evasion to Enhance Confidence between the Taxpayer and the Tax Administration, Master Thesis, Higher Institute for Accounting and Financial Studies, University of Baghdad, 2013, p. 70

7- Abbas Nasser Saadoun, The Impact of Combating Tax Evasion in Reducing Unemployment, An Analytical Study in Iraq, Al-Qadisiyah University, College of Law, Al-Ghari Journal of Economic and Administrative Sciences, Volume 14, Issue 3, year 2017, p. 93

### **Third: - Addressing tax evasion in Iraq**

**First: Preventive means:** The state seeks to reduce the phenomenon of tax smuggling and get rid of it by relying on preventive means, the most important of which are <sup>(1)</sup>

1. Adopting a tax structure that achieves economic and social justice among taxpayers that is characterized by clarity, stability and flexibility, and achieves economic and social goals.
2. The clarity and ease of tax laws and legislation for taxpayers to be understood and applied because this helps to reduce tax evasion.
3. The stability of tax laws and legislations, because their instability leads to ambiguity and complexity, and thus to tax evasion.

**Second: Regulatory means:** The Iraqi government relies on regulatory means in combating tax evasion because it is one of the most important means used in combating tax evaders by activating an authority for regulatory investigation. Among these means are <sup>(2)</sup>

- 1 The Iraqi legislator permitted employees in the tax departments in all governorates the right to view the books, documents and papers of the taxpayers, such as sales contracts, purchase contracts, quantities of goods sold and imported goods.
2. Obligating the tax administration to public bodies and government institutions dealing with taxpayers to report information on taxpayers' income.
3. The Iraqi legislator gave the accounting and tax department experts the right to develop and amend tax laws in order to achieve the public interest and serve those charged with paying taxes.
4. Developing and stimulating tax awareness among taxpayers by publishing financial data, the amount of government spending, ways to rationalize government spending and public services provided by the state through newspapers, television, seminars and scientific conferences.

**Third, the punitive means:** The punitive means is to place the taxpayer under his penalty table for violating the tax laws and legislations and not paying the amount of the tax due on him, which is. <sup>(3)</sup>

1 Moral penalties. Law 35 was issued in the year 1999 according to which the upper limit imposed by paragraph four of Article 56 of the law was amended to become instead of (500) dinars (500,000) thousand dinars imposed on the taxpayer who is late or who evades paying the tax within the specified date.

2. Corporal punishments. Every taxpayer who conceals information about his income is considered a violation of the tax laws and legislations that requires a corporal punishment (punishable by imprisonment), and the penalty is not less than three months and not more than two years, or double the tax amount or a combination of both.

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1. Zahraa Subhi Khalil Al-Nuaimi, The extent of the effectiveness of legal texts in combating tax evasion, Middle East Journal of Legal and Jurisprudential Studies, Volume 3, Issue 1, year 2023, p. 57

2. Israa Mahdi Hassan, Zahraa Khudair Abbas, Analyzing the phenomenon of tax evasion is a means of addressing it in the Iraqi tax system, College of Administration and Economics, University of Baghdad, Anbar University Journal of Economic and Administrative Sciences, Volume 4, Issue 9, year 2012, p. 142

3- He Kar Ramadan Issa, Analysis of the causes and effects of the phenomenon of tax evasion and methods of addressing it in the Iraqi tax system (Dohuk Governorate as a model) University of Duhok, College of Administration and Economics, Duhok University Journal of Humanities and Social Sciences, Volume 20, Number 2, year 2017, p. 146

### **The third requirement: reforming the tax administration:**

The tax administration is represented by the General Commission for Taxes in Iraq and all its branches in the governorates that apply and implement tax laws and legislation and ensure their integrity to ensure the rights of the state on the one hand and guarantee the rights of those charged with paying taxes on the other hand. Efficient tax administration is one of the most important means of activating the role of taxes in financing the general budget Tax administration is the essence and spirit of the tax system, as it achieves the objectives of tax policy, whether economic or social, and reforming tax administration leads to an increase in tax revenues by reducing tax evasion, discovering new tax resources, and achieving social justice among taxpayers. <sup>(1)</sup>

The researcher believes that there is a set of procedures that can be followed to reform and develop tax administration in Iraq. (1)

1- Developing human resources working in the General Tax Authority by holding scientific courses, supporting employees and encouraging them to complete postgraduate studies, in addition to benefiting from the experiences of professors with financial, economic and administrative specializations in Iraqi universities.

2- Developing tax legislation and laws and introducing them according to economic conditions by employees of the General Authority for Taxes.

3- The use of modern electronic devices in registering taxpayers and recording the amount of tax revenues.

4- The ability of employees in the General Tax Authority to implement tax procedures decisively and collect the value of taxes from taxpayers, whether the taxpayer is a natural or legal person, and this matter requires the provision of protection by the state and increased material incentives for employees.

### **The third topic:**

Proposals to activate the role of tax justice in financing the general budget

**The first requirement:** Re-introduction of the canceled taxes

#### **First – an inheritance tax**

The inheritance tax was issued for the first time in Iraq by Law No. (157) in the year 1959

In order to achieve economic and social goals, this law has been amended several times, and the inheritance tax is defined as all that the deceased leaves of movable funds such as capital, shares, or immovable funds such as real estate, whether inside or outside the country. The tax is imposed twice, once on the entire estate and once on a share. Every person beneficiary of the estate,

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(1)- Adeeb Qassem Shendi and Farid Jassem Hassan, tax policy in Iraq, its reality and requirements for its reform in light of the trend towards a market economy, *Al-Kout Journal of Economic and Administrative Sciences*, College of Administration and Economics, Wasit University, Issue 17, year 2015, p. 10

#### **Then the previous law was amended by Law No. (17) of 1961.(2)**

The amendment of the year 1961 came in order to achieve social goals, according to which the tax rate was imposed on the basis of classes instead of strata, after which the previous law and its amendments were replaced by Law No. (7) of 1966 according to which work was carried out on the basis of strata instead of strata, and work continued until the issuance of Law No. (22). ) for the year 1994 according to which the inheritance tax was abolished. <sup>(1)</sup>

The researcher believes that it is necessary for the state to reintroduce the inheritance tax for several reasons, the most important of which are:

Achieving financial revenues for the state and achieving tax justice in addition to reducing the differences between members of society and achieving social justice

Second - the agricultural tax (agricultural land tax and agricultural income tax).

The hypothesis of the agricultural tax in Iraq has been around for a long time, especially when the Iraqi state was established in the year 1926. Interest began in regulating agricultural lands and reforming the taxes imposed on them according to specific plans that achieve economic and social goals. A number of laws regulating agricultural lands were issued, the latest of which was Law No. (60) of 1961 and according to This law imposed an agricultural tax on used and unused agricultural lands in order to encourage farmers to cultivate the lands and thus pay taxes, as well as impose a tax on the income generated from the sale of agricultural crops, and after that this law was canceled in the year 1985 and agricultural lands and agricultural income became not subject to tax The aim was to reduce the burdens on the peasants. <sup>(2)</sup>

Defined by the agricultural land tax according to Law (15) of 1961 (it is the tax that the government collects annually on arable land at a specific percentage of its agricultural crops during a year) <sup>(3)</sup>

In order to achieve tax justice in the distribution of tax burdens on taxpayers and for the government to obtain financial revenues, the researcher suggests that the state re-introduce the abolished agricultural land tax.

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1- Omar Khalaf, Reforming the tax system in Iraq is a necessity to maximize revenues, previous source, 2017, p. 20

2- Hashim Al-Jaafari, Principles of Public Finance and Financial Legislation, Suleiman Al-Azam Press, Baghdad, 1961, p. 178

3- Abd al-Aal al-Saqban, presented in *On Public Finance in Iraq*, Al-Ani Press for Publishing and Distribution, Part One, 1972, p. 333

Towards new verses and tools to activate the tax policy in Iraq, *Al-Qadisiyah Journal of Administrative and Economic Sciences*, Al-Qadisiyah University, Volume 18, Issue 3, year 2016, p. 143

Law of Agricultural Lands in Iraq No. (15) of 1961.

The second requirement: imposing new taxes

**First** - imposing an environmental tax (green tax)

1. The concept of the environment: It is the place or surroundings in which living organisms live, including humans, animals, and plants, and it includes water, air, and earth, and what affects them <sup>(1)</sup>

As defined by the Iraqi legislator, the environment is the surroundings with all its elements that live in living organisms and the effects resulting from human activities, whether industrial or social. <sup>(2)</sup>

**2- The concept of environmental tax (green tax)**

It is necessary for the polluter to pay a sum of money compulsorily to the state and free of charge as a result of the pollution caused in the environment, and since the protection of the environment is one of the public needs, the environmental tax is a contribution from the polluter to bear the public financial burdens. <sup>(3)</sup>

3- The position of the Iraqi legislator on the environment tax: - The text of the Iraqi constitution in Part Two of the year 2005 in Article (33) the first paragraph (everyone has to live in sound environmental conditions) as well as the second paragraph stipulates (the state guarantees the protection and preservation of the environment and biodiversity). <sup>(4)</sup>

Proceeding from the pollutant paying, the researcher suggests that the state should implement an environment tax on industrial, commercial and agricultural activities that cause pollution to the environment, whether the pollution is air, water or soil. The environment tax achieves financial revenues for the state in addition to achieving tax and social justice.

**Second , the imposition of electronic commerce tax**

**1 The concept of electronic commerce: it is the use of**

Modern electronic means of communication from computers and smart phones through internet connection points to conduct buying and selling operations and trading of electronic goods between consumers and producers as well as companies with each other. And that electronic trading facilitates commercial transactions in the circulation of products, goods and services and the distribution of goods. <sup>(5)</sup>

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1- Hashim Bashir, *Environmental Protection in Light of the Provisions of International and Humanitarian Law*, 1st Edition, National Center for Legal Publications, 2011, p. 9

2- Article (2) Paragraph (5) of the Environment Protection and Improvement Law No. (27) of 2009

3- Saad Khader Abbas Al-Rahimi, Rafah Karim, *The Impact of Legal Regulation of Green Taxes in Reducing Environmental Pollution in Iraq*, *Journal of the College of Administration and Economics, Economic, Administrative and Financial Studies*, Volume 11, Issue 4, Al-Mustaqbal University College, year 2019, p. 979

4- The Iraqi Constitution, Part Two of the year 2005, Article (33)

5- Essam Abdel-Fattah Matar, *Electronic Commerce in Arab and Foreign Legislations*, New University House, Alexandria, 2008, p. 18

2- State trends to impose e-commerce tax: Most of the developed countries have issued legislation to impose e-tax on the practice of e-commerce as a business, especially the country associated with the World Trade Organization (WTO), where the organization emphasized e-commerce in the 1947 agreement, as well as the Organization for Economic Cooperation and Development (OECD) issued many studies related to electronic commerce in addition to the International Monetary Fund and the World Bank.<sup>(1)</sup>

3- The position of the Iraqi legislator on the e-commerce tax.

The Iraqi legislator issued a special law regulating electronic commerce and electronic signature, and that this legislation eliminated many of the problems related to electronic commerce and facilitated how to impose electronic tax and what are the actions that are considered electronic. <sup>(2)</sup>

The researcher suggests that the state work with the electronic tax because of its importance in increasing public revenues for the state treasury in addition to achieving tax justice because electronic companies have increased their work and began to compete with traditional companies, especially in buying and selling and providing services.



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(1)- Ronald Paris, *The globalization of taxation, electronic commerce and the transformation of the state*, international studies quarterly, USA, 2003, p159

(2)- Iraqi Electronic Signature and Electronic Transactions Law No. (78) of 2012

**Third - imposing a tax on the advertising sector**

The advertising sector in Iraq is one of the vital sectors, but it suffers from neglect, the absence of regulation, and the government's lack of regulation. We notice the spread of billboards on the roads and near public places in an unorganized manner that disturbs citizens and causes environmental pollution. <sup>(1)</sup>

The researcher suggests that the government enact a law that regulates the work of advertisements of all kinds, whether commercial, entertainment or educational, with the aim of increasing tax revenues, in addition to regulating the spread of advertisements well and in specific places.

Fourth - imposing a tax on damage to public and private property.

Public property is everything that the state owns and provides public services to all members of society through it, such as hospitals, schools, universities, banks, etc.

As for private property, it is all that belongs to any member of society, such as homes, means of transportation, and private projects.

The Iraqi legislator affirmed respect for public and private property and not to encroach on it, and enacted laws to protect it and direct severe penalties for those who commit damage, as stipulated in Article (197) of the amended Iraqi Penal Code No. (111) of 1969 (the death penalty or life imprisonment shall be imposed on anyone who destroys or destroys Whoever deliberately damages or severely damages buildings or public property or designated for government departments and interests, public institutions and facilities. And the penalty will be death if the offender uses explosives in committing the crime or if the crime results in the death of a person who was present in those places.<sup>(2)</sup>

As the Iraqi Constitution of 2005 affirmed in Article (27) First: Public funds are inviolable, and their protection is the duty of every citizen

. Second: The provisions related to preserving and managing state property, the conditions for disposing of it, and the limits within which it is not permissible to give up any of these funds are regulated by law. <sup>(3)</sup>

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1- Batool Matar Abadi, Abbas Jalil Hassan, *Towards Verses and New Tools to Activate Tax Policy in Iraq*, previous source, 2016, p. 144

2- Iraqi Penal Code No. (111), Article (197) of 1969, as amended

3- The Iraqi Constitution of 2005, Article (27)

The researcher suggests that the government impose a tax on people who damage public and private property because of its importance in deterring rebels and saboteurs, in addition to increasing tax revenues to cover public expenditures.

**Fifth - imposing a tax on foreign workers arriving in Iraq.**

Labor law No. (37) of 2015 was defined

In Article (1), the foreign worker is described as "every person who does not hold Iraqi nationality working or wishing to work in Iraq as a worker." <sup>(1)</sup>

The political transformation in Iraq after 2003 and the openness of Iraq to the outside world at all levels, whether economic, social, cultural and political, in addition to the presence of oil in Iraq, is one of the most important factors attracting foreign labor. <sup>(2)</sup>

The researcher suggests that the state should impose a tax on expatriate foreign labor in order to protect local labor and achieve tax justice in wages for work and financial revenues for the state, in addition to limiting the entry of expatriate foreign labor into the country.

(1)- Iraqi Labor Law No. (37), Article (1) of 2015.

(2)- Sonia Arzrouni Warthan, Expatriate Labor and Its Economic Costs in Iraq, University of Basra, Journal of North African Economics, Volume 19, Issue 31, year 2023, pp. 119-122

**The third requirement: - amending tax laws and legislation**

**First- Unifying direct tax laws:**

The Iraqi tax system prevails, there are many tax laws and legislations related to direct taxes, and if there are many laws that lead to tax evasion, not counting the taxpayers, and exhausting the employees working in the departments of the General Authority for Taxes in applying them. <sup>(1)</sup>

Therefore, the researcher suggests collecting the direct tax laws, the amended Income Tax Law No. (113) for the year 1983, the property tax law No. (26) for the year 1962, as amended, and the real estate tax law No. (162) for the year 1956, as amended, in a unified tax law that includes all laws.

**Second - Reducing the rates of allowances and tax exemptions:**

The Iraqi tax system is characterized by a large number of tax exemptions for political, social, economic and cultural purposes and considerations. All this leads to a shortage and weakness of tax revenues <sup>(2)</sup>

Therefore, the researcher suggests that the state shrink, reduce, and review these exemptions from time to time, because they are valid in a certain period of time, such as economic crises and production declines.

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(1)- Batool Matar Abadi, Abbas Jalil Hassan, Towards Verses and New Tools to Activate Tax Policy in Iraq, previous source, 2016, p. 143

(2)- Adeb Qassem Shendi and Fareed Jassem Hassan, The tax policy in Iraq, its reality and the requirements for its reform in light of the trend towards a market economy, previous source in 2015, p. 9

**conclusions**

1. The tax system in Iraq is weak and there are non-independent tax bases. This is indicated by the tax burden index, as it was low during the study period (2004-2021), if the total average tax burden reached (2.611%).
2. The index of income flexibility for taxes in Iraq for the period (2004-2021), which amounted to an average total of (1.588%), showed the flexibility of the tax system in Iraq and the state's ability to impose and add new taxes.
3. Increasing the effectiveness of the taxpayer inventory system leads to an increased activation of the role of taxes in financing the general budget of Iraq.
4. The reform of tax administration leads to an increase in the effectiveness of taxes and an increase in their proportion in financing the general budget of Iraq.
5. The amendment of tax laws and regulations and the collection of direct taxes in a unified tax law lead to an increase in tax revenues and an increase in its percentage in financing public revenues for Iraq.

**Recommendations**

- 1- The government must work to develop the tax system, address weaknesses in it, and solve problems related to taxpayers.
- 2- It worked to increase the effectiveness of the taxpayer inventory system and to address tax evasion because they lead to an increase in tax revenues
- 3- The research recommends reforming the tax administration (the General Tax Authority) by reviewing some tax laws and legislations, introducing modern electronic systems into work, and developing the human resources working in them.
- 4- Work to achieve social and economic justice for taxes by reintroducing canceled taxes and imposing new ones.

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- [5] Data on reviewer  
Name and surname : Prof. Abduladheem Al-Shukri  
Al-Qadisiyah Univeristy , college of Administration and Economics  
23/07/2023