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PHENOMENON OF TRANSFER-TAX BURDEN PRINCIPLES AND CONCEPTS

Abbas Saad Hamada Alkhuzaie[1], Hayder Oudah Kahdim[2]
[1,2] *Accounting department, College of Administration & Economics,*
University of Qadisiyah, Iraq
[2] *hadir.saidey@qu.edu.iq*
Corresponding Author: Abbas Saad Hamada Alkhuzai *Email: abbas.alkhuzaie@qu.edu.iq*

Abstract : *This study examined the recognition of tax evasion and how to direct taxpayers in Iraq to repay their debts and previous taxes to the state for the public good. By doing so, this study is urging them to abide by the instructions and tax laws, and not to transfer the burden of taxes to others by using their names illegally in order to avoid paying their taxes. In this way, people would realize the importance of tax revenues and how to deal with them in order to provide public services to the Iraqi people. In addition, this study could instruct the financial authority not to tax and customs revenue leak for personal purposes and favoritism. The researchers conducted a case study in the General Authority for Taxes Diwaniyah Branch, and reached the results in the forefront of the poor of the tax awareness program by the financial authority who represented the tax administration to raise the awareness of the taxpayers and increase their knowledge of the rights and duties imposed on them to implement the principle (paying tax being a national and legal duty). Based on the conclusions, the researchers proposed a set of recommendations: the most important being that the Supreme Auditor should adopt the legislative and executive role in the development of solutions and treatments for such phenomena, as it is serious a serious issue for the state's financial development.*

Keywords: *Phenomena, Burden, Taxpayers and Financial authority*

1 INTRODUCTION

Taxes are the most important source of financing areas of public development; and are used in the provision of public services. Iraq was one of the first Arab countries to introduce taxation and may eventually form a tax system in accordance with contemporary concepts with the beginnings of the formation of the Iraqi state. Therefore, a taxable society must have a tax culture; in other words, it needs to understand that tax is a social obligation to the to society and the public, and therefore society needs to contribute rather than evade them, abolish them, or transfer the burden to others. Hence, the tax is found the serve the rights and duties of the individual and society as the main instruments of fiscal policy for domestic resource gap and needs of citizens. Therefore, there needs to be a taxation "center of excellence" that will need to play a major role in achieving state taxation objectives, and to make paying taxes legally binding.

In this study, the researcher addresses the topic in two sections. The first section deals with a general framework for the phenomenon of transference of the tax burden. The second section examines a selection of quotations from taxpayers in the General Authority for Taxes, Diwaniyah Branch and deals with one of the official governmental departments.

The problem of the study raises several questions about the phenomenon of transferring the burden of tax to unknown persons:

1- What is the role of the legislative, executive and financial authorities in developing solutions to this phenomenon?

2- What are the possible available method of disposal for such this phenomenon?

3- What is the impact of this phenomenon on tax and customs revenue?

1.2 Hypothesis of the study

The premise of this study is based on the basic assumption that the legislative, executive and supreme financial authorities play a prominent role in urging taxpayers not to transfer their tax burden to anonymous persons to promote the state revenues and achieve the objectives in various fields.

The importance of the study factors in several key points:

1- To increase tax revenue and efficiency is extremely important in this situation at the country's political, economic and financial terms.

2- It becomes necessary to rely on local resources within the country for forecasting financial and economic events experienced by our country.

3- The most important taxes are financial instruments used by the state, and especially the financial authority of tax administration after oil imports to increase gross national income and redistribute it in order to achieve the state's financial, economic, social and political objectives.

1.3 This research aims to:

1- Identify the accounting mechanism of tax administration with the charge of tax payment.

2- Establish a new mechanism by which anonymous taxpayers will be identified and punished.

3- Identify the role of the legislative, executive and judicial authorities in the development of solutions and remedies for such phenomena.

2. The concept of the phenomenon of transfer-tax burden

There is an overlap or convergence between the phenomenon of transfer of the tax burden and tax avoidance, because in both these cases the taxpayer is unwilling to bear the tax debt imposed on them. In the case of illegal tax evasion, the taxpayer avoids paying the tax debt imposed on them by the Treasury; while in the case of transfer of the tax burden, the taxpayer tries to get rid of their tax debt by transferring it to another person. The experiences of the people have shown that every taxpayer, whether in developed countries or in developing countries, works hard to get rid of their tax burden. Taxes, for example, cause the workers to demand an increase in his wages in order to transfer the tax burden to the employer. In terms of goods sold, the owner of the plant transfers the tax burden onto the cost of goods produced (Shamia and Khatib, 213).

The phenomenon of the transfer of the tax burden is defined as an economic process through which the taxpayer manages to transfer what he pays in whole or in part to the person he deals with (Majeed, 1990, p. 279). The authors distinguish between the phenomenon of transferring the tax burden and the phenomenon of stabilizing the tax burden. (Mawla, 1983, p. 328). The transfer of the tax burden is defined as "the transfer of the direct monetary burden of tax from the taxpayer or from the container imposed on it to a taxpayer or a pot other than the one imposed on it."

2.1 Who is in charge of the tax burden?

The question of determining who is in charge of the tax burden and defining it is linked to two important stages in which the tax burden is distributed. The first stage is the legislative stage. The legislator determines the tax rate and the tax imposed on it, as well as the person legally mandated to perform the tax. The taxpayers perform their tax liabilities whether they will be the one who will bear the tax burden alone, or whether they will transfer these burdens to others, in whole or in part. "The taxpayer is legally obliged to pay the tax and may work hard in order to place the burden on someone else, who may behave the same way to stabilize the tax on the final charge, which is also known in charge of the real (Mawla, 1983, p. 328).

2.2 Conditions of transfer of the tax burden

Transferring the tax burden requires certain conditions:

1- The existence of legislation in charge of taxation:

There needs to be an authority in charge of taxation registration, both formally and legally in tax departments. This should be someone who is legally empowered by legislature to enact relevant laws, assume legal forms, and shoulder the obligation to pay tax debt impacting on economic process, which established the tax debt in the first place.

2- The payment of the price is possible:

In indirect taxes, such as customs and excise duties, transferring the tax burden must be paid for the by service or product, and the flexibility of supply and demand will determine the feasibility of transferring the tax burden (Atlam, 1995, p. 199).

3- The existence of an economic relationship between the law and a second person:

This is a monetary exchange relationship, which allows for the price to be raised in accordance with the law in order to cover its costs, for which the tax debt is a part. It also earns a profit that is taxed according to the tax law. If this relationship is not completely transferred, then, consequently, it is necessary to realize the phenomenon of transferring the tax burden from the fact that the subject of the tax is related to the goods or services that the perform of legal nominal (producing or providing) for the purpose of the swap. This swap allows them to transfer the tax burden to others (Takla, 1987, p. 324).

2.3 Photos of the transfer of the tax burden

The transfer of the tax burden of the phenomena dealt with by the author of finance is a complex phenomenon that is difficult to identify and control, while at the same time it can distinguish between different types and images of transfer, depending on the angle from which it is seen, and the most important images of the transfer of the tax burden.

1- Intended and unintentional transfer:

In terms of the legislator's intention to transfer the burden, it is possible to distinguish between the intentional transfer of a case in which the legislator wants to transfer the tax owed to another, as in commodity taxes, and an unintentional transfer against the legislator's will, such as a tax on the income of a certain category with the intention of involving them in carrying the public burdens. Some of them will succeed after paying the tax after transferring their burden (Judge, 1987, p. 134). What will be discussed in the form of intentional or unintentional transfer is that of indirect taxes. The intended transfer means that the legal in charge transfers the indirect tax burden to others, and this is what the legislator expects when enacting the relevant laws. With regard to the legislator, the purpose of this tax is not to charge the indirect tax burden to the legal in charge, but rather to be considered as a broker who is obliged to bear the tax burden until he or she is charged to another person, namely the actual taxpayer. In a final economic situation, it will be transferred, ultimately to the taxpayer. The unintentional transfer means that the tax burden has been transferred in contravention of the legislator's intent, as if the legislator imposed a tax on commercial and industrial profits so that traders and manufacturers would bear a share of the state's expenses. If they were to be relieved of the burden on them, i.e., the amount of tax, then this kind of transfer of burden is the one that grabs the attention of the Acquires in particular, since its spread would be in violation of the tax justice that the legislator seeks to approve by distributing tax burdens among the taxpayers according to a specific tax system (Takla, 1987, p. 136).

2. Total and partial transfer:

The distinction was made between the types of taxes on the basis of the possibility of transferring their burden from the legal in charge to the actual taxpayer; and this distinction showed that indirect taxes, in general, can be fully transferred if the normal economic conditions are established with the stability of the influencing factors, which will be discussed in a separate section. Subsequently, these taxes include customs taxes, value added taxes, purchase and excise taxes on tobacco, and fuel taxes. There are taxes that can be partly transferred, including taxes on the income of naturalized and legal persons on the occasion of their productiveness (production of goods and services), and thus enter into commercial transactions with other individuals through which they can charge the price of these products partly through taxation (Mawla, 1983, p. 329). Income tax is considered to be direct taxation. However, in the case of indirect taxes, the legal in charge may not be able to transfer the tax liability of the Treasury to another person. This is the result of economic conditions and factors, leading to the taxpayer bearing the burden of these taxes therefore encumbered by the law and thus, this may amount to material loss. The importer attempts to transfer the burden of customs taxes to the wholesaler who, in turn, attempts to transfer them to the retailer, who transfers them to the end consumer. This is normal, but in certain cases, such as intense competition or economic stagnation, whether the importer or wholesaler or distributor are trying to turn the goods, they have to provide liquidity or maintain the shelf life. This is done by reducing prices even if they bear part of the burden in customs taxes, so that the tax burden has been partially transferred to the actual taxpayer, the consumer.

3. Forward and backward transfer:

This is known as flip tax forward and backward reflection: the reflection is known as the forward tax form of transfer of the tax burden from the first person to the person who followed at a later stage, as the tax transfers from producer to consumer, or from seller to buyer. On the other hand, “flip tax back” moves the tax burden of the next person to the first person. The person in the previous stage transfer the tax from the worker to the employer, or from the consumer to the product, or from the consumer to the product (Tarek, 1999, p. 93). The transfer of the indirect tax burden forward means that the tax burden is transferred by the taxpayer to the next person in the economic cycle. The transfer takes place in cases of inflation and economic prosperity when demand is too high to allow prices to rise. The tax burden to the back, which occurs in cases of economic recession when prices are not allowed to increase, has to return to the previous stage an attempt to transfer the tax burden (Bashour, 1992, p. 315).

4. The distinction between the transfer of the tax burden and some other financial phenomena:

This must be clarified for the purposes of discrimination and differentiation between them, and the phenomenon of the transfer of the tax burden, which may include the phenomena of tax consumption or deduction, the phenomenon of tax capitalization, and the phenomenon of tax compensation.

a- Tax consumption (tax deduction):

Tax consumption means that the buyer of certain money has a permanent status and is subject to an annual tax to reduce the purchase price of this money by the amount of this tax; or by a partial amount for the period in which it is estimated that the money will continue to be increase the income (Mahjoub, 1979, p.382) It also has the phenomenon of deducting the tax and then buying up the money imposed on it: for example, owning a property for a property knowing that this property is subject to an annual tax, and this tax burden reduces the income of that property. We find the owner of the property resorting to consumption or deducting the tax by reducing the price paid to buy that property by the amount of tax due, or part of it, during the entire period in which the money is given income; and the completion of the process of consumption of the tax burden, in whole or in part, requires three conditions (Mawla, 1983, p. 333).

1- That money is the buyer of permanence such as properties, values transferred and means of production, so that the consumption tax is for future periods. The tax payable is deducted from the entire period of the capital in advance and before payment.

2- The tax imposed on the income of this money shall be an annual renewable tax, and not a single tax imposed once only.

3- The tax should not be a general tax on various types of funds. Rather, the tax should be specific to a particular type of money, because if the tax is general on various types of funds, it will lead to a reduction in the income of all these funds. The buyer, when the seller refuses to reduce the sale price to them by the amount of the tax, the consumption of the tax is transferred to the purchase of another money because it is also subject to the same tax.

The difference between the two aspects of the transfer of the tax burden and the consumption of the tax is apparent in that the transfer takes place after the legal in charge tax pays the tax debt. With the consumption phenomenon, the effect of consumption is due to the imposition of the tax. If the tax is renewed annually, then the phenomenon of the transfer of the tax burden, whatever the duration or period of the imposition of the tax, and whatever the nature of the container, is subject to them.

b- Tax capitalization phenomenon:

Some writers considered this phenomenon as a kind of transfer of the tax burden to the back, and this is what confused them at first. However, they were eventually able to distinguish between these phenomena.

The process of capitalizing the tax begins by determining the present value of the tax imposed on the property annually. In addition, unless the additional tax rate changes according to the law, the phenomenon of capitalization of the tax is always the change in the capital value of the property equivalent to the amount of tax imposed on it. The buyer is liable to bear the amount of tax imposed on them, not only for the first year but also for all subsequent years, and as they became the new taxpayer before the StateTreasury, they will pay the full amount annually to the State Treasury, bearing in mind that they could not bear the burden of anything, since they may deduct the value of the additional tax owed in full by the original owner.

In order to capitalize the tax, special conditions must be met (Darraz, 2002, p. 255):

1- A tax must be imposed on a viable asset for a certain period of time, such as land, real estate, securities (stocks and bonds), etc.

2- This asset should be able to generate net income.

3- The supply curve of this asset is not flexible.

4- The transfer of the tax burden imposed is impossible, since both phenomena cannot occur together, if the tax burden can be transferred to capitalized, and vice versa.

5- The tax shall not be general and uniform in all aspects of investments, otherwise this shall lead to a relative reduction in the market rate of return for all aspects of investments, and capital values remain for all fixed investments.

6- There is no possibility of cancelling the tax in the near future.

5. Factors affecting the transfer of the tax burden:

1- The degree of flexibility of supply and demand.

People was interested in studying the marginal analysis of both supply and demand. Modern thinking has tended to deal with the transfer of the tax burden in the context of value theory as one of the aspects of price determination (Al-Ali ,2003, p. 217). Modern trends of thought revolve around a general rule that distributes the tax burden on goods and services between the producer and the consumer according to the elasticity of both supply and demand. Thus, modern thinking in relation to the transfer of the tax burden is an extension of value theory in terms of the interaction of both supply and demand forces. Several factors are interlinked, the most important of which are the elasticity of supply and demand curves, production conditions, the nature of the market and the quality of the tax as a primary factor (Bashour, 1992, p. 319).

a- Degree of display flexibility:

The flexible offer is the extent to which the quantity of output changes as a result of price adjustment. The flexibility of the supply depends mainly on the increase in the cost of production of the additional units representing the increase in supply from the production of the previous units. In other words, the offer is flexible if a change in price causes a significant change in the quantity produced. When an offer is said to be inflexible, it means that the change in price does not result in a change in the quantity produced. If the supply is flexible, the indirect tax burden can be transferred to the consumer more readily than if the supply is inflexible.

The production in the case of flexible supply is characterized by easy adaptation according to the changes; in contrast to the production in the case of non-flexible presentation.

b- Degree of flexibility of demand:

If the demand is flexible, the product cannot raise the price or transfer the burden of the tax to the consumer, because the lowest price will result in a significant drop in demand as a result of its conversion to N alternative commodity (Shahab 1996, p. 272). The elasticity of the demand for the commodity has increased the tax-effect of raising the price, thus facilitating the transfer of the burden to the consumer (Mahjoub, 1979, p.376). This is because the high price, including the indirect tax burden, does not lead to a large drop in demand or the same effect as in the case of flexible demand as there is no alternative to the product or service provided by the seller or producer.

2- Nature of the market:

The market system in which commodities and goods are exchanged affects the ability of the legal taxpayer to transfer the burden of indirect taxes imposed on such goods. The legal taxpayer, whether producer, importer or seller is affected by their ability to transfer the market structure according to the degree of competition. The nature of market is considered to be a sensitive factor in the phenomenon of transferring the tax burden. In order to explain the extent to which the transfer process affects market structures, the types of such structures should be mentioned:

a) Full competition market.: The full competition market requires three basic elements:

1- A large number of institutions working in production.

2- All these institutions producing one homogeneous commodity.

3- Freedom of entry and exit of new institutions and from industry.

This market is characterized by several properties leading to the freedom of the individual flow of both supply and demand. The market price is determined by the convergence of the aggregate supply curve with the aggregate demand curve; the price given is determined for producers, buyers and sellers (Mawla, 1983, p. 338). If a tax is levied on a commodity, then production expenditure will increase by the tax rate leading to higher prices, thus creating an imbalance in supply and demand. In such a situation, the producer will face a decrease in production in the short term. Is to reduce the expenditure of marginal production, which because of the imposition of tax on the commodity increased by the tax until the product reaches the price that enables it to compete in the market. In this case, the producer bears the burden of indirect taxes and does not find a way to transfer them to the consumer.

In the previous case, the legal taxpayer (producer) can transfer the burden of indirect taxes to the actual taxpayer (consumer) through long-term competitive forces.

b) Monopolistic competition market.

This market is defined as being midway between a fully competitive market and a monopoly. It differs from a fully competitive market because of the requirement of homogeneity within the commodity. This is almost the case for a monopoly, due to the heterogeneity of the product either to objective qualities characterized by the commodity or for personal qualities in the seller as it is approaching full competition in the multiplicity of sellers and buyers of the commodity. In the case of monopolistic competition, the price tends to be lower than in the case of monopoly, and higher than in the case of full competition, since the ability of the monopoly competitor to influence the price is less than the ability of the monopolist, and it can be larger than their competitors because of the quality of its product compared with the rest of the market (Mawla, 1983, p. 340).

In general, it can be said that the ability of the producer in the case of monopolistic competition to transfer the tax burden to consumers depends largely on what he expects from the behavior of other producers in this regard (Hashish, 1991).

c) A full monopoly means the complete absence of competition with the sole proprietorship of a single product with no alternative (Mahjoub, 1979 p. 377). A monopoly product attempts to achieve the maximum profit possible so it can uniquely determine the price and quantity; and the imposition of an indirect tax on the monopolized commodity will increase the cost of production. Therefore, the high price of the sale will transfer the tax burden in this case, but the monopolist may also hesitate to raise the tax for fear of falling demand, especially if the degree of flexibility is high, which can affect net profit. Therefore, the extent of the price increase in this case and the extent of the transfer of the tax burden to the consumer depends on the degree of elasticity in demand (Mawla, 1983, p. 341).

3- The economic circumstances surrounding production:

The general economic conditions of periods of recovery and prosperity, or contraction and decline, have an impact on the legal capacity of the taxpayer to transfer the burden of indirect taxes; however, this effect is considered by some to be indirect because it affects the ability of the product to transfer through a flexible supply and demand factor. Consequently, the factor of economic conditions surrounding production by independent factors cannot be considered to have an effect on the phenomenon of indirect tax burden transfer. Indeed, the changing economic conditions do not exercise a direct influence on transfer burden; its impact on them is through its relationship to elasticity of demand. Consumers do not often sanction rising prices in periods of prosperity, and strongly resist them in periods of recession; so, the degree of elasticity of demand is usually in the first and second high periods, which is reflected directly on the ability to transfer the tax burden. This ability increases whenever low demand elasticity (Takla, 1987, p. 252).

In times of prosperity, prices rise, but people are less sensitive due to their increasing individual incomes, greater purchasing power, and therefore less elasticity of demand. Lower demand elasticity increases the product's ability to shift the tax burden, People are allergic to high prices because of taxation, and the product's ability to transfer the tax burden is weakened, so the product may prefer to bear the tax burden in whole or in part so as not to decrease its sales to a great extent.

3. Registration of taxpayers and organization of archives

3.1 Registration of taxpayers:

The registration of individuals and joint-stock companies is different from the registration of limited and limited liability companies. For individuals and joint ventures, the stamp is opened in the branches, while the joint stock and limited liability companies are opened in the Companies Section of the General Authority for Taxes. When a tax code is opened in the branches based on one of the enumeration methods mentioned previously, then "this document includes all personal information related to the taxpayer and his or her profession or source of income." This includes the income tax report (Form No. 2) for each year for which they are charged. The details related to the taxpayer's invoice are all entered in to the electronic calculator through the income-processing system used by the commission.

For companies, it is possible to open the file at the discretion of the official responsible for opening new files where the taxpayer must attend and to submit the following required documents:

A- Certificate of establishment of the company: The identity of the company, which must include the date of establishment and the name of the company obtained from the Registrar of Companies. In addition, it must be legalized upon registration.

B- Meeting report: Through which they appoint a director of the company, a chartered accountant and the company lawyer.

C- Contract of establishment of the company: Stating the names of the shareholders, the number of shares and the distribution of profits and losses.

Once these documents have been completed, the application will be opened and will have its own number through which the file will be archived. This information will be entered into the computer and will be given an identification number that will be easily accessible to the account in the computer. All taxpayer-related tax liabilities are then kept in this file.

3.2 Organize the archives of the taxpayers:

The archive of the taxpayers in the branches is organized in alphabetical order. Each guess unit is responsible for a particular character or set of letters. Each of these letters has a register with the name of the taxpayer and the number of the statement (index) in addition to Form 7, which contains all information about the taxpayer (i.e., the name of the taxpayer, their address, their profession and the last year in which they were taxed). There is also a register of occupations classified by the name of the taxpayer, their profession and the amount of tax paid. This information is published monthly in the register and is considered the basis for the preparation or making of the budgets for the operations carried out during the month through which the revenue is collected, and the number of items can be identified in each branch. These files are kept in the cabinets inside the guess unit, which is stored in alphabetical order for easy reference.

In the Companies section, each guess unit includes a set of books used for the purpose of registering all the information about the taxpayers and organizing their archives, such as the index book, in which the company's name and the sequence of their own files are registered. The section also includes Form 7, which also records the name and address of the company and the type of activities practiced by the amount of the tax and the amount paid. Each paper contains ten companies with records going back over a number of years. The revenue books must be matched daily with the collection. There also needs to be a register where each keeper keeps a book of the edict to know the people and sections to which the assignment is transferred and where, through this book, it can know the last part reached the file.

3.3 Technical information for the taxpayer:

The technical information of the taxpayer includes a set of general and personal information pertaining to the taxpayer and its source of income, including but not limited to the following:

a) The name of the taxpayer and family name.
b) Mother's name.
c) Wife's name.
d) Number of kids, their names and ages.
e) Nationality.
f) ID card.
g) Home address.
h) Profession and trade name.
i) Work address.
j) Telephone number for the house and work.

Under the terms of Article 1 of the Instructions License of the Practice of the Agency of Commerce No. (1) of 2001, the applicant's license and the practices of the Agency's work need to be submitted along with a request to the registration of companies with the following documents attached:

1- ID card.
2- Trading ID card.
3- Trade name registered in commerce.
4- Ratification of trade office contract.
5- Books for commercial agencies according to business requirements for commissioning.

The Department of Companies is responsible for tax accounting for Iraqi companies, limited companies and representation offices of Arab and foreign companies registered in Iraq (see Appendix 3). It is worth mentioning that the work method in the department is similar to the work method in the branches of the General Authority for Taxes, and its duties are to ensure the following (Shara, 2010, p. 83).

1- (Corporate taxpayer system) through your computer to find out customs permits to importers and exporters and quotes referred to guess and match them with what exists in the company's file.
2- Examination of the financial statements contained in the final accounts; special profit and loss and general expenses; revenue and the required analyses; develop a working paper concerning the volume of purchases, sales, production, last and first goods term for industrial companies; and import transaction and the foreign currency exchange rate for the date of customs authorization.
3- Studying the company's estimates for the year of the audit depends on the instructions for the estimated year, making sure that all the reserve estimates have been completed and verified; and that the current estimates have been made under the controls and circulars issued by the General Authority. The approval of the Director of the Companies Department and the General Manager is taken for the purpose of increasing or decreasing the instructions and observations in the case of an

increase in the estimates of the approved instructions for that estimated year. The reasons for this increase and the justifications proposed by the competent expert should be known.

4- Validating the calculation of the tax and the granting of legal authorization by the competent valuer based on the financial statements (final accounts). Submitted by the company to the financial authority and noting the calculation of foreign currency independent of the bulletin issued by the Central Bank of Iraq.
5- Ensuring that the existence of secretariats with the company has been reversed and making it a final income for the accounting year.
6- Ensuring that the Taxation Division and the Fund complete the payment of the tax.
7- Submission of the final accounts and the report of the Board of Directors within the period specified in Article (27) (2) of the Income Tax Law No. 113 of 1982 as amended.
8- Delivery of the final accounts by the representative of the financial authority in the department (guessing) after being confirmed by the auditor and stamped by the union of accountants and auditors; and after receipt through the section received and stamped on the date of receipt.
9- Accepting the results of the accounts by taking the surplus as taxable income (after deducting tax exempt legal reserves such as expansion reserve and legal reserve) and taking into account the necessary adjustments to revenues and expenses.

3.4 Tax accounting mechanism:

Public sector departments send quotations of purchase transactions processed by the private sector that are mixed and divided into two parts:

A- quotations transactions exceeding 1 million dinars and less than 5 million dinars:

These quotations contain the private information of taxpayers who have not been taxed with them on the processing amounts in the government departments, where they send all details related to the purchase process including the name of the taxpayer, the trade name, the address of the business, the amount of the equipment, processing number, date of processing. Then they are sent by letter to the General Authority for Taxation or one of the branches of the General Authority for Taxation. The researcher has drawn up the following table for this purpose.

N	Name	Trade name	Address	Purchase amount	Receipt number	Receipt date

Source: Authors

Some applied cases:

The first case (Department A) One of the government departments affiliated to one of the ministries sent the tax deductions to the taxpayers who are responsible for paying the taxes due to them for processing with the purchase materials or completing some maintenance work for the above-mentioned department.

N	Trade name	Address	Purchase	Receipt number	Date

			amount		
1	(A) Color photocopies, plain, stationery	Diwaniyah	3773250	Non	2014
2	(B) General Trading Office	Diwaniyah	2198500	Non	2014
3	(C) Computer Services and Mobile Devices	Diwaniyah	4288500	Non	2014
4	(D) Center for photocopiers	Diwaniyah	3250000	Non	2014
5	(E) Hotel and restaurants	Diwaniyah	2040000	Non	2014
6	(F) Food shop	Diwaniyah	2540000	Non	2014
7	(G) stationery shop	Diwaniyah	2312500	Non	2014
8	(H) Plantation	Diwaniyah	4990000	Non	2014

Source: Authors

The researcher finds from the sample of quotations sent, that some taxpayers have deducted from the payment of the tax and have deducted from the amount of the equipment, and which was sent by the department with a voucher to the tax administration, as mentioned in paragraph (8) above.

B- Quotations of transactions exceeding 5 million:

These quotations contain the nationality of the taxpayer as well as the copy of the purchase receipt and a check of the tax deducted from the taxpayer.

First case (Gallery A):

The gallery was prepared by one of the government departments in the province of Diwaniyah (H). The sum of the equipment was 14,997,500 dinars. The department deducted 3% tax for the equipment. The tax was 449,925 dinars .
This was then sent to the General Authority for Taxes at the Diwaniyah branch along the check and a letter containing the attached ID card and a photocopy of the voucher.

The researcher believes that this procedure was in favor of the tax administration, even if the owner of the gallery transferred the tax burden to others. The amount of tax was deducted from the amount of the equipment and sent to the authority above.

Second case (Gallery B):

The gallery (B) prepared one of the government departments in the Diwaniyah Governorate (S). The amount of the equipment was 30231000 (thirty million two hundred thirty-one thousand dinars). The department deducted the amount of the tax by 3% of the amount of the processing. The tax was 906930 (nine hundred and six thousand nine hundred and thirty dinars).

The department of the taxation branch of Diwaniyah sent the amount of the tax as check and sent a letter with an attached photocopy of the ID card and voucher. This was for the benefit of the tax administration represented by the General Authority for Taxes at the Diwaniyah branch.

Third case (Gallery C):

The gallery carried out some maintenance work in one of the government departments in Diwaniyah Governorate (R). The total cost of the maintenance was 7,017,155. The department deducted 3% tax from the maintenance which amounted to 210,514 dinars.

The Department (R) of the Public Taxation Branch of Diwaniyah sent the amount of the tax as a check and sent a letter with an attached photocopy of the ID card and voucher. This was for the benefit of the tax administration represented by the General Authority for Taxes at the Diwaniyah branch.

The researcher found, through the statements above, that there is a significant role that the religious authorities in Iraq can play in urging taxpayers not to transfer taxes in processing to government departments to others; and to pay off their debts and previous fees and directing the visitors during their religious occasion and religious councils through speeches and optical and visual advertising and distribute publications that demonstrate them.

4. Conclusions:

1- Imposition of high taxes against some small business according to the controls as equal access to profits, led to the non-payment of taxes by some of them and transference of taxes to others.

2- The weakness of the tax awareness programs by the financial authority represented by the tax administration, as well as the legislative and judicial authority, should raise the awareness of the taxpayers and increase their knowledge of the rights and duties imposed on them in order to implement the principle that paying taxes is a national and legal duty.

3- Some influential people and some officials in the financial, legislative and executive authority have failed to implement certain laws and tax regulations and to hold back those who are in default.

4- There are huge amounts of previous debts not paid by some local and foreign companies and professionals who have had the taxes the transferred to them.

5- There are many quotations that reach the tax administration that were discovered to be fake, by using anonymous names for the purposes of avoiding paying their due tax.

5. Recommendations:

1- To improve and develop the principle of voluntary compliance by urging taxpayers to submit tax returns on time to the tax authorities, and to pay taxes instead of transferring them to others.

2- To guide the taxpayers on their duties, rights and obligations through newsletters, newspapers, seminars, conferences, media outlets, religious and political speeches, and not to transfer debts and taxes to others.

3- The legislative and executive authority and the Supreme Financial Auditor should play a role in developing solutions and remedies for such a phenomenon, which is dangerous from humanitarian and moral aspects.

4- Develop plans as well as new and sophisticated ways to use tax revenue for the promotion of basic services to the country, and not for personal purposes.

5- The state of the tax administration should not overstate the right to raise the level of tax revenues that are the property of all and to impose fines on violators.

Laws:

1- Income Tax Law No. 113 of 1982 Amended.

2- Real Estate Tax Law No. 162 of 1959 Amended.

3- Land Tax Law No. 26 of 1962 Amended.

4- Sales Tax Law No. 36 of 1997 Hotels and Restaurants.

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