

The role of tax revenues in increasing sources of national income and diversifying the Iraqi economy A analytic study for the period (2010-2020)

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ABSTRACT

The state's general budget plays an important role in the economic, social, political and other fields, in light of the growth of this role, the deficit in the general budget has tended to increase in various countries of the world, which in some countries has become of a long-term tendency and takes on a structural character linked to the characteristics of the economic structure of these countries, and for this reason it has become necessary to search for ways to finance this deficit, especially in oil-producing countries, to achieve sustainable growth in revenues without relying on the rentier source, which is often characterized by volatility, the main problem of the study is that tax revenues achieved only a small percentage of public revenues to support the budget that came identical to what the researcher reached during the study period (2010-2020) whose contribution rate amounted to (3,206%) as a result of the structural imbalances in the Iraqi economy, while those in charge of financial policy seek to implement broad structural reforms to reduce dependence on oil and diversify sources of public revenues, in particular, the reform of the tax policy, both aspects of direct taxes which amounted as a contribution percentage of the total tax revenue during the study period (65.6%), and indirect taxes which amounted to (34.4%), in addition to the decrease in tax effort, which amounted to (0.065%) and did not reach the acceptable limit, it is (1), and in light of the actual revenues recorded by the tax revenues, both direct and indirect, a future spatial vision was developed to develop these revenues and identify the weaknesses and defects in order to reduce dependence on the rentier source and diversify the sources of income because of its negative effects on the Iraqi economy, according to the statistical results of the (SPSS) program and through (CHISQ- TEST), it reached (0.2), while in (F-TEST) it reached (5.6) with a significance level of (0.09) which confirms the validity of the research hypothesis, that states that there is no significant impact of tax revenues in the Iraqi economy on diversifying and increasing sources of national income for the period (2010-2020), The study concluded with a set of recommendations, the most important of which is expanding the tax base due to the presence of untapped tax capacity amounting to (7.6%) and automating tax collection, the General Authority for Taxes and the General Authority of Customs, In addition to reviewing and restoring legal legislation for taxes including within the framework of simulating economic reality.

Keywords: corporate tax, payroll tax, profession and business tax

Introduction

The economies that have diversified sources of income are characterized by better economic performance than those that depend on one sector to provide income, this fact has emerged after the successive fluctuations that oil prices have known and are known for and the accompanying impact on oil economies represented by distortions and structural imbalances compared with countries that has diversified sources of its income, In light of the importance generated by diversifying the production base, we find that most countries have sought to ensure the achievement of economic growth and its sustainability, the instability resulting from fluctuations in oil revenues has necessitated the adoption of policies aimed at diversifying the economic base

through a package of economic policies whose goal is to restructure the economy and raise the proportion of the contribution of sectors to the formation of output and the efficient use of financial surpluses, reaching this goal is achieved by activating the tools of economic policy in general and tax policy in particular, tax is one of the most important financial policy tools that occupies great importance in many countries and is adopted in achieving economic and social goals in addition to the financial goals that they wish to achieve in accordance with the plan. Economically, the tax is not isolated from its surrounding environment, but rather represents an economic and social phenomenon that is shaped by the same environment in which it is applied, Tax is also one of the tools of economic development as a means of reconsidering the distribution of income and the most important financing source for the state's public treasury, in addition to its important and major role in stimulating the production of the Iraqi economy, like other oil economies, suffers from structural imbalances resulting from the dominance of the oil sector in the formation of output and public revenues, in the context of declining oil revenues, those in charge of financial policy seek to implement broad structural reforms to reduce dependence on oil and diversify sources of public revenues, especially policy reforms, taxation is one of the effective tools in addressing the structural imbalance through the General authority for Taxes, represented by direct taxes such as taxes on (companies, individuals, real estate, plots, and their components, and the General Authority for Customs, represented by indirect taxes, whether sales tax or customs taxes) which operates within laws, decisions, and instructions, as A future strategic policy can be developed that will enable it to increase tax revenues.

The first topic **Study methodology**

First: The importance of the study.

The importance of the study is represented by the tax is one of the sources of income in the Iraqi economy but it constitutes a small percentage of the state's general budget and it is one of the financial policy tools to achieve economic and social goals and achieving economic development within the established plan.

Second: The problem of the study.

The problem of the study is represented by the main problem: "To what extent have tax revenues contributed to diversifying the source of the state's public revenues and increasing them during the period 2010-2020?", and the main problem is divided into a number of sub-problems and agencies:

A- Is there an impact of tax revenues on the sources of national income in Iraq?

B- Do tax revenues contribute to addressing the imbalances that occur in the Iraqi economy?

C- Do the laws and legislation follow in Iraq contribute to maximizing tax revenues in Iraq?

Third: Objectives of the study.

This study focused on identifying the vocabulary that will be addressed by tax policy in Iraq, as well as the concept of economic diversification and the role of tax revenues in that, also presenting a vision of the future for the benefit of the tax system in order to achieve the desired economic diversification.

Fourth: The study hypothesis.

The study is based on the main hypothesis that "there is no significant effect of tax revenues in the Iraqi economy in diversifying and increasing sources of national income for the period (2010-2020) in light of the fluctuations in public revenues resulting from fluctuations in oil prices, and the following null hypotheses branch from them:

The first hypothesis (H0): There is no significant effect of direct tax revenues in increasing sources of national income.

The second hypothesis (H1): There is no significant effect of profession and business tax revenues in increasing sources of national income.

Fifth: Study population and sample.

Various sources of income in Iraq (corporate tax, payroll tax, profession and business tax) as well as tax policy in Iraq during the study period.

Sixth: The temporal and spatial limits of the study.

The temporal boundaries of the study are evident for the period (2010 - 2020), while the spatial boundaries of the study are represented by the study of the Iraqi economy.

The second section is divided into three axes

The first axis : The theoretical fondation of Financial Policy

First : - Financial Policy.

There are several concepts of fiscal policy that are different according to the objectives which are setting by the state, fisc is derived its concept from the origin of the French word that means the treasury is the keeper of money, (fiscal) policy, in its original meaning, was intended to be the state's budget and public finances , fiscal policy has been defined as “a set of objectives” the directives, procedures and activities adopted by the state to influence the national economy and society with the aim of maintaining and its general stability and addressing all changing circumstances (Al-Wadi, Azzam, 2007, 212), and it has been defined as “a set of rules that governments and public bodies must apply in determining expenditures” public and providing the necessary materials to meet these expenses by distributing their burdens among individuals” (Allawi, 2016, 433), financial policy is of great importance, whether in developing or developed countries, due to the state's intervention in economic activities, as well as the importance of financial policy alongside economic policy and we can summarize This policy is in the paragraphs listed belowP: (Khalaf, 2008, 236)

1.The fiscal policy establishes mechanisms for imposing all types of taxes

2.It implements all types of government spending mechanisms,(such as education, defense, justice, health, etc)

3.Fiscal policy deals with the above two paragraphs (government spending and taxes) to ensure growth The economic.

4.Fiscal policy works with monetary policy to achieve specific goals such as (price stability)

Second: The development of the concept of fiscal policy

Financial policy was interpreted by several schools, and each school had a different view that differed from the other schools which will be discussed as follows:-

a. Business school opinions

This school (commercial capitalism) prevailed from the beginning of the second half of the fifteenth century until the second half of the eighteenth century, during this stage there was no clear conceptual scope for financial and tax policy and what is its role in the field of economic activity, over time specialists began to think about Economic activity and the necessity of state intervention in several areas, including taxes, which have a major role in economic activity (Muhammad, 2019, 71), as for economist William Petty, who saw the role of taxes as fundamental in achieving economic and social stability and imposing them without exaggerating them, as well as he stressed that the role of the state should be limited to (justice and defense), and this led to a lack of influence on the economic activity of the state (Ghazal et al., 2020, 57), william Beatty also supported imposing taxes on goods imported from abroad in order to raise their price while reducing duties and taxes, on raw material goods, the goal is



to increase profits, reduce production costs, increase exports, and encourage local production (Al-Quraishi, 2008, 93)

B. Natural school (Physiocrats)

The Word (Physo) and (Crates) are two Greek words at the hands of the Physiocrats that mean (the rule of nature), the emergence of this school was by the French physician François Quesnay, and the duration of this school (1756 - 1778) was during the reign of Louis xv, meaning it did not last more than (25) years, the owners of this school confirm that the school is based on the fact that the French aristocrats derive their strength from care and nature, in which man has no business and without his intervention (Al-Ali, Kadawi, 2008, 57), and that this school depends on agriculture and not on trade such as the commercial school that was before the natural school (Muhammad, 2006, 87), and they considered that agricultural work is that generates a net product, and the rest of the activities are sterile and do not give a net product, as for the financial policy and taxation of the Physiocrats, and their view of taxes started from their change in wealth, they considered that production is the basis of wealth and surplus, not trade exchange, as they believe, and as a result of their opinions, the Physiocrats were limited, taxes are imposed on the agricultural sector at a rate of (30%) of the net output to achieve financial balance in the country, and not to impose taxes on the rest of the other sectors, such as the industrial and commercial sectors also they are considered sterile” T. the classic school (Mounir, 2014, 15-19).

This school appeared at the end of the eighteenth century after the economic developments that took place in Europe, including the Industrial Revolution, and the essence of this revolution was the transition from manual labor to technological machinery (Muhammad, 2006, 103), this school was linked intellectually with the appearance of Adam Smith book (the wealth of nations) His philosophical vision was state intervention in economic activities, but due to his belief in the natural order that he considered it is better than all systems, he left freedom to the individual in his personal behavior, since personal interest is the art of interest, which was called (the invisible hand) through individual economic freedom, and that the role of the state is limited, on (justice, defense, security), as for the financial policy of the classical school, it is to rely on the principle of budget balance that is achieved automatically without state intervention, and that its intervention is what follows this balance (Al-Omari, 2008, 441-442), meaning that it gave priority to public expenditures more than Revenues, and then if there is a deficit, we impose a tax or loans to fill the deficit, direct taxes are undesirable, unlike indirect taxes, which give the individual more freedom (Al-Tahir, 2008, 111)

D. The Neoclassical (Modern) School.

This school was active in the year (1871), the ideas of this school began at the hands of its English leader, Marshall, one of the professors at Cambridge University, this school is an extension of the ideas of the classical school because of its belief in economic freedom and that the market is what guarantees the economic balance in the state. The owners of this school were given the name (B) (modern) because they brought two new ideas:-

1. The Theory of Value: That is, the value of a material is determined from its utility, i.e. it is corresponding to its use, and the most important of its pioneers are Western economists Adam Smith and Di Ricardo, its conclusion is that the commodity has a use value, i.e. it is useful to humans (Amin, 2019, 35).

2. Method of analysis: That is, analyzing the economic behavior of the individual concerned for his individual interest, or who is called (the economic man), who does not exist in reality, as for financial and tax policy the ideas of the new classics were focused on reducing expenses as much as possible and not interfering with the state in life, economic, in addition to imposing taxes to cover the deficit in public expenditures and achieve tax neutrality, and that the tax be moderate and do not affect prices, that is, the imposition of taxes does not result in any economic variables, and that tax policy in neoclassical thought is to impose taxes on the condition that they do not affect price, income, and wealth, that is, the least. It has a possible effect (Kammash, 2010, 30-31), and it must be neutral and moderate and does not affect or change social and economic life, and it must be flexible, when revenues are needed, the state increases the price on the tax base, provided that it does not lead to its contraction (Al-Omari, 2008, 94-95).

H. Keynesian school

This school appeared during the most difficult stage that the world went through which was called (the Great Economic Crisis) in the year (1929) at the hands of its leader, John Marinette Keynes, and it had a major role in economic thought, especially after World War II, and the most important opinions of this school are (Safwat, 2019, 23 – 25):

1. it confirmed the existence of unemployment, that is, economic balance is achieved below the level of full employment.
2. abandoning Say's Law, according to Keynes's views, there can be a shortage of demand 1. I focused on effective demand.
3. to treat inflation (increase taxes and reduce spending)
4. to treat the recession (reducing taxes and increasing spending)
5. its goal is general, not specific, and saving does not equal investment

Based on the above the Keynesian school was analogous to the classical fiscal policy, and therefore taxes can contribute to achieving economic stability if they are used for economic and social purposes (Galbraith, 2010, 250).

The second axis : Dimensions, concepts and effects of tax policy

First : Taxes

Before discussing the concept of tax policy, its objectives, tools, elements, and economic effects, some basic theoretical foundations will be discussed, namely the definition of taxes and some related concepts related to tax policy and agencies:

- a. Definition of tax: The tax is defined as “a financial deduction from people's wealth carried out by the state - through reparation without special compensation achieved by its payer, with the aim of achieving a public benefit” (Abu Hashish, 2010, 17), and it is also known as “a monetary amount imposed by the state on taxpayers to carry out with its economic, political and social functions” (Ayesh, 2011, 184), also for Al-Dakhil, he defines tax as “the financial obligation that arises upon the realization of the event that created it and is legally determined” (Al-Dakhil, 2013, 77):
- B. Tax justice: It means “distributing tax burdens in a fair manner, and tax justice is a technical and subjective standard that is ambiguous and subject to change, and this varies according to the place and time in which the writer writes” (Draz, Abu Al-Douh, 2006, 212)

T. Tax base: These are cash or in-kind funds subject to tax on which the amount of tax due must be determined, or they are funds from which the state takes its revenues, which are taxable funds. (Alwan, Al-Zayani, 2008, 9)

Double taxation: It means imposing the same tax on one person more than once for the same money that means repeating the tax for one person and one money, whether the repetition is local or international.” (Al-Hajj, 85-84 2009)

Second: Objectives of tax policy

The tax policy has several goals that it seeks to achieve, which can be explained as follows:

a. Financial goal: The financial goal is one of the most important and first goals of tax policy that generates revenues for the state treasury, especially since this goal has existed since the state was a custodian and non-interferer (Nashid, 2006, 130) and is considered the source of permanent revenues that are collected from the state’s internal sources. To replenish its treasury (Al-Khatib, Tafesh, 2008, 24) and the more the tax policy is imposed completely on members of society and its economic costs, the greater the ratio of tax revenue to the gross domestic product (Al-Khatib, Shamiya 152.2005)

B. Economic Objective : The objectives of tax policy will vary according to the economic objectives set by the state, the most important of which is increasing financial revenues and achieving economic development to integrate the role of tax policy with fiscal policy, the most important of these economic objectives are : - (Khalil, 2016, 42)

1.Tax policy is used as a tool to solve economic crises such as economic stagnation and depression - and inflation through taxes and to help encourage necessary production and reduce the tax in the event of a recession to restore economic stability, the opposite situation is in the case of inflation, i.e. increasing the price of taxes on some projects for which consumption is intended to be reduced, the surplus being absorbed, and any power being protected. Purchasing to reduce waves of inflation (Al-Khatib, Shamiya 154, 2007)

2Encouraging investment this is when the state desires to encourage some investment sectors, such as (agricultural, industrial, and commercial sectors), by reducing the tax rate and exempting it for the purpose of encouraging investors and directing their income to work in these projects (Qadi, 2011, 117).

Third: Tax policy tools

Tools are the means or methods for achieving the goals that were discussed previously, these tools are divided into two categories:

A - Tax structure: This means the taxes imposed through the tax base, which is the subject matter subject to tax, and it may be the person or the money itself, and it may be one or multiple, and choosing the tax base is very important, as the qualities of justice, flexibility, and abundance are determined by it (Al-Khatib Shamiya, 2003, 160)

There are several types of taxes that must be distinguished:

- 1.Multiple taxes and one tax.
 - 2.Taxes on money, taxes on people.
 - 3.Direct taxes, indirect taxes.
- B. Technical organization of taxes.



It means the technical procedure in imposing the tax and how to collect it, and it is considered the first step to identifying the characteristics of the tax through the system that is designed through the state's financial policy and determining its goals to increase national income (Mabrouk, 2007, 112). Some public finance jurists also see the need to memorize Tax incentives are intended to achieve greater financial and economic returns. Others see an increase in tax incentives because there is a close and increasing relationship between (investment, national income, economic development, and tax incentives).

T. Economic effects of taxes.

The economic effects of taxes greatly affect some economic variables, and that these effects depend on the nature of the economy and the type of tax rate on the base in which the tax is imposed, and that the effect of imposing taxes is of importance to financial and tax policy jurists, and the most important of these effects are as follows:-

1. The effect of taxes on consumption and saving

The main factors on which consumption depends are (the size of income, the marginal propensity to consume) and that the remaining part of the income that is not consumed is (saving). That is, the same factors that affect or determine consumption are the same that determine saving, that is, the marginal propensity to save is equal to (one), minus the consumption tendency where taxes affect the size of income and therefore the size of consumption, this depends on the type of tax, if it is regressive the effect is greater on consumption for those with limited income, and thus these people are eliminated from some luxury goods and services, and thus their price decreases, demand varies from one good to another according to its elasticity, the demand for it: whenever the demand for a good is elastic, its consumption is affected due to the taxes imposed. However, if the goods have inelastic demand, then the goods will be necessary and cannot be dispensed with except within a few limits. However, if the taxes are progressive, their impact will be on those with high incomes and on their saving, this means that Taxes have a negative role on saving, and the effect of taxes on consumption depends on the tax policy, based on what was mentioned above, the relationship will be inverse between (the poor group and the rich group) as a result of imposing taxes on consumption, this also affects tax fraud as a result of using the state's tax policy. (Al-Janabi, 2007, 154-155)

2. The effect of taxes on the product - The effect of the tax on production is through two ways:-

First: - The direct effect: that is, the effect on the rate of profits and production. If the producers have the ability to transfer the tax price to the consumer by raising the price of the commodity produced, then the effect of this tax will be positive on total production, and thus the producer will work to double his production due to the incentives that guarantee they can transfer the tax burden to the consumer and generate continuous profits, as well as guarantee compensation or recovery of their withheld funds as a result of the imposition of taxes imposed on them.

Second: - The indirect effect: The indirect effect of taxes on the volume of production will also affect consumption, that is, it leads to a decrease in the volume of consumption and thus a decrease in the volume of production, there is a strong correlation, in addition tax policy has an important role in using taxation as a tool to increase production, a specific activity or its decline by imposing a low tax on economic activities that the state wants to increase production and development, or vice versa by imposing a high tax on unwanted products (Ahmed, 2018, 120-121)

3.The effect of taxes on the distribution of income

Taxes are one of the tools of tax policy that are used to achieve social justice through the use of imposing high direct taxes on those with high incomes, they contribute to distributing incomes between the categories of the country (the poor class and the rich class), that is, reducing the differences between them, they also contribute to reducing the tax burden on those who fall on them, on the shoulders of those with limited income, but if indirect taxes are used, their impact will be loaded by those with high incomes, because this will affect on the volume of consumption, especially if they are imposed on necessary goods in a large proportion, the prices of which will rise (Daoud, 2018, 31)

The third axis: The relationship of tax revenues in increasing sources of Iraqi national income

First: Problems of direct taxes in Iraq

The tax policy in Iraq suffers from several economic, social, administrative, legal, governmental and technological problems which had a negative impact on its lack of development. We will explain this as follows:

First: the economic problem.

The more tax bases there are, the higher the tax revenue will be, these bases come through their composition of the gross domestic product, and through what we discussed in the second chapter, it consists of (39%) of the revenues of the extractive sectors , in addition to the fact that the agricultural sector is exempt from taxes and the industrial sector is almost halted, therefore this it leads to a decrease in the tax base, meaning that the tax burden falls on certain sectors in the formation of the gross domestic product, therefore, one of the economic problems of the tax policy is the economic situation of Iraq in general, which is reflected in the weakness of this tool in achieving economic stability (White Paper, 6, 2020), as for the Arab level, in terms of the proportion of tax revenues out of public revenues for the two years (2018-2019), its rank was (17) out of a total of (22) countries, with a percentage of (4%) (Arab Monetary Fund Report, 2020, 5)

Second: The social challenge (social problem)

It is difficult to raise the level of tax awareness without achieving trust between the taxpayer and the financial authorities, and this requires a long time and a great effort to strengthen this trust, provided that it is conditional on concrete practical things that show the financial institutions of the individual taxpayer, such as the road and bridge tax paid by Iraq (Shandi, Hassan :44, 2015), the taxpayer when transferring the ownership of a car, for example, in contrast, we find that most of the roads do not have the simplest traffic requirements, if we compare the number of taxpayers in Iraq, for example, to the number of residents, the number of those subject to it does not reach (3%), while it reaches in countries Applying to (30%) of the population (General Authority for Taxes, Planning and Follow-up Department, 2, 2020)

Third: The governmental problem (government challenges)

One of the problems facing the tax policy is the lack of sufficient support from the government for public tax bodies at various administrative, financial, and infrastructure levels, as well as the real will due to its dependence on oil revenues, also the lack of commitment by some institutions and ministries to implement Financial Instructions No. (2 of 2008, specifically), article (Third) concerns contracts, and Article (4) of the same law indicated that the General Tax authority is the one who determines the withholding rate according to economic conditions



and legislation by seizing tax deposits and contracts that exceed five million dinars, in addition to notifying the Authority of those contracts, as well as the disbursement of some of these ministries, and institutions in trusts held for tax purposes, after we have touched on the most important problems and obstacles to tax policy, we will present some measures that can be activated to correct the course of tax policy because of its role in diversifying sources of income in the Iraqi economy, which are as follows:

First: Addressing the economic problem. -

The economic problem can be addressed through economic diversification, and this is what is guaranteed by the Iraqi Constitution in accordance with Article 25, which stipulates: “The state shall guarantee the reform of the Iraqi economy according to modern economic foundations and to ensure the full investment of its resources, the diversification of its confiscations, and the encouragement and development of the private sector” (Constitution of the Republic of Iraq, 2005) Economic diversification, according to the researcher’s opinion, can be achieved through the following:-

1. Developing the program for the two sectors (agricultural and industrial)

By developing a strategic plan for these two sectors and rehabilitating the infrastructure to meet the needs of the Iraqi economy, these two sectors are complementary to the other and are strongly interconnected with the other sectors, in addition to the two rivers Iraq possesses (Tigris and Euphrates) and the presence of about (45) million dunams suitable for agriculture, as well as the availability of a large workforce. Human capital amounting to (30) of the population of Iraq, as well as the abundance of scientific energies in this field (Ministry of Planning, National Development Plan, 2010-2014, 70)

Therefore, these available specifications in the agricultural sector can be large and important in achieving self-sufficiency and exporting the surplus to diversify the sources of income in the economy, and thus tax revenues also increase as a result of the expansion of the tax base, whether it is an export tax, an income tax, or another tax imposed on local products, it is high on materials imported into the sector, especially in seasons of abundance, and reduced in seasons of scarcity, many countries consider the industrial sector to be one of the pillars of the economy because of its importance in addressing economic imbalance, therefore, the attention must be given to industrialization and limiting imports by raising the customs tariff price, especially for locally available materials, to encourage local industry, the most important of which is (cement, brick, iron, aluminum, etc.), and pay attention to the electrical sector because most commercial professions depend on electrical energy in their operation, thus increasing tax revenues while providing a portion of investment spending for these two sectors in building infrastructure. (Ministry of Planning, National Development Plan, 2014-2020, 32)

2. Establishment of a (sovereign wealth fund).

Through everything that exceeds the price of a barrel determined in the annual budget by the House of Representatives, this first proposal will be added to this fund, and the second proposal in the event that the proposal is not possible to implement, will allocate certain percentages, for example (5%) of every price of a barrel sold, regardless of the increase or Low oil prices, provided that these funds are managed by safe hands with financial and economic experience in an independent body, provided that these funds are used for financial crises, and in the event that there is no financial crisis during the year, these funds are used in productive investment projects that generate new income for the state, this project should be approved within legal



legislation by the Iraqi Council of Representatives so that it becomes binding and must be implemented due to its great importance in diversifying sources of Iraqi income (Arab Monetary Fund, 2020, 10)

Second: Increasing tax awareness

Tax awareness is one of the main indicators of the success of tax policy through conducting social awareness campaigns and the importance of defining the tax for the taxpayer and its positive returns for them and creating a spirit of trust between the financial authorities and the taxpayers through tax media and defining what the state's rights are over the citizen and what is the opposite to enhance The partnership between the Authority's tax administration and the segments of taxpayers. The tax such as previously defined, is a forced deduction from the individual's income. The individual does not know the benefits that accrue to him, and to achieve awareness, the following must be done by the General Authority for Taxes, according to the researchers' opinion: (Arab Monetary Fund, 2020, 15)

1. Focusing and disseminating the tax benefits that accrue to the individual and society.
2. Determine and publish the percentages of the individual's contribution to the GDP.
3. Determine and publish the percentages of the individual's contribution from tax revenues annually so that the individual can know the extent of his contribution.
4. Deepening programs and plans aimed at tax awareness.

Third: Improving tax administration.

The first step for reforming and developing tax policy is (raising the efficiency of tax administration) which requires providing some conditions, the most important of which are the following: - (Ministry of Planning, National Development Plan, 2014-2020, 66)

a. Amending the structure of the tax system and unifying it in all financial institutions, provided that it is not subject to personal judgments, and defining special standards that enable the distinction between direct and indirect taxes, as well as the integrated organizational structure with all its details, and defining the responsibilities of the headquarters, its branches, and its employees, and their job descriptions, in an integrated, clear, and known manner to everyone, so that the taxpayer is fully aware of this on the one hand, and if this is not possible, unifying these types of taxes under one name and in accordance with legal conditions and controls.

B. Facilitating procedures and avoiding administrative routine (simplifying the organization of technical work).

T. Involving employees in development courses to raise their efficiency, especially in dealing with how to collect taxes.

Fourth: Government support.

One of the important indicators that leads to improving tax policy in the future is government support for these institutions and attention to them, provided that there is sufficient conviction and determination in developing these institutions that are still suffering from neglect (Safwa, 2019: 85), to make this institution successful, it is necessary to develop a practical plan that includes all the needs of the General Tax Authority in order to achieve what it requires in the next stages of its development in order for it to be an important part and a significant figure in financing the general budget (Al-Lawi 2016: 3), in addition to supporting its infrastructure and having a suitable place for the employee in which he can carry out his work from in terms of buildings, offices, cars, equipment, machinery, furniture, etc., it is appropriate that most of them are old buildings and there is no support for them, including the Authority's general



headquarters, in addition to eliminating the payment of rent amounts for the buildings of some branches (Ministry of Planning, National Development Plan, 2014 _2020, 75)

The third topic/practical framework

The first axis: Analysis of public revenues in the Iraqi economy during the period (2010-2020)

First: Analysis of the structure of actual and planned public revenues.

Planned revenues: This means the estimated revenues that are prepared by the ministries and are sent to the ministry of Planning and the ministry of Finance after that, amendments are made to them, deleting or adding to the content of their paragraphs, or keeping them as they are, and then they are presented to the council of ministers to be approved or not and then Sending it to the legislative authority represented by the house of Representatives for the purpose of amendment or voting and approval so that the planned revenues become a part of the paragraphs of the Iraqi Budget Law and as in Table No. (1)

Table (1)

Table of the structure of actual and planned public revenues and the percentage of implementation for the period (2010-2020) (million dinars)

Year	Actual public revenue	Growth rate %	Planned public revenue	Percentage of change %	The percentage of actual and planned implementation %
2010	55,209,353	31,2	50,408,215	0,7	109,5
2011	70,173,223	27,1	16,735,312	22,4	113,6
2012	99,998,776	42,4	80,934,790	31	123,5
2013	119,817,224	19,8	102,326,696	26,4	117,0
2014	113,840,076	4,9	-----	----	----
2015	105,364,301	7,4	119,296,663	18,6	95,4
2016	66,470,253	-36,9	94,048,364	16,5	70,6
2017	54,409,270	-18,1	81,700,83	-13,1	66,5
2018	77,422,173	42,2	79,011,421	-32	97,9
2019	106,569,834	37,6	91,643,667	15,9	116,2
2020	566,995,107	0,9	105,569,686	15,1	101,8
growth rate	7,8	-23	10,5	-5,6	-2,66

Source: Prepared by the researcher based on data from the Central Bank of Iraq - Statistical Bulletin for the years (2010-2020)

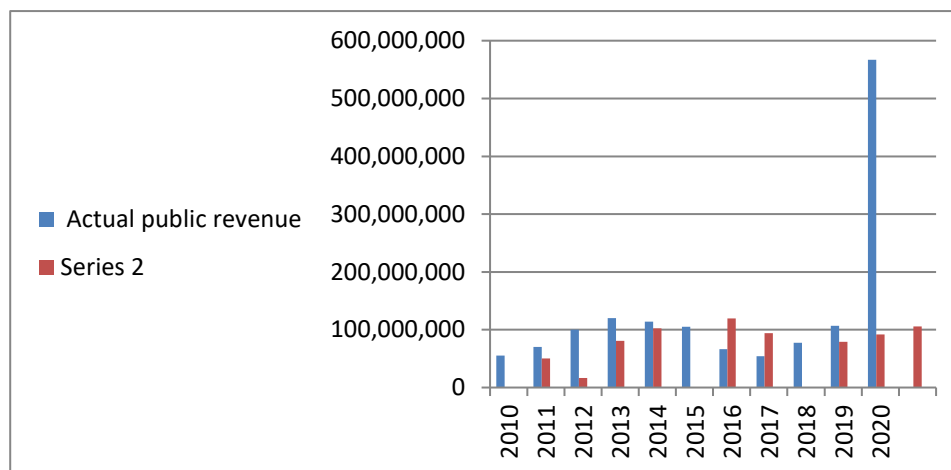
By reviewing the data in Table (1), we notice that the actual revenue in the first years of study reached (2010) (55,209,353) million dinars, while the planned revenue was (50,408,215) with



a growth rate of (0.7), compared to the growth rate of revenues, the actual amounted to (31.5), which resulted in a change in the growth rate between the actual and the planned, reaching (109.5%), which indicates an increase in actual revenues compared to the planned, while actual revenues in the year (2011) amounted to (70,173,223) million dinars with a growth rate, it reached (27.1), while the planned revenue reached (16,735,312) and the growth rate was (22.4), bringing the percentage of change between the actual and planned to (113.6) , as for the year (2012), the actual revenues reached (99,998,776) million dinars with a growth rate (42.4) as for the plan (80,934,790), with a growth rate of (31), while the plan reached (123.5%), which is considered the highest implementation rate among the years of study, while the actual revenues for the year (2013) reached (119,817,224) and with a growth rate of (19, 8) Compared with the planned revenues amounting to (102,326,696) with a growth rate of (26.4) and a percentage change between the actual and the planned (117%), the revenue rates began to fluctuate between rising and falling. In the year (2014) there was no comparison as a result of the non-approval of the budget, while the remaining years of actual revenues, according to the years of study, amounted to (105,364,301, 66,470,253, 54,409,270, 77,422,173, 106,569,834, 566,995,107), with growth rates reaching (7.4, -36.9, -18.1, 42.2, 37, 6, 0 9) while the planned revenues were at high levels compared to what was achieved, with the implementation rate increasing significantly during those years, as in Figure No. (1)

Figure No. (1)

Actual revenues, plans, and implementation percentage in Iraq for the period (2010-2020)



Source:

Prepared by the researcher based on the data in Table No. (1)

Second: Analysis of the structure of tax revenues.

It has been emphasized in all countries of the world that managing the economy in any country cannot achieve success, progress, development, and economic development except through diversification of its sources . On the basis of this concept, countries rushed to correct some aspects including the financial and tax aspect, as it has an influential role in their economies , we will show the strength or weakness of tax revenue through Table (2) (Al-Hamdani, Shanshul, 2018, 11)

Table No. (2)

Table of the structure of tax revenues in Iraq for the period (2010-2020 (million dinars)

Year	Actual tax revenue	Growth rate%	Planned tax revenue	Percentage of change%	Actual/planned implementation ratio%	The percentage of actual tax revenues from public revenues%
2010	3,334,809	238,2	2,837,239	-48,9	117,5	6
2011	1,532,438	54	1,309,719	53,8	117	2,1
2012	1,783,593	16,3	2,372,154	81,1	75,1	1,7
2013	2,876,856	9,2	2,743,806	6,2	104,8	2,5
2014	1,885,127	-34,4	----	----	----	1,7
2015	2,633,357	47,6	2583,254	8,8	101,9	2,1
2016	2,015,010	6,8	5,416,976	3,2	37,1	3
2017	3,861,896	91,6	5,416,976	5	67,8	7,4
2018	6,298,272	63	5,446,362	4,3	115,6	8,1
2019	5,686,211	-9,6	8,524,371	56,5	66,7	5,3
2020	4,014,531	-29,3	6,334,159	-25,6	63,3	3,7
compound growth rate%	21,4		20,4		1	14,8

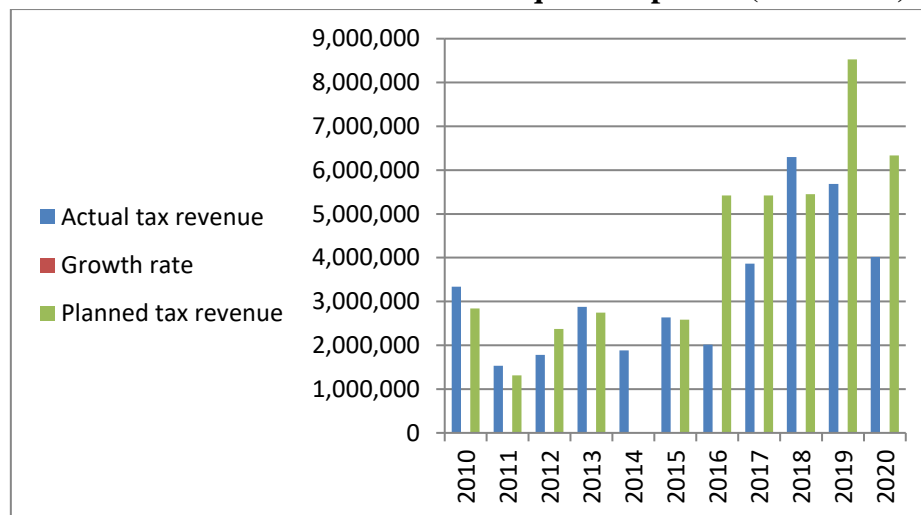
Source: Prepared by researchers based on: - Central Bank of Iraq, Central Statistical Organization, Annual Statistical Bulletins, General Directorate of Research and Statistics, various years from (2010-2020)

From the above table No. (2) in the year (2010), we notice that it decreased again after the events of the year (2009), as it recorded less than half of the previous year's revenues, amounting to (3,334,809) million dinars, with a growth rate of (238.2), as well as tax revenues. The plan was also estimated to be less than half of the previous year, with a negative growth rate of (-48.9), while the percentage of actual implementation of the plan reached (117.5%), while the percentage of tax revenues' contribution to the total revenues also decreased from the previous year by approximately (6), then the actual tax revenues achieved for the years (2011 - 2013) increased again, with positive growth rates (16.3, 47.6). As for the planned revenues for the years (2011 - 2013), they were greater than the actual revenues and with positive growth rates (8.89%, 21.6%) while the actual implementation percentage of the plan reached (75%) in 2011, and in 2012 the best percentage during the recorded study period was (101), followed after that in 2013, which reached (104), as for the percentage of contribution to actual tax revenues Achieved from total revenues which witnessed fluctuations, decreases and then increases as a result of the rise in oil prices and thus an increase in the percentage, however, in 2014 tax revenues decreased, recording (1,885,127) million dinars that means they decreased by (991,729) million dinars, while there were no tax revenues planned for 2014, because it was approved by the Iraqi Council of Representatives and the Executive



Government, the percentage of actual tax revenues' contribution to public revenues amounted to (1.7%), as for the three years of the research sample (2015, 2017), they witnessed an increase in actual tax revenues and positive growth rates (6.8%, 91.6% ,63,%) while the planned revenues for the aforementioned years recorded fluctuations, ups and downs, with fluctuating growth rates for the years 2016 and 2017 (5, 4.3), and the contribution percentage of actual tax revenues from public revenues was (-3%, 7.4% , 8.1%) These are good indicators, and we note that the highest percentage during the study period was in 2017, followed by 2016, the reason is due to the low contribution rate of oil revenues, as well as the high tax effort and corrective measures taken by the Iraqi government in light of the decline in oil prices, through financial authority and increasing the imposition of taxes on income and wealth, as well as indirect taxes represented by commodity taxes, production fees, and imposing a tax on Internet networks and charging cards at a rate of (20%), as for the last two years of the study (2018 and 2019) the actual tax revenues decreased with negative growth rates, (9.7%) and (29.3%), while the planned revenues were greater than the actually achieved revenues for the year 2018, with a negative growth rate (4.3%) and a difference from the actual tax revenues by (2,838,160) , in 2019, the planned revenues reached (6,334,165) million dinars, i.e. a difference from the actual tax revenues achieved (2,319,289) million dinars and the percentage of actual implementation of the plan for the two years mentioned above was (66.7% and 63.7%) respectively, while the percentage of the actual tax revenue's contribution to the total revenues was respectively (5.3% and 3.7%), from the above, it is clear to us that tax revenues do not meet the level of ambition because they are low as a percentage of contribution to public revenues, as in Figure No. (2) below

Figure No. (2)
The structure of tax revenues in Iraq for the period (2010-2020)



Source: Prepared by the researcher based on the data in Table No. (2)

The second axis

First: Analysis of the reality of direct taxes in the Iraqi economy for the period (2010, 2020)

The General Authority for Taxes is responsible for collecting direct taxes, as the percentage of contribution of total tax revenue from public revenues amounted to (3.2%), which is considered a weak percentage due to the rentierism of the Iraqi economy due to its dependence on the extractive sector revenues, which constituted (96.8%) of Public revenues during the study

period (Al-Hamdani, Shanshul, 2018, 33), (Wada, 2017, 57) and Table No. (3) shows direct taxes and some of their indicators in Iraq for the period (2010-2020), million dinars.

Table (3)
Analysis of direct taxes and some of their indicators in Iraq for the period
(2010, 2020)

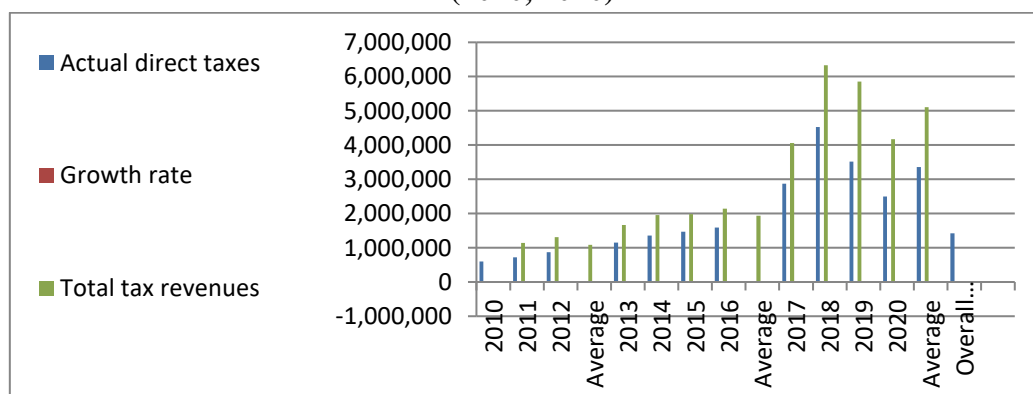
Year	Actual direct taxes	Growth rate%	Total tax revenues	Actual direct taxes percentage of total tax revenues%
2010	603,040	14.8	1,083,037	55.6
2011	722,264	19.7	1,144,143	63.1
2012	873,540	20.9	1,311,155	66.6
Average	681,02	18.7	1,088,459	62.4
2013	1,146,943	31.2	1,665,878	68..
2014	1,357,833	18.3	1,957,013	69.3
2015	1,463,998	7.8	1,979,898	73.9
2016	1,594,499	8.9	2,140,043	74.5
Average	1,39,818	16.6	1,935,708	71.6
2017	2,875,717	80.3	4,056,052	70.8
2018	4,522,012	57.2	6,330,588	71.4
2019	3,520,003	-22.1	5,852,836	60.1
2020	2,501,409	-28.9	4,173,441	59.9
Average	3,354,785	21.6	5,103,229	65.6
Overall average	1,419,371	35.91	2,563,351	65.5

Source: Prepared by the researcher based on data from the General Tax Authority/Planning and Follow-up Department for various years.

The contribution percentage of direct taxes from tax revenues was the lowest during the second period in 2010, amounting to (55.6%), the reason for this is attributed to the tax exemption from deduction for the salaries of state employees, the average contribution percentage decreased slightly, reaching (62.4%), in addition to the circumstances that Iraq went through which led to instability, the migration of high-income earners, and the cessation of many economic activities, it achieved a growth rate in 2011 (19.7), the reason for this is due to the efforts of workers in the General Authority for Taxes, and it achieved the highest revenue rate for corporate tax and real estate tax, and the taxes (Report of the General Authority for Taxes, 2011, 23), as for the third period (2013-2015), the average tax revenue for direct taxes reached (1,935,708) million dinars, with an average growth of (16.6%), the reason for this increase is attributed to the fiscal policy aimed at increasing direct taxes, while the contribution percentage of tax revenues was on average (71.6%) which is higher than the previous two

periods, this is due to the high percentage of payroll and corporate taxes that dominated direct tax revenues by approximately (50%), which we will discuss in, as for the last period (2017 - 2020) this period witnessed the highest tax revenue during the year 2018, amounting to (4,522,012) million dinars during the study period due to the General Authority for Taxes activating a number of tax bases that were legally legislated, including the reversal of tax deposits, as well as the increase in tax collections for foreign oil companies that achieved the highest percentage in In 2018, which amounted to (71.4%) of its contribution from direct taxes, it also witnessed a decrease in the same period in 2020, which amounted to (2,501,409) and a negative growth rate (%-28.9) which is the lowest growth rate during the study period. The reason for this is attributed to The exemptions that we previously touched upon in Law No. 9 of 2019, as well as (Article 12 / Paragraph Two) of the Unified Iraqi Budget Law of the Republic of Iraq, which stipulates that the Ministry of Finance shall allocate the amounts resulting from the implementation of (70%) to the beneficiary and a percentage (30) to the state's tribunal after that It was the opposite according to Article (18) of the Iraqi Budget Law for the year 2018, and the average for the last period amounted to (3,354,785) million dinars, which is higher than the previous three periods and with a growth rate of (21.6), this last period also achieved an average contribution rate for direct taxes from Tax revenues, which amounted to (65.6%), the reason for this is due to the increase in their percentage in 2017 as the highest growth rate, that reached (80.3), and the expansion of the tax bases, which added two paragraphs to the direct tax, namely (refunds / tax deposits), which reached a percentage of (17, 9%) of direct taxes, in response to the above, it was found that tax revenues increased as a result of the targeted fiscal policy that seeks to diversify sources of income and reduce dependence on oil revenues, as in Figure No. (3)

Figure No. (3)
Analysis of direct taxes and some of their indicators in Iraq for the period
(2010, 2020)



Source: Prepared by the researcher based on data from Table No. (3)

Second : Analysis of taxes on individual income (professional tax, business (tax)

In this topic, we will discuss the process of analyzing the taxes imposed on individuals' incomes, which is called the income tax, and one of its most important types (professions tax,

business tax), as it is considered one of the most important types of taxes with continuous revenues during the study period (2010-2020)

Table No. (4): Analysis of the profession and business tax for the period (2010-2020), million dinars

Year	Actual occupation and business tax	Growth rate%	Direct taxes	Professions tax percentage of direct taxes%
2010	54,107	37.8	603,040	8.9
2011	77,277	42.8	722,264	10.6
2012	83,078	7.5	873,540	9.5
Average	63,429	23.4	681,023	9.1
2013	98,722	18.8	1,146,943	8.6
2014	114,087	15.5	1,354,833	8.4
2015	119,172	4.4	1,463,988	8.1
2016	96,307	19.1	1,594,499	6.0
Average	107,072	4.9	1,390,815	7.7
2017	126,967	31.8	2,875,717	4.4
2018	157,539	38.2	4,522,012	3.8
2019	180,587	3.0	3,520,003	5.1
2020	165,633	8.4	2,501,409	6.6
Average	162,249	16.1	3,354,785	5.0

Source: Prepared by the researcher based on data from the General Authority for Taxes, Planning and Follow-up Department during the years of study.

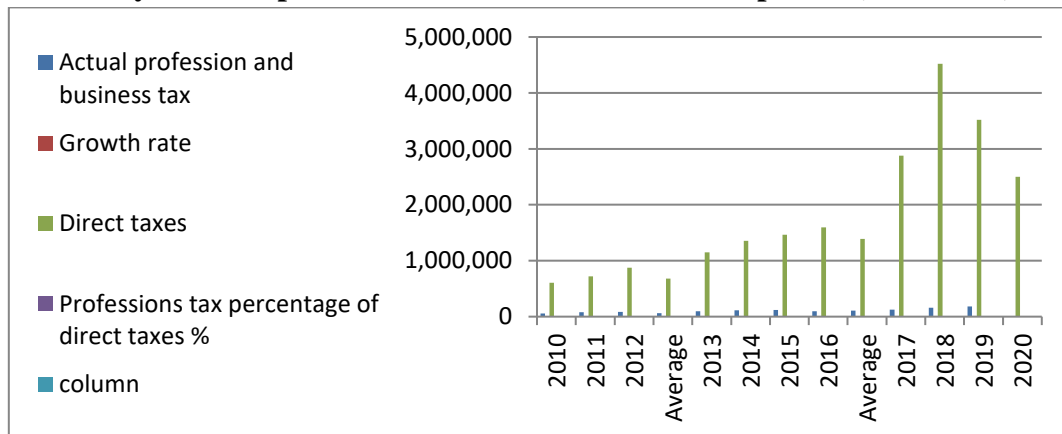
By reviewing the data in Table No. (4), which includes the profession and business tax, the results have been divided into three stages, as follows, in the first extended stage (2010-2012), we notice that it recorded a decrease for the first three years of the study, with a growth rate in the year ((2010) of (54,107) in light of this, the percentage of its contribution from direct taxes decreased (8.9%), and the reason for this decrease is attributed to the poor security conditions and non-payment by those responsible for paying the tax, then the improvement in tax revenues for professions returned in 2011 and reached (77,277) million dinars with a growth rate (42.8%), which is the highest growth rate during the study period that was reflected positively in the increase in the percentage of its contribution from direct taxes, which amounted to (10.6), as well as the improvement of the economic situation in Iraq, the average annual revenue for the profession tax for the first stage reached (63,429), which is the lowest average rate during During the study period, the average growth rate was (23.4%), while the percentage of its contribution from direct taxes was on average (9.1%), which is the highest percentage of contribution during the period of the study, due to the decrease in the percentage of its contribution in subsequent years, in addition to the improvement in tax revenue for other types of direct taxes, as well as The issuance of Investment Law No. (13) in 2007, which includes investment fields except for two fields, they are the extractive field of oil and gas, and

the second field is insurance and banking companies (Law No. 13 of 2007, Article 29 / Paragraphs First and Second), while the second phase (2013-2016) witnessed continuation. With an increase in the tax revenue for the profession tax, with an arithmetic average of (107,072) million dinars, which is greater than double the first period, and with positive growth rates, respectively (18.8, 15.5, 4.4, (19.1), and with an average growth of (4.9), which is also greater than the first period as a result of the increase in economic activities, While the percentage of its contribution from direct taxes fluctuated, but in close proportions (8.6, 8.4, 8.1, 6.0) and at an average rate (7.7%), which is less than in the first period, despite the continuous increase in revenues from the profession tax.

As for the third phase (2017-2020) of the actual occupation tax, we notice from the table that its revenues did not decrease and continued to rise for the first three years of this period, as an extension of the previous two phases, with positive growth rates (31.8, 38.2, 3.0, 8.4), while the average revenues reached (162,249) million dinars, meaning a growth rate of (16.1), and thus it has achieved the highest levels of the three stages.

Figure No. (4)

Analysis of the profession and business tax for the period (2010-2020)



Source: Prepared by researchers based on data from Table No. (4)

The third axis

a. Analysis of the contribution of the main components of total direct taxes.

In this topic, we will discuss the percentages for the types of direct taxes in Iraq, which were extracted from the tables in the first and second sections for the purpose of identifying the impact of tax revenues on other revenues, according to Table No. (5)

Joule No. (5)

Percentages of types of direct taxes in Iraq for the period (2010 – 2020)(%)

year	Corporate tax%	payroll tax%	Profession and business tax%	Land tax%	Property tax%	Foreign companies tax	Deposit reversal tax%	Impedance support service tax%	Total proportions%
2010	42	16	9	28	6	0	0	0	100
2011	37	10	11	35	7	0	0	0	100
2012	38	19	10	27	6	0	0	0	100
2013	36	24	9	26	5	0	0	0	100
2014	41	23	8	23	5	0	0	0	100
2015	36	26	8	18	4	8	0	0	100
2016	24	34	6	16	4	16	0	0	100
2017	27	24	4	6	3	19	17	0	100
2018	26	15	3	3	2	26	24	0	100
2019	21	20	5	6	3	20	25	0.1	100.1
2020	29	29	7	9	4	22	0	0.17	100.1
Average	32,4	21,8	7,3	17,9	4,4	10	6	0,02	100

Source: From the work of the researcher, relying on data from the General Tax Authority/Planning and Follow-up Department, based on the previous tables.

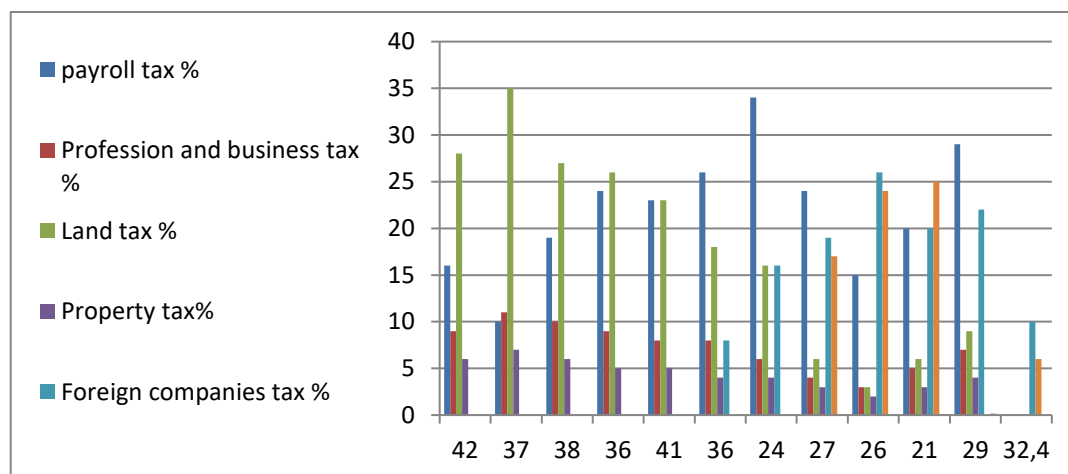
By reviewing Table No. (5), we find that the types of direct taxes for the period (2010 - 2020) are five types, which are (corporate tax, payroll tax, profession and business tax, land tax, real estate and property tax combined, foreign companies tax, trust reversal tax. The impedance support service tax), which totals (8) major tax bases as a result of the slight expansion of the tax bases, then decreased to (7) main bases after the suspension of the two taxes (refunds as opposed to deposits) in 2019. Ministry of Finance, General Authority for Taxes, Planning and Follow-up Department, personal interview, 2020, to find out the percentage contribution of these tax bases from direct taxes after rounding to the correct numbers by the researchers and to indicate the extent of the importance of each one of them, this table (5) was organized, and from it we notice the following:-

- 1.The land tax (corporate tax) achieved an overall average of (32.4) as a percentage of contribution to direct taxes during the study period, reaching its highest percentage in(2010) (42) and reaching its lowest percentage in(2019) (21) as a result of the increase in revenues.
- 2.After that, the dominance of the payroll tax reached its highest rate in (2016), at (34) as a result of all state employees being covered by the payroll tax, and its lowest rate was in 2011, which reached (10) The overall average was (21.8) as a contribution percentage from direct taxes during the study period.
- 3.The profession and business tax, which reached the highest rate in (2011) (11) and the lowest rate recorded in 2018, decreased by (3), the reason for this is attributed to tax evasion despite the increase in population, which is supposed to have a direct relationship and the increase in this type of revenue, tax and its effective contribution to supporting the state budget, not having an inverse relationship with the population, and this is from the economic literature, and on a total average during the study period, the percentage of its contribution from direct taxes was (7.3).

4. The real estate and property tax (combined) was achieved by the General Authority for Taxes, and its revenues were modest, as its highest contribution percentage reached (35) in (2011) and the lowest percentage reached (3) for the year (2018), with an overall average during the study period as a contribution percentage recorded (17.9).

5. In 2014, the oil companies tax was activated, reaching its highest rate in a year of (26) and the lowest rate recorded in (2015) of (8), and the average contribution rate to it during the study period amounted to (10). 6. In (2016), the tax (refunds/reversal of tax deposits) approved by the Income tax Law in 1982 was reintroduced for a period of three years (2017, 2018, 2019), then it was suspended, as its highest contribution percentage reached (25) in (2019), and the lowest percentage it had (17) for the year 2017, and the overall average during the study period was (6), which is a good percentage, then it stopped working again in (2020). 7. As for the tax approved in 2019, it is the no Objection Service Tax, whose percentage of direct taxes was very modest, reaching (0.1) and (0.17) (2020) respectively, with an overall average during the study period (0.02).

Figure No. (5)



Drawing percentages for types of direct taxes in Iraq

Source: Prepared by the researcher based on the data in Table No. (5)

Based on the above, we notice the narrow tax base and the absence of continuous legal frameworks, as well as the instability of some tax laws as a result of the authority granted to the minister of Finance, as we find some of them of an annual nature approved in the unified Iraqi budget law, and this leads to a legal lack that hinders tax policy procedures and thus on revenues, Iraq is non-oil, especially when the approval of the budget is delayed by the legislative authority and the implementation of administrative procedures in tax collection, in response to the above, we find that there is no impact of tax revenues on the sources of Iraqi national income, as the revenues generated during the study period do not exceed (2%).

statistical analysis :

In the statistical aspect, we will address proving the role of tax revenues in increasing sources of income and the extent of their diversification or not, according to Table No. (6), which shows for us all of the actual public revenues, direct tax revenues, and professional and business tax revenues.

Table No. (6) Level of tax revenues from national income sources

Year	Actual public revenue	Direct tax revenue	Professions and business tax revenues
2010	3,334,809	603,040	54,107
2011	1,532,438	722,264	77,277
2012	1,783,593	873,540	83,078
2013	2,876,856	1,146,943	98,722
2014	1,885,127	1,354,833	114,087
2015	2,633,357	1,463,988	119,172
2016	2,015,010	1,390,815	96,307
2017	3,861,896	2,875,717	126,967
2018	6,298,272	4,522,012	157,539
2019	5,686,211	3,520,003	180,587
2020	4,014,531	2,501,409	165,633
Total	35,922,100	20,974,564	2,691,476
CHISQ- TEST	0,2		
F—TEST	5,6and the significance level reached 0.09		

Source: From the work of the researcher, relying on data from the General Tax Authority/Planning and Follow-up Department, based on the previous tables.

Through Table No. (6), it is clear to us that the impact of tax revenues on the level of national income sources during the years of study reached the lowest level of direct tax revenues in the year (2010) at (603,040), while the highest level was reached in the year (2018), where it reached (4,522,012) and at a similar level in the rest of the study years, with a total total of (20,974,564), while the total revenues from the profession and business tax during the study period amounted to (2,691,476) which is low compared to the total direct revenues, it reached its lowest level in the year (2010) when it reached (54,107)

The highest level of revenues from professions and businesses reached (180,587) and despite their diversity and low, they reached, according to (CHISQ-TEST), statistically, it is (0.2), which is the amount of the relationship between actual public revenues and both direct tax revenues on the one hand and tax revenues. Professions and businesses, while the (F-TEST) through the above results with both direct taxes and revenues from professions and businesses is (5.6) with a significance level of (0.09) that is a very low indicator and it confirms the validity of the research hypothesis that states: There is no significant effect of tax revenues in the Iraqi economy in diversifying and increasing sources of national income for the period (2010-2020)

First: Conclusions

1. Proving the hypothesis of the study which states that there is no significant effect of tax revenues in the Iraqi economy in diversifying and increasing sources of national income during the study period, as it statistically reached (0.2) according to (CHISQ-TEST) and (F—TEST) reached (5.6) with a significance level of (0.09).
2. Iraq adopted two types of taxes in its organizational structure, the first of which was direct taxes, which amounted to (65.6%) of the total tax revenue, and the second was indirect taxes, which amounted to a contribution rate of (34.6%) of the total tax revenue, meaning it relies more on direct taxes, of the indirect taxes, due to the ease of collecting and deducting them directly, such as the payroll tax, which amounted to (27) as an overall average.
3. Weak tax awareness among Iraqi society, which is clearly reflected in tax evasion, but tax revenues are the result of social inheritance and a negative view of taxes.
4. The level of tax effort decreased during the study period (2010-2020) by (0.06) and did not exceed the prescribed limit in economics which is (1), and the marginal slope of elasticity is (0.065) which is an indicator according to which it means the desire to increase savings, while income elasticity reached (5.65) This means that the growth rate in tax revenue is greater than the growth rate in gross domestic product.
5. Weak interest in tax revenues by the Iraqi government that considering them a secondary and not a primary source of public revenue, and thus it did not achieve its desired financial, economic and social goals.
6. Adoption of indirect taxes on the volume of customs import revenues, with a contribution percentage that amounted to an overall average during the study period (72.1%) and double the sales tax contribution percentage which amounted to (3.4).
7. A decrease in the amount of tax capacity, as it reached (17.4) in Iraq, meaning there is untapped capacity by (7.6).
8. Based on the study, the percentage of contribution of the sector and non-diversified extractive rents was (39), the agricultural sectors were (4), the industrial sector was (2), and the other sectors were (55) such as the building and construction sector. Likewise, the financial policy, specifically the tax policy, did not contribute to achieving Diversifying other sources, as the percentage of contribution to the individual tax burden reached (1.2) as an overall average during the study period.
9. Double the percentage of contribution of tax revenues from public revenues, which amounted to (3.20), as well as double the percentage of contribution of tax revenues from public spending as an overall average during the study period, which amounted to (2.73).

Second: Recommendations

1. Reforming tax and customs revenues, organizational structure, and international standards teams, as well as developing the tax cadre through development courses and motivating them through material and moral honor, reducing red tape, and simplifying automated procedures, also using technology through the introduction of the electronic signature and electronic transactions law.
2. Working to automate tax collections to the General Authority for Taxes and the General Authority for Customs, while using the latest regulatory devices to reduce tax and customs evasion, using modern technology and electronic applications in transactions, and opening ATMs in public places to reduce the resulting momentum, as well as facilitating tax collection,



provided that this is Centralization for your governorate in tax collection and monthly estimates, given that the local official is more knowledgeable about the governorate, its requirements, and how to provide services to its citizens. In addition, the local official may have more questions than the central official or through the subject body for electronic automation (within the field of government contracting).

3.The need to take advantage of untapped tax capacity to achieve higher tax revenues that contribute to supporting the budget.

4.Reviewing all local tax exemptions that reduce tax revenues and future economic feasibility differences, with emphasis on continuing to reduce taxes on productive projects, especially projects in the sectors (agricultural and industrial), as the percentage of the two sectors' contribution to the gross domestic product decreases by (4) for the agricultural sector. In relation to the industrial sector, due to the lack of advanced means of production, the collapse of infrastructure after the events of 2003, and the cancellation of exemptions on imported consumer goods because of their contribution to diversifying the economy.

5.The Iraqi government must accelerate the implementation and construction of Al-Faw Port in coordination with international companies, because it has a major role in developing the Iraqi economy due to its strategic location, which can be a corridor for international trade between China and European countries, whether through sea or land access, the railway network that connects in an integrated manner throughout Iraq, in coordination with the Ministry of Transport, in addition to developing a comprehensive plan to activate transit to transport goods by air, land and sea across Iraq.

6.The necessity of using the tax laws of the Arab countries, especially (Egypt, Jordan and the Emirates) as well as foreign countries such as (the United States of America) for the purpose of establishing and unifying tax law legislation, such as the income tax law, the real estate tax, and the property tax, due to their antiquity, which has passed for six decades, in addition to the necessity of legislating Selective tax law, taxes on goods, taxes such as environmental taxes, waste tax, carbon tax, taxes, and value-added tax for the purpose of organizing a new unified law that includes all types of taxes in order to disperse them.

7.The necessity of coordination between the General Authority of Customs and the Central Bank of Iraq regarding imported goods and Central Bank sales to limit tax evasion, meaning that there should be high coordination within this issue and that the tax should be collected in advance and after the commodity is brought in to limit the change in its type.

8.Creating a court for tax disputes affiliated with the Iraqi judiciary to reduce tax problems between the taxpayer and tax revenues, especially with the General Authority for Taxes, as is the practice in the General Authority for Customs, in addition to enabling the General Authority for Taxes to limit tax evasion, avoid revenue arbitrariness, and stabilize tax principles.

9.Allocating a certain percentage of the annual tax and customs revenue collection for the purpose of developing and sustaining infrastructure development for headquarters, branches, and border crossings.

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