

The effectiveness of tax policy in implementing the overall goals of the Iraqi economy

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Abstract : The research aims to study the effectiveness of tax policy in achieving our macroeconomic goals. To achieve this goal, the deductive approach was used, which relies on theoretical concepts and foundations to apply them to the reality of the Iraqi economy. This required the use of the descriptive and analytical approach, which relies on collecting information, facts, and statistical data. Study, analyze and compare them with the aim of arriving at logical conclusions that are compatible with the research hypothesis and methodology. It has been found that the effectiveness of the tax policy in reducing the rates of poverty, inflation and unemployment in the Iraqi economy has been weak. Therefore, legislation and laws related to tax policy must be as stimulating as possible for the economy and capable of reducing unemployment and inflation gaps in the overall economy in order to reach a sustainable economy.

key words : tax policy, Tax performance, tax energy, tax burden, Macroeconomic objectives.

Introduction: Post-2003, the tax policy in Iraq has encountered various political, legislative, and security challenges as the country transitioned into a market economy. This transition resulted in distortions within the tax structure, characterized by an increase in direct taxes at the expense of a reduction in indirect taxes, subsequently leading to a decrease in tax revenues allocated for the general budget.

Despite some success within limited parameters, the tax policy has failed to achieve its financial, economic, and social objectives due to inconsistent economic policies. This inconsistency has further entrenched economic rentierism and restricted the economy from achieving significant economic development or stability.

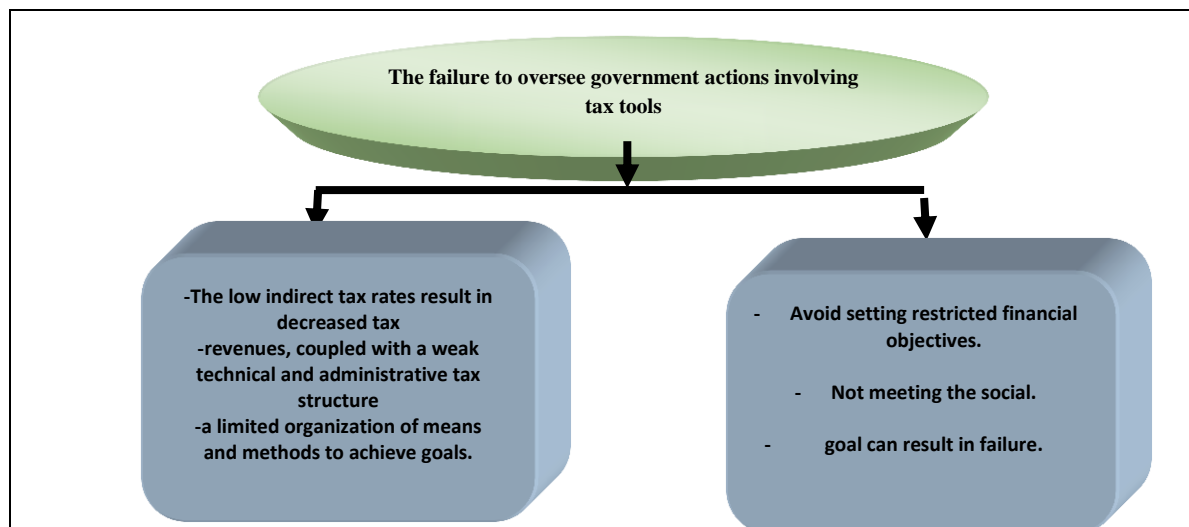
This study aims to address the constraints of the current tax policy by advocating for the development of tax and customs policies aligned with the government's agenda and ministerial framework. Such policies should adhere to the requirements of economic reform and the transition to a market economy, thereby surmounting obstacles hindering economic development and stabilizing the Iraqi economy.

Research methodology

The primary research: issue revolves around the inadequacy of tax revenues in comparison to oil revenues, attributed to the ineffective regulation of fiscal policy tools. This ineffective regulation has resulted in a skewed tax structure, marked by an increase in direct taxes at the expense of limited indirect taxes. Consequently, the economy's performance has suffered, despite the existence of untapped tax potential capable of bolstering public revenues in Iraq. Thus, the central challenge lies in addressing the following queries:

- What is the capacity of the tax policy to fulfill its objectives within the tax system environment?
- Has the tax policy proven effective based on tax performance indicators in Iraq?

To address these inquiries, an analysis of the pertinent issues outlined in the table below is necessary, seeking solutions through the research process.



Research hypothesis: The study is grounded on the subsequent hypothesis: "The lack of effectiveness in tax policy within Iraq is attributable to the deterioration in tax performance metrics."

Research objectives: The primary objectives of the study are as follows: -

To establish a theoretical framework elucidating the concepts of tax policy and tax performance indicators. To scrutinize the practicality of tax policy in relation to tax performance indicators within the context of Iraq. To identify the impediments to tax policy within Iraq during the specified timeframe.

The significance of the research: The significance of this study lies in its scrutiny of the efficacy of tax policy and its alignment with economic objectives, predicated on the performance metrics of the General Tax Authority. These metrics illuminate potential avenues for expanding the tax base in Iraq.

Research methodology: The study adopts a deductive approach, drawing upon the overarching principles of economic theory and their application to the specific context of the Iraqi economy. This is complemented by a descriptive analytical method involving the collection and analysis of data and statistics from the Ministry of Finance and the Ministry of Planning, employing a comparative economic analysis.

Research limitations : The spatial boundaries of this research are delineated by the scope of the General Tax Authority in Iraq, while the temporal constraints encompass the period from 2003 to 2022.

Theme I : An Input to My Eyes

First : tax policy concepts and their most important indicators

The fiscal policy is defined as "the set of programmes that the Government intentionally plans and implements using all actual and potential fiscal instruments to produce certain impacts and avoid other impacts that are consistent with society's economic, political and social objectives (Khalaf Waghban, 2023:386). It is also known as "a set of general trends announced in advance by the State, in the form of legal provisions contained in tax legislation to express its intention to achieve a set or structure of social, economic, financial and political objectives of its society" (Amin, 2000:47).

The elements of fiscal policy are the various objectives it seeks to achieve, as well as the means and methods to achieve those goals (Al-Anbaki & Abboud, 2018:34).

The most important indicators of tax performance are:

1-Tax Energy Index

Taxable capacity is defined as "the capacity of national income to withstand taxes or the maximum tax that can be fairly imposed on individuals to finance public needs". It is also defined as "the maximum possible revenue obtained by taxation within the size and composition of national income and by the size of government expenditure and in comparison with the possibilities and costs of other means of financing, taking into account economic and financial limits and psychological considerations of tax financiers" (Abdelhamid, 2010:315).

2-Tax burden index

Undoubtedly, the performance of the tax system is demonstrated by the tax burden, which shows the total amount of taxes paid or incurred by the community over a certain period of time to finance public activity or "The total taxes actually paid by society are attributable to one of the indicators of society's income such as GDP, as well as the income flexibility of taxes and take the following formula: $TB = TR / GDP \dots\dots\dots(1)$

where:-

TB : tax burden.

TR : The total taxes actually paid by society.

GDP : gross domestic product.

Some writers consider that the total tax burden, that is, the burden borne by all members of society is poor or rich, of all kinds of taxes, and it is the good tax system that equalizes the total number of taxpayers, Since indirect taxation is the most pronounced of the poor because it is the most consuming class of taxable goods and services of all financiers ", the requirements for equality of all financiers require that direct taxes on the rich classes be greater than those borne by the poor classes, This can only be done through progressive taxation (Siddiq, 2010:22).

3-Tax Voltage Index

It is defined as the "actual tax burden relative to estimated tax capacity". This indicator reflects the extent to which the State successfully exploits the tax energy in society, i.e., the extent to which the State manages its fiscal policy, where it exceeds (1) True, this means that taxes paid exceed the capacity of those charged to pay, i.e. the occurrence of so-called tax fatigue. This degree varies according to the distance or approach to (1) correct (Davoodi & Grigoria, 2017:18).

Second : Macro fiscal policy objectives

1- Funding objective: This is the first important objective of taxation. The tax system has the qualities to suit the treasury's needs in terms of flexibility and abundance to maximize tax revenues and fund public revenues to cover public expenditures, as well as being a financial resource to cope with crises facing the state (Abdul Hamid : p.50,271).

2-Economic objective: Economic objectives mean that the tax cannot be withheld without giving rise to repercussions on consumption, savings and investment, so it uses the tax to guide its economic policy and to resolve the crises to which it is exposed (Al Amiri, 2020:120). The economic objectives are as follows:

a- Economic growth in the national economy
The objective of economic growth is a fiscal policy. Economic growth means increasing the quantity of goods and services produced at a greater rate than population growth, enabling members of society to access goods and services in a way that contributes to improving the living standard of individuals (Al- Jumaili and Abdul Karim, 2018:25). The fiscal policy aims to increase economic growth rates by encouraging investment and the movement of productive enterprises through the granting of exemptions and permits for some enterprises to start their establishment or the granting of tax concessions that contribute to increasing real investments with a developmental impact and increasing the value added of GDP.

b-Economic stability in the national economy , Economic stability means neither inflation nor recession. The impact of taxes on reducing cyclical unemployment arises as a result of lower aggregate demand than aggregate supply. In this case, taxes are used to raise the level of aggregate demand by reducing taxes, thereby increasing aggregate demand assuming a closed economy. The effect of taxes is used to reduce inflation arising from attracting demand owing to a greater increase in aggregate monetary demand than the aggregate supply of goods and services, and inflation can be reduced by the upside of people's purchasing power to reduce aggregate demand through tax increases (Mahmoud, 2017: no).

3- Social Goal : The fiscal policy aims to achieve a positive social objective for individuals that corresponds to the fiscal objective if the tax is effectively exploited, and the fiscal objective is to tax on rich classes and allocate their resources to increase the incomes of poor classes (Al-Ani, 2018: 32-33).

Theme II: Analysis of tax policy trends and tax indicators in Iraq

First : Analysis of fiscal policy trends in Iraq's economy

- The Iraqi Constitution of 2005 gives broad authority to the legislative and executive authorities to formulate and plan tax and customs policies to meet the requirements of economic reform, provided that it does not derogate from article 28 (I) of the Constitution. "Taxes and duties shall not be levied, levied or exempted, except by law".
- The tax system that is the incubator for the application of legislation and laws in accordance with the directions of tax policy in the Iraqi economy is characterized by a combination of direct and indirect taxes, for example, direct taxes on income and capital, while indirect taxes on customs and production duties are imposed. It is clear that direct taxes are heavily relied upon in Iraq because of the cancellation of the customs tax and its replacement with the Iraq Reconstruction Fee of 5% of total imports under Decommissioned Coalition Provisional Authority Order No. 28 of 2003 until the reintroduction of the Customs Tariff Act No. 22 of 2010 in mid-2015
- Tax rate at fixed limits at a ratio of (15%) with three graded segments of prices (3%, 5%, 10% and 15%) for income tax except (oil companies with a percentage price (35%) on profits incurred under CPA Order No. (49) for 2004) and was reduced after being overstated prior to 2003 by a percentage (40%), which makes the tax proceeds the most receptive of direct taxes at the expense of Iraq's minimal indirect taxes.

- The number of taxpayers to the population does not exceed 1%. If we exclude employees who are subject to direct withholding tax for their personal income, the tax burden does not exceed 4%. The result is higher inflation rates and exchange rate variations. This proportion is not commensurate with tax ratios in the majority of other countries that exceed 20%.

Second: Analysis of tax performance indicators in the Iraqi economy

Standard and mathematical equations have been used to calculate tax performance indicators. Tax energy is calculated as a function of average per capita income and the degree of economic openness through the following formula:

$$T/Y = a + b_1 y_p + B_2 f_y$$

The tax burden is obtained by dividing tax revenue by GDP multiplied by 100

Tax effort is calculated by dividing the tax burden on tax energy.

$$E = (T/Y) / (T/Y)$$

Tax performance indicators can be included in the following table:-

Table (1) Iraq's tax performance indicators for the period (2003-2022)

Year	tax capacity (%)	Tax burden Direct Taxes(%)	Tax burden of indirect taxes (%)	Tax burden Total (%)	Tax Effort
2003	28.8	0.1	0.0	0.1	0.0
2004	24.5	0.2	0.2	0.4	0.0
2005	24.1	0.7	0.2	0.9	0.0
2006	20.9	0.6	0.2	0.8	0.0
2007	19.0	1.5	0.2	1.7	0.1
2008	20.2	1.8	0.2	2.0	0.1
2009	19.7	2.4	0.4	2.8	0.1
2010	19.2	0.9	0.3	1.2	0.1
2011	19.4	0.7	0.2	0.9	0.0
2012	19.7	0.8	0.4	1.2	0.1
2013	19.0	0.8	0.3	1.1	0.1
2014	19.0	0.8	0.2	1.0	0.1
2015	18.8	1.2	0.2	1.4	0.1
2016	16.9	1.8	0.6	2.4	0.1
2017	16.2	2.4	0.8	3.2	0.2
2018	17.0	1.7	0.8	2.5	0.1
2019	15.9	1.1	0.4	1.5	0.1
2020	14.4	1.8	0.4	2.2	0.2
2021	16.3	1.2	0.3	1.5	0.1
2022	17.7	0.8	0.2	1.0	0.1
average time	19.3			1.5	0.08

Source: Researcher's data preparation: Republic of Iraq, Ministry of Finance, Accounting Service, data series.

The results in table 1 showed that there is tax capacity that the Iraqi economy can afford, and that the tax burden does not exceed a percentage (4%) The burden of 20% -25% of GDP can be borne by the tax system's poor tax efficiency and the reduction of tax evasion, and the tax effort does not exceed the percentage (1%), that is, the portion of the resources absorbed by the State is very small, as well as the cost of payments to be borne by members of the community are outside the market. tax structure, which is reflected in the legislative and executive aspect, as well as the lack of seriousness in paying attention to increasing tax revenues, which can be a significant weight in generating public budget revenues.

Theme 3: Assessing the effectiveness of tax policy in achieving Iraq's overall objectives

The Government has adopted a series of tax and customs measures aimed at achieving various objectives, which reflect their effectiveness in the light of the Iraqi economy's tax performance indicators, which we review as follows:-

First: The effectiveness of tax policy in achieving the financial objectives of the Iraqi economy

The Iraqi economy suffers from financial instability as a result of the inelasticity of the tax system, which makes it unaffordable to finance the public treasury in terms of abundance of revenue. s economic rent or the so-called Dutch disease resulting from the reliance on oil revenues to finance public revenues by the general budget at the cost of double the tax revenues, which as an average duration of the study is 2.1%. From public revenues, the average duration of the study is 0.8% of GDP, leading to its limited positive role in the Iraqi economy. Table 2 shows the contribution of tax and customs revenues to Iraq's non-oil revenues after 2003 in the following table:

Table (2) Iraq's tax revenues for the period (2003-2022)

year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Non-oil revenues (1 million dinars)	257,141	395,839	1,075,676	2,521,234	3,015,599	4,344,014	5,053,324	6,584,055	5,747,527	8,491,058
Percentage Contribution of Tax Revenue%	12.5	32.5	49.2	22.3	57.1	65	61.3	22	26.9	24.5
Percentage Contribution of Tax Revenue%	0.1	20.5	11	7	7.6	8.7	11.7	7.7	6.5	11.2
year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Non-oil revenue (1 million dinars)	8,144,251	5,146,146	8,815,654	9,674,722	11,925,397	10,506,899	8,350,675	8,751,175	13,811,165	7,658,788
Percentage Contribution of Tax Revenue%	27.4	41.6	26.1	36.2	44.7	43.4	35.8	44.5	26.2	41.7
Percentage Contribution of customs Revenue%	10.9	8.4	4.5	12.2	14.8	21.5	12.3	9.4	6.7	9.4

Source: Republic of Iraq, Ministry of Finance, Accounting Service, data series.

Second : Effectiveness of tax policy in achieving the economic objectives of Iraq's economy

The Government's directions in achieving its objectives have been based on two main objectives:

1-The effectiveness of tax policy in achieving economic growth

The effectiveness of fiscal policy in efficiently regulating the functioning of economic resources in the economy economic sectors, such as exemptions for the industrial and agricultural sectors in accordance with the laws in force to facilitate their operation, Indeed, the fiscal role of the tax system in mobilizing tax revenues and channelling them towards productive investments is limited because it has not contributed to increasing aggregate demand and the functioning of government expenditure multiplier mechanics in generating increases in production, operation, utilization and exit from recession fiscal policy in the tax administration, These conflicting policies have led to a weak functioning of the productive machinery in accordance with a commercial policy of open-door imports. s exchange rate as a nominal fixer except for the last two years, which has reflected the weakness of real sectors' work.

The rate of capital formation, which is one of the determinants of the economic growth of private investment and public investment, has decreased as a result of weak investment incentives due to weak domestic savings among the majority of individuals. as well as the weak work of the private sector resulting from the country's security deterioration, which contributed to the weakness of the investment accelerator's work, and thus the lack of access to economic stability resulting from the optimal volume of production leading to the full operation of the growth of real sectors generated to increase national output.

Iraq's economic growth is thus unreal (a growth bubble) as a result of the increase in oil revenues generated by higher crude oil prices.

2-The effectiveness of tax policy in achieving economic stability

The role of fiscal policy in achieving economic stability has not emerged as an instrument of fiscal policy in basing monetary policy on reducing inflationary pressures and reducing unemployment, thereby averting recession and contraction and overcoming economic crises, caused by a lower tax burden (Low tax vessels and no new taxes) As a result of weak private sector work for multiple legal and technical reasons that resulted in lack of access to full operation of resources and thus relatively high unemployment rates and inflationary pressures on the economy in the light of the central bank's relatively stable exchange rate are the result of imported demand, as illustrated in table (3) and figure (1) of relative stability in unemployment and inflation. Monetary policy was driven by a paradigm shift after 2020. The Central Bank passed several laws that would have enshrined the Central Bank's role in managing its monetary policy independently, notably issuing treasury bonds and selling them to commercial banks and securities markets, Those measures reduced cash supply, transferred purchasing power from individuals' hands to the Government and reduced inflation rates in 2022.

Table (3) Iraq's unemployment and inflation rates for the period (2003-2022)

year	unemployment rates (%)	inflation rates(%)
2004	28.1	33.5
2005	26.8	26.8

2006	17.9	37.1
2007	17.5	53.1
2008	11.7	30.9
2009	15.3	12.7
2010	14	8.3
2011	12	2.5
2012	8.3	5.6
2013	11.9	6.1
2014	13.7	1.9
2015	10.6	2.2
2016	10.7	1.4
2017	10.8	0.1
2018	13.8	0.2
2019	12.9	0.4
2020	12.8	-0.2
2021	13.8	0.6
2022	14.6	6.1
Average	14.6	4.9

Source: Researcher's preparation based on data: Ministry of Planning, Central Statistical Agency, annual statistical collection.

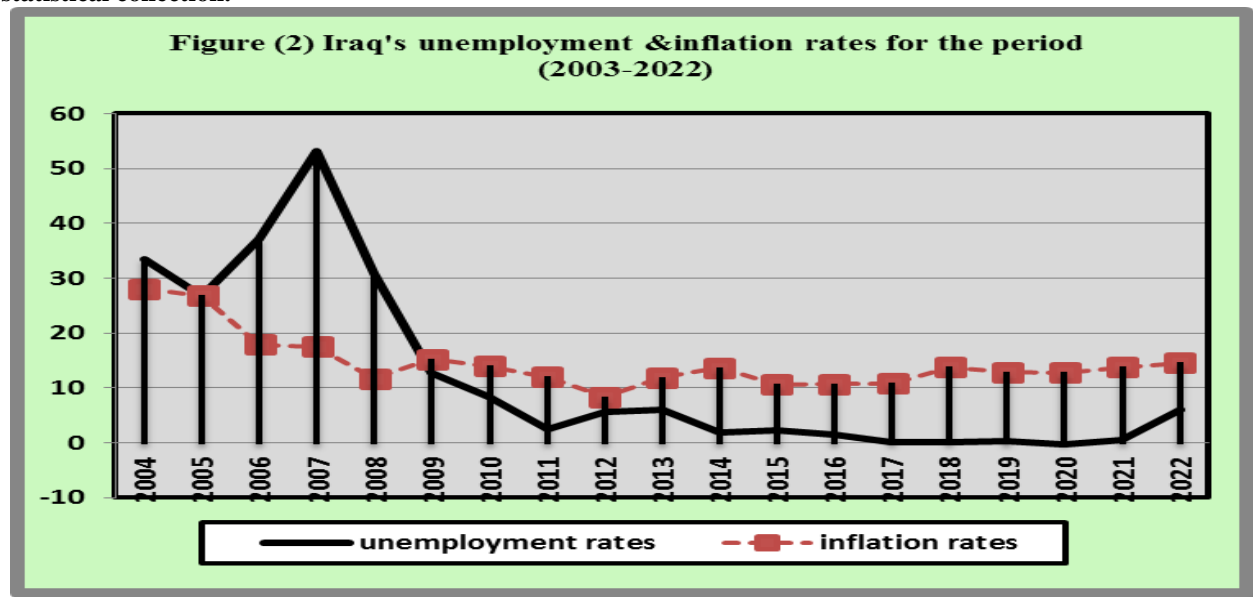


Figure: Researcher's preparation.

Third: The effectiveness of tax policy in achieving the social objectives of the Iraqi economy

Tax policy directions have led to the granting of legal exemptions and forgiveness to persons with limited incomes in accordance with Income Tax Regulation Act No. (113) of 1982 and its amendments and regulations issued annually for the purpose of achieving equitable distribution of public burdens and equal affordability to protect the social fabric. However, inequality in income distribution persists, as well as high poverty rates, which have made it difficult to reach containment growth in Iraq after 2003. This is illustrated by table (4) and its figure(3).

Table (4) Annual changes in Iraq's poverty rates for the period (2004-2022) (%)

year	poverty rates	Change in poverty rates
2004	25	—
2005	23	-8
2006	22.4	-2.6
2007	23	2.7
2008	23	0.0
2009	23	0.0
2010	23	0.0
2011	23	0.0
2012	18.9	-17.8
2013	18	-4.8

2014	22.5	25.0
2015	22.5	0.0
2016	30	33.3
2017	21.3	-29.0
2018	20.5	-3.8
2019	20	-2.4
2020	31.7	58.5
2021	20	-36.9
2022	25.8	29.0

Source: Researcher's preparation based on data: Ministry of Planning, Central Statistical Agency, annual statistical collection.

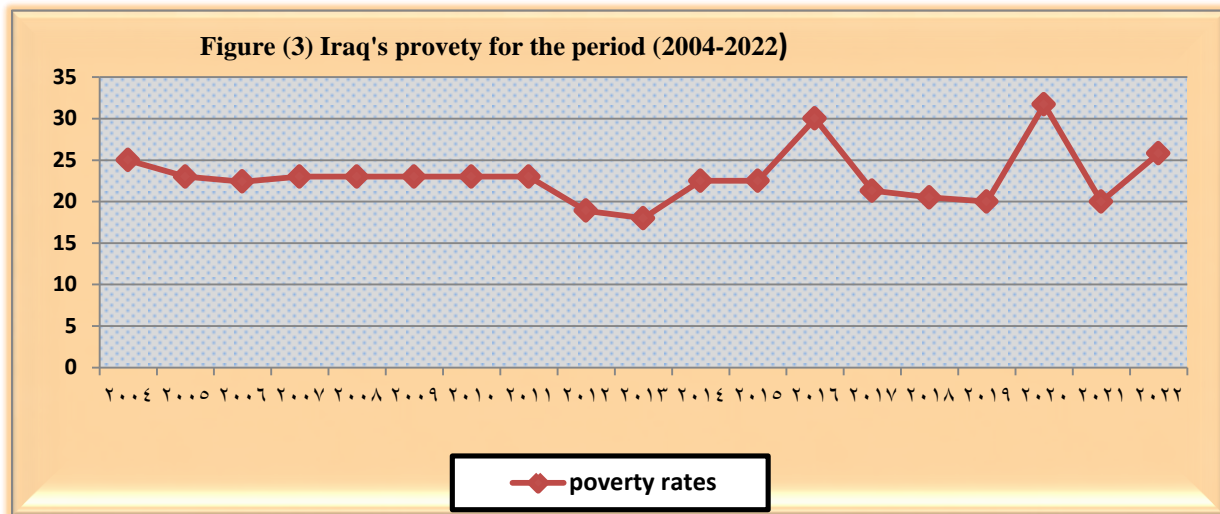


Figure: Researcher's preparation.

iv-Theme : Reform of the effectiveness of Iraq's tax policy

First: Impediments to Iraq's tax policy

The overarching objective of the tax reform process is to establish an efficient tax system based on the coordination of direct and indirect taxes as well as providing an acceptable and equitable tax structure among the mandate holders, Therefore, radical changes must be made to reform the tax system in line with the internal and external environment so that the tax becomes an important tool in addressing many economic and social problems because the economy is moving towards openness and change.

It is well known that the tax system is influenced by the established political system, whether central or federal, and when diagnosing the environment of the tax system in Iraq, we find that there is inadequacy and reluctance to legislate laws commensurate with the status of the State, as the Constitution stipulates in article (1) The Iraqi State is a federal State, while most of the laws in force are still central State laws. We also note that tax revenues are low and do not at best constitute 10% of the State's budget revenues and are marred by a heavy reliance on direct taxes from total tax revenues and a lack of emphasis on legislation to meet indirect tax laws without which there is a significant disruption in the tax system. There are reasons that have coexisted among them to constitute obstacles to the functioning of tax policy to achieve its objectives :

- 1- Complexity of the tax system as a result of multiple decisions and frequent exemptions to tax legislation as well as Iraq's lack of tax legislation for continuous modernization to keep pace with various global developments, In addition, the tax administration and the taxpayers' failure to comply with the tax legislation and to rely on a fair and evidence-based assessment, which has led to the exclusion of tax policy from its main role in achieving the various objectives of the Iraqi economy.
- 2- Amendments to fiscal legislation and laws that occur from time to time are included as a temporary legal article in the General Budget Law in force for a year and do not contain a special law, which negatively affects the effectiveness of fiscal policy on the one hand and the instability of the tax system on the other.
- 3- Fiscal policy's correlation with fiscal policy, which suffers from imbalances in its overall orientation and is a reason for its weakness in achieving macroeconomic objectives.
- 4- The mandate of the Iraqi tax legislator is limited to article 28 of the Constitution, which defines the imposition, modification, collection and exemption of taxes and fees.

Second: Reform Vision of Iraq's Tax Policy:

The reform vision of tax policy is to achieve the following:

1- Amend tax legislation and laws

It is noted that the tax system has not received sufficient attention and has not initiated or adapted tax laws to obvious economic data resulting in the emergence of (speculative taxes) by unleashing the free guesswork of tax administration personnel. The applications were inconsistent with the cognitive reality of entry and wealth without the system's tax database, causing tax evasion and improper application of the tax. Tax legislation must therefore be amended and aligned with the country's general realities.

2-Application of new taxes

Expand the tax base and this is done by creating new taxes as sales tax and value tax. The global trend is to reduce income taxes (profit taxes - salary and wage income) in order to encourage production, investment, export and countries' trend towards VAT - sales tax). Among these countries are Egypt, Jordan, Tunisia and Morocco. In addition, countries use a consumption tax, which corresponds to our customs tariffs, because these taxes are seen as a means of controlling imports and protecting domestic industry by imposing high taxes on goods and similar goods from abroad, i.e. supporting industry and the private sector.

3- Balancing the tax structure

High reliance on direct taxes is an imbalance in the state's fiscal policy approach. Tax policy must be geared towards making indirect taxes of considerable relative weight among the components of the desired tax structure. Focusing on indirect taxes must be an important component of tax reform programmes.

We note from the economic systems of developed countries that the tax system is part of the public order of the country, it affects and is influenced by the situation in terms of (Political, economic, social) The tax regulations of these countries have limited tax evasion by following modern methods of its database of all taxpayers and companies so as to facilitate the interaction and communication between the concerned departments and those entrusted with the use of modern technology in banks reflected positively on the performance of the tax administration from the limitation of taxpayers and the promotion of transactions and the packaging of annual forms by websites to the adoption of the electronic payment method.

4-Reform of the tax system

The overall objective of tax reform is to establish an efficient tax system, based on fair taxes that can be accepted and implemented in practice and generate sufficient revenue, resulting in minimal economic distortions. One of the objectives of the tax reform is to increase economic growth and raise tax revenues and the proportion of their contribution to the overall revenue of the general budget.

One of the principles of the tax reform to be achieved in Iraq is the design of an efficient tax system that meets three elements: justice, impartiality and simplicity, a complex process that requires flexibility in the structure of the tax system, changes in aspects of tax administration and tax legislation and is done through:-

- Integrate all sources of income into one income tax law.
- Change the tax instructions and orders and bring them into line with the country's economic situation.
- Indicate any delegation of federal financial powers in tax legislation to regional government levels.

The most prominent proposals for the success of the tax system's environment are:-

- a-Harmonize the new laws with the proposed tax laws in order to create a uniform and stable tax law in the long term in order for the tax system to achieve its basic principles of efficiency, justice and neutrality.
- b-Submission to Parliament of a draft tax law to legislate laws on constitutional articles (28) and (106) in order to translate the constitutional text into reality and bring the laws into line with the new Federal State status and regulate the tax relationship between the status, territory and governorates and to distribute the power to legislate and collect tax laws at these three levels and equitably distribute the proportions of imports.
- c-Reduce tax ratios to be absorbed by low-income earners.
- d-Focus on indirect taxes because they do not need a large career cadre and they are less vulnerable and affected by administrative corruption and poor ability to evade their performance.
- e- Circulation of the sales tax currently in force in the services of hotels and restaurants of first class and excellent to include the rest of the grades and items in order to increase the tax revenue.
- F-Failure to make continuous amendments to tax legislation and laws because the many amendments confuse both the tax administration and the duty bearers with the difficulty of understanding and adhering to the laws.
- g-Reliance on technological methods including the use of electronic tax payment in order to reduce effort and costs as well as shortening time for both taxpayers and tax administration.
- h-Exemption or reduction of tax ratios to acceptable limits on domestic production so that it can compete with similar imported goods.

Conclusions and recommendations

First: Conclusions

- 1- The clear role of fiscal policy in achieving financial, economic and social objectives in the Iraqi economy is reflected in two main reasons. The first is the low rates of tax deductions on individuals and companies and the frequent tax evasion of taxpayers. The second is due to the tendencies of tax policy overwhelmed by tax exemptions and forgiveness.
- 2- The inconsistency between economic policy orientations and tax policy decisions has led to the tax system's departure from economic growth and stability.
- 3- The inadequate developmental role of tax policy trends in the tax system owing to political and security instability has led to inefficient work by the private sector and a lax establishment of a productive base for gross domestic product (GDP), reflected in the easing of the tax base and thus the expansion of Iraq's tax base and tax yield.

Second: Recommendations

- 1- Establishment of a committee of relevant departments in the Ministry of Finance (Legal Department, Budget Department, Accounting Department, General Tax Authority, General Authority of Customs, Economic Department/Tax Policy Department) and local experts and academics entrusted with the task of unifying tax laws in their various articles by a special uniform law instead of the many amendments contained in the annual general budget laws.
- 2- Diversify the structure of public revenues and create new alternatives to oil revenues by expanding the tax base such as introducing (VAT and environmental pollution tax), and creating new tax receptacles within tax accounting receptacles such as (e-service shops used... etc.).
- 3- Keep the tax rate of cut-off income at fixed limits (15%), as low tax rates stimulate economic growth.
- 4- The need to work hard within the investment opportunities offered in the industrial fields in particular and investment in general to achieve and establish future tax rules that can enhance and increase the tax base, thereby increasing the tax revenue.
- 5- Balancing fiscal policy objectives in the light of the principles of fairness, effectiveness and simplicity, that is, achieving the fiscal objective of fiscal policy in maximizing tax revenues according to available fiscal capacity does not fully offset the fiscal justice base (vertical and horizontal) in the distribution of the tax burden in the structure of the tax system, which requires maintaining priority in direct taxation on an upward basis, and extending indirect tax fees
- 6- The tax and customs system should operate at full capacity by improving tax administration in tax accounting and reducing tax evasion from source and border outlets by accelerating the application of electronic procedures in the work of both the General Authority for Taxation and the General Authority for Customs in order to catch up with technological developments of developed countries.
- 7- Taking into account the economic aspects of the cost, the nature of the phase, the market factors and the existence of various alternatives to revenue in order to avoid the cost to individuals in view of the increasing overall price level and rising unemployment rates in Iraq.

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