

Tax Reduction for the Entry of Taxpayers by the Supply Chain Strategies

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Abstract— The research stems from a problem of prevalence of tax evasion phenomenon from taxpayers and its negative and serious impacts resulting therefrom. The results of such negative and serious impacts are represented in a decrease tax revenue proceeds and the damages to the public treasury of the state, as well as the occurrence of evader taxpayers under the law and take the penalties and legal sanctions against them by the tax authority. For the purposes of this research, tax exemption can be perceived as those exemptions granted on the incomes of natural and moral taxpayers. These are determined by a general or private legislative text for the purpose of achieving tax justice, by taking into account the circumstances of the personal, family and family taxpayer, and to prevent double taxation. Such cases may be Temporary, or permanent, or partial exemption for the purpose of achieving the economic, political and social objectives sought by the state. The research aims to highlight the tax exemptions granted to the taxpayers in accordance with the amended Income Tax Law No. (113) for the year 1982 and the applied legislations and laws, show their suitability to basic tax rules, and identify the role of tax exemptions to reduce the tax evasion phenomenon, and thus increase tax revenues. The present study used case study method to prove and establish the result and finding supported by the financial numbers and previous research literature. The paper is concluded by offering some recommendations to the policy makers and other important stakeholders.

Keywords— Tax, Supply chain management, Tax evasion, public treasury and Financial Management.

1. Introduction

Tax evasion is a phenomenon that is prevalent in tax accountability. The purpose of reducing this phenomenon, which continues to deprive the State

treasury of an important financial resource to finance various public expenditures. The importance of research is reflected in identifying the tax exemptions provided by the amended Income Tax Law No. 113 of 1982, laws, and other legislation, in order to provide the state treasury with the necessary funds that help it achieve its economic, social and welfare goals. Community. What role does tax exemptions play in reducing tax evasion and how well they understand their social responsibility about the direction of their society in financing state public expenditures [1-6].

The first issue of income tax exemption granted for economic reasons is of great importance in many countries, as these countries often put in their calculations the acceleration of economic development [147]. Since the exemption is the exception to the principle of universality, it is often bound by certain conditions, since each exemption has its own wisdom, the conditions of its adherence and only an explicit provision [8]. Tax exemptions play a key role in economic development and social justice, provided that these exemptions are carried out within the framework of a comprehensive economic strategy [9]. However, there are many economic, social and political considerations that make public authorities do not adhere to the principle of inclusiveness, exempting a number of economic activities from taxation, or are subject only to part of it taxed [10]. However, Hajj, defined as "not to tax a particular income, either temporarily, or permanently, within the law, and states resort to this matter for considerations that are self-appreciated, and in accordance with their economic, political, and social circumstances" [11]. This definition is characterized by the fact that the exemption is decided by a general or special legislative provision in order to achieve tax justice, to take into account the circumstances of the

personal and family person, and to prevent double taxation [12-18].

2. Theoretical Background

This section of the paper is designated to the nature of tax exemptions and their impact on income and on the explanation of the concept of tax exemptions. Second: Exemptions from income tax. In the light of the above, the question may be raised: what are the exemptions granted by the amended Income Tax Act 113 of 1982, and other income tax legislation, and what are their justifications. The exemptions provided by the Income Tax Law No. (113) of 1982 amended in Article VII are multiple, diverse and seek to achieve a range of economic, social, and political objectives, which serve the state, and the costly at the same time. These exemptions are:

2.1 Exemptions for Social Purposes

- Income of endowments, temples, legally recognized religious institutes, charitable entities, and the discipline of the institution for the public good, if not the result of workmanship, profession, or business.
- The incomes of retirees, or their children or successors resulting from the following sources (pension stipends, end-of-service bonus, pension bonus, regular vacation stipends.
- Profits, income spoofs of institutions, public sector establishments including municipalities, and local government.
- Any lump sum paid as a reward, compensation to the family of the deceased, or any compensation paid to the person in charge for injury or death.
- Income of cooperatives.
- Promotional rewards granted by the government to citizens.
- Amounts spent by state or public sector departments in exchange for writing, translating, owning, assisting the printing of books, or supervising their printing.
- Waiver transactions between the heirs of the martyr who are assigned to the house, the residential apartment, or the residential plot allocated to the relatives of the martyr.

- Amounts that are transferred to Iraqi beneficiaries as a result of the expropriation of the property, the disposal rights, and other original in kind, and its sex, whether in the name of expropriation or the seizure of similar mosquitoes, replacement, fire or any other similar legal expression.

- Donation to official institutions, entities, charities, cooperatives, cultural and scientific institutions.

- Enter bakeries and ovens that produce bread and samen with weights 120 g and 165 g after grilling).

- Entered the nurseries of children.

2.2 Exemptions for Economic Purposes

- Agricultural income from agriculture, animal breeders from plant and animal products, including animal husbandry.

- Income generated by owners, tenants of shipping and the owners of the shipping, or rented outside Iraq if the said media is charged with oil.

- The income of the hotels of excellent grades, the first established in Baghdad after its establishment and during the first five years of its investment. Similar hotels outside Baghdad are exempt from seven years of investment. This exemption shall not be used by the shops of the hotels mentioned, which are related to investment such as stores, and showrooms, whether these stores are leased by the investor or invested directly by the investor.

- Normal people's income from interest on their deposits, bank accounts, and Iraqi savings funds.

- Profits generated by the costly from poultry fields, and the hatchet sought or managed by the taxpayer.

- The income of Arab and international organizations operating in Iraq for their deposits, accounts in banks, and Iraqi savings funds, whether in Iraqi currency or foreign currencies.

- Non-Iraqi land transport owners contracted with the General Corporation for the Distribution of Petroleum Products and Gas to deliver or export oil products into the country.

2.3 Exemptions for Political Reasons

Salaries, allowances paid by foreign representatives to their diplomatic staff, and what they pay to their non-diplomatic staff, and employees of foreign consulates who are non-Iraqis, may be exempted by a decision of the Council of Ministers on the condition of the same interview. Salaries and allocations that the United Nations funds from its budget to its employees and employees [19-25].

2.4 Exemptions to Prevent from Double Taxation

For justice, most contemporary tax legislation, both in developed and developing countries, tries to avoid taxing a single pot more than once in a single period of time, which is called double taxation. Abu Hashish, indicates that the exemptions contained in the Iraqi Income Tax Law, and the prohibition of double taxation are discussed in the subsequent section of the paper [26].

Income of the property subject to the property tax law. Real estate income is based on the provisions of the amended Property Tax Act No. 162 of 1959, the revenue resulting from the rental of houses and buildings, or the estimate of the rental value of them, and the income from the exploitation of land in non-agricultural land as a place to do business, and gravel yards [27-33].

The commissions achieved in Iraq for correspondents of foreign banks that exempt Iraqi banks from tax on commissions achieved in their countries with the support of the competent Iraqi bank. Al-Juhayshi, states that the tax legislator exempted the commissions achieved in Iraq for foreign bank correspondents, when Iraqi banks operating in foreign countries are exempted from the commissions earned in those countries [34-40].

Enter the aviation institutions, both or some, by the decision of the Minister on condition of reciprocity, the existence of a line, or an air interest of Iraq in the country of the state of the state that follows them. It can be said that the exemption of the income of aviation institutions came to prevent international double taxation first and to encourage air traffic between Iraq and other countries in order to achieve moral and material benefits secondly. Article 14 of the Income Tax Act stipulates that the company's income tax must be paid before paying any of it to shareholders, and the company and its director are financially responsible for cutting the tax, paying it

to the financial authority, and providing Accounts, certificates and all the things that need to be done in accordance with the provisions of this law [37-41].

2.5 Exemptions under Special Laws

Article 7 of the Income Tax Act 113 of 1982 contained an exemption (i.e. tax-exempt income by special law, or by international agreement). These exemptions include:

Exemptions for industrial development: These exemptions are specified under the Industrial Investment Act of the private sectors, and mixed no. (20) Of 1998 amended, as section 8 of the Act first provided for the exemption of existing industrial enterprises from all taxes, including income tax. The share of workers established by the Distribution of Profits Act (101) of 1964 for a period of not more than five years shall start from the date of the effective entry of this law industrial projects established after the law came into force are exempt from income tax for a period of not more than ten years starting from The date of the granting of leave under Article II of Article 8 of the Law [3]. The Arab legislator has taken a certain approach in dividing the exempted industrial enterprises in accordance with the Second Amendment to the Investment Law no. (35) of 2000, as paragraph (1) of Article 3 (8) of the Said Act states: (The project's annual profits are exempt from income tax in accordance with the percentages shown above of the net profit for five years on the basis of the year in which the first profit is made after obtaining the establishment license, or from the date of the effectiveness of this law for existing projects before it comes into force, and these percentages are equal in the years First five [42-45].

- 10% for individually owned or corporate-owned enterprises except joint stock companies, in developed cities and (20%) in less developed cities, rural areas, and remote villages.
- Percentage (15%) For projects belonging to joint stock companies (excluding mixed joint stock companies) in developed cities and (25%) in less developed cities, rural areas, and remote villages.
- Percentage (20%) For mixed-sector companies in developed cities and (30%) In less developed cities, rural areas, and remote villages [46].

Ramadan, further added that the Industrial Investment Act exempts reserves held from the project's profits, which are intended to develop or expand income tax by not exceeding 25% of its annual profits before tax [47].

2.6 Exemptions for Free Zones

The profits of investment projects in the free zones came from all types of taxes, including income tax, based on the decision of the Dissolved Revolutionary Command Council No. (170) for 1998. The exemption also covered all incomes of non-Iraqi workers in the free zones from income tax in full, and a 50% exemption. From the income of Iraqi workers in the free zones from income tax as well. Exemptions contained in investment law no. (13) for 2006: Article 15 first provided for the exemption of the project obtained from the National Investment Authority from taxes, and fees for 10 years from the date of commercial start-up. Article 3 of the aforementioned article also provides for an increase in the number of years of tax exemption, and fees in proportion to the increase in the participation rate of the Iraqi investor in the project to (15) years if the percentage of the Iraqi investor's partnership in the project is more than 50%. Article 17 of the law stipulates that assets imported for the purposes of the investment project shall be exempt from duties, which are to be entered into Iraq within three years of the date of the granting of investment leave [48-52].

3. Research Methodology

In order to obtain the data, and the appropriate information for the theoretical and practical research, the following sources have been relied upon: Research on the theoretical side was based on: Laws, regulations, regulations, and instructions applied, books and frameworks, Iraqi, Arabic, and foreign messages related to research, research, various scientific journals, the International Internet Information Network, and conferences. The application side may be from: The analytical study of the financial statements of the research samples provided to the tax authority of the General Tax Authority, two of its branches, the tax payers, the managers, the auditors, the guessmen, the employees working in the center of the public authority and two of its branches, and a group of taxpayers from Professionals, manufacturers, and individual companies [53-60]

The research seeks to achieve a number of objectives, the most important of which are the following:

- Highlighting the tax exemptions granted by the income tax law and legislation, and the applicable laws.
- To indicate the appropriateness of tax exemptions to basic tax rules.
- Identify the role of tax exemptions to reduce the phenomenon of tax evasion, and its impact on the proceeds of tax revenues.

The research begins with the following hypotheses based of the variables derived from various previous research studies [46-48].

- There is no relationship between tax exemptions and the phenomenon of tax evasion.
- There is no relationship between the entry of taxpayers and the phenomenon of tax evasion

The limits of spatial and temporal research for the present study are mentioned below, the guidelines are derived from e.g [49-51].

- Spatial boundaries: The General Tax Authority, one branch of the Baghdad governorate of the General Tax Authority, and one branch of the provinces of the General Tax Authority have been selected.
- Time limits: The research focuses on the study of tax exemptions for those charged under the tax legislation in force in the past 10 years for the period from 2004 to 2013

4. The Concept of Tax Concessions

The permits are a legal term used by the legislator of the Income Tax Act, and i.e. personal exemptions [2]. These are the amounts that the legislator allows to deduct from the income of the individual taxpayer before the tax is calculated, [6]. The legislator made it outside the net income to ensure the good standard of living of the costly, and to avoid the expenses of a decent living [5]. These personal exemptions (permits) are granted once, no matter how many sources of income are available for each discretionary year. Paragraph (1) of Section 2 of The Coalition Provisional Authority's 2004 Tax Strategy (49) is the exemptions granted to a resident

under Section 1 (1) of section 12 of the Amended Income Tax Act 113 of 1982, and confirmed paragraph 1 of the Section (3) of CPA Order No. (84), which provided for the amendment of CPA Order No. (49) Of 2004 as tax exemptions under Article 12 of the Income Tax Act [49-51].

Article (12) of the Iraqi Income Tax Act has been subject to several amendments to take into account the circumstances of the personal taxpayer, and for the purposes of research we will address the amendments to the legal article starting from law no. (25) Of 1999 amended, Law No. (25) of 1999 amended, this law was aimed at reducing the tax burden on the taxpayer by increasing the amounts of personal exemptions (permits), making the same allowance (50,000) dinars, the wife's grace (40,000) dinars, the child's grace (15,000) dinars, and the absolute and widowal grace (70,000) Jd, and allowance of age for those who reach (63) years of age (40,000) dinars, (Amin, without one year: 129). This law was introduced from the estimated year 2000. The amendment not only increased the exempt amounts, but also reduced the upper limit of the tax rate for the resident, and non-resident on schedule (2.1) [37-41].

Table 2.1 Tax rate for resident and non-resident individual in accordance with Law No. 25 of 1999

| Income limits | Resident Taxpayer | Non-resident Taxpayer |
|----------------------------|-------------------|-----------------------|
| Taxable amount (JD) | Tax rate | Tax rate |
| 0 - 250,000 | 10% | 15% |
| Over 250,000 - 1,000,000 | 20% | 25% |
| Over 1,000,000 - 2,000,000 | 30% | 35% |
| 2,000,000 - and above | 40% | 45% |

The table is prepared by the researcher from Sources such as Iraqi Facts 3787 on August 16, 1999.

The corporate tax rates are shown in table 2.2.

Table 2.2 corporate income tax rates in accordance with Law No. 25 of 1999

| Income limits | Companies Limited |
|---------------------------------------|-------------------|
| Taxable amount (JD) | Tax rate |
| Up to - 1,500,000 JD | 15% |
| Over 1,500,000 - 3,000,000 JD | 25% |
| 3,000,000- and above JD | 35% |
| Private and mixed joint stock company | 25% |

The table is prepared by the researcher from Sources such as Iraqi Facts 3787 on August 16, 1999.

Law No. 57 of 2001 (implemented from the estimated year 2002), under this law, the Iraqi tax legislator increased personal exemptions (permits) to ease the burden on the taxpayer because of the increase in the cost of living, making the self-appointed allowance (600,000 dinars) and wife's grace (400,000) JD and samah of the boy (100,000) dinars, and allow age for those who reach (63) years of age (150,000) dinars. Order No. (49) Dated 19 February 2004: Amended section (1) of article (12) of the Income Tax Act, as it increased the exemptions granted to natural residents as follows, amounting to (2,500,000) Iraqi dinars for the unmarried cost or if the wife's income is not added to the income of the resident. A, and the amount of (2,000,000) Iraqi dinars for the wife of the taxpayer or his wives if the wife is a housewife with no income or if her income is added to her husband's income, the amount (200,000) Iraqi dinars for each of the taxpayer's children regardless of their number, the amount (3,200,000) Iraqi dinars for the widow, divorced, and the amount (200,000) 0,000 Iraqi dinars for each of her children who are sponsored by law regardless of their number [37-41].

The aforementioned order also amended section 5 of article (12) of the Income Tax Act, increasing the exemption granted to the resident taxpayer over the age of 63, and making its (300,000) dinars instead of (150,000) Iraqi dinars. Section (1) of Article 13 of the Income Tax Act has been amended according to the ratios in table (2-3):

Table 2.3 tax rate for resident and non-resident individual according to order No. 49 of 2004

| Income limits | Resident Taxpayer | Non-resident Taxpayer |
|---------------------------------|-------------------|-----------------------|
| Taxable amount (JD) | Tax rate | Tax rate |
| Up to 250,000 dinars | 3% | 3% |
| Over 250,000 - 500,000 dinars | 5% | 5% |
| Over 500,000 - 1,000,000 dinars | 10% | 10% |
| Over 1,000,000 dinars | 15% | 15% |
| Companies of all kinds | 15% | |

The table is prepared by the researcher from Sources such as Iraqi Facts 3787 on August 16, 1999.

Federal Budget Act No. (22) of 2008: Under Section 1 of section 20 of the Federal Budget Act, the Law of the Federal Budget has doubled the amounts of tax permits under Section (1) of Section 12 of the Income Tax Act No. 113 of 1982 amended by Section (2) of the Coalition Authority Order Temporary (dissolved) No. (49) For 2004, taking into account the social conditions of the natural residents as follows.

- The costly allowing of himself, including a woman with an independent income and not a widow, or an absolute amount of (5,000,000) dinars
- Allowing the husband to be allowed to marry, if she is a housewife, or who has an income and is combined with her husband's income of 4,000,000 dinars.
- The woman's absolute grace, or widow's (6,400,000) dinars.
- The person who is responsible for himself, whether the father or mother who supports her children, is entitled to a sum of 400,000 dinars for each of his children.

E- Doubling the allow granted to the resident taxpayer over the age of 63 and making it (600,000) dinars. Section (2) of Section 20 of the Federal Budget Act No. (22) of 2008 doubled the amounts for measuring the tax contained in section 13 of the Income Tax Act No. (113) of 1982, amended by the

dissolved Coalition Authority Order No. (49) of 2004. According to the following table (2-4)

Table 2-4 Tax rate for resident and non-resident individual in accordance with federal budget law No. 22 of 2008

| Income Limits | Resident Taxpayer | Non-resident Taxpayer |
|-----------------------------------|-------------------|-----------------------|
| Taxable amount (JD) | Tax rate | Tax rate |
| Up to 500,000 dinars | 3% | 3% |
| Over 500,000 - 1,000,000 JD | 5% | 5% |
| Over 1,000,000 - 2,000,000 DINARS | 10% | 10% |
| Over 2,000,000 dinars | 15% | 15% |
| Companies of all kinds | 15% | |

Table prepared by the researcher [17].

Table 2.5 shows the tax exemptions granted to taxpayers for the period from 1999 to 2008

Table 2.5 tax exemptions in Iraq for the period 1999-2008

| Types of exemptions | Law No. 25 of 1999 | Rule of Figure 57.2001 | Tax Strate gy 2004 | Federal Budget Act No. 22 of 2008 |
|------------------------------------|--------------------|------------------------|--------------------|-----------------------------------|
| Self-in-charge exemption | 50,000 | 600,000 | 2,500,000 | 5,000,000 |
| Wife's exemption | 40,000 | 400,000 | 2,000,000 | 4,000,000 |
| Exempting children | 15,000 | 100,000 | 200,000 | 400,000 |
| Exemption of the divorcee or widow | 70,000 | 1,000,000 | 3,200,000 | 6,400,000 |
| Age exemption | 40,000 | 150,000 | 300,000 | 600,000 |

The table prepared by the researcher based on the laws issued

It should be noted that the tax exemptions were introduced in the Iraqi income tax law, as a result of the economic conditions the country is going through, and the goal of the Iraqi tax legislator is to ease the social burdens of the costly, and help him to bear the burden of living.

5. The Concept of Tax Evasion

Evasion is broader than the concept of fraud, as fraud is to get rid of tax payments by breaking the laws in ways that the taxpayer deems appropriate, and appropriate. The taxpayer can also resort to non-payment of tax without violating the provisions of the tax law. Without transferring its burden to another taxpayer, [19]. Tax evasion has several terms, the most important of which are tax fraud, tax evasion, insurrection or tax insurrection, tax avoidance, and these and other terms limit the possibility of giving a comprehensive, and accurate definition of tax evasion. This definition changes from author to author, from economic legislation to legal legislation, and to tax legislation [52]. Based on the above, tax evasion [11] defined tax evasion as "attempting or reducing tax-deductible taxpayers not to pay the tax, by providing incomplete information [37-41].

Al-Kaabi, by defining it as an evasion, has focused on providing incomplete information, and he did not indicate the nature of this incomplete information. For the purposes of this research, tax evasion can be more comprehensively defined by the offence punishable by law. Tax, and get rid of its burden entirely, or partially." Our definition of tax evasion is characterized by the followers of the taxpayer, the means of fraud, and fraud, and his violation of the provisions and provisions of the legislature, taking advantage of some loopholes in tax legislation, and not committing to pay the tax by eliminating its burden entirely, or in part. It is worth noting that the content of tax evasion takes three dimensions, may take on a legal, economic, or accounting dimension.

In terms of the legal dimension, he considers that tax evasion is an act, or a failure to act, in violation of the rules established to regulate and protect the economic policy of the state, as it provides for its criminalization in the Penal Code, or in special penal laws. Younis, States that the economic dimension of tax evasion is the costly attempt to eliminate the entire, or partial, of his legal obligation to pay the tax he is owed, using various legally illegal means

[33]. Amin, indicates that the accounting dimension of tax evasion is an offence resulting from concealing, distorting, or falsifying information provided to the tax administration in order to reduce the amount of tax, or to conceal an earlier violation [12]. It should be noted that tax evasion takes several forms, or images, and this will be presented as follows:

6. Forms of Tax Evasion

Tax evasion is one of the realities of contemporary economic life, and evasion is known in developed and developing countries alike, and is more severe in developing countries than developed countries whose members have a high tax awareness and the most important forms of evasion are Tax evasion based on its legality: tax evasion based on its legality takes two forms, it may be legitimate evasion and it does not involve a legal violation. Or illegal evasion, which includes a legal violation, are as follows [8]:

- Legitimate tax evasion: it is an attempt by the taxpayer to reduce the amount of tax due in accordance with the law, taking advantage of the legal loopholes provided by the laws, tax instructions which varies from one country to another, and from legislation to legislation and is usually avoided by avoiding the fact that the establishment of the tax, which makes the sources of his income Not taxable [1].
- Illegal tax evasion: violation of tax laws, failure to show income in its true form, [16], by using methods of fraud, deception, or concealment of facts, [32], with intent to cheat, and abuse of the treasury Public, and its damage, [30]. Its forms vary depending on the tax to be evaded, and whether it is direct or indirect tax.

With regard to direct taxes, tax evasion takes a negative form, by withholding financial recognition of his wealth, entering it, or concealing the fact that the tax-making reality is established, [21]. In indirect taxes, tax evasion takes the negative form of not acknowledging the fact that the tax is not being taken, such as denying ownership of imported goods, concealing them, or removing them from the customs unit, to avoid paying customs taxes [29].

Evasion based on its size and divided into below mentioned types.

- Total evasion: which is that the taxpayer should completely get rid of the payment of his tax, using the methods of fraud, and fraud, to be out of tax, [22]. Such as self-employed persons such as brokers and trades holders who do not have specific offices or permits to practice the profession, and are not included in the tax records, [31].
- Partial evasion: it is an attempt by the taxpayer to dispose of part of the tax imposed on him by hiding part of his activity using illegal methods [32]. Many examples of this type include hiding part of its sales, or registering them at prices below their real sale price. Partial evasion is also achieved by making an incorrect statement by including incorrect or inaccurate information [31].

Tax evasion based on the regional standard is divided into below mentioned types:

- International evasion: by transferring its profits outside the territory of the country in which it is located to evade internal tax, if it is of high value, or by investing its money abroad in order to enjoy the holidays, and tax exemptions, which are determined by the tax law of the host country [56].
- Internal tax evasion: There are many forms of tax evasion within the single state, to escape tax and to bear the burden, and this type of evasion has many examples, including increasing expenses using fictitious documents, thereby reducing taxable income. The rate of evasion in this type increases in commercial operations while in industry operations, as industrial processes go through multiple stages, which fall under control and supervision [31].

6.1 The Causes of Tax Evasion

One of the most important reasons that lead to tax evasion is Legislative reasons: Tax legislation is the means by which the state can regulate the relationship between the tax authority and the taxpayers. There is no tax except by text. Therefore, there are many legislative reasons that can generate or help to create tax evasion as follows:

The lack of clarity of the tax legislative text: the generality of the legislation and its constant amendment, and the resulting ambiguity, inaccuracy, lack of identification, and difficulty in understanding, give way to loopholes used in tax evasion. Any ambiguity or lack of drafting of the law adversely affects the obligation of the taxpayers,

which in turn raises disputes between the tax administration and the taxpayers [20].

Legal instability: The economic, financial and political changes of the country call for a change in tax legislation and these changes are a loophole for the taxpayer to get rid of the tax based on its ambiguity [15]. They take advantage of the lack of awareness of the laws and regulations issued to evade tax.

Weak tax sanctions: Weak sanctions against violators and tax evaders motivate taxpayers to evade without their actions falling under the law. The taxpayer balances the amount of his tax and the punishment he will be subjected to, if the penalties are harsh and he hesitates to commit this act, and vice versa [53-55].

Double taxation: Double taxation means to tax more than once on the same taxpayer, and on the same money in the same period. Al-Freijat, asserts that for double taxation, there are four conditions [10]:

- The taxable taxpayer's unit.
- The unit of time for which the tax is imposed.
- The tax unit.
- Taxable income unit.

Economic reasons: inadequate economic conditions negatively affect the phenomenon of evasion, it is noticeable that the rate of evasion decreases to reach the lowest levels in times of prosperity, economic prosperity, and vice versa, they abound, and spread to reach the highest rates in times of recession, and Economic crises [28].

6.1.1 Financial Reasons

The main financial reasons that lead to tax evasion are:

- High tax rates: The tax rate means the ratio of the amount of tax to the tax base, which leads to the taxpayer feeling that the tax deducts a large part of his income, which results in insufficient what is left to meet his essential needs.
- Excessive taxation: the multiplicity of taxes is a catalyst that drives the taxpayer to look for ways to evade them as it does not conform to the rule of the economy, one of the basic rules in the imposition of

taxation, as multiple taxes need large expenditures when imposed and imposed, so there was a trend in most countries to brother The combined tax on total income, such as England, the United States, and Germany [13].

- **State spending policy:** One of the controls of public spending is the fairness of the distribution of the benefits of this expenditure, and the balance in the distribution of expenditures between its various aspects, and its rationalization, but it may happen that such controls are not often observed, as a result of the misallocation and disbursement of public expenditures This prompts the taxpayer who does not trust these departments finds a justification for evading, believing that keeping the money smuggled out of the tax is better than misusing it from those departments in unhelpful ways.

6.1.2 Administrative Reasons

The tax authority is the tool for implementing the tax system. The more efficient and impartial this authority is, the easier it is to evade tax, and it is the intermediary between the legislature and the taxpayer, it is the implementing body of tax policy established in the state's tax legislation, but the inefficient tax authority can turn the best taxes into The worst, the legislative texts become ink on paper, or a soulless article [31]. The implications of tax evasion: tax evasion has many negative effects, including economic and financial.

The economic effects of tax evasion: the prevalence and prevalence of tax evasion in a particular type of economic activity may encourage individuals and companies to work in these activities because of its significant impact on tax evasion, and these activities may be unhelpful to society, yet they may be unhelpful to society. Individuals came to invest in it, due to its potential for tax evasion [9]. Tax evasion weakens the government's ability to finance investment for development, weaken the effectiveness of tax as a tool to guide economic activity in the interests of development, achieve equity in the distribution of incomes, curb consumption, and fight the inflation that accompanies the development process.

The financial effects of tax evasion: tax evasion, in financial terms, results in a significant loss to the state treasury, which leads to the inability of the State or the authority to continue spending on the

various facilities necessary for society, as well as its violation of the distribution of tax burdens among the taxpayers.

6.2 Preventive Means

Tightening control over the application of laws and regulations by expanding the application of control of records [26] as article (6) of the commercial bookkeeping system for income tax purposes (2) of 1985 by allowing the Financial Authority access to records and documents The officials, as well as allowing to visit their stores, and to see their activity to develop tax awareness among the members of the community: raising the level of tax awareness is a social process that basically requires time and effort, as social development by its very nature is a slow, gradual, and any effort to develop must be focused on the development of individuals By introducing them to the importance of the tax, its nature and the legitimacy of the right of the state to collect it, and the aspects of its spending, through the various media.

Penal Means: It is necessary to have enough of the penal provisions contained in the tax laws, to impose the penalty in case of exceeding the person charged with the purpose of avoiding paying tax. There are penal methods adopted in the Iraqi tax system to reduce the phenomenon of tax evasion. The law specifies the circumstances in which the person charged with penalties (fines and additions) is liable in the event of legal infractions. If the deliberate act of the tax evasion is proven, it is subject to the following sanctions.

Moral Sanctions: With the passage of law (35) on 8/11/1999, the upper limit of sanctions imposed under paragraph (4) of article (56) of the law was amended to 500,000 dinars instead of (500) dinars, which concerns the late taxpayer in submitting his tax declaration, or paying the tax achieved it within the legal deadline. In addition, article (2) of the new law provided for its entry into force 180 days after its publication on 22 November 1999.

Physical Punishments: The charge shall be subject to corporal punishment in the event of violations of information, and the inaccurate declaration of income as one of the most serious violations of its scope and difficult to detect, and the penalties imposed for this type of offences range from imprisonment for at least three months, Not more than two years, and between doubling the amount of

tax, or both, according to articles 57, 58, 59, (59 duplicates) of the law, [27].

Addressing tax evasion on an international scale: [21] the international treatment of international tax evasion is a number of measures, including:

Access to individual funds abroad: By submitting their financial statements on their income, earnings earned, or abroad, and tight control over those declarations, and access to individual spousal files and securities. The government's policy of "protecting the rights of the individual" is a matter of concern.

International treaties: In order to reduce cases of tax evasion, countries are contracting between them. These agreements are concerned with reducing tax evasion at the international level, by regulating the exchange of information on taxpayers belonging to each country who are registered in another country in an effort to determine the truth of their financial positions [24].

7. Practical Cases

7.1 Case No. One

General Information about the Company:

- Company name: (a) private equity firm
- The date of the establishment of the company 18/3/2001
- Company capital: JD 1000,000,000
- Company Center: Baghdad, and has no other branch
- The nature of the activity practiced by the company: carrying out various banking activities in the field of commercial and specialized banking, and local and international investment, and under the supervision and sponsorship of the Central Bank of Iraq. The bank's policy is to attract deposits and provide banking services to all ministries, state departments, and the mixed and private sectors.
- The objective of the company: the bank aims to contribute to economic development, and to activate its activities by collecting money, deposits, and reinvesting it in various economic sectors within the framework of Islamic law, and practicing comprehensive banking according to the license

granted to it, and in cooperation with banks Government, civil, and other investment entities within the framework of the economic policy, and the financial of the state.

7.1.1 Discussion and Analysis of the Situation

Total wages and allowances for 2007 (115,531,500) dinars and in 2008 (141365804) DINARS

2- Personal exemptions (permits) granted to the taxpayers in 2007 (77,800,000) dinars based on Section 2 of the Tax Strategy No. 49 for 2004, and in 2008 (206,200,000) dinars based on article (20) of the Federal Budget Act No. (22) For 2008.

There is a mistake in calculating the amount of personal exemption for the two officials assigned to their positions in the company on 1/6/2007 and 15/7/2007 respectively, as they were granted the full annual exemption, and the amount of the annual exemption to be granted to the official sequence 12 as follows:

- Personal exemption for the same cost 2,500,000 x 7/12 = 1,458,333 JD
- Personal exemption for his wife (housewife) 2,000,000 x 7/12 = 1,166,666 JD
- Exemption for children 200,000 x 4 x 7/12 = 466,666 JD
- Therefore, the tax exemption for the indo-the-taxpayer (3,091,666) dinars instead of (5,300,000) dinars and its taxable income becomes 670,834 dinars.

The person in charge of the sequence (20) is the amount of exemption granted to him as follows:

- Self-charged personal exemption of 2,500,000 x 5/12 (neglecting fractions of the month in which it is assigned) = 1,041,666 JD
- Personal exemption for his wife (housewife) 2,000,000 x 5/12 (neglecting the fractions of the month in which he is appointed) = 833,333 dinars
- Exemption for children 200,000 x 3 x 5/12 (neglecting fractions of the specified month) = 250,000 dinars
- The amount of tax exemption to be granted to the taxpayer amounts to (2,124,999) dinars instead of

(5,100,000) dinars, and his taxable income is 98,376 dinars.

- The amount of exemption of 30% for the company's employees has been calculated as a 20% line by (480,000) dinars, while the correct exemption rate is as follows:
- Annual wage (2,400,000 x 30%) = 720,000 dinars.

The total number of taxpayers for 2007 was (21) expensive, and the number of taxable (15) taxpayers was expensive, and the non-taxable taxpayers were (6). In 2008, there were 21 charges, and the number of taxpayers (6) was charged and the number of non-tax payers was 15.

The adjusted personal exemptions for 2007 (72,616,665) dinars and 2008 (206,200,000) dinars, while the exemption of adjusted allowances for 2007 amounted to (15,566,250) dinars and for 2008 (19,770,011) dinars. Taxable income in 2007 was 28,614,210 dinars and 2008 (3,558,030).

The passage of the Federal Budget Act (22) by the legislature, which includes doubling tax exemptions in favor of the taxpayer, has reduced the amount of tax imposed on the incomes of taxpayers, and reduced the phenomenon of tax evasion. The tax excluded from the income of the taxpayers in 2007 amounted to JD 3,101,250, while the tax withheld from the income of the taxpayers in 2008 amounted to 161,532 dinars, and these exemptions affected the proceeds of tax revenues and decreased by (2,939,718) dinars.

7.2 Case 2

General information about the person in charge

- The name of the person in charge: the Office (b) for the propaganda of medicines.
- Office activity: processing medical supplies.
- The date of the establishment of the office: 2008.
- Office center: Baghdad and there is no other branch.
- The office's goal is to contribute to supporting government hospitals, private hospitals, pharmacies, and medical supplies.

The 2009 income tax report was submitted by the taxpayer and the report included the following:

The value of the materials imported from the taxpayer, and equipped for government and private departments in 2009 and according to the following table

Table of the value of imported goods

| No. | Value of Equipment in dollars | Date | Import type |
|-----|-------------------------------|------------|------------------------|
| 1 | 1,848 \$ | 28/1/2009 | Disinfectants |
| 2 | 6,000 \$ | 9/2/2009 | Movies 100 Rays |
| 3 | 7,500 \$ | 6/12/2009 | Agricultural sprinkler |
| 4 | 200 \$ | 12/7/2009 | Medical catalogues |
| 5 | 1,225 \$ | 12/7/2009 | X-ray movies |
| 6 | 20,000 \$ | 15/10/2009 | Drug drugs |
| 7 | 10,000 \$ | 21/12/2009 | Color x-ray movies |

The social status of the single person is therefore the personal tax exemption he deserves is (5,000,000) dinars and granted himself in tax liability. The tax authority has adopted an exchange rate of 1,170,170 Iraqi dinars per dollar as follows:

Total value of items (1,848 + 6,000 + 7,500 + 200 + 1,225 + 20,000 + 10,000) = \$46,773

The value of materials in Iraqi dinars 46,773 x 1,170 = 54,724,410 JD

The reconstruction tax was imposed on imported materials at 5% based on paragraph (3) of Section (1) of The Coalition Provisional Authority (CPA) Order No. 38, which:

Re-age tax 54,724,410 x 5% = JD 2,736,221.

The total amount of imported goods is 54,724,410 + 2,736,221 = JD 57,460,631.

The import profit for the estimated year 2010 is calculated according to the following formula:

Import profit = value of imported goods X 102% x control ratio

$$57,460,410 \times 102\% \times 12\% = \text{JD } 7,033,182.$$

The tax exemption of (5,000,000) dinars is granted as the taxpayer is single, bringing the taxable amount to $7,033,182 - 5,000,000 = 2,033,182$ dinars.

During the audits, unreported quotes appeared, representing the processing of medical supplies to the Baghdad Health Department as follows:

Medical supplies worth 1,596,000 dinars

Medical supplies worth JD 2,670,000

A total of 4,266,000 dinars.

$$\text{Taxable income} = 4,266,000 \times 102\% \times 12\% = \text{JD } 522,158$$

$$\text{Total taxable income } 2,033,182 + 522,158 = \text{JD } 2,555,340.$$

The tax due is calculated in the following ratios:

$$500,000 \times 3\% = 15,000 \text{ JD}$$

$$500,000 \times 5\% = \text{JD } 25,000$$

$$1,000,000 \times 10\% = 100,000 \text{ JD}$$

$$555,340 \times 15\% = \text{JD } 83,301$$

$$\text{Total tax due} = 15,000 + 25,000 + 100,000 + 83,301 = \text{JD } 223,301$$

7.2.1 Discussion and Analysis of the Situation

Both the guess and the tax auditor were successful in calculating the taxpayer's income. In particular, we recall the audits that revealed the concealment of quotes that he had processed to government departments, which is a clear tax evasion case despite the tax exemption granted to him. Thus, the taxpayer presented himself for legal accountability in accordance with article (57) of the Income Tax Act No. (113) of the amended 1982, for hiding information that he had to disclose and must submit a request for reconciliation settlement, and to pay at least tin of the tax achieved in addition to the original tax amount based on Article (59) duplicated by the Law. The tax due to him shall be as follows:

$$\text{Original tax amount} = 522,158 \times 15\% = \text{JD } 78,323$$

$$\text{Tax equal} = 78,323 \times 2 = \text{JD } 156,646$$

$$\text{Total tax} = 223,301 + 156,646 = \text{JD } 379,947$$

The person's concealment of information concerning taxable income violated the principle of tax justice. Consequently, it causes the loss of part of its financial resources by the public treasury. However, the tax exemptions granted to the taxpayer under the law, which amounted to (5,000,000) dinars, were a role in the provision of his tax credit, as the amount of the increase in the proceeds of tax revenues (153,576) dinars, which means that the tax exemptions have an impact on reducing tax evasion.

7.3 Case No. 3

General information about the person in charge

- The name of the official (c) pastry factory
- Plant activity: producing sweets and pastries
- Date of the establishment of the plant: 1990
- Place of activity: Baghdad
- The official has a pastry exhibition belonging to the factory
- Plant capital: JD 25,000,000

The goal of the plant: the aim of the plant is to contribute to the processing of local markets with manufactured products and the operation of manpower to absorb the momentum of unemployment. The official submitted his accounts to the General Tax Authority/ Rashid Branch for the year ended 2010, dated May 11, 2011 and agencies

Revenue and expenses table for the year of activity 2010.

| Statement | Partial (JD) | Total (JD) |
|-----------------------------------------|--------------|------------|
| Total income | | 81,425,000 |
| Cost of manufacture | 61,399,400 | |
| Added finished goods on 1/1/2010 | 4,050,000 | |
| Download - Finished goods on 31/12/2010 | (549,000) | |

| | | |
|-------------------------------|-----------|------------|
| Cost of goods sold | | 64,900,400 |
| Total profit | | 16,524,600 |
| Administrative expenses | | |
| Fees and contributions | 420,000 | |
| Hospitality and prose | 925,000 | |
| Stationery and prints | 370,400 | |
| Transport and communications | 1,200,000 | |
| Account management fees | 150,000 | |
| Other service expenses | 1,150,200 | |
| Total administrative expenses | | 4,215,600 |
| Net profit | | 12,309,000 |

The tax authority was not satisfied with the above-mentioned taxpayer's accounts, which include a profit of JD 12,309,000 due to the inconsistency of the data provided between sales revenue and expenses. The tax authority estimated the tax due to the taxpayer based on the income generated for the year prior to the activity, and estimated (16,000,000) dinars according to the annual controls. The tax authority has added 25% to the revenues of the exhibition as a shop fame and according to the controls. The taxpayer approved the tax authority's procedures to estimate his taxable income on 11 May 2011 to become the accountability mechanism as follows.

| Sources of Income | Total income (JD) | Observations |
|-------------------------------------------|-------------------------|---------------------------------|
| Confectionery Factory | 16,000,000 | Estimate based on previous year |
| Confectionery Gallery | 15,000,000 | |
| The fame of the shop (15,000,000x 25%) | 3,750,000 18,750,000 | |
| Total amount of the exhibition | | |

| | | |
|------------------------------------|------------|------------------------------------------------------|
| Total sources of income | 34,750,000 | |
| Personal exemptions for the costly | 9,000,000 | The taxpayer is married and his wife is a housewife. |
| Taxable income | 25,750,000 | |
| Tax amount | 3,703,000 | |

The taxpayer provided his tax statement with a profit of (12,309,000) dinars and the tax authority was not convinced of this, as it estimated the earnings of the taxpayer on the basis of the profits achieved for the year prior to the year of activity by (34,750,000) dinars, which is equivalent to (42.6%) of the total Revenue for the year of activity, the taxpayer has agreed to the estimate. Although he was granted tax exemptions for his taxable income, this result indicates that there is a clear evasion by the taxpayer because he did not object to the tax authority's estimate, as well as the possibility that there may be other information that the taxpayer has not disclosed, affecting the proceeds of tax revenue for the state. The total tax revenue in this case was the result of the tax authority's estimate on the basis of the year prior to the year of activity the amount of (3,703,000) dinars, and in contrast the researcher considers that there is a case of injustice in the right of the taxpayer by the tax authority to subject him to an additional tax of (25%) As a place of fame, this method is not based on practical methods of estimation because it is valued in accordance with external aspects, which leads to a violation of the principle of tax justice.

7.4 Case No. 4

General information about the person in charge

- The name of the official (d) grain gersh plant.
- Plant activity: Slab grain slab.
- The date of the establishment of the galaxy: 2005.
- Where to practice: Al-Qadisiyah governorate.
- The capital of the galaxy: 22,000,000 dinars

- The taxpayer is covered by the Industrial Investment Law for the Private and Mixed Sectors No. (20) of 1998 and amended by Law No. (35) of 2000

The goal of the plant (al-Majrashia): The aim of the plant is to contribute to the development of the country's economic activity by providing rice material, and putting it in the local market.

Third: Income tax reports for years (2009- 2010-2011) submitted by The Official To the Department of Business and Professions Al-Qadisiyah Branch, as follows:

The income tax report for 2010 estimated that the case of the social worker is married and his wife has an independent income of her own, and that the age of the taxpayer may exceed (63) years.

Earnings of 11, 940, 00 JD (29,850,000 x 40%)

Minus personal exemption 5,000,000 dinars

Minus an additional exemption to reach the age of (63) in the year 600,000 dinars

Taxable amount 6,340,000 JD

Tax amount 791,000 dinars

The taxpayer is exempt from paying the tax because it is covered by the Industrial Investment Law for the Private and Mixed Sectors (20) for 1998, amended by Law No. 35 of 2000.

7.4.1 Estimated Income Tax Report 2011

The official has added three new production lines in the year of activity (2010) and calculates its revenues according to the controls according to the following formula:

Basic revenue of the galaxy (without new lines) x 25% X (number of lines added - 1)

Therefore, the import of the new production lines of the galaxy is as follows:

New production lines = 12,000,000 x 25% X (3-1) = JD 6,000,000

Profits earned by 12,000,000 dinars (30,000,000 x 40%)

Plus adding two lines 6,000,000 dinars

Total revenue of 18,000,000 dinars

Minus 20% exemption according to the Industrial Development Act 2,400,000 dinars

Minus personal exemption 5,000,000 dinars

Taxable amount 10,600,000 JD

The amount of tax to be paid is JD 1,430,000.

The taxpayer paid the tax amount within the legal period on 23 February 2011.

7.4.2 Estimated Income Tax Report for 2012

Earnings based on the controls 7,200,000 dinars (18,000,000 x 40%)

Plus the supply of two production lines according to the controls 3,600,000 dinars [7,200,000 x 25% x (3-1)]

Total revenue 10,800,000 JD

Minus the exemption of a site under the Industrial Development Act 1,440,000 dinars (7,200,000 x 20%)

Minus personal exemption for the costly 2,500,000 dinars

Taxable amount 6,860,000 JD

The amount of tax to be paid is 949,000 dinars

The taxpayer paid the tax in full within the legal period of 15 March 2012.

7.4.3 Discussion and Analysis of the Situation

The official established the laboratory (Hungary) based on the industrial investment law of the private and mixed sectors No. (20) of 1998 and amended by law No. (35) for 2000 and who has a foundation permit as of 2005, as he was exempted for the first five years of income tax in full, and deserved The partial exemption in 2011 is estimated at 20% of the estimated revenue. sWe find that the calculation of the tax accounting of the costly in the year 2011 estimated the following:

- The cost of the cost of the cost of the product is estimated based on the annual controls, which amount to 40% without taking into account the real profits achieved by downloading the cost of

production, and the manpower borne by the taxpayer.

- The official has added three production lines for his factory (al-Majrashia), and according to the controls the tax authority adds only two of the three production lines by adopting the profits estimated according to the controls.

The tax authority granted the taxpayer an exemption of 20% of the profits estimated under the controls under section (1-a) of article (1) of the Industrial Investment Act No. (35) of 2000 according to the following formula:

Amount of industrial development exemption = profits estimated according to the controls for the year of activity x 20%

Industrial development exemption = 12,000,000 x 20% = 2,400,000 JD

Under Section (12) of the Income Tax Act No. (113) of 1982 amended, amended by Section (2) of Section (2) of The Coalition Provisional Authority Order No. (49) of 2004, and Section 20 of the Federal Budget Act 2008, and because the taxpayer is over 63 years old, he has been granted an additional exemption (600,000) dinars, but the tax authority did not grant the age exemption to 5,600,000 dinars instead of 5,000,000 dinars, and the taxable amount is 10,000,000 dinars instead of 10,600,000 dinars, and the tax amount is 1,340,000 dinars instead of the amount. The payment of 1,430,000 dinars with a difference of 90,000 dinars for the benefit of the taxpayer contributes to the reduction

The amount of tax due in the following year or the tax authority will return the amount to the taxpayer upon discovery. The tax accounting process for the year 2012 () estimated for the year 2011 did not differ from the estimated year 2011, as the tax authority estimated the profits of the tractor at 40% according to the annual controls, and granted the taxpayer an exemption for industrial investment by 20% of the value of the profits estimated according to the controls. However, the amount of personal exemption to be granted to the taxpayer is 2,800,000 dinars instead of 2,500,000 dinars, because the additional exemption for the person over the age of 63 is 300,000 dinars, although the additional exemption has not been granted to the taxpayer by the tax authority. The refore, the income to be taxed

amounts to 6,560,000 dinars instead of 6,860,000 dinars, bringing the amount of tax to be paid 904,000 dinars instead of the amount paid at 949,000 dinars with a difference of 45,000 dinars for the taxpayer, which contributes to reducing the amount of tax due to it. In the following year, the tax authority will return the amount to the taxpayer upon discovery.

The person in charge of the case under consideration has complied with the tax authority in terms of submitting his tax decisions on time under the law, and paying the tax due within the legal period. The method of estimating the profits of the taxpayer under the controls may not be in accordance with the basic tax rules, especially the rule of justice, which may add additional burdens on the production of income for the costly, especially since the percentage of controls is 40%, and this percentage is large, especially since the taxpayer works in the private sector, which contributes to the development of the national economy. The tax authority applies the exemptions contained under the laws correctly, taking into account the interest of the state, and the costly, especially the industrial investment law and personal exemptions, which in some citizens have inadvertently failed to calculate the age exemption to reach the cost of (63) years, which requires accuracy future in order to preserve the rights of the taxpayers. The purpose of the tax exemptions granted to the taxpayers under the Industrial Investment Act No. (20) of 1998 and amended by Law No. (35) of 2000. Is to encourage venture capitalists, build a national industry base, and ease the financial burden on tax payers, thereby reducing the phenomenon of tax evasion. Thus, the revenues needed to finance the public treasury will be realized.

8. Recommendations and Conclusion

- The need to update tax legislation while following up on the problems created by the application and to work to fill all the gaps that appear during implementation, while adhering to the rules created, the most important of which is the rule of stability, which calls for the avoiding the continuous amendments in the legislation, which must be taken into account stability Tax rates, and the number of amendments in the narrowest range, requires the commitment of (the tax authority) to its executive role in the application of the law.

- The need for the tax authority to reform its administrative tax structure, by establishing specialized tax bodies, dividing work, and providing them with expertise, tools, professional individuals, and the latest means of tax accounting, as well as involving their submissions in training courses, and financial, and tax seminars.
- 3- The tax authority should adopt the property of disclosure and transparency in its tax work, and work to define citizens with their duties, their current tax obligations and how to perform them, and seriously try to simplify and facilitate the procedures in tax circles, and to work to apply the principle of Equality, and work to increase incentives for those who are committed to submitting statements on time, by organizing and dealing with records of the names of committed and offended taxpayers on this basis, while at the same time sorting out the names of those charged with unreliability.
- No more than one tax on the income earned for the taxpayers, which is taxable, in proportion to their mandate. In order to achieve the principle of tax justice.
- Improving the income of the tax official (guesser, auditor, etc.) in accordance with the requirements of life and the current economic conditions, by taking into account the rates of annual inflation to fortify it, and keeping it away from administrative corruption and thwarting any attempt by the costly to exploit the need of the guesser in order to evade or reduce the payment of tax, or reduce it The decision of the 160th Dissolved Revolutionary Command Council of 1998 to grant incentives to employees of the General Tax Authority was reintroduced from the tax revenues achieved.
- For the purpose of creating a suitable investment climate for the private sector, because this sector constitutes a national industrial capacity in addition to other economic possibilities in the country, it is necessary to increase tax exemptions under the laws in force, and be for a long period of more than ten years with exemption from all kinds of Taxes, to allow this sector to play its vital economic role in competition for imported foreign products.
- In order to improve the relationship between the taxpayer and the tax authority, the state should work

to provide public services to the taxpayers, while adopting the appropriate transparency to show the aspects of public spending, so that the taxpayer can be assured that the money he pays is spent in the public interest. In other words, the tax benefits are reflected in the cost of tax relief by highlighting projects and services financed by tax revenues.

- The need to combat tax evasion to reduce the state of low tax revenue by tightening control over the application of laws and regulations, and allowing the tax authority to access the records of the taxpayers, their documents and inform them of the importance of taxation, their nature, and the legitimacy of the right of financial authorities to sue them, Expand the granting of tax exemptions, and grant tax amnesties, to urge taxpayers to submit their tax returns for tax liability purposes.
- The financial authority should encourage those responsible to submit financial statements for their activities, direct the taxpayers of the importance of the tax to the State, and warn those who violate the application of the penalties stipulated by income tax law No. 113 of 1982 amended against them.
- The tax authority should not resort to the annual controls in its work in the beginning, and rely on scientific foundations, and the process in the accounting of tax officials and refer to the use of self-assessment of the taxpayers for the purposes of tax calculation, in order to guarantee the rights of the taxpayers, and the tax authority, and what does not constitute Injustice against the state treasury.

8.1 Conclusion

- One of the reasons that led to the deepening of the gap between the taxpayer and the tax authority is the multiplicity and multiplicity of tax laws applied where the provisions of this law have been subjected to many amendments, and continued has created a situation of lack of legal stability in its application, as well as legal and technical principles. The new amendments, which created a more vague situation for most (guessers, auditors, taxpayers), were somewhat unsuccessful in applying the provisions of the income tax law from the tax authority.
- The lack of experience of many employees of the tax authority, in violation of the principle of tax justice, encourages income tax collectors to evade

tax, thereby losing the public treasury of important financial resources.

- The tax work in Iraq complains of a lack of transparency and a lack of sources of awareness among members of society. The procedures followed by government departments, including the tax services, are sometimes complex, which may contribute to the development of practices related to administrative corruption, and the financial that makes the relationship between the taxpayer, the tax administration is characterized by uncertainty, and mistrust.
- Imposing more than one tax on the taxpayer at the same time, helps to increase the financial burdens placed on the taxpayer, without taking into account the cost of the commission, as an increase in the amount of taxes withheld will reduce the amount of income received by the taxpayer, which increases the motivation sought by the taxpayer to evade the P tax.
- The weak sense of belonging to the General Authority of Taxation, from its employees, especially the guessmen, and the auditors for the imbalance between their salaries, and their financial incentives on the one hand, due to the failure to meet the requirements of living, and the greatest of their functional responsibilities on the other, and this may lead to their submission to illegal pressures, leading to various forms Financial and administrative corruption.
- Industrial Investment Act No. (35) of 2000, is one of the laws that encourages the private sector, to achieve industrial development, by exempting existing industrial projects from all taxes, and for a period of five years of income tax, including the entry of workers in this sector, creating a national industry for them The ability to face industries in other countries, and create competition for imported products
- How the financial authority disposes of tax revenues is one of the factors influencing the creation of a positive view of the tax, and one of the reasons for tax evasion is the policy of government tunnels, and its aspects that may not create sufficient conviction on the part of the taxpayer to pay his tax annually.
- The depreciation of the tax receipt affects the ability of the financial authorities to meet their

obligations and perform their various functions, prompting the financial authorities to seek other sources of financing, such as raising tax rates, imposing new taxes, issuing cash, or borrowing. These treatments constitute additional burdens on the entry of taxpayers, with consequences for tax evasion.

- The tax authority is convinced of the inaccuracy of the financial statements provided by the taxpayers, and some of the revenues generated from some of the activities they engage in, and therefore their lack of representation of the financial position, and the result of the activity of the official properly, which loses confidence between the taxpayers, and the tax authority, which constitutes Tax evasion leads to the loss of a resource by the public treasury of its financial resources, and weakens its ability to finance its various financial expenditures.

The General Tax Authority relies on annual controls to estimate the income of those whose accounts are rejected, or who do not have accounts at all, by determining the type of activity, and the amount of tax imposed, which may constitute a situation that is in the absence of many taxpayers, which adds financial burden to the income earned to them. The tax authority's guessers are committed to it, as annual guidelines.

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