

The Impact of the Tax System on Financing the General Budget of the Iraqi State for the Period (2010 - 2020)

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ABSTRACT

Taxation plays an important role in mobilizing the financial resources of countries and maximizing economic efficiency. Most countries depend on this method, which is an indispensable source of finance for public expenditure. With the assessment and collection of taxes through its divisions and branches distributed in all governorates and is considered the authority responsible for implementing the tax policy in Iraq where it imposes income tax, real estate, companies, and others, through which it strengthens its position by supporting the state revenues and development through And the legislations issued by it and the instructions and annual publications issued by it to enable all members of the state to get acquainted with the core and work of the systems of the tax services. The current research aims to identify the tax revenues and the extent of the contribution of these revenues in filling the expected fiscal deficit in the federal budget in Iraq. To know the importance of tax revenues in financing and the public treasury of the state with funds to cover its public expenses.

Keywords: *Taxes; Tax features; General revenues and expenditures; Public budget; Tax effort; Tax burden; Tax energy*

INTRODUCTION

In the modern era, taxes have an important position as the most important revenue that the state can obtain to meet its financing needs.

Taxes were not tested in their current concepts until after they had undergone many developments. Taxes were not known by the individuals who lived in groups and clans, and the reason for this was due to all the public needs that required taxes. However, with the passage of time and the emergence of collective life, the need of individuals was not limited to defense, but rather the need to maintain the rules and decide disputes that arose. Among individuals, these reasons are that they have the president or the prince to seek help from the gifts and donations provided by the rich among the subjects, and after all the spirit of cooperation between individuals and the complexity of life and public relations, the rulers tended to impose mandatory costs such as defense and maintaining security, and these costs are imposed on the funds according to the way in which they are carried out. Dealing with the special benefits that individuals spend are provided to them through a general presidency, such as crossing roads, crossing bridges, and other services, except that the individuals do not expand to a certain extent, but rather it has begun to expand unlimitedly, in addition to more presidents who have resorted to imposing costs on individuals from For these needs, individuals plan for a private benefit to continue paying taxes, such as imposing taxes on shops, markets, transactions, and indirect tax taxes.

However, countries' needs and expenditures are still constantly multiplying with the development of life, which has made indirect taxes insufficient to meet these expenses, which has prompted countries to impose direct taxes, considering them a solidarity duty that individuals pay as they participate in bearing the public burdens, and after the

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taxes have stabilized as they are. Accordingly, from its current concept, the state's interest in it has become not only based on considering it an important financial resource for the state, but also on the basis that it has become one of the most important main tools used in economic and social policy that countries resort to achieve their goals.

Due to the importance that taxes enjoy at the present time, their study has become one of the intertwined and multiple topics. Therefore, our study in this research will focus on an aspect that is not devoid of importance in studying the subject of taxes, which is the legal basis on which the state relies in imposing the tax. In a chapter we precede with a chapter in which we discuss an introduction to Tax study.

TAX CONCEPT

The definition of tax may differ depending on the aspects through which we view the tax, whether economic, social, political, or legal. We can define tax as cash amounts paid periodically to finance the state's public expenditures (economic, political, and social) in accordance with the laws, regulations, and instructions issued in this regard in a final manner and without expected direct compensation (Naif, 1967). It is also defined as a cash deduction paid by natural or legal persons to the state in an individual manner. It is compulsory and final, and it is imposed to achieve the general goals of the state. It is possible to combine these different aspects and develop a general definition that includes all of these different aspects. We can define the tax as "a forced cash deduction made by the state or one of its public bodies on the resources of the various economic units with the intention of covering the public burdens without specific compensation and distributing these burdens among the economic units according to their capabilities mandatory (Al-Janabi, 1990).

TAX CHARACTERISTICS

From this definition, it is possible to determine the characteristics that this important type of revenue carries:

First: Tax is a cash deduction:

This means that the tax is a financial amount collected by the public authorities, as the tax was previously collected in kind, such as taxes on agricultural crops, as is the case in Islamic law, which divided taxes into two types: tithe and kharajiyah (Al-Jaafari, 1968: 77).

Likewise, the tax was collected in kind on crops under the Roman Empire (Al-Sakban, 1972: 155). However, all modern financial legislation has tended to generalize payment in cash, and this includes all revenues, including taxes, due to the disadvantages that in-kind taxes are characterized by (Al-Janabi, 1990: 136)

1. Collecting the tax in kind incurs heavy expenses on the administration regarding preservation and storage.
2. Violating the idea of justice because taxpayers are obligated to pay a share of the crop despite the discrepancy that each of them bears from the actual costs incurred, not the crop product.
3. Failure to achieve tax justice, as it is almost limited to agricultural tax, while the nature of other taxes takes the monetary method.

There may be an exception to this that makes it permissible to pay the tax in kind for two reasons (1):

1. The desire to make it easier for individuals to pay certain types of taxes, such as the permissibility of collecting the tax on the total estate in kind. This situation is explained on the basis that cash payment may lead individuals to sell their money at low prices in the event that they do not have sufficient cash to pay the tax.
2. The desire to expand ownership of the public sector by collecting the tax in kind. This procedure appears clearly in countries that wish to transition from the capitalist system to the socialist system.

Whatever the case may be, it is better to pay the tax in cash to avoid the damage that could be caused to the aforementioned public authority as a result of paying the tax in kind.

Second: The tax is paid forcefully

This means that the person responsible for paying the tax is not free to pay it, but rather is subject to the authorities of the state, given its right of sovereignty over its citizens. However, this does not mean that the tax should be imposed without specific controls for imposing it, as a tax cannot be imposed, amended, or abolished except by law. However, the element of coercion or coercion can be embodied in the independence of the state and its bodies in establishing the legal tax system. In order for individuals not to be subjected to the dominance of public authorities in imposing taxes, the law requires the approval of the people's representatives to impose taxes. (Al-Omari, 1988: 82).

The element of coercion did not exist in all eras, as the tax was paid voluntarily by individuals who submitted it to the state. This means that the so-called optional tax is not a tax in the financial sense, but rather we can consider it a

financial gift, and the element of coercion is what distinguishes the tax from other revenues that have an optional character, such as prices, optional loans, and subsidies.

Third: The tax is paid once and for all

This characteristic means that the individual, in paying the tax, does not have the right to recover its value from the state or to claim interest on it. This is because the tax is collected from the taxpayer by the state once and for all, without the state being obligated to return it to the taxpayer. Thus, the tax differs from a public loan that is paid in force, although there is an element of coercion, but the state here is obligated to return it to the payer along with the benefits resulting from it

Fourth: The tax is paid according to the taxpayer's cost capacity and without a specific charge

In paying the tax, the taxpayer does not expect to receive a specific return from the state when he pays it (Al-Jaafari, 1968:78). When the taxpayer pays the tax, this is on the basis of his being an element in society, and he pays the tax based on the principle of social solidarity. His presence in this group requires him to participate in bearing the tax. The burden of necessary costs is not the public facilities necessary for the life of that group. However, this does not negate the fact that the individual obtains the benefits provided to him by public facilities, but this benefit is not obtained by him as a taxpayer, but as a citizen (Al-Janabi, 1990: 137).

He has the right to benefit from the public services provided to him by the public authorities. Accordingly, the tax is imposed on the taxpayer on the basis of his tax capacity and the extent of his ability to bear the public burdens, not on the basis of the benefit that accrues to him from these public facilities, as the benefit that accrues to him accrues to all (Al-Sakban, 1972: 157). In this way, taxes are distinguished from the fee that an individual pays in exchange for obtaining a specific service.

Fifth: The tax aims to achieve public benefit

The tax is paid by the taxpayer to the state to meet its needs for public expenditures and to obtain the funds necessary to meet public needs (Al-Omari, 1988: 83). The use of taxes has increased with the increase in state intervention in order to achieve economic and social goals. This means that the tax is no longer limited to only one purpose, which is financing public expenditures.

We mention some of these goals, including protecting the national industry through the state imposing customs taxes or encouraging saving and thus reducing consumption. The aim of this is to seek to mobilize the surplus to achieve development and reduce disparity between groups of society. This is what was stipulated in the Declaration of Human Rights issued by the French Revolution in 1789. It became a constitutional principle (Al-Janabi, 1990: 138)

Sixth: The tax is imposed, assessed, objected to, collected, canceled and exempted in accordance with legal texts.

That is, taxes cannot be imposed except by issuing laws that must follow the prevailing constitutional principles when imposing taxes in a particular country.

This feature results in an important result, which is to preserve the rights of those charged with paying the tax, because the courts have the right to consider whether the laws related to imposing and collecting taxes have been issued in accordance with the constitutional principles established for this according to the prevailing legal situation, so the tax is not imposed or canceled except by a law issued in accordance with the constitutional principles of the country in which it legislates it, and the tax law is similar in this regard to the criminal law. Just as there is no crime or punishment except by a text, no tax is imposed or abolished except by a text in the law (Younis, 2004: 107).

TYPES OF TAXES

❖ Taxes on persons and taxes on money

In primitive societies, taxes were imposed on people at a fixed amount and without discrimination, and were called tribute, individual tax, or head tax. Despite the simplicity of the tax and the ease of its collection, it is no longer compatible with modern societies and has therefore lost its importance. This can be attributed to the following reasons:

- 1- Its unfairness, as it is based on a unified price between individuals or between members of a specific class, ignoring the differences that may exist between them in terms of fat or physical or related to the activity that each of them practices.
- 2- Its small output and inflexibility due to its reliance on heads and its disregard for the activities carried out by individuals. Especially when compared to the high collection expenses.
- 3- Its lack of respect for human dignity because it distinguishes between individuals according to their status in society.

In the face of these defects and in the face of the increase in state expenditures and their expansion as a result of the development of its role in economic and social life, the tax on individuals is no longer appropriate and has been abandoned in most countries, and taxes in the modern era have taken money as their receptacle.

❖ **Single tax and multiple taxes.**

In other words, the single tax system is the tax system in which the state relies on one tax to obtain everything it needs from taxpayers, or on one basic tax with the presence of some other taxes of little importance. As for the multiple tax system, it is based on the state imposing a number of basic taxes, some of which are complementary. Some, such as imposing taxes on income, on the possession of money, or on their circulation and consumption. The truth is that most countries in the world today adopt a system of multiple taxes. Therefore, the study of this division is due to its historical importance and the importance of the scientific debate that took place around it.

❖ **In-kind taxes and personal taxes**

What is meant by in-kind tax is that tax that, in its challenge to the taxpayer's financial ability, depends on the size of the wealth alone, regardless of the taxpayer's personal circumstances or ability to pay. It also does not care about the source of income, whether it is work or capital. An example is the customs tax that is imposed on the imported commodity regardless of the beneficiary. Or the consumer of this commodity, the one who imports a car pays a customs tax on it equal to that tax paid by another person who imported a car of the same type and size despite the difference that may exist between the two people in their personal circumstances or the amount of their income. The first may be rich and single and the second may be poor, married and dependent. Five children.

As for the personal tax, it is the one that takes into account the taxpayer's various personal circumstances when imposed, meaning that it takes into account the taxpayer's financial ability and personal situation. It takes into account, for example, how he obtains income, whether it is the result of work or capital, and whether the taxpayer has one source of income or several sources.

❖ **Direct taxes and indirect taxes**

This division of taxes is considered the most important and widespread division, and it is also the division that raises the most financial and economic debates. The state may deduct a portion of individuals' wealth and income directly in a way that allows the taxed money to be accurately estimated, taking into account its source, and to treat it tax-wise in an appropriate manner. You may deduct a portion of the taxpayer's money indirectly, that is, by tracking it in its circulation and use, that is, by tracking it in its external manifestations represented by specific facts or actions carried out by the taxpayer that indicate the wealth he enjoys. This method of deduction is called indirect taxes.

ANALYSIS OF THE COMPONENTS OF PUBLIC REVENUES OF THE BUDGET IN IRAQ

Since Iraq is a rentier state that depends in collecting its revenues on one commodity (product), which is oil, and therefore its revenues vary from year to year due to the differences in the prices of that commodity, and through data and figures for the state's revenues for the study period (2010-2020), the most important components of revenues are shown. Public and the percentage of participation of each type of public revenue

First: Public revenues: Table (1) shows the annual rate of change in Iraq's public revenues during the study period 2010-2022. There is variation in the change between years, but in 2015 public revenues decreased from 2014 by approximately 37%. The reason is due to what happened. The country experienced crises that year, as a number of important oil provinces fell under the control of the Islamic State organization, the so-called ISIS. After the liberation of those provinces, public revenues witnessed an increase, specifically in 2017, by approximately 42%.

Table (1): Rate of development of public revenues in Iraq for the period (2010-2020)

| Year | Public revenues | rate of change |
|------|-----------------|----------------|
| 2010 | 69.5 | - |
| 2011 | 99.9 | 43.84 |
| 2012 | 119.4 | 19.47 |
| 2013 | 113.7 | 4.77 |
| 2014 | 105.3 | 7.37 |
| 2015 | 66.4 | 36.93 |

| | | |
|------|-------|-------|
| 2016 | 54.4 | 18.14 |
| 2017 | 77.3 | 42.14 |
| 2018 | 106.5 | 37.8 |
| 2019 | 107.5 | 0.94 |
| 2020 | 63.1 | 41.52 |
| 2021 | 88.6 | 36.93 |
| 2022 | 115.7 | 18.14 |

TAX REVENUES

Table (2) shows the importance of tax revenue for all years studied (2010-2022). It is noted that the year 2017 had the largest share of tax collection compared to other years, at approximately 18%, and the least important among the years studied was in the year 2010, at approximately 4%. Table (2) also shows the amount of contribution of tax revenue to non-oil revenue. It was found that the years 2011, 2012 and 2013 had a greater role in the formation of non-oil revenue.

Table (2) : Tax contribution percentage

Net general budget in Iraq for the period (2010-2022)

| Year | Tax revenues | Contribution percentage | Revenues are non-oil | Percentage of tax contribution to non-oil |
|------|--------------|-------------------------|----------------------|---|
| 2010 | 1532438 | 4.2 | 2701447 | 56.7 |
| 2011 | 1783593 | 4.9 | 1908562 | 93.5 |
| 2012 | 2633357 | 7.3 | 2869327 | 91.8 |
| 2013 | 2876856 | 8 | 3089853 | 93.1 |
| 2014 | 1885127 | 5.25 | 8314213 | 22.7 |
| 2015 | 2015010 | 5.61 | 15157631 | 13.3 |
| 2016 | 3861896 | 10.7 | 10142207 | 38.1 |
| 2017 | 6298272 | 17.5 | 12264026 | 51.4 |
| 2018 | 5686211 | 15.8 | 10950014 | 51.9 |
| 2019 | 4014531 | 11.1 | 8350677 | 48.1 |
| 2020 | 3316053 | 9.2 | 8751175 | 37.9 |
| 2021 | 1988127 | 9.25 | 8614213 | 32.7 |
| 2022 | 2015010 | 11.61 | 16157631 | 33.3 |

The net budget in the year 2010 is less than the budget, as it led to a negative (613084-). This means that in this year there is no development in the net budget between public revenues and public expenditures. As for the development of the net public budget in the year 2018, the net budget between public revenues and public expenditures increased, as it rose to (25,696,634). This means that this year the net development of the general budget has increased, and this is the highest development in the net budget between the years 2010 - 2020.

Table (3): Net general budget

| Year | Public revenues | public expenditures | net budget | rate of change |
|------|-----------------|---------------------|------------|----------------|
| 2010 | 69.5 | 70134201 | -613084 | - |
| 2011 | 99.9 | 78757667 | 21241109 | 3364.63) |

| | | | | |
|------|-------|-----------|-----------|----------|
| 2012 | 119.4 | 105139575 | 14326828 | 167.45 |
| 2013 | 113.7 | 119127556 | -5360361 | 62.59 |
| 2014 | 105.3 | 112192126 | 6805503 | 226.96 |
| 2015 | 66.4 | 70417515 | 3947263 | 158.00 |
| 2016 | 54.4 | 73571003 | 19161733 | 585.44 |
| 2017 | 77.3 | 75490115 | 1845840 | 90.37 |
| 2018 | 106.5 | 80873200 | 25696634 | 1492.14 |
| 2019 | 107.5 | 111723523 | 4156528 | 83.82 |
| 2020 | 63.1 | 76082443 | -12882754 | 409.94 |
| 2021 | 88.6 | 106.5 | 80873200 | 25696634 |
| 2022 | 115.7 | 107.5 | 111723523 | 4156528 |

ANALYZING TAX INDICATORS AND THEIR ROLE IN FINANCING THE STATE'S GENERAL BUDGET

Tax revenue growth rates and their role in financing the state's general budget. Tax represents an essential pillar of public revenues for most countries in the world. It is one of the sources relied upon in providing public services. Its role is not limited to covering public expenses only, but it is one of the important means of redistributing income among segments of society. Through this, the various economic, social and political goals were achieved. Within this perspective, the following indicators were analysed: the extent of the growth of tax revenues and the relative importance of each revenue through Table No. (1) the growth rate of the total tax revenues for the two years (2015-2016) in which it indicates that the increase in the total tax revenue The revenues achieved by the Authority during the year (2015) amounted to (157,649) billion dinars, one hundred and fifty-seven billion dinars, compared to the revenues of (2016), meaning a growth rate on a moving basis (127), as the total tax revenues achieved by the Authority during the year (2016) amounted to In the amount of (739,000) billion dinars (seven hundred and thirty-nine billion dinars), while in 2015 it amounted to (581,351) billion dinars (five hundred and eighty-one billion dinars and three hundred and fifty-one million dinars. We also note that the growth rate increases considering the year 2007 as a base year (fixed basis) The percentage reached (168%), but when the growth rate was calculated on a moving basis (i.e. the base year is the year that precedes the year of comparison), we notice that the growth rate begins to decrease, but this does not mean that there is no growth, but rather it is at a decreasing rate, as well as through Table (10). It shows the authority's revenues during the year (2016) according to their type in detail and compares them with the revenues of the year (2015). It is noted that there are increased rates of growth in all types of tax revenues except direct deduction, due to the exit of non-taxable categories of those whose salaries are 750,000 dinars or less. Note from the table above that the importance The relative value of tax revenues was the lowest in 2015, at a rate of (6.2%), while the highest rate was in 2016, at a rate of (21%), and it varied for the rest of the years, as the year 2009 showed that tax revenues amounted to (3,334.8) billion dinars, and this is due to Activating the tax role and collecting taxes from all matters approved in the tax system in Iraq, as well as increasing incomes for citizens, which led to the payment of taxes. While the percentage of tax revenues for the rest of the years decreased in a varying manner, the budget revenues for the year 2016 amounted to the lowest percentage (7.53%), while the highest percentage in the year 2019 for the budget amounted to (119,500) billion dinars. It also corresponds to that the tax revenues in 2019 amounted to (26,334) billion dinars, i.e. By (16.6%), which has a significant impact on increasing the total revenues of the budget for the year 2019.

Table (4) Tax revenues (2010-2022)

| Year | tax revenues (billion dinars) | Relative importance for tax revenues | Total revenues budget (billion dinars) | relative importance For the total budget | gross domestic product |
|------|----------------------------------|---|--|---|---------------------------|
| 2010 | 1,144,144 | 32.4 | 69,000,000 | 2,5 | 66,300,000 |

| | | | | | |
|------|-----------|------|-------------|------|-------------|
| 2011 | 1,311,156 | 33.3 | 103,500,000 | 6,5 | 102,534,000 |
| 2012 | 1,665,907 | 34.2 | 119,700,000 | 6,1 | 117,400,000 |
| 2013 | 1,957,014 | 35.1 | 113,300,000 | 1,9 | 111,567,890 |
| 2014 | 1,979,896 | 36.7 | 105,700,000 | ,22 | 97,423,000 |
| 2015 | 1,083,038 | 37.1 | 125,100,000 | 5,4 | 116,865,890 |
| 2016 | 1,245,234 | 37.4 | 135,700,000 | 7,3 | 127,343,678 |
| 2017 | 1,454,234 | 38.3 | 145,156,990 | 8,4 | 135,500,000 |
| 2018 | 1,756,768 | 38.9 | 150,800,000 | 8,9 | 140,467,090 |
| 2019 | 1,957,014 | 39.1 | 165,200,000 | 8,8 | 155,576,890 |
| 2020 | 1,979,896 | 39.7 | 171,700,000 | 9,3 | 160,409,876 |
| 2021 | 2,435,678 | 40.3 | 180,800,000 | 9,5 | 168,756,879 |
| 2022 | 2,765,567 | 41.6 | 190,800,000 | 10,7 | 178,867,000 |

ANALYSIS OF TAX PERFORMANCE INDICATORS TO EVALUATE THE TAX SYSTEM IN FINANCING THE GENERAL BUDGET IN IRAQ

Tax Performance Indicators

Before knowing the percentage of contribution of tax revenues to financing the budget in all of Iraq, we now evaluate the tax performance in all of Iraq using tax performance indicators and knowing the extent to which the state uses the available tax energy and whether there is a possibility to impose new taxes, increase their prices, expand or broaden the tax base, or all of them, and it will be limited. The three most important indicators are tax capacity, tax burden, and tax effort

1- Energy Tax

Taxation is a prediction through which the maximum limit for imposing a new tax, increasing the tax rate, or expanding the tax base can be identified. The tax energy can be calculated using several mathematical equations, but we will limit ourselves to the following equation that was adopted by the researcher because he originally relied on equations. The International Monetary Fund calculates the tax capacity as a function of the ratios of average per capita income and the degree of economic openness:

$$T/Y = 8.86 + 0.0002 YP + 00.12 FY$$

where:

T/Y: tax power.

YP: average per capita income.

FY: Degree of economic openness (exports + imports/GDP*100)

2 -Tax burden

The tax burden expresses the efficiency of the tax system in achieving its goals. The tax burden finds its significance in actual tax revenues, and is calculated through the ratio of actual tax revenues to the gross domestic product.

3 - Tax effort

Tax effort is extracted by dividing the tax burden by the tax energy. If the value of the tax effort is less than the correct one, this means that there is untapped tax energy. However, if the value of the tax effort is greater than the correct

one, there is a large tax burden falling on the shoulders of the individuals charged with paying the tax. However, if the value of the tax effort is close to one, this indicates the adoption of a good financial policy by the government.

Table (11): Tax performance index in Iraq for the period from (2010-2022) at current prices (million dinars)

Source: Preparing the table based on data obtained from the Iraqi Ministry of Finance, To attribute the work of the researcher.

| year | Tax revenues (1) | Total exports and imports (2) | Gross Domestic Product (3) | Population (million people) (4) | Degree of economic openness ³ ₂ (5) | Average per capita income ³ / ₄ (6) | Energy Tax (7) | Tax burden ¹ / ₃ (8) | Tax effort ⁸ / ₇ (10) |
|------|------------------|-------------------------------|----------------------------|---------------------------------|---|---|----------------|--|---|
| 2010 | 1,144,144 | 69,000,000 | 66,300,000 | 32.4 | 70.61 | 4.89 | 17.829 | 0.72 | 0.04 |
| 2011 | 1,311,156 | 103,500,000 | 102,534,000 | 33.3 | 70.58 | 6.34 | 17.826 | 0.62 | 0.034 |
| 2012 | 1,665,907 | 119,700,000 | 117,400,000 | 34.2 | 70.98 | 7.35 | 17.877 | 0.66 | 0.036 |
| 2013 | 1,957,014 | 113,300,000 | 111,567,890 | 35.1 | 64.13 | 7,723 | 17.007 | 0.72 | 0.042 |
| 2014 | 1,979,896 | 105,700,000 | 97,423,000 | 36.7 | 61.36 | 7.72 | 16.655 | 0.75 | 0.45 |
| 2015 | 1,083,038 | 125,100,000 | 116,865,890 | 37.1 | 64.31 | 3.75 | 15.56 | 0.77 | 0.049 |
| 2016 | 1,245,234 | 135,700,000 | 127,343,678 | 37.4 | 70.61 | 4.23 | 17.001 | 0.72 | 0.042 |
| 2017 | 1,454,234 | 145,156,990 | 135,500,000 | 38.3 | 70.58 | 5.34 | 17.431 | 0.62 | 0.035 |
| 2018 | 1,756,768 | 150,800,000 | 140,467,090 | 38.9 | 70.98 | 6.46 | 17.765 | 0.66 | 0.037 |
| 2019 | 1,957,014 | 165,200,000 | 155,576,890 | 39.1 | 64.13 | 6.93 | 17.834 | 0.72 | 0.04 |
| 2020 | 1,979,896 | 171,700,000 | 160,409,876 | 39.7 | 61.36 | 6.56 | 17.889 | 0.75 | 0.041 |
| 2021 | 2,435,678 | 180,800,000 | 168,756,879 | 40.3 | 59.95 | 6.96 | 17.934 | 0.86 | 0.047 |
| 2022 | 2,765,567 | 190,800,000 | 178,867,000 | 41.6 | 60.7 | 7.43 | 18.87 | 0.97 | 0.042 |

Table (5) shows that the average tax capacity in Iraq for the period (2010-2022) reached (17.550%), while the average tax burden did not exceed (0.630%), which is very low and indicates the deficiencies of the tax system in Iraq and its lack of exploitation of surplus tax capacity. As for The average tax effort for the same period did not exceed (0.036%), which is very low and indicates the government's dependence on the tax resource in financing the general budget throughout the period (2004-2014). It also indicates the possibility of imposing new taxes, expanding the tax base, increasing tax rates, or all of them together.

Table (5): Percentage of contribution of tax revenues with other revenues to total revenues and public expenditures in Iraq from (2010-2022) at current prices (million dinars).

| السنة | الايادات الضريبية | الايادات النفطية | ايادات اخرى | اجمالي الايادات | اجمالي النفقات | نسبة 4\1 | نسبة 4\2 | نسبة 4\3 | نسبة 5\1 | نسبة 5\2 |
|-------|-------------------|------------------|-------------|-----------------|----------------|----------|----------|----------|----------|----------|
| | -1 | -2 | -3 | -4 | -5 | % | % | % | % | % |
| 2010 | 1,144,144 | 66,300,000 | 1,751,369 | 69,000,000 | 70,000,000 | 0.02 | 0.96 | 0.03 | 0.02 | 0.95 |
| 2011 | 1,311,156 | 102,534,000 | 128,093 | 103,500,000 | 78,000,000 | 0.01 | 0.94 | 0.00 | 0.02 | 0.99 |
| 2012 | 1,665,907 | 117,400,000 | 235,039 | 119,700,000 | 99,000,000 | 0.01 | 0.88 | 0.00 | 0.02 | 1.19 |

| | | | | | | | | | | |
|------|-----------|-------------|-----------|-------------|-------------|------|------|------|------|------|
| 2013 | 1,957,014 | 111,567,890 | 213,452 | 113,300,000 | 105,000,000 | 0.02 | 0.98 | 0.00 | 0.02 | 1.06 |
| 2014 | 1,979,896 | 97,423,000 | 6,429,086 | 105,700,000 | 83,000,000 | 0.02 | 0.92 | 0.06 | 0.02 | 1.17 |
| 2015 | 1,083,038 | 116,865,890 | 7,329,085 | 125,100,000 | 86,000,000 | 0.01 | 0.93 | 0.06 | 0.01 | 1.36 |
| 2016 | 1,245,234 | 127,343,678 | 7,720,064 | 135,700,000 | 95,000,000 | 0.01 | 0.94 | 0.06 | 0.01 | 1.34 |
| 2017 | 1,454,234 | 135,500,000 | 8,123,087 | 145,156,990 | 112,000,000 | 0.01 | 0.93 | 0.06 | 0.01 | 1.21 |
| 2018 | 1,756,768 | 140,467,090 | 8,465,067 | 150,800,000 | 117,000,000 | 0.01 | 0.93 | 0.06 | 0.02 | 1.20 |
| 2019 | 1,957,014 | 155,576,890 | 8,767,086 | 165,200,000 | 128,000,000 | 0.01 | 0.94 | 0.05 | 0.02 | 1.22 |
| 2020 | 1,979,896 | 160,409,876 | 9,165,086 | 171,700,000 | 139,000,000 | 0.01 | 0.93 | 0.05 | 0.01 | 1.15 |
| 2021 | 2,435,678 | 168,756,879 | 9,478,086 | 180,800,000 | 144,000,000 | 0.11 | 1.00 | 0.10 | 0.02 | 1.17 |
| 2022 | 2,547,865 | 178,867,000 | 9,657,086 | 190,800,000 | 152,000,000 | 0.01 | 0.94 | 0.05 | 0.02 | 1.18 |

Source: Preparing the table based on data obtained from the Iraqi Ministry of Finance, To attribute the work of the researcher.

It appears from Table (5) that the average percentage of contribution of tax revenues to total revenues is very low as it reached (1.336), while the average percentage of its contribution to total public expenditures increased to (1.533%), i.e. a difference of (0.197%). This indicates the government's lack of interest in developing This important internal resource finances the state's general budget, despite the possibility of increasing it. As for oil revenues, their average contribution to total public revenues reached (97.331%), while their average percentage to total public expenditures increased to (113.34), i.e. a difference of (16.009), and this indicates The government's overwhelming dependence on oil revenues to finance the state's general budget, which exposes Iraq to great risks that make it unable to implement budget plans and finance the operating and investment expenses necessary to provide services and develop the national economy if oil prices decline as is happening currently. As for other revenues, their average contribution rate is 1. Total revenues (1.332%), while their average percentage to total public expenditures increased to (1.611%), i.e. a difference of (0.279%). This also indicates the government's lack of interest in diversifying the sources of financing the general budget and relying on one basic resource to finance the budget, which is oil. Shown above, Figure (2) shows the percentage of contribution of tax revenues compared to oil revenues and other revenues in financing the general budget of Iraq. Now, after showing the percentage of contribution of tax revenues, oil revenues and other revenues in financing the general budget of Iraq, we move to Table (5) to know their growth rate for the period (2004-2014).

Table (6): Growth rate of tax revenues, oil revenues, and other revenues in Iraq from (2010-2022) at current prices (million dinars)

| السنة | الإيرادات الضريبية | الإيرادات النفطية | إيرادات اخرى | نسبة النمو | | |
|-------|--------------------|-------------------|--------------|-------------|-------------|-------------|
| | | | | -1 | -2 | -3 |
| | | | | % | % | % |
| 2010 | 1,144,144 | 66,300,000 | 1,751,369 | 0 | 0 | 0 |
| 2011 | 1,311,156 | 102,534,000 | 128,093 | 1.145971137 | 1.546515837 | 0.073138785 |
| 2012 | 1,665,907 | 117,400,000 | 235,039 | 1.270563533 | 1.144986053 | 1.834909011 |
| 2013 | 1,957,014 | 111,567,890 | 213,452 | 1.174743848 | 0.950322743 | 0.908155668 |
| 2014 | 1,979,896 | 97,423,000 | 6,429,086 | 1.011692303 | 0.873217195 | 30.1195866 |
| 2015 | 1,083,038 | 116,865,890 | 7,329,085 | 0.547017621 | 1.199571867 | 1.139988639 |
| 2016 | 1,245,234 | 127,343,678 | 7,720,064 | 1.149760212 | 1.089656511 | 1.053346223 |
| 2017 | 1,454,234 | 135,500,000 | 8,123,087 | 1.16783994 | 1.064049681 | 1.052204619 |

| | | | | | | |
|------|-----------|-------------|-----------|-------------|-------------|-------------|
| 2018 | 1,756,768 | 140,467,090 | 8,465,067 | 1.208036671 | 1.036657491 | 1.042099758 |
| 2019 | 1,957,014 | 155,576,890 | 8,767,086 | 1.113985455 | 1.107568257 | 1.035678276 |
| 2020 | 1,979,896 | 160,409,876 | 9,165,086 | 1.011692303 | 1.031064935 | 1.045397068 |
| 2021 | 2,435,678 | 168,756,879 | 9,478,086 | 1.230205021 | 1.052035468 | 1.034151343 |
| 2022 | 2,547,865 | 178,867,000 | 9,657,086 | 1.046059865 | 1.059909386 | 1.01888567 |

Source: Preparing the table based on data obtained from the Iraqi Ministry of Finance, To attribute the work of the researcher.

It is clear from Table (6) that the average growth rate of tax revenues reached (32.446%), which is very low, in addition to being unrealistic as it was affected by the extreme value (206.83%) for the year (2012), and this is one of the defects of the arithmetic mean that is affected by extreme values (Large and small), if we excluded that extreme value, we would have obtained an arithmetic mean of (14.672%). This is more acceptable than before because it is consistent with the values from which it was extracted. Tax revenues recorded their highest growth rate in the year (2012) when they reached (20683). It also recorded a decrease in the year (2013) amounting to (1,532). The average growth rate of oil revenues reached (13.162). Its highest growth rate was (53.09%) in the year (2019), while its lowest growth rate (12.632%) was recorded in the year (2013) as a result of the decline in oil prices. As for other revenues, their average growth rate was (310.677%), which is very high and not consistent with The values extracted from it are due to the outliers (1022.302, 362911.947) for the years (2017, 2020) respectively, which if we excluded them, we would have obtained an arithmetic mean of (45.950%), which is more acceptable than the previous one and recorded the highest growth rate for other revenues (2911.947%) in a year (2014), while it recorded a decrease of (97.509%) in the year (2014). These percentages are very low with regard to the growth of tax revenues and other revenues, so they must be many times what they are now as a result of the decrease in their contribution to financing the general budget, as we saw previously. Chart (2) shows the growth rate of tax revenues, oil revenues and other revenues.

CONCLUSIONS

1. The effective role of taxes in reducing the intensity of rapprochement between social groups.
2. Taxes are one of the important elements in attracting local and foreign investment.
3. The contribution of indirect taxes to the gross domestic results was higher than direct taxes, so the financing role of indirect taxes was greater than the role contributed by direct taxes.
4. The overall contribution of taxes to financing public expenditures was varied, reaching 10.12% in Iraq, as there is a variation in the level of the role played by total taxes in financing public expenditures.
5. The weakness of the effectiveness of the tax system in Iraq in forming and mobilizing the economic surplus during the period (1985-2005), as the relative importance of the total taxes to the total economic surplus reached 6.15% during the study period, i.e. (1.35%) for direct taxes and (4.8%) for indirect taxes.
6. The weakness of the effectiveness of the tax system in achieving economic stability in Iraq during the study period (1985-2005), as the tax growth rate reached (67.2)%, inflation averaged, and a state of economic stability was achieved.
7. The importance of taxes in financing the state treasury to meet public expenditures.

RECOMMENDATIONS

1. Given the decrease in tax effort, especially in Iraq during the study period, and the presence of large tax capabilities, tax policy must move towards new paths to expand the scope of incomes covered by the tax and raise its percentage by activating its role in achieving financial, economic and social goals and thus reducing the dependency on the general budget. The state owns the oil sector in a way that makes the economy more stable and less affected by external shocks.
2. In order for the tax system to be able to achieve social stability and reduce disparities in the distribution of income, coordination and interaction must be achieved between the various types of taxes, and it is necessary to achieve compatibility and harmony between the tax and spending policies, which would lead to activating the role of taxes in achieving the distribution of income. Better for income and wealth.

3. Working to impose a value-added tax (Value Added Tax) within the scope of indirect taxes, provided that these taxes begin at moderate prices and distinguish in the tax treatment between goods in accordance with the economic and social goals that the tax system seeks to achieve by imposing them on luxury goods. With the exemption of necessary goods, this tax is used to control consumption, encourage saving, and direct investment.
4. It is necessary to raise the efficiency of the tax system and expand the tax base to diversify public revenues.
5. Make tax revenues, both direct and indirect, a pivotal role in the general budget.
6. Investigating the burdens that the general budget bears as a result of its support for the losing economic establishment and devoting its resources to supporting the sectors of education, scientific research, health, attention to the basic environment, and the economic establishment of strategic importance.
7. Calling on Arab countries to disclose data on tax structures so that researchers in this field can conduct more descriptive applied studies, which necessitates conducting more studies with depth and impact that are commensurate with the role of taxes in financing tunnels.

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