ACTIVATING PROCEDURES OF TAX EXCLUSIVITY TO INCREASE TAX REVENUES

Dr. Al- Rubaye Ahmed Hussein Radhi¹, Lecturer. Rasha Faleh Mustafa²
¹University of Baghdad Post-Graduate For Accounting & Financial Studies
²University of Baghdad
¹alradhi63@gmail.com , ²rashaaltaie2@gmail.com

ABSTRACT:
The establishment of an efficient and effective tax administrative apparatus that can translate what was stated in tax legal legislation into reality and works to estimate, collect taxes from taxpayers at specified times and places in a fair manner and to exclude cases of tax evasion that occur and exist. The existence of tax administration requires that its workers which they have efficiency scientific and practical qualification in order to be able to fulfil this great task, especially in developing countries which are usually limited to a high level of weak tax awareness and a great weakness of feeling that paying tax is a national duty that accrues to them in form of various social, economic, cultural services and benefits.

Such a task requires continuously evaluating performance of tax administrative apparatus until a measure of effectiveness and efficiency is established to enable it to achieve goals set by state for tax policy. Tax process is practicing its main activities by linking, assessing and collecting taxes and preparing tax plan within its administrative functions and it depends on a set of standards and indicators used in evaluating performance including relying on tax revenue as a main indicator in evaluating its performance, although there are several factors that affect tax outcome negatively or positively to indicate the amount.

The completion of plans drawn up and best use of available resources to achieve the desired goals in light of surrounding economic conditions as far as Iraq and General Tax Authority as one of agencies responsible for implementing tax policy is concerned. The process of evaluating performance of this authority takes into account a set of general and specific criteria in this aspect and linking them to gross domestic product or public spending.

Key words: Administrative, Taxes, Collect, General Tax Authority, Taxpayers.

I. INTRODUCTION:
Taxes are one of the fiscal policy tools which use to achieve economic, social and economic stability.

Tax revenues in their direct and indirect form are an important component of the revenues of developed and developing countries alike. Tax revenues in various countries of the world contribute to financing development plans proposed by governments through various services provided by countries to various economic sectors to assist in their growth. Tax revenue is very important and is related to need to balance tax rates imposed on economic sectors and not to affect these rates negatively on economic activity in country.

Economic systems have undergone study and development and have become one of the most important areas in which specialists are researching due to their manifold links with many other fields and sectors and their direct contact with people’s public and private lives. Problems related to the scarcity of resources and the diversity of humanitarian needs.

The Iraqi economy is characterized by its nature in the abundance of natural and human resources, as it relies on financing its budget on only one resource which is oil and this is called the rentier economy which is characteristic of most Arab countries, especially the Gulf ones. In light of Iraq did not move towards diversifying its economy or searching for resources. There is no doubt that Iraq is now facing great challenges in the path of its transformation.
towards achieving economic development. The reality of Iraq which suffers from structural imbalances is a constraint on that.

Significantly, importance of developing a non-oil financial resource that contributes to restoring the balance of the Iraqi economy and perhaps the tax policy which is characterized by being one of the means to achieve this. As tax policy is one of the elements of revenue provision in addition to its economic role that it can play as it protects the local industry. As well as being an antidote that is used to mitigate the inflation that hits the economy as the state can limit the rise in demand by absorbing part of the purchasing power that is available to individuals and the opposite occurs when a recession or depression occurs as the government can increase purchasing power Individuals by reducing taxes and the governance can use tax policy to direct the economy towards the goals it draws. In addition to the fact that taxes contribute to the redistribution of income among the groups of society and accordingly. The governance can control economy through tax policy in a way that ensures economic stability and balance within the philosophy of the state and within the limits of ability and nature of economy and tax policy can contribute effectively to achieving economic development if used well.

**Problem of study:**

Several laws and decisions have been issued regarding taxpayers, as well as related controls issued by General Tax Authority, which have a major role in solving many of problems facing taxpayer.

Laws, decisions, and controls do not address all tax problems.

For this reason, the researcher poses problem with following questions:

1. Does weakness of procedures cause tax community not to be confined?
2. Does inefficiency of tax assessor lead to tax community not being limited?
3. Is weak tax awareness of taxpayers the reason for not restricting tax community?

**Research Importance:**

The importance of research comes in an inventory of tax community and this in turn leads to application of tax rules and access to financial, economic, social and political goals at the effective level.

**Research Hypothesis:**

The application of tax rules to taxpayers when limiting tax community will lead to an increase in tax proceeds and achievement of justice among taxpayers.

**Research objective:**

The research aims to:

1. Getting acquainted with procedures for listing tax community and knowing reality, acceptance and compatibility of taxpayers with these procedures.
2. The possibility of having assessors at General Authority for Taxes and its various branches who have a degree of competence that enables them to determine tax community.
3. Knowing level of awareness of taxpayers and their conviction to pay tax due to them, as it is for them in the public interest.

II. **BASIC RULES FOR LEVYING INCOME TAXES:**

Tax rules constitute the traditional basis for tax so that some of them have expressed it as declaration of taxpayers’ rights (Al-Mahjoub,1990: 114). These rules were laid down by English economist Adam Smith in his famous book The Wealth of Nations and the essence of these rules is the following: (Awadha,1986: 92).

1. **Justice or Equity:**

It means that tax is imposed on all taxpayers in a fair manner (Al-Sa’adi,2011: 74).

“A taxpayer is any person or organization required by law to pay a tax to a governmental authority” (Jones,2004: 4).
This rule means that necessity of participation of every person in the state, whether a natural or legal person in payment of prescribed taxes on him. It is also known as principle of tax generality. This rule also requires taking into account the financial ability of each person when subjecting him to tax provided that this does not prevent the legislator sometimes from deviating from this principle and expressly stipulates exempting some people from paying taxes for social reasons, such as exempting some people for their family circumstances or for political reasons, such as exempting members of political and diplomatic corps from taxes resulting from their salaries and allowances that they receive by virtue of their work taking into account international conventions and norms and reciprocity between countries or reasons of economical such as exempting investors in some sectors (Al-Khasawneh,2010: 101).

Some writers distinguish between two types of equity, horizontal equity, which means that people with the same levels of income are treated at equal rates of tax and pay the same amount of tax and vertical equity means that people with equal incomes are treated at equal rates of tax and pay the same amount of tax. Taxpayers of unequal capabilities must be treated unequally in tax rates, according to their ability to pay, and this has resulted in the progressiveness of tax (Spencer,1983: 87).

That is each according to his financial ability and to extent that sacrifices are equal for all subject and that tax is not only to be just but rich and poor must feel its justice, by imposing a progressive tax or a regressive tax (Al-Husseini,2000: 16).

A. From the point of view of the basis of tax justice:

The application of the progressive tax system is generally justified because it is what leads to a more equal distribution of income among individuals. that can redistribute income in order to raise the level of consumption. It became clear that imposing the tax at a fixed relative price does not achieve the basis of tax justice, and the progressive tax has become the main tool for achieving tax justice.

On the other hand, progressive rates that lead to looting and thus break down the tax base must be avoided. Thus, it appears that the essential criticism of progressive tax is that it is a tax on large income with a higher rate than small income. It is certain that the redistribution of income that should be carried out by the state is not only to satisfy social requirements but also requirements of economic stability (Abdul Wahed,2000: 755).

B. In terms of tax revenue:

The progressive tax system helps to achieve a tax revenue greater than the proportional tax system because it allows the imposition of taxes at high prices on wealthy financiers with high incomes that are not borne by financiers with low incomes. Thus, it works to achieve a larger tax proceeds and we note that tax escalation takes place by increasing rates imposed on financiers with high incomes. But it is not certain that increase in revenues obtained will be compensated by high rates, which are imposed on some revenue losses that result from reductions in rates granted to others. In most cases, it can be said that outcome achieved by progressive tax depends on method of distributing tax base in the state (Al-Samaraye&Al-Obaidi,2013: 31).

2. Clarity and certainty:

It means that the tax should be specific for the sake of certainty without ambiguity (Bash,2008: 26).

And in a way that does not put the taxpayer under the weight of the interpretations and sudden fluctuations that may negatively affect the way he manages his money and income (Abu Nassar et al.,1996: 14).

Any tax imposed must be clear and well known in terms of its amount, date and method of paying it, so that the tax is far from arbitrariness and abuse. Every tax that the taxpayer does not know the amount of, when it is collected, and where it is paid, is considered an arbitrary tax and leads to misuse, embezzlement and exhaustion of the taxpayer and must not be paid. Contemporary tax legislation has focused on the base of clarity and certainty. We note through tax systems applied in many countries that any tax is specified in its amount, the date of its imposition, the date and methods of its collection (Al-Mahjoub,1983: 210).
3. Relevance:
According to this rule, the tax must be collected in a manner appropriate to the taxpayer and Adam Smith emphasized that the tax must be collected in the time and manner most likely to be appropriate for the taxpayer to be able to pay it. It is preferred that it be collected after the end of the taxpayer’s fiscal year. It is also preferable to deduct the tax on salaries and wages from the employee’s salary when it is paid to him at the end of each month or any other period (Ramadan, 2001: 44). “Income tax assessments are computed for a tax year and are based on the taxpayer's total income for the year from all sources, ignoring any income which is exempt from income tax” (Melville, 2011: 15).

That is taking into account the material and psychological conditions of taxpayers, so that tax does not hinder the economic activity of individuals (Shehab, 2011: 44). Tax must be collected at the most convenient time for the taxpayer and in the manner most facilitating for him (Al-Khateeb & Shamiya, 2007: 159). If the taxpayer is asked to pay the tax due on his profits after a long period of time from its realization, then collecting it will be difficult because the taxpayer will have spent what he got from the income and accordingly, it is better to collect tax immediately after realizing the profit; because the taxpayer will not feel then the burden of the tax burden, but will be overwhelmed paying it as a payment for one of other expenses. Income Tax Department is obligated based on this rule to pay the tax amount in installments if it is large so that it is easy for taxpayer to pay it easily (Afana et al., 2004: 16).

4. Economy:
This rule is based on fact that tax receipts must be greater than expenditures incurred by the state in the process of imposing and collecting tax, meaning that the imposition of the tax achieves financial savings for the state treasury. If the opposite happened and the tax proceeds did not cover the expenses imposed and collected, then the main objective of tax, which is the financial objective would be invalidated and tax would be a burden on citizens only (Abu Nassar, ibid: 15).

This rule requires that the ratio of collection expenses to tax revenues be as low as possible so that tax does not become a burden on the state budget instead of a resource. Therefore, the following must be taken into account:

A. Facilitating collection procedures.
B. Providing the necessary administrative competencies for the tax administration.
C. Limiting the tax community and combating tax evasion (Al-Mahameed, 2005: 32)

A. Double tax proceeds:
Which is measured by concept of tax energy which is maximum revenue that can be collected through taxes within limits of national income without prejudice to social and economic considerations of taxpayers.

The most important reasons for the weak tax proceeds in developing countries are due to decline in national income and per capita income in developing countries (except for some rentier countries, especially oil exporters) and expansion of scope of in-kind operations, especially in agricultural sector with expansion of size of this sector and the adoption of economic systems that give the state a role. It is greater in economic activity and large number of tax exemptions and difficulty of estimating activity of private projects, especially with absence of regular accounting books in them (Shehab, ibid: 47).

B. Imbalance of tax structures:
Developing countries suffer from an imbalance between direct and indirect taxes, as indirect taxes represent, on average, approximately 60-70% of total state tax revenues (Al-Khateeb & Shamiya, ibid: 151).

C. Improper handling of the issue of justice:
The tax systems in developing countries often suffer from the unfair distribution of the burdens of financing public spending on citizens according to their ability to bear these burdens, since the main objective of taxes is to increase tax revenue to meet public expenditures only and this includes, of course, horizontal inequality, it means asymmetric treatment for people with disabilities for equal income.

D. Weakness of administration:
“Information is a valuable resource in any ongoing system. Information is the result of processing activities, however, it is also input to the decision processes of managers. Due to the needs of organization for information on a continuing basis, it is often necessary to develop a subsystem for processing and handling the information resource alone” (Senn, 1990: 81).

As the tax administration in developing countries lacks the information and financial data necessary for tax assessment, these administrations suffer from a lack of qualified cadres and equipment necessary for tax collection.

(www.syrianeconomy.org).

E. The main objective of taxes is to cover the state’s public expenditures:

Here, taxes are neutral and do not affect the direction of the economy in line with the state’s developmental orientations, despite being ineffective due to the relative weakness of the tax revenue that is mostly achieved and weak flexibility of tax systems to respond to economic growth or to changes in the structure of economic activity in general.

F. Complex structures:

Due to the large number of tax laws with the large number of amendments included in these laws, which makes it difficult to understand these laws on the one hand and apply them on the other (Shehab, ibid: 48).

III. TAX EXCLUSIVITY:

“The taxation has existed since the birth of early civilizations and it could be said that it is part of the price to be paid for living in an organized society. However, taxation is not just a means of transferring money to the government to spend as it thinks fit. It also has a tendency to reflect prevailing social values and priorities. In this respect it could be argued that a system of taxation is a socioeconomic model, representing society’s social, political and economic needs at any one time; changes in these needs often being reflected by changes to the systems of taxation. This characteristic explains why no two countries’ tax systems will be identical in every respect and indeed why the UK tax system is continually changing” (Nightingale, 2000-2001: 1).

The modern tax is an intrusive tax that plays an important role in the economic and social policy of the state and in directing productive investments and it is above all a resource on which authorities depend to feed state treasury (Al-Khateeb & Shamiya, ibid: 158).

And if issue of the failure of tax systems to eliminate the phenomenon of tax evasion by reaching an effective inventory of tax community’s activities has been a frightening concern over the past years, this fear has grown in breadth and depth since the beginning of the twenty-first century for multiple and many reasons, especially in light of the developments of the modern era with its advanced technology.

In addition to the growing opportunities to escape many tax-charged activities in their traditional form, there have been new opportunities in the economic and investment arena for investment and earning outside of tools and systems, and traditional activities that are recognized (Hellal, 2006: 85). Tax exclusivity is the process of identifying the taxpayers who are subject to each type of tax, and recording the names and addresses of these persons in the records of the tax authority (Draz, 1999: 192).

It also represents the procedures and means adopted by the government and implemented by the tax administration, which can prevent the occurrence of tax evasion or limit it and one of the results of which is to reveal the truth of the financial and economic position of the taxpayer and to access the taxable material accurately and correctly using the texts legal criminalization of tax evaders (Nasser, 1991: 348).

Importance of tax exclusivity:

1. Combating Tax Evasion:

Tax exclusivity contributes to limiting the expansion of tax evasion scope, as we will explain this later in some detail when talking about the objectives of tax inventory.

2. Achieving tax justice:
To achieve this requires starting from justice of tax legislation, i.e. achieving equity and justice in an imposition of taxes with its two sides horizontal equity by which we mean same treatment of individuals with similar economic conditions that all taxpayers who are in similar economic conditions are treated the same tax treatment. (Al-Khorassan,2006: 288). And vertical equity which requires that all taxpayers who are in asymmetric economic conditions be treated asymmetrically in tax (Slavin,2008: 153).

3. **Increasing the tax revenue:**
Deregulation of financial services in the 1970s and 1980s changed the role of the financial sector in the economic infrastructure (Besanko et al.,2017: 50).

Any error or deficiency in the exclusivity process results in a loss of public treasury funds. The tax community may have much more than it pays in annual taxes. His collection of money represents only modest numbers compared to what can be collected from the real revenues (Hellal, ibid: 77)

4. **Raising the level of tax compliance:**
Creating a general feeling among members of society that there is an effective tax exclusivity system that can reach all taxpayers who practice economic activities, and who are not registered in the tax records, and in the shortest possible period of time will contribute to raising the level of tax compliance among members of society.

However, the motive for compliance at the beginning may be to avoid penalties but later and with the passage of time. Tax compliance will be an inherited trait applied on the basis of moral, social, religious and moral commitment (Al-Sha’er,2011: 95).

5. **Tax exclusivity is a monitoring device that supports:**
The effective tax inventory system for economic activities and professions in many developed countries is a monitoring device that supports sectors and other institutions of the state by detecting fraud for individuals who engage in economic activities or some health professions or they do not hold the educational qualifications that qualify them to practice them, because the effective tax accounting system requires taxpayers to submit personal documents, professional licenses and all official certificates which support soundness of their exercise of economic or professional activity that they practice.

**IV. OBJECTIVES OF TAX EXCLUSIVITY:**

There are many objectives that are expected to be achieved from the application of an effective tax exclusivity system and most important of these objectives are the following: (Hellal, ibid: 17-19).

1. Achieving a comprehensive commitment to the tax community which in turn leads to stimulating interdependence and commitment of community members with the state to create an economic system capable of contributing to solving economic crises.
2. Achieving equality between the taxpayers in terms of their being subject to taxes each according to the size of his business, type of activity, property, and profits. Then achieving most important tax rules which is tax justice rule and its implications towards promoting social justice.
3. Through the tax exclusivity, it is possible to identify the true picture of those charged with paying taxes for the purposes of tax collection or for purposes that serve some economic, social, and political aspects.
4. Continuously expanding the base of the tax community by updating tax exclusivity systems to include modern activities or all professions that were not previously subject to tax assignment, which contributes to strengthening the financial role of the tax and this may lead to a reduction in tax rates when financial abundance is achieved.
5. One of most important purposes of tax exclusivity procedures is to limit unorganized activities and to ensure that those activities enter tax liability department. It can be a great addition to tax base (Nasr,2010: 145-160).
6. Tax exclusivity seeks to combat tax evasion and block its outlets. Given the importance of taxation and the seriousness of this obstacle, it is necessary to point out that tax evasion in developing countries is product of behaviour of a society that sees tax only as money collected by force of law without paying attention to its other roles. To find out some of effects of tax evasion; We will refer in some detail to some aspects of this subject, as tax evasion leads to weakening the effectiveness of role of tax as a tool to direct economic activity.
and to serve purposes of development, achieving justice, improving income distribution, reducing differences between classes while ensuring a fair distribution of tax burdens. A waste of part of the public funds.

V. TAX EXCLUSIVITY METHODS:

Tax exclusivity is one of the most important pillars on which the tax system depends. Legislation and tax instructions were only legislated to apply to taxable containers in each country and efficiency of tax exclusivity system depends on effectiveness of procedures and methods used in counting taxpayers who engage in various activities and professions, which generate a profit that can be subject to tax in order to ensure that their names are registered in the records of the financial authority. The process of counting taxpayers in most countries is divided into two parts: geographical division, and qualitative division:

Geographical division means that each tax administration allocates an estimate of profits and links determination of tax with respect to all taxpayers who practice their economic activity within a specific geographical scope regardless of the type of their activity.

As for qualitative division, it means the competence of each tax department to estimate profits and to link tax collection with respect to all taxpayers who engage in a specific economic activity within a relatively wide geographical scope.

Each of these two divisions geographical and qualitative has advantages and disadvantages. However, it has been proven by practical application that geographical division is better than qualitative division in increasing effectiveness of tax exclusivity procedures and reducing tax evasion for the following reasons: (Taleb, 2001: 61-62)

1. The geographical division helps to accurately identify the taxpayers and thus reduces the rate of tax evasion.
2. Adopting this division leads to distribution of jurisdiction among tax administrations, which facilitates matters for taxpayers and for tax administration employees. While qualitative division includes drawbacks that help to evade taxation most important of which are?
   1. The inaccuracy of counting taxpayers which leads to an increase in cases of evasion.
   2. Adoption of this division does not lead to standardization of treatment between taxpayers; because it is not possible for all taxpayers who carry out a particular activity to be subject to a single tax officer; But each group is subject to a specific employee.
   3. Qualitative division cannot determine responsibility of employee who does not limit some of taxpayers, while this responsibility can be accurately determined in case of adopting the geographical division (Amein, 1997: 133).

The main functions of tax administration:

"The activities of a manager can be classified into functions identified in the Figure below:

All four functions are performed to accomplish the goal, which implies a fifth function: assessing the four functions to determine how well they, the functions, are doing and where change is needed, either in the functions themselves or the goal.

On a day-by-day basis, rarely do managers perform the functions in strict sequence. Although planning should precede the others, there is always a need to organize activities, direct people, and evaluate work, regardless of sequence.

Managers constantly face change, which means that plans, activities, performance standards, and leadership styles must also change. Managers oversee a variety of work tasks simultaneously, and for each one they must be able to exercise any of these functions at a given time" (Nicholas & Steyn, 2008: 4).
The functions of management

Source: (Nicholas&Steyn,2008)

1. Planning:

Planning is one of the main functions of management and it precedes other functions. The administrator must first think of the goal he seeks to achieve, and to carry out the planning process, the administrator must anticipate the changes that occur in the environment, whether technological or cultural changes affect the impact of economic policies. His ability to achieve his goals, as well as the resources available to him, whether human or material, are closely related to the achievement of his goals, and thus it can be said that the achievement of the organization’s goals is linked and dependent on these two factors, namely the environment and the available resources (Abu Hamed& Al Fadhel,2003: 45).

Planning was defined as the process of setting goals and developing a strategy and ways to achieve that goal (William,2002: 103). And it was also defined as a mental activity related to facing the future, whether it was the latter or far, based on the scientific study of the negative realities and its positive perceptions of reality. This future is characterized by clarity, specificity and realism, to be feasible in light of the available possibilities (Othman,2007: 186).

The general objective of the tax administration can be determined by estimating, linking and collecting the tax according to the laws and legislations in force and in the most effective and efficient manner possible.

From this general objective, the following objectives can be deduced:

1. Managing the taxation and collection process efficiently and effectively, and following up on related procedures.
2. Developing tax awareness among taxpayers and informing them of their rights and duties in order to help reduce tax evasion.
3. Developing the administrative apparatus in General Tax Authority and developing the methods of administrative and technical work therein.
4. Providing the state’s public treasury with tax revenues necessary to finance government’s public expenditures.
5. Keeping abreast of developments in tax field and working to update tax legislation in a way that encourages investment and achieves justice and equality among various categories of taxpayers.

Therefore, one of the basic and necessary principles of planning is that plan contribute to achievement of set goals that it be essential in all aspects of administrative operations and that it be practiced at all administrative levels in organizational structure (Khuder,2008: 37-38).
2. Organizing:
Organizing is the second function of main functions of administration, its goal is to define the individual tasks and tasks that must be accomplished, and to distribute the organization’s activity to units and administrative structures, grouping them into basic activities and grouping individuals around them, and adopting the division of work and specialization in the individual’s individualization of their individual functions. And its capabilities in an appropriate manner and put them at the service of the organization (AL,Mamo,2006: 121).

The function of organization is one of administrative functions that are devoted to arranging human and economic resources in a way that ensures performance of requirements necessary to implement plans towards achieving goals of organization, and function of organization. Management in assembling tasks, operations and activities and defining the responsibilities for their advancement while providing necessary administrative requirements of powers and lines of communication in order to enable organization to achieve its specific goals (Zityara,2009: 213).

The word organization is used not only among thinkers and researchers but in public life as well. It has become used in a number of occasions and fields to denote various contents, including: Monotonous, opposite of chaos, makes certain arrangements...etc. Henry Fayol defines organization as providing organization or project with all it needs of individuals, raw materials and capital to establishing coordination between them to help it perform its function (Hareem,2006: 144).

3. Leadership:
The directing function is administrative-executive function that involves leading individuals, supervising them and guiding them on how to carry out work and complete them (Al-Sayrafi,2006: 226). And Al-Jayyousi is known as an organization to lead organization in appropriate directional activities that guide the organization )Fayadh et al.,2010: 163).

And in sum, the function of directing is that pattern that officials in organizations follow to influence individuals and groups to perform work in harmony and by choosing them to achieve the goals, and it includes a set of facts, which are:

A. Directing function is directly related to the management of the human element in the organization.
B. The direction function is the executive means to achieve cooperation among the organization's employees.
C. The importance of guidance lies when there is a general understanding of the nature of human behaviour and guidance to achieve organization goals.

4. Control:
The word “control” is derived from French expression “contre role” which means the counter role, which verifies the validity of original role, its truthfulness and its conformity with the reality that has devolved to it. The administration seeks, through it, to verify that what happened is what was supposed to happen and if this did not happen, the necessary adjustments must be made (Kamel&Al-Sayrafi,2006: 207).

And from the clearer definitions and the comprehensiveness of its performance Actual achievement of the planned goals, and taking corrective action regarding difference between achievement and goals (Hareem,ibid: 301). And it was also known as authority and influence through which how to complete the work is determined objectives (Al-Qaryouti,2009: 329). The control performs two main functions:

A - Protective function.
B- The function of competence development.

The first function aims to protect organization from dangers of its employees, while the second function is to ensure that established policies and administrative systems and plans in force are implemented without any deviations in order to achieve goal (Derry,2011: 36).
It is defined as the organization's plan and the methods used by the unit to protect its assets and provide them with accurate and reliable information, to upgrade and improve operational efficiency and encourage adherence to imposed administrative policies (Romeny & Stein, 2000: 253).

**Tax outcome and factors affecting it:**

Taxes occupy a prominent position in all financial systems of countries in the world, as it is one of the sources of public revenue for the state and an important tool of the financial policy through which it seeks to achieve economic, social and political goals as well as the financial goal, as every country in the world needs to increase tax proceeds to be able to carry out its duties, whether military or social, through imposition of taxes.

Thus, revenues, their components and methods of collecting them in general are great importance in financing the state’s general budget, as they contribute directly to covering public expenditures. Therefore, tax proceeds are limited to amounts that the state obtains from imposing various taxes in its tax system.

**VI. THE FACTORS AFFECTING ON THE TAX OUTCOME ARE:**

1. **The level of economic activity:**

   Monetary fluctuations affect depreciation of its value in event of inflation to decrease in an actual cost capacity of national income in long run resulting from decrease in the real value of the monetary unit, despite what is usually accompanied by an increase in monetary proceeds of taxes and despite apparent increase in value of goods and services from this increase which affects the increase in profits and returns resulting from the decrease in the value of cash, and the increase in profits resulting therefrom is not from increasing and improving the number of production units, but rather from the nominal value of profit and then on it tax imposed, which makes this increase reflected on tax proceeds resulting from deduction of those. Therefore, the increase in tax proceeds affected by decrease in the real value of cash due to inflation is only an apparent increase, that is, it is an increase in tax proceeds according to current prices that inflation phenomenon affected in increasing the nominal value of the profit and then tax imposed on it (Al-Karkhi, 2012: 79).

   And economic conditions that national economy is going through affect the volume or limits of public expenditures. This is mainly done in periods of prosperity and depression, as public expenditures increase in times of prosperity to cause an increase in the actual aggregate demand and access to full employment on the basis of the capacity of the productive apparatus, and the opposite occurs in times of inflation to avoid the upsurge in prosperity due to the upsurge in prosperity. Full employment, and this relationship has a very important result in the scope of financial policy formulation, and thus it can be said that public expenditures affect the level of economic activity (Awadh Allah, 2003: 50).

2. **Tax awareness:**

   Awareness in general is a person's direct awareness of himself, his conditions and his actions, and it is the basis of all knowledge. It is the organizing force for the affairs of society, and it bears the burden of providing public services to citizens, so it needs public expenditures, as it should be obtained or part of it from the members of society.

   Those who benefit from these services, and paying the tax may be the most prominent form of individuals’ contribution to bearing the burdens of the public interest. Therefore, the idea of imposing taxes in the modern era stems from the existence of one public interest and everyone must participate in bearing its burdens, each according to his financial ability and lack of tax awareness among the majority and the sense of responsibility on the part of taxpayers considering that tax is a sacred national duty in which every taxpayer subject to the law and the rule of concepts prevail. Tax evasion is a form of judgment. And spreading tax awareness among members of society to motivate them to voluntarily perform their tax duties in accordance with provisions of law and to provide them with opportunity to avoid falling under penalty and legal penalty. It is important for success of any tax reform program that individuals realize taxes. They pay will be spent to provide them with public services, as there is an urgent need to spread tax awareness among taxpayers even while they are sitting at study benches, so that citizen may grow up aware of obligations of taxpayer. For future that he should fulfill towards his state, which are obligations that certainly correspond to what his state demands of rights and public services (Kammash & Ayeish, 2008).
3. **Tax rates:**

It was believed for a long time that easiest way to increase tax revenue is through raising tax rate based on a direct relationship existing between tax rate and its tax proceeds, as this belief remained prevailing until famous Laffer and fair economic price of tax arrived at an increase in tax rate does not always lead to an increase in tax proceeds because at a certain tax rate, tax proceeds will reach maximum possible extent (Al-Mahaini, 2010: 167). The tax price is one of main factors in an increasing tax proceeds. Higher tax price, while factors affecting tax price remain constant and these factors are: state’s economic situation (deflation, prosperity, inflation), type of taxable material and possibility of financing tax burden (Al-Karkhi, ibid: 75).

And in Iraq amendment of Income Tax Law No. 25 of 1999 granted Minister of Finance to propose within state’s annual general budget draft an amendment of the tax rate whenever economic and social conditions called for it.

The researcher believes that increase in tax prices may be directly or inversely proportional to tax outcome, as it is directly proportional to case of taxpayers’ commitment to pay tax and inversely proportional to case of taxpayers evading payment of tax due to that increase in prices but in case of tax cut, the reduction is proportional to tax cut or it is inversely proportional to tax proceeds in event of an increase in taxpayer's profits or a change in currency of that country in which case tax proceeds increase.

4. **Legal Permits:**

The large increase in tax allowances is due to condition of Iraqi economy from high rates of inflation in prices, as it was necessary to increase amounts of these allowances in order to be consistent and keep pace with large rise in prices, but change in allowances towards rise does not lead to a reduction in taxable income From the total income of taxpayer, which means a decrease in the tax proceeds (Al-Shafiye, 2005: 53).

The researcher sees: (a rise in prices played a significant role in explaining increases achieved in amount of allowances granted to taxpayer.

The allowances are one of the main factors affecting tax outcome, i.e. tax revenue may increase due to increase in allowances granted to taxpayers, as they may be considered for the taxpayers as an equivalent by the state, so they feel the amount of tax has been paid.

5. **Efficiency of tax system:**

Efficiency of tax work is great importance because of work requires familiarity with appropriate knowledge of type. The application of income tax act in force and other relevant laws and instructions for them on in accordance with accounting rules require provision of appropriate with development of capabilities and rehabilitation work competencies in appropriate functional locations, a responsibility. It is responsibility of General Authority for Taxation to prepare its own plans, organize and implement them and employ their outputs (Al-Ka’aby, 2008: 102).

As there is no doubt that any law does not achieve its objectives unless it fulfills a set of conditions at the three levels, legislative, executive, and executive. The legislation was free from deficiencies and defects, so it is not possible to determine the safety and validity of the application of this law in practice, as last hypothesis is related to authority competent to implement this legislation and integrated view of administration goes far beyond the cost of the administration. Legislative work and this is what is observed in developed countries, unlike developing countries that are raising the bar.

The tax administration is one of the most complex problems that it faces to create an administration that is able to access and penetrate the tax environment efficiently, and on the contrary, the tax administration may distort the best tax legislative work. Therefore, the success of the tax administration reform does not exceed the success of the law. Applied by (Taleb, ibid: 57).

The weakness of the tax administration’s efficiency is considered by the authority with jurisdiction in counting the taxpayer’s revenues and imposing tax on them and its inability to detect the means of evasion used by the taxpayer is one of the important reasons that motivate taxpayers to evade paying the tax debt. It is always striving to increase the efficiency and capacity of the tax administration staff, and this requires specialization in administrative affairs and specialization here must be a professional specialization and a geographical specialization. Just to be able to stand on the folds of this profession and the revenues that these people can achieve as well as It enables him to
follow the changes that obtain their incomes, as well as to get to know the taxpayers well by gaining mutual trust. Thus, the tax administration employee here will be able to identify the fact of entering the category that specializes in following up their tax affairs as much as possible (Sabbar, 2009: 333-334).

6. Other factors:

A. Expanding taxpayers’ base:

The number of taxpayers who are subject to tax varies from one country to another according to tax legislation of that country and varies from one country to another. In a country some sources of income are exempted such as agricultural income while in another country this source is subject to tax. Expand the scope of tax to include agricultural and service income because some countries, especially developing countries are distinguished by agricultural sector, which represents most important income for that country but the tax does not affect this sector for reasons that may be to support agricultural sector. This agricultural sector constitutes a large proportion of economic structure of developing countries and this is what we notice in many Arab countries such as Egypt, Sudan, Iraq, Yemen and other countries. For example, taxes are not imposed on agricultural sector in Iraq on basis of encouraging agricultural sector, as well as the case with service sector. Therefore, a tax should be imposed on the service sector.

The imposition of a tax on doctors’ income, medical and education fees and an increase in fees for water, electricity and communication. In developed countries the sovereignty of private sector in all fields, including service, such as education, health, and others has led to an increase in tax revenues unlike developing countries, which are characterized by a shortage in these fields (Khuder, ibid: 63).

B. The information system for supporting tax work:

“Administrations are constantly building, replacing, and maintaining information systems. There are many different approaches to systems development, but the most successful systems follow a well-defined development methodology. The success of a system development enterprise is dependent on the success of key processes: enterprise management, analysis, design, testing, and implementation. Because development efforts can be costly, administrations are recognizing the need to build well-controlled, quality systems. Information systems process information that is integral to the financial stability and increased revenue of enterprises. Therefore, these systems must be built with adequate internal controls to ensure the completeness and accuracy of transaction processing” (Gallegos et al., 2004: 183).

The availability of quantitative and qualitative information is one of the factors affecting the process of tax assessment, collection and collection and then its impact on tax proceeds, as a system consists of basic elements, which are inputs, which consist of data and internal information obtained by the system from its components. Administrative decisions, controls, taxpayers’ file, data and information that result in accounting processes with taxpayers who are related to each other through contracts and economic processes for various activities subject to tax laws. As for external inputs, which are tax laws and legislation, information for new taxpayers and general information provided to the authority from external parties; government departments and institutions, that is information systems are of great importance in all areas of life, and great expansion in various activities the increase in number of taxpayers and large amount of data and information requires the tax administration to adopt integrated and advanced information systems. Computer use is heading in a real direction In fact, one of the reasons for this trend is the vastness of information bases and the inability of manual management to deal with this huge amount of data and information in addition to the time it saves and speeding up the completion of transactions. To evade tax due to computer dependence on advanced programs, which greatly reduces cases of tax evasion (Al-Najjar, 2003: 167).

C. Achieving double taxation:

The imposition of the tax itself on the taxpayer more than once, and how long the time itself means verification of double taxation, so as to the goal of increasing the toll tax, especially in exceptional cases of the economy, a need for the general budget resources as well as reducing disparities in income distribution and the economy of Iraq is currently suffering from these phenomena and good. An example of the realization of double taxation is the imposition of a basic tax on real estate income and an additional tax on the same income (Al-Doury & Al-Samarraye, 2001: 132).
The lack of adequate formulation of tax laws, as they allow double taxation. The desire of countries to increase their tax revenues and then this prompts them to impose tax more than once on the same money (Abdul Wahed, ibid: 776-777).

The desire of the state to hide increase in price of taxes by dividing required price between two taxes of same type. The desire of state to distinguish in financial treatment between different categories of taxpayers through an additional tax on one category of them, in addition to the general tax that falls on all of them (Fauzy,2003: 263).

As stated in the provisions of Investment Law No. (13) of 2006 work to activate the agreements signed with Iraq, preserve tax revenues, and work to attract foreign investors to push the wheel of economic progress in the country forward and provide protection for Iraqi and foreign investors without resorting to tax exemptions that lead to a reduction tax revenue, which is an important source of government revenue. The ratified agreements signed between Iraq and neighboring countries, which are collective agreements and bilateral agreements submitted to Iraq that have not been ratified and agreements in progress are among the important matters that should be activated by General Tax Authority for purpose of reducing from phenomenon of tax evasion and the prevention of double taxation, which reduces foreign investment opportunities for the country that is in dire need at present time and the necessity of concluding agreements to avoid double taxation with developed countries for purpose of encouraging investment and development of Iraqi economy (Qazzaz,2011: 3).

VII. CONCLUSIONS:

- Tax revenues, in their direct and indirect form, are an important component of the revenues of developed and developing countries alike. Tax revenues in various countries of the world contribute to financing development plans proposed by governments through the various services provided by countries to various economic sectors to help their growth, and the subject of Tax revenue is very important and is related to the need to balance the tax rates imposed on economic sectors and not to affect these rates negatively on economic activity in the country.

- There is an inverse relationship between tax prices and tax proceeds, that is, the lower the tax prices, the higher the tax proceeds accordingly, due to the commitment of the taxpayers to pay the amount of tax, but when the tax prices rise, the tax proceeds decrease due to the taxpayers evading the amount.

- There are factors that affect the tax proceeds, among these factors is the weak tax awareness of the taxpayers, so we find that the taxpayers do not take the initiative to provide information about their taxable activity, and thus affect the tax proceeds.

- An inefficiency of tax administration compared to developed countries and their adoption of backward methods and methods in determining the tax base and its inability to reach most tax bases leads to a decrease in the tax proceeds.

- Failure of tax legislature to keep pace with development that is taking place in the world regarding tax legislation.

- Size of horizontal or vertical expansions in the General Tax Authority is not commensurate with increase in population in Iraq and size of economic vessels that are subject to tax, which negatively affected quality of services provided and effectiveness of tax inventory procedures, as administrative structure suffers from a significant shortage of technical cadres, especially the specialized scientific competencies that can be used to develop tax work.

- The low level of specialized courses in tax sector and reliance on traditional public courses prepared by Ministry of Finance for employees of state departments in all its sectors and absence of coordination with technical bodies specialized in training and qualifying tax cadres on effective tax inventory procedures such as field surveys and pressing committees and other means to eliminate tax evasion phenomenon.

- Absence of an electronic communication network via Internet between branches of General Tax Authority in Baghdad and governorates of Iraq with authority’s centre on one hand and supporting bodies in all sectors of state on the other hand and that reliance on traditional paper transactions, postal correspondence, manual
storage and in a primitive manner contributed in loss and corruption of a lot of data, as well as delay in providing services to taxpayers.

**Recommendations:**

- Defining an effective tax accounting policy that contributes to expanding tax bases while ensuring their entry into the tax subject area.

- The need for the government to support the tax administration, because this would contribute to creating alternative or added resources that compensate the oil revenue in case it is exposed to any emergency fluctuations, and to create a polarized tax environment for scientific competencies. The research recommends that the tax employee be granted moral and material privileges equivalent to responsibilities and tasks which he does.

- Reconsidering the tax penal penalties in general, and those who evade voluntary compliance with the tax inventory in particular, so that the punitive penalty is an effective penalty when it falls on violators of tax laws, and a deterrent to those charged with the idea of committing such violations while defaming those who violate the provisions of the tax inventory from those who evaded from Paying the tax, ensuring that the public opinion is informed of the penalties decided in each case.

- The creation of a new section in the organizational structure of General Authority for Taxes called (Tax Inventory Section) entrusted with the task of developing strategic planning, procedures, and effective mechanisms for the inventory of taxpayers, and the elimination of the phenomenon of tax evasion. Granting employees all the powers and privileges that must be available for the success of this department, such as legal immunity, moral and material support and others.

- Due to expansion of economic activities, the research recommends the necessity of doubling the number of branches of the General Authority for Taxes to match their number with the number of the population and the size of economic activities.

- Classification of tax cadres according to professional specializations and educational attainment to provide the opportunity to train intermediate cadres in specialized courses that contribute to the development of the quality of services provided to the taxpayer and to provide opportunities for advanced cadres to obtain higher degrees, or to involve them in advanced courses inside and outside Iraq to see the extent of development Legislation and tax inventory methods in the world's advanced tax countries to be leaders capable of setting tax policy in Iraq on the right track.

- Establishing a mechanism to coordinate with all tax-supporting state departments by creating a computerized system that links the networks of state institutions related to the electronic web with all departments and branches of the General Tax Authority, especially border crossings, the General Customs Authority and real estate departments, to ensure that all commercial transactions and economic activities are limited to taxpayers.

- Supporting the Relations and Media Department in the General Tax Authority with all human and material capabilities so that this department can carry out all the activities that contribute to increasing tax awareness in Iraqi society, and developing the values of citizenship, since tax is a national, humanitarian, and moral duty that requires us to perform it voluntarily, and to contribute to helping the administration Tax administration by eliminating the phenomenon of tax evasion by improving the role of the tax administration, especially in the field of direct communication with taxpayers and their assistance.

- The necessity of adhering to the imposition of income tax, by reducing tax rates, in order to raise the proceeds of tax revenues.

- Spreading tax awareness among citizens through the use of audio-visual media devices, as radio and television programs must be broadcast that inform the taxpayer of the importance of the role of tax in society by reducing disparities between classes, and their role in achieving economic balance.
• Keeping abreast of the tax administration with the modern developments applied in the world, by appointing a specialized tax cadre, giving importance to the specialized training aspect of the tax cadre to build their capabilities and carry out their tasks efficiently and proficiently in order to achieve the desired goals.

• The necessity of expanding the base of tax revenues by reinstating the cancelled taxes.

• Tax legislator keeps pace with the development that is taking place in the world, especially the developed countries, in order to amend the tax legislation in which it is currently in effect.

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