



TAXES AND THEIR ROLE IN ENHANCING THE STATE'S GENERAL BUDGET REVENUES

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ABSTRACT	KEY WORDS
<p>Tax is one of the important means of achieving financial stability and financing the state's general budget. The importance of taxes has increased in recent decades as they represent one of the tools of financial policy. Interest in taxes is increasing for various countries not only because they are the main source of public revenues, but also for considerations, the most important of which are the economic policy tools used. In directing economic activity and influencing it, it is also considered a means to satisfy public needs, as it exercises multiple economic, social, cultural and service functions to influence economic life. The tax collection in Iraq faces major challenges, including that the financing revenue from taxes in Iraq is weak and has no importance in the budget, even after the decline in oil prices in global markets, and did not contribute to the basis of financing the state's general budget. The research is based on the hypothesis to prove that the financing proceeds of taxes can be an important resource that enables them to diversify sources of income and have a positive role in financing the general budget, as taxes are of great importance in supplying the state budget with the financial resource that contributes to enhancing the budget's ability to face the financial burdens that are It is obligated to perform it towards members of society based on the state's responsibility to intervene in the economic, social and political aspects of its citizens. Based on the importance of the role of taxes in our present time, as they are an important source for the state that cannot be dispensed with, despite the presence of the main source of public revenues in the state, which is oil, so the research addresses the importance of adopting taxes in financing the state's general budget in financing its various revenues, even if that is a small percentage. The total diverse tax revenues in Iraq constitute a significant revenue for the state. The research came out with several conclusions, the most important of which is tax revenues, which are considered one of the important sources in financing the general budget in most countries of the world, as well as achieving political, economic and social goals. Also, the reality of the general budget in Iraq and the extent of the contribution of tax revenues through the sources that we</p>	<p>Taxes, revenues, general budget</p>

relied on, we see that taxes in Iraq have been characterized by their weak impact on financing the general budget due to the budget's reliance mainly on oil revenues. Based on this, several recommendations have been identified, the most important of which is the need to work on Activating the role of taxes in financing the state's general budget by carrying out serious reforms in the tax system by reviewing the tax laws. There is a need to carry out real reforms in the Iraqi tax system and advance it to the level that achieves the objectives required of it, foremost of which is the financing goal of the budget. There must also be openness to the experiences of advanced tax systems and benefiting from them in various areas of work

Introduction

Taxes are considered one of the basic pillars on which the government relies in order to contribute to building society, as they occupy the forefront in various countries to finance the state's public treasury. In Iraq, taxes did not find their place among the main pillars as an important axis that supplies the state treasury, and taxes did not occupy an important position for members of society. Because of their conviction that the tax paid is not in the public interest, and there is no equivalent to finance the state as a result of the misapplication of tax legislation by some, as well as weak awareness of the services provided, which led to weak interest in this important and vital financial stream from both parties, the state. And the citizen, tax collections constitute an important part of the state's public revenues through the implementation of financial policies to support the economic, social and political aspects in a way that makes the financial system the driving force of economic activity. The importance of taxes has increased in recent decades as they represent one of the tools of financial policy, and interest in taxes is increasing in various countries, not only because they are the main source of public revenues, but also for considerations, the most important of which are the economic policy tools used to direct economic activity and influence, as well as being considered a means to satisfy public needs, as they are practiced. Multiple economic, social, cultural and service functions to influence economic life.

Research problem:

The tax collection in Iraq faces major challenges, including that the financing revenue from taxes in Iraq is weak and has no importance in the budget, even after the decline in oil prices in global markets, and did not contribute to the basis of financing the state's general budget.

Research hypothesis

The research is based on the hypothesis that "the financing proceeds of taxes can be an important resource that enables them to diversify sources of income and have a positive role in financing the general budget".

Research importance:

Taxes are of great importance in providing the state budget with financial resources, which contribute to enhancing the budget's ability to face the financial burdens that it is obligated to pay towards

members of society, based on the state's responsibility to intervene in the economic, social, and political aspects of its citizens.

Search goal:

Based on the importance of the role of taxes in our present time, as they are an important source for the state that cannot be dispensed with, despite the presence of the main source of public revenues in the state, which is oil, so the research addresses the importance of adopting taxes in financing the state's general budget in financing its various revenues, even if that is in a small percentage. The total diverse tax revenues in Iraq constitute a significant revenue for the state.

Search structure:

In order to verify the hypothesis of the research and achieve its goal, the research was divided into several sections, in addition to the conclusions and recommendations. The first section dealt with the theoretical framework of taxes, as it devoted, firstly, the general concept of taxes, and secondly, its objectives, while thirdly, it dealt with the basic rules of taxes. The second section was devoted to the general budget of the state in terms of its concept and types. The third section dealt with the role of tax in financing the general budget in Iraq. Firstly: the general budget and the structure of public revenues. Secondly: the problems of the tax system and their impact on the general budget revenues in Iraq, as well as Conclusions, recommendations and list of sources.

The first topic

A theoretical and conceptual framework for taxation

First: the concept of tax

The definition of tax acquires great importance in order to distinguish it from other revenues that are similar to it in some characteristics. Many thinkers have tried to define tax, and most of their definitions were similar, except with regard to the objectives of the tax that were subject to the development that occurred in the role of the state and its transition from the custodian state, which Its role is limited to providing security and transition to the intervening state, whose activity extends to the economic and social aspects (Sakban, 1976, 55).

The tax can be defined as: a cash deduction paid by natural persons to the state in a compulsory and final manner, and it is imposed to achieve the general objectives of the state.

We can know two concepts of taxes (Issa, 1972, 75).

The first: The narrow concept : which stems from the state's tasks, such as merely managing public facilities and providing internal and external security, which affected the tax and its goal became to provide the state with enough to cover the necessary expenses, as Adam Smith says: " The best authority is the one that rules at the lowest possible cost and imposes the least amount." tax"

The second concept is: the broad concept of taxation : which is one of the modern concepts that emerged as a result of economic crises and the inability of systems to confront them and find appropriate solutions to them, which changed the philosophy of the state from a guardian state to an intervening state, that is, it helps economic activity to overcome economic crises and directs its management to self-administration. Effective tool.

Luis Trotabas defined tax as: “ a means of distributing public burdens among individuals legally and annually according to their tax capabilities ” (Hasnain, 1992, 151).

The concept of tax may differ depending on the aspects through which we can view the tax, whether economic, social, political or legal. We can define tax in general as: “a forced cash deduction by the state or one of its public bodies on the resources of the various public economic units with the intention of covering public burdens.” Without specific compensation, these burdens are distributed among the economic units according to their assigned headquarters ” (Al-Janabi, 1990, 55).

Second: The main characteristics of taxes

We can summarize the main characteristics of taxes as follows (Al-Jaafari, 1986, 77).

1. **The 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 external.
2. **The tax is a government tax** : that is, it is imposed by governments and those on their behalf from public bodies, such as ministries, central and decentralized local councils.
3. **The tax is a coercive imposition** : that is, it is compulsory, it is collected from the individuals who are tax-payers based on the idea of sovereignty that the state exercises over individuals. The obligation is that the state is forced to pay its debts from the tax-payers.
4. **Cash tax** : That is, the taxpayer pays it in cash and not in kind. If the tax in ancient times was mostly in kind, it is because ancient economies were like that.
5. **Tax without compensation** : There is no relationship between paying the tax and the taxpayer receiving a benefit or compensation from the state, meaning that the individual is considered a member within society who makes a contribution to bear the public burdens and costs and that he enjoys the services provided to him by the state through various public facilities, so he does not benefit from this. Services are a special benefit and therefore he receives them like others, and paying this tax is appropriate for every member of society.
6. **Final tax**: meaning it is not refundable and the taxpayer who pays it is not entitled to recover it. The tax is a financial deduction that individuals are forced to pay to the public authorities of the state free of charge in accordance with specific rules and laws in order to cover the burdens of the state and other authorities (Al-Majid, 175,200.(It can be said from the above that the tax is a cash contribution that individuals forcefully pay to the state once and for all, without any compensation, as a contribution from them to cover the state’s public burdens.

Third: Tax objectives:

Some thinkers called for the necessity of the tax remaining on life, as it cannot be used for economic and social purposes. However, the principle of interventionist taxation emphasized that the tax has economic, social, and political goals in addition to its financial goals, as follows (Shetwi et al., 19, 2002).

1. **Financial objectives** : This is due to the ability of taxes to cover burdens and expenses and balance can be achieved in the budget. This is the traditional purpose of taxes, as it was forbidden to impose a tax if it was to achieve economic purposes other than the financial purpose, and this is what you infer from Gaston Jeans’ saying: “ There Expenses that can be covered by taxes” .

2. **Social objectives** : This means the ability of taxes to improve the standard of living of the classes of society and those with limited and weak incomes, and to achieve social justice by redistributing national income among members of society with the aim of reducing the gap that exists between the poor and the rich. This is done by imposing progressive taxes on the incomes and wealth of the rich and reducing those tax resources to increase Supporting the incomes of the poor classes to reduce the disparity between incomes, because tax resources are used in beneficial sectors, such as contributing to the construction of public facilities and providing subsidies to the sick and disabled, so wealth is directed towards contribution.

3. **Economic objectives:** Tax is one of the important means of achieving stability in the general level of prices. If the economy is operating at the level of full employment, then with increased demand it will necessarily lead to To raise price levels and thus inflate prices, and here the state intervenes by imposing taxes or increasing their percentage and thus achieving a balance in prices, and vice versa in the case of reducing the amount of taxes by pushing demand and reducing the low level of prices. It is also considered a means used by the state to protect some emerging industries from foreign competition, by increasing the imposition of taxes on imported products and goods to limit imports and encourage exports, and providing tax exemptions with regard to attracting investment, which helps encourage the national investment process and achieve full employment and economic growth, and the state can To be achieved by effective demand, which in turn controls the levels of full employment, or we may see the state reducing taxes and thus increasing the income available for spending, which achieves financial levels of full employment and then achieves financial growth (Al-Khatib, 15, 1918).

4. **Political objectives** : Taxes are not limited to providing the necessary resources to the state treasury or affecting social and economic conditions, but rather their impact extends to the political conditions in the country and the political systems in many countries. It should be noted that there are internal and external goals. Internal goals mean that the tax is a tool in the hands of the ruling authority or some social forces controlling the wheels of government to exercise their influence over the rest of society. It is considered an important means with the aim of protecting these controlling forces at the expense of the rest of the segments of society As for external goals the tax was a tool used by the state or authority in order to facilitate commercial transactions with some countries by granting customs facilities and providing some tax concessions. The state could also use it to limit and boycott the products and goods of other countries, such as raising customs duties (Nashid, 2000, 66).

Fourth: Basic rules for taxes:

Tax is an essential resource of the state, and at the present time it carries special importance in all states, regardless of their economic conditions. Countries consider applying the theory of social solidarity by imposing the tax, determining its amount, and the dates for its payment...etc. Everything depends on the purposes they specify for taxes, which are as follows (Sadiq, 179). ,1972)

1. **The rule of justice** : By the rule of justice, Adam Smith means that the members of the group contribute to the state's expenses according to their relative capabilities as much as possible, that is, the proportion of income they enjoy under the protection of the state. This means that Adam Smith tends to adopt a proportional tax, meaning that the tax must be proportional to the income on the basis of The service obtained by the financier increases with the increase of his income. This logic prevailed in most writers of the eighteenth and nineteenth centuries, and it is the application of the financial

contract theory that prevailed in that period, which considered the tax as a price for the services provided by the state, which requires its proportionality with income, and if The logic of traditional financial thought, by virtue of its reliance on the theory of the financial contract, modern financial thought, by virtue of its reliance on the theory of social solidarity, sees progressive taxation as what achieves justice because it is what allows taxpayers to contribute to public burdens, each according to his financial ability, according to the text of Article (111) of The Jordanian Constitution of 1952 stresses that “the government must adopt the principle of progressive taxation in imposing taxes while achieving equality and social justice and not exceeding the ability of taxpayers to use the tool and the state’s need for money”.

2. **The rule of appropriateness :** This rule means that every tax must be collected at the most appropriate time and in the most appropriate manner for the taxpayer in order to avoid inconvenience to him, and the task is easy for him. The most appropriate time to pay the tax is when the taxpayer receives his income. For example, the tax is collected on the land’s crops after harvesting the crops and the tax on profits. After obtaining it and in the manner to fit into the layer of the taxable item as a method of reservation when Upstream with regards For profits.

3. **The rule of certainty :** Adam Smith believes that a good tax is one that is clearly defined and without control, meaning that the tax is specific and not imposed in a arbitrary manner, as its price is known, its amount is known, the method of its assessment is clear, its collection dates are specified, and all related procedures are unambiguous and unambiguous, which makes the taxpayer He is informed in advance of his rights and obligations and therefore has the ability to defend those rights or file a grievance with the competent authorities if he disagrees with the tax administration in any matter related to determining or collecting the tax. The meaning of certainty is the stability and constancy of the tax system and that the tax laws are not amended except when absolutely necessary. It is not desirable to change the tax rates, its amount, or the method of estimating or collecting it from one year to another, because frequent adjustments harm the taxpayer on the one hand and economic activity on the other hand (Ibrahim, 2011, 129)

4. **The economic rule :** This rule means saving the cost of tax collection, that is, every tax is organized so that the cost of collecting it does not exceed what enters the state treasury. This means that the state must choose a method of collection that costs it the least possible expense so that the taxpayer does not bear an inappropriate sacrifice, and the difference between What is paid and what enters the state treasury. Every increase in the cost of collection leads to burdening the taxpayer with a burden that is not matched by an increase in public revenues. Accordingly, the rule of economics means that the best taxes are those characterized by a low cost of collection and a high and abundant yield. What is meant here is the collection costs or the collection costs, what you spend. The state is responsible for employees’ wages, salaries, and the tools and supplies it purchases.

Fourth: The role of tax in financing the general budget:

The state, in the context of meeting the general needs of society in terms of financial expenditures, must know its ability to implement spending plans by identifying the sources of revenues necessary for that, and determining those sources changes according to the philosophy and orientation of the state.

One of the most important sources of revenues is tax revenues, as they are considered one of the important sources in financing the general budget in most countries of the world, in addition to their

uses in achieving political, economic and social goals. If we extrapolate the reality of the general budget in Iraq and the extent of the contribution of tax revenues through the sources from which it was derived and adopted. In the research, we see that taxes in Iraq have been characterized by their weak impact on financing the budget due to the budget's reliance primarily on oil revenues to finance its expenditures, as we see that the contribution rate of oil revenues is not less than (90%) in financing the budget, and therefore any external variable such as low oil prices Globalization or any other political variables reflect negatively on the Iraqi economy as it is the main source of financing, and this is what happened to the 2009 budget, where the budget was reduced due to the decline in oil prices (Al-Shari, 1999, 126). When dividing the financial tax system, we note that the size of the internal economy was centrally controlled, given that Iraq is an oil-rich country, and that the tax system or the tax laws and legislation did not have that interest in society and the institutions of the Iraqi state. Also, the financial laws that contribute to tax administration did not legislate the requirements for compliance with the laws in a manner. It is clear, in addition to the multiplicity of laws that are imposed on different sources of income, which leads to restricting the procedures that accompany the tax accounting process. This in turn leads to the reluctance of taxpayers from it and an attempt to evade its status, as well as the weakness of tax awareness among members of society towards understanding the role of tax in achieving economic goals. And social. After the year 2003, which was characterized by the abolition of the economic blockade and the lifting of restrictions on oil exports, we notice a significant decline in the percentage of tax revenues contributing to financing the general budget, which is a very low percentage when compared in both developed and developing countries. This places before Iraq the necessity of carrying out real reforms in its tax system and improving. It reaches the level that achieves the goals required of it, most notably the financing goal of the budget (Abdul-Wahhab, 16, 1996).

That is, we must work to activate the role of taxes in financing the state's general budget by carrying out serious reforms in the tax system by reconsidering the tax laws within the tax structure, in addition to raising the level of tax awareness and establishing that the tax is an important financial, economic and social tool in the mind of the citizen. Openness to the experiences of advanced tax systems and benefiting from them in various fields of work.

The second topic

The state's general budget - its concept and types

The state's general budget has a major role and importance in the development of societies in all political, economic, social and cultural aspects. For decades, the focus has been on one aspect of the budget, which is the aspect that concerns the government, and the other aspects have been neglected. This research focuses on defining the state's general budget and then identifying its most important types. The budget is defined as a detailed plan on how to dispose of resources, or it is a plan to clarify the independence of available resources, and how to achieve those resources in a specific period of time. The budget is an official document that shows the goals and how to achieve them in a digital format and within a specific time period. Therefore, the budget must be described as a financial plan that clarifies. In numbers, the resources and their expenditures during a certain period of time (Al-Jamil 56, 2008). In other words, the term general budget means the state's revenues and expenditures. In a later development, the general budget document expressed the financial plan, which is by definition a detailed report of the state's expenditures and revenues for a coming period of time, which

is usually a year. That is, the general budget, in other words, is the accounting statement and its relationship to the national economy. The general budget is not just a plan for managing the economy, but rather it is a form of economic planning, in which the idea of management and intervention in economic and social affairs is represented and made clear. Thus, the general budget is the report approved by the legislative authority. , for the state's financial plan, which includes public revenues and public expenditures for a future period, often a year, in order to achieve the goals that society aspires to (Taqa and Al-Azzawi, 294, 2009)

First: The concept of the state's general budget

The state's general budget is one of the most important financial planning tools, as it is the basic tool that determines the government's goals, policies, and programs in how to exploit resources and distribute them. It is known that no country has the ability to obtain unlimited resources, regardless of how wealthy it is, so... The foundations of preparing the state's general budget are based on the process of comparison between available alternatives, in other words, the method through which the greatest possible benefits are achieved using resources. The budget preparation process also represents the means through which plans are embodied in actual reality. Therefore, this process represents an important element. In the development planning process, and in continuation of economic development itself, in addition to it being an essential element in the financial management system, which is characterized by important characteristics in the scope of accounting performance and financial control, budget preparation also affects the process of implementing programs and projects because it receives this great attention and the concept has developed. The general budget developed with the development of the concept of the state and the development of its role in the economic and social fields. England is considered one of the first countries to establish the general budget in its modern sense, then France followed, and the principles of countries that established the general budget were established on clear scientific foundations, and these principles were transferred from England and France to other countries. Therefore, the The concept of the state's role in society expanded and moved from the role of mediator to the instigator of all economic and social activities, which led to changing the concept of the state's general budget, so that it took on a new direction and dimensions that mainly express the nature of the economic, social, political, financial and monetary structures, whether in centrally planned state economies. Or in capitalist and joint economies, with the spread of economic planning and the development of its approaches and methods, the state's general budget gained special importance, as it became the main financial plan for implementing economic and social development programs (Shamiya and Al-Khatib, 269, 2012).

The budget basically consists of two sides: the public revenues side, which expresses the income the state receives, and its items are recorded in the credit side of the budget. The other side of the budget is the public expenditures side, in which all expenses made by the state are recorded. The relevant paragraphs are restricted to the debit side of the budget, and the general budget combines these two aspects in one financial document to express the country's financial position and what it achieves at the end of the fiscal year, whether it is in a state of deficit or surplus.

Second: Types of the state's general budget:

The most important stages of development occurring in the types of public budgets of the state can be presented, which are the fundamental basis for change and the most important of which are (Salloum and Al-Muhayani , 105, 2007

1. Traditional Budget It is sometimes called the item line

Budget instead of appropriations . This budget can be considered one of the oldest budgets and still dominates most of the budgets of countries in the world, including ethnicity. The principle of preparing the budget is based on estimating expenditures according to items, each of which represents a type of expenditure. Therefore, the inputs to this budget are considered the types of expenditures and are distributed at the level of the implementing units. These expenditures are divided into more preferable items such as salaries and what is related to them, goods, maintenance...etc. This budget was called the (control budget) because it aims to provide central control over public spending. Expenditures and revenues are estimated accordingly, and these estimates must be achieved when implementing the budget and reporting deviations... Therefore, units protect their estimates from accountability by raising and inflating all estimates. for expenses and the opposite process for revenues. The most important criticisms directed at this type of budgeting are the following:

1. Its focus is on the financial and legal aspects of oversight Failure to provide information and data to support decisions, especially the planning function.
2. It cannot be compatible with the current economic conditions that characterize this era, especially the unstable conditions of the economies of countries.
3. Its focus is on the input side only without paying attention to the output side, thus making it impossible to determine the efficiency of use of economic resources.
4. It is not possible to monitor and evaluate the performance of government programs and activities due to the distribution Uses and resources are on multiple units and departments or on various accounts and not on programs and activities.

2- Performance Programming Budget

In 1954, David Novick provided a detailed explanation of how to implement program budgeting in the US Department of Defense and explained its content. This was in his report entitled Economy and Effectiveness in Government Using New Budgeting Procedures.

In 1955, the Second Hoover Commission studied David's proposal, as well as the progress achieved in the field of applying performance budgeting in federal government agencies, which led to the emergence of the concept of program and performance budgeting, which attracted the attention of many countries around the world, as well as the attention of the United Nations, which issued a booklet entitled Program Budgeting in 1965. (Tarboush and Al-Yahya, 173, 2013).

The process of implementing program and performance budgeting requires taking the following steps:

- Determine the goals to be achieved and mention them briefly in the form of a list
- Designing the necessary programs to achieve the required goals
- Estimating the costs needed by the programs for the year, then notifying the General Budget Department to allocate appropriations for the implementation of those programs.
- Estimate results from major programmes, sub-programmes and projects

- Estimating the funds needed by programs.
 - Establishing a system and procedures for following up and analyzing the results of implementing programs and projects
 - Establish a system and procedures for obtaining information on a regular and permanent basis
 - Determine administrative responsibility when implementing the program
- On this basis, program and performance budgeting can provide the following advantages that differentiate it from the traditional budget:
1. Linking expected results to long-term and short-term strategic goals, whether at the unit level or the country as a whole.
 2. Linking resource inputs to outputs, as these budgets focus more on outputs than on budget inputs.
 3. Oversight bodies help establish responsibility and accountability for performance.
 4. Clarifying what work or services were performed during the fiscal year and the cost of each program or project.
 5. Facilitating the process of evaluating programs and activities for social and economic returns.
 6. Among the most important negatives that accompanied it during implementation are the following (Salloum and Al-Muhayani , 109, 2007) :
1. The difficulty of accurately setting goals for all government agencies, especially small units.
 2. The difficulty of determining performance units for administrative activity, as some of these activities lack tangible physical standards to measure performance or the extent of achievement, such as security, justice, and defense.
 3. Weak administrative and accounting staff working in state units to keep pace with the process of implementing this type of budgets.
 4. The high cost of implementing these budgets, especially in small government units.
 5. Requires large amounts of data that may delay the budget preparation process.
 6. The state's administrative structures are not appropriate to implement this budget, as programs and activities overlap between a large number of units.

3- Planning and programming budget

This system of budgets arose immediately after World War II, when a group of analysts at the American RAND Corporation introduced and used this system, providing the necessary means to help understand problems related to national defense. In 1992, the US Department of Defense adopted this system to develop planning and control activities. In the summer of 1965, President Johnson ordered its application in the United States of America, and in 1966 the United States began applying it to the aforementioned year's budget. The basic steps through which the planning and programming budget can be prepared are as follows: - (Tarboush 173, 2013):

1. Determine the objectives assigned to the government unit.
2. Find programs that can achieve those goals.
3. Evaluate each program through a cost-benefit analysis to determine the possible contribution of each program to achieving the goal.
4. Test the best alternative of software.
5. Prepare a master budget that unifies newly selected programs with existing programs.
6. Putting the budget into effect.

7. Monitoring and supervising implementation and providing feedback on the results of the application.

4. Zero - Base Budgeting

It was defined by the first pioneer of this type of budgeting, Peter A. Pyhrr. It is a practical administrative tool for evaluating spending that aims to redirect and transfer financial allocations from low-priority programs to high-priority programs. This leads to improving effectiveness and efficiency and reducing the size of approved financial allocations. In short, it is a method of planning and budgeting. Pyhrr emphasized that BB -Z _ It is a balancing of attempts to focus on management in evaluating activities, making decision packages, and analyzing the decision package. This does not mean that the zero principle is throwing everything out of the budget and starting over, but rather re-evaluating from scratch, and priority is given to programs, and a program can be left due to its ineffectiveness, or reduced or added to it as needed. the Actual.

The third topic

The role of tax in financing the general budget in Iraq

First: The general budget and the structure of public revenues

1. The emergence of the state's general budget

The budget is a plan or work program in which the government translates its economic and social policy into numerical annual goals. It is not just a work program for the Ministry of Finance that only shows efficiency in managing money. The effectiveness of the budget is not determined only by itself, but is linked to other financial planning tools such as credit policy and foreign exchange policy. It is measured by socio-economic results, not just financial results. The economic and social role of the general budget is more effective under democratic systems.

The budget formula began to be used in Iraq in 1921 with the emergence of national rule and the transfer of financial management to its responsibility, so the first budget in the known sense was issued. The budget formula began to work in Iraq in 1921 with the emergence of national rule in November 1921. The country's constitution, which declared at the time, guaranteed the right of parliament to Discussing and approving the budget. Since the twenties of the last century, the Ministry of Finance has adopted the traditional method, or what is called item budgeting, in planning and preparing the state budget, and it has continued until the present time (with the exception of some modifications to it) despite all the economic and political changes that Iraq has gone through and is still doing. This can be sought through the Ottoman Accounting Principles Law issued in 1911, which has been relied upon since the establishment of national rule in 1921, and then the issuance of the Public Accounting Principles Law No. 28 of 1940 and its amendments applied with the State General Budget Law No. (107) of the year. 1985 Paragraph (1) of Article Two of the Code of Accounting Principles stipulates that the budget is (the tables containing an estimate of revenues and expenditures for one fiscal year that are specified in the Budget Law) (Abdul Reda, 213, 2017). This definition of the general budget makes clear the traditional vision. For the budget, it represents tables of arithmetic numbers, divided into two groups, one of which relates to the allocated appropriations expected to be spent for the purposes for which they were allocated, and the second to the revenues expected to be obtained (collected) according to an assessment of their types and sources, and this represents There is a major deficiency in the objectives and functions that the budget can perform according to its

current perspective adopted by most developed countries, for which the general budget is the future program or plan that aims to achieve the strategic objectives of the state. Among the most important characteristics of the modern budget are the following: -

- a. Its estimated indicators are highly accurate.
- b. Its comparative tables are more comprehensive and broader.
- c. Its duration is limited but dynamic.
- d. Implemented with permission.

Its goals are broader than the goals that the traditional budget aspires to: adding new goals to its traditional goals, such as achieving social welfare and managing economic projects alone or in cooperation with the private sector. So it began implementing investment programs that it undertakes itself in the form of the state sector, where it can play a direct role in allocating resources. . Some of its future social dimensions are also clear in that it is (a future financial plan that contains the revenue side and the expenditure side and indirectly expresses the activities and services that public sector institutions have undertaken or will undertake in order to raise the standard of living, culture and health for members of society).

- a. Her role is interventionist.
- b. Its balance is linked to the safety of economic activity.

2. The structure of public revenues financing the general budget

a. **Oil revenues:** Oil revenues represent the most important revenues funded for the general budget in Iraq and constitute the largest proportion of the general budget financing, but oil prices are subject to constant fluctuations, and the nature of the international oil market has been characterized by dynamism and instability since the early seventies of the last century and has continued until now when tracked. The course of this fluctuation after the year (2003) we find a significant increase during the years (2006 - 2007), which reached its peak in mid-2008 at about more than (147) dollars, but the price of one barrel quickly fell to less than (40) dollars at the end of the year. (2008) Due to the global financial crisis (Al-Basam, 15, 2013), oil prices fell again from mid- 2014 until early 2015. From about (110) dollars per barrel to less than (50) dollars, prices continued to fluctuate between rise and fall in light of the lack of decline in supply and the continued weakness of demand (International Monetary Fund, 2, 2015), and oil has strategic importance in the Iraqi economy, as it constitutes oil revenues A large percentage of the Iraqi government's budget, through which it supports development programs.

B. **Non-oil revenues :** include all non-oil public revenues, such as taxes on income and wealth, commodity taxes, and fees, as well as capital and transfer revenues, the budget share of the domain, and other revenues.

Second: The problems of the tax system and their impact on the general budget revenues in Iraq

1. The emergence of the tax system in Iraq

After the establishment of the State of Iraq in the twenties of the twentieth century, Iraq is considered the first country in the region to issue tax legislation in its modern form. The first income tax law was issued in Iraq, No. (52) of 1927 , which is a clear reflection of the British model income tax law on the British colonies at that time, which The laws were amended several times (No. 73 of 1931 , 60

of 1933 , 19 of 1934 , 58 of 1936) with the aim of keeping pace with economic and social developments in Iraq during that period and trying to address any shortcomings in the laws. This law was canceled and replaced by a new law No. 36 of 1939. Which in turn was amended by Amendment No. 67 of 1943 and the other amendments No. 9 and 10 of 1951 and 1952 , respectively. The current Income Tax Law No. (113) of 1982 was adopted, and this did not witness significant fundamental changes except for certain paragraphs that had no effect. It is clear on the general tax system. After the year 2003 , the Coalition Provisional Authority, specifically during the era of Governor Bremer , issued Resolution No. (37), with the intention of suspending the tax system, starting from April 16 , 2003 until the end of 2004 , as the Coalition Authority issued Order No. (49). Which stipulates a reduction in the income tax rate,

As follows (Hassan, 274, 2016)

- a. % 3on amounts up to 250 thousand dinars.
- b. % 5on amounts exceeding 250 thousand dinars up to 500 thousand dinars.
- c. % 10on amounts from 500 thousand dinars to one million dinars.
- d. % 15on amounts exceeding one million dinars.

Increase tax allowances

State employees are subject to income tax like private sector employees.

2. **Problems facing the tax system in Iraq:** The problems facing the tax system are divided into four main groups:

- a. **Economic problems:** Iraq suffered from economic problems in previous decades, and Iraq entered a state of stagflation, which reduced the amount of economic activities of those charged with paying taxes by a large percentage. Thus, the ability of taxpayers to pay taxes decreased, which reduced the amount of taxes that must be collected. On the other hand, taxes lost their role as a tool of Financial policy tools through which the state can direct economic activity in order to achieve economic stability, and with the expansion of the size of the shadow economy in Iraq, as it is known that it is difficult to estimate the size of the economic activities that take place through the shadow economy and by the private sector, and thus the difficulty of estimating and imposing taxes on these economic activities. Which negatively affects the implementation of tax policy.
- b. **Social problems:** Increasing cases of tax evasion, in addition to weak tax awareness, which means individuals being fully aware of their financial responsibilities towards society and the state, and the more individuals have confidence in the government, the more they accept paying taxes.
- c. **Legislative problems:** Legislative laws suffer from a large number of amendments, as well as legal formulations that are not precisely clear, which leads to misunderstanding of these laws by the employee of the General Authority for Taxes, and the taxpayer at the same time, which opens the way for inaccurate application of these laws and negatively affects the implementation of tax policy. On the other hand, the large number of exemptions, allowances , and reductions affects tax revenues, through which the state's general budget revenues can be enhanced.
- d. **Administrative problems:** The tax administration in Iraq is characterized by many defects, including the use of more than one method of administrative estimation, which places a burden on the authority's employee and the taxpayer in understanding the rules and controls accurately, in addition to the spread of administrative corruption in the authority and its affiliated directorates, which creates the possibility of tax evasion and thus hinders the implementation of the policy. Tax

revenues. Table (1) shows the percentages of revenue contribution, including taxes, compared to oil revenues, which constitute the largest percentage of total revenues, as follows:

Table (1)

Revenue growth rate according to their contribution to total revenues for the year (2017)

Contribution percentage %	growth rate %	Indicator Revenues
84.1	47	Oil revenues and mineral resources
5.9	40.4	Taxes on income and wealth
2.3	179	Commodity taxes and excise duties

Source: Prepared by the researcher based on

Central Bank of Iraq, Annual Economic Report 2017 , Central Bank of Iraq, 2017, p. 47.

3. Evolution of tax revenues into total general budget revenues

Diversification requires greater participation from society and achieving self-growth independent of rents through a mechanism that relies on the diversification of productive activities, such as industry and agriculture. Growth in a rentier economy It depends on the extraction and export of natural resources, with the use of capital and technology, which are imported.

Also, the production channels from this sector and to it with the rest of the economy are poorly connected and coordinated, and this reflects negatively on the fact that this sector remains almost independent from the rest of the economy and is not affected by the level of development in it. To achieve a successful diversification policy, it is necessary to focus on:

a. Macroeconomic management (demand side) through a combination of three policies: monetary policy, fiscal policy, and exchange rate policy, based on economic data and variables on the ground.

b. Diversifying the productive base (supply side) through developing human capital accumulation, reforming the public and private sectors and building an industrial base.

Iraq has adopted a number of economic policies and procedures aimed at influencing the movement of macroeconomic indicators. These policies and procedures accompanied the political transition process after the year 2003. However, Iraq's entry into this transitional phase was accompanied by a severe deterioration in the security conditions and with the legacies of past wars and economic blockades. In addition to that, the absence of a clear program of steps to achieve the goals of the economic and social transitional period, and with the adoption of the shock method in the transition process, and the ambiguity of the economic policy applied, the nature of its trends, and the mechanisms for distributing roles between the private and public sectors, this reality was against the trends that would achieve growth and stability to encourage investment and create... Job opportunities, satisfying basic needs, and achieving prosperity, but while achieving tangible successes in the field of reforming the banking sector, confirming the independence of the Central Bank of Iraq, successfully changing the Iraqi currency in 2004), legislating the investment law, liberalizing foreign trade, and reforming the oil sector, he faced challenges in the field of using the three policies. In macroeconomic management, it would create an enabling environment to attract investments that achieve added value and high productivity, after 2003. One of the most important tools that have been followed in the field of financial policy is (government spending) in the absence of another important

tool, which is (taxes). However, with the importance of government spending at the beginning of the stages of development, but with the passage of time in order to enhance stability and achieve sustainable growth, it is necessary to focus on finding other sources in addition to oil revenues, which are depleted resources in order to do justice to the current generation and the next generation in order to support the budget, which mainly depends on spending on Oil revenues with a limited contribution to tax revenues, and Table (2) shows the evolution of the proportions (current and investment spending) of total public spending and the proportion of taxes from the total revenues of the general budget.

The numbers presented in Table (2) reflect the high percentages of current spending compared to the percentages of investment spending, despite the decline that occurred during the period (2004-2015), but it still constitutes high percentages that are largely associated with increasing oil revenues. The numbers indicate that current spending in general (In 2004, it constituted (83.9 %) of public spending, while we find that the percentage of investment spending for the same year was about (16.1 %). As for 2015 , current spending decreased until it reached (74.0 %), and in return, investment spending rose to (26.0 %). The table shows that the proportions of spending, both current and investment, are characterized by fluctuations during the period (2004-2015). Within this path, we find that fiscal policy is ineffective in mobilizing the resources generated from the oil sector, which makes it more distant from achieving development.

The numbers contained in the table also reflect the extent to which tax revenues contribute to the total revenues that enhance the general budget revenues and the possibility of benefiting from them in financing development as a support in addition to oil revenues. Table (2) shows that the percentage of tax revenues in the year (2004) was about (1.3 %)) of the total revenues of the general budget, while in (2015) it constituted a percentage of (3.0 %) of the total revenues. This indicates the weakness of the tax policy in Iraq and the extent of its modest contribution. The percentage constituted on average during the period (2004-2015) about (1.8 %) There are several reasons for these low rates, including tax evasion, imbalance in the tax structure, and lack of tax awareness.

Table (2)

The evolution of the ratios of (current and investment spending) to public spending and the ratio of tax revenues to the total revenues of the general budget in Iraq for the period (2004-2015)

2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	the years Indicator
74.0	70.0	66.0	77.0	68.9	75.0	78.3	73.8	72.4	81.6	79.0	83.9	Current/public (%) expenditure ratio
26.0	30.0	34.0	22.9	31.1	27.1	21.7	26.2	27.6	18.4	20.1	16.1	Ratio of investment spending/total public) spending% (
3.0	1.8	2.5	2.2	1.2	2.2	1.3	1.2	2.6	1.2	1.2	1.3	Percentage of tax revenues out of total (%) budget revenues

Source: Prepared by the researcher based on:

Central Bank of Iraq, General Directorate of Statistics and Research, Annual Bulletin for the Years (2004-2015)

Central Bank of Iraq, General Directorate of Statistics and Research, Annual

Economic Report of the Central Bank of Iraq for the period (2004-2015)

Reforming the demand side requires addressing the imbalance on the supply side by diversifying the production base away from the oil sector and diversifying sources of income requires diversifying the production structure through the contribution of the rest of the productive sectors, as well as reforming the tax system in order to finance the state's general budget and enhance its mainly generated revenues. From oil revenues.

Conclusions

1. One of the most important sources of revenues is tax revenues, as they are considered one of the important sources in financing the general budget in most countries of the world, in addition to achieving political, economic, and social goals.
2. If we extrapolate the reality of the general budget in Iraq and the extent of the contribution of tax revenues through the sources we relied on, we see that taxes in Iraq have been characterized by their weak impact on financing the general budget due to the budget's reliance mainly on oil revenues.
3. After discussing private revenues, we notice that they were variable, that is, different from one year to another and from one month to another during the year, as revenues gradually increased from year to year.
4. We conclude from the objectives that taxes have the ability to cover burdens and expenses and can achieve balance in the state's general budget, as well as their ability to improve the standard of living of the classes of society by achieving justice among society.

Recommendations:

1. Raising the level of tax awareness and establishing that tax is an important financial, economic and social tool in the mind of the citizen.
2. We must work to activate the role of taxes in financing the state's general budget by carrying out serious reforms in the tax system by reconsidering the tax laws.
3. The necessity of carrying out real reforms in the Iraqi tax system and advancing it to the level that achieves the objectives required of it, most notably the financing goal of the budget.
4. It is necessary to be open to the experiences of advanced tax systems and benefit from them in different areas of work.
5. It is necessary to disclose data on tax structures so that the researcher in this field can conduct more descriptive applied studies.
6. It is necessary to raise the efficiency of the tax system and expand the tax base to diversify public revenues

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