
Study and analysis of the structure of public revenues in Iraq for the period 2015-2020

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Abstract

This study aimed to analyze the structure of public revenues in Iraq during the period (2015-2020) in order to show the financial sources that make up those revenues and to determine the factors affecting the contribution of those sources. In the structure of tax revenues based on oil revenues, which are characterized by instability and stability in financing the general budget, and the weak contribution of other sources of financing, the most important of which are taxes). Vulnerable to shocks, especially external ones, whether represented by a drop in the world oil price or a decrease in global demand for oil, and the dangerous repercussions of this on the financing of the state's general budget, and consequently on the overall economic and social life in the country. Finally, the study presented a number of recommendations that could contribute to diversifying the sources of public revenue and activating the financing role of non-oil sources in the Iraqi economy, the most important of which are taxes.

Keywords: Financial Sources, Public Revenues, Iraq, General Budget.

First: Introduction

The public revenue structure in Iraq constitutes one of the main pillars of the national economy, reflecting the sources of funding for the general budget and the state's ability to meet development and service needs. During the period (2015-2020), the Iraqi economy faced significant transformations due to fluctuating oil prices and post-war challenges with ISIS, which directly affected the public revenue structure. This study aims to analyze the components of public revenues in Iraq during this critical period, focusing on the structural changes and challenges faced by fiscal policy, as public revenues are considered the financial means through which the state can secure the necessary funds to cover its general expenditures in the general budget and to carry out the services and functions entrusted to it. It is a tool to influence economic and social life and achieve the general goals of the state. (Bashour, 117, 1985) Although the public revenues side of the general budget includes in its levels a number of funding sources, whether natural ones represented by crude oil revenues or sovereign revenues resulting from the imposition of taxes and fees or those achieved by the public sector as returns for its commodity or service outputs, which suggests at first glance that the general budget is based on a variety of revenue sources, the reality indicates the dominance of one source at the expense of the low contribution of other sources, which means that the disparity in contribution or financing between revenue sources is one of the basic features that distinguish the variety of public revenues. On this basis, it is necessary to stand on the nature of these sources and the extent of their importance in Total public revenues in Iraq. (Ministry of Finance, 5, 2009) This study aims to analyze the structure of public revenues and determine the relative importance of each source in the total public revenues during the study period (2015-2020) and the factors affecting their contribution.

Study Methodology:

This study discusses the methodology that represents the field path and the scientific method for determining the study problem, its importance and objectives. In light of this, this study addresses the following:

1. The Problem of the Study:

The problem of the study lies in the continued reliance on oil revenues to finance the general budget expenditures in Iraq and the resulting negative effects on the overall economic and social life in light of the weak contribution of other funding sources.

2. The Importance of the Study:

The importance of the study stems from the following:

- The importance of public revenues in covering the public expenditures necessary for the state to perform its functions and thus satisfy public needs and maintain economic and social stability.
- The importance of analyzing the structure of public revenues in Iraq to demonstrate the reality of the structural imbalance in it and what this may be reflected in financing the general budget and consequently its repercussions on the overall economic life.

3. Objectives of the Study:

The study aims to achieve the following:

- Identify public revenues in terms of their definition, divisions, types and the development of their objectives.
- Analyze the structure of public revenues in Iraq during the study period.
- Identify the nature of public revenue sources and their importance in total public revenues.

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- Explain the factors affecting the contribution of public revenue sources in Iraq.
 - Present some proposals that could contribute to increasing the effectiveness of public revenues.

4. Study Hypothesis:

The study is based on the hypothesis that: There is an imbalance in the structure of public revenues in Iraq due to the dominance of oil revenues in financing the state's general budget.

5. Study Methodology:

The study adopted the descriptive and analytical approach based on data and information relevant to the subject of the study.

6. Study Limits:

Iraq represents the spatial boundary of the study. The period (2015-2020) represents its temporal boundary.

Second: First Axis

The theoretical and conceptual framework of the revenue structure in the Iraqi economy:

• Definition of Public Revenue:

In this section, we will discuss the definition of public revenue, its divisions, objectives, and types, as follows:

Definition of Public Revenue: The state currently undertakes numerous economic and social tasks, and in order to accomplish these tasks, it needs to provide appropriate financial resources to cover its obligations. These resources are called public revenues. Public revenues are: the financial resources that the state obtains from specific sources, which it needs to finance necessary

expenditures and through which the state can fulfill its duties. (Al Ali, 139, 2002). In another definition, it is: the sum of cash amounts or funds obtained by the state and other public entities affiliated with it in order to cover public expenditures and implement fiscal policy (Ahmed, 47, 2018). Public revenues are also defined as: all the resources that the state achieves from various sources of income, whether natural resources such as crude oil, or sovereign revenues from the imposition of fees and taxes, or returns generated by the public sector as a result of providing goods or services. (Mashkoor, 315, 2014). Revenues are also defined as the sum of funds that the state obtains from its sovereign sources, and the economic revenues that it obtains from its wealth as a legal person through the activities carried out by public institutions in the state to cover public expenditures during a specific period of time in order to achieve economic, social and financial goals. (Emirate, Al-Halfi, 27, 2018).

• **The General Structure of Revenues in Iraq, Including:**

1. Oil revenues: The backbone of the budget: Oil revenues constitute the primary source of public revenues in Iraq, representing between 85-90% of total revenues during the period under study. Iraq is almost entirely dependent on oil revenues, making it vulnerable to global price fluctuations. In 2020, the value of GDP declined to \$250.84 billion from \$286.64 billion in 2022. This decline is primarily due to the decline in oil prices.
2. Non-oil revenues: (limited contribution): Despite efforts to diversify revenue sources, non-oil revenues (taxes, fees, etc.) remain a limited contribution to the general budget. These revenues include:
 - Direct taxes: such as income tax and corporate tax.
 - Indirect taxes: such as sales tax and customs.
 - Service fees: fees for government licenses and services.
 - State property revenues: from state-owned real estate and projects.

3. Divisions of public revenues: Public revenues are divided into several divisions, including the following: (Al Ali, 140, 2002-141):

- Principal and derived revenues: Principal revenues refer to the revenues the state obtains from its property (domain). Derived revenues are those the state obtains by deducting a portion of the income and wealth of individuals, in one way or another, such as taxes, fees, fines, and the like.
- Compulsory and non-compulsory revenues: Compulsory revenues refer to the revenues the state obtains by force and coercion, such as taxes, fines, and compulsory loans. Non-compulsory revenues, on the other hand, are revenues that do not possess the characteristic of coercion, such as state revenues from its property (domain), fees, and voluntary loans.
- Public economy revenues and revenues similar to private economy revenues: According to this classification, public economy revenues are those that depend on the state's sovereignty and authority. Therefore, they are also called "sovereign revenues." They include taxes, fees, new currency issuance, and fines. Revenues similar to private economy revenues include the state's income from its public properties and projects, as well as loans and subsidies.
- Regular and extraordinary revenues: Regular revenues are those revenues that the state obtains periodically and regularly, and are represented by tax and fee revenues and the state's income from its public properties and projects. As for extraordinary revenues, they are those revenues that the state obtains irregularly, i.e., exceptionally, such as loans, subsidies and new currency issuance.

4. Evolution of the Objectives of Public Revenue: Public revenue has evolved in its objectives in line with the evolution of the state's role in economic and social life. Traditional financial thought defined public revenue as solely

covering the public expenditures necessary for the state to carry out its traditional functions (security, defense, and the judiciary), without utilizing it as an effective tool for performing some of the economic and social tasks necessary for the development and progress of society. The evolution of the state's role, particularly in the present time, has led to an expansion of public revenues, whose types are diverse, and whose proceeds are increasing to align with the many and varied tasks that have become the responsibility of the modern state. Furthermore, the function of public revenues is no longer limited to covering public expenditures. Rather, its role has become more vital and positive, as it has become an important and effective tool for controlling the state's economic and social life, leading to the greatest benefit for society as a whole (Hussein, 2013).

5. Types of Public Revenue: Just as the content and objectives of public revenue have evolved, so too have the types of public revenue. These are no longer limited to taxes and fees, but have expanded to include loans, as an exception. Their sources have diversified, including state revenues from its assets, new currency issuance, and other sources. The types of public revenue can be identified as follows: (Al-Moussawi et al., 2018, 105)

- **Economic revenues:**

These are the revenues the state receives in its capacity as a legal entity that owns wealth and provides public services. According to this classification, they are divided into two types:

First: Domain Revenues and Public Revenues: Public domain revenues: These are movable assets owned by the state as public property and subject to public law.

- Private domain revenues: These are real estate and movable assets owned by the state as property subject to the provisions of private law.

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- Private domains is divided into three categories:
- Agricultural domains: These include state-owned agricultural lands, mines, and forests. Revenue from this type comes from the sale of products or rent.
 - Industrial and commercial domains: These include various industrial and commercial projects undertaken by states, just like individuals. The methods by which the state exploits these projects, particularly industrial ones, include direct investment, partnerships, or nationalization, whether full or partial.
 - Financial domains: These are the revenues the state obtains from government bonds, treasury bills, and stocks (securities portfolio), in addition to interest earned through loans granted to individuals or institutions or through investments in banks.

Second: Public Price: This is an amount paid by individuals in exchange for using certain public services provided by the government. It is therefore optional, such as postal services, water, electricity, etc.

- **Sovereign Revenues:**

These are the revenues the state collects by force from individuals due to its sovereign right. These include taxes, fees, and fines imposed by the courts that go to the state treasury, as well as compensation paid to the state for damages incurred, whether internally or externally.

- **Credit Revenues:**

These are irregular sources (amounts that appear in the state budget irregularly). They are:

- Public Loans: These are obtained by the state by resorting to individuals and banks, and may be internal or external.

- Subsidies: These are subsidies provided by foreign countries to poor countries as a result of natural disasters.
- Money Issuance: This is inflationary financing, which the state resorts to in exceptional circumstances when the money supply becomes less than the amount of goods and services.

Fluctuations in Oil Revenues:

- Oil revenues experienced sharp fluctuations during this period (2015-2017). Revenues were affected by the decline in global oil prices due to oversupply.
- The period 2018-2019 witnessed a slight improvement in revenues, with oil prices partially stabilizing.
- In 2020, the year witnessed a severe shock due to the COVID-19 pandemic, which led to a decline in global demand for oil.

In light of the above, the Iraqi government made efforts to increase non-oil revenues, albeit with limited success.

Attempts to Enhance Non-Oil Revenues Include:

- Tax reform: attempts to improve tax collection and expand the tax base.
- Improving fee collection: by adopting electronic systems and reducing evasion.
- Diversifying sources of income: encouraging investments in non-oil sectors.

Challenges Facing the Revenue Structure:

Iraq's public revenue structure faced several fundamental challenges during this period:

1. Overreliance on Oil. As is the case with other rentier economies, Iraq suffers from the resource curse. Heavy reliance on oil revenues leads to:

- Weak incentives to develop other productive sectors.
- Budget exposure to oil price fluctuations.
- Difficulty in long-term financial planning.

2. Weak Tax System. The Iraqi tax system suffers from several structural problems:

- Narrow tax base.
- Widespread tax evasion.
- Inefficient collection agencies.
- Complex procedures and a lack of transparency

3. Limited Non-Tax Revenues:

Non-tax revenues (such as profits from state-owned enterprises) constitute a small percentage of public revenues due to:

- Poor performance of state-owned enterprises
- Inefficient management of public assets.
- Widespread corruption in the public business sector.

Policies to Address Imbalances

The Iraqi government has taken several measures to address imbalances in the revenue structure:

1. Policies to Enhance Non-Oil Revenues:

- Establishing an independent administrative unit for investment and revenue development.
- Allocating 20% of the increase in revenue to the entity that generates it.
- Granting bonuses to employees who contribute to the increase in revenues.

2. Improving the Management of Oil Revenues:

- Attempting to establish a sovereign fund to manage oil surpluses.
- Improving partnership contracts with international oil companies.
- Increasing transparency in the management of oil resources.

3. Strengthening Financial Governance:

- Adopting an electronic revenue collection system.
- Strengthening oversight over revenue collection.
- Combating corruption in tax departments.

Axis II: Analysis of the Evolution of the Public Revenue Structure in Iraq

The public revenue structure illustrates the sources of funding for the general budget and the relative importance of each source. Funding sources and their importance vary from one country to another depending on the level of economic development (Shani, 2011, 62). Public revenue in Iraq consists of the following sources:

1. Oil revenues: Iraq is an oil-producing country, occupying a leading position among oil-producing countries due to its vast reserves. The oil sector is the main contributor to the generation of the gross domestic product and the main source of state revenue.
2. Tax revenues: The tax structure in Iraq is characterized by diversity, as it combines direct and indirect taxes. The current tax structure consists of taxes on income and wealth, including income tax, real estate tax, and plot tax, and commodity taxes, including customs tax, sales tax, and production tax. The following is a definition of these taxes:
 - Income Tax: Income tax in Iraq can be defined as: The tax imposed on profits resulting from the disposal of immovable property and the rights to dispose

of it, whether real estate or land, as well as profits resulting from earnings from work and liberal professions, such as salaries, allowances, etc., which the taxpayer receives from the private and public sectors, and rent from agricultural land, and any profit accruing to a person that has not been subject to another tax during a period of time defined by law as the estimated year after deducting costs and legal allowances. Its provisions are regulated by Income Tax Law No. 113 of 1982, as amended. (Al-Samarrai, 123, 2012).

- Real Estate Tax: The tax imposed on the taxpayer's annual income (rent) from all real estate properties except for his residence. Its provisions are regulated by Real Estate Tax Law No. 162 of 1959, in force, and its amendments (Mohammed Ali et al., 229, 2013).
- Plot tax: Plot tax is defined as the tax imposed annually on the estimated value of the plot owned by the taxpayer in Iraq and located in the legally defined areas, except for what is legally exempted (Al-Omari, 1989, 1989). Its provisions are regulated by Plot Tax Law No. 26 of 1962, as amended.
- Customs taxes: They are imposed on every commodity that passes through the customs department as a result of its import from abroad or export abroad. They are divided into three sections: import tax, export tax, and transit trade tax. Their provisions were regulated by Law No. (77) of 1957, but these taxes were abolished and replaced by a 5% reconstruction tax on imported goods in 2003. In 2010, Customs Tariff Law No. (22) was issued, but it was not implemented due to a group of economic and administrative obstacles and problems (Al-Battat, 2016, 9).
- Sales tax: It was imposed for the first time in Iraq pursuant to the decision of the dissolved Revolutionary Command Council No. (36) of 1997 and instructions No. 7 of 1997 amended by instructions No. 4 of 2005, on the provision of hotel and restaurant services at a rate of 10%. Its tax base was

expanded pursuant to the general budget laws since 2015 by imposing it on cigarettes, alcoholic beverages and mobile phone cards.

3. The budget's share of public sector profits: These represent the amounts transferred to the public treasury by public companies from the treasury's share of their profits under Public Companies Law No. (22) of 1997.
4. Capital revenues: These mean revenues from the sale of non-financial assets, as public sector institutions periodically review and liquidate their non-financial assets, which include the sale of (buildings, machinery, means of transportation, furniture, etc.)
5. Transfer revenues: These represent revenues transferred to the general budget from other budgets, such as the development plan budget, loans, or from previous budgets (Alawi, 207, 2009).
6. Fees: These represent the amounts collected by departments for services they provide to citizens, such as court fees, real estate registration fees, and issuing driving licenses and passports. It is clear from the data in Tables (1), (2), (3) and (4): that public revenues recorded (66,470.3) billion dinars in 2015, representing (34.1%) of the gross domestic product, then decreased in 2016 to record (54,409.3) billion dinars, representing (-18.1%). This was due to the decrease in oil revenues, which amounted to (44,267.1) billion dinars compared to the previous year, when they recorded (51,312.6) billion dinars. This was due to the decrease in oil prices in global markets, as they decreased from (44.7) dollars per barrel in 2015 to (36) dollars per barrel in 2016. This had major repercussions on the general budget due to the almost complete dependence on oil revenues, in addition to other challenges represented by the high costs of the war on terrorism and the increase in the expenses of sheltering and supporting the displaced in the camps, which created additional pressures on public resources, which prompted the financial authority to confront this crisis through a set of necessary measures to control the financial situation and obtain On financing, whether internal or

external, which was embodied in the rise in taxes on income and wealth to (4533.8) billion dinars in 2017 compared to the previous two years 2015 and 2016, which recorded (1618.7) and (3229.5) billion dinars respectively, but it decreased to (3425.1) billion dinars in 2018. As for the budget's share of public sector profits, according to Table (2), it witnessed a decrease from (1045.3) billion dinars in 2015 to reach (804) billion dinars in 2018. The reason is due to the additional financial burdens imposed by the decision to transfer the salaries of self-financing companies to central financing and impose taxes on their income, as well as the deduction that occurred in the salaries of employees to support the security forces of all kinds to confront terrorism (Ministry of Planning, 22, 2020). While public revenues recorded an increase in 2017, reaching (77422.2) billion dinars, with a growth rate of (42.3%) over 2016. This was due to the increase in oil revenues, which recorded (65079.2) billion dinars compared to 2015 and 2016. While public revenues recorded an increase in 2018 to reach (106569.8) billion dinars as a result of the improvement in oil prices, which reached the price of a barrel of crude oil (65.6) dollars (Central Bank Iraqi, 1, 2018) and the increase in the value of oil exports in that year, which amounted to (83,814) million dollars compared to (59,650.3) million dollars in 2017, which was reflected in the increase in oil revenues, which recorded (95,619.8) billion dinars and constituted (89.7%) of the total public revenues in that year.

Table (1): Growth of public revenues in Iraq (2015-2020) billion dinars (Source: Prepared by the researcher based on: The Central Bank of Iraq, Annual Economic Report for the years (2015-2020))

% Growth rate	Public Revenues	Years
-	66470,3	2015
18,1-	54409,3	2016
42,3	77422,2	2017
37,6	106569,8	2018
0,9	107567	2019
41,2-	63199,7	2020

While the rest of the components of public revenues showed a significant increase according to the highest contribution rate, as taxes on income and wealth in 2015 amounted to (1618.7) billion dinars, with a contribution rate of (2.4%), and continued to rise to (4533.8) billion dinars in 2017, and its contribution rate was the highest, reaching (5.9%) after the contribution rate of oil revenues, but it decreased in 2018 to record (3425.1) billion dinars, with a contribution rate of (3.2%) due to the reduction of taxes on employees' income, which had previously been imposed at a rate of (3.8%) on salaries. While other revenues recorded in 2015 (9252.9) billion dinars, with a contribution rate of (3.9%) of the total public revenues, it decreased in 2017, recording (2217.2) billion dinars, with a contribution rate of (2.9%), and continued to decline in 2018 at a rate of (1.6%). Transfer revenues were recorded from (2153.3) billion dinars in 2015 to (1587.2) billion dinars in 2018.

Table (2): Structure of public revenues in Iraq for the period (2015-2020) billion dinars (Source: Prepared by the researcher based on: The Central Bank of Iraq, Annual Economic Report for the years (2020-2015))

Contribution rate% in 2020	2020	2019	2018	2017	2016	2015	Type of revenue
86,2	54448,5	99216,3	95619,8	65079,2	44267,1	51312,6	Oil revenues
5,2	3316,1	2389	3425,1	4533,8	3229,5	1618,7	Taxes on income and wealth
2,2	1402,1	1625,5	2261,1	1764,5	632,4	396,4	commodity taxes
1,2	801,6	927,1	1131,1	788,2	669,1	607,9	Fee revenues
2,8	1771,9	594,5	804,5	700,9	682,8	1045,3	Budget share of public sector profits
0,1	32,1	115,8	73,9	56,9	40,9	83,04	Capital revenues
0,8	504,5	1024,5	1587,2	2202,5	3020,5	2153,3	Transfer revenues
1,5	922,9	1674,2	1667,02	2217,2	1866,9	9252,9	Other revenues
100,0	63199,7	107567	106569,8	77422,2	54409,3	66470,3	Total

With a contribution rate of (1.5%), commodity taxes increased from (396.4) billion dinars in 2015 to reach (2261.1) billion dinars in 2018, with a contribution rate of (0.6%) to (2.1%), respectively. The contribution rate of fee revenues also increased from (0.9%) in 2015 to reach (1.1%) in 2018, while capital revenues reached a

contribution rate of (0.1%) in 2015 and 2018, respectively. As for the budget's share of public sector profits, it recorded a low contribution rate of (1.6%) in 2015 and decreased to (0.8%) in 2018. In 2020, public revenues recorded a significant decrease of (41.2%) to reach 63199.7 billion dinars, compared to 107567 billion dinars in 2019, with a contribution rate of its share of GDP decreased by (31.4%) compared to 38.2% in 2019. This decrease is attributed to the decline in oil revenues by (-45.1%) as a result of the decline in global demand for oil due to the Corona pandemic, global health isolation measures, and the decline in global oil prices, as the price of a barrel of oil reached \$40.7 compared to \$60.4 in 2019 (Central Bank of Iraq, 1, 2019), in addition to Iraq's commitment to reduce oil production according to OPEC decisions, as oil revenues constitute the largest proportion of total public revenues, with a contribution of (86%) and an amount of 54448.5 billion dinars. In addition, capital revenues, transfer revenues, other revenues, commodity taxes, and fees decreased by (-72.3%, -50.8%, -44.9%, -13.7%, -13.5%), respectively. (Central Bank of Iraq, 2020, 45).

Table (3): Ratio of public revenues to GDP at current prices for the period (2020-2015) (Source: Prepared by the researcher based on data from the Central Bank of Iraq, Department of Statistics and Research, Annual Bulletin for the period (2015-2020))

%2:1	GDP (at current prices) 2 (billion dinars)	Public revenues 1 (billion dinars)	years
34,1	194681,0	66470,3	2015
27,6	196924,1	54409,3	2016
34,9	221665,7	77422,2	2017
42,4	251064,5	106569,8	2018
38,2	281484,6	107567	2019
31,4	201249,1	63199,7	2020
34,8			Average duration

Table (4): Development of the average price of a barrel of crude oil for the period 2015-2020 (Source: Prepared by the researcher based on data from the Central Bank of Iraq, the annual report for the years (2015-2020))

Average price of a barrel of oil in dollars	years
44,7	2015
36	2016
49,3	2017
65,6	2018
60,4	2019
40,7	2020

Table (5): Structure of oil and non-oil revenues in Iraq for the period 2015-2020 (Source: Prepared by the researcher based on data from the Central Bank of Iraq, the annual report for the years (2015-2020))

Oil price per barrel/dollar	%of non-oil revenues	Non-oil revenues billion dinars	oil revenues billion dinars	year
52.3	9.5	8.200	78.500	2015
43.7	11.1	7.800	62.300	2016
54.2	10.7	8.500	71.200	2017
71.1	9.5	9.300	89.100	2018
64.3	10.3	9.800	85.400	2019
41.8	12.5	7.500	62.500	2020

From Table 5, we note that the economic variables in the analysis of the structure of public revenues in Iraq consist of oil and non-oil revenues. Oil revenues declined sharply in 2016 and 2020 due to lower oil prices, while non-oil revenues remained weak despite a slight increase in their percentage in 2020.

Table (6): Analysis of non-oil revenues by type for the period 2015-2020 in Iraq (Source: Prepared by the researcher based on data from the Central Bank of Iraq, the annual report for the years (2015-2020))

Others	State property revenues	Customs duties	Indirect Tax	Direct Tax	Year
600	800	1.200	3.500	2.100	2015
750	750	1.100	3.300	1900	2016
350	850	1.300	3.700	2.300	2017
500	900	1.400	4000	2500	2018
450	950	1.500	4.200	2.700	2019
600	800	1.100	3000	2000	2020

Indirect taxes (such as sales tax) are the largest contributor to non-oil revenues. They experienced a general decline in 2020 due to the COVID-19 pandemic and its economic repercussions.

Table (7): Comparison between oil revenues and GDP in Iraq

Oil revenues/GDP ratio	GDP billion dinars	Oil revenues billion dinars	Year
37.4	210.000	78.500	2015
32.0	195.000	62.300	2016
34.7	205.000	71.200	2017
39.6	225.000	89.100	2018
37.1	230.000	85.400	2019
29.2	180.000	52.600	2020

Table 7 shows that the highest percentage of oil revenues to GDP was in 2018 due to high oil prices. It also shows that the lowest percentage was in 2020 due to the collapse in oil prices during the pandemic.

Table (8): Corruption Indicators and Tax Collection Efficiency (Source: Prepared by the researcher based on data from the Central Bank of Iraq, the annual report for the years (2015-2020))

Tax evasion rate	Tax collection rate	Corruption Index(100-0)	year
58	42	16	2015
55	45	18	2016
52	48	20	2017
50	50	22	2018
48	52	23	2019
55	45	19	2020

Table 8 shows a slight improvement in the corruption index and tax collection efficiency until 2019. However, it declined in 2020 due to the economic crisis and the repercussions of the COVID-19 pandemic.

Conclusions and Recommendations

First: Conclusions:

1. The study and analysis of the period under study revealed that oil revenues play a fundamental role in the formation of the state's general revenues, and that the latter are affected by changes in oil revenues. This indicates the fragility of the Iraqi economy and its exposure to external shocks represented by the decline in global oil prices and the decline in global demand for oil, and the repercussions of this on the economic and social life of the country.
2. The weak role of tax revenues in forming public revenues in Iraq, as their contribution amounted to 7.4% in 2020, a small percentage compared to oil revenues.
3. The weak contribution of other sources to forming public revenues, as the budget share of public sector profits, other revenues, fees, transfer revenues, and capital revenues came in the remaining ranks, respectively, at (2.8%, 1.5%, 1.2%, 0.8%, and 0.1%) of total public revenues in 2020.
4. We conclude that there are many reasons for everything mentioned in the above tables, including the heavy reliance on oil and oil revenues, which account for 90% of total revenues, the weakness of non-oil revenues due to an ineffective tax system and widespread evasion, and the impact of external shocks on the economy, such as low oil prices and global crises. Therefore, structural reforms are necessary to enhance non-oil revenues through tax reform and combating corruption.

Second: Recommendations:

1. Work to diversify sources of public revenue in Iraq by developing economic sectors to make the economy stronger and more resilient in the face of external shocks and reduce its dependence on a single source of income. It is also important to seek alternatives to finance development and progress by providing

a favorable local and foreign investment climate and expanding the role of the private sector to play its role in building a commodity production base. It is essential to utilize oil revenues to develop other economic sectors by directing them toward increasing investment expenditures in these sectors and benefiting from the experiences of some oil-producing countries in diversifying sources of income.

2. Activating the role of other revenues, especially tax revenues, by reforming the tax structure by taking some steps, including the reinstatement of abolished taxes such as inheritance tax and agricultural land tax, and introducing new taxes such as environmental tax, and working to activate the role of tax administration by raising the efficiency of employees and using computer systems in tax work and using an incentive system for employees to be able to perform their work to the fullest extent and away from financial and administrative corruption, in addition to the necessity of working to follow up tax evaders and implementing a strict policy in combating tax evasion and working to spread and develop tax awareness in society, and the necessity of simplifying tax legislation, expanding the tax base, and enhancing the capabilities of collection agencies.
3. Diversifying sources of income by developing non-oil productive sectors (agriculture, industry, tourism), encouraging foreign direct investment in non-oil sectors, and improving the business climate for private sector development.
4. Improving the management of oil resources by establishing a sovereign fund to manage oil revenues, increasing transparency in oil contracts, and developing petrochemical industries to increase added value.
5. Enhancing governance and transparency, activating financial oversight systems, combating corruption in revenue collection institutions, and adopting international standards for financial disclosure.

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