The Requirements for Implementing Value-added Tax and its Impact on Improving Tax Revenue: An Applied Study at the General Tax Authority

Naeem sabah khilkhal\textsuperscript{a}, Anwer Abbas Naser\textsuperscript{b}, Wissam Abdulkadhum Abdulridha\textsuperscript{c}, \textsuperscript{a}Furat Al- Awsat Technical University Technical Institute of diwanya, Iraq, \textsuperscript{b}Department of Accounting College of Management and Economics, University of Al-Qadisiyah, Iraq, \textsuperscript{c}Al-Furat Al- Awsat Technical University Technical Institute of diwanya, Iraq, \textsuperscript{a}naeemsabah12@gmail.com, \textsuperscript{b}anwer.abbas@qu.edu.iq, \textsuperscript{c}dw.wsm@atu.edu.iq

The research aims to address the knowledge base of value-added tax in terms of its concept, importance, types, application mechanisms and characteristics in addition to defining the necessary requirements for its application in the Iraqi General Tax Authority with an indication of the impact of this on improving tax revenue. The research is based on a basic premise that it adds value in Iraq in a way that helps in improving tax revenues. The research applied to the Iraqi General Tax Authority for the data for the fiscal year ending on 31/12/2019 in order to demonstrate the possibility of applying the value added tax in addition to explaining its impact on improving tax revenues and helping to reduce the budget deficit and encourage investment. The research reached a set of conclusions, one of the most important of which was that there is a possibility to implement value-added tax in Iraq, and it can also be considered a good tax reform in order to provide an abundant and regular tax resource.

Key words: Knowledge, General Tax, Revenues, Investment, Value-Added
Introduction

Economic developments in the world impose on our country one of two options, either anticipation and waiting, which means failure to catch up with the course of economic, cultural and social changes, or keep pace with it by updating the regulations, legislations and laws that regulate work and general economic activity and restructuring it, and the current research attempts to stand at a new tax option. Many international tax institutions have embarked on its application, which is value-added tax, to gradually replace customs duties, which have become one of the primary sources of tax resources. The main features of this tax are that it has a wide net that is imposed on multiple stages of production, and deduction of taxes on production inputs from taxes on production outputs, and this means that merchants who are obliged to collect the tax on all of their sales are entitled to demand a deduction of the taxes they incurred on their purchases. Of course, the countries that adopted that tax were able to collect taxes on domestic products that exceeded that in the countries that did not adopt it, which means that the value-added tax was able to compensate for other ordinary taxes and contributed to increasing the tax revenue easily and effectively.

Research Methodology

Research Problem

The economy of Iraq suffers from a lack of diversification of its revenue sources, which easily exposes it to deterioration and collapse during crises, as it depends on financing its budget on only one resource, which is oil, and it did not tend to develop its other resources. As taxes in Iraq have a limited impact on the gross domestic product, as taxes did not take their real role in directing the economy to high levels of growth, therefore the problem of the research can be expressed by the following question: is it possible to apply value-added tax in Iraq in a way that helps in improving tax revenue.

Research Objectives

The research aims to address the knowledge base of value-added tax in terms of its concept, importance, types, application mechanisms and characteristics, in addition to defining the necessary requirements for its application in the Iraqi General Tax Authority, with an indication of the impact of this on improving tax revenue.

The Importance of Research

The value-added tax is characterised by the abundance of its resources, its comprehensiveness, and the fairness of its application. This type of tax can replace production tax and sometimes sales tax.
This research seeks to study the application of this type of tax in Iraq and identify the most important results that are reached and to develop a model for their application in a manner that achieves the goals sought by the General Tax Authority.

**Research Hypotheses**

The research is based on a basic hypothesis that follows. There is a possibility to implement value-added tax in Iraq in a manner that helps in improving tax revenue.

**Research Sample**

The research will be applied in the Iraqi General Authority for Taxes for the data for the fiscal year ending on 31/12/2019 in order to demonstrate the possibility of applying the value-added tax, in addition to showing its impact on improving tax revenues and to help reduce the budget deficit and encourage investment.

**Theoretical Framework for the Research**

**The Concept of Value Added Tax**

The value-added tax is a general tax on consumption that is imposed on all money and services consumed within the territory of the state, whether it is locally manufactured or imported, with the exception of items exempt from this tax (Mokpo, 2013: 142). This tax applies to every money delivery or service offering, a compensation meeting or what is considered to be the delivery of money or the provision of services for a compensation, and every import operation, whether or not the person who undertook the import process is taxable or not subject to it. The process of handing over money or providing work services according to which the beneficiary is able to dispose of the money or service, means the owner’s disposal of his property and the final consumer will bear this tax within the price of the money delivered to him or the service provided, which is a tax imposed on the total final consumption (Ridha, et.al., 2002: 55).

It is also a tax imposed on sales of goods and services produced domestically or imported, except for what is excluded by a special provision. The value-added tax is an indirect tax on consumption that is paid to the treasury at all stages of the economic cycle. It is calculated on the selling price and covers only the added value, and that when the taxable person makes the deduction, it is obtained from the supplier’s treasury account, and the burden falls on the consumer (Jaeger & Biafra, 2014: 16).
Therefore, the value-added tax is a general tax on consumption and applies to value-added, that is, the increase that is added to the value of goods and services consumed within the territory of the state, with the exception of items exempt from this tax, whether they are produced locally or imported, and are applied at every stage of their production and circulation so that they are settled. At each stage, the tax paid in the stage that preceded it made it a non-cumulative tax (Polka, 2010: 8).

The first one to discuss the idea of added value tax was Adam Smith in 1776. According to his opinion, any of the commodities has two values; a use value which shows the ability of the commodity to satisfy the needs, or in other words the benefit of the commodity, while the second type of value is the exchange value. The commodity's ability to exchange with other commodities is known as the price, and this type is determined by objective factors specific to the market (Washita & Sancho, 2014: 48).

Regardless of the designation, this tax is not really a value-added tax. It is a tax on spending. It is calculated at all stages of production with a specific mechanism for subtracting the tax that the taxpayers paid on their purchases of goods and services in exchange for the tax imposed on their sales of goods and services. Despite the clarity of this matter, the practical applications show different coefficients according to the nature of the inputs (Nambe & Badin, 2014: 203).

**Mechanisms for Applying the Value-added Tax**

Legislation approved for the value-added tax system imposes tax on every process at any stage of production and delivery, and the imposition of the tax is by introducing the subject to its value in the price of the money and services that he delivers or provides to his customers (Gurus, 2014: 56).

1. Economic effectiveness: This tax achieves a distribution of the tax burden, as the expected revenues from it allow for an initial financial surplus that enables it to cover the cost of the public debt.
2. Tax neutrality: This tax is neutral for local or foreign products, and as such it contributes to stimulating production and is considered neutral because it adopts a single rate.
3. Regional taxation: It is applied regionally within the borders of the state. Imports are subject to taxation, in addition to that, every process of handing over money or providing a subjected service takes place within the territory of the state. As for exports outside the country’s borders, they are exempt from tax (or subject to tax at zero rate).
4. Non-cumulative tax: One of the most important advantages of this tax is that it is collected and paid in part at every stage of the economic cycle.
5. It is a tax based on the right to deduction: the tax amount is deducted from the taxpayer’s income and the net is handed over to the government periodically, in order to calculate the value of the tax due to the treasury at the end of each tax period.

**Obstacles to Implementing the Value-added Tax**

Establishing an effective tax system in developing countries faces many challenges, and obstacles to implementing VAT can be clarified through the following: (Lionel, 2008: 35-38)

1. The combination of economic systems of developing countries makes it difficult to impose and collect specific taxes, in addition to the poor management of this tax as a result of the lack of people qualified for this work and the absence or weakness of the data necessary to calculate the tax.

2. Some developing countries are characterised by the presence of small enterprises, and a modest share of wages from national income, as well as poor spending. Developing countries are also characterised by an inequity in the distribution of income, as those with high incomes are the people with influence and therefore they resist any change in the tax system if their income is affected by that.

3. Weakness in the efficiency of people working in the tax sector due to the lack of incentives for their work and the low level of wages they have, as well as the failure of institutions to keep accounting records, are all factors that make it difficult to establish an effective tax system.

Imposing a value-added tax requires preparations for a year or two at several levels, starting from any public administration to the private sector in general, while the difficulty of application lies in requiring all producers to adopt accurate and complete accounting so that everything is recorded to benefit from the tax discounts that underpin the tax (Paradises, 2004: 159).

The value-added tax, like any other tax, depends on its method of administration, and that it prepares full and accurate legislation and effective procedures if we want to achieve effective management of this tax, and the introduction of the value-added tax system requires audits different in nature and requirements than conducting tax audits and examination of a tax on income (Tony, 2006: 339).

**Requirements for Implementing the Value-added Tax in Iraq**

The success of the state in choosing the optimal tax system depends on full knowledge of the ideologies of society and all its economic, social and political conditions and the goals it seeks to achieve, and on an in-depth understanding of the scientific foundations for drawing up tax policy. Operational methods are the key to the successful management of value-added tax, as it depends
on its management method in preparing clear, complete and accurate legislation and VAT implementation procedures (Gurus, 2014: 56).

For example, the successful and modern introduction of that tax into Egyptian society created a climate rejecting the tax in that society, and relied on the most important elements which are working to find clear and flexible legislation that achieves the goals and is compatible with the economic conditions of the country. And work to create a business community that is organised (maintains regular books and records), and work to find an administrative body capable of the following: (Ford & Parrish, 2016: 9-10)

1. Full understanding of the uses of technology in all stages of work.
2. The use of the scientific method in management.
3. To instill confidence in the community through taxation, and to transform the tax institution from a collection interest to an interest that performs a service to the community.
4. Working towards finding a supportive and pro-tax public opinion.

One of the most important basic elements for the success of the implementation of value-added tax in Iraq is to undertake tax reform that aims to modernise tax administration and improve the service provided to citizens, through the following: (Harvey, et.al., 2014: 46)

1. Development of Tax Legislation.
2. Restructuring the tax administration organisation according to the categories of taxpayers and the type of services provided.
3. Introduction of mechanisation and new methods of work.
4. Accepting permits through mail and payment through commercial banks.
5. Communicating with the citizen by disseminating information and establishing units specialised in services.
6. The commitment of Ministry of Finance officials at all levels to continuously monitor the progress of work.
7. Participate in discussions with representatives of the private sector to overcome obstacles firsthand.
8. Using foreign expertise from international organisations and countries through follow-up of the latest tax creation and business development programs undertaken by the International Monetary Fund and providing financial resources to implement them, with the need to issue a unified financial number for each taxpayer (Jaeger & Biafra, 2014: 17).

Also, one of the practical considerations in designing the tax system is taking the international consensus factor in light of the increased ability of production factors to move and move, as
globalisation has made tax administration a difficult issue, and if it is not managed in a correct way it leads to revenue losses and thus the direction of homogeneity of systems has been tax (Al-Masonry, et.al., 2005: 413).

Applied Side of the Research

An Introductory Brief about the General Tax Authority

The General Tax Authority was formed from the merger of the General Income Tax Directorate responsible for implementing the Income Tax Law with the General Imports Directorate and which was applying the Real Estate Tax Law. The merger took place during the year 1982 when it applied the Income Tax Law No. 113 of 1982, and the organisational structure of the General Tax Authority consists of the following:

1. Sections: The organisational structure of the authority includes ten sections, namely the Commercial and Professions Section, the Companies Section, the Real Estate Transfer Profits Division, the Real Estate Department, the Information Department, the Audit Department, the Financial Section, the Legal Department, the Electronic Computer Division, and the Administrative Section.

2. Authority branches: The organisational structure of the General Tax Authority includes (40) tax branches distributed according to the geographical area of the city of Baghdad and its suburbs in addition to the governorates’ electronic calculation.

3. Guessing units operating in the border customs areas: It includes guessing, auditing and trust fund units. These units undertake the tax calculation of imported goods and goods according to the customs declarations, collect the estimated tax as trusts for the General Tax Authority and send the records of the trusts to the financial department at the authority’s centre for the purpose of entering them into the system of tax returns.

Implementing Value-Added Tax in the Iraqi General Tax Authority and Explaining its Impact on Improving Tax Revenue

The goods that can be subject to value-added tax in Iraq are those that negatively affect a person’s life and harm his health, as well as luxury and unnecessary goods to his life; these are subject to tax.

The added value legally charged with paying the tax amount, but in reality they add the amount of the tax to the price of selling goods so that their burden falls on the consumer, and those charged with tobacco are tobacco merchants and manufacturers, gold merchants and importers of goods
from abroad represented by some electrical appliances, luxury goods, contractors for real estate and other services and service providers.

There are two ways to calculate the value-added tax, and the taxpayer can use the method he chooses, which must show the value of the tax due in his records clearly, and these two methods can be explained through the following:

The first method: calculating the tax within the price of the good or service: when using this method, the taxable person must explain to the consumer that the price of the commodity offered includes the amount of the tax, and the net sale price and the amount of the tax must be separate in the invoice given to the customer, as well as in restrictions and accounting books. The tax is calculated as follows:

\[
\text{Tax amount} = \text{net price (Price minus deduction)} \times \text{tax rate divided by (+100 tax rate)}
\]

If the value-added tax rate is 10%, and a person purchases an electric device at a value of 400,000 dinars (including the tax amount) and benefits from a 5% discount, the value-added tax is calculated as follows:

The amount to be paid by the buyer
Less discount (400000 x 5%)
The net amounts
\times \text{Tax rate divided by (tax rate +100) 400,000 dinars (20000)}
380,000
\times 10/110
Tax on value added (the amount of tax paid by the buyer) 34,545 dinars.

The second method: calculating the tax outside the price of the good or service. This method separates the basic price of the commodity and the amount of the tax due on it, and this detail appears in the invoice and accounting books, and the tax is calculated according to this method as follows:

\[
\text{Tax amount} = \text{net price (Price minus discount)} \times \text{Tax rate divided by 100}
\]
If the value-added tax rate is 10%, and a person purchases an electric device at a value of 400,000 dinars (including the tax amount) and benefits from a 5% discount, the value-added tax is calculated as follows:

The amount to be paid by the buyer
Less discount (400000 x 5%)
The net amounts
The tax rate is 400,000 dinars
(20000)
380,000
X 10%

Tax on value added (the amount of tax paid by the buyer), 38,000 dinars.

When importing raw materials, goods, fixed assets or services for consumption within the territory of the state, the tax must be paid to customs at the point of entry to the country on the total value of the goods approved to collect the customs fee plus shipping charges and all expenses added to the price of the customs commodity plus customs duties, and that the value-added tax (VAT) value must be clearly shown in the documents for the taxable person to deduct it. Also, the expenses that the establishment spends for practising its taxable activity must be paid for and taxable, and this tax is included in the account of receivables from the value-added tax. In the event that a part of the purchased goods are returned, the seller issues a discount notice, stating the number and date of the invoice that he previously issued upon completion of the sale, and the buyer is given the value-added tax, whether the buyer is registered in the VAT or not registered therein, and the amount is reduced of total sales. And the value-added tax must be paid on the amounts paid in advance (down payment), out of the value of the goods purchased or the service provided. This is in case the goods or service have not been billed or delivered. In the event that these amounts (a deposit) were paid out of the price of a commodity delivered to the buyer or for a service that was actually performed, then the value-added tax is required on the entire good or the value of the service upon delivery that preceded the cash payment. The amounts are as insurance and are returned later. Here, no value-added tax is required, as long as the seller or service provider has not kept these amounts. When buying used goods in exchange for selling new goods, the value-added tax must be paid on the value of the used goods purchased, and it is also necessary to collect tax for new sold goods and for fixed assets: the purchase of fixed assets from a taxable person requires the imposition of a value-added tax, and at the end of the semester, the proportion of the total taxable sales from the total sales must be calculated. When the fiscal year ends, the taxable person has the right to spin off the deductible tax surplus or make an application to the competent department to recover this tax.
A table of the value-added tax paid on the purchased items can be organised from the date of 1/2/2019 to 31/3/2019 in order to determine the taxable part and the non-taxable part, and during this period there were three classes of articles subject to VAT, which are sugar and beverages that are not exempt from tax and canned foods, and the value-added tax paid on the purchased items can be explained through Table (1).

Table 1: VAT paid on items purchased from 1/2/2019 to 31/3/2019

<table>
<thead>
<tr>
<th>The ratio%</th>
<th>The tax paid</th>
<th>The non-taxable portion of the value</th>
<th>The part of the taxable value</th>
<th>Purchase value</th>
<th>For packaging</th>
<th>The quantity purchased</th>
<th>Product Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>300000</td>
<td>-</td>
<td>300000</td>
<td>Kg</td>
<td>2000</td>
<td>sugar</td>
</tr>
<tr>
<td>10%</td>
<td>-</td>
<td>-</td>
<td>1300000</td>
<td>1300000</td>
<td>Box</td>
<td>200</td>
<td>Non-exempt drink</td>
</tr>
<tr>
<td>10%</td>
<td>130000</td>
<td>-</td>
<td>400000</td>
<td>400000</td>
<td>Box</td>
<td>200</td>
<td>Canned food</td>
</tr>
<tr>
<td>Total</td>
<td>130000</td>
<td>300000</td>
<td>1700000</td>
<td>2000000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Preparing the research based on the data available in the General Tax Authority.

It is noted from the above table, that the purchase value of all items was in the amount of 2 million dinars, that the part subject to value-added tax was in the amount of 1700000 dinars, and the non-taxable part was in the amount of 300,000 dinars, thus the paid tax was in the amount of 130,000 dinars, and the sales book can be explained through Table (2).

Table 2: Sales notebook from 1/2/2019 to 31/3/2019

<table>
<thead>
<tr>
<th>Tax rate %</th>
<th>The tax collected</th>
<th>The non-taxable portion of the value</th>
<th>The part of the taxable value</th>
<th>Selling value</th>
<th>Customer names</th>
<th>Docume number or invoice number</th>
<th>Document history or Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>31500</td>
<td>-</td>
<td>31500</td>
<td>Ahmed Ali</td>
<td>1</td>
<td>2019/2/17</td>
</tr>
<tr>
<td>10%</td>
<td>20000</td>
<td>-</td>
<td>200000</td>
<td>200000</td>
<td>Ala'a Moham mad</td>
<td>2</td>
<td>2019/2/22</td>
</tr>
<tr>
<td>10%</td>
<td>6000</td>
<td>-</td>
<td>60000</td>
<td>60000</td>
<td>Nour Rashid</td>
<td>3</td>
<td>2019/2/28</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>58500</td>
<td>-</td>
<td>58500</td>
<td>Salah Thaer</td>
<td>4</td>
<td>2019/3/12</td>
</tr>
</tbody>
</table>
It is clear from the above table that the tax collected was 84,000 dinars and is derived from the operations that took place on 22/2 and 28/2 and 18/3 and 25/3 of the year 2019, where the taxable amount for these documents was 840,000 dinars and the tax rate is 10%.

22/2/2019:
28/2/2019:
18/2/2019:
25/2/2019: 200000 x 10% = 20,000 dinars
60000 x 10% = 6000
1800000 x 10% = 18000
400000 x 10% = 40,000
840000 dinars

The value added tax collected on items sold from 1/2/2019 to 31/3/2019 can be illustrated through Table (3).

**Table 3: VAT collected on items sold from 1/2/2019 to 31/3/2019**

<table>
<thead>
<tr>
<th>The ratio%</th>
<th>The tax collected</th>
<th>Part of the value not subject</th>
<th>The part of the taxable value</th>
<th>Selling value</th>
<th>The packaging</th>
<th>The quantity sold</th>
<th>Product Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>90000</td>
<td>-</td>
<td>90000</td>
<td>Kg</td>
<td>400</td>
<td>sugar</td>
</tr>
<tr>
<td>10%</td>
<td>-</td>
<td>-</td>
<td>600000</td>
<td>600000</td>
<td>Box</td>
<td>60</td>
<td>Non-exempt drink</td>
</tr>
<tr>
<td>10%</td>
<td>60000</td>
<td>-</td>
<td>240000</td>
<td>240000</td>
<td>Box</td>
<td>80</td>
<td>Canned food</td>
</tr>
<tr>
<td>60000</td>
<td>90000</td>
<td>840000</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Preparing the research based on the data available in the General Tax Authority.
It is clear from the above table that the tax collected was in the amount of 60,000 dinars, as the taxable part was in the amount of 840,000 dinars and the non-taxable part was in the amount of 90,000 dinars, and accounts for value-added tax can be set during the research year through the following:

1. Purchases: The total balance of the account of purchased goods exempt from tax plus the balance of the account of purchased goods recovered from the tax amounting to 2 million dinars (1700000 + 300000) is compared with the total value of the purchase in the purchase book with the total value of the items purchased in the item card.

2. Recovered Tax: The total amount of the VAT account balance of 17,000 dinars is compared to the sum of the recoverable tax value in the purchase book with the sum of the recoverable tax value in the item card, and therefore the amount of 17,000 dinars must be present in the three comparative documents.

3. Sales: The total balance of the account of goods sold tax-exempt, plus the balance of the tax-accounted goods account of 930,000 (840,000 + 90,000), is compared with the total value of sales in the sales book with the total value of items sold, and therefore the amount of 465,000 dinars must be present in the three comparative documents.

4. Collected Tax: The total account balance of the tax collected / sales of goods and packages of 84,000 dinars is compared to the sum of the value of the tax collected in the sales book with the sum of the value of the tax collected in the item card, and therefore the amount of 84,000 dinars must be present in the three comparative documents.

The value-added tax that must be paid, refunded (or recycled) from 1/2/2019 to 31/3/2019 can be clarified through Table (4).

<table>
<thead>
<tr>
<th>Tax difference</th>
<th>The tax collected</th>
<th>Selling value</th>
<th>The ratio %</th>
<th>The tax paid</th>
<th>Purchase value</th>
<th>The remaining quantity</th>
<th>The quantity sold</th>
<th>The quantity purchased</th>
<th>Product Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ 860000</td>
<td>84000</td>
<td>930000</td>
<td>≥ 170000</td>
<td>2000000</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>≥ 16000</td>
<td>24000</td>
<td>240000</td>
<td>10%</td>
<td>400000</td>
<td>120</td>
<td>80</td>
<td>200</td>
<td></td>
<td>Canned food</td>
</tr>
<tr>
<td>&lt; 16000</td>
<td>240000</td>
<td>24000</td>
<td>10%</td>
<td>40000</td>
<td>120</td>
<td>80</td>
<td>200</td>
<td></td>
<td>Non-exempt drink</td>
</tr>
<tr>
<td>&lt; 70000</td>
<td>60000</td>
<td>600000</td>
<td>10%</td>
<td>130000</td>
<td>140</td>
<td>60</td>
<td>200</td>
<td></td>
<td>sugar</td>
</tr>
<tr>
<td>&lt; 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>300000</td>
<td>1600</td>
<td>40</td>
<td>2000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Source: Preparing the research based on the data available in the General Tax Authority.
It is clear from the above table that the value of purchasing the items in question was at the amount of 2,000,000 dinars, the tax paid was at the amount of 170,000 dinars, and the value of the sale amounted to 93,000 dinars, and the tax collected was at 84,000 dinars, thus the difference between the tax paid and the tax collected is 86,000 dinars (170000 - 84000), and the value added tax due for the treasury from 1/2/2019 to 31/3/2019 can be illustrated through table (5).

Table 5: VAT due for the treasury from 1/2/2019 to 31/3/2019

<table>
<thead>
<tr>
<th>Operation type</th>
<th>تحميلة الضريبة</th>
<th>الضريبة المدفوعة</th>
<th>الضريبة بعد فرض الضريبة</th>
<th>تمادى الضريبة</th>
<th>Tax due for the treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Import goods</td>
<td>20000</td>
<td>-</td>
<td>220000</td>
<td>20000</td>
<td>Tax payable by the importer on import: 20000</td>
</tr>
<tr>
<td>Collected Tax: 24000</td>
<td>24000</td>
<td>20000</td>
<td>264000</td>
<td>240000</td>
<td>Paid tax: 20,000</td>
</tr>
<tr>
<td>Tax on the importer: 2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collected tax: 25400, Paid tax: 24000, Tax on wholesaler: 1400</td>
<td>25400</td>
<td>24000</td>
<td>279400</td>
<td>354000</td>
<td>A wholesaler sells goods to a single dealer</td>
</tr>
<tr>
<td>Collected Tax: 27,000 Tax Paid: 25,400 Tax on Single Trader 1600</td>
<td>27000</td>
<td>25400</td>
<td>297000</td>
<td>270000</td>
<td>The retailer sells goods to the consumer</td>
</tr>
</tbody>
</table>

Source: Preparing the research based on the data available in the General Tax Authority.

Based on the foregoing, it can be said that there is a possibility to apply value-added tax in the Iraqi General Tax Authority by providing the necessary requirements to apply it in a manner that helps in improving tax revenue, and thus the research hypothesis has been proven.

Conclusions and Recommendations

Conclusions

During this research, a set of conclusions were reached, as follows:

1. Value Added Tax is a tax on the consumption of goods and the performance of services, which is collected at every stage of the economic cycle, with the exception of items exempt from them.
2. The implementation of the value-added tax in Iraq is a subject of controversy, as some consider it a fair tax that includes all economic activities, while others see it as difficult to achieve and that it affects local production and productive sectors.
3. The introduction of the value-added tax in Iraq can be considered a good tax reform in order to provide a tax resource that replaces the customs fees that the state collects from importers of goods through its border outlets. It provides an abundant and regular tax revenue.

4. Weak tax awareness does not enable tax assessors to perform the assessment procedures, as well as their lack of knowledge of tax legislation and specific accounting records for that.

5. There is a possibility to implement value-added tax in Iraq, and it can also be considered a good tax reform in order to provide an abundant and regular tax resource.

**Recommendations**

Based on the conclusions reached, the research recommends the following:

1. Carry out tax reform to modernise the tax administration by taking the value-added tax administration with the most recent foundations of management in terms of organisation, planning, and human resource preparation.

2. Choosing the appropriate time to apply that tax in a way that does not lead to an increase in the recession or economic inflation problem that our national economy suffers from.

3. Create an organisational structure based on the job (organising the tax administration according to the categories of taxpayers and the type of services provided) as it is one of the important steps for tax administration reform, which will allow it to use an integrated method in dealing with taxpayers.

4. Adopting a system of self-assessment in order to enhance confidence between the taxpayer, the tax administration and the creation of tax awareness. Tax deduction will only take place if the taxpayer establishes his priorities.

5. Prepare the value-added tax law, including the necessary clarifications on the entitlement and collection of the tax, and determine the money and things that are exempt from it, with the necessity of adopting a single tax rate, to ensure ease and accuracy of application and to prevent due diligence in interpretation.
REFERENCES


