

# LEGAL EXEMPTIONS AND THEIR COMPATIBILITY WITH TAXPAYERS' INCOMES AND THEIR IMPACT ON TAX REVENUES (APPLIED RESEARCH ON A SAMPLE OF THE FACULTY OF HUMAN EDUCATION)

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## ABSTRACT

*The study aimed to identify the legal exemptions as exemptions of a personal nature. These exemptions are granted pursuant to the personal tax principle that takes into account the personal circumstances and family considerations that provide the minimum living standards and family burdens for the taxpayer, whether he is single or married, and these tax exemptions are one of the important means to raise the volume of tax revenues,*

*The results of the study showed that the application of legal (personal) exemptions participates in embodying one of the pillars of the justice base in a way that reduces psychological pressure on the taxpayer and increases his conviction, awareness, and duty to pay the tax, which generates positive behavioral patterns that prevent him from attempting tax evasion, and this leads to regular revenue flows Tax to finance the state treasury*

*The study recommended that the tax legislator establish legislation and laws that determine the amount of exemptions granted to taxpayers that keep pace with changes in economic and social conditions that take into consideration the considerations of achieving tax justice.*

**Keywords:** Legal Permits, Taxpayer, Tax Objectives, Tax Revenues

## INTRODUCTION

Taxes are an effective tool that the state uses to obtain the revenues necessary to cover its expenditures by distributing public burdens on its citizens residing on its land, and accordingly the tax must be fair so that it does not lead to a change in the social and economic life of the citizen as the tax is deducted from the citizen's income Which affects the level of income on which that tax is imposed, and from the aspect of applying the principles of justice in general and tax justice in particular, it is necessary to take into

account the personal circumstances surrounding the taxpayers who are obligated to pay the tax, given that the state is not only responsible for legislating tax laws and obligating those who pay it to achieve revenues. It also requires the state to legislate laws that lead to the provision of an appropriate environment, and among the requirements of that environment is the personal exemptions granted to the taxpayers in which the circumstances and family burdens of the taxpayer are taken into account, the assignment capacity of each taxpayer and the necessary income to meet the basic needs of the taxpayer and to meet his spending needs for him and his family if he finds a dependable person. And the development of economic development by achieving revenues that help finance the general budget for the country all from the other hand.

### **Research Problem**

The problem of the study is represented in instability in granting legal exemptions on income tax under the Income Tax Law No. (113) of 1982 and its amendments in a way that makes it not commensurate with the economic and social variables and the taxpayer's income level, which leads to the failure to achieve the principle of justice in imposing income tax and the effect of this in not creating and developing the conviction of the taxpayer to pay the tax directly and reducing the motives for evasion, thus achieving regularity of tax revenue streams.

### **Research Importance**

The importance of the study is highlighted through the following aspects:

- The importance of the legal exemptions granted by the tax legislator and their positive role in creating a sense of justice for the taxpayer, encouraging him to pay the tax, not evading it, and providing revenues for the state.
- The importance of tax revenues in general, the tax revenue collected directly, and its role in supplying the state's public treasury and covering its expenses.

### **Research Objectives**

The research aims to achieve the following:

- Explaining the importance of the exemptions stipulated in the Income Tax Law and their suitability for tax justice.
- A statement of the effect of the legal exemptions on tax revenues.
- A statement of the reasons for granting legal permits and their role in achieving the goal that led to their granting to the taxpayers.

## **Research Hypothesis**

The study has a hypothesis and one is that the instability in granting legal exemptions over the incomes of taxpayers has an impact on tax revenues.

## **Study Population and Sample**

A sample of the affiliates of the College of Education for Human Sciences/Diyala University for the period (2014-2018) was selected for the purpose of studying it and reviewing the reality of legal exemptions during this period.

## **LITERATURE REVIEW**

- A study of Yaba & Amin (2018), the study aimed to identify the importance of tax exemptions and their compatibility with economic and political variables. It reached a set of results, the most important of which is that the legal exemptions, including the family, are monetary amounts that the tax legislator gives to the taxpayer according to the law. A set of recommendations, the most important of which is the need to adhere to the imposition of the tax, taking into account the reduction in the tax rate and its consistency with the exemptions granted.
- The study of Al-Baghdadi & Sindo (2013). Tax prices are one of the important means in increasing the tax revenue. The study points to the need to expand tax revenues due to their importance in financing the state's general budget.

## **The Theoretical Side**

### **The Concept of Legal Exemptions, Types and Conditions for Imposing them**

#### **The Concept of Legal Exemptions**

It is a legal term used by the income tax law legislator and called on personal exemptions, which are the amounts that the project allows to deduct from the income of the individual taxpayer before calculating the tax on him. The reason for giving this exemption is that the individual taxpayer bears personal costs, which are the sums that the taxpayer spends on his and his family's livelihood (Ramadan, 2002, p. 469), and legal exemptions are defined as a set of discounts and exemptions granted to personal income (Bessho & Hayashi, 2013). The personal needs necessary for the taxpayer, and since the personal needs are many and varied, the tax legislation has taken to determine the minimum or necessary for living and it is sometimes called (the subsistence limit) and includes the minimum expenses That which is spent on food, drink, clothing and housing, and there are considerations that must be taken into account when imposing the tax, and these considerations include:

- In exchange for the burden of living, the individual bears many burdens as a result of price fluctuations and highs, which leads to an increase in the expense of the taxpayer, so taxes are not imposed until after the taxpayer's income exceeds a certain minimum, meaning that the tax is imposed on the net income after this minimum is subtracted.

- In contrast to the family burdens, the costs of a single are different from the costs of a married person, and the costs of a married person who has children differs from a married person who has no children. Tax justice necessitates a distinction in treatment between these groups. Tax justice imposes equality in sacrifice in the sense of not only taking into account the amount of income, but taking into account his true cost-effective capacity (Al-Rahimi, 2017, p.13).

## **Types of Legal Exemptions**

Article (12) of Income Tax Law No. 113 of 1982 amending has stipulated the following exemptions: (Yaba & Amin, 2018, p. 335)

### **Charged Self-Exemptions**

It is the exemption decided upon for the taxpayer himself and it is determined on the basis of his condition for a year that is achieved regardless of his gender, age or description, so the taxpayer benefits from it, whether a male or female young or old, single or married, but the tax legislator tends to differentiate in the amount of self-exemption according to a purpose that occurs to the description of the taxpayer Where it grants a self-exemption to the widow and divorced more than the self-exemption to the rest of the taxpayer, out of appreciation for the reasons for widowhood and the circumstances of the widow and divorced.

### **Marital Exemption**

The legislator decided to allow the wife to be granted to her husband as compensation for the burdens achieved in the case of marriage, and the reason behind this exemption is to achieve justice by providing for the obligated to face the burdens and requirements of marital life.

### **Children Exemption**

Fanon adopted the income tax naming the children to include the son and the girl with a exemption granted to the costs of the family breadwinner and did not include a specific number, but whatever the number of children the assigned parent enjoys for them and according to their conditions, and the reason behind this type of exemption is to achieve justice by reducing the burdens on the fathers on their children.

## **Exemptions for Widowed or Divorced Women**

It is the exemption that is granted for a circumstance that occurs to the description of the taxpayer, whereby it grants self-exemption to the widow and divorced in excess of the self-exemption for the rest of the taxpayer, in appreciation of the reasons for widowhood and the circumstances of the widow and divorced.

### **Exemption Aging**

It is an additional exemption for every taxpayer over the age of sixty-three years of age and the reason for granting this exemption in order to provide for the taxpayer from the requirements of good health and nutrition services, because he may be exposed to emergency or chronic diseases (Al-Ghaly, 2002: 84).

### **Non-Iraqi Exemption upon Residence**

A non-Iraqi is granted, in cases where he is legally considered a resident for the purposes of income tax, the legal exemptions to the extent of the number of months in which he resides in Iraq. With the exception of people who are contracted by the Iraqi government or used to teach for an academic year, they are granted full exemption (Shaheen, 2013: 69).

### **Conditions for Granting Legal Exemptions**

In order for the taxpayer to be granted legal exemption before being subject to income tax, the following conditions are met:

- If the person in charge is a person or a joint partner:
- The exemption decided by the Iraqi tax law is for the natural person (individuals), and by that the moral persons graduate from the various funds and endowment companies and institutions and the permitting of these natural persons is linked to their existence in their own right and with their actualized entry and ends with the end of their lives and benefits from the rule of individuals in companies of solidarity, simple and individual project, and because the ruling The partner in people's companies is the ruling of the individual trader. He has the legal permissibility that he deserves according to the law. As for the shareholders in companies, the funds do not enjoy the exemption because the tax is linked and imposed in the name of the company as a legal personality. Therefore, the tax legislator does not care about the personality of the shareholder partners. Their financial receivables are considered part of the company's owed, and paying the tax falls on their shoulders and not on the company (Kadawi, 2008: 48).
- The taxpayer must be residing in Iraq.

- Persons who enjoy exemption are supposed to be residing in Iraq and the conditions of exemption are applied and non-resident people leave for considerations represented that the latter does not bear anything from the obligations imposed by the tax legislator, and therefore does not have the right to benefit from the benefits prescribed for the resident person and because the exemption is an aid to the resident on the cost of life and compensation Because of the effort and risks incurred to obtain income, the taxpayer takes into account the resident, his civil status, his family burdens, and the minimum standard of living for his family (Amin, 1997: 120).
- That the individual is granted legal exemption once, regardless of the number of sources of his income for each estimated year, based on his status in the year of income stars (Ramadan, 2001: 471) (Table 1).

Slides	Amount From - To (In Iraqi Dinars)	percentage
The first slide	1 up to 250,000	3%
Second slide	250,000 to 500,000	5%
The third slide	500,000 to 1,000,000	10%
Fourth slide	1,000,000 or more	15%

No. 113 of 1982 Law Income Tax Source: Prepared by researchers based on

<b>The Condition Of The Taxpayer</b>	<b>Annual Exemption</b>
A single employee who is widowed, divorced, or married, whose wife's income is independently controlled	2500000 dinars
The employee is married and his wife, a housewife or female employee married and her husband is unemployed or retired and has no income subject for z suspicion after that support it from a branch of the General Authority for taxes (and depending on the geographical area) at the request of the integration of inputs during the period of progress starting from the first day until the atheist thirty of the month as the Wen Olathe that the fiscal year of the same	4500000 dinars
Employee married and her husband is unable to work and has no subject to income tax after that support it from a branch of the General Authority for taxes) and depending on the geographical area) on the progress the integration of inputs during the period of application starting from the first day until today atheist thirty of the month as the Wen Olathe to me From the same fiscal year and the deficit is supported by a specialized medical committee	5000000 dinars

An independent widowed or divorced employee	3200000 dinars
Allowing additional employee whose age exceeds 63 years	300000 dinars
Allow the children of employees who are entitled to legal exemption , and for each child, regardless of their number	200000 dinars

Source: Researchers count based on Income Tax Law No. 113 of 1982

## The Practical Side

### About the Direct Withholding Tax

The tax is imposed by the method of direct deduction on the affiliates, whether it is male or female, and the term affiliated has been defined by the legislator as follows: Everyone who works for a wage or with a salary for everyone who works in state departments, the public sector, the mixed sector, the private sector, where the following must be noted When performing the tax deduction process from the income of affiliates:

- **The Affiliate (Male):** the tax is imposed in his name and deductions from it are the deductions and exemptions for him, his wife and children, as described in the next chapter
- **Affiliated (Female):** If you are not married, then the tax is imposed on her income and the deductions and exemptions are deducted as it is costly by itself, but if you are married, it is imposed on her if her income is not combined with her husband's income, or the tax is imposed in the name of her husband with the combination of her income with her husband's income.
- The tax is imposed on the income of a resident associate who gets it in or outside Iraq, regardless of where it was received.
- The tax is imposed on the income of a non-resident affiliated in Iraq, and we do not impose on the income generated by him outside Iraq.
- The tax is imposed on the income of a child who has not reached the age of eighteen years as follows:
  - If he was not married and lost his parents, he is considered an independent taxpayer by himself and the tax is assessed in the name of the guardian or trustee.
  - If he is not married and his parents are still alive, his income is added to his father's income and the tax is assessed in the name of the father.
  - If he is not married and his father is deceased and his mother is alive, he is considered an independent taxpayer by himself and the tax is assessed in the name of the mother, guardian or custodian.
  - If he was married, he is treated as an independent taxpayer by himself and the tax is assessed in his name.

## The Mechanism for Computing Income Tax on the Income of the Taxpayers According To Direct Deduction

To him, the income tax is calculated on the income of the taxpayers according to the instructions and laws issued, including the Income Tax Law No. (113) of 1982, as amended according to the following: -

- Total annual income of the taxpayer (salary \* 12 months).
- (-) Including retirement exemptions amounting to 10% of the set of inputs.
- (-) Including the total legal exemptions stipulated in the Income Tax Law No. 113 of 1982 as amended and according to what was mentioned in Table No. (2)
- (=) Taxable income (which is the income on the basis of which the tax due will be calculated) Where the tax will be calculated based on the tax rates shown in Table No.(1)

### The Research Sample

Researchers took a sample from the salaries of the faculty of human education for the purpose of measuring the extent of change in the tax exemptions granted to them under the Income Tax Law No. 113 of 1982 amending the amount of income tax and its impact on tax revenues.

**Table 3**  
**COMPARATIVE ANALYSIS OF THE AMOUNTS OF TAX WITHHELD FROM EMPLOYEES FOR THE YEAR 2014**

No.	Employee Name	His total annual income	Reducing pension contributions	Social status	Allow marital status	Allow kids	Taxable income	annual tax amount	amount of the monthly tax
1	X1	11,616,000	1,161,600	Her husband is married to worker (husband)	2,500,000	0	7,954,400	1,113,100	92,763
2	X2	12,096,000	1,209,600	Married, the wife is a housewife	4,500,000	0	6,386,400	877,960	73,163
3	X3	9,708,000	970,800	Married, the wife is a housewife	4,500,000	200,000	4,037,200	525,580	43,798
4	X4	10,116,000	1,011,600	Married, the wife is a housewife	4,500,000	400,000	4,204,400	550,660	45,888
5	X5	6,348,000	634,800	Married,	4,500,000	400,000	813,200	51,320	4,267



		0		the wife is a housewife					
6	X6	10,320,000	1,032,000	Married, the wife is a housewife	4,500,000	800,000	3,988,000	518,200	41,318
7	X7	6,588,000	658,800	He is married and the wife is an employee	2,500,000	0	3,429,200	434,380	36,198
8	X8	3,840,000	384,000	She is married and the husband is an employee	2,500,000	0	956,000	54,300	4,525
9	X9	13,056,000	1,305,600	He is married and the wife is an employee	2,500,000	400,000	8,850,400	1,247,560	103,963
10	X10	13,536,000	1,353,600	He is married and the wife is an employee	2,500,000	600,000	9,082,400	1,282,360	106,863
11	X11	6,468,000	646,800	He is married and the wife is an employee	2,500,000	600,000	2,721,200	328,180	27,348
12	X12	6,708,000	670,800	He is married and the wife is an employee	2,500,000	800,000	2,737,200	330,580	27,548
13	X13	5,820,000	582,000	widow	3,200,000	0	2,038,000	225,700	18,808
14	X14	4,980,000	498,000	Divorced	3,200,000	0	1,282,000	112,300	9,358
15	X15	11,136,000	1,113,600	Unmarried	2,500,000	0	7,522,400	1,048,360	87,363

Source: Preparation of researchers based on personnel data for the year 2014

We note from the analytical table no. (3) due to the failure to approve the budget of Iraq for the year 2014 due to the circumstances it went through represented by the war against terrorist organizations, which tried to control some Iraqi provinces, and the government at that time was forced to search for other sources in order to finance the state's general budget and maximize its resources In order to cover the expenses costed by this war and to continue managing the state's utilities and from these sources that the state has worked to maximize are tax revenues. Therefore, the state resorted to reducing the tax exemptions granted to taxpayers in order to maximize its resources from one of its sovereign sources, which is direct deduction taxes, but there is no doubt that the exemptions Taxation has an impact on the taxpayer and the tax administration, as the exemptions affect the taxpayer partially, and the society as a whole through creating, developing and convincing the taxpayer to pay direct tax and reducing the process of evading it, as tax exemptions form a corner of the pillars of achieving tax justice (equality), relieving pressure on him and increasing his awareness And his duty to pay tax and his belief in tax justice.

**Table 4**  
**COMPARATIVE ANALYSIS OF THE AMOUNTS OF TAX WITHHELD FROM EMPLOYEES FOR THE YEAR 2015**

No .	Employee Name	His total annual income	Reducing pension contributions	Social status	Allow marital status	Allow kids	Taxable income	annual tax amount	amount of the monthly tax
1	X1	11,856,000	1,185,600	Her husband is married to a worker(employ ee)	2,500,000	0	8,170,400	1,145,560	95,463
2	X2	13,296,000	1,329,600	Married, the wife is a housewife	4,500,000	0	7,466,400	1,093,960	91,163
3	X3	9,912,000	991,200	Married, the wife is a housewife	4,500,000	200,000	4,220,800	553,120	46,093
4	X4	10,320,000	1,032,000	Married, the wife is a housewife	4,500,000	400,000	4,388,000	578,200	48,183
5	X5	6,468,000	646,800	Married, the wife is a housewife	4,500,000	400,000	921,200	62,120	5,177
6	X6	10,524,000	1,052,400	Married, the wife is a housewife	4,500,000	800,000	4,171,600	545,740	45,478
7	X7	6,708,000	670,800	He is married and the wife is an employee	2,500,000	0	3,537,200	450,580	37,548

8	X8	4,344,000	434,400	She is married and the husband is an employee	2,500,000	0	1,409,600	131,440	10,953
9	X9	13,296,000	1,329,600	He is married and the wife is an employee	2,500,000	400,000	9,066,400	1,279,960	106,663
10	X10	13,776,000	1,377,600	He is married and the wife is an employee	2,500,000	600,000	9,298,400	1,314,760	109,563
11	X11	6,588,000	658,800	He is married and the wife is an employee	2,500,000	600,000	2,829,200	344,380	28,698
12	X12	6,828,000	682,800	He is married and the wife is an employee	2,500,000	800,000	2,845,200	346,780	28,898
13	X13	5,904,000	590,400	widow	3,200,000	0	2,113,600	289,057	24,088
14	X14	5,148,000	514,800	Divorced	3,200,000	0	1,433,200	134,980	11,248
15	X15	11,376,000	1,137,600	Unmarried	2,500,000	0	7,738,400	1,080,760	90,063

Source: Preparation of researchers based on employees data for the year 2015

As for the legal exemptions granted to the taxpayers for the year 2015, the state continued to reduce them as in the year 2014 due to the state's need for revenues to cover its expenditures due to the continuing war against terrorist organizations, and this is what the taxpayer considered a burden on his shoulders and deducted part of his income, and his lack of satisfaction and tax justice, as a result Lack of tax awareness among the taxpayer, and not feeling the importance of his contribution to a part of his income in financing the public expenditures of the state, as he has a feeling that it is not logical to give a exemption for himself that does not exceed the average monthly cost or sufficient for the cost of baby milk for a month.

**Table 5**  
**COMPARATIVE ANALYSIS OF THE AMOUNTS OF TAX WITHHELD FROM EMPLOYEES FOR THE YEAR 2016**

No.	Employee Name	His total annual income	Reducing pension contributions	Social status	Allow marital status	Allow kids	Taxable income	annual tax amount	amount of the monthly tax
1	X1	12,096,000	1,209,600	Her husband is married to a worker(employee)	3,125,000	0	7,761,400	1,084,210	90,351
2	X2	13,536,000	1,353,600	Married, the wife is a housewife	5,635,000	0	6,547,400	902,110	75,176
3	X3	10,116,000	1,011,600	Married, the wife is a housewife	5,635,000	300,000	3,169,400	395,410	32,951

4	X4	10,524,000	1,052,400	Married, the wife is a housewife	5,635,000	600,000	3,236,600	405,490	33,791
5	X5	6,588,000	658,800	Married, the wife is a housewife	5,635,000	600,000	-305,800	0	0
6	X6	10,524,000	1,052,400	Married, the wife is a housewife	5,635,000	1,200,000	2,636,600	315,490	26,291
7	X7	6,828,000	682,800	He is married and the wife is an employee	3,125,000	0	3,020,200	373,030	31,086
8	X8	4,416,000	441,600	She is married and the husband is an employee	3,125,000	0	849,400	49,940	4,162
9	X9	13,536,000	1,353,600	He is married and the wife is an employee	3,125,000	600,000	8,457,400	1,188,610	99,051
10	X10	14,016,000	1,401,600	He is married and the wife is an employee	3,125,000	900,000	8,589,400	1,208,410	100,701
11	X11	6,708,000	670,800	He is married and the wife is an employee	3,125,000	900,000	2,012,200	221,830	18,486
12	X12	6,948,000	694,800	He is married and the wife is an employee	3,125,000	1,200,000	1,928,200	209,230	17,436
13	X13	5,988,000	598,800	widow	4,000,000	0	1,389,200	128,380	10,698
14	X14	5,232,000	523,200	Divorced	4,000,000	0	708,800	29,580	2,465
15	X15	11,616,000	1,161,600	Unmarried	3,125,000	0	7,329,400	1,019,410	84,951

Source: Preparation of researchers based on employee data for the year 2016

Based on the foregoing, it is evident through Table No. (5) That the state has learned of increasing tax exemptions for taxpayers, which led to a reduction in the tax deduction that the taxpayer bears. This procedure creates a feeling for the taxpayer to achieve tax justice, but we will negatively affect the tax administration by affecting tax revenues in The long-term fact that when the state imposes taxes and determines the tax exemptions, we find that it is based on the political factor or based on a strategy that is far from tax policy, and is not based on economic feasibility criteria, and economic and financial policy programs.

**Table 6**  
**COMPARATIVE ANALYSIS OF THE AMOUNTS OF TAX WITHHELD FROM EMPLOYEES FOR THE YEAR 2017**

No.	Employee Name	His total annual income	Reducing pension contributions	Social status	Allow marital status	Allow kids	Taxable income	annual tax amount	amount of the monthly tax
1	X1	12,336,000	1,233,600	Her husband is married to a worker(employee)	2,500,000	0	8,602,400	1,210,300	100,858
2	X2	13,776,000	1,377,600	Married, the wife is a housewife	4,500,000	0	7,898,400	1,104,760	92,063
3	X3	10,320,000	1,032,000	Married, the wife is a housewife	4,500,000	200,000	4,588,000	608,200	50,683
4	X4	10,728,000	1,072,800	Married, the wife is a housewife	4,500,000	400,000	4,755,200	633,280	52,773
5	X5	6,708,000	670,800	Married, the wife is a housewife	4,500,000	400,000	1,137,200	90,580	7,548
6	X6	10,728,000	1,072,800	Married, the wife is a housewife	4,500,000	800,000	4,355,200	573,280	47,773
7	X7	6,828,000	682,800	He is married and the wife is an employee	2,500,000	0	3,645,200	466,780	38,898
8	X8	4,488,000	448,800	She is married and the husband is an employee	2,500,000	0	1,539,200	150,880	12,573
9	X9	13,776,000	1,377,600	He is married and the wife is \an employee	2,500,000	400,000	9,498,400	1,344,760	112,063
10	X10	14,256,000	1,425,600	He is married and the wife is an employee	2,500,000	600,000	9,730,400	1,379,560	114,963
11	X11	6,828,000	682,800	He is married and the wife is an employee	2,500,000	600,000	3,045,200	376,780	31,398
12	X12	7,068,000	706,800	He is married and the wife is an employee	2,500,000	800,000	3,061,200	379,180	31,598
13	X13	6,108,000	610,800	widow	3,200,000	0	2,297,200	264,580	22,048
14	X14	5,316,000	531,600	Divorced	3,200,000	0	1,584,400	157,660	13,138
15	X15	11,856,000	1,185,600	Unmarried	2,500,000	0	8,170,400	1,145,560	95,463

Source: Preparation of researchers based on employee data for the year 2017

We note from Table (6) that the state worked to reduce tax exemptions after the approval of the 2017 budget, noting that it increased these exemptions in 2016 after the end of the war against terrorist organizations. High state expenditures and budget deficits,

so the state resort to this measure, as the tax performs its economic function when it contributes to public revenues and the expansion of tax deduction.

**Table 7**  
**COMPARATIVE ANALYSIS OF THE AMOUNTS OF TAX WITHHELD FROM EMPLOYEES FOR THE YEAR 2018**

No.	Employee Name	His total annual income	Reducing pension contributions	Social status	Allow marital status	Allow kids	Taxable income	annual tax amount	amount of the monthly tax
1	X1	12,576,000	1,257,600	Her husband is married to a worker(employee)	2,500,000	0	8,818,400	1,242,760	103,563
2	X2	14,016,000	1,401,600	Married, the wife is a housewife	4,500,000	0	8,114,400	1,137,160	94,763
3	X3	10,524,000	1,052,400	Married, the wife is a housewife	4,500,000	200,000	4,771,600	635,740	52,978
4	X4	10,932,000	1,093,200	Married, the wife is a housewife	4,500,000	400,000	4,938,800	660,820	55,068
5	X5	6,828,000	682,800	Married, the wife is a housewife	4,500,000	400,000	1,245,200	106,750	8,896
6	X6	10,932,000	1,093,200	Married, the wife is a housewife	4,500,000	600,000	4,738,800	630,820	52,568
7	X7	6,948,000	694,800	He is married and the wife is an employee	2,500,000	0	3,753,200	482,980	40,248
8	X8	4,560,000	456,000	She is married and the husband is an employee	2,500,000	0	1,604,000	160,600	13,383
9	X9	14,016,000	1,401,600	He is married and the wife is an employee	2,500,000	400,000	9,714,400	1,377,160	114,763
10	X10	14,496,000	1,449,600	He is married and the wife is an employee	2,500,000	600,000	9,946,400	1,411,810	117,651
11	X11	6,948,000	694,800	He is married and	2,500,000	600,000	3,153,200	392,980	32,748

				the wife is an employee					
12	X12	7,188,000	718,800	He is married and the wife is an employee	2,500,000	800,000	3,169,200	392,380	32,698
13	X13	6,228,000	622,800	widow	3,200,000	0	2,405,200	280,780	23,398
14	X14	5,400,000	540,000	Divorced	3,200,000	0	1,660,000	169,000	14,083
15	X15	11,856,000	1,209,600	Unmarried	2,500,000	0	8,386,400	1,177,960	98,163

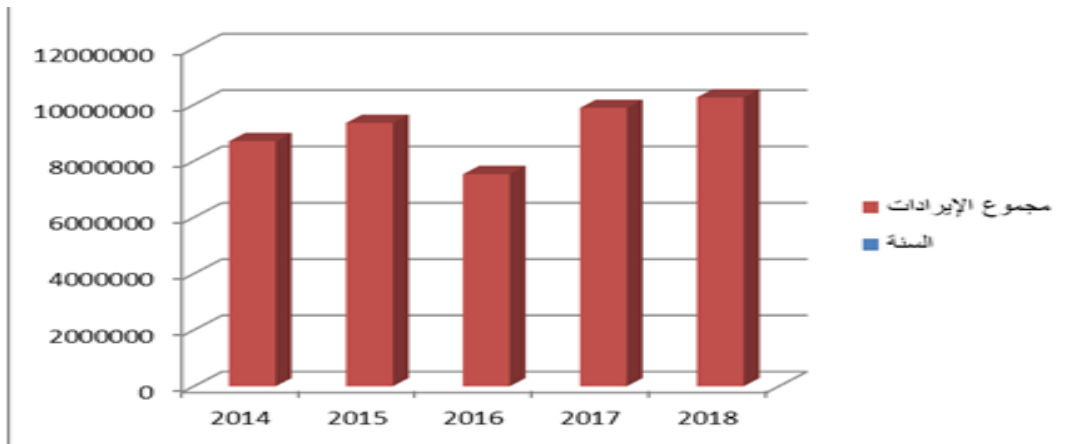
Source: Preparation of researchers based on employee data for the year 2018

From Table No. (7) it appears that the state has continued to reduce the tax exemptions granted to the taxpayer under the amended Income Tax No. Its specified time in a manner that helps it regularize tax revenue streams to finance the state's general budget.

Based on the foregoing, it is clear from the following table that the change in the legal exemptions granted to the taxpayer has been affected by tax revenues, and their reflection on the behavior of the taxpayer.

No.	Employee Name	2014	2015	2016	2017	2018
1	X1	1,113,100	1,145,560	1,084,210	1,210,300	1,242,760
2	X2	877,960	1,093,960	902,110	1,104,760	1,137,160
3	X3	525,580	553,120	395,410	608,200	635,740
4	X4	550,660	578,200	405,490	633,280	660,820
5	X5	51,320	62,120	0	90,580	106,750
6	X6	518,200	545,740	315,490	573,280	630,820
7	X7	434,380	450,580	373,030	466,780	482,980
8	X8	54,300	131,440	49,940	150,880	160,600
9	X9	1,247,560	1,279,960	1,188,610	1,344,760	1,377,160
10	X10	1,282,360	1,314,760	1,208,410	1,379,560	1,411,810
11	X11	328,180	344,380	221,830	376,780	392,980
12	X12	330,580	346,780	209,230	379,180	392,380
13	X13	225,700	289,057	128,380	264,580	280,780
14	X14	112,300	134,980	29,580	157,660	169,000
15	X15	1,048,360	1,080,760	1,019,410	1,145,560	1,177,960
Total		8,700,540	9,351,397	7,531,130	9,886,140	10,259,700

Source: Prepared by researchers based on employee salaries data during the period from 2014-2018



**FIGURE 1**  
**EVOLUTIONARY ANALYSIS OF TOTAL TAX REVENUE WITHHELD FROM**  
**EMPLOYEE SALARIES DURING THE PERIOD 2014-2018**

Source: Prepared by researchers based on employee salaries data during the period from 2014-2018

We note through Table No. (8) that the amount of tax levied on the affiliates of the research sample is a big difference in the amount of the tax paid for the years (2014, 2015, 2016, 2017 and 2018) and that this difference is the result of instability in granting the legal permits granted by the tax legislator to taxpayers, where we note In the year (2014 and 2015) an increase in the amount of the tax realized and this increase resulted from the change in the legal exemptions granted by the financial authority to the taxpayers, which led to an increase in the amount of the tax imposed on the income of the taxpayers according to the amount of their income and the burdens they bear, and this indicates that the state It tended to achieve the financial goal, which is to maximize its resources by increasing tax revenues by reducing the legal permits and increasing the burden on the taxpayer, forgetting that the tax has other objectives, which are the social goal that seeks to provide a minimum standard of living and reduce the burdens placed on the shoulders of the taxpayer in order to achieve luxury Social and realization of the principle of tax justice, and this will lead to the taxpayer's sense of unfairness of the tax legislator and his lack of conviction with the performance of direct tax And trying to evade part of the amount of tax imposed on his income by not providing incorrect information to the Payroll Division



about his marital status, trying to increase the exemptions to reduce the taxable income, and this is considered tax evasion that leads to a reduction in tax revenues.

As for the year 2016, we see there is a decrease in the amount of tax achieved due to the tax legislator increasing the legal permits due to the improvement of the Iraqi economy and the high rates of oil prices, which must increase the amount of legal exemptions to keep pace with economic changes to provide the minimum standard of living and reduce the burdens placed on the taxpayer for the sake of Achieving social welfare, and this in turn leads to creating a sense of fairness for the taxpayer and creating, developing a feeling and a desire for the taxpayer to perform his duty to pay the tax and not trying to evade paying the tax in any form of tax evasion, which leads to regular tax flows and secure resources for the state to cover public expenditures.

As for the year (2017 and 2018), we also notice an increase in the amount of the tax realized and this increase is also a result of the legislator reducing the legal exemptions granted to the costs, which led to an increase in the amount of taxable income and thus an increase in the amount of tax realized and this indicates that the state has tended once again to achieve the goal Financial, which is maximizing its resources by increasing tax revenues, and increasing the burden placed on the taxpayer, and this will lead to his sense of the tax legislator's unfairness and lack of conviction in the performance of direct tax and trying to evade part of the amount of tax imposed on his income.

Based on the foregoing, researchers see that instability in granting legal exemptions leads to the state's focus and direction on achieving the financial goal in order to maximize its resources at the expense of the social goal, and this does not lead to achieving the principle of tax justice, and this is evident from the request for dissatisfaction with the taxpayer and his dissatisfaction to the extent Which may explain the imposition of tax to this extent towards the violation and inactivity and the orientation towards other areas such as evading from paying the tax due on his income as much as possible and this will affect the amount of tax revenues through the irregularity of tax cash flows.

## CONCLUSION

That the exemptions are exemptions, but they are exemptions of a personal nature. These exemptions are granted pursuant to the principle of the personality of the tax, which takes into account personal circumstances and family considerations. This principle differs from the principle of a tax that does not take into account the personal and family burdens facing the taxpayer.

1. That the application of (personal) legal exemptions participates in embodying one of the pillars of the justice rule in a way that relieves psychological pressure on the taxpayer and increases his conviction, awareness and duty in paying the tax, which generates positive behavioral patterns that prevent him from attempting tax evasion and this leads to regular flows of tax revenues to finance State Treasury.

2. Tax revenues occupy an unimaginable place compared to other revenues that can be relied upon in financing the state's general budget and which enables it to implement its obligations in a manner that secures financial stability.
3. Failure to fully take into account personal and family burdens and grant exemptions to support the persons who depend on them other than the first wife of his wives, parents and those who provide for them.
4. Lack of coordination between the General Tax Authority and its branches and the rest of the state departments that deduct income tax by direct deduction on the mechanism for accurately calculating the tax from the taxpayers 'salary

## RECOMMENDATIONS

1. The tax legislator has drawn up legislation and laws that determine the amount of exemptions granted to taxpayers that keep pace with changes in economic and social conditions that take into account achieving tax justice.
2. The necessity to take into account the personal and family burdens such as marriage and children. It is possible, as in some countries, to exempt an amount from entry to support other than the wife and children, such as parents.
3. Using the reports of the Central Bureau of Statistics in determining and estimating personal exemptions or exemptions because they are the documented evidence of the general level of prices and thus determine the level or minimum of the individual's living.
4. The necessity for the General Tax Authority and its branches to coordinate with the rest of the state's departments and to conduct visits and training courses from time to time for accountants who are responsible for calculating income tax. The mechanism for calculating the tax should be set in an accurate manner.

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