

THE IMPACT OF ELECTRONIC TAXATION ON REDUCING TAX EVASION METHODS OF IRAQI COMPANIES LISTED IN THE IRAQI STOCK EXCHANGE

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ABSTRACT

The research aims to develop a proposed model for an electronic tax system for taxation and highlight the importance of using taxation in the tax conduct of Iraqi companies listed in the Iraqi Stock Exchange (ISX). The importance of research in activating the role of taxes and their proceeds in support of sources of funds covering the public expenditure of the Iraqi state. The problem of research is reflected in the adoption of the Iraqi General Commission for Taxes (GCT) to the traditional systems and tools. The absence of the use of the electronic taxation system in tax work reduces tax evasion. The basic hypothesis of the research is that the use of modern electronic taxation systems in an optimal manner leads to the possibility of increasing tax revenues and reduces the chances of tax evasion of Iraqi companies listed in the ISX. The study sample consists of 100 employees working in the control and accounting sections of the Iraqi companies registered in the ISX. The sample of the study has been randomly chosen from 100 Iraqi banks listed in the ISX. This diversity in the research community is related to variation of the study sample's views on the electronic taxation system to reduce tax evasion methods. The researcher has adopted the statistical program (SPSS) for processing the data and testing the hypotheses of the research. The study reached to some conclusions, the most important of which are: the processes of completing tax work is one of the most important strategic options for the development of the Iraqi GCT and the possibility of increasing the tax proceeds. The research has reached to a number of recommendations, the most important of which are: the need for using electronic taxation systems that rely on the latest IT software and equipment, as well as changing the legislations and laws to ensure the optimal application of the proposed electronic model to be applied in the Iraqi GCT.

Keywords: General Commission for Taxes, Electronic Taxation, Tax Evasion.

INTRODUCTION

Taxation is considered as one of the most important and oldest financial resources of the state for the large sums of money that are actually the basis for supporting the general budget of the state as well as to meet its expenses. It is also important to increase its share of public revenues due of its significant role in achieving the political, social, financial and economic

objectives of the state. Many scholars and researchers have considered the imposition of electronic tax as one of the most important factors that help in the spread and development of accounting. The tax has become important to find solutions to the financial crises of the state, despite their importance in various fields and with the concealment of corporate information systems and the emergence of electronic taxation systems, which have a huge capacity. From this perspective, the parties related to taxation should seek to activate the relationship between tax and accounting. Also, in the absence of effective control measures, the use of the taxation systems may be abused by some parties. For example, manipulation of accounting information or the submission of invoices and lists are not clear and/or unreal and may result in the widening and spreading tax evasion methods which imposes on the GCT to develop its traditional procedures and methods to modern ones. Hence, tax officers should be experienced and familiar with the process of data entry and processing for the purpose of reducing the excessive expenses for the use of paper and thus they can use modern electronic payment methods instead. Consequently, the tax administration should activate the relationship between accounting and tax by increasing the reliance on the accounting outputs represented by the audited financial statements approved by the tax authority and the tax departments that the auditor relies on for the purpose of adoption in the electronic tax accounting mechanisms for the submission of tax return after the end of the fiscal year until 31/5 of each year accompanied with the financial statements and the report of the auditor. Moreover, there is an urgent need to apply the system of electronic taxation because it contains a huge amount of data and information that is processing and storing takes great time and effort. Therefore, the use of electronic taxation system allows the taxpayers to deal with tax departments and reduces the time required for processing taxation with the companies. Hence, the application of this system lead to fair application of the harmonized tax rules with the taxpayers and reduces the methods of tax evasion practices.

RESEARCH METHODOLOGY AND LITERATURE REVIEW

Problem of the Study

The phenomenon of tax evasion is one of the most important problems facing the financial authorities due to its significant impact on the decrease of tax revenues and thus it affects the revenues of the state which in returns damage the public treasury. As a result, this would compromise the Authority's revenues as well as its various functions (Barrios, 2012). Based on what has already been stated, the study problem focuses on the followings:

1. The tax system in Iraq suffers from a weakness in the database of taxpayers registered in the GCT.
2. There is a large weakness in the use of electronic taxation systems, which makes the state lose a lot of financial resources and reduce the tax revenue and increases the chances of tax evasion of taxpayers.
3. Increase in the number of employees in the procedures of taxation and tax proceeds due to reliance on traditional systems, which is a burden and a weakening of tax revenues and increases the ways of tax evasion.

Study Objectives

The research aims to achieve the following objectives:

- Identifying taxation, its methods, and its significance through the tax objectives, rules, and its mechanisms of application of electronic taxation.
- Highlighting the taxation system importance in reducing the phenomenon of tax evasion of Iraqi companies listed in the ISX.
- Establishing a proposed model for an advanced electronic taxation system for the GCT, which is proper for use and leading to the possibility of increasing the tax revenue in Iraq.

Study Importance

The importance of research lies in the following:

- This research contributes to highlighting the importance of using the electronic taxation system in the GCT and its role in reducing the phenomenon of tax evasion methods and increasing tax revenues.
- This paper presents a proposed model for an electronic taxation system for accounting and providing a database of taxpayers for all branches of the GCT.

Study Hypotheses

This paper is based on the following to hypotheses given hereunder:

H1 There is a statistically significant relationship between the use of electronic taxation systems in the GCT and the amount of tax revenues, which leads to a decrease in tax evasion.

H2 The use of modern electronic taxation systems optimally in the tax system increases tax revenues and reduces the chances of tax evasion.

Literature Review

The present paper presents some Iraqi and foreign previous studies concerning the electronic taxation applications so as to show the gaps which the researchers attempt to fill.

Al-Anbaki (2009) conducted a study entitled 'The Role of Computer Technology in Raising the Tax Revenue in Iraq' in which he theoretically discusses the importance and role of the use of computer technologies in the process of tax collection and its impact on the performance of tax work in the Iraqi GCT. The researcher came up with a number of conclusions the most remarkable of which he approves the weaknesses of the Iraqi taxation systems, the lack of the of maintenance of computerized systems in the tax work, and the lack of Iraqi GCT in Iraq to develop, as the departure of the Iraqi GCT for the scientific institutions. Additionally, the researcher recommended to computerize tax work, rehabilitate the computerized tax systems,

and to reconsider the process of recruiting the selection of staff working in the tax services besides the necessity of openness to the countries of the world and scientific institutions.

Saad (2014) also conducted a study entitled ‘Evaluation of the Role of Electronic Accounting Information Systems in Reducing the Phenomenon of Tax Evasion from the View Point of Accounting Offices and Tax Departments’ in which he aimed to identify the gaps in the electronic accounting information systems that help to spread the ways of tax evasion and to highlight the challenges that the GCT staff have detect and encounter in the companies which use electronic accounting information systems. The most important findings of this study are that the accounting information systems have gaps that may be used by some to implement tax evasion. The study also found that employees in GCT and its sections do not conduct professional examination of the accounting information systems used by companies.

On the international level, Wang (2003) conducted a study entitled ‘The Adoption of Electronic Tax Filing Systems: An Empirical Study’ in which he stated the factors affecting the adoption of electronic tax-filing systems. Using the technology acceptance model (TAM) as a theoretical framework, his study introduced “perceived credibility” as a new factor that reflects the user’s intrinsic belief in the electronic tax-filing systems and examines the effect of computer self-efficacy on the intention to use an electronic tax-filing system. His study researched to a conclusion that computer self-efficacy was found to be an important determinant of perceived ease of use, perceived usefulness, and perceived credibility of the electronic tax-filing systems. The findings of this study provided important implications for developing effective electronic government services in general and effective electronic tax-filing systems in particular.

Barati et al. (2015)’s study entitled ‘Electronic Tax System and the Facing Challenges (Case Study: Kermanshah Province Tax Payers)’ illustrated that modifying the tax system through setting up electronic taxation system prevents tax evasion efficiently as well as operates as a barrier against injustice and ineffectiveness in tax system regarding income tax. The results of the study stresses that small taxable companies in small or average size are more likely to be tech enthusiast / early adopters of electronic filing process for their individual clients. The bigger companies are slower and aren't willing to fill their personal tax statements and are concerned about interfering in their income through customs control system, internal systems and integration of communication and information technology.

THEORETICAL FRAMEWORK

Tax Concept

Tax can be simply defined as ‘a sum of money is required from individuals to achieve economic, social and financial goals’ (Doupnik & Perera, 2011). In order for the tax system to achieve the interests of states, workers and taxpayers together, the tax should be defined and distinguished from resources that may be similar. Moreover, tax represents a statement of the bases on which the state relies and the rules it regulates. The tax event is an economic and social

phenomenon that is formed in that environment and through it (Czinkota et al., 2011). Additionally, tax is defined as a monetary deduction imposed by the Authority on individuals in a final way without charge in order to cover the public burdens. The tax differs from the fine in a way that the tax is not imposed for the purpose of deterrence or punishment, but an improvement to cover the state (Al Karaawy and Al Baaj, 2018).

Taxation System and Its Importance in Reducing Tax Evasion Methods

Taxation Concept

The process of taxation is generally known as the technical regulation of the tax on how to measure the taxable material, linking and collecting the tax on the result of this measurement. The task of selecting taxation method in any activity depends on the technical organization (Dixon, 2014). Taxation system is defined as a tax system element which is concerned with implementing the provisions of the tax legislation. It is the one which implements the provisions of the tax legislation that incorporates the tax policy and seeks to reflect it on the reality of social and economic life in society (Crandall, 2010). Therefore, the level of performance of this system is the controlling factor in the level of the embodiment of the goals of tax policy on the ground because the objectives of the tax system no matter how ambitious and whatever their technical tools are well prepared and organized and designed to meet the needs of the higher interest of the people of society in light of the political, social, economic and financial conditions of the state and society (Palan, Murphy & Chavagneux, 2013). Basically, there are three stages for the process of taxation:

Stage 1: Measuring the taxable income by balancing income with expenses.

Stage 2: Linking tax and determining the taxpayer and personal exemptions.

Stage 3: Tax collection: This is the stage of collecting tax debt from the taxpayer in the manner determined by law.

Electronic Systems Used in Tax Process

The adoption of the traditional systems for taxing and refunding a number taxpayer ranges from 500,000 to 600,000 individuals and approximately from 600,000 to 700,000 corporates and companies does not achieve an acceptable level of efficiency and ability to control the integrity of the work procedures in the registration of taxpayers, or to write off their names when the legal conditions are met. There are subsystems which actually support the tax conduct and provide their output services as indispensable information and support to act as inputs to the taxation system (Al Baaj, 2011).

The Most Important Computerized Systems in GCT

- Technical Reference System.
- Technical Information System.

- Tax Investigation System.
- Tax Information System.
- System of Collection and Finance.
- The Legal System.
- Control System.
- Planning and Statistics System.
- Management and Personnel System.

Advantages of Payment within Electronic Taxation System

Return (2011) mentions some advantages of taxpaying within the electronic taxation systems:

- Reduction of the heavy expenses for the use of paper on which normal business operations are based on their establishment and circulation in the Iraqi GCT.
- Securing cash from loss, theft or embezzlement.
- Accelerating and saving time and effort in carrying out business and financial operations.
- Electronic payment methods are characterized by their capability of fragmentation and division, and also they are available in the smallest possible cash units to facilitate transactions of limited value and speed of completion.
- Obtaining multi-geographical business offers in the world and linking them to GCT.
- The ability to move between the borders quickly and transparently because the Internet does not belong to a specific country, but the currency is used according to the country to be paid through coordination between Ministry of Finance and the GCT.

The Effect of Using the Computer in the System of Electronic Tax Accounting In the GCT

1. The use of the computer led to changes in the components of the information combination because the method of currency is different from the method of manual work, for example, the information is reduced in the form of symbols so that users can understand them only if processed and delivered to users.
2. The objectives of accounting do not change whether manually or electronically, but the use of computer impacts the degree of achieving the efficiency of these objectives and raises the level of tax revenue.
3. The use of the computer effects on the form and nature of the documentary set in the electronic system. Additionally, it is regarded as an extension of the work performed by the human being but it is marked as being fast and highly efficient in the completion of the work.
4. The use of computers in tax collections requires the user of the system outputs to develop at least their abilities in the field of computer science, and therefore not become a subject of deception and shading when providing information.

Electronic Taxation Significance for Reducing Tax Evasion in Iraq

(Alake & Olatunji, 2011) point out that electronic taxation has a great impact on reducing the practices of tax evasion. Concerning the case of Iraq, the electronic taxation achieves the following:

- Smoothing and facilitating the taxpayers' process with tax departments and also reducing the time needed by the process of taxation among the taxpayers in the GCT.
- Focusing the attention of the tax assessor on the field work, which is at the core of the process of examination and taxation instead of preoccupation with office work resulting from the routine that accompanies the receipt of support and acquittal of government departments' deal with the taxpayer to reduce the methods of tax evasion of taxpayers and companies.
- Reducing personal dealings between taxpayers and tax authorities.
- Ensuring fair application of harmonized tax rules with all taxpayers.
- Achieving permanent contact status with taxpayers within 24 hours a day.

Tax Evasion Concept

There are many concepts in finance for the concept of tax evasion. It is known that the taxpayer does not approve the payment of the required tax by providing misleading data to the financial services. Tax evasion is also known as the use of legal or illegal methods to evade paying the tax, meaning that the taxpayer pays the tax and gets rid of it either in part or in total and this results in bad effects of the treasury of the state by reducing the tax revenue (Gravelle, 2016).

Tax Evasion Types

Tax Avoidance

Tax avoidance, or what it is so called 'the legal evasion', means the elimination of the tax burden in whole or in part without a statement or violation of the provisions of the law, and since the taxpayer has a right of constitutional rights, he uses this right as any act or not is constitutionally guaranteed (Zucman, 2014). Tax avoidance occurs without transcending the tax system, but it benefits from its internal and external levels. The internal level means that any financier can employ all his wealth in a state-issued loan that is tax-exempt to encourage his subscription. In such a case, the taxpayer does not pay any tax on his wealth. The international or external level, because of the regional nature of the tax system and the different tax systems of the different countries, allows financiers to avoid certain types of taxes, such as companies that make their position in some countries that do not impose high taxes on profits of ships and companies. Tax avoidance is achieved by abstaining from acting or disposing of the tax and to refrain from the tax-creating event (Gallemore, 2015).

Tax Fraud

Unlike legal tax avoidance, tax fraud represents the illegal form of tax which occurs when a taxpayer entity willfully and intentionally falsifies information on a tax return in order to limit the amount of tax liability. Tax fraud essentially implies cheating on a tax return in an attempt to avoid paying the entire tax obligation. It is necessary to specify the methods used by the taxpayer for this purpose. In most cases these offenses are intentional and explicit and include the intent of the taxpayer. The taxpayer may violate the law either when determining the tax base or when collecting the tax to prevent its collection (Shaxson, 2012).

Reasons for Tax Evasion

There are several reasons for tax evasion which cannot be limited. They are vary depending on financial legislation and social, economic, and political conditions or depending on the level of awareness and efficiency. These reasons be summarized as follows:

- **Legislative Reasons:** The most important reasons for tax evasion are the legislative reasons. This is likely related to the lack of tax legislation, the lack of its drafting provisions, and its inclusion of gaps which facilitate the evasion to taxpayers (Mertens & Ravn, 2013).
- **Economic Reasons:** High taxes are one of the most important reasons for tax evasion which directs the taxpayer to a feeling that the tax deducts a large part of his income.
- **Administrative and Technical Reasons:** Tax administration is the applicable executive tool so that whenever the administration is weak in integrity and efficiency as it facilitates tax evasion.
- **Social and Ethical Reasons:** In some tax allocations, the society's view of evasion is an admirable view and appreciation given that it was stolen by the public treasury of the state through which tax evasion is no longer robbed in reverse in European societies that try and endeavor to fulfill all their obligations of moral obligation.
- **Political Reasons:** The lack of independence and political stability of the country and the policy of public spending in countries play a key role in evasion of the tax, meaning the better the state of the use of public funds the less tax evasion of taxpayers reduced.

The Effects of Tax Evasion on Taxation

The tax evasion with its all various types have economic, psychological and social effects on society. The economic effects are the reduction of the state budget revenues from financial resources. In this case, the state has difficulty in carrying out all its basic duties towards its citizens, and this in return affects the taxation. Psychologically, tax evasion weakens the trust and confidence of society in the state and its role in achieving public services necessary for its citizens and also reduces confidence in financial management, which negatively affects the tax and become a means of moral corruption and affects the taxation (Glaeser et al., 2000). Concerning the social effects of tax evasion, they are evidently embodied in the lack of awareness of those bodies which are charged with the application of the principle of equality and justice. Justice means that everyone is covered by the tax. If some of them are not subject to tax, this means that the general concept of social justice is violated (Mehrara & Farahani, 2016).

EMPIRICAL ANALYSIS AND RESULTS

Sample of the and Data Collection

The study sample is concerned consists of 100 employees working in the control and accounting sections of the Iraqi companies registered in the ISX. The sample of the study has been randomly chosen from 100 Iraqi banks listed in the ISX. A total number of 130 questionnaires was distributed. The responses were 30 which means that %80 of the distributed questionnaires were analyzed and considered. This sample is relatively large in statistical terms which leads to the acceptance of the results of the study and the evaluation its population. In order to produce accurate results, the researcher is keen to diversify the sample of the research. This diversity in the research community is related to variation of the study sample's views on the electronic taxation system to reduce tax evasion methods. The tables below best show the distribution of the sample of the study based on the scientific qualification, specialization, years of experience, and the precise qualifications:

Table 1		
DISTRIBUTION OF THE STUDY SAMPLE BY THE SCIENTIFIC QUALIFICATION		
Scientific Qualification	Frequency	Percentage %
High School	12	0.12%
Bachelors	60	0.60%
High diploma	13	0.13%
Master	12	0.12%
Doctorate	3	0.3%
Total	100	100%

Clearly, one can note that 60% of the study population have Bachelors.13% out of the total population number have high diploma, 12% of the study sample hold Master degree, 3% have Doctorate degree, and finally 12% of the total sample number have high diploma. Evidently, 88% of out of the total study sample number have scientific qualification above the high school level which affects the study results positively.

Table 2 below distributes the study population based on their years of experience:

Table 2		
DISTRIBUTION THE SAMPLE OF THE STUDY BY YEARS OF EXPERIENCE		
Years of Experience	Frequency	Percentage %
Less than 5 years	19	0.19%
From 5 – 10 years	40	0.40%

From 15-less than 20 years	١٣	٠.١٣%
From 20 years and above	٢٨	٠.٢٨%
Total	١٠٠	١٠٠%

Table 3 below demonstrates the distribution of the study sample according to the specializations:

Number	Specialization	Frequency	Percentage
1	Accounting	٨٢	٠.٨٢
2	Business Management	٨	٠.٨
3	Economy	٥	٠.٥
4	Statistics	١	٠.١
5	Miscellaneous	٤	٠.٤
Total		100	100

It is clear that 82% of the research community have different scientific specialities. 82% of the study population are majored in accounting, 8% respondents are majored in business administration, 5% are specialized in economics, 4% of the study sample have unspecified specialties, and only 1% of the overall study sample are specialized in statistics. Evidently, 95% of the study sample members are related to the subject of the study, which thus positively influenced this study results.

Additionally, the study sample has been distributed according to the precise scientific qualifications of each respondent as shown in the researcher's demonstrated table below:

Scientific Qualification	Frequency	Percentage
Accountant	٤٤	0.44%
Account Manager	١٥	0.15%
Auditor	٣٣	0.33%
Audit Manager	٨	0.8%
Total	١٠٠	100%

It is clear from Table 4 that 44% of the sample of the study are graded as accountants, 15% account manager, 33% auditors and 8% audit managers. Evidently, 100% of the respondents are related to the subject matter of the research through their scientific qualification titles which in return leave positively impact on the results of the study.

As far as analyzing the data of the study, the researcher has adopted the statistical program (SPSS) for processing the data and testing the hypotheses of the research. The responses

of the study sample were collected and given numbers so that they can be easily entered into the computer and processed for statistical analysis, as shown in Table 5 below:

Statement	Weight
Strongly disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly agree	5

The assumed mean (X_0) has been calculated following the equation given hereunder:

$$X_0 = \frac{\text{Total Weights}}{\text{Weights Number}} = \frac{1+2+3+4+5}{5} = 3 \quad (1)$$

The purpose of calculating the assumed mean is to compare it with the arithmetic mean of the statement. If the arithmetic mean of the statement exceeds the assumed mean, this indicates that the respondents agree to the statement. But, if the assumed mean is less than that, the respondents disagree.

Testing the Hypotheses of Research

Testing the First Hypothesis: The first hypothesis on which the researcher is based reads as follow:

H1 There is a statistically significant relationship between the use of electronic taxation systems in the GCT and the amount of tax revenues, which leads to a decrease in tax evasion.

No.	Statement	Arithmetic Mean	Standard Deviation	Chi-Square	Freedom Degree	Sig.
1	Does the procedure used in the process of examining and assessing the collection of taxes and the use of traditional tax accounting system contribute to the expansion of the phenomenon of tax evasion?	4.20	1.01	80.9	4	0.000
2	Do the gaps in the traditional taxation system contribute to the tax evasion rates for taxpayers?	4.06	0.93	63.3	4	0.000
3	Does the calculation of taxable income under the traditional taxation system	4.17	0.87	83.0	4	0.000

	encourage taxpayers for evasion?					
4	Does neglecting the general economic circumstances the country go through encourage the taxpayers for evasion?	٤.٢٤	٠.٧٧	٣٧.٠	٣	٠.٠٠
5	Does the traditional taxation system not help to provide the state budget with sufficient revenue due to tax evasion?	٤.١٨	٠.٧٤	٦٥.٨	٣	٠.٠٠
6	Do the weak control and the lack of confidence in the achievement of tax justice encourage taxpayers to evade taxes?	٤.١٤	٠.٦١	٦٠.٤	٣	٠.٠٠

It is clear from the table above that the arithmetic mean of the expressions in the tables is greater than the mean assumed mean (3) and this indicates the agreement of the respondents to the statements given. It also shows that the standard deviation of the terms in the table is ranged between (0.61 - 1.01) and the difference between the deviations is less than integral one. This is evidence of homogeneity and similarity in the responses of the sample of the sample to the statements. In the same table, the probability value of the Chi-Square for each of statement indicated is less than 0.05. This indicates significant differences with significant statistical reverse between the responses in favor of approving the use of electronic taxation systems in the GCT which consequently leads to tax evasion decrease.

Testing the Second Hypothesis: The second hypothesis which the researcher attempts to validate and approve is:

H2 The use of modern electronic taxation systems optimally in the tax system increases tax revenues and reduces the chances of tax evasion.

Table 7 TESTING THE STUDY SECOND HYPOTHESIS						
No.	Statement	Arithmetic Mean	Standard Deviation	Chi-Square	Freedom Degree	Sig.
1	Can the use of modern electronic systems in the implementation of tax cuts and tax collection increase the tax revenue?	٤.٢٥	٠.٧٢	١٣.٥٨	٢	٠.٠٠
2	Do the use of electronic taxation systems devoid the taxes from the effects in calculating and reduce the chances of tax evasion?	٤.٣٥	٠.٧٧	١٢١.٧٠	٤	٠.٠٠
3	Do electronic Taxation systems make	٤.١٤	٠.٧٩	٥٥.٢٨	٣	٠.٠٠

	the proceeds of tax collection more effective when preparing the state budget?					
4	Are the multiplicity of electronic systems in the collection of taxes important means and effective in reducing the methods of tax evasion, which has become a phenomenon affecting the Iraqi economy?	٤.٤٢	٠.٦٤	٧٨.٠٨	٣	٠.٠٠٠
5	Does the tax authority use Internet technologies in the process of collecting the tax amounts due from the taxpayers when they are taxed?	٤.٣٧	٠.٨٥	١١١.١٠	٤	٠.٠٠٠
6	Does the taxation conduct adopting electronic systems reduce the personal judgment and the tax assessment and avoid the whole process from bargains?	٤.٤٣	٠.٧٨	٧٥.٦٠	٣	٠.٠٠٠

It is clear from the table above that the arithmetic mean of the expressions in the tables is greater than the mean assumed mean (3) and this indicates the agreement of the respondents to the statements given. It also shows that the standard deviation of the terms in the table is ranged between (0.64 – 0.85) and the difference between the deviations is less than integral one. This is evidence of homogeneity and similarity in the responses of the sample of the sample to the statements. In the same table, the probability value of the Chi-Square for each of statement indicated is less than 0.05. This indicates significant differences with statistical direct reverse between the responses in favor of approving the use of electronic tax accounting systems in the GCT which consequently leads to tax evasion decrease.

Correlations of the Study Variables

Table (8) represents a major basis for the study in general and the current study in particular. It provides the final result on which the study was based by proving or refuting the hypotheses of the study in its theoretical and practical parts. It also presents a number of results that illuminate the way to the GCT and the statement of strengths and weaknesses as shown in Table 8 below:

Variables	Coefficient R	Coefficient of Determination R ²	Stability Value	Beta Value	T-Value	Sig.	Approval or Refute
H 1	٧.٥٥	٠.٨٠	١.٤٨	٠.٦٠	٦.٢	٠.٠٠٠	Approved

The data processed in Table 8 the reveals that there is a strong correlation and the effect between the variables of the study after reaching the coefficient value (R) to 7.55. At the same

time, the coefficient of determination (R²) was found to be 80%, meaning that 80% of the variance was due to non-compliance with international standards of internal control, and the remaining 20% is due to other factors. This is confirmed by the value of (B) of 60% which actually denotes a compliance to the international standards. This is reflected positively to 60% and the T-value as (6.2). This value is basically greater than 2 which statistically indicates a homogeneity between the variables of the study. Evidently, this process is approved by the significance value (0.000) which is less than (0.05). Finally, the value of stability, which is less than (0), shows that there is a great tendency towards the use of the taxation systems.

Table 9 below illustrates how the use of modern electronic taxation systems leads to higher tax revenues and reduces the chances of tax evasion.

Variables	Coefficient R	Coefficient of Determination R ²	Stability Value	Beta Value	T-Value	Sig.	Approval or Refute
H 2	0.725	0.86	1.16	0.25	2.13	0.000	Approved

The data processed in Table 9 the reveals that there is a strong correlation and the effect between the variables of the study after reaching the coefficient value (R) to 7.25. At the same time, the coefficient of determination (R²) was found to be 86%, meaning that 80% of the variance was due to non-compliance with international standards of internal control, and the remaining 14% is due to other factors. This is confirmed by the value of (B) of 0.25% which actually denotes a compliance to the international standards. This is reflected positively to 25% and the T-value as (2.13). This value is basically greater than 2 which statistically indicates a homogeneity between the variables of the study. Evidently, this process is approved by the significance value (0.000) which is less than (0.05). Finally, the value of stability has researched to (1.16) and is therefore different from zero. This indicates that there is better use of electronic taxation systems in the tax system which in returns increases tax revenues and reduces tax evasion opportunities.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

1. The use of electronic systems in tax work optimally is one of the most intrinsic strategic options adopted by countries to develop tax work in the GCT through utilizing electronic taxation systems so as to increase the tax revenues that contribute to increase revenues.
2. There is a weakness in the procedures of taxation system, and non-reliance on modern electronic systems in the tax work of the GCT and the absence of a highly efficient tax staff who are competent at working with modern techniques related to taxation.

3. The reliance on manual (traditional) systems in the calculation, collection of taxes and exchange of information between the GCT and its branches and with the various countries leads to the emergence of double or multiplied tax calculation.
4. The increase in the phenomenon of tax evasion in Iraq is due to the reliance on traditional systems in the tax assessments, as well as the destabilized security situation in the country at present, and the widespread phenomenon of administrative and financial corruption in most parts of the country.
5. Tax and fiscal legislation is no longer in line with the country's economic and fiscal policy.
6. The tax system at this technical level does not keep pace with the regional and global tax systems, which makes Iraq away from the goals that countries seek to achieve through taxation.
7. Despite the existence of some computerized systems in the tax work, but it was not sustained, which affected the effectiveness in the presentation of results.
8. The tax institution's distance from scientific institutions such as universities and vocational institutes leads to a narrowing of the database from which this institution starts to develop its work.

Recommendations

1. The need to use electronic tax collecting systems which rely on the latest software and information technology devices, as well as changing legislation and laws to ensure the optimal application of the proposed electronic model of taxation.
2. Enhancing the taxation procedures and tax collection using modern electronic systems and preparing well -qualified tax staff capable of working on modern techniques.
3. The importance of preparing accounting information about taxpayers (whether natural or legal) for proper collection purposes and planning to increase tax revenues in Iraq.
4. Expanding the use of the electronic taxation system in the Iraqi GCT in the calculation of taxes, such as the use of computers, networks, and programs for their significant role in the quality of the performance of accounting information and the preparation of qualified staff for this concern.
5. The rehabilitation of computerized tax systems to make them compatible with the ambition of the financial administration to provide the necessary information for tax work.
6. Reconsidering the administrative and regulatory structure of the tax institution in the light of modern economic data.
7. Building bridges between the tax institution and the Iraqi universities in particular and working to increase the research writings theoretically and practically in the field of taxes. and theoretical and applied writings in the field of taxes.
8. Drawing up media plans for the dissemination of tax culture among members of society in general and those working in the financial and tax fields in particular.

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