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Analysis of the developmental role of taxes in national income in Iraq for the period (2010-2023)

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Abstract
Taxes are not merely a financial instrument or a sum forcibly deducted from individuals. Rather, taxes are an important financial channel through which public finance makers monitor all economic events and seek to finance sustainable economic development paths and plans. The research aims to monitor the developmental role of taxes in stimulating national income and, consequently, improving economic indicators in general. The research assumes that the effective role of taxes enables them to achieve this developmental role in stimulating national income in the Iraqi economy and financing sustainable development projects. Specific indicators were adopted for the research variables to validate the hypothesis, and a quantitative approach was used to reinforce these results. The research concluded that the Iraqi economy is losing the developmental role of taxes in generating a stable national income capable of improving opportunities for sustainable development. It recommended adopting a technological approach to revitalizing the role of taxes to eliminate widespread red tape and bureaucracy, thus serving as a path toward achieving the desired goal.
Keywords: Taxes, Tax structure, Tax burden, National income, Sustainable development, ARDL.

Introduction:

The economic chaos that Iraq has experienced has left behind numerous economic problems in general and financial problems in particular. Perhaps the most significant of these is the loss of the developmental role of taxes in overall financial life and government spending requirements after 2004. Furthermore, the absence of a true financial vision to build a healthy and sustainable economy, free from financial turmoil and global events, has not been achieved. All financial makers have focused on lavish government consumer spending for a small segment of the population, who support political gains in electoral processes. This has resulted in nothing but financial fragility and a real loss of tax revenue generation for both the government and the people.

Importance of the research:

The weak role of taxes in fiscal policymaking is a dangerous indicator that threatens financial soundness and long-term financial stability. It does not support the stability that could be achieved

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in national income levels in the economy, which undermines the economy's aspirations to adopt a development approach in which taxes play a role.

Research Problem:

Taxes are not merely a financial instrument or an amount forcibly deducted from individuals. Rather, taxes are an important financial channel through which public finance makers monitor all economic events and seek to finance sustainable economic development paths and plans.

Research Hypothesis:

The research assumes that the effective role of taxes enables them to achieve this developmental role in revitalizing national income in the Iraqi economy and financing sustainable development projects.

Research Objective:

The research aims to examine the developmental role of taxes in revitalizing national income and, consequently, improving economic indicators in general.

Section One: Theoretical Framework of Taxes and National Income

First: Taxes: A Conceptual Introduction

The main and most significant source of funding for the government is taxation. "Mandatory payments to the government without compensation" is the definition of taxes. The government uses the taxes it collects to provide everyone access to common benefits. (Page 5 of Aboud, 2022). A direct advantage to the taxpayer is not guaranteed by taxes. Their foundation is not the "principle of exchange." Direct taxes and indirect taxes are the two categories of taxes.

[Al-Naqqash, 2010: 165-166] (1) Direct taxes.

The term "direct taxes" refers to taxes that are paid by the same individual who is subject to them. Since the tax burden cannot be transferred to others, the effect and incidence of the tax fall on the same individual. The following are examples of direct taxes:

a) Personal income tax: A tax levied on an individual's excess income over or above a threshold periodically set by the Ministry of Finance.

b) Corporate tax: A tax levied on registered firms' earnings.

b) Capital gains tax: This tax is levied on net income from capital investments in gold, jewelry, stocks, real estate, etc.

d) Individuals' property is subject to a wealth tax, often known as a property tax. Land, structures, stocks, bonds, fixed deposits, gold, jewels, and so on are all considered property.

e) Other taxes: These include levies like inheritance duties and gift taxes.

(2) Indirect taxes: (Ahmed 2018, p. 107)

Taxes that are levied on one segment of the population but ultimately fall on another are known as indirect taxes. Depending on how elastic supply and demand are, various people will be affected by the tax and its incidence. It is possible to transfer the indirect tax burden to another source. The following are the several kinds of indirect taxes: Richard and colleagues (1989: 215-216)

A. Consumption tax: A tax levied on producers according to the value of the products they create, but the end consumers bear the brunt of it.

B. Customs taxes: These levies are applied to the import and export of commodities. Social class-

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based redistribution of national revenue is possible via customs tariffs. Redistributing national revenue in favor of individuals with fixed and restricted incomes and against those with high incomes is what happens when high customs tariffs are imposed on imports of luxury and semi-luxury products while excluding necessities that are widely used.
C. The state government levies sales tax, which includes value-added tax (VAT).
D. When a sale or purchase occurs inside a state, the state government receives the sales tax money. The federal government receives sales tax money from interstate commerce.
E. A tax imposed on services rendered is known as a service tax. Service providers are affected, and consumers are subjected to a fake tax. In India, the tax with the quickest rate of growth is the service tax.
F. A levy imposed on the transportation of commodities between states or regions. (Pages 7 and 8 of Al-Suwaidi, 2022).

Second: National Income

The term "national income" means "the sum of the revenues from goods and services produced within a country's borders during a specific period of time, usually one year." It is further described as "the monetary value of final goods and services produced by individuals of a given society during a specific period of time, usually one year, who live within the geographical area of that country, regardless of their nationality, whether they are citizens of the country or foreigners" (Hassan, 2020, page 2). It is also referred to as "the sum of the production values of goods and services, excluding the value of intermediate consumption of goods and services." As a result, it encompasses the whole gross added value attained via economic activity within the nation's boundaries, including the participation of both domestic and foreign sources of production. Since it shows the amount of goods and services generated over time, national income is also regarded as a crucial fundamental economic indicator for a nation. One of the most important elements of the actual economy, it is computed in a single year (Al-Harbi, http://www:kau.eduisa). Since the gross domestic product represents the additional value in a particular country, national income is one metric used to gauge the pace of economic growth. One of the most thorough indicators of a nation's output of finished products and services is its domestic income. Consequently, the growth of national income, or GNI for short, is a crucial development indicator. Whether created by domestic or foreign people, national income is a geographical notion associated with productive activities that take place inside a nation's political boundaries. This indicates that the production of goods and services outside the nation is accounted for under the gross national product idea rather than national income. As we can see from the above, national income is defined as: a spatial framework that characterizes the production of products and services within a nation's boundaries, whether it is carried out by its inhabitants or by foreigners living there. It excludes intermediate commodities and only covers the finished goods and services that are created. When calculating a nation's national income, it is restricted to a single year. The first method of measuring national income uses constant prices, which calculates the actual output of the nation by subtracting the general price level (inflation) from the real values of products and services produced there. Measurement of production at current prices (market pricing) is the second approach. This technique determines the final values of commodities and services at their current or current market price. As a result, it calculates the final values at their current market prices while

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accounting for inflation and price swings (i.e., the adopted price reflects the state of the economy at the time of measurement and is not compared to the base year prices). This metric is criticized for providing false information about the magnitude of actual output. As a result, the majority of academics use constant prices to measure national income.

Third: The Importance of National Income.

National income helps identify and monitor economic fluctuations or various cyclical and non-cyclical economic crises. By monitoring changes in income rates or gross national expenditure for consumption or private investment purposes, national income can detect economic booms or recessions and monitor these economic fluctuations by linking GDP to employment. Macroeconomics distinguishes between the concepts of real output and potential output, considering potential output to be one of the real outputs. Real output corresponds to the full employment level of the labor force and productive capacities. This is because potential output represents the maximum output produced by any economy at the lowest possible unemployment level, known as the "natural rate of unemployment."

National income is considered a measure of the success of a state's economic policies. The state uses national income before and after adopting its policy to assess the success of the adopted economic policy. A comparison is made between the two periods to determine whether the policy is successful. The more positive the difference, the more successful the policy. National income is measured at constant prices (Al-Muslih, 2019, pp. 185-187). Relying on probabilistic forecasts and standard projections of national income indicators, which include national income, per capita income, etc., for planning purposes, enables planners and decision-makers to approximate the typical analytical guidelines with realistic analytical guidelines for future indicators. Data on gross domestic product (GDP) not only shows output in different years, but also clarifies its components the relative importance of each economic sector in its composition. This is the basis for assessing growth rates and the extent of a country's economic development. Using the GDP indicator, the relationship or ratio between the public and private sectors is determined, thereby diagnosing the reality of the economic system. The GDP indicator is used as a tool for roughly measuring the standard of living.

Section Two: The Evolution of the Relationship between Taxes and National Income in the Iraqi Economy

First: The Evolution of Taxes in Iraq

Table (1) shows that all types of taxes in Iraq have followed a fluctuating timeline throughout the research period. This fluctuation perhaps confirms to those interested and decision-makers the irregularity of tax revenue, the distortion of the tax base, and the indifference and reliance on taxes to generate government revenues to be sufficient to cover the accelerating government expenditures toward excessive expansion, in order to support political support, far removed from the economic premises, arguments, and justifications that support the validity of macroeconomic theory and the principles of fiscal policy.

In 2010, direct and indirect taxes amounted to (472,115) and (421,880) million dinars, respectively, and they continued to increase until they reached (1,044,251) and (599,181) million dinars, respectively, in 2013. In 2018, they amounted to (3,425,102) and (2,261,109) million dinars, respectively. Thus, they remained fluctuating, sometimes affected by the crises that struck

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the Iraqi economy during the research period, especially indirect taxes, as we find that they were affected by the double crisis that the Iraqi economy was exposed to in 2014, as they decreased to (489,505) million dinars, and in 2019, when the signs of the Corona pandemic began to appear in the Iraqi economy, causing a tightening of economic transactions of all kinds, as they decreased to (1,625,505) million dinars. In 2023, both types of taxes amounted to (4,923,128), (990,060) million dinars respectively. With an average of (2,418,476.29), (1,137,507.29) million dinars respectively.

Table (1) Tax development in Iraq

Year	direct taxes	indirect taxes	Total taxes
2010	472,115	421,880	893,995
2011	632,566	437,616	1,070,182
2012	848,244	518,964	1,367,208
2013	1,044,251	599,181	1,643,432
2014	1,395,622	489,505	1,885,127
2015	1,618,652	396,358	2,015,010
2016	3,229,512	632,384	3,861,896
2017	4,533,765	1,764,507	6,298,272
2018	3,425,102	2,261,109	5,686,211
2019	2,389,026	1,625,505	4,014,531
2020	3,316,053	1,402,136	4,718,189
2021	3,252,566	3,252,566	6,505,132
2022	2,778,066	1,133,331	3,911,397
2023	4,923,128	990,060	5,913,188
Mean	2,418,476.29	1,137,507.29	3,555,983.57

As for total taxes, the latter was not the most fortunate of the other types, as it is the result of fluctuations in both types during the research period. In 2010, it amounted to (893,995) million dinars, and it continued to increase until it reached (6,298,272) million dinars in 2017. It decreased in 2018 to (5,686,211) million dinars due to a decrease in direct taxes. In 2023, it amounted to (5,913,188) million dinars, with an average of (3,555,983.57) million dinars. Table (1): Types of taxes in Iraq for the period (2010-2023) (million dinars)
Source: Ministry of Planning, Central Statistical Organization, Statistical Abstract, various years.
Figure (1) confirms the contribution of tax types to the total taxes during the research period, as we find that the contribution of direct taxes to the total taxes ranged between (52.81%) in 2010 as a minimum and (83.63%) in 2016 as a maximum, while the contribution of indirect taxes to the total taxes ranged between (16.37%) in 2016 as a minimum and (50%) in 2021 as a maximum. It seems that indirect taxes were dominant throughout the research period, and this matter resulted from the tax revenue mostly coming from the public sector employees, which is characterized by the

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possibility of collecting it easily by deducting it at the source, which returns to the government in general.

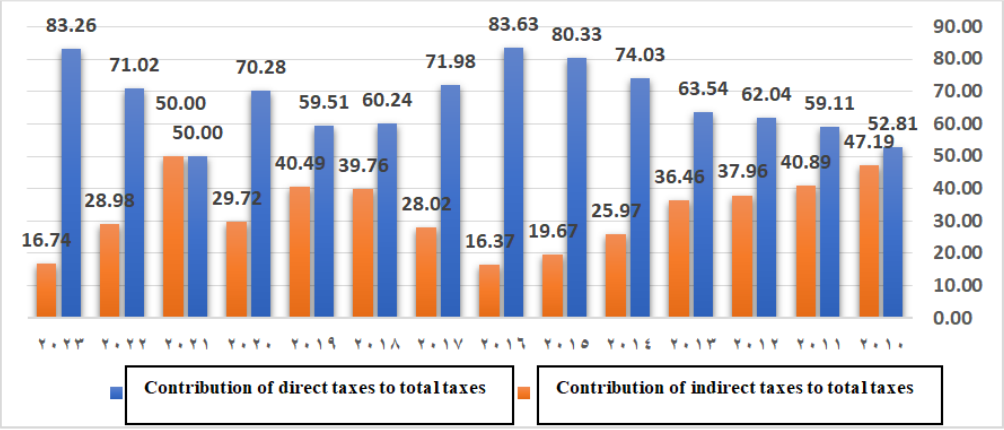

Figure (1): Contribution of tax types to total taxes in Iraq for the period (2010-2023) (%)

Second: The development of public revenues in Iraq

It is clear from Table (2) and Figure (2) that total public revenues have followed a very volatile and difficult timeline. Perhaps the most important sources of these fluctuations are international environmental events, particularly oil and energy markets. This has left public revenues hostage to international conflicts and crises, deepening economic dependency and increasing the fragility of public finances during the research period. Public revenues in 2010 amounted to (69,521,117) million dinars and continued to increase until they reached (119,466,403) million dinars in 2012. After that, they declined during the period (2013-2017) due to local economic problems resulting from security and political instability, terrorist attacks, and oil market crises. They gradually improved in 2018, reaching (106,569,834) million dinars, but the Corona pandemic left its mark on public revenues, as they reached (63,199,689) million dinars in 2020, and in 2023 they reached (135,681,266) million dinars, with an average of (99,296,605.43) million dinars. The contribution of direct taxes to public revenues ranged between (0.44%) in 2011 as a minimum and (2.98%) in 2021 as a maximum, while the contribution of indirect taxes to public revenues ranged between (1.07%) in 2011 as a minimum and (8.14%) in 2017 as a maximum. This confirms the weak role of taxes in generating public revenues in light of the almost absolute dominance of oil revenues in generating those revenues, which deepens the rentier nature of the Iraqi economy, which at the same time constitutes a source of fluctuations in all economic activities and events and the fragility of the Iraqi economy in general during the research period.

Czech
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Table (2): Total public revenues and their contribution to the types of taxes in Iraq for the period (2010-2023) (million dinars, %)

Year	Total public revenues	Contribution of direct taxes to total public revenues	Contribution of indirect taxes to total public revenues	Contribution of total taxes to total public revenues
2010	69,521,117	0.68	0.61	1.29
2011	99,998,776	0.63	0.44	1.07
2012	119,466,403	0.71	0.43	1.14
2013	113,767,395	0.92	0.53	1.44
2014	105,386,623	1.32	0.46	1.79
2015	66,470,252	2.44	0.6	3.03
2016	54,409,270	5.94	1.16	7.1
2017	77,335,955	5.86	2.28	8.14
2018	106,569,834	3.21	2.12	5.34
2019	107,566,995	2.22	1.51	3.73
2020	63,199,689	5.25	2.22	7.47
2021	109,081,464	2.98	2.98	5.96
2022	161,697,437	1.72	0.7	2.42
2023	135,681,266	3.63	0.73	4.36
Mean	99,296,605.43	2.68	1.2	3.88

Source: Ministry of Planning, Central Statistical Organization, Statistical Abstract, various years. Contribution from the researcher's work based on data from Tables (1) and (2).

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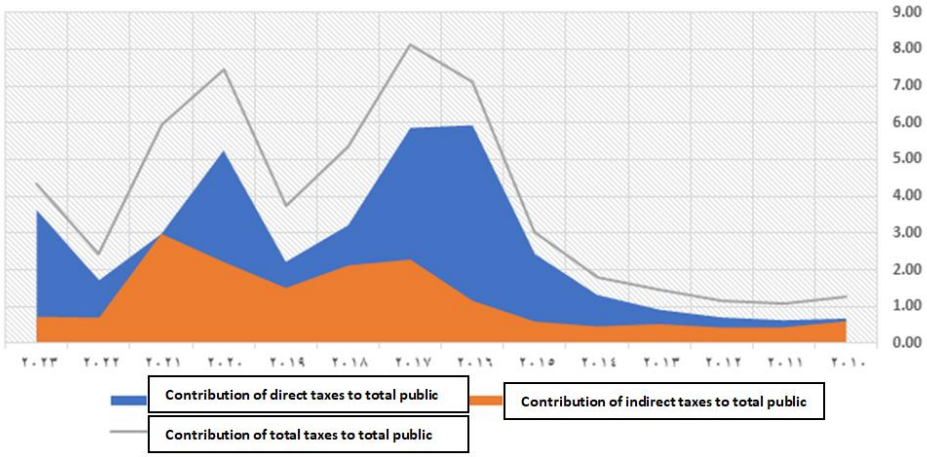

Figure (2): Contribution of tax types to total public revenues in Iraq for the period (2010-2023) (%)

Source: Researcher's work based on data from Tables (1) and (2).

Third: The Development of National Income in Iraq

Table (3) shows that the timeline of national income in Iraq during the research period took an increasing path for the period (2010-2013) due to the export of crude oil and the realization of its revenues, which financed the expansion of public spending during that period. It experienced a decline in 2014, reaching (230,310,052.90) million dinars, after reaching (243,518,658.50) million dinars in 2013. This decline was due to the economy being exposed to a double crisis, and the decline in national income resulted in fluctuations that continued until they coincided with the repercussions of the Corona pandemic until 2020. After that, national income began to recover until it reached (332,397,228.42) million dinars in 2023, with an average of (224,454,821.27) million dinars.

Table (3): National income in Iraq for the period (2010-2023) (million dinars)

Year	National income
2010	146,453,469
2011	192,237,070.30
2012	227,221,851.20
2013	243,518,658.50
2014	230,310,052.90
2015	185,550,900.00
2016	186,397,300.00
2017	183,436,173.00
2018	247,501,048.00
2019	224,162,205.10
2020	182,384,472.00

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2021	241,238,269.30
2022	319,558,800.00
2023	332,397,228.42
Mean	224,454,821.27

Source: Central Bank of Iraq, Department of Statistics and Research, Annual Bulletin, various years.

Figure (3) shows the tax burden achieved in Iraq from direct taxes on the national income base, which ranged between a minimum of 0.32% in 2010 and a maximum of 0.47% in 2017. The tax burden achieved in Iraq from direct taxes on the national income base ranged between a minimum of 0.56% in 2011 and a maximum of 3.43% in 2017. This decrease in the tax burden in Iraq does not reflect the efficiency of tax revenue or improved tax performance by achieving justice in the distribution of the tax burden. Rather, this decrease, as we explained at the beginning of the second section, is the result of financial policymakers' neglect of taxes of all kinds as a source of funding for government budgets due to the excessive reliance on oil revenues for the significant expansion of public spending during the research period.

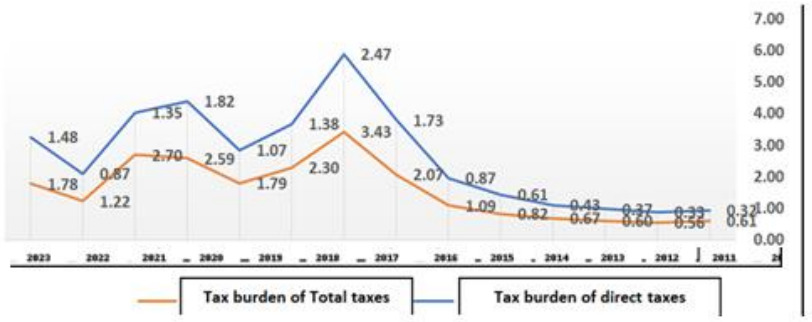

Figure (3): Tax burden in Iraq for the period (2010-2023) (%)

Fourth: Measuring and Analyzing the Impact of Taxes on National Income in Iraq

1. Analysis of the Model's Stability Test

Table (4) shows that the time series stability test for the research model variables shows that both the national income variable - the dependent variable (GNI) in the logarithmic form, and the total tax variable - the independent variable (TAX) in the logarithmic form, were unstable in all formulas at the level. A first difference was performed for them, and they were stable in all formulas, making these time series first-degree integrated.

Table (4): Research Model Stability Test

Varl.	P.P. Stationary Test					
	Level			1 deff.		
	Iner.	T & Iner.	Non	Iner.	T & Iner.	Non

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Log (GNI)	0.3	0.4	0.9	0.02	0.002	0.003
Log (TAX)	0.2	0.7	0.9	0.02	0.006	0.007

Table (5) shows that taxes in Iraq exert their influence on national income after a lag period of three years, and at a significance level of 10%. Taxes affect national income by 0.81%, in an inverse direction, as stipulated by the logic of macroeconomic theory. This confirms the scientific implications contained in the research through the interpretation of the values of the adopted variables and indicators, all of which focus on the very weak role of taxes in national income. Thus, the Iraqi economy is once again losing a sustainable source of funding for the general budget, independent of the fluctuations in international markets or the crises and shocks to which the Iraqi economy is exposed as a result of its impact on local, regional, and international security and political conditions. The interpretation coefficient was high, reaching 92%, despite the weak significance level at 10% instead of 5%.

Table (5): ARDL test of the tax impact model on national income in Iraq for the period (2010-2023)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Log (GNI)(-1)	0.666099	0.295083	2.257323	0.1092
Log (GNI) (-2)	0.184657	0.289489	0.637870	0.5689
Log (TAX)	0.054863	0.139162	0.394238	0.7198
Log (TAX) (-1)	0.051483	0.162823	0.316193	0.7726
Log (TAX) (-2)	0.328939	0.262575	1.252742	0.2991
Log (TAX) (-3)	-0.812784	0.287256	-2.829478	0.0662
Log (TAX) (-4)	0.573367	0.165160	3.471576	0.0403
R-squared	0.921421	Mean dependent var		19.24466
Adjusted R-squared	0.764264	S.D. dependent var		0.222750
S.E. of regression	0.108151	Akaike info criterion		-1.414548
Sum squared resid	0.035090	Schwarz criterion		-1.202739
Log likelihood	14.07274	Hannan-Quinn criter.		-1.646903
Durbin-Watson stat	2.986174			

The bounds test, as shown in Table (6), which amounts to (5.271695), which is higher than the lower and upper bounds, confirms that the model variables enjoy a cointegrating relationship. However, the long-run parameters test confirms the absence of a long-term equilibrium relationship between taxes and income in the Iraqi economy during the research period. This carries with it many serious financial implications, most notably the burden of public debt, the sustainability of financing resources, financial stability within the framework of unclear financial discipline, and financial fragility resulting from excessive reliance on oil revenues instead of taxes to finance public budgets and inference about the effectiveness of local economic activities.

Table (6): Long-run parameters test and bounds test for the research model

Czech
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Conditional Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Log (GNI) (-1)*	-0.149245	0.062074	-2.404310	0.0955
Log (TAX) (-1)	0.195868	0.078229	2.503768	0.0874
D(Y(-1))	-0.184657	0.289489	-0.637870	0.5689
D(Log (TAX))	0.054863	0.139162	0.394238	0.7198
D(Log (TAX) (-1))	-0.089522	0.136546	-0.655617	0.5589
D(Log (TAX) (-2))	0.239417	0.175131	1.367076	0.2650
D(Log (TAX) (-3))	-0.573367	0.165160	-3.471576	0.0403
Case 1: No Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Log (TAX)	1.312396	0.033115	39.63114	0.0000
EC = Y - (1.3124*X3)				
F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	5.271695	10%	2.44	3.28
k	1	5%	3.15	4.11
		2.5%	3.88	4.92
		1%	4.81	6.02

The error correction parameter, which was negative and significant in Table (7), shows that there is a correction for short-term errors of (0.14) per unit of time towards long-term equilibrium within the relationship of taxes to income in Iraq during the research period.

Table (7): Testing the error correction parameter for the research model

ECM Regression				
Case 1: No Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(Log (GNI) (-1))	-0.184657	0.243344	-0.758831	0.5031
D(Log (TAX))	0.054863	0.098300	0.558121	0.6157
D(Log (TAX) (-1))	-0.089522	0.114574	-0.781344	0.4916
D(Log (TAX) (-2))	0.239417	0.149018	1.606635	0.2065
D(Log (TAX) (-3))	-0.573367	0.131606	-4.356702	0.0223
CointEq(-1)*	-0.149245	0.039805	-3.749381	0.0331
R-squared	0.897187	Mean dependent var		0.031114
Adjusted R-squared	0.768670	S.D. dependent var		0.194736
S.E. of regression	0.093662	Akaike info criterion		-1.614548
Sum squared resid	0.035090	Schwarz criterion		-1.432997
Log likelihood	14.07274	Hannan-Quinn criter.		-1.813709
Durbin-Watson stat	2.986174			

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The tests listed in Table (8) confirm that the model is free of standard deviations. The Breusch-Godfrey test confirms that the model is free of the autocorrelation problem to the extent of random error, with the probability of the Fisher test reaching 0.1, which is more than 5%. The Breusch-Pagan-Godfrey test confirms that the model is free of the problem of instability of variance homogeneity, with the probability of the Fisher test reaching 0.6, which is more than 5%. The Ramsey test confirms the validity of the model description, with the probability of the Fisher test reaching 0.5, which is more than 5%. According to Figure (4), the Jarque-Bera test confirms the probability of a normal distribution, and the CUSUM and CUSUM-Square tests confirm the complete stability of the model.

Table (8): Standard tests for the integrity of the research model

Breusch-Godfrey Serial Correlation LM Test:			
Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	20.74686	Prob. F(2,1)	0.1534
Obs*R-squared	9.764671	Prob. Chi-Square(2)	0.0076
Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.707490	Prob. F(7,2)	0.6949
Obs*R-squared	7.123308	Prob. Chi-Square(7)	0.4162
Scaled explained SS	0.240970	Prob. Chi-Square(7)	1.0000
Ramsey RESET Test			
	Value	Df	Probability
t-statistic	0.726267	2	0.5432
F-statistic	0.527464	(1, 2)	0.5432
Likelihood ratio	2.340694	1	0.1260

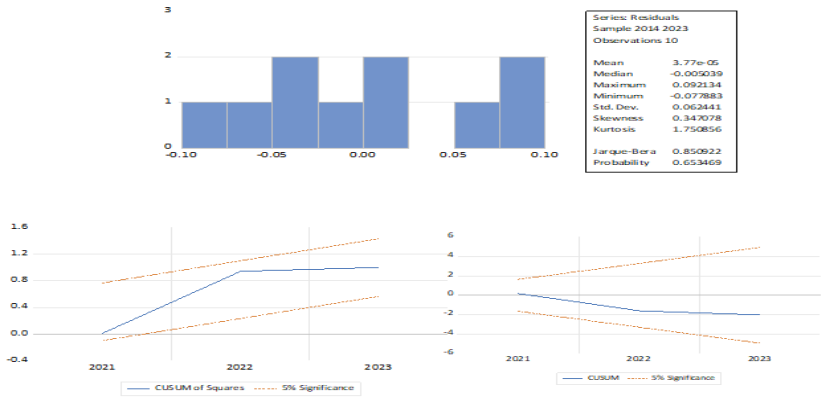

Figure (4) complete natural selection of the distribution model and stability research

Conclusions

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1. The fluctuating timeline of direct and indirect taxes is evidence of the lack of interest of fiscal policymakers in tax generation, collection, and tax performance in financing public budgets in Iraq during the research period.

2. The tax structure was distorted throughout the research period, with direct taxes dominating the economy, while indirect taxes declined sharply. This indicates that economic activities suffer from a significant imbalance, resulting in weak tax revenues, which has contributed to the deterioration of public revenue sources and the concentration of oil revenues.

3. The contribution of taxes to total public revenues was very weak throughout the research period. This exacerbated public debt problems and the heavy reliance on oil revenues to finance public budgets. Oil revenues are linked to fluctuations in international oil markets, which has led to the volatility of public budgets in Iraq as a result of this reliance. 4. The tax burden of both direct taxes and total taxes is almost negligible. This confirms the lack of interest of fiscal policymakers in taxes and their constant reliance on oil revenues to finance increased public spending in order to gain popular support for influential parties at the expense of reforming the crumbling economic system.

5. The quantitative results confirm the weak impact of taxes on national income and the lack of a long-term relationship that could support sustainable economic development plans and address the public debt crisis. Therefore, the effective role that taxes can play in generating a stable national income capable of promoting sustainable development has not been realized in the Iraqi economy. This prompts the researcher to accept his hypothesis, but in the opposite direction, as taxes have not played this role, which has exacerbated the fluctuations in national income throughout the research period.

Recommendations:

1. Revitalize the role of taxes in generating public revenue by increasing the effectiveness of the tax system and equipping it with the latest modern technologies in the field of electronic tax collection, which works to reduce the cycles of red tape and financial and administrative corruption. 2. Creating a set of tax incentives to encourage investment and local production, enabling local products to compete in local markets and creating an attractive investment environment.

3. Imposing specific taxes on consumption to curb the consumerist tendency of most members of society, which will increase savings and subsequently bank deposits, enabling banks to expand their credit role in financing development activities and projects. In addition, taxes are imposed on high-income earners to influence their spending behavior and, consequently, their decisions regarding diversifying sources of wealth and income.

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