

Marketing Concepts Applied to Minimizing Payment Evasion of Income Taxes in Iraq : Suggested Policies

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خلاصة:-

تحتل وظيفة التسويق في عصرنا الحالي اهمية خاصة لامثيل لها ، لما لها من استخدامات واسعة ومتشعبة ، تجاوزت حدود ما هو مألوف من استخداماتها الأساسية المعروفة المتعلقة بتمس حاجات ورغبات المستهلكين الحاليين والمرتبين ، والسعي لاشباعها ، وتحقيق الرفاهية لآبناء المجتمع ، وتقديم الخدمات المرتبطة بها . فأصبحت ادوات التسويق ووسائله تستخدم لترشيد الاستهلاك ، والحد من التدخين ، ومحاربة الاسراف والتبذير في شراء السلع الغذائية والادوية ، والمواد الاولية ، وغيرها ، على سبيل المثال لا الحصر ، إضافة إلى ما عرف عنه من استهدافه زيادة المبيعات كما ونوعا للحصول على اكبر قدر من الارباح.

إن هذه السعة والتغير في الأهداف والوظائف أعطى التسويق قدرة واسعة على التلون والتنوع ، ويمكن رجاله والمهتمين به من استخدام أدواته ووسائله بمرونة عالية لخدمة المجتمع ، وتحقيق سعادته وجلب الرفاهية له ، وجعل الفرد يشعر بإنسانيته في مجتمع اليوم. ومن ذلك فان الباحث يرى انه بالامكان الاستفادة من أدوات ووسائل التسويق لخدمة المواطن المكلف بدفع الضريبة ، والدوائر الحكومية المسؤولة عن جبايتها في نفس الوقت ، وزرع روح الثقة والمودة والاطمئنان والتعاون بين الطرفين ، بدلا من التناقض والتقاطع بينهما ، وهذا ما هدف له البحث من خلال السياسة الضريبية التي اقترحت فيه.

inroduction

Marketing role is not limited nowadays in using scientific ways and methods to recognize present and future necessities and wishes of consumers and makes effort to satisfy them with the highest possible efficiency to content agents and maintain them (Kotler: 8) it is a comprehensive system of managerial activities which are designed to plan , price , and realize the aims of organization (Stanton & others : 6) . The different techniques and applications are used to influence in the numerous social and political sides for business organizations and public organizations likewise, as an example for rationalization of consumption (Al-Deiohjee : 245), i-e-decreasing of demand for goods and services , to outspread social , religious and political ideas , and spread out hygienic wakefulness among individuals of society . The research creates to pay attention for one of economical fields which the marketing can perform positive role to influence on taxpayers and minimize the rates of probabilities of their abstemiousness of paying deserved taxes , strive to decrease hardness to pay the tax to the lowest possible degree .

problem of research

The tax in Iraq and developed countries as general case is considered as one of the most important burden which the taxpayer perceives its (whether individual or a firm) heaviness , and makes his best effort to get ride of it or to decrease the deserved tax base in any legal or illegal way, which effects the total magnitude for tax base, effects after then in financing general projects and offering services for the society. The role of tax earnings is not restricted to finance for the ordinary public expenses (Al-Nieef : 277), but extend to include capitalistic projects and other services .

Research objective

The research aims to take advantage of marketable ways or methods to decrease taxpayers tendency to avoid tax payment ,

make them consent to pay it willingly, without conceive circuitous means and methods to get rid of paying it and to move governmental financial office away from using the force and compulsion to obtain their due earning from taxpayers.

Research Importance

The importance of research incorporates by the aim of its guidance the public financial offices to follow up the suggested marketing means and ways which are investigated in it for the purpose of minimizing or reducing the phenomenon of tax evasive, apart from improving the relationship between these offices and taxpayers as well as to create somewhat of common understanding , cooperating between the two sides instead of the disagreement or conflict. As well as to make these offices concern to taxpayers in improvable way and to deal with them as its customers or agents honesty instead of to be concerned to them in scummy or rude way , as if they are opponents valuable prey which made them feel awe for its lost .

First : Tax concept and its types

Tax concept :

The tax was defined by a great number of writers and the people who were concerned with it , one of them was defined it as " An amount of money which was taken enforcedly from individuals by the state with out equivalent , for the purpose of finance for its general expenses and realization for the targets which were raised from the content of its political philosophy ." (Riddeh: 169) . And already has been defined by another researcher such as " A monetary deduction carried by the state or one of its general commissions over the earnings of different business firms for the coverage of general burdens without definite equivalent , and distribution these burdens among the business firms proportionately with their obligatory abilities," (Al- Janabee: 136) . The two definitions which are mentioned

above are expressive for tax traditional concept at that time when the state was not interfere in the economical life of the society , and its function was just safeguarding of the home and administration of foreign affairs , but the tax concept has been already developed as a result for development of governing state functions and its political and economical targets. In the past, the purpose of tax was limited in the realization of financial end, it was expanded to reach obtainment or realization for economical-social and political ends, for example making the national economy going in definite course and or making the public going away from consume some goods which are harmful in the public health or general traditions (Fadhil:183). According to this course, the tax modern concept its founded on that the tax is one of main resources of finance and an active means that making the state interfere in the economical and social life and making an economical activity going through special course (Riddeh: 176) .

Tax types :

Economists became acquainted with distribution of taxes, as general with two types as following : Direct taxes and indirect taxes, the economists opinions were differentiated between them, some of them consider that there are three norms for differentiation and they are:

- 1- Managerial norm: it depends upon the system of procedures of collecting the tax debt, the tax is considered direct if it its obtained according to formal schedules which contain the name taxpayer, the volume of container and the amount of money that must be obtained . At another case, it was considers indirect, if it was not obtained according to this system.
- 2- Norm of tax burden transfer : According to this norm, the tax is considered direct, if the legal taxpayer charges finally the burden which was raised from it, he could not transfer

this burden on another, in the case of that the taxpayer could transfer its burden to another, it is considered indirect.

- 3- Norm of stability: According to this norm, the tax is considered direct, if it is imposed on a container has a stable differentiation, for example estate tax, income tax and others. It is considered indirect, if it is imposed on containers have unstable differentiation.

And there is another who is considered the idea of financial capacity for taxpayer in the classifying the taxes to direct and indirect , if it is taken care of personal taxpayer circumstances, it will be described as a direct , if it is not, it will be described as an indirect (Al- Soukban: 19). Another researcher made a heterogeneous classification for taxes and mentioned three types (Al-Tekritee: 105)

1-Income taxes: they consist of a number of taxes as following : - Income t

- Estate tax .

- Arable land tax .

2-Wealth taxes: they consist of two types :

- Bequeath taxes .

-Courtyard taxes .

3- Expenditure taxes : they consist of two types

- Custom taxes over imported goods .

- Taxes on expenditures .

Third researcher classified taxes according to other foundations and made some of main types and branch types as following (Ismmael: 72).

A- Taxes according to their prices, subdivided into two types :

-Distributive taxes .

-Standard taxes .

B- Taxes according to their container, they subdivided into two main types and branch types as following :

1- In divided taxes , they subdivided as following :

- Simple taxes .

- Graded taxes .

2- Taxes of money and properties: they subdivided into two types :

- Direct taxes .

Over income.

Typical .-

- General .

Over capital .

- Yearly .

-Exceptional .

- Indirect taxes .

Over consumption.

Over circulation.

Second : System of levy and collection taxes in Iraq:

The system or the way for levying the tax however its amount or its type is one of the most important reason for tax evasion because it include coercive , compulsory, force and subjugation element , so it becomes necessary for displaying summarized illustration to the system of taxes levying which are performed generally by three ways as following :

A- The taxpayer(or his or her deputy) pays the tax amount by hi-mself to the certain tax office that he follows it.

B- the financial office send their representative(collector) to the working site of the taxpayer to levy the tax amount from him directly in the places which have not an office for tax levying.

C- Tax levying at the sources (direct deduction) the collection of tax performs through income directly before it is received by incomes' owner who does not pay the tax by himself but his employer who pays the income for taxpayer. This way considers the easiest and best way for concerning tax evasive, as long as the person who pays the tax, does not have an interest in evading the tax container totally or partially.

In Iraq , it is applying in the following ways:

- Concerning the first way , the Iraqi legislative obligates the taxpayer to pay the realized tax amount in the certain financial office and before doing this , the financial office must make a documentary notice for taxpayer to pay the definite amount of the tax and its becoming due date for it, the signature of taxpayer on the memorandum of estimation considers as a notification for taxpayer to pay it within a period does not going beyond (21) days, and if he fails to do so , he will expose himself to the penalties which are stipulated in the legal .

Concerning the second way, its application, does not stipulate in the legal .

- Concerning the third way, it applies in Iraq, it carries on the salaries and wages of states officials, officials and workers of advantages and retired salaries which pay for individual who does not inhabitant in Iraq.

Where of mentioned , the system of tax collection is limited to the taxpayer presence in the financial office to pay the tax amount , this is specially concerning income and estate taxes^(*), or collecting taxes at the sources concerning income taxes which

are applied to salaries and wages , who to those work into the state and private sector .

Tax evasion:

Tax evasion means: that phenomenon which according its context , the taxpayer tries to get rid of paying the tax partially or totally by using one of the means which gives him an opportunity to be away from paying it.(Riddeh:221). Another researcher defines it " restoration to deception or fraud to get rid of the tax or decreases its amount and that carries through individual denying the existence of tax container or articulation of amount which is a less from factual amount of container" (Issmaeel:55). The evasive may be lawful when the taxpayer makes an exploitation for one of legal openings which exists in the tax legal to get rid of its paying. The evasive might be illegal when the taxpayer does intentionally to conceal the container totally or partially, in which, it is become unfeasible by tax institution to know it. The tax evasive results in bad effects for national economy, because it decreases the state collection money in the one hand, and obstructs the social justification which is intended by tax policy in the other hand(Riddeh:221).It is also defined as "trespass on the right of public budget which .

Tax evasive reasons:

Many writers mention sum of reasons which result to taxpayers to conceal the tax container, some of them as following (Riddeh:222 , Ismmaeel:57).

- 1- The tax proportionate increases , whenever the taxes proportionate increases the motive of taxpayers increases to conceal tax container, and vice versa .
- 2- Economic conditions of the country, time welfare or depression , in the period of welfare , evading decreases in the time of depression where the loans decrease.

- 3- Spreading degree of taxation awareness , whenever individuals sensation of duties opposite to the state increases, the tax evasive motive decreases and vice versa.
- 4- Expending state policy , whenever the state expending is rational and oriented to realize citizens advantages, they perceive the tax importance and the necessity to pay it, the opposite is right.
- 5- Penalty nature which is imposed on the wrong does of tax evasion, whenever the penalty is great and severe, the evasion will decrease and the opposite is right as well . Concerning the ways of tax evasive struggle, a writer mentioned some of them (Riddeh: 223):
 - 1- Levying the tax at its source .
 - 2- Makes the tax officials have the authority to inspect different papers, notebooks and documents.
 - 3- Obligates taxpayer to notify the financial offices about all transactions which the tax imposition depends upon it .
 - 4- Applies the principle of penalty and different types of punishment on those who breach the tax law.
 - 5- Carries out the tax in kind when the tax administration disagree with taxpayer in its estimation.

These ways do not count sufficient to prevent tax evasion , apart from they cause an offense for the relation between tax offices and the taxpayer citizens, so the research suggests applying the following policies of to decrease tax evasion .

(*)The researcher witnessed degree of suffering which the taxpayer passing through the two stages of tax imposing container estimation and tax payment , and the extorted procedures which the taxpayer exposed to them in the period of past regime.

Third : Suggested Policies :

Income tax levying is not done by one way , one of it levies at the source just as the tax of salaries and wages of employees who work in the two sectors in Iraq public and private, because this way is surety for preventing evasion since it does not give an opportunity to the income owner to conceal his income partially or totally , in accordance which that the individual who pays directly the tax is not him , and the former does not have an interest to conceal or decrease the tax container. As for other incomes for the job masters, business enterprises, merchants, entrepreneurs , farmers, owners of productive cars and so on , tax levying way needs the taxpayer to carry out the financial office to pay the due amount of income tax , as a result for difficulties which the taxpayers are confronted with to pay the tax in connection with financial year end in the one hand , difficulties which the tax offices are confronted with like these pertaining increase even multiplicati-on of work bulk on the approach of financial year end nonentity of pay their tax amount which are due through the year(tax evasion) in the other, to surmount these difficulties, to relax taxpayers endurance when they are turning for financial offices and to decrease tax evasive motives, so the research suggests to apply the following way by financial offices :

- 1- Financial ministry makes extensive and intensive advertising campaigns over all media and communication tools which are available in the country to spread out the tax awareness among membership duty , and tax incomings use for guaranteeing general services for society and with out it the society prevents from these services .
- 2- Makes the citizen touches on the field and practically the advantage which belongs to him from the money of tax incomings, this is done by transferring tax collecting money to finance public advantaging projects in every

governorate by its tax incomings, on the ground that the tax incomings are distributed into shares as following :

20% state public budget. 50% to finance governorate public projects like bridges construct-ion, ways pavement , schools and hospitals building and so on. 15% to build and finance the houses of orphans and poor 15% to finance professional, social and charity associations and sport clubs of the governorate .

- 3- Paying tax money amount in monthly , seasonal or half yearly installments according to taxpayer desire , after the estimation is done and the taxpayer is notified documentary in its magnitude , giving him the choice to pay it totally in cash or check or installments for purpose of mitigate the burden of his shoulder .
- 4- Facilitation of payment activity by giving the taxpayer the choice to pay tax installment through intervening public or private banks apart from post offices, for every taxpayer and his preferable place and according to formal systematic receipts , in accordance with acceptable mechanism for tax offices and the banks in the governorate without making the taxpayer pay any additional charges or fees but the tax offices will pay them , or the taxpayer or his deputy presents to the tax office to pay his due magnitude.
- 5- Promote the taxpayer to pay his due tax by following these promoting means or any one of them .
 - A- Discount : In any case that every taxpayer pays his due tax within the first ten days after he has been notified, he gets a discount of 12% , the following 15 days 8% , the following 20 days 5% , or he gets a discount in another way:
 - Any taxpayer who pays his due tax totally within the first three month of the year , he gets a discount of 12% magnitude .

- Any taxpayer who pays his due tax totally within the second three months of the year he gets a discount of 7% magnitude .
- Any taxpayer who pays his due tax totally within the third months of the months of the year he gets a discount of 2% .
- Any taxpayer who pays his due tax totally within the last three months of the year he does not get any discount .
- Who delays for the following year , increments will be imposed on him ranging from 1% to 8% in accordance with delayed period.

B- Insertion the successive numbers of tax paying receipts in monthly or weekly contests and apportionment seductive monetary or in specie prizes to the tenth or fifteenth wining receipts.

C- Discharging taxpayer from paying the last portion for everyone who charges the tax monthly portions at their appointed times , or 20% of the last portion in the case of seasonal portions , or 10% in the case of half-yearly portions.

D- The financial office offer rewards and in kind privileges to every taxpayer who does not default (portions paying) in their appointed times for the last three years. Just as arrangement for collectivism complimentary touring journey for touring regions, in or out the country for ten days and the governorate tax office covers all its expenses , or the office will offer these people complimentary journey tickets by airplane to one of neighboring countries for everybody in accordance with his desire or permits to him to import individual car which is exempted from imported taxes and fees , or

offers everybody of them one commodity of durable commodities and so on of other in kind gift.

- E- Make sport and amusing carnivals and contests, the value of entering ticket will be discounted from tax magnitude when it is shown by the taxpayer at the time of tax settling a mutual account, in any case, tries to collect apart of tax magnitude nimbly and indirectly citizens thereby.
- 6- Aspiration to erect good public affairs with all citizens owing to strengthening the citizens to be familiar with expenditure directions for tax magnitudes which are collected yearly , in a detailed way , of high truthfulness and fidelity , by using governorate available media tools .
 - 7- Makes an apportionment of tax magnitude to expend for helping the poor , needy , indigent people , refugees of old people, reparation or construction the mosques and public libraries apart from supplying them with different references and books . The comprehensive activities will be done in every governorate according to plans and programs are put in advance and by super vision of governorate councils and prominent persons, make known publicly by using different media tools .
 - 8- Make the taxpayer notifies the materiality of taxes i.e. make them feel , see and touch that are paid in the form of taxes will be return to them , their town and their districts in the form of public services which they are in dire need of them . This requires ipso facto systematic working programmers , planned efforts , data and information about constructed public projects, making all the citizens hear by means of arranging public seminars and conferences by using all the means of media tools which are available in the governorate .
 - 9- Make citizens (taxpayers) notify that the financial offices are services presenting offices and not police-offices or

oppressive offices which they using the legal in overpowering way, try to improve their images , their fame, getting rid of deformation that catching with it in the reason of its dealing conclusively with and deeds which they were used with the citizens in the period of past regime, when the taxes levied from citizens in arbitrary way, far from legal text and its spirit, the target in those days was to collect the greatest money magnitude in the form of taxes to get a proportion of it , regardless of taxpayer financial capacities to pay and the bulk tax container. The worst of that , depriving the governorate of these money magnitudes and transfer them to the state general budget which the directions of its expenditures and the ways its disposing were not be known . All of is done badly to the fame of the financial office and their relations with citizens whereof forced them to follow different ways and means to evade of paying the taxes .

- 10- To reinforce what mentioned above and to consolidate the good relation and grow the spirit of cooperation between tax offices and citizens , it is necessary to deputize the process of tax container estimations to specialized officials who are famed for their high efficiency and integrity , well qualified in the field of public relations , apart from the knowledge of psychological, humane and social merits (science of psychology , science of sociology and behavior) to deal with different of society sections .It is necessary that these (tax qualified officials) estimate the tax container , not in an oppressive way , take in their consideration , the conditions of every taxpayer , far off becoming subject to collect the greatest money magnitude in form of taxes , but the target must be erecting good relations , grows the trust and the spirit of cooperation and well understanding with citizens . Aiming to convince the taxpayer to pay his due magnitudes in their dates after notifies him to their right fullness , suitability and

truthfulness owing to their magnitudes and due dates , even that will become true in the medium or long term .

Abstract

Marketing function has a unique importance , so it has extensive and divaricate uses, they go beyond those fundamental and conventional uses, which connect with finding the necessities and wishes of instantaneous consumers and who come in the next , make the best efforts to satisfy them, realize welfare for the society , Offer the services which are related to them .So marketing means and tools become use to rationalize the consumption , as to limit smoking , to strive waste and squander in purchasing food stuff, drugs , raw materials and others . A part from its traditional function to promote sales quantitatively and qualitatively in the objective of getting the highest possible profits . This wide capacity in the objectives and functions makes marketing has a great ability of having multiple shapes and types , gives marketing men and who are concerning with it , to use its means and tools in a high elasticity to serve the society , realizes happiness and welfare for society , makes individuals feel their humanism in the nowadays society. Fore there the researcher might urge that there is an opportunity to get a benefit from marketing means and tools to serve the taxpayers and financial offices who are responsible for levying and collecting the taxes to develop the spirit of trust , favor , confidence and cooperation between the two sides, instead of controversial and contradiction , at last , this is the objective of the research throughout the suggested taxable policy which presents in the course of its context

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