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The Role of Customs Taxes in the Development of the Industrial Sector in Iraq for the period (2004-2022)

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Abstract:

Purpose: The impact of customs taxes in supporting and protecting the domestic product and domestic industry.

Conceptual framework: The paper dealt with the study of the role of customs taxes in the development of the industrial sector in Iraq, and the conceptual and theoretical framework of the industrial sector.

Design /methodology /methodology: We analyzed the role of customs taxes in the development of the industrial sector in Iraq during the period 2004 - 2022.

Results: The study resulted in a set of results, most important of which lies in that the volume of customs tax revenues is low, and that's why that the Iraqi economy is considered as a rentier economy because it mainly depends on the export of oil as a result of the weakness of customs tax revenues being deemed as a financial resource for the general budget in Iraq owing to the widespread financial and administrative corruption in most joints of the tax system, and the weak flexibility of the tax apparatus.

The paper, the practical and social implications: The paper contributes to clarifying the role of customs taxes in the development of the industrial sector.

Originality/value: The results of this study showed that the number of publications related to customs taxes and their role in the development of the industrial sector is insufficient, so our research contributed to bridge the research gap between customs taxes and the industrial sector.

Keywords: Customs Taxes, Industrial Sector, Public Revenues, GDP

"JEL Classification: F13, L6, E01, H2.

Authors' individual contribution: Conceptualization —A.N.M ; Methodology — A.N.M.; Formal Analysis — A.N.M. & D.A.A.; Investigation — A.N.M. ; Data Curation — A.N.M. & D.A.A. ; Writing —Original Draft — A.M.M. ; Writing — Review & Editing — D.A.A.; Visualization — D.A.A.; Supervision — D.A.A.; Project Administration — D.A.A.

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1.Introduction:

The emergence of customs taxes is dated back by some economists to a historical era represented in the Middle Ages as a result of the development of the state in economic and social terms and trade exchanges appeared in that period in several ways, in addition, the customs taxes were imposed during the era of the Romans on commercial goods and agricultural products (Al-Ali, 2011). Customs taxes play a major role in promoting and developing productive sectors and protecting local industry. Customs taxes are defined as indirect taxes imposed on both imports and exports of primary goods and materials by the state in exchange for these goods and materials crossing national borders. These taxes are mostly imposed on imports, with exceptional cases on exports of basic goods and materials that the state does not want to have such goods and materials to be exported abroad (Al-Ani, 2019). Customs taxes can be defined as taxes imposed on goods and materials that are traded across the territorial borders of the country. These taxes are collected when goods and services are traded among countries (Ayesh, 2022). The importance of customs taxes lies in obtaining financial revenues for the purpose of financing public expenditure carried out by the state and confronting the crises to which countries are exposed (Al-Ani, 2018). To finance spending on economic and social development projects represented by spending on education, Health, Basic infrastructure and financing the state budget (Hamid & Al-Obaidi, 2020). It is also of great economic importance, especially the important role it plays in revitalizing the various economic sectors by encouraging different sectors such as the agricultural sector and the industrial sector by exempting them from the tax to stimulate them to increase their production (Naja, Ali, Al-Sriti, 2019). In addition to its contribution to protection from the dumping policy carried out by some countries. Taxation is also one of the most important fiscal policy tools used by the government in its public policies and foreign policy to facilitate or reduce trade with some countries (Al-Amiri, 2013). There are several types of customs taxes, the most important of which is the commercial tax that is being imposed on all types of goods entering the country without discrimination or distinction (Hamid & Al-Obaidi, 2020). And the ad valorem tax which calculates taxes since a percentage of the value of imported goods, and this percentage changes up and down with the changes in the price of these goods (Kaltmeier et al., 2020). Customs taxes are characterized by the abundance of their proceeds only if they are applied optimally and efficiently, in addition to helping in economic development, supporting the various productive sectors, and addressing imbalances in the balance of payments by directing customs revenues towards supporting these sectors (Khasawneh, 2013). One of the systems attached to customs taxes is the temporary exemption system, which is a suspended system (that is, it expires when the materials entered under a predetermined agreement are exported) to pay customs tax and is applied to some raw or semi-manufactured foreign materials that are originally subject to customs taxes and that enter the country after submitting a guaranteed pledge from the importer and remain under this pledge for a certain period to make some transfers or integration on them and then re-export them (Nashid, Suzi, 2008). The system of free zones, which is defined as part of the national territory or part of the land and waters of the homeland, is defined and fenced with a separation barrier that is considered outside the borders of the customs territory, and foreign goods and commodities may enter and exit without having customs taxes (Al-Ashmawy, 2022). As for the second aspect, the industrial sector is considered one of the most important economic sectors in Iraq to achieve economic and social development, structural transformations, and changes in the national economy, to absorb and employ labor and to raise the standard of living of members of society. The industrial sector is defined as a key unit of the national economy consisting of an increasing number of branches and industrial enterprises that extract raw materials from nature or plant and animal agricultural materials and turn them into more useful goods and materials (architect, 2010). The industrial sector is divided into two main types, namely the extractive industry, which means activities that extract raw materials, Coal, Crude oil, Natural gas and extract metal ores from the Earth, and the manufacturing industry which is defined as activities dealing with

raw materials extracted from nature , plant and animal agricultural materials for transformation into another form (Al-Qurashi, 2001).The importance of the industrial sector lies in raising the standard of living and raising economic growth rates in the national economy (Mustafa, Abdullatif, Sania, Abdurrahman, 2014). The industrial sector also contributes to providing foreign exchange resources and addressing the problems of the deficit in the balance of payments. by manufacturing goods to replace imports or manufacturing goods for export abroad (Fikri Yassin al-Khudari, 2022). The industrial sector raises per capita income, internal markets and thus achieving social development (Atiyah, 2019).

2. Literature review and hypothesis development:

A study of (Al-Fatlawi, 2013) indicated that the research seeks to analyze and study the financial and economic effects of customs taxes on electronic commerce in general, and the most important result is that electronic commerce is an advanced stage of trade development that relies on the combination of trade, Information technology and the use of technology in all stages of the commercial process. A study of (Magda, 2015) indicated that scientific research has many, varied and different objectives. Thus, the research assumed that customs taxes are an important financial resource in financing the state treasury, the research concluded that the increase in customs duties during 2010 and the years after was a result of the decrease in oil collection rates. Study of (Al-Zarfi, 2018) stressed that the importance of the study stems from knowing the extent to which customs taxes and the exchange rate contribute to reducing the public budget deficit, while the research sample represents in measuring and analyzing the relationship between the public budget, the exchange rate and customs taxes during the period (1988-2017). The most important result included that there are many reasons that led to the emergence of a deficit in the Iraqi public budget for the period of research, foremost of which is the imbalance in the structure of public spending and the lack of diversity of revenue sources for previous budgets because they depend a large percentage on crude oil revenues. The study (Asma, Balamah, Matar, 2018) explained the aim of the research lying in assessing the course of tax reform in Algeria, and identifying the various economic policies associated with the implementation of the strategy of diversification of the Algerian economy, while the research sample includes studying the role of tax policy (as an independent variable) in achieving economic diversification (a dependent variable) in Algeria. The most important result was found through the analysis of economic diversification indicators that the Algerian economy is still depended on the oil sector, and the level of economic diversification is not yet known.

A study (Mohi, 2019) indicated that the aim of the research is to analyze the role of customs taxes because they are no longer limited to the financial role, but to the social role and their economic role in protecting the local product and raising the competitiveness of the country. The research sample is to analyze the impact of customs taxes and the exchange rate (as an independent variable) on the trade balance (dependent variable) for the period (2004-2017), and the most important conclusion is the weak contribution of Iraq's customs revenue to both the total tax revenue and the general revenue of the country. A study of (Al-Hindi, 2019) showed the aim of research that studies the development of customs tax revenues and their role in tax revenues in general, and indirect tax revenues in particular. While the study sample includes studying the development of the contribution of customs taxes to tax revenues in Syria for the period (1980-2016), the most important result is that despite the increase in customs taxes on manufactured, Luxury and high welfare goods, customs tax revenues have decreased.

Study (Al-Mashhadani, 2020) asserted that the aim of the study is to analyze the impact of customs tax in Iraq on some indicators of economic development for the period (2004-2018), and the study sample includes a study of the economic effects of customs taxes on some indicators of economic development in Iraq for the period (2004-2022). The most important result is that despite the importance of customs taxes in most countries' economies, but this importance does not exist properly in Iraq as it did not achieve significant revenues for the state and did not play its economic role in protecting the national product from unequal foreign competition (Tututu, Muhammad, 2020). They tried to assess the impact of customs tax cuts on the Algerian economy using a general equilibrium model. The hypothesis of the study can be demonstrated that customs taxes if directed towards the development of different economic sectors will have a positive impact on (GDP) growth and revenue diversification in Iraq. However, if tax exemptions and incentives are not provided to investors, whether domestic or foreign, this will lead to an increase in Iraq's imports from abroad and an increase in demand for imported goods, and this generating significant negative effects.

Study of (Karim and Saad Saleh, 2021) indicated that the aim of the research is to study and analyze the industrial sector in Iraq as well as identifying the most supportive sectors of the oil sector, while the research sample includes the reality of the industrial sector in Iraq and its role in economic development for the period (2010-2020). The most important conclusion they reached is that industry enjoys an implicit relationship more than other economic sectors. The study of (Saud, 2021) showed that the research aims to analyze the relationship between customs taxes and some indicators of economic stability in Iraq after 2003, while the research sample included an analysis of the impact of customs taxes (as an independent variable) on some indicators of economic stability (dependent variable) for the period (2004-2019). The most important result reached is the increase in the percentage of the contribution of customs taxes to indirect taxes during the period of the study, and this increase did not stem from the increase in the proceeds of customs revenue, but due to the decline of other indirect tax components such as (production tax and sales tax).

The study of (Abdul Kazem and Jabr, 2021) showed that the research assumes that customs taxes in Iraq suffer from poor effectiveness and improper application, and that taxpayers evade paying taxes significantly and continuously, which in turn is reflected in the inability of the tax system to finance public expenditures in Iraq. The most important result of the research is the weakness of the tax system in Iraq due to poor management and thus the weak contribution of tax revenues to financing public expenditures, including taxes. A study conducted by (Khadra, Abbas, And Khadija, 2022) indicated that the aim of the research is to clarify the role of tax policy in achieving economic development for all its dimensions. The sample research includes tax policy and its role in economic development. The case study of Algeria for the period (2000-2019), and the most important result is that tax policy has repercussions on the levels of finance and has a role in stimulating the effectiveness of economic development. A study conducted by (Saleh, Lawrence, Hamed, 2022) showed that the research aims to clarify the nature of the relationship between some macroeconomic variables and the industrial sector in Iraq, and the researcher relied on the inductive approach using the descriptive analysis method based on the theoretical information available from sources and books to analyze. The most important result they reached is that the contribution of the industrial sector to the GDP has declined significantly, as it did not exceed (3%) with an average duration of (2.3%) during the study due to the weakness of production lines and the high level of costs as a result of the obsolescence and loss of equipment. The study of (Al-Mousawi, 2024) showed that the research aims to study and analyze the possibility of using taxes as a means of growing the output of the industrial and agricultural sectors to achieve economic diversification. To achieve its hypothesis, the paper is based on the descriptive analytical approach and the standard quantitative approach in measuring and analyzing the relationship between customs taxes and productive sectors in Iraq during the research period. The most important result lies in the weak

contribution of tax revenues to financing the budget, which averaged (4.88%) of total public revenues during the research period. Our research hypothesis can be stated as follows:

- a. Customs taxes, if directed towards the development of various economic sectors, will have a positive impact on the growth of GDP and the diversification of revenues in Iraq.
- b. If tax exemptions and incentives are not provided to local or foreign investors, this will lead to an increase in Iraq's imports from abroad and an increase in demand for imported goods, which generates significant negative effects.

3. Methodology:

The Paper relied on the inductive approach, which is an approach that collects and analyzes observations and data related to the study phenomenon with the aim of reaching results. This approach is based on the transition from the general principle to the special principle, Based on theoretical foundations. The descriptive analysis method was used to collect and analyze data with the aim of studying the role of customs taxes (as an independent variable) in the development of the industrial sector (as a dependent variable).

3.1. Sample:

Data covering the period from 2004 to 2022 was collected from official government sources such as Ministry of Finance reports and national economic reports that are concerned with customs revenues. The sample includes a set of data related to customs revenues and industrial data related to the production and growth of the industrial sector during this period. In addition, Previous studies on the impact of customs taxes on industrial sectors in other countries were reviewed, which provided additional insights to support the situation analysis in this study.

3.2. Measurement of Variables:

The Variables were divided into an independent variable (customs taxes) and a dependent variable (industrial sector). Customs taxes were analyzed by collecting data on annual customs revenues collected from the Ministry of Finance and government reports. The amount of customs revenue is measured using the annual customs tax rate on imported goods. Industrial sector (dependent variable), This variable was analyzed using economic indicators such as the growth rate of industrial output and the rate of industrial production over the period studied. The data used was collected from the reports of the Ministry of Planning, The Central Statistics Department, The Ministry of Finance, The Department of Economic Studies Department, And the Accounting Department.

Results:

Analysis of the ratio of the contribution of customs taxes to public revenues and the output of the industrial sector in Iraq for the period (2004-2022) The indicator of the ratio of the contribution of customs taxes to the output of the industrial sector expresses the amount of the contribution of customs taxes to the composition of the output of the industrial sector and this is calculated through the following: -

Table 1: The indicator of the ratio of customs taxes to public revenues in Iraq for the period (2004-2022)

The years	Customs taxes	Annual growth rate	General revenue	The ratio of the contribution of customs taxes to general revenues
2004	82,020	-	32,988,850	%0.25
2005	118,176	%44.08	40,435,740	%0.29
2006	219,032	%85.34	49,055,545	%0.45
2007	229,076	%4.59	54,964,850	%0.42
2008	376,539	%64.37	80,641,041	%0.47
2009	590,688	%56.87	55,243,527	%1.07
2010	550,943	%-6.72	70,178,223	%0.79
2011	506,767	%-8.01	108,807,390	%0.47
2012	1,013,598	%100.01	119,817,222	%0.85
2013	982,378	%-3.08	113,840,076	%0.86
2014	489,504	%-50.17	97,618,556	%0.50
2015	396,358	%-19.02	66,470,251	%0.60
2016	632,384	%59.54	54,409,269	%1.16
2017	1,194,979	%88.96	77,422,172	%1.54
2018	1,648,580	%37.95	106,569,833	%1.55
2019	1,024,994	%-37.82	107,566,993	%0.95
2020	826,961	%-19.32	63,199,689	%1.31
2021	922,083	%11.50	109,081,463	%0.85
2022	719,549	%-21.96	161,697,436	%0.44
Total average				%0.78

Source: from the work of the researcher based on the data of the Ministry of Finance - Department of Economic studies, Accounting Department, For various years.

Table (1) shows that the ratio of customs revenue to public revenues fluctuated during the years (2004-2008), rising, and falling due to the instability of the economic, Political and security situation in Iraq which depends entirely on oil revenues. When oil prices rise in global markets, it greatly affects oil revenues and then on public revenues, so the ratio of the contribution of customs revenues to revenues increases, while in (2009) the ratio of customs revenues to general revenues increased to reach (1.07%) as a result of the global financial crisis, which showed its effects on the Iraqi economy in (2009) , while the ratio of customs revenue to public revenues in 2010 and 2011 has decreased owing to the financial, Administrative and political corruption and the instability of the general situation. But the rate of growth of customs taxes began to increase during the years 2012 and 2013 due to increased control of the tax system and state control over most border crossings, And in 2014 and 2015 this ratio was declined owing to the military war on terrorist gangs and the instability of the security situation, while during the years (2016, 2017 and 2018) the ratio of customs revenues to public revenues peaked during the research period at (1.55%) due to the stability of the security situation and the application of the rates of fees imposed in accordance with the law and the instructions prescribed by the state. The highest contribution of customs revenues to public revenues in the year (2017-2018) reached (1.54%) and (1.55%) due to the activation of the Customs Tariff Law No. 22 of 2010, which was not applied until (2016), as well as the decline in oil prices internationally which led the state to impose and collect higher taxes than previously, that contributed to increase contribution of customs revenues to public revenues.

It is worthy to be noted from the table that there was a direct relationship between customs taxes and public revenues because their proceeds increase in periods of economic stability and high oil prices except for the year 2009 due to the global financial crisis and the major shock of 2014 and its impact on the Iraqi economy. Nevertheless, the customs tax revenues have formed an average contribution percentage to the total public revenues for the period (2004-2022) amounted to (0.78%). the following figure (1) shows the estimates of customs taxes to the total public revenues in Iraq.

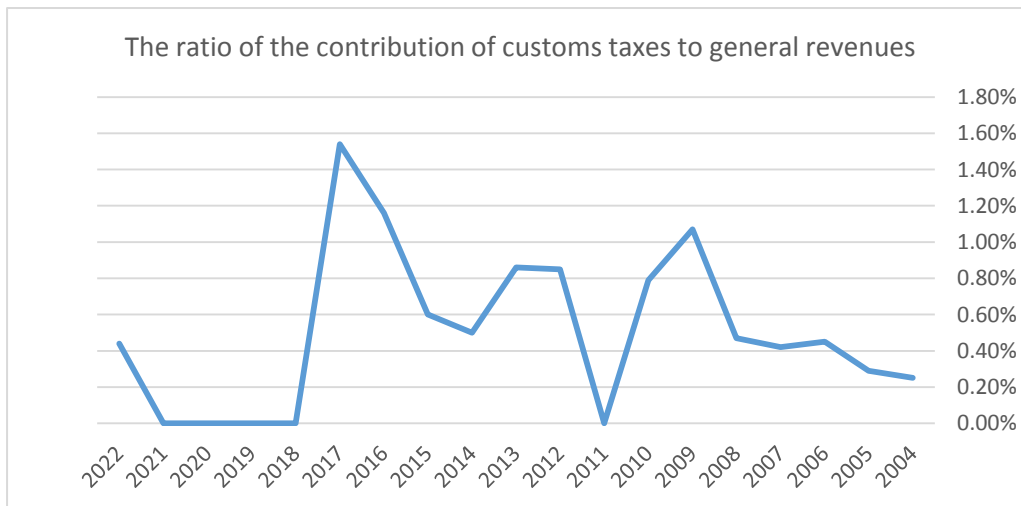


Figure 1: Estimates of customs taxes to total public revenues in Iraq for the period (2004-2022)

Table 2: The percentage of the contribution of customs taxes to the output of the industrial sector in Iraq for the period (2004-2022) (million dinars)

years	Customs taxes	Annual growth rate	Total industrial sector (output of the extractive industry + output of the manufacturing industry)	The percentage of the contribution of customs taxes to the output of the industrial sector
2004	82,020	-	31,793,674	%0.26
2005	118,176	%44.08	43,500,183	%0.27
2006	219,032	%85.34	54,504,115	%0.40
2007	229,076	%4.59	61,092,251	%0.37
2008	376,539	%64.37	90,165,374	%0.42
2009	590,688	%56.87	59,975,063	%0.98
2010	550,943	%-6.72	77,248,634	%0.71
2011	506,767	%-8.01	122,132,173	%0.41
2012	1,013,598	%100.01	134,145,123	%0.76
2013	982,378	%-3.08	132,731,236	%0.74
2014	489,504	%-50.17	122,357,215	%0.4
2015	396,358	%-19.02	69,825,679	%0.57
2016	632,384	%59.54	72,233,333	%0.88
2017	1,194,979	%88.96	93,884,954	%1.27
2018	1,648,580	%37.95	126,080,589	%1.31
2019	1,024,994	%-37.82	120,734,599	%0.85
2020	826,961	%-19.32	69,204,267	%1.19
2021	922,083	%11.50	148,131,478	%0.62
2022	719,549	%-21.96	251,065,318	%0.29
Total average				%0.67

Source: from the work of the researcher based on data, Ministry of Finance, the Accounting Department, the Department of Economic Studies, Ministry of Planning, and Central Bureau of Statistics for various years.

It appears from the data of above table (2) that the rates of contribution of customs revenue in the composition of the output of the industrial sector are low and fluctuating, where the rate of contribution of customs taxes in the composition of the output of the industrial sector in 2004 was (0.26%) due to the effects of the US war on Iraq and the siege imposed thereon, the destruction and looting of most factories and military operations as well. In the years 2005-2009, the contribution rate began to rise until 2009 (0.98%) due to reforms in the industrial sector and high oil prices, while in 2010 the contribution rate decreased to (0.71%) owing to the repercussions of the global financial crisis and the decline in oil prices in 2009, and then returned to decline in 2011 to reach (0.41%) as a result of the widespread corruption at most border crossings that led to the decline in the amount of customs revenue to reach (506.767) billion Iraqi dinars after it was (550.943) billion Iraqi dinars in the previous year. But in 2012 and 2013, the contribution rate increased to reach (0.76%) in 2012 and (0.74) due to the increase in the volume of customs revenue in these two years, And the lowest contribution rate for customs taxes in 2014 reached (0.4%) owing to the instability of the security situation in Iraq and the military war on terrorism in the same year and most border crossings were not under the control of the government ever since. While the highest percentage of the contribution of customs revenues to the formation of the output of the industrial sector was in 2018 with a contribution rate of (1.31%) because of the stability of the security, Political and economic situation in Iraq.

The result that can be derived from the data in the table above is that the contribution of customs revenues to the formation of the output of the industrial sector did not exceed (2%) at its best. While the average contribution of customs taxes to the total output of the industrial sector was (0.67%) which is very low due to the destruction of the economic infrastructure because of the US war in 2003, as well as the war on terrorist organizations in 2014.

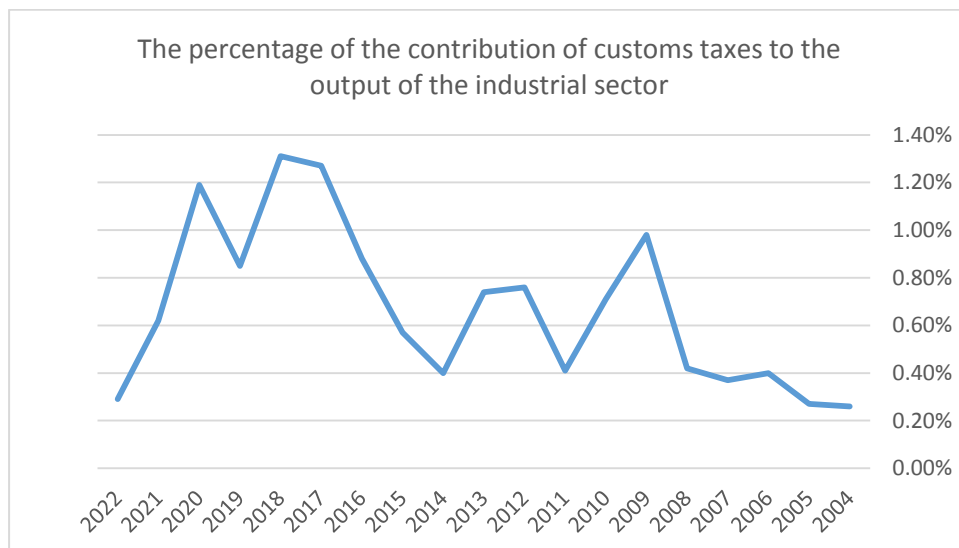


Figure 2: Estimates of customs tax rates in the output of the industrial sectors

b. Analysis of the ratio of industrial sector output to GDP in Iraq for the period (2004-2022).

The index of the output of the industrial sector to GDP reflects the contribution of the industrial sector to the formation of GDP. This indicator is deemed as one of the important

indicators that reflect the extent of economic progress achieved by developing countries. It will be calculated through the following table: -

Table 3: Analysis of the ratio of the contribution of the output of the industrial sector to the gross domestic product in Iraq for the period (2004-2022) (million dinars)

Years	Total industrial sector	Annual growth rate	Gross domestic product	Annual growth rate	Contribution of industrial sector output to (GDP)
2004	937,682	-	53,235,359	-	%1.76
2005	971,031	%3.56	73,533,599	%38.13	%1.32
2006	1,473,218	%51.72	95,587,955	%29.99	%1.54
2007	1,817,914	%23.40	111,455,813	%16.60	%1.63
2008	2,644,173	%45.45	157,026,061	%40.89	%1.68
2009	3,411,291	%29.01	130,643,200	%-16.80	%2.61
2010	3,678,714	%7.84	162,064,565	%24.05	%2.27
2011	6,132,760	%66.71	217,327,107	%34.1	%2.82
2012	6,919,449	%12.83	254,225,490	%16.98	%2.72
2013	6,286,042	%-9.15	273,587,529	%7.62	%2.3
2014	4,999,233	%-20.47	266,332,655	%-2.65	%1.88
2015	4,234,716	%-15.29	194,680,971	%-26.90	%2.18
2016	4,436,442	%4.76	196,924,141	%1.15	%2.25
2017	4,819,896	%8.64	221,665,709	%12.56	%2.17
2018	5,464,371	%13.37	268,918,874	%21.32	%2.03
2019	5,902,961	%8.03	276,157,867	%2.69	%2.14
2020	5,582,241	%-5.43	219,768,798	%-20.42	%2.54
2021	7,520,469	%34.72	304,053,321	%38.35	%2.47
2022	10,455,463	%39.03	415,628,494	%36.70	%2.52
Total average				-	%2.15

Source: From the work of the researcher work based on the data of the Ministry of Finance, The Accounting Department, The Department of Economic Studies, The Ministry of Planning, The Central Statistical Organization, And the National Accounts Department for various years.

Table (3) shows that the value of the manufacturing industry witnessed a gradual increase from (937682) million dinars in 2004 with a contribution rate of (1.76%) to (2644173) million dinars in 2008 with a contribution rate of (1.68%) and an annual growth rate of (45.45%) as a result of the improvement of monetary and banking conditions and raising the level of banks as well as the stability of the exchange rate of the Iraqi dinar due to the central bank's entry into currency auction operations. But in 2009, the output of the manufacturing industry increased to (3411291) million dinars and ratio of contribution reached (2.61%) with the annual growth rate of (29.01%) due to the global crisis and its impact on the output of the extractive industry sector, while in 2012 the output of the industry reached In 2013, the output of the manufacturing industry decreased to (6,919,449) with a contribution to the GDP of (2.72%) due to the decline in the output of the extractive industry caused by the decline in crude oil prices globally.

In 2013, the output of the extractive industry decreased to (6,286,042) million dinars and a contribution rate of (2.3%) due to not keeping up with modern developments in the industrial sectors of machinery and equipment, but in 2014 and 2015, the output of this industry decreased to become in 2014 (4999233) million dinars with a contribution rate of (1.88%), and in 2015 to (4234716) million dinars and a contribution rate of (2.18%) due to have Ministry of industry merge its companies to become (32) companies after it was (37) companies, the security situation deteriorated, many factories stopped, and investment projects were canceled.

While in 2016 – 2017-2018 witnessed a slight increase in the output of the manufacturing industry to reach in 2018 (5,464,371) million dinars with an annual growth rate of (13.37%) and a contribution to GDP of (2.03%), as a result of the security , political and

economic stability of the country, the ratio of the contribution of the manufacturing industry to GDP has achieved an increase from 2018 to (2.14%) and less than (2.54%) in 2020 due to the corona pandemic and the suspension of most factories, but in 2022, the output of this industry increased to reach its highest level during the research period amounted to (10455463) million dinars and a contribution rate of (2.52%) due to increased investments in the field of the manufacturing industry, the return of many stalled factories to work and the general stability of the country. While the average contribution of the output of the manufacturing industry to the total GDP reached (2.15) because the production process' equipment of the public industrial sector was stolen and destroyed. The following figure (3) shows.

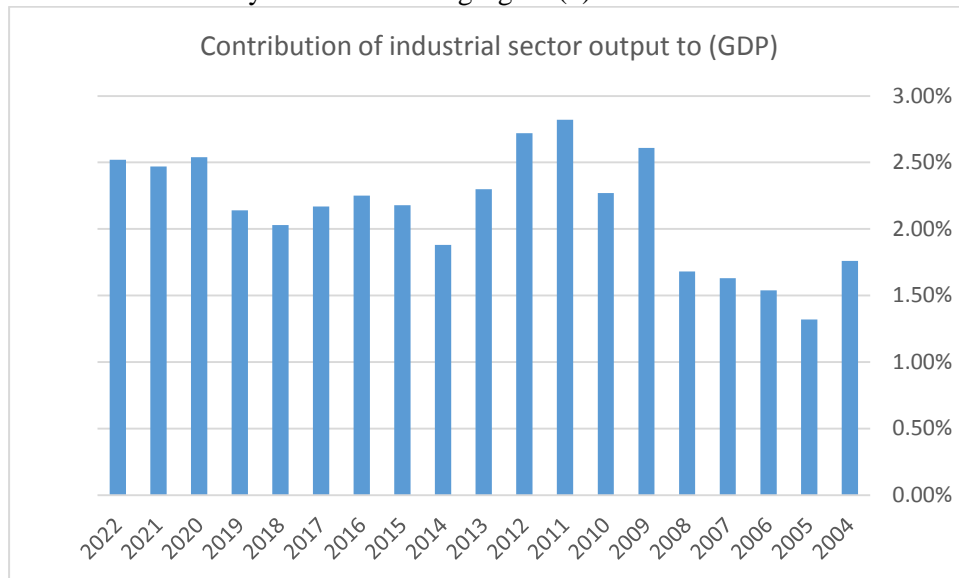


Figure 3: of industrial sector output contribution to (GDP) in Iraq for the period (2004-2022).

5. Discussion of results:

It is noted from the results that customs taxes in Iraq during the period 2004-2022 have a low rate of contribution to the output of the industrial sector. One of the constraints faced by the research is the weakness of the tax policy and its ineffectiveness in achieving its objectives, and the decline in customs tax revenues during the research period due to Iraq's heavy dependence on oil imports to obtain its revenues. Besides, the financial and administrative corruption is prevalent in most border ports, the absence of a flexible tax system and tax evasion by taxpayers. Thus, it is necessary to diversify sources of revenues and reduce dependence on one commodity to obtain revenues, to develop the tax system in Iraq in a deliberate and planned manner, to work to increase customs tariffs in order to increase the volume of tax revenues, as well as to encourage the local industry to compete with goods imported from abroad.

6. Conclusion:

We note that the contribution of customs taxes to public revenues is very low, as the highest contribution rate was in 2018, which amounted to (1.55%) owing to security stability and the application of state-imposed tax rates. While the average contribution of customs taxes to total public revenues reached (0.78%) which is very low because of the low volume of customs revenues, the contribution of customs taxes to the output of the industrial sector is very low as the highest contribution rate reached (1.31%) in 2018 due to the stability of the security, Political and economic situation in Iraq, but the average contribution of customs taxes to the total output of the industrial sector reached (0.67%) which is a small percentage, and this indicates the weak contribution of customs taxes to the development of the industrial sector as a result of the absence of a good tax system, in addition to the financial and administrative corruption prevailing over in most of the economic departments of the state. The highest

contribution of the industrial sector to (GDP) reached (2.82%) in 2011 due to the high global oil prices, and the return to normal life in most countries of the world as well, while the average contribution of the industrial sector to the total (GDP) was (2.15%).

Authors Declaration:

Conflicts of Interest: None

-We Hereby Confirm That All The Figures and Tables In The Manuscript Are Mine and Ours. Besides, The Figures and Images, which are Not Mine, Have Been Permitted Republication and Attached to The Manuscript.

- Ethical Clearance: The Research Was Approved by The Local Ethical Committee in The University.

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