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Imposing the digital tax on the profits of electronic companies and its impact on increasing revenues: A survey study of the opinions of a sample of managers and estimators working in the General Tax Authority in Iraq

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Abstract

The study aims to show the financial impact of the imposition of the digital tax on the profits of electronic companies in increasing the general revenues of the state and to identify the obstacles that tax authorities may face during its imposition. The study methodology relies on the inductive approach in observing the research problem represented by the weak contribution of traditional tax revenues in supporting general revenues, as well as the deductive approach to clarify the nature of the relationship between the independent and dependent study variables according to theoretical and applied frameworks. For this purpose, we designed a questionnaire of two axes distributed to a purposive sample of 71 managers and estimators working in the General Tax Authority. The results of the hypotheses were tested according to the statistical program (SPSS). The value of the research is represented in what was reached regarding the existence of a positive direct relationship between imposing a tax on the profits of electronic companies and increasing revenues, which confirms the critical role of the imposition of digital tax. The key recommendation of the study is the confirmation of the necessity of the Iraqi Ministry of Finance to form a new department whose job is to track digital businesses and open tax files for them, which contributes enormously to enhancing tax collection and achieving the state's development goals.

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Introduction

The expansion of the use of the Internet has led to the growth of the digital economy, transforming part of the economic activity from a traditional activity to a virtual activity (Mpofu, 2022). Therefore, the appearance of electronic commerce and the opportunities it provided for companies to facilitate access to new markets and conduct their commercial transactions gradually became a substitute for traditional trade. Hence, this trade posed a great challenge to the accounting and auditing profession and international tax systems in general and the accounting and auditing profession and the Iraqi tax system in particular. As results, it had to recognize, organize and subjecting this digital economy to various laws and regulations, especially tax regulations, which has drawn attention to the imposition of digital taxes (Faulhaber, 2019) that are commensurate with the profits of electronic companies, in addition to the challenges that will face the process of imposing this digital system and the extent of their contribution to protecting the tax revenues of the state on the one hand and achieving tax justice on the other hand.

Methodology

Research problem: Taxes of all kinds constitute one of the most important sources of revenue in most countries of the world. In recent years, due to the great development in e-commerce, this has led to the emergence of new types of companies over the Internet. This development was not accompanied by a similar development in tax rules and the tax audit profession to accommodate the risks and adaptation of e-commerce, which opened the way for companies in this field to refrain from paying taxes on their profits and get rid of the tax issue. This will negatively affect the general revenues of the state. The research problem arises in the fundamental question: Will imposing a digital tax on

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the profits of e-commerce companies affect the increase in revenues?

Importance of the research: The research gains special importance based on the novelty of the topic of electronic companies and the transition from the physical commercial environment to the digital environment. Electronic companies are the most important element of commercial dealings in the future, which requires organizing and subjecting these companies to international legal frameworks and reviewing the tax system by structuring the tax rules in order to update the system and clarify the appropriate tax system for application to these operations, especially since they achieve profits that make their owners committed to paying taxes to the state, as well as identifying the problems and obstacles that will face the process of implementing them as a result of the changes caused by electronic commerce operations. This can be achieved by transparently verifying the profits of those companies and reaching a tax estimate that matches their reality, and giving a clear picture of the additional revenues that the state will achieve and how to deal with those companies and subject to taxes in a way that guarantees the rights of the treasury and the taxpayer at the same time.

Research objectives: The research seeks to identify the modern trends in imposing digital tax and the legal tax treatment of revenues obtained from the electronic companies, according to the following:

1- Study the financial effects of digital tax on the profits of electronic companies in general and identify the modern trends of the tax adopted in electronic commerce and the possibility of benefiting from it.

2- Identify the obstacles that tax authorities may face when imposing digital tax.

3- Measure and analyze the relationship of impact and correlation between imposing digital tax on the profits of electronic companies and increasing revenues in Iraq.

Research hypotheses: The research is based on a main hypothesis that: There is a statistically significant relationship between imposing digital taxes on the profits of electronic companies and increasing revenues. The following sub-hypotheses emerge from it:

- The first sub-hypothesis: There is a statistically significant correlation between imposing digital taxes on the profits of electronic companies and increasing revenues.
- The second sub-hypothesis: There is a statistically significant relationship between imposing digital taxes on the profits of electronic companies and increasing revenues

Research Methodology: The research is based on the descriptive analytical approach to explain the concept of digital tax and how to deal with the profits of electronic companies in terms of taxation, by studying the research that dealt with digital taxation and identifying the most important challenges facing the process of imposing digital taxes and auditing them in terms of taxation. Hence, reaching to a set of guidelines through which the shortcomings in these tax systems must be improved in a manner consistent with the variables of the digital economy, in addition to adopting the statistical analysis method to accept or reject the research hypotheses in the practical aspect of the research.

Study population and sample: The General Tax Authority in Iraq was chosen as a population to conduct the study , and a random sample consisting of 71 tax managers and estimators was chosen at various job levels.

Research Limits:

- Spatial Limits: The researcher was limited to surveying the opinions of appraisers and examiners in the General Tax Authority.
- Temporal Limits: The period for completing the research was extended from 01.09.2023 to 01.05.2024.

Study tools: To enrich the theoretical and practical aspects of the study with the necessary information, the following tools will be relied upon:

- ***Theoretical aspect tools:*** In order to enrich the theoretical aspect, we relied on the contributions of researchers that were collected from sources represented by Arabic and foreign books, magazines, theses, research and scientific studies related to the study topic and available in libraries and published on the Internet, Iraqi Companies Law No. (21) of 1997 as amended, Income Tax Law No. (113) of 1982 as amended, General Tax Authority in Iraq.
- ***Practical aspect tools:*** In order to verify the conformity of the theoretical research with reality in the examination and testing environment, we relied on a questionnaire of the opinions of a sample of managers and estimators working in the General Tax Authority in Iraq regarding the possibility of imposing a digital tax on the profits of electronic

companies and its impact on increasing public revenues.

Theoretical aspect

Digital tax: The idea of a digital tax first appeared in November 1994 in the report submitted by Arthur Cordell and Thomas Wade to the Club of Rome to control revenues that cannot be taxed as a result of the shift from traditional commerce to e-commerce (Younis, 2022). Imposing this tax on the activity of e-companies has received great global attention, as e-companies achieve huge profits that are not subject to tax, which harms the justice of the tax system. In addition, most companies operating in e-commerce are large companies that can bear such taxes (Shaheen & Mahmoud, 2021) The digital tax targets companies that carry out commercial operations of services or products through digital technology. The digital services of companies can be tracked, measured, and the tax linked to them as the only element. Thus, technical difficulties resulting from the inability or impossibility of applying the current rules of the tax imposed on traditional commerce to the services and products of e-companies can be avoided (Aslam & Shah, 2020) The digital tax is defined as is a financial commitment imposed by countries on companies to be paid from their sales or revenues that they earn from technical sources such as the Internet (Lucas & Junquer, 2021) It is also defined as an amount of money imposed by countries on global digital companies that operate via the Internet (Mouloud, 2021)**.** From the above, the digital tax can be defined as: ***a financial commitment imposed by countries on natural and legal persons by force, permanently and without compensation according to pre-determined standards and on the activities they practice via the Internet in order to achieve some economic and social goals***.

International proposals to impose digital taxes: There are many suggestions and attempts in countries around the world to subject the profits of electronic companies as well as their products to tax. We will briefly review the most prominent of these attempts that were the subject of discussion in international circles such as (Shaheen & Mahmoud, 2021), (Siddiq, 2020), (Mpofu & Moloi, 2022):

- Imposing a tax on global e-commerce.
- Imposing a tax on digital advertising.
- Imposing a tax on the profits of electronic companies.
- Imposing a tax on money transfer (electronic payment).

Justifications for imposing a digital tax: The most important advantages that justify imposing a digital tax on the profits of electronic companies are as follows (Younis, 2022) , (Siddiq, 2020) , (Mouloud, 2021) (Lucas & Junquer, 2021):

- Expanding the tax base to ensure compensation for the shortfall in tax revenues resulting from the erosion of the bases as a result of the expansion in the use of digital information technology, and thus the ability of the tax administration to limit the tax community to linking and collecting taxes on electronic companies has declined.
- Achieving tax justice in treating income and wealth resulting from commercial transactions of electronic companies with those resulting from the trade of traditional companies in a way that ensures equal opportunities and conditions of free competition in practicing various economic activities.
- Obtaining a new financial resource to increase public revenues for use in covering public expenditures, by taking advantage of the financial savings of the digital economy or digital wealth in general and the profits of electronic companies in particular, as most countries believe that digital service providers should contribute to financial financing by paying new special taxes similar to income and consumption taxes to achieve tax justice.
- Reducing information contamination by rationalizing the use of the Internet in economically and socially beneficial areas, as the digital tax reflects the marginal cost of congestion resulting from irrational access to the network, so users are keen on what achieves a greater marginal benefit than the economic and social cost.
- The digital tax provides governments with assistance
- regarding eliminate the negative social effects of digital information technology by employing its revenues to address the problems of unemployment or electronic piracy and violation of personal privacy and the like.
- Imposing the digital tax increases the tax liability of those responsible for implementing the provisions of the tax law and thus increases tax revenues

Challenges facing the imposition of digital tax: Despite the many motives for imposing digital tax on the profits of electronic companies, there are some obstacles facing the tax system when applying it, because these businesses are carried out across the world's borders without a physical presence, which makes it difficult to track the deal and thus it is difficult to determine the source of income and the place where the taxable income is achieved. The most important obstacles facing the process of applying digital taxes can be presented as follows (Ibrahimi , 2021) ,(Al-Maasrawi, 2022) , ,(Aql & Taha, 2019), (Maatouq & Eman, 2019):

Tax confinement: i.e. including all taxpayers according to tax laws, but in the electronic business of companies via the Internet, a large part of it is invisible and of a mobile and intangible nature for digital goods and services, which leads to the difficulty of confining taxpayers who engage in transactions via the Internet to complete the tax files that tax laws restrict compliance with. Accordingly, the problem of tax confinement is the first problem that must be addressed and addressed before applying digital tax.

Tax sovereignty: i.e. determining the country that has the right to impose digital tax. Most tax legislations have resorted to subjecting companies to tax according to their residence and the source of their profits. With the emergence of the digital economy, this concept has become ineffective. Companies can, within the framework of the freedom of movement of digital businesses, avoid spatial presence in countries with high taxes, which will affect the tax revenues of these countries.

Double taxation: i.e. the same taxpayer being subject to two taxes on the same tax base and for the same time period. Most countries impose tax on the income generated by foreign companies within their geographical borders. This matter has become threatened with the emergence of electronic companies, as they can now practice their activity without the need for their physical presence in the country.

Tax base: The tax base is a fundamental pillar, as it is impossible to imagine imposing any tax unless the tax legislator is able to determine the base on which the tax will be imposed. In digital businesses, reliance is placed on digital platforms that provide the service or commodity over the Internet without the need for paper documents. Thus, dealing with the parties is automated, direct and without an intermediary, thus limiting the ability of the tax administration to prove contracts and limit the taxable material and the difficulty of monitoring and collecting the tax.

In light of the above, this does not mean abandoning the imposition of the digital tax on the profits of digital companies. Surely, when the digital taxes are not imposed, that means competition between companies that practice the same activities will be unfair. The potential development of digital taxes has become currently an essential part of countries' plans and requires new international agreements to regulate e-commerce transactions and develop proposed solutions to be imposed on the digital economy.

Electronic companies: Electronic companies have occupied many opinions due to their rapid expansion and spread around the world in buying and selling operations, in monetary exchange operations, information exchange, and global trade exchange operations (Siddiq, 2020). Electronic companies are known as institutions that carry out commercial and non-commercial business in the electronic digital space, or they are a type of buying and selling operations between consumers and producers or between companies with each other using information and communications technology (Angad , 2022). They are also known as institutions that carry out their entire activity via the Internet and do not have branches on the ground, and that customers can carry out all their business with that company via its website on the Internet. Here, the company carries out all its purposes for which it was established via the Internet without any need for a traditional location on the ground (Al-Saffar, 2009) ,The electronic company contract is no different from concluding a contract for any other company, because the contract is the source of the partners' commitment, and it is sufficient for its conclusion that there is a correct will from the parties and that it meets the offer and acceptance. There is no objection to the will of the parties via the Internet by computer to include an invitation to negotiate to conclude the company contract despite the distance and the lack of a contemporary physical presence between the two parties (Al-Salmani, 2020).

Tax revenues: Tax revenues are considered the second source of financing public revenues in Iraq after oil revenues. Revenues are viewed as an important tool of public finance (Ibrahim, 2021). Tax revenues are defined as the source from which the state derives funds in order to cover its various needs and satisfy the necessary public needs of society (Abdullah , 2024)). They are also defined as the funds that the state obtains through imposing direct and indirect taxes that it needs to conduct financial activity. The Iraqi economy relies primarily on oil revenues to finance its development programs, which has made it a revenue-generating economy or Rentier economy affected by fluctuations in crude oil prices in global markets, in light of the lack of diversity in its sources of national income due to the low efficiency of the tax system in it. Despite the changes that occur in tax revenues, up and down, public revenues do not respond to these changes to some extent. This is due to the weak contribution of tax revenues to public revenues. In addition, even if they respond to these changes, this is a result of their components being affected by external crises that result in a decrease in Oil prices and then the slowdown in economic growth, which affects the movement of sales of goods, services, local real estate and the volume of imports, which naturally affects the volume of revenues in general, which may appear as having an impact on public revenues as a result of their similar paths (Hassan & Abdel Hamid, 2023)). In light of the above, the weak role of tax revenues is a result of the low percentage of their contribution to public revenues, which confirms the extent of the Iraqi economy's dependence on oil revenues in financing the budget. Therefore, the government should adopt taxes as a primary source of financing current expenditures, and it is more just if individuals feel that it is a social obligation necessitated by the necessity of the state providing services that benefit everyone and that evading paying it is inconsistent with the right of trust regarding it, such as refraining from paying the debt due, and that the evasion of those who are able to pay means increasing the burdens relatively on others.

Practical aspect

This part of article includes the analysis of the study variables at the level of the researched sample represented by managers and estimators working in the General Tax Authority. We implemented a questionnaire for 100 of this group of employees. From 100 managers and estimators, to whom the questionnaire was distributed, the study is based on only approximately (71) questionnaires were retrieved. Based on the frequency distributions of the answers of the research sample members, we computed the arithmetic mean and standard deviation for each paragraph of the questionnaire. The study is relied on the five-point (Likert) scale in the answers of sample, which is the arithmetic mean attributed to the maximum value of the (Likert) scale, i.e. (5), and is used to express the response rate or relative importance. Note that the hypothetical standard mean is (3), and the analysis of the paragraphs included in the questionnaire for the study variables will be described through the responses of the researched sample in light of the arithmetic mean, standard deviation, coefficient of variation, and response rates.

Description of the sample questionnaire

The questionnaire is the main source for obtaining the required data and information. It was designed to cover all research variables. Simplicity and clarity were taken into account in formulating this form. The Likert scale was adopted, whose value ranges between rank (5) completely agree and rank (1) completely disagree, i.e. it is a five-point scale, which is the most widely used method in administrative sciences. According to this scale, there are five categories to which the arithmetic averages belong: from 1 to 1.8 represents very weak, 1.8 to 2.6 represents weak, 2.6 to 3.4 represents medium, 3.4 to 4.2 represents high and finally 4.2 to 5 represents very high.

Validity and Reliability of the scale

Reliability test: It means obtaining the same results if a specific scale is reapplied to the same sample again with a time difference. The retest method is one of the common methods in reliability testing, but it is an uneconomical method as it is expensive in terms of time. We may not find the same individuals who were questioned in the previous test for the purpose of reapplying the test to them. Therefore, we used the split-half method which summarized by finding the correlation coefficient between the scores of the individual paragraphs in the questionnaire and the scores of the even paragraphs. This correlation coefficient is corrected by the (Spearman-Brown) equation. If the reliability coefficient is (0.67) according to the (Spearman-Brown) equation, then it is sufficient for research to adopt the questionnaire as a tool. In our study, the calculated reliability coefficient was (0.86), meaning that the research questionnaire with its different scales has high reliability, which can be used at different times for the same individuals and give the same results.

Analyzing the results of the sample (variable of imposing a digital tax on the profits of electronic companies)

The variable of Imposing a digital tax on the profits of electronic companies was measured through 11 paragraphs which reflect the justifications of the imposition of digital tax on the profits of electronic companies. Table (1) is shown the arithmetic means, standard deviations, coefficient of variation, and relative importance from the point of view of the study sample.

Table 1 The arithmetic means, standard deviations, coefficient of variations and relative importance of the variable of the imposition of digital tax on the profits of electronic companies

No.	Paragraphs of the dependent variable: imposing a digital tax on the profits of electronic companies	Arithmetic mean	Standard deviation	Coefficient of variation	Relative importance	Rank	Level of measurement
1	Imposing digital taxation increases corporate tax compliance by implementing the provisions of the tax law and thus increases tax revenues.	4.20	0.92	21.92%	83.94%	4.00	Vary High
2	Imposing digital taxation achieves tax justice in treating income and wealth resulting from commercial transactions of electronic companies with those resulting from trade of traditional companies	4.08	0.77	18.85%	81.69%	9.00	High
3	The digital taxation contributes to reducing information pollution by rationalizing the use of the Internet in economically and socially beneficial areas.	4.18	0.94	22.50%	83.60%	6.00	High
4	Imposing digital taxation as a type of tax on the profits of electronic companies contributes to building an Iraqi society by supporting infrastructure projects	4.01	0.95	23.59%	80.20%	10.00	High
5	Imposing digital taxation as a type of taxation on the profits of electronic companies contributes to the recovery of the Iraqi economy	4.16	0.79	18.91%	83.20%	7.00	High
6	Imposing digital taxation as a type of taxation contributes to supporting social protection networks.	4.00	1.01	25.35%	80.00%	11.00	High
7	Imposing digital taxation as a type of taxation on the profits of electronic companies contributes to reducing the phenomenon of tax evasion	4.27	0.76	17.78%	85.40%	4.00	Vary High
8	The digital taxation contributes to providing governments with what helps them eliminate the negative social effects of digital information technology by employing its revenues to address the problems of unemployment or electronic piracy and violation of the	4.15	0.89	21.39%	83.10%	8.00	High

	sanctity of personal privacy.						
9	**Imposing digital taxation contributes to obtaining a new financial resource to increase public revenues to be used to cover public expenditures.**	**4.38**	**0.74**	**16.98%**	**87.61%**	**1.00**	**Vary High**
10	**The digital tax contributes to expanding the tax base to ensure compensation for the shortfall in tax revenues resulting from the erosion of the bases as a result of the expansion in the use of digital information technology in tax evasion**	**4.28**	**0.76**	**17.74%**	**85.63%**	**3.00**	**Vary High**
11	**Imposing a digital tax on the profits of electronic companies contributes to increasing the services provided to society.**	**4.37**	**0.91**	**20.93%**	**87.32%**	**2.00**	**Vary High**
Total		**4.19**	**0.86**	**20.54%**	**83.79%**		

We note from the results shown in Table (1), above for the independent variable : imposing the digital tax on the profits of electronic companies, that its arithmetic means ranged between (4.00 - 4.38), compared to the general arithmetic mean of (4.19). While its standard deviation ranged between (0.72 - 1.01), compared to the general standard deviation of (0.86), which indicates that the dispersion between the answers of the sample members was relatively small. In other words, the sample members agreed with imposing the digital tax on the profits of electronic companies, and what confirms this agreement is the degree of the arithmetic mean of (4.38) and the standard deviation of (0.74) that came with the paragraph that states that "Imposing the digital tax contributes to obtaining a new financial resource to increase public revenues to be used to cover public expenditures" compared to the general standard deviation. This indicates the agreement of the sample members that imposing a digital tax on corporate profits will achieve tax justice in the treatment of income and wealth resulting from the commercial transactions of these companies and limit the phenomenon of tax evasion and thus increase public revenues, which in turn leads to an increase in services provided to society.

Analysis of sample answers results (variable of increasing revenue)

This variable was measured through (11) paragraphs of the digital contribution to increasing revenues as shown in table (2). The table indicates to the arithmetic means, standard deviations, and relative importance from the point of view of the study sample.

Table 2: arithmetic means, standard deviations, and relative importance of the variable of increasing revenues

No.	Paragraphs of dependent variable: Increase in revenues	Arithmetic mean	Standard deviation	Coefficient of variation	Relative importance	Rank	Level of measurement
1	**Increasing revenues from imposing digital tax contributes to achieving economic and social development in Iraq.**	**4.49**	**0.65**	**14.51%**	**89.80%**	**3.00**	**Vary High**
2	**Developing control procedures to prevent e-companies from exploiting loopholes in the tax law with the intention of reducing profits and evading taxes.**	**4.48**	**0.53**	**11.85%**	**89.58%**	**4.00**	**Vary High**
3	**Issuing new tax laws or studying**	**4.54**	**0.63**	**13.86%**	**90.70%**	**1.00**	**Vary High**

	current laws in detail to determine the tax areas and levels that subject e-companies' profits to digital tax, which will lead to an increase in tax revenues.						
4	**Reconsidering granting tax exemptions and allowances, which are exploited by parties not included, which is reflected in revenues**	**4.25**	**0.71**	**16.73%**	**85.07%**	**8.00**	**Vary High**
5	**Forming a new department in the General Tax Authority whose job is to track digital businesses and open tax files for them, which contributes strongly to enhancing tax collection and thus increasing revenues.**	**4.28**	**0.80**	**18.59%**	**85.63%**	**7.00**	**Vary High**
6	**Developing the current tax administration to keep pace with digital technological developments and their reflection on increasing revenues**	**4.31**	**0.75**	**17.36%**	**86.20%**	**6.00**	**Vary High**
7	**The General Tax Authority adopts sufficient measures to reduce the phenomenon of tax evasion in the commercial operations of e-companies and its reflection on increasing revenues.**	**4.41**	**0.60**	**13.60%**	**88.17%**	**5.00**	**Vary High**
8	**Lack of tax awareness among taxpayers of the importance of digital taxes and the extent of their contribution to increasing revenues**	**4.23**	**0.74**	**17.53%**	**84.51%**	**9.00**	**Vary High**
9	**Imposing digital tax on the profits of electronic companies contributes to adding a new source of tax revenues**	**4.51**	**0.71**	**15.74%**	**90.20%**	**2.00**	**Vary High**
10	**Improving the tax system and updating it with developments on an ongoing basis will increase revenues**	**4.18**	**0.83**	**19.92%**	**83.66%**	**10.00**	**High**
11	**Tracking and proving the commercial transactions of electronic companies and determining the scope of the tax to prevent double taxation**	**4.14**	**0.83**	**20.12%**	**82.82%**	**11.00**	**High**
Total		**4.19**	**4.35**	**16.35%**	**86.94%**		

The results shown in the table 2 above, for the dependent variable: the increase in revenues, that the arithmetic averages are ranged between (4.14-4.54), compared to the general arithmetic average of the increase in revenues, which equals to (4.35). While its standard deviations are ranged between (0.53 - 0.83), compared to the general standard deviation of (0.71), which indicates that the dispersion between the answers of sample members was relatively small. In other words, the sample members were agreed collectively on the paragraphs of increasing revenues through the arithmetic mean of (4.54) and the standard deviation of (0.63), which is a very good level, indicating the small dispersion of the answers of sample and their agreement that increasing revenues will come from imposing digital tax on corporate profits by issuing new tax laws or studying current laws in detail to determine the tax areas and levels that subject electronic companies' profits to digital tax. This was clear in the paragraph that states that "issuing new tax laws or studying current laws in detail to determine the tax areas and levels that subject the profits of electronic companies to digital tax will lead to an increase in tax revenues".

Testing the research hypotheses

The first sub-hypothesis: There is a statistically significant correlation between imposing digital taxes on the profits of electronic companies and increasing revenues.

Table 3: The correlation matrix between imposing digital taxes on the profits of electronic companies and increasing revenues

Increasing Revenues					
Imposing digital taxes on the profits of electronic companies	**Sample size**	**Probability value**	**Correlation coefficient**	**Type of relationship**	**Degree of relationship**
	71	**0.000**	**0.863****	**Direct**	**High**
****Correlation is significant at the 0.01 level (2-tailed).**					

Source: Prepared by the researcher based on the questionnaire

The information in the table 3 above indicates the existence of a strong correlation between imposing digital taxes on the profits of electronic companies and increasing revenues according to the opinions of the sample of study with a correlation coefficient of (0.863**), which is a high degree. That means accepting the research hypothesis that there is a statistically significant correlation between imposing digital taxes on the profits of electronic companies and increasing revenues.

The second sub-hypothesis: There is a statistically significant effect between imposing digital taxes on the profits of electronic companies and increasing revenues.

Table 4: Regression equation for the impact of imposing digital taxes on the profits of electronic companies in increasing revenues

	Dependent variable: Increase in revenue						
Independent variables: Imposing digital tax on the profits of electronic companies	**Correlation R**	**Coefficient of Determination R^2**	**Regression parameter test**		**Regression model test**		
			F test	**Significant level**	**Beta**	**T test**	**Significant level**
	0.863	**0.745**	**201.343**	**0.000**	**0.712**	**14.190**	**0.000**

Source: Prepared by the researcher based on the questionnaire

From the table 4, it is clear that the regression equation, for the impact of imposing the digital tax on the profits of electronic companies in increasing revenues, is contributed to achieving the value (β = 0.712). The calculated T value was significant (14.190), suggesting to the model is able to explaining the factors and issues that affect the increase in revenues through imposing the digital tax on the profits of electronic companies by a percentage (R2 = 0.745). In other words, the percentage 74.5% of the variance in the increase revenues can be explained by imposing the digital tax on the profits of electronic companies. While, the remaining percentage (25.5%), it is the result of the contribution of other variables not included in the research plan. The value (Beta) also shows the degree of impact (0.712), which means that an increase of one degree in the dependency will lead to an increase in the imposition of the digital tax on the profits of electronic companies by an amount of (0.712) of the increase in revenues. The calculated F value was very significant, 201.343, indicating the existence of a standard and strong effect between imposing digital tax on the profits of electronic companies and increasing revenues.

Based on the above and through the results of the correlation analysis (Spearman Correlation) and the regression analysis (Simple Linear Regression), the main hypothesis is accepted: There is a statistically significant relationship between imposing digital taxes on the profits of electronic companies and increasing revenues.

Conclusions:

1. E-commerce is a modern method of trade that offers its products across borders using the Internet and making profits.
2. E-commerce companies that operate using the Internet do not contribute to paying taxes because they are outside the applicable tax laws.
3. Tax systems in Iraq should target the profits of e-commerce companies to ensure a fair share of revenues, avoid double taxation and tax evasion, and achieve tax justice.
4. Old tax laws and legislation that have not kept pace with the developments that have affected the concept and objectives of modern taxation bind the General Tax Authority.

Recommendations:

1. The necessity of amending the Iraqi tax law to keep pace with rapid technological developments and focus on imposing a digital tax on the profits of electronic companies.
2. The necessity of imposing a digital tax on the profits of electronic companies to ensure obtaining a fair share of revenues and achieving tax justice.
3. The necessity of international cooperation in order to benefit from the exchange of experiences in the field of addressing the problems of electronic transformation, combating tax evasion and achieving tax justice.
4. The necessity of employing modern information systems techniques and relying on them to raise the efficiency of the General Tax Authority.
5. Forming a new department in the General Tax Authority whose job is to track digital businesses and open tax files for them, which contributes strongly to enhancing tax collection and achieving the development goals of the state.

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