
THE IMPACT OF FINANCIAL AND ADMINISTRATIVE CORRUPTION ON TAX REVENUES FOR FINANCING STATE PUBLIC BUDGET

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Abstract

Financial corruption is the misuse of government employees' positions in all sectors to achieve personal gains. This study searched the impact of financial and administrative corruption (henceforth FAC) on tax revenues to finance the state's public budget. The study sample consisted of 50 employees of the General Tax Authority. The study adopted the significance value in testing the research hypotheses instead of the tabular value for result accuracy. All indicators (sig) of significance were calculated using SPSS. Results revealed a notable correlation between the influence of FAC and tax revenue. The results also indicated a significant correlation between the effects of FAC and the financing of the state's public budget. The study has shown a substantial impact of FAC on tax revenue and funding for the public budget. Hence, the study results imply a significant correlation among FAC, tax revenue, and public budget funding, underscoring the intertwined influence of FAC on tax revenue and state budget financing.

Keywords: FAC, public budget, tax revenues.

Introduction

FAC is a widespread issue impacting all nations, particularly developing countries. It tends to worsen with the country's current circumstances. Iraq faces this challenge as well, emphasizing the urgent need to address and prevent its escalation. Therefore, it is crucial to establish regulations, legislation, and laws to combat corruption, while also utilizing the state's media and educational platforms to educate citizens about the significant physical and moral harm caused by corrupt practices. Furthermore, it is essential to participate in global conferences and seminars to draw upon innovative ideas and solutions aimed at tackling corruption prevalent in these nations. Dealing with this corruption is essential for the country's advancement and growth.

Research problem

Due to the prevalence of FAC in various government agencies, including tax administration, which has had an impact on tax revenue and its role in funding the public budget, the research problem is summarized in the following questions:

1. Is there an impact of administrative and financial corruption on tax revenue and its reflection on funding the public budget?
2. Are there control measures in tax administration to combat FAC?

Research significance

This research aims to comprehend FAC and evaluate the effectiveness of tax administration strategies in combating this issue, especially concerning income tax. The varying degrees of FAC across countries affect tax revenue, which plays a crucial role in funding the state's public budget, potentially leading to a significant loss of budget financing sources.

Research objectives

The study aims to achieve the following objectives:

1. Defining and explain various types of FAC,
2. Emphasizing the significance of tax revenue in Iraq and its contribution to funding the public budget.

Research hypotheses

The research endeavors to examine the following hypotheses:

1. There exists a notable correlation between FAC and tax revenue.
2. There is a significant correlation between FAC and the financing of the public budget.
3. FAC has a substantial impact on tax revenue.
4. FAC significantly affects the funding for the public budget.

Financial and administrative corruption

Corruption is defined as an illegal or unauthorized act carried out by a government official who uses their position to obtain a bribe, directly or indirectly, in exchange for providing a benefit (Imam & Jacobs, 2007). Transparency International, founded in 1993, defines corruption as the misuse of public office for private gain, present in all sectors where an individual holds influential power or monopolistic control over a commodity, service, or decision-making authority. This misuse can favor one group over another, indicating a breach of public office integrity and prevailing societal values and norms in both public and private sectors (Al-Fayad, 2015).

Manifestations of FAC

FAC display a variety of manifestations that have become commonplace in society, leading to detrimental effects on financial resources and public interests. These manifestations are observed in the behaviors of individuals in positions of authority and employees lacking strong ethical values. The key manifestations of FAC include:

Bribery: Involves the acceptance of money and personal benefits in exchange for neglecting to perform a specific duty, often by violating laws, regulations, and guidelines (Dawood, 2015).

Nepotism: Utilizing influence to achieve goals and personal interests, typically based on relationships, family connections, tribal affiliations, political affiliations, and party allegiance. Nepotism has become prevalent in various forms, leading to the unchecked enrichment of the ruling elite, allowing a new class to emerge with ties to those in power, aiming to monopolize public assets (Saeed & Mar'i, 2004).

1. **Disclosure of confidential information** refers to the failure to uphold job-related secrets, encompassing information, data, and documents that are accessible to a public employee due to their official role. Safeguarding information and refraining from disclosure aim to protect the public interest from the risks associated with leaking confidential details and revealing information, data, and documents relevant to the state's interests (Kanaan, 2008).
2. **Tax evasion** is categorized as a form of FAC. It stands as a key issue impacting tax revenue. It involves taxpayers attempting to evade paying their lawful taxes by contravening legal provisions (Al-Kartani et al., 2022)
3. **Financial corruption in senior management:** This form of corruption is widespread in many developing countries, where senior managers manipulate financial records and present false financial statements regarding the business entity to government authorities, shareholders, lenders, or other stakeholders, as well as to the general public, with the aim of securing financial benefits (Abdeen, 2008).
4. **Employee embezzlements** occur secretly, involving a breach of trust granted to employees by the government and employers. They typically involve bribes or commissions in exchange for assistance in obtaining tenders, contracts, or other facilitations (Abdeen, 2008).

Causes of FAC

Undoubtedly, there are several reasons that have led to the emergence of FAC, some of which stem from the social environment and living conditions, while others result from the internal work environment characterized by a lack of supervision, deficiencies in laws, regulations, and controls. It is evident that a variety of reasons have contributed to the clear emergence and spread of FAC in various societies. Scholars and researchers in management and organizational behavior agree that among the causes of FAC are:

1. **Political factors:** Developing nations, including Iraq, often experience governmental and governance system changes that result in political instability. These transitions frequently lead to shifts in leadership and civil service personnel based on the preferences and directives of the new administration. In developing countries, many capable leaders in the civil service have been replaced by individuals selected for their political allegiance rather than their professional competence. This practice significantly facilitates corruption by disconnecting

competence from service and appointing less qualified individuals. Furthermore, it fosters political favoritism based on political, ethnic, sectarian, and party affiliations (Khemissi, 2016).

2. **Legal factors:** These encompass the array of laws, regulations, and directives that govern state operations and can hinder economic activities. Examples include high tax rates leading to an increased tax burden and loopholes in legislation that can be exploited for corrupt practices (Arabiya, 2005).
3. **Economic factors:** Among the primary causes of FAC in both affluent and impoverished nations, like Iraq, is the absence of systematic approaches for determining salaries and benefits. The lack of a structured system for incentives, rewards, and job perks that motivate employees to perform well and uphold professional ethics contributes to fostering loyalty within organizations. This, in turn, reduces the reliance on illicit income sources to meet elevated living standards (Dawood, 2015).
4. **Financial factors:** FAC encompasses a range of financial irregularities and breaches of regulations and financial guidelines that disrupt the functioning of government and institutional finances. This includes failure to adhere to the directives of financial oversight bodies, leading to practices like bribery, embezzlement, tax evasion, favoritism, and nepotism (Qutwaitia& Maamari, 2020).
5. **Social factors:** FAC represents an unethical behavior stemming from the erosion of societal values. Sociologists commonly define corruption as a social dynamic that involves transgressing social norms related to communal interests (Dawood, 2015)

6. **The consequences of FAC**

FAC has a comprehensive impact on a country's economy, causing project delays, hindering development progress, and resulting in a deterioration of social services. Moreover, it hampers foreign investments and reduces state revenues. The consequences of FAC are diverse, but can be summarized in three key points:

Financial implications

1. Corruption is associated with income and wealth inequality, widening the disparity between the powerful and the general population.
2. Corruption undermines the national economy, constraining economic growth and escalating the state's debt burden.
3. Corruption hampers the effectiveness of public investments and undermines the quality of public infrastructure. This impact stems from bribes that misallocate resources intended for investment or inflate the actual costs.

4. Corruption directly impacts the quantity and caliber of foreign investment resources. Despite developing countries seeking foreign investment for skill and technology transfer potential, corruption has been shown to diminish these investment inflows (Huňady & Orviská, 2015).

Economic impacts

Studies highlight the detrimental consequences of FAC on economic development. This is evident in the diminished efficiency of the investment process and the resultant decrease in its returns due to bribery practices, which restrict the available resources for investment. Consequently, this situation escalates costs and diminishes overall demand due to the extra burdens placed on investors operating within corrupt environments. These burdens include the necessity to pay both material and moral bribes to facilitate their business operations. Such payments essentially function as an additional tax burden for investors, dampening their motivation to engage in investment activities and fostering a climate of caution and hesitancy towards investing (Khan & Tawfiq, 2015).

Challenges in combating FAC in Iraq

In Iraq, various preventative measures have been implemented to address the issue of FAC. These measures encompass the introduction of legislation and deterrent laws, along with the backing of national bodies tasked with combating corruption within state institutions, such as the Financial Supervisory Board and the Integrity Commission. Nevertheless, governmental institutions and departments encounter numerous challenges and risks in their efforts to combat this issue. Consequently, it is imperative to confront and tackle these obstacles as they represent a significant threat to the nation, contribute to terrorism, impede comprehensive development, and should not be underestimated. Some of these challenges and risks include:

1. Terrorism and the lack of security, where threats face individuals working in anti-corruption agencies.
2. Challenges confronting oversight institutions.
3. Lack of expertise and professionalism required in some state bodies and institutions.
4. Non-utilization of transparency in work and refusal to approve structural reforms in state institutions.
5. Administrative structures and mentalities that view reform as excessive and opening new doors to unfamiliar concepts, hence refusing to implement the reform process to combat corruption. (Jawad, 2013)

Tax administration measures in combating FAC

FAC is widely recognized as a significant impediment to a country's progress and societal well-being. This type of corruption not only facilitates the misappropriation of wealth but also impedes development, urbanization, and economic prosperity for individuals within the community. The General Tax Authority in Iraq identifies FAC as a major barrier to achieving important objectives, such as generating revenue for the state budget. To address this issue, specific measures and solutions can be implemented to yield positive outcomes. These efforts

focus on establishing a robust administrative framework within the authority capable of effectively tackling FAC. Some of these measures to Jawad (2013) include:

1. Retaining qualified, trained, and honest personnel and preventing their migration to the private sector or abroad.
2. Strengthening supervisory within the authority and its branches, conducting regular inspections, utilizing reports from oversight and integrity bodies, and holding accountable those who fail to apply laws and regulations in all areas of work to protect employees and taxpayers, prevent wrongdoers from reaping financial and moral gains, and avoid negative impacts of non-compliance with laws, regulations, and guidelines that contribute to the spread of FAC, hindering the authority from achieving its desired objectives.
3. Establishing auditing committees in all areas of tax administration work, conducting surprise monthly inventory checks at storage sites, and conducting inventory reconciliation.
4. Studying the development of work mechanisms tailored to the nature of each activity to prevent corruption in its various forms and encourage everyone to combat it and combat wrongdoers.
5. Implementing several electronic work systems to enable the discovery of shortcomings and deviations in work.
6. Tax administration coordinating with all government entities to collect data and information on FAC phenomena, collaborating with the Financial Supervision Bureau, the Integrity Commission, and the Office of the Inspector General, and allocating rewards to those who contribute to exposing corruption and assisting the authority in recovering public rights.
7. Monitoring cases of administrative negligence and applying legal measures and accountability in cases of absence from work.
8. Monitoring transactions, auditing procedures, considering all objections, and citizens' complaints, and dealing with them transparently by the tax administration, providing space for everyone.
9. Attempting to uncover manipulation of funds, embezzlement, misuse, forgery, bribery, and holding violators and manipulators of public funds accountable without leniency in law enforcement.
10. Educating employees through meetings about adherence to ethical, national, and professional values, motivating them to collaborate to prevent FAC, and correcting the conduct of those involved if present.
11. Scientific evaluation based on efficiency, experience, and productivity of employees, and encouraging good performance among them.

Tax revenue

The concept of tax revenue holds significant importance in fiscal policy as it forms the cornerstone of the state's spending capacity. Taxes serve as fundamental sources of state financing, playing a pivotal role in funding the public treasury. They directly contribute to covering public expenditures, underscoring the crucial role tax revenue plays in financing the general treasury. Shakoor and Ahmed (2022) defined tax revenue as a set of procedures leading to the transfer of the taxpayer's debt to the public treasury in accordance with

prevailing legal and tax regulations, establishing a direct relationship between the tax administration and the taxpayer. Additionally, tax revenue can be viewed as the total amounts collected by the tax administration through the imposition of taxes in all their forms, whether direct or indirect, on individuals and legal entities. These collected amounts are then deposited into the general treasury to finance public expenditures and ensure societal welfare (Mohamed, 2016).

The significance of tax revenue

The significance of tax revenue has grown in recent times as governments rely on it to fulfill their economic responsibilities. Financing public expenditures is essential, and the importance of tax revenue to Abdul Rida and Ahmed (2023) can be elucidated through the following points:

1. Providing essential funds to support the state's public budget; enabling it to carry out its expanding primary functions necessitated by economic and social development.
2. Providing vital resources to manage economic affairs and fulfill ongoing contractual and investment obligations.
3. Proceeding from seizures, fines related to tax evasion, customs violations, or sales taxes are channeled into the public treasury, supporting public projects, facilities, and the general welfare. This aids in meeting growing public expenditure needs and reducing budget deficits over time.
4. Playing a role in reducing wealth and income disparities among social classes, serving as a key method for income redistribution within the economy.
5. Empowering the state to effectively pursue its economic goals by leveraging them as a potent tool to influence economic conditions, such as promoting domestic production, exports, and the development of specific sectors, among other strategies.

Factors influencing tax revenue

1. The state of the national economy is influenced by various economic conditions that can impact government spending and its constraints, leading to periods of prosperity and recession. During times of economic prosperity, government spending rises due to the increased real aggregate demand (Reck et al., 2016).
2. The effectiveness of the tax system relies heavily on the availability of information about taxpayers and financial data, reflecting the strength of the tax administration responsible for tax organization and collection.
3. The impact of tax rates can approach tax fairness by setting rates that distribute the tax burden in proportion to taxpayers' ability to bear the cost, without considering individual circumstances. This approach could potentially result in increased tax evasion and opposition based on the tax amount imposed.
4. Tax incentives play a crucial role in either broadening or narrowing the taxpayer base. Some countries provide tax incentives, such as exemptions for specific sectors, particularly in developing nations like exemptions for agriculture and services, which form a significant part of the economy from which taxes are derived. Promoting these sectors may reduce the

taxpayer base and consequently lower tax revenues; therefore, tax incentives and tax revenues have an inverse relationship.

5. In contemporary times, the understanding of taxes arises from a shared public interest, with everyone expected to contribute according to their financial capacity. Individuals who benefit from public services and pay taxes are key participants in supporting public interests. Hence, there is a direct correlation between tax awareness and tax revenues: increased awareness leads to higher tax revenues, while decreased awareness results in lower tax revenue generation.

The impact of FAC on tax revenue in Iraq

When FAC spreads in the tax field, some taxpayers are compelled to submit tax returns that show an unrealistically low tax base. This allows these taxpayers, through deceptive and fraudulent means, to display a lower ability to pay taxes than their actual capacity, often by bribing or coercing tax officials. The opportunities for FAC in the tax sector arise from demands from companies and individuals for corrupt activities and providing tax officials with opportunities for corruption. The complexity of tax systems can lead to varying interpretations of tax laws, regulations, and guidelines, creating room for manipulation by taxpayers seeking to exploit officials or their lack of integrity to evade tax payment partially or entirely (Ajaz & Ahmad, 2010).

FAC affects income tax by influencing tax revenue and resulting in losses when corruption takes the form of tax evasion or misuse of tax exemptions granted to taxpayers in exchange for bribes to tax administration officials. The impact of FAC extends beyond income tax and tax revenues realized from taxation. Some studies suggest that countries with high levels of corruption tend to have lower tax revenues as some taxes paid by taxpayers end up in the pockets of corrupt officials rather than the state treasury (Reck et al., 2016).

Furthermore, the impact of FAC is not limited to income tax and tax revenues alone; it extends to the entire tax structure. Different types of taxes respond differently to corruption since paying some taxes may come at the expense of others. Some taxes are estimated subjectively, while others are estimated by tax department officials, as is the practice in Iraq where tax estimation relies on annual guidelines that can be manipulated by tax officials. Consequently, countries with high levels of corruption tend to have lower tax revenue as a percentage of GDP due to these corrupt practices (Aghion et al., 2016).

Public budget

In Iraq, the public budget is defined in accordance with the Law of Public Accounting Principles (Law No. 28 of 1940 as amended) as "tables that include projections of revenues and expenditures for a specific fiscal year as outlined in the budget legislation".

Despite variations in definitions, there is a general consensus that the public budget is an annual plan encompassing economic, financial, political, and social aspects. It comprises a set of objectives and programs to be executed by different state entities over a defined period, typically a year. The budget is presented through financial estimates of costs, detailing funding sources. Crafting the government budget involves the delicate balance of

government revenues and expenditures to allocate funds for each essential activity. Developing a well-structured budget aid in evaluating the financial health and equilibrium of government finances (Manouchehr & Ahma, 2012). The researchers perceive the public budget as a comprehensive and approved forecast of public expenditures and revenues for an upcoming financial period, often spanning a year.

Characteristics of the budget

The most important characteristics of the state public budget to Al-Khazali (2007) as follows:

1. **Budget as a decision:** The budget is not final until it is approved and ratified by the legislative authority in the state and a special law is issued for it.
2. **Budget as authorization:** The legislative authority in the state authorizes the executive authority to implement the provisions of the general budget in terms of expenditure and revenue within the limits of the appropriations included in it and approved.
3. **Budget as guidance:** The budget guides the financial, economic, and social development policies of the state. Officials at various administrative levels develop a plan for specific programs and activities and determine how to implement these programs and activities in a way that achieves the best economic and social results through optimal allocation of available resources, ensuring economic and social development simultaneously.
4. **Budget as an information bank:** The budget includes a comprehensive general plan detailing all various programs and activities in a way that serves the needs of different levels of government management within the state by providing necessary information and data.
5. **Financial government activity program:** The public budget is characterized as a financial plan that illustrates the government's financial activity through its expenditures and revenues, indicating the objectives that the government seeks to achieve through the application of this type of budget.
6. **One-year financial program:** The government prepares the public state budget for the upcoming year for specific considerations, primarily due to the labor-intensive effort and time-consuming nature required for preparing, discussing, and voting on the budget, making it impractical to repeat this process more than once within a single year.
7. **Program designed to achieve specific economic and social goals:** The public budget is no longer merely a financial statement estimating the state's revenues and general expenditures; it has become a tool used by the state to enhance workforce utilization, mobilize idle economic resources, increase state revenue, and improve citizen living standards (Al-Shaikh, 2009).
8. **Estimated program for state expenditures and revenues:** The budget relies on estimates of anticipated general expenditures and expected general revenues during the specified period. These forecasting processes are influenced by the economic conditions experienced by the state and their impact on both internal and external circumstances (Al-Khazali, 2007).

The impact of tax revenue on financing public budget

Tax revenue serves as a key objective of tax administration and a crucial gauge of the effectiveness of financial instruments within any tax system. It stands as the end result that

aids in covering the state's public expenditures, with the aim of augmenting these funds through taxation from both individuals and corporate entities. This process is essential for providing the state treasury with the necessary resources to execute public projects that benefit society and foster prosperity across various sectors. Numerous factors influence tax revenue, encompassing aspects related to taxpayers and tax administration.

The prevalence of FAC poses a significant hindrance to Iraq's development, impacting different governmental entities, including the tax administration. Despite Iraq heavily relying on oil revenue to fund 90% of its budget, tax revenue holds the second position in contributing to state income. The significance of tax revenue in Iraq becomes apparent during periods of declining global oil prices, resulting in diminished revenue streams. While studies recommend that tax revenues should constitute 12% - 15% of the budget, the actual contribution of tax revenue to Iraq's budget stands at a mere 3%, primarily due to suspicions surrounding FAC within the tax administration.

Methods

Participants

In the study on the influence of FAC on tax revenue for financing the public state budget," a sample of 54 questionnaire forms was distributed to employees of the General Tax Authority. Of these, 50 forms were returned. Instead of using the tabular value, the researchers based their testing of the research hypotheses on the significance value (Sig) for its accuracy in deriving results. It is important to highlight that all metrics were computed utilizing the Statistical Package for the Social Sciences (SPSS v20). The researchers utilized a simple random sampling method to distribute questionnaire forms to employees of the General Tax Authority, assuming a homogeneous population. They then selected an appropriate sample size of 50 employees, which represented the study population.

Data analysis

In conducting the statistical analysis, the researchers employed the Five Likert scale to evaluate the data collected. They utilized various key statistical indicators to align with the research hypotheses and specific inquiries. These included assessing Frequencies and Percentages to ascertain the distribution of respondents within the research sample, utilizing the Weighted Mean to gauge the level of agreement among respondents with the research questions. The Standard Deviation was employed to measure the dispersion of responses within the sample concerning agreement levels. The Pearson Correlation Coefficient was used to determine the correlation between research variables, indicating whether the relationship is positive or negative. Additionally, the researchers applied the F-Test to evaluate the impact of independent variables on the dependent variable, while employing Regression Equation to assess the influence of independent variables on the dependent variable.

Demographic variables

Table 1 shows a description of the demographic variables for the members of the research sample.

Table 1. Characteristics of the sample

Table 1 indicates that there were 26 males, making up 52.00% of the total study sample of 50 individuals. The number of females was 24, accounting for 48.00% of the total study sample. In terms of age demographics presented in Table 1, the age group of 21-30 years comprised 20 individuals, representing 40% of the total study sample of 50 individuals, which was the largest percentage. Following this, the age group of 31-40 years included 12

Variables	Categories	Frequency	Percentage %
Sex	Males	26	52.00
	Females	24	48.00
	Total	50	100.00
Age	20 years and less	7	14.00
	21 – 30 years	20	40.00
	31 – 40 years	12	24.00
	41 – 50 years	6	12.00
	51 years and over	5	10.00
	Total	50	100.00
Qualification	Preparatory school and below	6	12.00
	Diploma	7	14.00
	Bachelor's	28	56.00
	Higher Diploma	4	8.00
	Master's	3	6.00
	Ph.D	2	4.00
	Total	50	100.00
Job title	Director of the Department	2	4.00
	Assistant department manager	5	10.00
	Division manager	10	20.00
	Unit official	9	18.00
	Employee	24	48.00
	Total	50	100.00
Years of service	Less than 10 years	5	10.00
	10 - 15 years	12	24.00
	16 - 20 years	10	20.00
	21 - 25 years	15	30.00
	26 years and over	8	16.00
	Total	50	100.00

individuals, making up 24.00%. The age group of 20 years and below consisted of 7 individuals, accounting for 14.00%. Subsequently, the age group of 41-50 years had 6 individuals, representing 12.00%, and finally, the age group of 51 years and above comprised 5 individuals, making up 10.00% of the total study sample.

In Table 1, it is evident that the predominant academic qualification among individuals in the research sample is a Bachelor's degree, with 28 out of 50 individuals, representing 56.00%. This category had the highest percentage. Those with a Diploma accounted for 7 individuals, making up 14.00%, while individuals with a Preparatory School qualification or below were 6, comprising 12.00%. Additionally, there were 4 individuals with a Higher Diploma, representing 8.00%, 3 individuals with a Master's degree, accounting for 6.00%, and finally,

2 individuals with a Ph.D., making up 4.00% of the total study sample. As per Table 1, the most common job title among the sample was employee, with 24 individuals out of 50, representing 48.00%. The title of Division Manager was held by 10 individuals, accounting for 5.00%, while Unit Official was the title for 9 individuals, making up 18.00%. Additionally, there were 5 individuals with the job title of Assistant Department Manager, representing 10.00%, and finally, 2 individuals with the title of Director of the Department, accounting for 4.00% of the total study sample.

Finally, the duration of service ranging from 21-25 years had the highest percentage in Table 1, with 15 individuals, representing 30.00% of the total study sample of 50 individuals. This category had the highest percentage. The service duration of 10-15 years included 12 individuals, making up 24.00%, while 16-20 years had 10 individuals, accounting for 20.00%. Furthermore, service duration of 26 years and above was held by 8 individuals, representing 16.00%, and lastly, service duration of less than 10 years was observed in 5 individuals, accounting for 10.00% of the total sample.

Description of research variables

This paragraph entails the description and characterization of the primary research variables, which consist of the impact of FAC as an independent variable, and tax revenue along with financing the public state budget as dependent variables in the study. Suitable statistical analyses were employed to accomplish this.

Table 2. Mean and standard deviation of FAC

Statements	Mean	Standard deviation
Bribery refers to obtaining money and special benefits to avoid specific actions, violating laws, instructions, and regulations.	4.1800	0.74751
Technology for Integrity: Using digital solutions to enhance integrity in tax revenue collection.	4.1000	0.70711
Effective regulatory systems reduce financial and administrative corruption.	4.0600	0.73983
Tax evasion is a major problem affecting tax revenues, categorized under financial and administrative corruption.	4.0600	0.65184
Submitting inaccurate financial reports is a form of corruption, distorting the reality of the unit's activity.	3.8400	0.61809
Terrorism and insecurity pose risks to individuals working in anti-corruption bodies.	4.000	0.72843
Training and qualifying tax officials is essential to combat corruption in tax collection.	4.0200	0.68482
Average	4.0371	0.6980

Table 2 reveals that the impact of FAC had a mean value of 4.0371 and a standard deviation of 0.6980, indicating consistency in the sample responses regarding the mean. Specifically, Item 1 in this context, which defines bribery as obtaining money and private benefits in exchange for refraining from performing a specific task by violating laws, regulations, and

systems, showed the highest level of consistency. It had a mean of 4.1800 and a standard deviation of 0.74751. The response direction for this item was "Strongly Agree," signifying alignment with the general direction of the impact of administrative and financial corruption.

Table 3. Mean and standard deviation for the tax revenue

Statements	Mean	Standard deviation
The national economy faces various economic circumstances that can impact government spending.	4.0200	0.79514
The effectiveness of the tax system primarily depends on the availability of information about taxpayers and financial data.	4.0000	1.03016
Increases in tax evasion and opposition to tax amounts imposed reflect on the tax revenue collected.	3.8800	0.87225
higher tax awareness leads to increased tax revenue, and vice versa.	3.9200	0.72393
Financial and administrative corruption not only affects tax revenue but also leads to an increase in tax evasion cases.	3.9600	0.69869
The national economy faces various economic circumstances that can impact government spending.	3.8800	1.02300
The effectiveness of the tax system primarily depends on the availability of information about taxpayers and financial data.	4.1600	0.73845
Average	3.9742	0.84023

Table 3 displays that the tax revenue variable had a mean of 3.9742 and a standard deviation of 0.84023, indicating consistency in the sample responses regarding the mean value. In terms of individual items, Item 7 in this context, which discusses how "Integrating economic and tax policies can enhance integrity, control corruption, and improve tax revenue," demonstrated the highest level of consistency. It achieved a mean of 4.1600 and a standard deviation of 0.73845. The response direction for this item was "Agree," aligning with the overall trend of tax revenue.

Table 4. Financing the public state budget

Statements	Mean	Standard deviation
The national economy faces various economic circumstances that can impact government spending.	4.2400	0.59109
The effectiveness of the tax system primarily depends on the availability of information about taxpayers and financial data.	4.0400	0.78142
Increases in tax evasion and opposition to tax amounts impose reflect on the tax revenue collected.	4.1000	0.78859
The higher tax awareness leads to increased tax revenue, and vice versa.	4.1400	0.57179
Financial and administrative corruption not only affects tax revenue but also leads to an increase in tax evasion cases.	3.9800	0.89191

Enhancing financial reporting mechanisms and tightening supervision can reduce corruption opportunities in government tax-related institutions.	4.0200	0.71400
Integrating economic and tax policies can contribute to promoting integrity, controlling corruption, and improving tax revenue.	3.9600	0.85619
Average	4.0685	0.74219

Table 4 reveals that the tax revenue variable had a mean of 3.9742 and a standard deviation of 0.84023, indicating consistency in the sample responses regarding the mean value. In terms of individual items, Item 7 in this context, which discusses how "integrating economic and tax policies can contribute to promoting integrity, controlling corruption, and improving tax revenue," demonstrated the highest level of consistency. It achieved a mean of 4.1600 and a standard deviation of 0.73845. The response direction for this item was "Agree," aligning with the overall trend of tax revenue.

Testing the hypotheses

First main hypothesis: There exists a notable correlation between FAC and tax revenue.

Table 5. Correlation between variables

Correlations		
The impact of financial and administrative corruption		Tax revenue
	Pearson Correlation	0.116
	Sig. (2-tailed)	0.422
	N	50

Table 5 indicates the presence of a significant correlation between the impact of FAC and tax revenue, where the Pearson correlation coefficient value was (0.116) with a significance value Sig equal to (0.422). This indicates a positive correlation with a high level of significance, meaning that the first main hypothesis is fulfilled, i.e., there is a significant correlation between the impact of FAC and tax revenue.

Second main hypothesis: There is a significant correlation between FAC and the financing of the public budget.

Table 6. Correlation between FAC and the financing of the public budget

Correlations		
The impact of financial and administrative corruption		Financing state public budget
	Pearson Correlation	0.142
	Sig. (2-tailed)	0.326
	N	50

Table 6 demonstrates a notable correlation between the influence of FAC and the funding of the state's overall budget. The Pearson correlation coefficient registered a value of (0.142), accompanied by a significance value (Sig) of (0.326). This indicates a positive correlation

with a substantial level of significance, confirming the 2nd main hypothesis, i.e., There is a significant correlation between FAC and the financing of the public budget.

Third main hypothesis: FAC has a substantial impact on tax revenue.

Table 7. Analysis of variance for the research variables

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.142	1	0.142	0.626	0.422
	Residual	10.358	48	0.216		
	Total	10.500	49			
a. Predictors: (Constant) The impact of financial and administrative corruption						
b. Dependent: Variable Tax revenue						

The results of the F-test reveal the impact of FAC on tax revenue, as depicted in Table 7. With a computed F-value of (0.626) at a significance level of (0.05) and a p-value of (0.000), lower than (0.05), the null hypothesis is rejected while the alternative hypothesis is accepted. This underscores the presence of an association between FAC and tax revenue.

Table 8. The influence of FAC on tax revenue

Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	R ²
		B	Std. Error	Beta			
1	(Constant)	4.499	0.497		9.045	0.000	0.116
	The impact of financial and administrative corruption	0.098	0.121	0.116	0.810	0.422	
b. Dependent: Variable: Tax revenue							

Table 8 indicates that the value of R-squared (R²) is equal to (0.116). This means that the impact of FAC has explained approximately (11.16%) of the variations observed in tax revenue. Additionally, the value of B was (0.116), indicating that an increase of one standard deviation in the impact of FAC will lead to an increase in tax revenue by approximately (0.116) of the standard deviation unit.

Testing fourth main hypothesis: FAC significantly affects the funding for the public budget.

Table 9. Analysis of variance for research variables

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.211	1	0.211	0.985	0.326
	Residual	10.289	48	0.214		
	Total	10.500	49			
a. Predictors: (Constant) The impact of financial and administrative corruption						
b. Dependent: Variable Financing state public budget						

The F-test results in Table 9 indicate a significant effect of FAC on the financing of the state's public budget. The computed F-value of (0.985) at a significance level of (0.05), with a corresponding p-value of (0.000) less than (0.05); this acceptance of the alternative hypothesis. Therefore, it suggests the presence of an impact of FAC on funding the state's public budget.

Table 10. The effect of FAC on tax revenue

Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	R ²
		B	Std. Error	Beta			
1	(Constant)	4.595	0.503		9.139	0.000	0.142
	The impact of financial and administrative corruption	0.121	0.122	0.142	0.326	0.326	
b. Dependent: Variable: Financing state public budget							

Table 10 reveals that the R-squared value stands at 0.142, implying that FAC accounts for 14.2% of the fluctuations in the financing of the state's public budget. With a coefficient B

of 0.142, it signifies that a one-standard-deviation increase in the FAC variable results in a financing boost for the state's general budget by 0.142 standard deviations.

Conclusions and Recommendation

Conclusions

1. Uncovering financial manipulation, embezzlement, misuse, forgery, bribery, and holding violators and manipulators of public funds accountable without leniency in enforcing laws, regulations, and guidelines, and referring offenders to the judiciary for fair punishment, significantly reduces cases of FAC.
2. Strengthening oversight activities within the authority and all its branches, conducting regular inspections, utilizing reports from oversight, inspection, and integrity bodies, and holding those responsible for not adhering to laws and regulations in all areas of work accountable to protect employees and taxpayers and prevent wrongdoers from gaining financial benefits.
3. The research results indicate a correlation between the impact of FAC on tax revenue and influencing factors, including economic activity levels, tax system efficiency, tax rates, tax incentives, and tax awareness.
4. The research findings also suggest a correlation between FAC and the financing of the state's public budget. The results indicate that presenting tax returns that show a fictitious tax base allows these taxpayers, through deceptive and fraudulent means, to demonstrate a lower ability to pay taxes contrary to their actual capacity, in exchange for bribing or blackmailing tax officials.

Recommendations

1. Enhancing tax awareness and highlighting the significance of individuals' contributions to public interests are paramount. Consequently, the correlation between tax awareness and revenue generation is straightforward: heightened awareness correlates with increased tax revenues, while diminished awareness correlates with reduced revenue.
2. It is imperative to attract competent, well-trained, and ethical personnel and deter their migration to the private sector or overseas.
3. Implementing diverse electronic work systems capable of identifying discrepancies and irregularities in operational procedures is crucial for mitigating adverse effects on tax revenue.
4. Conducting employee meetings to reinforce adherence to ethical standards, national and professional duties, and fostering collaborative efforts to combat FAC is essential. Additionally, rectifying any misconduct by individuals involved in corrupt practices, if identified, is vital.

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