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AN EXAMINATION OF HOW RAISING TAXES WOULD AFFECT SALARIES AND WAGES

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ABSTRACT
The growth of the state's involvement and the idea of government finance or fiscal policy, taxes have become an increasingly important factor influencing all facets of economic and social life. The financial instability was a direct outcome of the tax's negative impact on wealth inequality and the government's inability to address the budgetary challenges caused by this trend adequately. Studying tax evasion, which stunts economic growth and determining the magnitude of the tax's overall and wage and salary-specific economic impacts are the primary goals of the research.

Keywords: Taxes, Wages, and Revenue.

1. INTRODUCTION
First: Problem of the Study
Summarizing the research topic, it is challenging to implement current procedures that activate taxes' function in generating national revenue, and there need to be more favorable locations to apply high-value tariffs.

Second: The importance of the Study
This research is significant because it satisfies the interest of academic groups in taxes and their effects on the efficiency and effectiveness of workers. Based on the results of this study, researchers may discover new ways to investigate the impact of taxes on productivity and job performance.

Third: Objective of the Study
They analyzed the effects of various tax forms on salaries, performance, and productivity.

Chapter One
First: The Concept of Taxes
Taxes have been around since the first human groupings emerged, the tribe. In this rudimentary grouping, a chief or leader ensures that her people are safe from outside threats, both in terms of protecting her dignity and preventing attacks. From its inception, the state's primary objective was to ensure internal security and order and to defend the nation from external aggressions. At the same time, it allowed individuals the economic freedom to pursue their interests, allowing the state to take on new responsibilities. It used taxes, although in a very rudimentary form.

What is meant by "tax"? To accomplish the state's aims according to certain norms and standards, natural taxpayers or those entitled to them must forcefully, permanently, and without charge surrender part of their resources to the state. This is an obligatory obligation, not a penal one.

You are also aware that it is a non-punitive financial deduction that the state has decided upon and that all natural and interested parties are obligated to carry out in their final, unfettered form to help the state with its economic, social, and political duties, i.e., to deal with public expenditures.

There are two sections to our discussion of this matter:

First things first: the tax's defining features

Second, you'll need: -the tax function idea -tax properties

1- The tax is a deduction from one's finances: Paying the tax in kind or with personal services is prohibited. Thus, most people pay cash to the state.

2-The tax must be paid in full: The state's public power is exercised in imposing and collecting taxes.

It follows that the state imposes the tax, which also employs its own people to collect it. The tax may only be imposed by law or decree.

3-Obligatorial and non-punitive: The tax is not levied as a financial penalty for taxpayers who do acts that call for punishment, such as breaking traffic laws, endangering the environment, or violating the rights of others.

4-The taxpayer pays the tax to the state; however, he does not receive a refund or interest on this money; instead, it goes towards the public initiatives undertaken by the state, and the taxpayer has no claim to it. This feature differs from individual loans taken out by the state.

5-Forcibly redistribute wealth from the tax system to the state from the private sector: Unlike voluntary contributions and gifts made by individuals and businesses, this tax is mandatory for taxpayers and cannot be waived.

Sixth, they are mandated to accomplish monetary, economic, social, and political ends: - It is widely believed in contemporary monetary theory that states should not just collect taxes to pay for public services but also advance their economic, political, social, and religious agendas. The condition may use the tax as a means to an end rather than a goal to accomplish public aims.

7-The imposition of taxes is subject to predetermined norms and guidelines; they include, but are not limited to, the following: equity, predictability, suitability, the economy in collecting costs, adaptability, and stability.

8-Free of charge: Unlike fees, which imply paying a certain amount to benefit from a service directly, taxpayers pay taxes to the state without anticipating immediate compensation for what was born. As a contributing member of society, he is entrusted with collecting the tax.

First: The concept of the principle of the tax function

The idea of the tax function, as put forward by Marwan al-Qutb, states that taxes serve a purpose that the state has previously sought to accomplish. Because the guard state forbids intervention in the economic and social spheres, the tax function under this system was to ensure that the state had the funds it needed to maintain its essential institutions, including the courts, the military, and the police. However, economic theory started to change towards permitting the state to step in during the First World War and the 1929 financial crisis, when the state could no longer sit on its hands while social and economic circumstances worsened. The foundation for the tax function was therefore laid.

The state discovered in the early 80s that it was rendered powerless due to its policies, mainly regarding running commercial and industrial infrastructure like power, communications, and public transportation. Since the state is an ineffective merchant, economic theorists argued that state-specific theories needed amending.

Second: Tax functions

1-Financial function: The tax income goes into the public treasury, which pays for public expenditures. Despite potential negative social and economic impacts, the state's fiscal policies have prioritized the tax to generate general revenues. The state relies on its imposition as a source of income since it is a vital resource for the public treasury. Having just one rate that doesn't consider the taxpayer's unique circumstances makes it ineffective in achieving tax fairness. Countries prioritize the financial function over other occupations in this scenario because, despite direct taxes being more equitable, the state can only apply a big group of indirect taxes to obtain the most substantial tax income that would pay public expenditures.

2-The role of economics: The state may influence the economy to attain financial stability and strong growth rates via taxes, among other methods. Among the many forms this function might take, the most important are:

1-Deflation occurs when there is a shortage of purchasing power relative to the product or service supply because there is never enough money in circulation. So long as new taxes are kept to a minimum, the state can afford to boost expenditure and raise monetary quantities. Instead, it must find a new equilibrium by lowering tax rates and raising exemptions. Stability in the economy is restored.

2-There is concern that should monetary quantities recover and increase; there would be a point when the number of products and services given surpasses the amount of money in circulation, causing a shortage. Inflation occurs when the supply of goods and services exceeds demand, driving up prices and eroding currency's buying power. Taxes come into play to bring the national economy back into equilibrium, either by imposing new tariffs or by raising current tax rates to soak up the excess amounts of money.

3. Preserving domestic output To safeguard domestic industries, particularly those just starting,

governments levy taxes on imported goods and services, most notably customs duties. This is because customs duties raise the price of imported goods, making them less competitive and ultimately more profitable to sell. Taxes help the economy expand and develop because they fund national initiatives at competitive pricing, which means more money for the projects and local people, who get more jobs and higher wages.

Section 4: Tax breaks Instead of absorbing them from foreign companies that get the most of the value-added, temporarily or permanently exempting specific economic projects from taxes would boost local industry and direct investors to projects that meet the general needs of citizens.

The Social Function

Redistribution of wealth and social stability are two goals of the tax. 1-Income redistribution is a significant facet of the social component of the tax. There are several social classes because different individuals have different ownership of the production aspects, which in turn causes different income levels. Sociologists keep tabs on the working, middle, and affluent classes. The capitalist class gets their money by controlling the productive aspects of capitalist systems.

On the other hand, poor people work for low salaries because they cannot meet their most fundamental requirements, which in turn causes societal difficulties. As a result, the government should redistribute wealth by taxing the well-off at a high rate while ensuring that the poor pay no taxes for necessities like food, shelter, medical care, and education. Consequently, tax progression is a valuable method of income redistribution since it ensures that taxpayers pay a higher tax rate as their income rises.

2-Securing a fair society: When levying taxes, Western systems attempt to consider taxpayers' socioeconomic status via several channels, the most significant of which are:

1-Taking into account one's and one's family's needs Based on taxpayer personal and family circumstances, most tax systems intentionally exclude a certain amount from the tax base. This tax break, known as the family deduction in Lebanon, varies from person to taxpayer based on their family status. Seven and a half million dollars of income is subject to removal if the taxpayer is single. Assuming his wife stays home to raise their children, he would get an additional two and a half million dollars on top of his salary—a maximum of five children—because he is entitled to half a million dollars for each.

2-Protection from taxation of necessities. Items that directly affect a person's ability to make a living are not subject to taxes, including sales and value-added taxes. The value-added tax does not apply to fresh produce in Lebanon. Meat, sugar, and grains are not included either. Also not included are educational pursuits. To attain tax fairness, it is necessary to consider the taxpayers' socioeconomic circumstances when calculating income and value-added taxes.

3-Depending on upfront tax payments, Various corporate income taxes and the built-up property tax use the progressive tax structure since direct taxes undoubtedly consider the taxpayers' socioeconomic circumstances. Family deductions that feel taxpayers' individual and familial circumstances are also considered. This suggests that direct taxation is more likely to achieve social justice in this case.

4-Indirect taxes do not serve a social purpose and instead tend to benefit the financial position of the tax collector, as is the case in most capitalist countries, when taxpayers are subject to fixed rates regardless of their ability to ration and when deductions and exemptions do not take into

consideration the taxpayers' personal and family situations. To avoid a financial deficit—which could worsen public economic conditions and impact the entire national economy-the economic function must prevail, as you are compelled to rely on these taxes to secure financial resources to cover the state's expenses (adapted from a lecture by Dr. Marwan Al-Qutb)
From this, the tax function principle arose: since every tax influences the state's economic activity, it's not fair to impose tariffs to raise revenue; after all, we'd all end up with a lot of extra cash from income and business taxes, which would have negative consequences for our economy.

Chapter Two
Tax Legally
With its well-known rules of tax justice enshrined in state constitutions, the tax has been the subject of constant attention from various legislatures. This is especially true in Algeria, where all the forms I knew of dealt with constitutional principles due to its critical position in financing the general budget. As a constitutional safeguard against tax administration abuse, the tax, along with the Constitution of November 28, 1996, mandates in Article 64 of the regulation that all citizens pay their fair share of taxes and that everyone contributes by their tax capacity. In many tax laws, such as direct tax legislation and comparable fees, legislators failed to organize all the processes for determining the tax debt, its liquidation, collection methods, and guarantees. Furthermore, laws about tax processes, stamps, registrations, and indirect taxes exist. Because of this preoccupation with taxes, we must address the needs of taxpayers and tax administrators by elucidating the legal connections that bind them.
There are two sections to our discussion of this matter:
Priority one: the people who pay taxes
The second stipulation is tax avoidance.

The first requirement
At the outset, Individuals
Income from any of the following sources is subject to taxation as gross income:
Income from manufacturing, retail, and service industries
Income generated by pursuits other than commerce
The return on investment for farming projects
Rental revenue from both completed and unfinished buildings - Revenue from liquid assets
Pay, bonuses, subsidies, and age-related rentals
Using one's actual work
Creating plans for real estate
Additionally, if the business is involved in finance, it may be subject to a tax on its taxable earnings.
Using one's actual work
Valuation charge for real estate drawings
Using automobiles as sources
On the third point, if the business is based in another country
A) If it is a financial institution or runs a business, it must pay taxes on its profits like any other non-foreign corporation.
B-Profits will be liable to taxation even if the foreign firm does not own an establishment.

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Second: The rights and duties of taxpayers

The purpose of tax collecting by the government is to help individuals. Hence, it has to be accurate and done in a manner that doesn't break any public or private laws. The tax code defines taxpayers' responsibilities and entitlements. We are discussing whether or not he is liable for the tax bill. For example, the need to file tax returns, the promise to notify those who began engaging in the activity, and the possibility of mediation, waiver of action, or evacuation.

The tax administration is legally obligated to notify taxpayers of the elements of their tax assessment or assessment decision, refund any increases, and determine the tax rate when the constitution's text reserves it solely for the law. Taxpayers have certain rights, but the legitimacy of the tax debt or collection depends on the administration's adherence to these obligations. The reason is that it affects both the public and private sectors of society, making it crucial.

First: The rights of the taxpayers

Both the rights and the responsibilities of taxpayers overlap. Many requests stem from duties that the Income Tax Law guarantees No. (31) of 1991 and its revisions, which encompass:

1-The taxpayer is guaranteed the right to have his tax liability computed using the tax returns he filed for all income kinds.

2-The taxpayer has the right to have his tax liability assessed. This occurs when the taxpayer files his tax returns, which are essentially an assessment of his tax liability. The evaluation is based on the taxpayer's accurate estimations, backed by data and documents.

3-The right of small taxpayers is recognized. These are the individuals for whom the Central Bank and commercial banks still need payment information, even if their taxes have already been assessed.

4-The taxpayer has the right to know: To collect taxes owed; notice must be made to the taxpayer or his agent via administrative information.

5–The ability to raise concerns, contest, and appeal: The right to raise objections and requests at all stages of a lawsuit is guaranteed under the law's articles.

6-The option to get a refund for money paid too much or illegally.

The second condition

Tax evasion

First: the concept of job evasion

It occurs when a taxpayer (whether an individual or a business) either does not pay the taxes owed to the state as a consequence of his income or wealth or when he tries to lower the amounts owed by using procedures and methods that are unlawful by law and involve dishonesty, fraud, or misconduct.

Most nations have laws that make it illegal to avoid paying taxes. Those who break these laws face prosecution in court and even jail time as a result of both civil and criminal fines.

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Second: the reasons for tax evasion

1- Recognising the deficiencies of the system, the state's delegation of power to enforce laws and assert its sovereignty, and its failure to carry out these duties, as well as those of supervision, and to bring lawbreakers before the courts

2-The pervasive corruption in the governmental system that promotes bribery as an alternative to taxation

Thirdly, taxpayers are more likely to dodge taxes if the profits are more significant than the fines, as non-aggressive penalties for tax evasion incentivize them to do so.

A 4-A person may feel that taxes do not benefit him due to the high rates and enormous tax burden, as well as the lack of benefits from government services.

5-Experiencing tax illegitimacy due to a lack of democratic legitimacy in the governing government

6-Tax avoidance strategies that aren't fair, accompanied by a sense of social unfairness and prejudice against some people

Individuals and businesses engage in tax avoidance using a variety of means, some of which are as follows:

1- Ignore the tax authorities and do not declare income.

2-Moving the threshold for taxable income lower.

3-Changing the amounts of taxes withheld from company revenue rather than remitting them to the state as a whole.

4-Inflating the amount of imported products' customs charges and value-added tax by submitting fake invoices to the customs office.

Third: the consequences of tax avoidance

Reduced investment in essential infrastructure and facilities, lower quality public services, and an impediment to government policies promoting economic growth and development are all consequences of tax evasion, severely hampering the state's capacity to save up for and redirect public spending. Tax evasion causes the government to raise taxes on workers, students, and others whose earnings are already subject to taxation without any room for reduction or evasion due to the budget deficit and lack of resources.

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Chapter Three
First: Taxes and their role in the economic process

Taxes have many purposes:

- They provide a fair distribution of income and wealth among residents.
- They fund the state budget and promote economic growth.
- They uphold the state's sovereignty via the rule of law.

Consequently, we go over its function in redistributing income and maintaining economic equilibrium: - 1- The process of taxes on the economy.

The available funds needed to fund the state's investments determine how much money the government can spend publicly and how quickly the economy can expand.

Tax plays a significant role in raising the necessary funds for growth and improving internal finance. Mobilizing the required national resources for development generates money, which in turn creates new taxes, and this is how internal financing sources, which are taxes, are developed. The tax system bolsters economic progress by channeling funds into investment avenues that share income and wealth and attain financial stability.
The tax system is designed to be flexible and adaptable in response to economic changes. If the state ever has a budget deficit, it may examine its current tax structure and determine which aspects and rates are taxable, all while meeting the goals of its fiscal policy.
By acting as a check on the inevitable deviations and variations that plague the flow of economic activity, the tax system exemplifies its efficacy in attaining economic equilibrium.
Due to the importance of tax policy in regulating government expenditure and preserving economic stability, Iraq relied on taxes to keep the economy in check and shield it from shocks and volatility.

2-The function of taxation in redistributing wealth

There are two sections to our discussion of this matter:

Taxes and their function in fostering economic growth are the primary criteria.

The second condition is the effect of salary and wage taxes on tax revenue growth.

One of the essential tools in the state's arsenal for achieving many economic and social goals is taxes, part of public finance's toolbox. Taxes contribute to the redistribution of national income, in contrast to expenditures, which impact the primary distribution of income.

The most important means of tax redistribution are those that have a direct effect on both nominal and real earnings, and they include:

1-A change in consumer demand and the effect on pricing influences real earnings.

2- Increasing the cost of some goods by levying new taxes on them.

3- Taxes indirectly influence the distribution of national income, which manifests itself in three ways: first, on the employment and production levels; second, on the revenues of the components of production; and last, on the Canadian output.

The first requirement

First: the role of taxes in economic development

The idea of economic growth: Increasing the economy's productive capacity is the overarching goal of development. This is because evolution is characterized by a rise in output, shifts in the dominant production technology, and modifications to the economic system that regulates production and distribution. A higher national income is the result of economic development efforts. As a result, the average share of each citizen's revenue grows since this share is directly proportional to the national income divided by the population. Both personal income and the average yearly growth rate of national income are typical indicators of progress or underdevelopment. A rise in the gross national product of five, seven, or even eight percent per year is necessary for economic development, which may be achieved via various means. Governments work together in economic progress. A nation's savings may be traced back to two main places:

1-Establishment deliverance, the remaining portion of revenue after taxes and shareholder profits, and family sector deliverance, the remaining portion of income after depreciation, represents internal sources (domestic savings).

Second, when domestic funding falls short of the necessary protection for development, the state may turn to other authorities, often known as external finance.

3-How taxes contribute to development funding More tax revenues are often required to support increases in public expenditure that accompany economic expansion. However, during that period, it enhanced nations' capacity to raise tax income, boosting economic progress.

The second condition is that the tax's effect on wages and airspace in raising tax revenues must be considered. Since the salary and wages tax is essential in supporting the national economy by increasing the general budget, it is rational for the state to utilize the funds from this tax to fund public services and economic development initiatives that directly affect the average citizen. Significant funds enable the state to fulfill its responsibility in national development and the completion of development projects; the sentiment and level of dedication of those entrusted with these funds reflect this. Salary and wage tax avoidance, the function of taxes in fostering economic growth and development, and the environmental impacts of tax evasion on societal infrastructure. Regarding the country's economy, society, and finances, several suggestions have been put up, including:

1-Incentives for tax growth should steer investment in projects and productive activities towards areas with high profitability and productivity returns, high per capita income, and low unemployment rates; this will increase tax revenues significantly and fight unemployment. 2-The importance of focusing on improving management efficiency Paying taxes via picking the right person

3-It's essential to monitor the rising problem of private sector employees needing to stick to their scheduled work hours.

Fourth, the current economic downturn needs the salary and earnings tax to help alleviate it—the contribution of income taxes on salaries and wages to monetary growth.

2. CONCLUSION

1. Tax avoidance results from many people's lack of belonging, citizenship, and self-esteem.
2-People do not understand their responsibilities and rights under the tax laws
3. People's misunderstanding of the tax stems from their failure to recognize its crucial role in development since they see it as a fee.
4-The significant yearly tax leakage that undermines Iraq's economic initiatives
5-One of the causes of tax evasion is the government's mismanagement of tax funds.

3. RECOMMENDATIONS

1. The widespread use of mandated audiovisual media to educate the public about taxes
2- The publishing of yearly controls and the use of the website
3. Provide everyone with a clear explanation of a few pages of income tax legislation by printing them out.

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