



**THE TAXPAYER IDENTIFICATION
NUMBER (TIN)
FOR LEGAL ENTITIES AND
INDIVIDUALS**

**THE REGISTRATION PROCEDURES
FOR TAXES PURPOSES**

To the Taxpayers

**Subject: THE TAXPAYER IDENTIFICATION NUMBER (TIN) FOR LEGAL ENTITIES
AND INDIVIDUALS
REGISTRATION PROCEDURES FOR TAXES PURPOSES**

This guide has been prepared by the General Commission for Taxes (GCT) to assist legal entities doing business in Iraq or hiring employees to obtain a Taxpayer Identification Number allowing them to fulfill their obligations for all kind of taxes administered by the GCT. All companies doing business in Iraq should register first with the Business Registry of Ministry of Trade and then register with the GCT in order to obtain a TIN.

In the case of an individual, he/she must be registered with the GCT if he/she has to pay an amount or file a tax return to the GCT or is an employee.

The introduction of Taxpayer Identification Number is an important part of the Tax Administration Reform being undertaken by the Republic of Iraq. The reform seeks to improve Tax Administration as well as encourage compliance.

Please note that all correspondence sent to the GCT and its branches should be in the Arabic or Kurdish language.

1. What is the Taxpayer Identification Number (TIN)?

Two sets of TIN are in operation, one set of 9 digit number for legal entities and another set of 10 digit number for individuals.

The Legal Entity's TIN is a unique nine digit identification number assigned to:

- Joint-stock or limited liability companies incorporated under the Law on Companies of 1997 as amended in 2004 (Iraq) or other laws where the place of management or control is in Iraq ;
- Partnership (Simple company or Joint Liability company) doing business in Iraq;
- Branch of foreign company doing business in Iraq or hiring employees;
- Non-governmental Organization hiring employees in Iraq;
- Governmental Bodies (self-financed units) hiring employees in Iraq;
- State-Owned Enterprise hiring employees in Iraq.

A TIN certificate will be issued to all legal entities detailing their name, TIN, address, legal form of taxpayer and type of tax accounts opened.

The Individual's TIN is a unique ten digit identification number assigned to:

- Individual who has to file a tax return or pay one of the taxes administered by the GCT. (The individual can be a sole proprietor or trader or a "sole-owner enterprise" who is registered as such with the Business Registry of the Ministry of Trade.
- Employee in the private or public sector.
- A non-resident individual if he/she has to pay taxes or file a tax return or is employed in Iraq.

An individual tax registration card will be issued to all registered individuals. This individual tax registration card indicates only permanent information related to an individual: full name, TIN (10 digits), place and date of birth and mother's name. This card is a permanent card for the holder.

The TIN will replace all different tax numbers actually issued to the persons listed above for each specific tax administered by the GCT. Only one TIN is now necessary for dealings with the GCT for all kind of taxes administered by the GCT.

2. Why a TIN?

Many advantages can be obtained with this new and unique TIN, it will:

- facilitate GCT computerization reform program;
- help to eliminate the many and varied numbers used by the GCT for the same taxpayer.
- help to prevent duplication of information on taxpayers within the GCT;
- eliminate the need for different departments within the GCT to request the same information from the same taxpayer repeatedly;
- allow for easy and speedy recording and verification of information on taxpayers' files;
- help in the provision of more reliable information to taxpayers regarding their accounts;
- help to eventually reduce the time taxpayers spend doing business with the GCT;
- will help to broaden the tax base and so, increase tax revenues without the Government having to increase tax rates; and
- improve tax administration and provide better service to the public with the use of the TIN in the computerization of operations within the GCT.

3. How to register for the TIN?

You can register for the TIN in person or by mail by completing the Legal Entity Registration Form # 9902 or Individual Registration form # 9904 issued by the GCT to either the Headquarters or one of the tax branches of the GCT.

For assistance, please communicate with:

General Commission for Taxes, Headquarters
Al-Jamhurya Street, Baghdad, Iraq
Al-Khulani Square behind Amanat Baghdad Building
Phone Number: 01 815 6983, 01 815 6968
Fax Number: 01 815 6970
Email address: iraqtaxcommission@yahoo.com

4. Documents required

4.1 Legal entities

You have to attach to this form a photocopy of the certificate of registration issued by the business registry of the Ministry of Trade for all kind of companies (including foreign companies) in accordance with the provisions of the Law on Companies #21 of 1997 as amended in 2004 and the Law on State Companies #22 of 1997 as amended in 2004.

For a Simple Company, please attach a copy of the Simple Company's contract as notarized by the public notary.

For Non-Governmental Organization, please attach a copy of the certificate issued by the Minister of State for Civil A Society Affairs.

When form #9902 is fully completed and accepted by the GCT, a TIN certificate indicating the new TIN will be issued. This TIN should be used in all correspondence made with the GCT.

4.2 Individuals

Iraqi Citizens must bring a copy of their Citizenship certificate ID along with their personal status Card.

Non-Iraqis must bring a copy of their passport or travel document.

Individuals operating a business as a sole owner enterprise which is registered with the Business Registry of the Ministry of Trade must include a copy of the business certificate issued by the Ministry of Trade. As for individuals operating a business as a sole proprietor or trader for which a name is authorized by the Federal Iraqi Chamber of Commerce, attach a copy of the letter confirming the name of the business.

5. Completing Legal Entity Registration Form #9902 or Individual Registration Form #9904 issued by the GCT

Complete the Legal Entity Registration Form #9902 or Individual Registration Form #9904, whichever applies, in accordance with the Instructions printed on the back of the form either available at the Headquarters or one of the tax branches of the GCT.

6. Updating the information presented on Form #9902 or #9904

Whenever any of the basic information regarding a taxpayer changes, the taxpayer should complete a Legal Entity Registration Modification Form (Form #9903) or Individual Registration Modification Form #9905, whichever applies, showing all the data that has changed. The information will be updated in the taxpayer's file and a new TIN certificate will be issued only if the information on the TIN certificate changed. Forms #9903 and #9905 are available in any of the GCT Tax branches.

If the business ceases to exist, a letter and liquidation papers shall be sent to one of the tax branch asking for the removal of the business from the list of registered taxpayers.

7. Summary of taxes for which you should be issued a unique TIN

You may be subject to one of the following taxes administered by the GCT:

Corporate Income Tax

The term "Corporate Income Tax" refers to the taxation of income earned by Joint stock and limited liability companies that are incorporated under Iraqi laws or other laws and having their place of management or control in Iraq. In this case, the corporation is deemed to be resident of Iraq and therefore subject to the Income Tax Law #113 (1982) as amended (hereinafter called "ITL"). A 15% tax rate is imposed on the taxable income as determined by the ITL.

Foreign companies that are registered in Iraq or otherwise have a permanent establishment in Iraq are subject to the Corporate Income Tax only on their income earned in Iraq.

A Corporate Income Tax return must be filed before June 1st of every year following the financial year for which the Corporate Income Tax is calculated. The ITL provides penalties for late filing of the Corporate Income Tax return. The TIN of the corporation must be indicated on this return.

Wage Withholding Tax (hereinafter WWTax)

WWTax is an income tax payable by employees and to be remitted by the employer as stipulated by Article 17 of the ITL and calculated by Instructions #1 of 2005 concerning Income Tax Deduction by Direct Deduction Method of 2005.

Due date for filing a WWTax monthly form and paying the WWTax is the 15th day following the month when salaries were paid. If an employer fails to collect the WWTax from his employees, he must pay the WWTax that should have been withheld to the GCT. The employer has to report the employee's income and deductions on the appropriate year-end information return by the end of March of the following financial year. Late payment and filing may result in interest and penalties charges.

The TIN of the employer, no matter the kind of entity, must be indicated on the monthly WWTax declaration form and the year-end information return.

Individual Income Tax

The term "Individual Income Tax" is commonly used to express an income tax as determined by the ITL applicable to an individual. For a particular year, an individual calculates all his income as determined by the ITL decreased by the amount of the legal allowance granted to him according to his family status. The taxable income is subject to tax with a maximum tax rate of 15% as shown in the table below:

Rate	Annual Income (after allowances)
3%	Up to ID 250,000
5%	Over ID 250,000 and up to ID 500,000
10%	Over ID 500,000 and up to 1,000,000
15%	Over ID 1,000,000

Last date for submitting an individual income tax return is May 31st of each year. The ITL provides penalties for late filing.

If an individual operates a business, either alone or as a partner of a partnership, he/she must indicate his TIN on the individual income tax return.

Sales Tax

Deluxe and First Class Hotels and Restaurants must collect and remit a sales tax of 10% of the value of their services supplied to their customers as stipulated by Resolution #36 of May 4th 1997 and Fiscal Instructions #7 of 1997. The taxable person must remit the tax and file a monthly declaration form no later than the 10th day of the month following the month where the services were provided. The entity operating a hotel or restaurant must use their TIN on its sales tax declaration form.

Vacant land tax

According to the Law of Vacant Land Tax #26 of year 1962, a vacant land (subject to certain exemptions) located within the city limits of Baghdad and the central areas of other cities and suburbs may be subject to an annual tax of 2% of the property's estimated value by a special committee. This tax is payable in two equal payments; due on January 1st and July 1st of every financial year. The corporation subject to this tax must be identified with its TIN. Individuals can be identified with their 10 digits TIN.

Rental Tax

Real estate owned for rental purposes as described by Law of the Real Estate Tax #162 of 1959 as amended are subject to a tax of 10% of the assessed net annual rental income. The net annual rental income is the assessed gross annual rental income minus 10% for expenses and maintenance. The assessed tax as fixed by a special committee has to be paid in two equal payments; due on January 1st and July 1st of every financial year. The corporation subject to this tax must be identified with its TIN. Individuals can be identified with their 10 digits TIN.

Real estate transfer tax

Immediately before the ownership of a real estate is transferred, the value of the real estate is assessed and is subject to a progressive tax rate shown in the table below and as provided by Resolution 120 of June 27th 2002:

Rate	Real Estate Value
0 %	Up to ID 20,000,000
3 %	Over ID 20,000,000 and up to ID 50,000,000
4 %	Over ID 50,000,000 and up to ID 80,000,000
5 %	Over ID 80,000,000 and up to ID 110,000,000
6 %	Over ID 110,000,000

The corporation subject to this tax must be identified with its TIN. Individuals can be identified with their 10 digit TIN.

Withholding on Contracts

According to Article 28(4) of the ITL and Instructions #4 of 1993 (rates of withholding were updated along the years), all entities dealing with a contractor must withhold an amount of tax calculated on the gross value of the contract, either a 2.4% tax rate for a supply contracts (supply of materials, equipments, etc.) or a 2.7% tax rate for services contract. This withholding on contracts will be credited against either the Corporate Income Tax or Individual Income Tax to be paid by the person subject to this tax.

The TIN must be used for all entities regarding the procedures related to this Withholding on Contracts.

For further tax enquiries, please contact one of the tax branch offices of the GCT.

Director General of General Commission for Taxes