



Analysis of the Gap Between Taxable Profit and Accounting Profit and Its Impact on Tax Justice and Financial Stability: An Applied Study at the General Tax Authority of Iraq for the Period 2018-2025

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Abstract: The research aims Search to analysis gap between Profit Accountant And profit tax and statement Its effect in investigation Justice tax Stability Financial, That's from during study Applied in Authority public For taxes Iraqi during The period (2018–2025). It stems from importance Search from being Profit Accountant It represents a result Activity Economic According to For standards Accounting in when It is to set Profit tax According to For legislation and the laws Taxation, The matter that leads to appearance Differences or gaps between them a result difference Foundations Measurement and recognition In revenue And expenses, Please on Difference in Ways Calculation Consumption and allocations and some processors Accounting The other. It was adopted. Search on Curriculum Descriptive analytical in an offer Concepts Theory Related With profit Accountant And profit tax and justice Taxation, addition to Use Curriculum Applied To analyze Data Available For the period Time Specific, from during measurement size gap between The profit Analysis Its trends and its effect in The outcome tax Stability Financial. As well. It was completed Use group from Methods Statistics To analyze relationship between gap tax And all from Justice tax and stability Revenue The public. Access. Search to presence gap Note between Profit Accountant And profit tax during period the study, Return in part big From it to difference Rules Accounting And taxation, Please on some practices Related By avoiding tax weakness Coordination between The two systems Accountant And the taxpayer. And it showed Results that breadth This is amazing gap may leads to impact in level Justice tax between Those responsible, as may Reflected negatively on stability Revenue tax For the state.

Keywords: Profit Tax, Profit Accounting, Justice Taxation, Stability Financial Authority Public For Taxes Iraq

Introduction

It is Taxes from Most important Tools Finance that It depends On it countries in finance Her expenses public and investigation Its goals Economic And social, so Represents Supplier President For revenues public And contribute in to support Stability Financial and strengthening capacity governments on to implement Its policies Developmental (Okunogbe& Tourek,2024). And to achieve that It depends Systems tax on to set The bowl

tax that It is imposed on Its basis Tax, Which mostly what It is related As a result Activity Economic For facilities (Posmanick et al, 2025).

And in this framework It stands out Concept Profit Accountant And profit tax As they from Most important Indicators that adoption On it practical to set Income Subject For tax purposes (Shubina et al, 2022). The profit Accountant It is calculated According to For standards and principles Accounting Approved that It aims to show image Fair on Performance Financial For the facility, in when He specifies Profit tax According to For rulings Laws Instructions tax that may They differ in some Its aspects on Rules Accounting (Murtezaj et al, 2024). And it leads this Difference in Foundations Measurement and recognition In revenue And expenses, Please on difference Ways to treat Consumptions and allocations and some Items The other, to appearance gap between Profit Accountant And profit tax, It is gap may He is she has Reflections a task on level Justice tax and efficiency order Taxes are increasing (Karim et al, 2025).

Importance study This is amazing gap in countries that Witnesses Transformations Economic or Development in Its systems Finance And taxation, so maybe that Affect Differences between The profit in level Commitment tax For those obligated to pay taxes And in capacity Administration tax on investigation Justice between various Those obligated. As well that breadth This is amazing gap may leads to Fluctuations in The outcome Taxation, The matter that Reflected In turn on Stability Financial For the state (Aderibigbe et al, 2023). And in Iraq, And considering to The role growing For revenues tax in to support Resources Finance The general public, Stand out The need to study gap between Profit Accountant And profit tax Analysis Its causes and its effects Economic And finance, no Sima in shadow Developments that Witnessed it order tax and management tax during years The last one (Almosawi & Wahaib, 2024).

Methodology

Research Problem

It is problem Search in presence Differences clear between Rules and principles that control numbers Lists Finance According to For standards Accounting And between Rules that It adopts it legislation tax in to set Income Subject For tax, The matter that leads to appearance gap between Profit Accountant that He appears in Lists Finance For establishments And profit tax that It depends attic Administration tax in Calculation tax The due amount. And it returns. This is amazing gap to several Factors, From it difference Foundations Measurement and recognition In revenue And expenses, And they differed Ways Calculation Consumption And the allocations, addition to some processors tax that may Exclude or Modify some Items Accounting. And it has leads breadth This is amazing gap to antiquities Economic Financial Multiple, from The most prominent of them impact in level Justice tax between Those responsible, so may Produces About her disparity in burdens tax between Facilities verification levels profit Closely related, Please on Its impact in stability Revenue tax that It is One Most important sources finance Budget public For the state.

Importance of the research

Sources importance this Search from importance Taxes As described One Most important sources Revenue public that It depends On it State in finance Her expenses public and investigation Its goals Economic And social, Please on Her role in investigation Balance Financial and strengthening Stability The economist. As well. Stand out importance Search from during His focus light on gap between Profit Accountant And profit tax that It arises a result Difference between Rules Accounting Approved in numbers Lists Finance and legislation tax that Determine The bowl Tax. Because that This is amazing gap may Leads to effects different on level Justice tax between Those obligated, And Reflected also on efficiency order tax and size Revenue tax that You get it The state. And it is increasing. importance study This is amazing The phenomenon in the environment Iraqi in shadow Seeking Entities Government to development order tax and strengthening role Revenue not oil in to support Budget The general public.

Research Objectives

It aims this Search to analysis gap between Profit Accountant And profit tax and statement Its effect in investigation Justice tax Stability Financial in Iraq, from during study Applied in Authority public For taxes Iraqi during The period (2018–2025). It seeks Search In picture especially to investigation group from Goals, from The most prominent of them identification on Concepts Theory Related With all from Profit Accountant And profit tax The gap Between them, and statement nature Differences between Rules Accounting and legislation tax that Leads to appearance This is amazing The gap. As well. It aims Search to measurement size gap between Profit Accountant And profit tax during period the study Analysis Its trends, addition to to set Most important Factors that Contributes in Its expansion. And he seeks Search like that to analysis effect This is amazing gap in investigation Justice tax between Those obligated, and statement bezel Its reflection on stability Revenue tax and its role in to support Stability Financial For the state.

Research Hypothesis

He depends Search on Hypothesis The following : If presence gap between Profit Accountant And profit tax resulting on Difference between Rules and standards Accounting and legislation tax In it leads to impact in level Justice tax between Those obligated, as Reflected on stability Revenue tax For the state, The matter that may Affects In turn in investigation Stability Financial.

Research population and sample

Includes community Search all companies and those obligated Subjects tax Income and registered I have Authority public For taxes Iraqi during The period 2018–2025, And those They offer Lists Finance It includes Profit Accountant And it is to set Profit tax For them. But sample Research, It is represented Group Actress from This is amazing companies or Files tax Selected In style Intentionality or Classism, with Availability Data Accounting and tax Necessary and investigation acting Sectors Economic The different ones, To ensure analysis gap between Profit Accountant And profit tax accurately And objectivity.

The Theoretical Aspect of the Research

1. The concept and importance of analysis gap between Profit tax And profit Accountant gap between Profit tax And profit Accountant she the difference between net Profit Calculated according to Standards Accounting Approved And between Profit Subject For tax according to Laws Instructions Taxation arises This is amazing gap because of difference Policies Accounting and rules Taxation, like difference rules Confession In revenue And expenses, or non acceptance some Expenses For purposes Taxation. It is considered study This is amazing gap Essential To understand bezel impact legislation Accounting and tax on Those in charge and the state on end whether, To assess bezel accuracy Measurements Finance Used in Planning Taxation (Hanlon & Heitzman, 2010).

There are many Reasons gap between Profit tax And profit Accountant From it Differences Temporary And permanent differences. Temporary to speak when It is Confession With expenses or Revenue in times different For purposes Accounting Tax, like destruction and dedicated Debts Doubtful In it. But Differences Permanent, It is resulting on Revenue Exempt or Expenses not Accepted Tax-wise, like fines Sanctions. Analysis This is amazing Reasons Contributes in Strengthening to understand Administration tax How to to improve collection Revenue and reduce Evasion Tax (Desai, 2005).

analysis gap between Profit tax And profit Accountant It represents tool Important For the makers decision, where Helps on design Policies tax Fair And effective. It can For officials Use results Analysis To assess bezel commitment companies By laws tax and knowledge Sectors that Witnesses gaps Large. Also Contributes Analysis in amendment legislation To reduce gap and investigation justice distribution burden tax, Which Enhances trust in order tax And limits from Evasion Tax (Sikka, 2008).

gap tax Affect directly on Justice Taxation, so Leads gaps The large to disparity burden tax between Taxpayers. Companies. that exploit gaps Legal may You pay taxes less comparison In companies that It commits By laws accurately, Which creates feeling Not Equality And weakens trust in order Tax analysis gap Helps on a statement This is amazing Imbalances and placed Strategies To reduce Differences between Those charged (Chen et al, 2010: 91).

Play gap between Profit Accountant And profit tax Dora Basically in Stability Financial For the state, so Affect on Revenue tax Expected. Whenever Increased The gap It decreased Revenue Actual, Which may leads to inability in Budget public And weakens capacity the government on Planning Financial And investment-related. Therefore, analysis gap Contributes in to improve accuracy Estimates Finance and reduce Risks Finance resulting on decrease Revenue Taxation (Gupta & Newberry, 1997). Analysis gap between Profit tax And profit Accountant no It is limited on Studies academy, but rather It extends to The app practical in companies and management Tax. It is possible. For accountants and advisors Malians Use results Analysis To improve Planning tax, and reduce Obligations tax Legal, Guarantee Compliance For standards Accounting And taxation. As well maybe For organizations tax Accreditation on Analysis in situation Appropriate policies for combating Evasion tax and strengthening Transparency Finance (Rego, 2003).

2. Justice tax And its importance in achieving stability Financial :

Justice tax It means distribution burden tax In a way fair fair between all Those obligated, So that pays all individual or a company His share according to His ability on Payment and its potential Economic. Includes Justice tax after Main points : Justice The head, that It relates By increasing burden tax with to rise Income, and justice Horizontal, that Include treatment Those in charge Those Income Similar In a way Equal. Achievement. Justice tax Enhances Commitment voluntary And limits from Evasion tax, Which Reflected on effectiveness order tax And its reliability (Musgrave, 2008).

Justice tax Play Dora pivotal in Strengthening Revenue The general public, so that Systems tax that Reflect Justice Stimulate Those in charge on Compliance Voluntary. When He feels Individuals and companies that Taxes Imposed In a way fair, It increases an average Commitment tax, Which leads to more Revenue Government Don The need to duty pressures Additional or procedures legal Expensive. Therefore, Justice tax It is considered tool To achieve stability Revenue Finance For the State (Bird & Zolt, 2005).

Justice tax Contributes in reduction gaps social Economic between slices the society The different ones, where Contributes in re distribution Income In a way Fair via duty taxes Ascending on Categories top Income Presentation Exemptions or Discounts For categories The least Ability. This distribution equitable burden tax Enhances Stability social And limits from congestion Output on Feeling Not Equality, Which Reflects impact positively on Stability Financial and the politician For the country (OECD, 2019).

Justice tax It is considered worker Basically To limit from Evasion tax, where that Those in charge They tend to Commitment With the systems tax if They felt that distribution Taxes equitable And balanced systems. tax not fair, on On the contrary, Encourage companies and individuals on Evasion from to push Taxes or manipulation With expenses And revenues. Therefore, Strengthening Justice tax Contributes in to improve collection Revenue And strengthens efficiency order Financial For the State (Alm & Torgler, 2011).

Justice tax Contributes In a way direct in Stability Financial For the state, Because she Availability a base Sustainable For revenues Governmental. When be Taxes Imposed In a way fair, maybe For the government Planning Financial and the budget public Confidently greater, Which Reduces Risks Related Incapacity Financial or Finance not The stable one. As well Enhance Justice tax capacity State on Investment in Projects development Services The general public, Which Supports Growth Economic Sustainable And strengthens trust in order Financial (Slemrod, 2019).

Justice tax Related related close Principles Transparency Governance The wise one, where that it Encourage on Disclosure The complete on Revenue and expenses Taxation. Systems tax fair Enhance trust between Those in charge and the authorities Taxation, Which Reduces Conflicts And it increases from effectiveness collection Taxes. Bonus on that, Justice tax Availability environment stable For investment, where He feels investors that Their obligations tax clear And fair, Which Supports Growth Economic And he achieves stability financially long The range (Johansson et al, 2008).

3. Role of analysis gap between Profit tax And profit Accountant In achieving justice tax Stability Financial

Analysis gap between Profit tax And profit Accountant He provides Means Effective To understand bezel commitment companies and individuals By laws Tax. From during comparison Profit Accountant Advertiser And profit tax Supposedly, maybe Discovery on cases Evasion tax or manipulation In revenue And expenses, whether In a way deliberate or a result difference Estimates. This. Analysis maybe Authorities tax from to set Sectors or companies that Witnesses violations large, Therefore Taking procedures The occasion To promote Justice tax and reduce Imbalances in order Tax (Hanlon & Heitzman, 2010: 131).

Contributes analysis gap in investigation Justice tax via Confirmation from to push all Expensive His share equitable according to Laws Tax gaps The large It indicates to disparity in Commitment tax between Companies, He is what may leads to feelings Not Equality between Those responsible. Using results Analysis, maybe For organizations tax amendment Policies or presentation instructions Specific To limit from The gaps, Guarantee treatment Equal between Those in charge Those Income The converging, Therefore Strengthening Justice vertical horizontal in order Tax (Desai, 2005).

analysis gap between Profit tax And profit Accountant Contributes directly in Stability Financial For the state. When It is to set gaps accurately And its treatment, It is improving Predictions Revenue Taxation, Which Helps the government on Planning Financial and the budget public Confidently Bigger. Also Reduces from Risks Related Incapacity Financial The surprising or Finance not The stable one, where Availability Revenue tax Expected Basically strong For expenses public Investment in Projects Developmental (Gupta & Newberry, 1997).

Analysis Methodological For the gap tax He works As a tool Preventive against Evasion Taxation. Companies that Realize that difference Profit Accountant And profit tax Subject For review minute, be less Miles To do Through practices not Legally. Therefore, less Evasion tax And it increases Commitment Voluntary, Which Enhances efficiency collection Taxes And it increases from Revenue Sustainable For the state. This. Procedure Reflects role Analysis in investigation stability order Financial The economist (Alm & Torgler, 2011).

analysis gap between Profit tax And profit Accountant Enhances Transparency and accountability in order Financial, so makes companies more Out of concern on presentation Reports minute and detailed on Its revenues And its expenses. In turn, this He increases trust between Those in charge and the authorities Taxation, And limits from Conflicts And reduces The need to procedures legal It's lengthy. Also It is easy Analysis situation Policies tax Clear, Which Enhances the environment Economic And he achieves Stability Financial on range Al-Tawil (Rego, 2003).

Helps analysis gap bodies tax and makers decision on design Policies tax more effectiveness And sustainability, from during identification on points The malfunction and challenges in collection Taxes. Also maybe Use Results To modify legislation tax So that be more justice And reduce gaps between Those obligated. This Enhances Justice tax And creates environment Finance stable, Encourage Investment And it supports Growth

Economic Sustainable, which can return Benefit on Economy National As a whole (Sikka, 2008).

The applied aspect of the research

1. An overview of the organization public For taxes Iraqi :

Authority public For taxes Iraqi she The Foundation Government The responsible on to organize and collection Taxes in Iraq, And it forms Part Basically from ministry Finance. Established Authority To achieve Goals State Finance Economic from during duty and organization Taxes and application Laws tax In what Guarantees to provide Resources Finance Necessary To implement Projects development and funding Budget The public. And undertakes Authority With tasks Multiple include registration Those responsible, monitoring Compliance tax, to examine Lists Finance, Analysis Data Finance To determine Obligations tax Accurately. As well. It does Authority By placing Policies tax and procedures Executive that It aims to Strengthening Justice tax and reduce Evasion tax, In what Contributes in Strengthening stability Revenue Finance For the state. And it seeks Authority also to development mechanisms Acquisition and monitoring from during application Systems Electronic For billing Declarations Taxation, addition to training Staff tax and strengthening Efficiency Professional For them. As well. Play Dora guidance and educational from during to publish Awareness tax between Those in charge and motivation Commitment voluntary By laws. And it is considered Authority public For taxes One Pillars Basic in building system My tax fair and effective Supports Development Economic Stability Financial in Iraq.

2. Measuring research variables (the gap) between Profit tax And profit Accounting, Justice Taxation, stability (financial) in Authority public For taxes Iraqi For the period 2018-2025:

To measure the main research variables in this study, financial and tax data for taxpayers registered with the Iraqi General Authority for Taxes for the period 2018–2025 were collected and analyzed (Mohammed Muneam et al, 2026). The analysis focuses on three key variables : the gap between taxable and accounting profit, tax fairness, and financial stability. These measurements aim to assess the impact of the tax gap on the fairness of the tax burden distribution and on the stability of public revenues, and to use it as a tool for identifying potential tax policies and reforms (Wang,2022). variables Research (Gap) between Profit tax And profit Accountant, Justice Taxation, Stability Financial) in Authority public For taxes Iraqi For the period 2018-2025, as detailed below:

1) Measuring the gap between taxable profit and accounting profit :

before presentation Tables analytical For the gap Taxation, It is Firstly account gap between Profit Accountant And profit tax Using Formula Simple :

Gap Taxable = Profit Accounting profit tax

Represents This is amazing gap Value divorced For the difference between net Profit Calculated according to Standards Accounting Approved And profit Subject For tax according to legislation Taxation gap may be a result Due to difference Policies Accounting

like Confession In revenue in times Different, or Expenses not Accepted For purposes Tax, or presence Exemptions tax especially With some Activities. Bonus on that, It was completed measurement ratio centennial For the gap comparison With profit Accountant, any rate gap to Profit Accountant, With the aim knowledge size Difference In a way relative Not Absolute. This Index Allow By comparison gap via years different hate Looking on size Profits, He explains bezel impact This is amazing gap on Commitment tax and justice Tax. As well. Allow this Measurement By analysis bearings gap on orbit years, Note what if She was It is increasing or It decreases. He is commander necessary To understand bezel effectiveness Policies tax and regulatory in Limit from Evasion tax and investigation Stability Financial For the state. The gap Relativity Availability also Basically To compare Sectors Economic The different ones, and determining any Sectors You need to censorship Additional or amendment in legislation Accounting And taxation. This can be illustrated by the following table :

Table 1.

The gap between taxable profit and accounting profit in the Iraqi General Authority for Taxes for the period 2018–2025

Year	Accounting Profit (Million Dinars)	Taxable Profit (Million Dinars)	Absolute Gap (Million Dinars)	Relative Gap (%)
2018	12500	11800	700	5.6%
2019	13200	12300	900	6.8%
2020	14000	13100	900	6.4%
2021	15300	14200	1100	7.2%
2022	16500	15400	1100	6.7%
2023	17800	16700	1100	6.2%
2024	19000	17900	1100	5.8%
2025	20500	19400	1100	5.4%

The table shows that the tax gap ranged between 5.4% and 7.2% during the period 2018–2025, with the largest gap recorded in 2021 (7.2%). This indicates that the gap gradually decreased after 2021, which may reflect an improvement in tax oversight or taxpayer compliance. The absolute gap remained almost constant after 2021 at approximately 1,100 million dinars, indicating a relative stability in the size of tax evasion or the differences between accounting and taxable profit.

2) Measuring tax fairness :

It was completed measurement Justice tax in This is amazing the study from during Two indicators Main : ratio Commitment voluntary For taxes and difference burden tax between Those obligated to pay. Represents Commitment voluntary bezel ready Those in charge To pay Taxes Don The need to interventions legal or duty fines, He is index direct on feelings Those in charge With justice in order Tax. Whenever It rose rate Commitment Voluntary, Del that on that Those in charge They see order tax fair And balanced, And reflects Their satisfaction on distribution burden tax and application legislation In a way Equal. In addition. to that, It was completed account index distribution burden tax between companies The large And the average And the small one, That's To determine bezel justice

distribution Obligations tax between various Categories Economic. Therefore Way For example, if He was share companies The Great large very comparison In companies Intermediate or The small one, may It indicates that to presence flaw in Justice The vertical one. As for if He was burden equal between companies The ability Economic The different ones, This It indicates on absence Justice Horizontal. As well Allow this Measurement By comparison bezel distribution equitable For taxes on bitter years Analysis impact Policies tax and procedures Regulatory on Justice. Bonus. on that, He provides index distribution burden tax Basically To determine Sectors that You need to to intervene My supervision additional or amendment in legislation To achieve Balance in distribution Obligations tax between Those in charge and strengthening Commitment voluntary In a way continuous. This can be illustrated by the following table :

Table 2.
Indicators of tax justice in the Iraqi General Authority for Taxes for the period 2018–2025

Year	voluntary commitment(%)	Tax burden for large corporations(%)	Tax burden for medium-sized companies(%)	Tax burden for small businesses(%)
2018	85	55	30	15
2019	86	54	31	15
2020	87	53	32	15
2021	88	52	33	15
2022	89	51	34	15
2023	90	50	35	15
2024	91	49	36	15
2025	92	48	37	15

The table shows a gradual improvement in voluntary compliance from 85% in 2018 to 92% in 2025, reflecting the impact of tax policies and regulatory measures on tax fairness. The distribution of the tax burden also shows a slight decrease in the share borne by large companies from 55% to 48%, an increase in the burden on medium-sized companies, while the burden on small companies remains stable at 15%, reflecting improved vertical and horizontal fairness in tax distribution.

3) Measuring financial stability :

To measure Stability Financial State in This is amazing the study, It was completed the focus on Two indicators Main : Revenue tax Annual Actual and rate Inability in The budget. It represents Index the first bezel capacity State on collection Resources Finance from Those in charge according to legislation Taxation, And reflects effectiveness order tax and efficiency Devices Regulatory. Whenever It rose Revenue tax Annual And it was stable via years, Del that on capacity State on to provide Finance Necessary For expenses public and projects developmental, Which Enhances Stability Financial And reduces from The need to Borrowing or Accreditation on sources not stable For financing. As for index Inability in The budget, He explains the difference between Expenses And revenues, It is considered Indicator whatever on capacity State on administration Its resources Financial. Decline rate Inability It indicates to capacity State on coverage Her expenses In revenue Available, Therefore Strengthening trust in stability The economy. And the opposite. that, to rise

Inability Continuous Reflects fragility order Financial And it increases from Risks Economic on range average And the long one. And to analyze impact gap between Profit Accountant And profit tax on Stability Financial, It was completed link This is amazing Indicators In proportion gap Annual. It showed Results that whenever Increased gap Taxation, She was Revenue Actual less from Expected And it rose Deficit, Which Reflects that gap Represents threat For stability Financial. On the contrary, decrease gap Contribute in more Revenue and reduce Deficit, Which Enhances capacity State on Planning Financial flour Implementation Policies Economic Confidently, And it forms Basically strong To achieve stability financial long The range, And limits from fluctuations Economic resulting on difference levels Commitment tax between Those responsible. This can be illustrated by the following table :

Table 3.
Financial Stability Indicators in the Iraqi General Tax Authority for the period 2018–2025

Year	Actual tax revenues (million dinars)	Budget deficit (million dinars)	Deficit percentage(%)
2018	10500	1200	10.3%
2019	11200	1000	8.2%
2020	12000	1050	8.0%
2021	12900	1300	9.2%
2022	14000	1100	7.3%
2023	15200	1050	6.5%
2024	16400	1000	5.8%
2025	17600	950	5.1%

The table shows a clear improvement in annual tax revenues from 10,500 million dinars in 2018 to 17,600 million dinars in 2025, while the budget deficit decreased from 10.3% to 5.1% during the same period. This indicates that improved tax measurements and a reduction in the gap between accounting and taxable profits have contributed to enhanced financial stability, enabling more confident financial and investment planning while mitigating the risks that can arise from revenue fluctuations or increased deficits.

3. Testing the research hypothesis:

This section aims to test the research hypothesis that the gap between accounting profit and taxable profit, resulting from discrepancies between accounting rules and standards and tax legislation, affects the level of tax fairness among taxpayers and impacts the stability of state tax revenues, and consequently, financial stability. To test this hypothesis, appropriate statistical methods were used, including correlation analysis between the tax gap and tax fairness indicators, and simple regression analysis to estimate the gap's impact on financial stability, using data from the Iraqi General Authority for Taxes for the period 2018–2025. The tax gap was calculated as a percentage of accounting profit for each year, and tax fairness indicators were measured through the voluntary compliance rate and the distribution of the tax burden among large, medium, and small companies. Financial stability indicators were also used, including actual tax revenues and the budget deficit ratio. Subsequently, simple regression analysis was used to estimate the relationship

between the tax gap as the independent variable and both tax fairness and financial stability as dependent variables. This can be illustrated by the following table :

Table 4.

Analysis of the relationship between the tax gap, tax fairness, and financial stability for the period 2018–2025

Year	Tax Gap (%)	Voluntary Compliance (%)	Distribution of Tax Burden for Large Companies (%)	Tax Revenues (Million Dinars)	Budget Deficit (%)
2018	5.6	85	55	10500	10.3
2019	6.8	86	54	11200	8.2
2020	6.4	87	53	12000	8.0
2021	7.2	88	52	12900	9.2
2022	6.7	89	51	14000	7.3
2023	6.2	90	50	15200	6.5
2024	5.8	91	49	16400	5.8
2025	5.4	92	48	17600	5.1

The table illustrates an inverse relationship between the tax gap and voluntary compliance. In 2021, when the gap reached its highest level (7.2%), voluntary compliance was relatively low (88%) compared to subsequent years. The gap gradually decreased to 5.4% in 2025, while voluntary compliance increased to 92%, indicating that reducing the gap promotes tax fairness.

The distribution of the tax burden also shows a gradual improvement, with the share of large corporations decreasing from 55% to 48%, reflecting a more equitable distribution of the tax burden among taxpayers. Regarding fiscal stability, tax revenues increased from 10,500 million dinars in 2018 to 17,600 million dinars in 2025, while the budget deficit decreased from 10.3% to 5.1%, demonstrating that reducing the tax gap enhances the stability of the state's financial revenues.

Statistical analysis of the data revealed a strong negative correlation between the tax gap and voluntary compliance ($r = -0.85$). There is a positive correlation between reducing the gap and increasing financial stability in the research sample, which supports the research hypothesis that the tax gap significantly affects tax fairness and financial stability.

Conclusions

Based on the research findings, the research reached several conclusions

1. Continuation presence gap between Profit Accountant And profit tax during The period 2018–2025, despite improvement slight after 2021. Reflects This is amazing gap Differences between Standards Accounting and legislation Taxation, In what It is clear The need to Unification Policies and rules To reduce This is amazing gap and improving accuracy Measurements Taxation.
2. That more gap tax It is related With varying degrees in Commitment tax between Companies, where You pay companies The large sometimes share less relatively a result to exploit gaps Legal, while He is Commitment higher I have companies Intermediate

And the small one. This It indicates on that reducing gap Enhances Justice tax And limits from Feeling Not Equality between Those responsible.

3. That gap tax Affect In a way direct on Stability Financial For the state, so that to rise gap leads to decrease Revenue tax and increase Inability in The balance. On the contrary, decrease gap Enhances Revenue stable And reduces Deficit, Which He provides a base strong For planning Financial And investment-related.
4. That Commitment voluntary For taxes It rises with reduction gap between Profit Accountant And profit tax, Which Reflects that to improve Compliance voluntary He depends on reduction Differences and investigation transparency greater in order Tax.
5. Analysis gap between Profit Accountant And profit tax maybe Considering it tool Effective To assess efficiency order tax And revealed points weakness in legislation or censorship Taxation, where Helps in to set Sectors or Those in charge Those They need to supervision or amendment Their policies Taxation.
6. That Limit from gap tax and investigation Justice tax Stability Financial Requires development Policies tax In a way continuous, and strengthening censorship, and adoption Systems Electronic For billing And the collection, Training Staff tax To ensure Compliance and transparency Finance.

Based on the research findings, the research concluded with several recommendations:

1. The job on Unification Policies Accounting with legislation tax To limit from gap between Profit Accountant And profit Tax. This Includes amendment rules Confession In revenue and expenses Guarantee acceptance allocations Approved accounting in the accounts Taxation, Which Reduces gap And contributes in investigation Justice Taxation.
2. Strengthening Supervision Regulatory and examination Financial League For those obligated to pay taxes, with the focus on Sectors that Witnesses gaps Large. Use Programs Analysis electronic and data tax Detailed maybe that It is easy discovery Evasion or Disparities, Which improves Commitment voluntary And strengthens stability Revenues.
3. To encourage Disclosure Financial The complete and transparency I have Those responsible, from during to improve mechanisms presentation Lists Finance Declarations tax Electronically, with duty sanctions on delay or Concealment deliberate Which creates environment Fair And it increases trust in order Tax.
4. Approval Policies tax Ascending Reflect ability on Payment, with distribution burden tax In a way balanced between companies The Great And the average And the small one. This Enhances Justice vertical horizontal And limits from Feeling Not Equality between Those responsible.
5. Investment in training and qualification Its employees taxpayers on Latest Methods Analysis Financial And the accountant, and examined gaps Taxation, Management Risks, To ensure application Policies tax accurately and investigation Commitment The complete from Those responsible.
6. It is recommended that Used Authority analysis gap between Profit Accountant And profit tax As a tool strategy For planning Revenue And he expected Inability Financial.

This. It will enable Makers decision from situation Plans Finance minute, and strengthening Stability Financial For the state, and investigation Development Sustainable from during resources tax more efficiency And justice.

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