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Article

The Impact of Electronic Disclosure on Tax Accounting

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Abstract: Electronic disclosure enhances the quality of tax accounting by promoting transparency, reducing human errors, and accelerating tax assessment and collection procedures with a high degree of accuracy and fairness. Perhaps the most significant impacts of electronic disclosure on tax accounting lie in the accuracy of data and reports, as the submission of financial statements and data through digital systems ensures access to accurate and reliable information, free from manipulation or delay. Furthermore, it helps reduce tax evasion, as such disclosure contributes to revealing the actual scale of activities undertaken by entities and taxpayers, thereby significantly reducing opportunities for evasion or manipulation of tax bases. In addition, electronic disclosure enhances the speed of completion and transparency by reducing the time and administrative effort required for electronic disclosure procedures and the reconciliation of accounts between taxpayers and the tax administration. It also strengthens mutual trust by establishing a relationship based on clarity and legal compliance between taxpayers and tax authorities through the provision of clear digital audit trails.

Keywords: Disclosure, Electronic, Tax Accounting, Taxation

1. Introduction

Electronic disclosure is one of the key components of accounting disclosure and a general principle of financial statement preparation, being one of the underpinning principles of generally accepted accounting principles. These principles call for full and comprehensive disclosure of all accounting data and information for the benefit of users of such information. One of these beneficiaries during the tax accounting process is the financial authority, because the information it uses is the basis for calculating the taxable base, which has a major impact on the state's public treasury. Hence, it is important to explain the meaning of the principle of tax disclosure in ensuring the credibility of the accounting information presented in the financial statements made by the management of financial institutions to the financial authority. This can help streamline tax accounting processes, establish the taxable base, ensure taxation fairness, and objectively assess the performance of government departments and institutions with minimal time and effort, with no extra expenses borne by the fiscal body to calculate the tax base to which the activities of these departments are subject.

2. Materials and Methods

2.1 Research Methodology

The research methodology is the first step in the process of identifying the scientific approach that the researcher has taken in presenting the research problem, determining the dimensions of the problem, establishing the legal and financial framework for the problem and clarifying its implications. Moreover, it helps in identifying the legal relevance of the research and its implications, along with the hypothesis that the desired objective is based upon. Therefore, the research in this study uses descriptive method

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which aims to gather information on the aspects mentioned above to realize the ultimate goal and purpose of research.

2.2 Research Problem

The research problem is whether the weak commitment of some financial institutions to the principle of electronic disclosure in the submission of financial statements to the financial authority in line with the requirements of electronic disclosure is a major cause of increasing the complexity of tax accounting and the number of bureaucratic procedures, and even failing to find the real taxable basis because there is a lot of tax evasion in the final assessment process due to the lack of accurate information.

2.3 Research Significance

The relevance of this research is the role of financial statements in fulfilling the requirements of the principle of electronic disclosure for their users, financial authority, in preparing financial statements in compliance with the principle of electronic disclosure. Also, it is a consequence of disclosure on facilitating the tax accountancy procedures, determining the taxable income and accelerating completion of the tax accounting procedures in an appropriate time with fewer efforts and without increasing costs.

2.4 Research Objectives

The research seeks to achieve the following objectives:

To clarify the importance and role of the principle of electronic disclosure in facilitating the tax accounting process.

To clarify the extent to which the management of government departments and institutions complies with the requirements of adequate disclosure and sufficient and appropriate presentation to the financial authority, thereby ensuring that financial statements.

Accurately represent taxable income.

2.5 Research Hypothesis

The research seeks to test the hypothesis that the weak commitment of some government departments and institutions to the principle of electronic disclosure of information contained in financial statements leads to misleading tax assessors and, consequently, complicates tax accounting procedures.

2.6 Research Structure

This research is divided into two sections. The first section addresses the concept of electronic disclosure, while the second examines the legal effects of electronic disclosure on tax accounting. The research concludes with the most important findings and recommendations, as follows.

3. Result

3.1 The Concept of Electronic Disclosure

In recent years, the world has witnessed tremendous developments in information technology, which have extended to both the government and private sectors, particularly with regard to the information systems used in their administrations. Programming languages and electronic disclosure have become prominent topics of discussion. Since its emergence, electronic disclosure has become extremely important to government departments and institutions, especially large ones, which have found strong incentives to adopt it as an alternative to traditional disclosure. The latter lacks the advantages offered by electronic disclosure, which was designed to simplify what previously seemed difficult and accelerate what had been slow under traditional disclosure methods. This development resulted from the urgent need to facilitate access to information that previously required considerable time, cost, and effort.

3.1.1 The Nature of Electronic Disclosure

Electronic disclosure has emerged in response to the pressing need to deliver appropriate, high-quality information at the right time, with the aim of producing reliable and highly valuable financial outcomes that users can trust, even when they are located

in the most distant countries. This has necessitated developing disclosure in accordance with a modern language centered on eXtensible Business Reporting Language (XBRL), to meet current requirements. This language offers significant advantages and advanced features that were not previously available. To gain a comprehensive understanding of the nature of electronic disclosure, this section is divided as follows:

3.1.1.1 Definition of Electronic Disclosure

It is first necessary to explain the concept of electronic accounting because of the close relationship and similarity of the concepts as understood by many accountants and users of accounting information before the concept of electronic disclosure can be explained. Electronic accounting refers to the use of electronic computers and accounting software in lieu of the accounting system, which starts with the accounting system's inputs (accounting documents associated with various financial transactions), moves through processing those inputs to perform the functions of the accounting system and concludes with the accounting system's outputs (financial statements and various internal reports). Designing accounting software is more difficult because of the size of government departments and institutions, as well as the number of their branches and the process of their development, but government departments and institutions in developing accounting software have designed very efficient software that makes the entry and retrieval of accounting information and data easier.

Electronic disclosure, on the other hand, has been described by the U.S. Financial Accounting Standards Board as a company's use of a single or multiple Internet sites to quickly provide and directly disseminate a vast array of financial and non-financial information to a wide audience of Internet-connected people. Electronic disclosure means posting the results of electronic accounting on the Internet. This approach involves furnishing financial and nonfinancial data in the same format that it was received, without performing any additional processing or operations, as opposed to electronic accounting. Similarly, electronic disclosure does not require an electronic accounting system because the results of manual accounting systems may be stored in the Internet via a computer. But practical experience verifies that it is not logical for one company or bank to opt for electronic disclosure without an electronic accounting system.

Yet another perspective considers electronic disclosure to refer to the digital recording of information, including its modification, transfer, elucidation and electronic or digital communication over communication networks. This information can be in text, image or graphic and is processed automatically.

As each of the foregoing definitions can be observed, each seems to agree that electronic disclosure is the disclosure of accounting information through the Internet. Therefore, electronic disclosure may be defined as the dissemination of financial and non-financial information to the public via electronic accounting systems and/or the Internet in a manner that allows users to benefit from the information.

3.1.1.2 The Electronic Disclosure is developed in the following stages:

Before the huge and quick advancement of technology and the introduction of electronic disclosure, the government departments and institutions had to provide financial disclosure by copying it onto compact discs and then sending it to people who use these disclosure statements using postal services. Government departments and institutions started using it as a new, quick and affordable way to distribute financial information with the advent of the Internet. As a result, the ways in which accounting information was revealed changed as well, and this marked a large change in how departments and institutions of government disclosed information. The International Accounting Standards Committee (IASC) states that the stages of electronic disclosure in Iraq are accessing the electronic platform of the approved official user, creating a personal or institution account, filling the required electronic forms with accurate and correct information relating to the entity or company, attaching the required supporting documents and evidence in electronic form, completing the first saving process, verifying

the accuracy of the information entered, and finally clicking the submission button to send the application or disclosure to the relevant government or regulatory entity. There are three stages of accounting disclosure as below:

In this stage, emphasis was placed on establishing websites for departments, and using Internet technology as one of the vehicles for disseminating financial reports. The most striking features of this phase were the small size of the government departments and institutions, and the irregularity of their publication. At this stage, Government departments or institutions shared copies of financial information with the same content as those in printed material, in electronic format, typically as a PDF. Although such files offer several benefits, such as high printing quality and other attributes, there are also disadvantages. They take a while to download and don't permit a viewer to scroll into a website to different sections of a report or copy financial statements and re-load them as electronic tables, which helps in the use of the reports. This requires re-typing the information, which is time consuming [1].

The second phase – this involved an increase in the number of government departments and institutions who had their own websites. This technology was extensively used to publish financial data, mostly resembling printed financial reports. This period also coincided with the basic application of HyperText Markup Language (HTML) to display financial information on government departments and institutions' websites. One of the programming languages used in website designing is HTML. This language has been created to be more useful in the face of some of the drawbacks of PDF documents: it allows for hyperlinks, and it does allow for information to be indexed, but it is not as efficient as it is to save or print the reports. In addition, its range of functions is restricted to displaying information about the page's look and not information about the content of the data and how it was created. Also, it will transfer information as a whole, instead of transferring the individual components of the information separately. Furthermore, like PDF documents, the data cannot be readily analyzed by the user, and therefore must be entered again [2].

Stage Three: The stream of financial and non-financial information reported electronically grew considerably compared with the amount of information that is reported in financial publications. In addition, advanced techniques of disseminating that information were embraced. Microsoft, one of the world's largest software development companies and PricewaterhouseCoopers, one of the biggest accounting firms in the world, collaborated to create and present a new electronic accounting language for financial reporting to a standard. The purpose of this was to assist Government departments and institutions in establishing information auditing mechanisms and in giving them more effective ways to analyze and efficiently use information. This language was known as eXtensible Business Reporting Language (XBRL).

At this stage, sophisticated Internet technologies were used and new presentation formats were emerging which addressed the shortcomings of the previous phase. In this phase, XML (Extensible Markup Language) began to be used to share data across the Internet. This language appeared at the same time that Charles launched a project to explore the use of this language to write programs for preparing electronic financial statements, which was sponsored and funded by the American Institute of Certified Public Accountants. After a few attempts, an eXtensible Business Reporting Language (XBRL) was developed.

This language is a computer program used to identify each piece of information in the financial statements that are entered into electronic systems. The problem of multiple languages that hobbles development efforts by many users of financial statements can be solved by automatically translating the data tags provided in XBRL. This information can be shared with electronic data, and it paves the way to the comparison of information from all over the world. As a result, an unparalleled stream of high-quality data will be expected in global financial markets, and the cost of invested capital is expected to decline.

3.2 Evaluation of Electronic Disclosure

The evaluation of electronic disclosure is the process of measuring the efficiency and effectiveness of companies in publishing their financial and non-financial data through the Internet and their official websites. The importance of this evaluation lies in transparency and speed, ensuring that information reaches markets and investors in a timely manner without delay. It also helps reduce risks and enables investors to mitigate investment risks and uncertainty through accurate and reliable data. Furthermore, it contributes to facilitating the implementation of corporate governance rules and improving the understanding of financial statements. This section will address the following aspects:

3.2.1 Requirements of Electronic Disclosure

The requirements for electronic tax disclosure in Iraq consist of a set of fundamental pillars that ensure the successful digital transformation of the General Commission for Taxes and facilitate procedures for taxpayers. Legislative and legal requirements primarily involve updating existing tax legislation to align with the digital economy and electronic commerce, as well as establishing clear rules for the mandatory and voluntary disclosure of digital financial data.

Technical requirements include providing computer networks and advanced electronic monitoring systems to connect the Commission's departments, and adopting the new electronic tax identification number to unify taxpayer data and reduce duplication. Human and administrative requirements involve qualifying and training tax administration employees to operate modern electronic systems and relying on accredited auditing firms to ensure the accuracy and reliability of the financial records submitted by taxpayers [3].

Electronic disclosure also requires government departments, institutions, and other entities to adopt a set of necessary requirements to ensure its successful and proper implementation. This is intended to prevent the risks and problems that may arise in the future. These requirements include, for example, the following [4]:

1. Specialized electronic software for preparing, processing, and displaying data.
2. An available network of electronic devices and equipment.
3. Establishing an institutional website on the Internet.
4. A specialized administration responsible for managing the institution's website.
5. Qualified human resources, including accountants, programmers, and analysts.
6. Establishing appropriate and robust internal control mechanisms and procedures.
7. Issuing accounting standards that regulate the electronic disclosure process.

3.2.2 The Importance and Objectives of Electronic Disclosure

Electronic disclosure is an electronic system of importance within the framework of public tax collection, as it contributes to strengthening public financial management. Its importance and objectives are discussed below.

a. The Importance of Electronic Disclosure

Electronic accounting disclosure is of considerable importance to departments and institutions, particularly in developed countries. This importance can be summarized as follows [5]:

1. Achieving fairness among investors and other users of financial information.
2. Increasing the degree of reliance on financial reports by their users in making financial decisions.
3. Increasing the effectiveness of disclosure by government departments and institutions. The quantity and availability of relevant information necessitate enhancing their role in decision-making, while enabling the rapid production and distribution of electronic information.

4. Eliminating the need for traditional distribution intermediaries and enabling electronic information to be distributed worldwide without incurring distribution fees.

b. The Objectives of Electronic Disclosure

Electronic accounting disclosure has several objectives, which can be summarized as follows [6]:

1. Accelerating scientific research and development in line with the technologies introduced by modern advancements in the financial field, while expanding opportunities for electronic commerce.
2. Converting the intellectual output of certain countries into electronic formats, contributing to the development and dissemination of knowledge worldwide, and providing a disclosure option that meets the needs of new generations who no longer favor printed newspapers.
3. Narrowing the trust gap between Arab societies and Internet technology in the field of advertising, and developing new concepts and laws that are consistent with the requirements of the technological age.

3.2.3 Advantages and Risks of Electronic Disclosure Compared with Traditional Disclosure

In the present era, obtaining financial and other information relating to government departments and institutions around the world has become easier, thanks to continuous technological development and the advantages offered by electronic disclosure. Such information has become accessible to everyone, rather than being restricted to decision-makers or specific users. Electronic disclosure has both advantages and risks, which will be discussed as follows:

a. Advantages of Electronic Disclosure

The electronic tax disclosure, accounting, and registration system in Iraq, recently launched by the General Commission for Taxes as part of its digital transformation projects, offers numerous advantages to taxpayers and the state. These include reducing the time and effort required, accelerating the completion of tax transactions, and issuing a unified tax identification number without the need for lengthy in-person procedures; reducing human intervention, bureaucratic procedures, duplication, and the likelihood of administrative corruption; improving data accuracy by consolidating taxpayer information into a unified electronic tax file and enhancing the accuracy of financial records; relying on approved electronic payment and deposit methods to settle tax liabilities securely; and promoting compliance and transparency by increasing voluntary compliance rates and limiting tax evasion [7].

1. Electronic disclosure establishes continuous and ongoing information communication between the company and its users.
2. It enables users to download information to their personal accounts and conduct their own analyses, which is not possible through traditional disclosure.
3. It allows users to access information quickly, with less effort and at a lower cost, by browsing the Internet, unlike traditional disclosure, which requires more time, effort, and expense.
4. It can improve upon information disclosed through traditional methods and help provide users with more useful information.
5. It serves as a promotional tool for the company, helping attract investors at both the local and international levels.
6. Electronic disclosure reduces information distribution costs, such as printing and distribution expenses associated with traditional disclosure, while also shortening the time required to distribute information.

b. Difficulties and Risks of Electronic Disclosure

Although there are many benefits of electronic disclosure, there are a few challenges that can limit its effectiveness. Some of the reasons that departments and institutions are

publishing financial information online while others might not be. For instance, they can end up paying for their own websites, its upkeep, and securing them from hackers, as well as the advantages they might gain. Should hacking or falsification of information happen via the website, then the company could be in legal hot water that it may be able to deal with; however, it could also lose its competitive advantage if it does. Therefore, the traditional disclosure is less risky than electronic disclosure for some government departments and institutions.

The following is a list of some of the risks government departments and institutions may encounter with when using electronic disclosure [8]:

1. Real risk of greater information burdens are also a concern, as some government departments and institutions are not publishing financial information online because the costs of publishing it outweigh the advantages gained. The expenses associated with publishing financial reports online encompass the costs of building, creating and maintaining websites which carry information on money. Web-based financial reporting also carries implicit costs for companies: They risk litigation or having their competitive advantage stolen.
2. Accessibility problems to certain websites, products and information, potential neglect of relevant data found in traditional annual reports, problems of identifying between audited and unaudited data and heightened security and trust issues.
3. High website development and maintenance costs: The cost of developing and maintaining a website by U.S. government departments and institutions is found to be 3.8% of their assets. Once a website has been created, expertise and resources are still needed to keep it up-to-date and functional.
4. The complexity of information technology and the highly interconnected real time accounting information systems.

From the above, it can be inferred that government departments and institutions that have embraced the electronic disclosure cannot fully enjoy the benefits of a disclosure process because of the time required to adopt the technology. Similarly, it is hard to determine that these departments and institutions will not be able to deal with the risks and challenges of electronic disclosure without any difficulty, because this would depend on a variety of factors including the competence, skills and awareness of their employees, particularly accountants. Nowadays, accountants need to have knowledge and technical skills in information technology [9].

Thirdly, requirements for reducing the risks of electronic disclosure of financial statements.

Electronic disclosure risks are many and can make government departments and institutions run the risk of becoming enfeebled or bankrupt, if not properly managed. This led the United Nations to convene a conference where the criteria for becoming an accountant, and the basic competencies that should be acquired in information technology and its relationship with other disciplines were defined. The conference was about a set of requirements, such as the following:

1. Knowledge of information technology, the role of information technology (IT) specialists, where accounting work meets with information technology (IT) functions and the ways in which information technology (IT) can support accountants in the performance of their duties.
2. Knowledge of how integrated information systems are used, their contribution to decision making processes, their linkage with the economic entity and of internal controls related to information-processing systems.
3. Fundamental understanding and application of systems analysis, design and development tools and techniques; ability to analyze and assess the performance efficiency of information systems; identification of protection systems for information and applications and cost determination of these protection systems;

and understanding of the various technologies available to help manage an economic entity efficiently.

4. Talking about system maintenance procedures to guarantee accuracy and readiness, importance of electronic commerce in the modern business environment, operation of electronic commerce, costs of electronic commerce and changes it may bring into an economic entity.
5. Awareness of the needs of the changes in information technology and obtaining the information needed for management, especially accounting information.

4. Discussion

4.1 The Legal Consequences of Electronic Disclosure to Tax Accounting

As more taxpayers and a greater variety of taxable activities have emerged, an increasing number of tax laws, directives and circulars have been introduced. This has made the financial authority face a greater challenge in finding ways to raise the tax awareness of taxpayers and to make more efficient the tax accounting procedure of tax assessors. The transparency needs can be satisfied only if the General Commission for Taxes is transparent, meaning it must disclose all information that could increase tax payers' awareness and allow internal and external parties to observe the working of the General Commission for Taxes, and also require taxpayers to disclose all the income they have generated during the income generating year. The implementation of this concept is thus a shared responsibility of the Commission and taxpayers who cannot take the blame for the Commission.

Information systems are weak and use of manual methods in tax administration have made it difficult to provide information in a timely manner and with less effort and cost. This has had a detrimental impact on accounting for taxes. Through practice, it has been noticed that the majority of the taxpayers, and some workers of the financial authority, are not aware of the changes in tax laws, regulations and circulars.

4.1.1 Establish schemes for Tax Disclosure Processes.

The disclosure frameworks are grounded in a series of legal and accounting principles which govern the disclosure of companies' and taxpayers' income and financial information to tax authorities in a correct and accurate manner. Disclosure processes are bound by local laws and regulations of the local financial authorities which specify the mechanism of tax accounting and the submission of records, including the General Commission for Taxes in Iraq. International frameworks like Mandatory Disclosure Rules (MDR) and the Base Erosion and Profit Shifting (BEPS) guidelines have also become important for tracking cross-border financial arrangements in modern systems. This section will address the following aspects:

4.1.1.1 The Tax Accounting Process

Tax accounting in Iraq is an accounting process which is held at the intersection of two accounting environments; the first being the law, regulations and instructions, and the second being the importance of tax awareness. The elements and variables of the two environments, the internal environment and external environment, are important to understand in the success of the tax accounting process.

The internal environment refers to the financial authority, represented by the General Commission for Taxes. The tax assessor is a natural person appointed by the government to work in its interests with the responsibility of representing the taxpayer in tax accounting procedures, holding a relevant academic qualification and a wealth of experience in conducting said procedures. The assessor is unique in that he or she has great professional and academic competency in the field and rights and duties. It is an environment that works to fulfil its aims such as the gathering of taxes for the public treasury.

External environment is composed of taxpayers which are either nature or legal persons such as institutions that are legally obliged to pay a portion of their annual income

as a tax. This group is known by their lack of awareness of tax, failure to comply with the laws, hiding true income and tax evasion. Tax law also requires the taxpayers to keep accounting books and file tax returns by the given time, with their financial reports.

Tax accounting process covers any issues that fall in the scope of general rules providing for the assessment and collection of taxes as well as their timing, conditions and many others [10].

4.1.1.2 Examining electronic Accounts.

The analysis of electronic accounts is a crucial and technical phase of financial authorities' work, and one of the most significant types of account examinations carried out for particular purposes. It is a stage that a tax examiner performs and can also be carried out by an accountant or auditor who is an expert in tax matters while preparing to approve an entity's tax return.

This presupposes that tax on the established profits is calculated based on a tax return filed by the taxpayer. The tax return is a statement that you will pay the tax by the deadline and that you will pay based on the information in the tax return.

Numerous definitions of tax examination have been provided. One of the definitions that is relevant is the objective investigation and examination of phenomena related to the actual activities that are reflected in the tax return presented by an entity to the tax assessor in order to determine the accuracy of the tax return and that it meets tax accounting requirements.

It is also stated to be a critical and comprehensive review of the financial statements of taxpayers, whether natural persons or legal entities, which have been previously prepared and published, supplemented by additional information and data related to the financial statements, including analytical statements and used to determine the financial position of the taxpayer at a specific date, and the actual results of its operations during the relevant financial period [11]. This examination also seeks to verify that all procedures have been carried out in accordance with the provisions of tax legislation.

Therefore the significance of the electronic disclosure lies in the need to comprehensively and critically evaluate financial reports or taxpayers' files from several angles to ensure the integrity of financial reports and uncover instances of tax evasion and fraud by taxpayers. The purpose of this is to set the taxable profit as close to the actual as possible, or to make an approximation or to determine some measure that will assist the tax assessor in making an estimate of the taxable profit to be made in the subsequent assessment.

Therefore, electronic disclosure is applied in all tax accounting stages performed by the employees of the financial authority, especially during the stage of submitting tax reports by taxpayers after the tax reporting period is over [12].

The financial authority may perform a variety of duties under the law, when it is the financial authority which is responsible for the electronic disclosure, such as:

a. Inspection

This includes an inspection of the matters carried on by the taxpayer at the taxpayer's place of business. The financial authority has wide discretionary powers at this stage, such as the use of any means to which it may deem to be able to put at their disposal may assist it in the monitoring of the inspection.

b. Discussion with the Taxpayer is the next step.

This is a procedure designed for the financial authority to obtain the extra information needed. This includes written questioning and oral questioning and seeking of explanation (where appropriate) by the Authority [13].

c. The Power of Access

The tax authority can get access to books and documents of the taxpayer in the hands of any entity for the purpose of tax assessment. This access is to the documentary examination stage which seeks to establish the correctness of the taxpayers' tax return.

Therefore, electronic disclosure may be defined as the process of examining, analysing and evaluating financial statements, records, books and accounts of the company subject to examination, pursuant to the rules laid down by Iraqi tax legislation, and following the accounting rules, principles, standards and policies recognised in the accounting professional practice.

The aim is to ensure the correctness of a taxpayer's self-prepared tax return, which has been approved by the accountant, and to confirm the validity of the tax obligations based on this return. This is for the returns filed by taxpayers as well as for the purpose of ascertaining the correct quantum of income or profit from such trading which is liable to tax for the specified period [14].

4.2 The Provisions Governing Electronic Disclosure Processes

Legislation and regulations govern electronic tax disclosure processes, specifying the responsibilities of taxpayers and the processes of the tax administration. These include electronic registration and submission, where the tax administration can use digital systems, like data financial examination systems and automated matching systems, to audit the information submitted on returns and data; transparency and accounting disclosure, which involves the submission of accurate and reliable financial statements, both quantitative and descriptive, so that the tax base is fairly determined; and monitoring and follow-up, through which the tax administration has the right to review submitted information on returns in light of the information available in its records, using desk reviews, electronic examinations or field inspections. This will be split into two parts:

4.2.1 Electronic Disclosure Procedures

Procedures are actions and practices that need to be carried out in order to carry out an activity. It is hard to agree that there is a consistency of procedure that can be applied in all entities as procedures are the steps that need to be taken to achieve a certain goal and a certain program is created for each procedure. Therefore they are different, depending on the purpose of the entity. The tax assessor has a process for electronic disclosure on taxpayers' accounts submitted for examination:

a. Requesting Confirmation

This means that it is the responsibility of the parties it concerns to check the balances; this is the case with customers, suppliers, and government authorities who have paid. The information concerning the taxpayers' imports are assumed to be sent directly to the tax assessor without their request, like for customs declarations which are sent directly by the General Commission of Customs to the Tax Department. Amended Income Tax Law No. 113 of 1982 requires taxpayers subject to taxation to provide the financial authority with all data and information that the authority deems necessary for the implementation of the provisions of this Law.

b. Observation

The process by which the tax examiner reviews and thoroughly analyzes evidence and facts to arrive at actual income. This encompasses the nature of the taxpayer, whether individual or legal entity; the kind and extent of economic activity, the more significant the economic activity the more importance is attached to the taxpayer; tax history of the taxpayer, including whether any previous violations of his/her tax obligations have been recorded; whether taxpayer is registered or not; and, subsequently, taking the taxpayer on a field visit to see the economic activity [15].

c. Actual Examination of Documents and Records

The tax assessor reviews records, documents, books and correspondence, and makes sure documents used to support expenses have been properly substantiated and revenues documents are authentic. Some commercial activities relating to departments and entities may occur occasionally. Different documents are more or less evidentiary depending on who prepared it: external documents, that are received from third parties, have a higher evidentiary value than internal documents, that are prepared by management. Documents produced independently, obtained by the tax assessor under personal

procedures or a third party, such as a result of a third party record examination, also are more likely to be of greater evidentiary value than documents provided to the tax assessor by a third party [16].

d. Verification

Two important functions in tax auditing are examination and verification, where the tax auditor gives his opinion on the matter being examined. The tax assessor verifies by ordering a representative of the tax administration to appear, by written order, at an appropriate time to inspect the taxpayer's accounts and documents at his place of business. The taxpayer shall make the facilities available for the tax authority representative to carry out the assigned task [17].

e. Inquiry and Analysis

This is often the approach taken by the tax examiner who asks taxpayers about questions that are unclear and that are or are not exaggerated so as to get a clear picture of the actual numbers included in the accounts [18]. Analysis, on the other hand, is the application of financial analysis methods when considering the taxpayer's books. The techniques used are financial statements comparison and financial ratios (profit after taxes/sales and profit after taxes/capital [18].

f. Calculation

This means the calculations made by the tax assessor to ensure the accuracy of calculations, e.g. to calculate sales statements. The most frequent application of calculation is for the physical, actual measurement of material. If a tax examiner is doing the calculations on the accounts submitted for examination, this would include changing the numerical values in the accounts themselves into quantities. If the error is found in one of the units included in the accounts and there is an imbalance, the examiner should make a further examination as this may uncover there is an irregularity in the accounts and records of the taxpayer. As a consequence, these tests result in the accurate calculation of the taxable profit [19].

g. Comparison

The tax examiner makes a comparison of the accounts of an economic unit during two or more successive periods or of the accounts of the economic unit with another economic unit engaged in similar activities and circumstances. Comparisons are thus regarded as a way to get audit evidence and to find indicators pertinent to audit process [20].

4.2.2 The Role of Electronic Disclosure in the Tax Accounting Process

Electronic disclosure is a key component in the formulation and enhancement of the tax accounting system in Iraq and will transform the traditional tax accounting system into a digital system, which is both accurate and transparent. It can be explained with the following points:

The accuracy and reliability of data are of primary concern.

a. The first is Data Accuracy and Reliability.

Electronic disclosure means that companies and taxpayers file financial statements and reports in an open way with the General Commission for Taxes, thus minimizing the chance of human error. It is impossible to not mention the relationship between accounting and the financial authority because accounting has an impact on income tax, where by accounting determines the amount of income tax to be paid. When taxable income closely resembles accounting income, with the exception of the principles of accounting, such as principles of electronic disclosure, significant benefits can be realized. This principle is manifested in the credibility and reliability that it gives, in the transparency and clarity of the accounting information in the financial statements submitted by taxpayers.

Credibility is the taxpayer's reputation, and the fair presentation of the informational content should be done through electronic disclosure; therefore, it is a powerful tool for fair electronic disclosure. The accounting information is a message to the tax assessor/examiner that represents the actual activities that the taxpayer engaged in during

the tax period and the accounting treatments applied to those activities, and that faithfully and neutrally presents the information content of the financial statements.

b. Minimize Tax Evasion

Digital transformation and disclosure via electronic systems provide a better way of keeping track of commercial and financial transactions and make it harder to manipulate data or hide real taxable income. The importance of information accuracy to the benefit to all users of financial statements is magnified because of its ability to enhance the taxpayer/tax assessor/examiner relationship, especially to the financial authority.

The credibility of the accounting information which is disclosed in financial statements which accompany tax returns is an indicator of the credibility of government departments and institutions, and is a significant factor in the success of electronic disclosure. It is also regarded as one of the basic conditions for the application of tax accounting on an up-to-date accounting book kept regularly in line with tax regulations. If the accounting information submitted to the financial authority is not credible, it takes one of the most fundamental success factors of any advanced tax system – trust between the two parties of the tax accounting process [21] – away.

c. Transparency in Completing Transactions

Electronic disclosure saves the tax assessor time and effort in reviewing financial information and in expediently and cost effectively performing tax accounting in a timely fashion. Transparency, which is gained by disclosure of all information related to taxpayers' accounts, is one of the factors influencing the reform system. Credibility is conveyed with the informational content of financial statements filed with tax returns, which is used to support the accuracy or lack of accuracy of tax returns.

The higher the credibility of the taxpayer in providing the accounting information in the financial reports submitted with the tax return, the greater the quality of the electronic disclosure, and the stronger the accounting disclosure in ensuring the fair determination of the tax base [22].

d. Enhancing Tax Performance Quality

Electronic disclosure promotes the transparency of the tax relationship between taxpayers and the tax authority, and contributes to a fair distribution of the tax burden based on realised profits that have been properly reported. Electronic disclosure is therefore a part of the disclosure function in determining the tax base, which is measured and determined according to the accounting standards and rules reflected in the presentation of the information in the financial reports by the tax assessor/examiner. This increases the trustworthiness of accounting information and improves the tax accounting connection between the tax-payer and the tax assessor/examiner [12].

As such, the principle of electronic disclosure by departments supports the improvement of trust in and the credibility of accounting information in the financial statements, because of the fairness of the information provided by the departments and government institutions to the financial authority, which makes the tax accounting procedures easier. In the applied part, selected financial statements of the company that has been determined as the research sample will be analyzed, in order to determine the meeting and the contribution of the principle of electronic disclosure to the tax accounting procedures of the company.

5. Conclusion

After conducting our research titled “The Impact of Electronic Disclosure on Tax Accounting” we are able to obtain a number of conclusions and recommendations as follows:

First: Conclusions

1. The electronic disclosure is an essential approach to build and enhance the efficiency of the tax accounting process in Iraq and transform the process of accounting from the traditional paper system to the modern system of

information technology under the supervision of the General Commission for Taxes in coordination with the concerned government bodies.

2. The General Commission for Taxes has ineffective tax awareness activities. This is clearly reflected in the taxpayers' ignorance of Commission's publications, booklets and programmes that it should be preparing, apart from failure to make use of the Internet for informing tax payers of their rights and duties in taxation.
3. The basic principle of electronic disclosure is to ensure that the financial statements contain no misstatements or ambiguities and give the financial authority a clear and accurate picture of a company's financial position and operating results in order to calculate taxable income.
4. Any disclosure of additional, relevant and reliable information is welcomed by the financial authority and enhances its reliance on the accounting information in the process of determining taxable income, which facilitates the completion of the tax accounting process.
5. The assessor or assessor-examiner (tax assessor, tax examiner) task forms the basis of tax administration efforts and one of the main components of tax administration, since it is precisely through the assessor and assessor-examiner that the accuracy and credibility of accounting information contained in financial statements submitted by government departments and institutions to the financial authority is verified.
6. The management of the company forming the research sample will demonstrate poor adherence with the accounting rules on electronic disclosure that stipulate that government departments and institutions must publish statements and analyses accompanying financial statements.
7. The tax accounting process was delayed due to the company not submitting the tax return and the financial statements to the financial authority on time as provided by the amended Income Tax Law No. 113 of 1982.

Second: Recommendations

1. The Internet is used in most countries around the world to educate the citizens about the rights and obligations they have in relation to taxes. This service allows citizens to use applications for a variety of tax services. In view of this, the tax administration should put in place an effective control system that balances the rights of the taxpayer and the financial administration.
2. Government departments and institutions are required to comply with the requirements of electronic disclosure under local accounting rules, laws and electronic disclosure instructions in accordance with the importance of producing accounting information that meets the needs of the financial authority and builds trust between taxpayers and the financial authority.
3. Expanding the disclosure, either through legislation or professional organizations/associations, is encouraged, as it would provide accounting information that can be used to complete the tax accounting process.
4. Iraq's General Commission for Taxes should mandate electronic filing of financial statements and data directly to the Commission from companies and taxpayers via a single electronic portal to assist tax accounting in Iraq.
5. Direct electronic integration of tax departments with data issuers, including the Companies Registrar and customs ports, as well as a digital identity for each taxpayer should be encouraged, with the aim of consolidating data and financial transactions correctly. The tax administration and accountants' staff members must also be trained in digital monitoring and examination systems.
6. Accounting systems should be established by government departments and institutions in the way required for electronic disclosure, one of the most important accounting principles for the preparation of financial statements. This

should provide proper disclosure to the financial authority and would ease the process of tax accounting in determining the actual taxable income.

7. The financial authority should make serious efforts to require government departments/institutions to prepare and submit a profit and loss reconciliation statement in accordance with the legal requirements of Accounting Rule No. 13 and revised Income Tax Law No. 113 of 1982 for income tax purpose. This would help the tax assessor/examiner determine the financial statements of the department and estimate the taxable income of the department.

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