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IMPACT OF INCOME-PAVING PRACTICES ON INCOME TAX APPLICATION STUDY OF A SAMPLE OF COMMERCIAL BANKS LISTED ON THE IRAQI STOCK EXCHANGE

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Abstract:

The research aims mainly to find out whether there is a practice of preparing income in Iraqi commercial banks listed on the Iraqi Stock Exchange through the use of one of the modern measurement measures, the Miller model, as well as to know the impact of these practices on income tax for these banks, and to achieve this goal the research was applied to the United Investment Bank and Sumer Commercial Bank for the period (2019-2013)) A range of financial and statistical methods such as regression, correlation factors and F, T testing have been used to test research hypotheses. For those banks. The research also concluded with a set of recommendations, the most important of which are: accounting standards officials should reduce the ability of management in income-generating practices by reducing the number of alternatives available in the field of measurement and financial reporting with controls for each alternative, as well as working to improve the transparency of financial statements through adequate and fair disclosure, and working to introduce the subject of accounting ethics as an independent subject within the curriculum of the Accounting Department in Iraqi universities and institutes.

Keywords: Iraqi commercial banks, the Miller model

INTRODUCTION:

Financial reports aim to provide useful information that helps its users assess the company's financial performance and predict future cash flows. Financial reports are one of the most important sources on which users rely in economic decision-making, and are prepared in accordance with accounting principles and standards, which allow management the freedom to choose between accounting alternatives and estimates with respect to future events that require some kind of personal assessment and the administration can take some accounting actions that it resorts to in pursuit of a formal or real improvement either in its profit or financial position by exploiting gaps in audit methods or taking advantage of Flexibility in the policies and accounting methods that the company's accounting standards allow in the measurement and disclosure methods used in the preparation of financial statements, which negatively affect the quality of information disclosed in financial reports, both for profits and for the financial position, as this flexibility gives management the option to influence the desired financial results to be reported and which are consistent with the achievement of its objectives, as it represents a kind of opportunity to improve the company's financial situation and hide actual financial performance through the so-called Creative accounting

FIRST RESEARCH: RESEARCH METHODOLOGY RESEARCH METHODOLOGY:

1.1: Search problem

Income-paving practices are one of the most serious challenges facing the process of demonstrating the company's real and actual financial performance because of its misinformation to users of the company's financial statements, and here is the problem of research in the conduct of commercial banks listed on the Iraqi Stock Exchange income-preparing practices to reach the desired financial results reported and consistent with the achievement of its objectives.
Are Iraqi commercial banks listed on the Iraqi Stock Exchange exercising income in their financial lists?

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2. Is there an impact on income-generating performance on income tax performance for Iraqi commercial banks listed on the Iraqi Stock Exchange?

2.1: Search goals

The main objective of the research is to identify the role of Iraqi commercial banks listed on the Iraqi Stock Exchange in the practice of preparing income and to show the impact of income introduction on income tax for those banks, and this main objective includes a set of sub-objectives, the most important of which can be summarized as follows:

1- To determine the extent to which the banking management of Iraqi commercial banks listed on the Iraqi Stock Exchange practices to prepare income in their financial lists.

2- Determining the impact of income-paving practices on income tax for Iraqi commercial banks listed on the Iraqi Stock Exchange.

3. Introducing income in terms of its concept, motives, methods of exercise, means of measurement and implications, as well as highlighting the concept of income tax and its measurement methods.

3.1: The importance of research

1- To indicate the extent of the practice of preparing income in Iraqi commercial banks listed on the Iraqi Stock Exchange and its impact on financial performance, which benefits the users of the financial statements of those banks, especially investors, in rationalizing their economic decisions, as well as the Iraqi Stock Exchange Authority in rationalizing the decisions and procedures of registering banks and trading their shares, also benefits the audit ing agencies in increasing their ability to detect misleading practices in financial statements, as well as the management of the bank in refraining from such behavior and issuing financial lists. Expresses the bank's financial position honestly and fairly.

2- Studying a new relationship in accounting thought and literature represented by income preparation and its relationship to income tax, as these relationships have not been addressed in previous studies.

4.1: Search hypotheses

Hypothesis 1: Commercial banks listed on the Iraq Stock Exchange (IESE) practice preparing income on their financial lists.

Hypothesis II: There is a relationship that has a morally significant impact on income-paving practices on income tax for commercial banks research sample.

5.1: Search limits

Spatial boundaries: This research was applied to a group of private equity firms registered on the Iraqi Stock Exchange banking sector and this sector was selected for its economic and financial importance.

Time limits: This research was applied to financial statements for seven years from 2013 to 2019

6.1: Community and sample research

The research community consists of iraqi private commercial banks listed on the Iraqi Stock Exchange, but a sample was limited to The United Investment Bank and Sumer Commercial Bank, which was selected for the presence of integrated and audited financial reports from the audit ing agencies, as well as it is one of the most active banks in trading their shares during the years and the least interruption of trading from other banks.

7.1: Methods of collecting data and information.

For the purpose of framing the theoretical part of the research, a number of Arab and foreign sources related to the subject of research have been used from specialized scientific books, periodicals and articles as well as the Internet, while the practical part of the research has been used the necessary data for private banks available in the Iraq Stock Exchange Manual for the period (2013-2019) as well as the annual reports of the banks sample research.

8.1 Financial and statistical analysis

1.8-1: Financial Analysis Methods: Miller's model as a measure and indicator of income-paving practices , and the profit ratio as a measure of income tax in the bank research sample.

2.8.1: Statistical analysis methods: With a view to analysing relationships and correlation between research variables, a number of statistical tools and methods were relied upon to reach results and test research hypotheses, including:

1- Use the arithmetic medium and standard deviation for both income pre-income and income tax measures.

2- Use regression analysis to determine the effect of the independent variable on the child variable and determine the relationship between them.

3- Test t and value p and f test to test search hypotheses.

4- Calculating the R link coefficient and the ^{R2} selection factor.

THE SECOND TOPIC: THE CONCEPTUAL FRAMEWORK

The first axis: income booting

Income concept:

- "Is the fluctuating reduction in income levels announced during the accounting period and this fluctuation is the result of the nature of the income generation process itself or resulted from deliberate administrative procedures within the accounting principles (FAR, 2011: 31).

- "Is the intended adjustment of declared income that is intended to reach the desired direction or level (target) and expresses the administration's desire to reduce abnormal deviations in income to the extent possible as possible or permitted in accordance with ACCOUNTING PRINCIPLES ACCEPTED , 2001: P48 (Belkaoui).

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Motives for the use of income-generating practices

There are many motives that encourage management to provide income to influence the announced profit figures to reach the target profit, including what makes the administration reduce the profits achieved, some of which raise them, some of which reduce volatility in them and to give a clear picture of these motives and for further clarification we will address the most important of these motives as follows:

Contractual motives for income-generating

When the contract between the company and other parties is based on accounting results, managers have many factors that lead to the introduction of income (Isa, 2008:14) and the ambiguity is accounting rules, technological progress or business methods, sponsorship corresponds to competition in resource allocation, weakness in corporate government strategy, internal control measures and problems in the way management grows, Begley's study has shown that because of the many conflicts of interest between management, shareholders and creditors, debt contracts often include restrictive conditions and reduce conflicts of interest. A requirement that becomes binding can be costly either because of the procedures it imposes or because of the cost of paying or renegotiating the debt issue to remove that requirement (Begley,1990: 125), so the administration resorts to preparing income to reduce the likelihood of debt restrictions being violated with the aim of increasing income (46:2018, Franceschetti).

Thus, the most prominent contracts in which accounting figures are used are compensation contracts, management bonuses and debt contracts, particularly associated with cash flow and profit figures, so management seeks to improve the profit picture in line with the acceptable picture of cash flow to earn the most rewards and obtain the required amount of borrowing contracts.

A- Bonus contracts and management compensation: -

Many studies have dealt with contracts for rewards and compensation management to know the motivation of managers, as this is an encouraging incentive for them to manipulate the management of profits to improve their rewards and these rewards are often associated with the profits of the company and are expected to be used to increase income (Rahman&et,al, 2013:30), and others believe that department managers in large international companies postpone revenue when the profit target is not achieved in their reward program and when they are candidates to obtain the maximum agreed rewards According to the specific plan, therefore, reward contracts may push some company managers to manage their profits on the one hand to increase their rewards and on the other hand work to improve their employment status (Abu Ajila and Hamdan, 2009:7).

Borrowing contracts:

The debt contracts represent "commitments under which the administration is obliged to maintain the terms of the contract and limit the procedures of directors that benefit the company's shareholders at the expense of its creditors" (Wahlen & Healy,1999: 375), and include restrictions on management's actions such as setting a higher liquidity limit or setting a higher limit on distributions or debt ratios and limiting the issuance of new debts, as well as may impose restrictions on the company when merging or joining other companies and may increase these restrictions depending on each case. Depending on the factors and conditions (World and Others, 2016:42), managers are likely to be inclined to choose the methods and accounting policies that help them mitigate the conditions restricted to their freedom (Ahmed & Saleh,2005:69), may be a motive for the management of those companies that have a high debt-to-ownership right to exercise profit management (Khalid,2016: 260) By increasing dividends to reduce the conditions imposed on accounting restrictions in debt agreements and to reduce the likelihood of non-fulfillment or violation of debt conditions (Beneish,2001:7), and as some find that most company managers resort to increasing their profits after experiencing any financial stumble in order to improve debt ratios in order to improve their ability to obtain loans (Indian, 2015: 34), indicating that managers may practice profit management to meet the requirements of borrowing contracts, maintain contract terms or receive bonuses and more incentives, especially when this is associated with profits.

Second: - The motives of the money market:

There are many financial market drivers that can drive management's profit management practices, including:

A. Financial analysts' profit forecasts

Profit forecasts issued by analysts in the market or issued by the same management are one of the target numbers for profit management, and management is interested in trying to report accounting profit figures consistent with or above those forecasts (631:2009, el,at). Butt suggests that once management does not decide on profits consistent with forecasts, it may face negative effects that may be costly if the planned profits are lower than predicted, so managers are seeking to provide close results to financial analysts' expectations in order to maintain confidence to avoid a significant decline in stock market prices in response to a negative reaction from the financial market (371: 1999Healy&Wahlen ,).

Management's participation in ownership:

Companies choose between the policies and accounting alternatives available if they participate in the ownership of the company and this involves manipulating real transactions to change the profits reported by designing them in such a way that the

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desired result can be obtained (Marai & Pavlović, 2013:41), and by increasing their compensation based on accounting figures and noting that the instability of the ownership of the company leads to manipulation for success and realization of interests and increase investors (Sanussi and others, 2014: 6), this indicates that many of the motives of profit management are related to the stock market, especially the market prices of the company's shares, so management intervenes to report accounting profit figures to reflect their compatibility with the profit forecasts required by market analysts or to raise stock prices when their compensation is determined based on these prices on a specific date, such as in the case of stock options or to increase market prices in the case of initial stock offerings.

Third: organizational motives:

Regulatory motives arise when declared profits are believed to have an impact on the work of government officials or policymakers, so managers can influence their business by managing the results of operations, thereby reducing political pressure and the impact of legislation on companies (Fucking, 2013: 119), indicating that companies that may be of interest by public opinion and the state can be subject to government decisions that may impose political costs on them. 1978:211), where the large fluctuations in the profits of these companies may attract the attention of the government, which could take the form of a significant increase that may be seen as an indicator of monopoly, or constitute a significant decrease may be seen as an indicator of the company's difficulty and turmoil, which prompts the state to intervene in both cases (Mohammed, 2014:7).

Results of income-generating practices:

There are results or implications for the use of creative accounting at the short or long level, including:
(Issa, 2008: 19)

Devaluation of the company

There are a lot of decisions taken by the company, especially in the operational aspect with the aim of affecting profits in the short term and may have negative effects on the economic efficiency of the company and also delay optional expenses lead in the long term to negative effects on the performance of the company, for example delayed maintenance, research and development or the process of training workers this leads to the consumption of equipment and a decrease in the level of production and thus the loss of market share of the company.

Fading ethical standards

Even if creative accounting practices are not considered to exceed accounting standards, but in fact they are considered ethically shaded practices by giving users of the company's financial statements a picture that these practices are acceptable through the atmosphere created by managers that allow the existence of such shady activities such as asking sales managers to speed up sales on a given day makes him lose the ethical function that allows him to criticize the methods of sale on another day and this creates A cumulative process of circumvention leads to significant distortions in future financial statements.

C. Hiding operational management problems

Creative accounting practices occur not only in senior management but also in operational departments because managers in this department work to process financial statements for the purpose of obtaining rewards or promotions or for the purpose of avoiding criticism of poor performance rather than their circuits, and one of the most important problems in lower management is to hide the problems that occur operationally from senior management and this makes problems accumulate for a long time without treatment.

Economic sanctions and financial return

One such penalty was imposed by the U.S. Stock Exchange on companies that used creative accounting practices, for example, fines imposed on W.R. Grace & Co., which has a capacity of $1 million, has been asked to recalculate its profits and declare them correctly.

- Income boot measurement models : the latest of these models

First: Model (2005, Kothari)

Kothari provided a method and linked it to the company's past and present performance to estimate receivables and was therefore able to provide a sophisticated model based on the link between roa and receivables as a measure of the company's performance and the value of non-optional dues estimated according to a model Kothari Kalati:

$NDA_{i,t} = a1[1/A_{i,t-1}] + a2\Delta\ REV_{i,t} + a3\ PPE_{i,t} + a4\ ROA_{i,t}$

Where:

ROAφjt: The return on the company's assets (φ) belonging to sector (j) during the period (t-1) which equals the ratio between profit for net and total assets at the beginning of the period (168:2005, al&Kothari).

Second: Miller ratio model 2007: -

"In 2007, Miller introduced the ratio between the change in working capital (as an element at risk of manipulation) and the cash flow from operational activities (as a non-manipulative element) as it was called the Miller ratio, so if the company is not a practice of creative accounting, it is characterized by stability. This ratio can be used to detect the manipulation of profits as they are zero in the absence of manipulation, but if they are not equal to zero, this is an indication of a manipulation of the profit number. This means that the different miller's ratio from zero, whether negative or positive, it is an indication of manipulation of the

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profit figure prepared on the basis of maturity" and calculated according to the following equation. (84:2009, James)

$$EM = (\ )\ t\text{-}0 - ()\ t\text{-}1\frac{\Delta WC}{CFO}\frac{\Delta WC}{CFO}$$

EM Profit Management
ΔWC change in working net capital
CFO Net Operating Cash Flow
T-0 this year
T-1 previous year

Axis II: Income tax

1 . The concept of income tax

There are several definitions that addressed the tax and a number of them are presented:

These are state-imposed funds for persons, whether natural or moral, to cover public expenditures once and for all without personal benefits in exchange for tax as solidarity members of the state seeking to serve the community (Dinibat, 2003:121).

Compulsory free cash deduction imposed by the State through its specialized ities on natural or moral persons under legislative and regulatory measures (Osman, Ashmawy: 3,2006).

Income tax-free income:

Jordan's tax legislator has ruled out some income tax income tax for social, economic, political and international reasons contained in articles 4 5 of the Income Tax Act No. 34 of 2014, including these exemptions:

Income of public official institutions and country municipalities within the country.

Profits of non-public foreign companies in the country such as headquarters company and representative office received from their business abroad.

The capital gains achieved from within the kingdom, excluding profits earned, blinded the assets covered by the act.

For the income of the non-Iraqi investor residing from sources outside the country and emerging from the investment of foreign capitalization, returns, profits and the proceeds of liquidation of investments or the sale of legitimate shares or shares after they are embarrassed from the country in accordance with the provisions of the investment law or any other law that solves its solver.

The interest on deposits, commissions and deposit profits that are involved in the investment of banks and financial companies that do not deal with interest are achieved in the country's banks and non-public financial companies.

Income of parties, unions and professional groups, including chambers of commerce and industry, cooperatives and other legally licensed associations from non-profit work.

Income of religious, charitable, cultural, educational, sports or non-profit health institutions.

Basic tax rules:

Appropriate rule

Appropriate means that the tax provisions must be appropriate to the conditions of the taxpayers (Jabal and al-Mahar,2005:4), i.e. the need to impose and meet the tax from the taxpayer at appropriate times and in a manner commensurate with the nature of the tax on the one hand and the circumstances of the taxpayer and the activities subject to it on the other, and in order to collect the tax at the most appropriate time for the taxpayer, the amount of tax may need to be divided in regular payments in line with the periods of cash liquidity available to him in the event of inability to pay once.

(Sultan, 2004:13).

The Rule of Justice

Justice is an important principle that should be available in all legislation, particularly tax legislation, which means that tax commissioning on taxpayers is equal to their circumstances, and of the means of achieving tax justice (Zubeidi, 2006: 21:-

*Taxation with the lowest possible sacrifice, i.e. it should not burden the taxpayer so that it does not lead him to evade it.

* Exemption of the minimum living requirement, i.e. taking into account the family situation and other burdens that weaken its mandate.

The rule of certainty

It is intended to be a conclusively defined tax for the taxpayers and the financial authority, so that it does not have ambiguity or ambiguity, i.e. the taxpayer must know everything related to the tax that is required to be paid in terms of its submission, price, method of determining its vessel, when, when and how it is paid and all the legal provisions relating to it.

(Zubeidi, 2006: 22).

The base of the economy

This rule requires that tax collection expenses be minimal, i.e. not to waste and to waste tax collection costs and to choose collection procedures and methods that require the lowest costs, and this rule relates directly to the Tax Department, as the tax department's expenses should be lower than the revenues received by the Tax Service.

Axis 3: The relationship between the use of income-paving practices and income tax

The relationship between the use of income-paving practices and income tax

Managers can seek to choose the methods and accounting policies that influence the current expected value of taxes paid, and have conducted several studies

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to investigate the expected impact of corporate tax policy on the management of their profits, and the findings of most of these studies have shown that companies avoid reporting small losses when there are no capital pressures, While companies operating in countries with strong tax systems do not avoid reporting on these types of losses (2009: 827), at the same time, taxes as long as they rely directly on accounting figures, the administration is likely to choose accounting methods and policies that reduce profits in order to reduce tax payments (Hamoudi, 2010: 44).

The third topic: the practical aspect of the search

1- Measuring and analysing income introduction and income tax for banks research sample:

In order to measure the income introduction and income tax practices in the banks, the research sample was determined the computational average (M), standard deviation (S.D) for both the change in working capital (CFO) and the necessary to determine the value of the income boot index (EM), as well as income tax The annual profit ratio and all sample banks, as shown in the tables below showing the statistical analysis of sample data for 2013-2019 as shown below:

First: United Investment Bank (BUND):

Tables (1) (2) show the results of measuring income pre-income practices and annual net profits and their ratio to the bank during the research years as shown below

Table (1 Value of the Income Boot Index (EM) of the United Investment Bank

The year	**This year**			**Last year.**			**Income paving EM 7(3-6)**
	Change in capital boomer · WC (1)	Operating cash flow CFO (2)	(· WC / CFO) t-0 3(1/2)	Change in capital boomer · WC (4)	Operating cash flow CFO 5))	(· WC / CFO) t-1 6(4/5)	
2013	24184258000	-102461153000	-0.2360	29334191000	94606560000	0.3100	-0.5460
2014	-24990642141	-71834413792	0.3478	24184258000	-102461153000	-0.2360	0.5839
2015	1180125753	75172459863	0.0156	-24990642141	-71834413792	0.3478	-0.3321
2016	-19411862307	-61836031902	0.3139	1180125753	75172459863	0.0156	0.2982
2017	-2915947694	9639433178	-0.3025	-19411862307	-61836031902	0.3139	-0.6164
2018	7730143289	-49700818870	-0.1555	-2915947694	9639433178	-0.3025	0.1469
2019	1051834400	-1246498760	-0.8438	7730143289	-49700818870	-0.1555	-0.6882
Mean	-1881727242	-28895289040	-0.12	2158609414	-15201994931	0.0419	-0.16481
S.D	1.649344094	6.035056499	0.4123	6433971156	7.6407734290	0.2813	0.5038

Source: Preparing the researcher based on the calculator outputs of the bank's financial reports for the period 2013 (- 2019).

Table (2)
Net profit and THE UNITED INVESTMENT BANK'S (EM) BOOT INDEX

The year	**Net profit (JD)**	**Net ratio For annual profit**	**Boot Income (EM)**	**practice or Don't practice.**	**Type of practice**
2013	30139437000	59.47	-0.5460	Exercise	Negative
2014	21636184749	42.69	0.5839	Exercise	Positive
2015	19831113680	39.13	-0.3321	Exercise	Negative
2016	1058973403	2.08	0.2982	Exercise	Positive
2017	-3130871887	-6.17	-0.6164	Exercise	Negative

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2018	-16798612899	-33.14	0.1469	Exercise	Positive
2019	-2057722269	-4.06	-0.6882	Exercise	Negative
Mean	7239785968	14.285	-0.1648	Exercise	Negative
S.D	1.683366229	33.21	0.5038		

Source: Preparing the researcher based on the bank's financial reports for the period (2013-2019).

Tables (1) (2) above show the following: -

1. The Bank's practice of preparing income during the research years when preparing and presenting financial statements through the intended intervention in accounting measurements, disclosures and financial reporting to influence accounting figures by reducing the profits declared on the financial lists, reaching the median under the Miller Model (-0.1648) and a standard deviation (0.5038).
2. There is a difference in the extent to which the Bank practiced income in the research years, with the miller model's income boot index ranging from the highest positive practice in 2014 to 0.5839 because of its distance from zero, while the lowest practice in the negative direction was recorded in 2019, reaching (-0.6882) because of its proximity to zero.

Net profit after tax decreased steadily during the research years, as the bank achieved the lowest net profit as a result of its activity in 2016 by (1058973403) dinars and a decrease of (-94.66) from the previous year, while the bank achieved a loss as a result of its activity for the years (2017, 2018,2019) and a decrease of (3130871887,16798612899, (2057722269 Dinars, respectively, as a result of lower revenues than in 2016, while the bank recorded the highest net profit as a result of its activity in 2013 by a amount of (30139437000) dinars and an increase of (59.47) over the previous year, as a result of an increase in revenues of (72196365000) and a decrease in expenses of (27535751000) over the previous year.

Second: Sommer Commercial Bank (BSUC):

Tables (3) (4) show the results of measuring income-paving practices and annual net profits and their ratio to the bank during the research years as shown below:

Table (3)

Results of the application of the Miller Model to Sommer Bank for duration (2013-2019)

The year	This year			Last year.			Accounting Creative EM 7(6-3)
	Change in working capital · WC (1)	Cash flow Operational CFO (2)	(· WC / CFO) t-0 3(1/2)	Change in working capital · WC (4)	Operating cash flow CFO 5))	(· WC / CFO) t-1 6(4/5)	
2013	37787850000	41810109000	0.9037	45051377000	39945651000	1.1278	-0.2240
2014	59430201000	-36928363000	-1.6093	37787850000	41810109000	0.9037	-2.5131
2015	-2871529000	-34034200000	0.0843	59430201000	-36928363000	-1.6093	1.6937
2016	9552231000	3138141000	3.0439	-2871529000	-34034200000	0.0843	2.9595
2017	-3127007000	6069963000	-0.5151	9552231000	3138141000	3.0439	-3.5590
2018	-1191569000	1604852000	-0.7424	-3127007000	6069963000	-0.5151	-0.2273
2019	3462817000	1585659000	2.1838	-1191569000	1604852000	-0.7424	2.9263
Mean	14720427714	-2393405571	0.48	20661650571	3086593285	0.33	0.1508
S.D	2.437797285	8447677103	1.667	2.61784235	3.1122058492	1.5297	2.5534

Source: Preparing the researcher based on the calculator outputs of the bank's financial reports for the period (2013-2019)

Table (4)

Net profit and Sumer Bank's Dahl Boot Index (EM) (2013-2019)

The year	Net profit (JD)	Annual net profit ratio	Income paving (EM)	Practice or not.	Type of practice
2013	1331841000	10.25	-0.2240	Exercise	Negative
2014	1970475000	15.16	-2.5131	Exercise	Negative

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2015	3612464000	27.80	1.6937	Exercise	Positive
2016	3760419000	28.94	2.9595	Exercise	Positive
2017	400653000	3.08	-3.5590	Exercise	Negative
2018	912959000	7.02	-0.2273	Exercise	Negative
2019	1002806000	8.00	2.9263	Exercise	Positive
Mean	1855945286	14.321	0.1508	Exercise	Positive
S.D	1337605192	10.265	2.5534		

Source: Preparing the researcher based on the bank's financial reports for the period (2013-2019)

Tables (3) (4) above show the following:

1. The Bank's practice of preparing income during the research years when preparing and presenting financial statements through the intended intervention in accounting measurements, disclosures and financial reporting to influence accounting figures by raising the profits declared on the financial lists, reaching the median under the Miller model (0.1508) and a standard deviation (2.5534).
2. There is a difference in the extent to which the Bank practices income-paving during the research years, with the miller model's income boot index ranging from the highest positive practice in 2016 to (2.9595), due to its distance from zero, while the lowest practice in the negative direction was recorded in 2017, reaching (-3.5590) because of its proximity to zero.
3. Net profit increased steadily during the research years, with the Bank achieving the lowest net profit as a result of its activity in 2017 by JD (400653000) and a decrease of (-89.34) from the previous year, as a result of an increase in expenses of (5047041000) over the previous year, while the Bank recorded the highest net profit as a result of its activity in 2016 by an amount of (3760419000 JD, an increase of (4.09) over the previous year, as a result of a decrease in expenses of (1117113000) from the previous year.

2- Study the relationship of the impact of the use of income-paving practices on income tax for banks research sample: -

This axis aims to test the second hypothesis by relying on a simple linear regression analysis as well as the use of the selection coefficient (R2) to explain the extent to which the independent variable affects changes in the approved variable as well as the beta standard factor that measures the response of the adopted variable when the independent variable changes to a single standard degree. Y = a + b1X1 + e

In order to make a precise decision whether or not the study hypothesis was validated, the morale of the simple linear regression model was tested, using the F test, to determine the morale of the model for the purpose of determining the impact of creative accounting (X) on the financial performance (Y) of the selected banks and each bank's research sample as follows:

United Investment Bank (BUND):

Table (5), refers to the estimate of the simple linear regression model, for the purpose of measuring the impact of income prefix (X) on income tax (Y) of the United Investment Bank , which shows the regression model parameters used according to the approved model and therefore the interpretation of the relationship will be as follows:

Table (5) Impact relationship of income booting (X) in income tax (Y) of The United Investment Bank

Variable Independent X / Variable Certified Y	Constant	Income Boot (X)	Value (F)		Interpretation Coefficient R^2	Standard downhill coefficient BETA
	A	B	Calculated	Scheduling (5%)		
Income Tax Y	2.27	2.14	11.58	3.29	0.864	0.964

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SOURCE/ Researcher preparation based on spss v21 results

Through the results presented in Table 6, we find the following:

1- The value of the interpretation factor (R2) amounted to (0.864), i.e. the percentage of changes in income tax performance explained by the income tax performance (X) is (86.4%), while the remaining 13.6% is due to other variables.

2. Beta means that any change in the income boot variable (X) by the amount of deviation of one standard unit will result in an income tax change of (96.4%).

3. The calculated value (F) measures the morale of the simple regression model at (11.58) which is greater than its scheduled value of (3.29) at a moral level of 5% and freely (12m which means a morally significant impact relationship between the independent variable (income introduction) and the dependent variable (income tax), thus accepting the second hypothesis for mansour commercial bank

Sommer Commercial Bank (BSUC):

Table (6) refers to the estimate of the simple linear regression model, for the purpose of measuring the impact of income preface (X) on the income tax of The Sumer Commercial Bank (Y), which shows the regression model parameters used according to the approved model and therefore the interpretation of the relationship will be as follows:

Table (6) Impact relationship of income boot (X) in income tax (Y) of Sumer Commercial Exchange

Variable Independent X / Variable Certified Y	Constant	Income Boot (X)	Value (F)		Interpretation Coefficient R^2	Standard downhill coefficient BETA
	A	B	Calculated	Scheduling (5%)		
Income Tax Y	2.13	2.9	21.128	3.29	0.722	0.921

SOURCE/ Researcher preparation based on spss v21 results

Through the results presented in Table 5, we find the following:

1. The value of the interpretation factor (R2) was 0.722, i.e. the percentage of changes in income tax (X) explained by the income tax change is (72.2%) and the remaining 27.8% are returning other variables.

2. Beta means that any change in the X income boot variable by the amount of deviation of one standard unit will result in an income tax change of (92.1%).

The calculated value of F measures the morale of the simple regression model at (21,128) and is greater than its scheduled value of (3.29) at a moral level of 5% and freely (. (12 This means that there is a morally significant impact relationship between the independent variable (income introduction) and the dependent variable (income tax), thus accepting the second hypothesis for the United Investment Bank.

On the basis of all of the above, it can be said that there is a statistically significant relationship between the independent variable (income introduction) and the dependent variable (income tax), and therefore the second hypothesis is accepted that (there is a relationship of morally significant impact of income-giving practices on income tax for commercial banks research sample), a strong expulsion relationship i.e. the higher the profits, the higher the tax and vice versa for the research sample banks represented by (United Investment Bank and Sommer Commercial Bank)

THE FOURTH TOPIC: CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS:

In the light of the theoretical presentation of the research, and the analytical results of the application aspect, the research reached the asymn.

1- Iraqi commercial banks listed on the Iraqi Stock Exchange practice the research sample income-preparing practices when preparing and presenting financial statements through the intended interference in accounting measurements and disclosures within the limits of generally accepted accounting principles or outside to influence the declared profits

There is a statistically significant linear relationship between the practice of income-paving in Iraqi commercial banks listed on the Iraqi Stock Exchange in general and the research sample in particular and income tax, thereby accepting a downward correlation between both the income-paving practice and the income tax of the research sample banks.

There is a statistically significant impact of income-paving practices on income tax for Iraqi commercial banks listed on the Iraqi Stock Exchange in general and the research sample in particular.

There is a difference in the type and range of practice of selected refineries to pave income during the research years, as some of these practices lead to increased profits and others reduce profits to a certain level, meaning that there is a conflict between these practices which makes management in companies Balancing and aligning these practices with the greatest benefit to them.

The basic objectives of the financial lists with their accounting information, identified by the professional committees governing the accountant's profession, did not include confirmation that those lists were used primarily and directly to meet the tax administration's need to determine taxable income, although the tax was an important factor for accounting development and growth in demand for its services.

Income-giving practices are conduct by management to influence the income that appears on financial statements and deliberately (within or outside GAAP) in the measurement and accounting disclosure process to influence the amount of profit declared, which does not achieve any real or actual economic benefits to the company and gives a different impression of the company's real performance.

The reason corporate governance resorts to income-generating practice is because there is a range of motivations and incentives, partly personal self-motivation related to the management interest, with the aim of improving performance measures in a way that reflects a good picture of the company's performance and increasing its administrative incentives, and the other part external motives such as influencing stock prices, reducing tax payments, reducing political costs.

RECOMMENDATIONS:

Based on the conclusions reached, a number of recommendations are made:

1. Banks should stop the practices of using income-generating, as such practices have negative effects on the bank's value and future.

2- The need to inform the users of financial reports about the implications and effects of income-paving practices on their decisions, by intensifying efforts between the audit bodies and the Iraqi Stock Exchange, universities and institutes through seminars and workshops on such practices.

3- Professional bodies and competent authorities should develop and activate legislation and instructions that limit the practice of companies in the practice of preparing income and tightening penalties for them.

4- The need to use and adopt the statistical methods that are present in the context of the administration's intervention in the processes of financial reporting and reporting, and continuous work to develop them with the aim of developing indicators to measure the quality of accounting figures announced in the financial lists The recommendation of external auditors to show the ratio of measurement of creative accounting in financial reports because of its significant impact on the bank's value and stock prices and the best quality of accounting information.

5- The need to add a method of accounting ethics in the accounting departments of Iraqi universities and institutes to qualify cadres who have the ability to deal with income-generating practices and adhere to professional ethics.

Accounting standards officers should limit management's ability in income-generating practices by reducing the number of alternatives available in the area of measurement and financial reporting with controls for each alternative, as well as improving the transparency of financial statements through adequate and equitable disclosure.

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