

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 84

**AMENDMENTS TO COALITION PROVISIONAL AUTHORITY
ORDER NUMBER 37 (CPA/ORD/19 September 2003/37) and
COALITION PROVISIONAL AUTHORITY ORDER NUMBER 49
(CPA/ORD/19 February 2004/49)**

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Determined to create conditions suited to the economic reconstruction of Iraq,

Determined to complete a broad review of taxes in Iraq, in order to improve the operation and efficiency of the tax system,

Recognizing that until such a review is completed an interim tax strategy is required,

Recognizing that these collections are for the benefit of the Iraqi people, and, as far as possible, are in accordance with the rules of assessment and incidence in effect under existing law,

Noting that CPA Order Number 37 established a new Tax Strategy for 2003 and that CPA Order Number 49 established a new Tax Strategy for 2004,

Emphasizing that effective administration of the Tax Strategy requires increased capacity of the Tax Commission,

Recognizing that additional time is needed to develop the infrastructure for effective tax collection,

I hereby promulgate the following:

**Section 1
Purpose**

The purpose of this Order is to revise the interim tax strategy to suspend the collection of taxes on income until the appropriate infrastructure can be established.

Section 2
Amendment to CPA Order Number 37

- 1) The introductory language of CPA Order Number 37, Tax Strategy for 2003 (CPA/ORD/19 September 2003/37), is amended to read as follows:

“Subject to Section 6 of this Order, the following taxes are suspended for calendar year 2003:”

Section 3
Amendment to CPA Order Number 49

The following amendments are made to CPA Order Number 49, Tax Strategy of 2004 (CPA/ORD/19 February 2004):

- 1) Section 2, Item 3 is amended to read as follows:

“The allowances as set forth in paragraphs (1) and (2) of this section shall be reduced by one-third during financial year 2004.”

- 2) A new Item 4 is added to Section 2 to read as follows:

“Item (6) of Article 12 of Income Tax Law Number 113 of 1982 is amended to read as follows:

(6) Allowances shall not be granted for children who have completed the age of 18 years and have an independent income exceeding ID 200,000 per year, even if they are continuing their studies.”

- 3) Section 3, Item 1 is amended by revising Article 13(1)(F) of Income Tax Law Number 113 of 1982 to read as follows:

“(F) The amounts delineating the tax brackets as set forth in paragraphs (A) and (B) shall be reduced by one-third for financial year 2004.”

- 4) A new Item 4 is added to Section 3 to read as follows:

“4) Article 19(1) of Income Tax Law Number 113 of 1982 is amended by changing “20%” to “15%”.”

5) Section 8, Item 1, is revised to read as follows:

“All income tax for assessed income resources detailed in Article 2 of Income Tax Law Number 113 of 1982, as amended. Income tax for assessed income resources with regard to individuals detailed in Article 2 on Income Tax Law Number 113 of 1982, as amended, are suspended from January 1, 2004, until April 30, 2004;”

6) Section 11, Item 2(a), is amended by deleting the last sentence, which reads “If an employee of the public sector has more than 4 children, he or she shall be entitled to an additional exemption of ID 200,000 per child.”

Section 4 Amendment to the Civil Pension Law

Article 5(1)(a)-(d) of Law Number 33 of 1966 on Civil Pensions is amended to read as follows:

“There shall be deducted from the pay of an official the contribution towards the pension for the period of his pensionable service according to the following rates, provided that no deduction shall be made for any period in which his service was not a pensionable one nor for periods of leave enjoyed without pay, nor for periods of leave at half pay. These rates shall be applied on the period of service that started after the date of the coming into force of this Law.

- (a) 1% of the salary, if the official’s gross salary was 69,000 dinars or more, but less than 204,000 dinars.
- (b) 4% of the salary, if the official’s gross salary was 204,000 dinars or more, but less than 574,000 dinars.
- (c) 7% of the salary, if the official’s gross salary was 574,000 dinars or more, but less than 1,500,000 dinars.
- (d) 10% of the salary, if the official’s gross salary was 1,500,000 or more.”

Section 5 Relation to Existing Law

Any provision of Iraqi law that is inconsistent with this Order is suspended to the extent of such inconsistency.


Section 6

Administrative Instructions

The Administrator of the Coalition Provisional Authority or his delegee may issue Administrative Instructions to give effect to this Order.

Section 7 Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority