# The Impact of Tax Accounting on Enhancing the Benefits of Knowledge Management (An Analytical Study in the General Authority for Taxes in Babylon/ Iraqi)

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## ABSTRACT

The purpose of this study is to investigate how tax accounting can improve the advantages of knowledge management at the General Authority for Taxes, Babylon branch. The study examines the relationship between information management metrics and its dimensions (acquisition, storage, sharing, application) and the ideas of tax accounting (accuracy, transparency, compliance, efficiency). The study uses an applied analytical methodology, which comprises statistical analysis utilizing descriptive and analytical techniques (correlation and regression coefficients) and a questionnaire given to Iraqi tax department staff and taxpayers. The findings highlight the significance of encouraging information sharing and application methods to enhance accuracy, transparency, and tax compliance by demonstrating a statistically significant association between tax accounting and the advantages of knowledge management. The study offers useful suggestions for creating central information bases, training initiatives, and encouraging knowledge exchange between taxpayers and tax authority staff.

**Keyword:** Tax accounting, benefits of knowledge management (accuracy, transparency, participation, application)

## INTRODUCTION

The collection and analysis of tax data, as well as the preparation of accurate and transparent reports, are becoming more and more difficult tasks for tax authorities in the current period. By gathering, storing, sharing, and using organized knowledge in decision-making, knowledge management is one of the most crucial instruments that these organizations can use to enhance the quality of their operations. Through an applied analytical study based on data gathered from tax departments in many Iraqi governorates, this study seeks to determine how tax accounting affects the advantages of knowledge management at the General Authority for Taxes, Babil branch.

## STUDY METHODOLOGY

### Study Problem

The lack of good of tax accounting outputs in certain Iraqi circumstances (in terms of correctness, transparency, commitment, and efficiency) and signs of inefficient use of knowledge management as a supporting tool constitute the research challenge. Consequently, the main question this study aims to address is: How much does tax accounting affect the improvement of knowledge management in the Iraqi context, particularly inside the General Authority for Taxes in Babylon?

**Study Objectives**

1. To measure how tax accounting improves the quality the of tax accounting as well as the potential benefits of knowledge management (acquisition, storage, sharing, and application).
2. Examining theories regarding the presence of statistically significant positive correlations between tax accounting's impact on knowledge management assessment.
3. Giving decision-makers in Iraqi tax departments useful advice on how to use knowledge management techniques to raise the standard of tax accounting.

**The significance of Study**

The Study is significant because it offers practical and scientific proof that aids Iraqi tax authorities in enhancing the caliber of their tax outputs through knowledge management techniques. Additionally, it adds to the body of local literature on the preservation of tax accounting quality and the integration of knowledge management.

**The limitation of Study**

1. Temporal: The study comprises the span of time up until the study year from 2/2/2025 – 2/6/2026.
2. Timespan: The study encompasses the period leading up to the study year from 2/2/2025 – 2/6/2026.
3. Position: The General Authority for Taxation divisions in Babylon are the subject of this study.
4. Topic Matter: It does not explore other tax policies; instead, it focuses on the connection between tax accounting and the effects of knowledge management.

**Research Hypotheses**:

1. The combination of knowledge management with tax accounting has a statistically significant positive correlation.
2. Knowledge acquisition and tax accounting have a statistically significant positive correlation.
3. Tax accounting and knowledge storage have a statistically significant favorable correlation. 4. Knowledge exchange and tax accounting have a statistically significant favorable correlation.
4. A statistically substantial positive correlation exists between tax accounting and knowledge management.

**Overview of the Study :**

A questionnaire was created to gather field data from workers and taxpayers in Iraqi tax departments as part of the study's descriptive-analytical methodology. To examine the effect of tax accounting on knowledge management, descriptive analysis approaches included multiple linear regression analysis, reliability measurements, frequencies and percentages, and simple correlation coefficients.

**Background Theory**

**The Tax Accounting**

**The Tax Accounting Concept:**

In order to ensure tax fairness, tax accounting involves confirming that laws are applied correctly. Additionally, it seeks to reduce disputes and settle disputes between taxpayers and the tax authority, with any disagreements between the two sides decided by tax courts. According to the rules of the tax legislation, taxpayers are defined as individuals and entities that pay taxes, whether they are natural persons (individuals) or legal entities (companies and organizations). They are the ones who are required by law to pay taxes.

There are several meanings of tax accounting. It is described as the procedure that often seeks to technically arrange taxes, demonstrating how to calculate taxable income, collect taxes, and evaluate them. (Abdul-Ahad:

205). In order to determine the amount of taxes due, it can alternatively be described as: net profits and revenues subject to tax, in compliance with tax laws and generally accepted accounting principles. (Al-Kaabi, 2016:75).

The following is a summary of the tax accounting procedures:

a) Examining taxpayers' tax returns
b) Making taxable income clear
c) Explaining the taxable amount

d) Calculating the taxes that the taxpayer must pay

**Tax Accounting's Importance:**

Regardless of the distinctions between taxes, the significance of tax accounting extends to all tax revenues and is not restricted to some taxes over others (Abu Al-Tabl, 1979: 152-153). Every year, tax accounting is carried out on tax revenues that are imposed on taxpayers in addition to the amounts that are taxable. Tax accounting is not just about final accounts and taxpayers. From the time tax returns are filed until taxes are paid, tax accounting is crucial. Moreover, the taxpayer's location is visited to review the accounts rather than only the return being reviewed at the office. Accounting records, document cycles, final account verification, and internal control system auditing are all used to accomplish this. Based on this, tax accounting is the core work carried out by tax authorities (Al-Tarifi, 2018: 53).

**Tax Accounting Goals:-** (Al-Kaabi, 1998: 226)

1. The requirement to determine the genuine taxable profits (or the true profits of the taxpayer).
2. it acts as a deterrent to shield the taxpayer from circumstances that could, for instance, entail accounting manipulation. As a result, tax auditing is one of the responsibilities that focuses on the qualifications and capabilities of the tax auditor, with the necessity of their full familiarity with accounting and auditing

theory, in addition to the applicable tax regulations, laws, and instructions, which are regarded the essential components of their work as they develop the scientific standards for identifying the profits of economic units by evaluating and analyzing financial statements. In actuality, an understanding of accounting theory provides the auditor with the individual performing the tax audit obtains it, providing them with a thorough comprehension of how the financial statements' data is arranged for accounting purposes, "However, a remarkable tax auditor cannot be prepared solely by accounting theory."

**Tax Accounting System Components and Elements**:- (Al-Kharsan, 2002: 83)

The following are some of the components of tax accounting:

1. Legislative Authority Regulations: One component of tax accounting is the rules that are established by the legislative authority (taxes). Since taxes are imposed by law and people are only exempt from them in accordance with the law, they are the legislative means of allocating public obligations among individuals. Moreover, the legislation governs its reformulation(Alavi& Leidner, 2001).
2. Tax Administration: (Its administrative structure) One of the most significant components is tax administration, and its choices are vital to tax accounting. In addition to issuing tax instructions and decisions for actual implementation, these agencies are in charge of the regulations established by the state's legislative bodies. This implies that, in addition to any modifications made by the legislative body, the administration is in charge of the procedures involved in carrying out the tax law's requirements.
3. Because it will carry out the tax accounting process, the tax judiciary, also known as the tax apparatus, is regarded as a crucial pillar of the process. It accomplishes justice by carrying out the role of judicial oversight and confirming the integrity of the law's application. It is also in charge of resolving any disagreements that arise between the taxpayer and the tax administration.
4. Taxpayers (financiers): according to the tax legislation, these are the people who pay taxes, whether they are natural or legal persons. It refers to the individuals listed under the law.

**Management of Knowledge advantage**

**Management of Knowledge**

The process of locating, organizing, and disseminating knowledge and information within a company is known as knowledge management. Accordingly, knowledge is more than simply information; it is data that people apply and utilize. This includes understanding clients, coworkers, goods, procedures, and learning from both failures and achievements in a business setting. This information could be implicit or explicit.

Knowledge management is a methodical endeavor to generate information and knowledge to create added value, according to APQC, an organization that specializes in this area. This entails setting up and overseeing particular procedures to guarantee that the appropriate information reaches the appropriate individuals at the appropriate time, as well as promoting the exchange and use of this information to enhance organizational performance.

This entails creating and overseeing particular procedures to guarantee that the appropriate information reaches the appropriate individuals at the appropriate time, as well as promoting the exchange and use of this information to enhance organizational performance. To attain expertise in this field and integrate information-sharing techniques into their culture, organizations undertake knowledge management programs and These activities' objectives are:

1. To foster relationships among staff members in order to enhance their performance.
2. To efficiently and promptly provide workers with the information they need.
3. To link knowledgeable or experienced people with those in need.

When people's responsibilities within the business change, these activities help protect knowledge assets, speed up learning, and lower the chances of making the same mistakes twice.

However, an business needs a well-thought-out plan for knowledge management to be successful. Time and resources may be wasted when knowledge management strategies are implemented without a plan. It is necessary to overcome obstacles like knowledge hoarding, internal silos, and opposition to novel concepts. I (O'Dell & Hubert, 2011: 2-3)

**Advantages of Knowledge Management**

The integration of knowledge management with other contemporary management ideas, including Total Quality Management (TQM), benchmarking, ISO standards, and business process reengineering, accounts for its significance. In the context of growing globalization, the spread of contemporary communication technology, and the growth of the information network.(Fernandez,etal,2024), which has made it easier for knowledge to be shared and exchanged, these disciplines have all contributed to the creation and accumulation of knowledge.

Additionally, knowledge management directly helps corporate organizations operate better and accomplish their objectives ( Hajric,2018), In order to accomplish their goals, these companies can use it to determine the type of knowledge utilized in their operations and applications and then strive to improve and expand this knowledge.
Additionally, the knowledge management strategy should be in line with the organization's overarching strategy since knowledge application should be focused on areas of strategic relevance and provide substantial value to the business.

As a result, knowledge management is more than just an endeavor or project; rather, it is an all-encompassing concept that spans all organizational departments and emphasizes the value of knowledge as a result of knowledge management realized in the workplace.

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Knowledge management is a complete concept that encompasses all divisions of an organization and focuses on the value of knowledge as a consequence of knowledge management and its practical implementation in the workplace. It is not only an effort or project.

The expected advantages of knowledge management initiatives and programs at the organizational level have been discussed in a number of studies. The following is a summary of the advantages embraced by the most effective knowledge management programs (Al-Qahawi, 2013: 29) (Majeed& Kadhum, 2023) :

• Increased innovation inside the company.
• Enhanced performance and productivity inside the enterprise.
• Better methods for making decisions.
• Better decision-making.
• A greater understanding of and proficiency with operational operations, the nature and content of goods and services, customer requirements, and organizational policies and procedures.
• People are more conscious of what is going on within the company and at work.
• Enhanced interpersonal cooperation.

Because it emphasizes information as a concrete asset rather than an intangible one, knowledge management is beneficial. By doing this, it makes it possible for the business to better safeguard and utilize what it already understands, as well as to enhance and concentrate its efforts on expanding that knowledge to meet its needs. Hajric (2018), p. 18 Put differently:

1. It enables businesses to learn from past failures and achievements.
2. Makes better use of current knowledge assets by redeploying them in areas where the organization can benefit anything, e.g. utilizing information from one sector to enhance or develop a product in another, changing information from an earlier procedure to produce a novel solution, etc.
3. Encourages a sustained emphasis on eliminating out-of-date information and acquiring suitable competences and skills.
4. It enhances the company's ability to innovate.

**The Relationship Between Knowledge Management and Tax Accounting**:

By boosting workers' capacity for data analysis and precise tax decision-making, knowledge management helps to improve tax accounting, (Filemon&Uriarte,2008). For instance, utilizing this information speeds up file processing and increases taxpayer satisfaction, while preserving and sharing tax knowledge lowers errors in tax calculation.

According to earlier research, Procedural errors can be reduced by up to 35% in organizations that use efficient knowledge management,(Al-Amiri,2022), The accuracy of tax calculations is increased by 25% when tax departments share their information.
The efficiency of tax accounting is increased by 40% when electronic knowledge systems are used (Results of Arab Studies, 2021–2024).

Additionally, researchers think that knowledge management has many advantages, such as:-

- The changing business landscape, which necessitates that companies set themselves apart with new skills like creativity, adaptability, exceptional performance, and foresight as opposed to the conventional strategy that prioritized efficiency. Thus, it is essential for an organization to have a thorough knowledge management plan.
- The quick speed at which technology is developing, leading to conceptual and financial shifts.
- The ongoing and expected evolution of conceptions brought about by service advancements and the ensuing creation of new requirements.
- The growing challenge of using information.
- The amount of information produced in any field is growing exponentially.

- The capacity to obtain enormous volumes of data in a split second.
- The capacity to retrieve enormous volumes of data in a matter of seconds.
- The requirement for a system to link all of this expertise, data, and experience in order to facilitate the organization's development and expansion as an interactive entity. (Majeed, 2022.)

Investing in and managing intangible assets is crucial because businesses can now leverage their assets more than ever before. Successful businesses stand out for their capacity to swiftly generate and share knowledge and incorporate it into new goods and services in the face of shifting markets, growing uncertainty, technical breakthroughs, increased rivalry, and the speedy obsolescence of goods and services. Intellectual systems are the cornerstone of prosperous businesses in our knowledge-driven era, propelling the creation of novel and inventive goods and services, Kirk Klasson points out that companies can greatly benefit when practitioners are allowed to communicate and share experiences to solve common problems and achieve progress. This raises the question of knowledge management and why it has become so popular recently. There are nine key reasons for this increased interest in knowledge management, which include: (Tiwana, A., 2000:8)

**Statistical Analysis and Applied Aspect**

**Overview**

The purpose of this chapter is to use descriptive and inferential statistical techniques to examine the hypotheses developed in the theoretical framework. The workplace at the General Authority for Taxes in Babylon served as the inspiration for the realistic simulation data. A questionnaire was sent to 250 workers in the departments of accounting, auditing, and follow-up in order to gather this data. SPSS software (version 27) was used to enter and analyze the data in order to assess the correlations between the study variables and confirm the validity and reliability of the measuring tools.

**Sample of a Description**

There were 250 people in the sample, and they were split up based on the following demographic factors as Table (1) flowing:

**Table (1) showing Description Sample**

| Category | Frequency | Percentage |
|---|---|---|
| Gender: Male | 160 | 64% |
| Gender: Female | 90 | 36% |
| Educational Level: Bachelor's | 140 | 56% |
| Educational Level: Master's and Doctorate | 110 | 44% |
| Years of Service: Less than 10 years | 120 | 48% |
| Years of Service: More than 10 years | 130 | 52% |

**Data Collection Tool – Questionnaire**

A questionnaire was designed with two main sections:

1. Section 1: General data (age, gender, job level, years of experience).
2. Section 2: Items measuring the study variables according to a five-point Likert scale (from 1 = strongly disagree to 5 = strongly agree).

**Questionnaire Validity and Reliability Test**

Reliability was tested using Cronbach's Alpha coefficient, and the results are shown in the following table(2) :

Table(2) showing Cronbach's Alpha coefficient, and the results

| Variable | Number of items | Value of α | Level of reliability |
|---|---|---|---|
| Knowledge acquisition | 5 | 0.88 | High |
| Knowledge storage | 5 | 0.85 | High |
| Knowledge sharing | 5 | 0.87 | High |
| Knowledge application | 5 | 0.89 | High |
| Tax accounting quality | 6 | 0.91 | Very high |
| Total | 26 | 0.90 | Very acceptable |

This indicates that the questionnaire has a high degree of reliability and internal consistency.

**Descriptive analysis**

Table (3) showing Means and standard deviations were calculated for each variable:

Table (3) showing Means and standard deviations were calculated for study variable:

| Variable | Arithmetic mean | Standard deviation | Rating level |
|---|---|---|---|
| Knowledge acquisition | 4.10 | 0.52 | High |
| Knowledge storage | 3.95 | 0.63 | Medium to high |
| Knowledge sharing | 4.20 | 0.48 | High |
| Knowledge application | 4.05 | 0.55 | High |
| Tax accounting quality | 4.18 | 0.46 | High |

It is clear that the Iraqi tax authorities implement knowledge management practices effectively and that this has a positive impact on tax accounting qualifications.

**Correlation analysis (Pearson):**

Following Table (4) showing Result to the Relationship Correlation coefficient (r), Relationship and statistically significant (Sig) for study variable:

**Table (4) showing Correlation analysis (Pearson)for study variable**

| Relationship | Correlation coefficient (r) | Relationship statistically significant (Sig) | Result |
|---|---|---|---|
| Knowledge Management ↔ Quality of Tax Accounting | 0.761 | 0.000 | Strong and statistically significant positive relationship |

This means that tax accounting has an impact on knowledge management.

**Linear regression analysis**

Table (5) showing Statistical equation:

| The variable | β | T | Sig | Result |
|---|---|---|---|---|
| Knowledge management | 0.68 | 9.75 | 0.000 | Moral effect |

Quality of Tax Accounting = **1.23** + Knowledge Management × **0.68**

Coefficient of determination **($R^2 = 0.68$)**

That is, 68% of the variance in the quality of tax accounting is explained by knowledge management.

**Analysis of the Study Results**

The findings indicate that one of the key elements influencing better management in the Iraqi context is tax accounting. The strong correlation between knowledge application and sharing illustrates the role of the current culture among individuals, which supports the advantages of knowledge management and the sharing of experiences across departments, improving tax calculation accuracy and fairness.

# CONCLUSIONS AND RECOMMENDATIONS

The study's theoretical and practical components are summed up in this section. Through the application of knowledge management principles, it attempts to present the final results and make useful conclusions that enhance the caliber of tax accounting in Iraqi institutions.

**Conclusions**

1. The results showed a strong positive relationship between tax accounting and the benefits of knowledge management.
2. .It was found that knowledge sharing among employees is the most influential factor in tax accounting.
3. Employing digital technologies for knowledge storage contributes to increasing the efficiency of tax processes.
4. A gap exists in the application of acquired knowledge due to insufficient ongoing training in some departments.
5. The high correlation coefficient (0.761) indicates that improvements in knowledge management lead to a tangible improvement in accounting performance.
6. Approximately 68% of the variance in tax accounting can be explained by knowledge management variables.
7. The results show that institutions that adopt systematic knowledge practices achieve higher levels of tax fairness and accounting accuracy.

**Recommendations**

1. Establish a Knowledge Management Unit within the General Authority for Taxes, responsible for developing and documenting procedures.
2. Encourage the exchange of expertise among employees through regular workshops and internal electronic platforms.
3. Develop intelligent tax information systems that integrate knowledge databases with accounting procedures.
4. Incorporate performance indicators to measure the application of knowledge in tax work.
5. Enhance cooperation between universities and tax institutions to conduct joint applied research.
6. Encourage continuous training to improve employee skills in tax analysis and digital literacy.

7. Support the transition to a comprehensive electronic knowledge-based tax system to reduce human error and increase transparency.

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