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الجريدة الرسمية لجمهورية العراق

روژنامه‌ى فهرمى كوّمارى عىراق



تصدر عن وزارة العدل

وهزاره‌تى داد ده‌رى ده‌كات

Legislation

No. 19

The Law of Imposing an Income Tax on Foreign Oil Companies Contracting to Work in Iraq

No. (19) of 2010

With its Instructions & Amendment

قانون فرض ضريبة دخل على شركات النفط الأجنبية المتعاقدة للعمل في العراق

مع تعليماته و تعديلها

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Laws

In the name of the people
The Presidency Council

Resolution No. (13)

In accordance with what the parliament had approved, pursuant to Item (First) of Article (61) and provision of Paragraph (a) of Item (Fifth) of Article (138) of the Constitution, the Presidency Council decided in its session held on 15/ 2/ 2010 Promulgating the following Law:

The law of Imposing Income Tax on Foreign Oil Companies Contracting to Work in Iraq No. (19) Of 2010

Article 1

(35) thirty-five per cent shall imposed on income generated in Iraq from contracts with foreign oil companies contracting to work in Iraq, their branches or offices and their subcontractors in the field of production and extraction of oil and gas and related industries.

Article 2

The provision of the income tax law as amended no. (113) of 1982 shall be applied on whatever is not provided for in this law.



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Article 3

The Minister of Finance, in coordination with the Minister of Oil, shall issue instructions to identify the contracts covered by the provisions of this law and to facilitate the implementation of its provisions.

Article 4

This law shall be implemented as of the date of its publication in the Official Gazette.

Tariq Al-hashimi **Adil Abudl Mahdi** **Jalal Talbani**
Vice President of the Republic **Vice President of the Republic** **President of the Republic**



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Instructions

They were published in the Official Gazette of Iraq, issue No. (4224), on December 26, 2011

Based on the provisions of Article (3) of imposing income tax on foreign oil companies contracting to work in Iraq Law no. (19) of 2010, we have promulgated the following instructions:

N0 (5) of 2011 Instructions of Facilitating the Implementation of the Provisions of Imposing Income Tax on Foreign Oil Companies Contracting to Work in Iraq Law No (19) of 2010.

Article 1

First: The tax stipulated in Article (1) of imposing income tax on foreign oil companies contracting to work in Iraq law no. (19) of 2010 shall include the following contracts:

- a. Contracts for exploration, development and production of exploration spots and oil and gas fields.



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- b. Seismic survey
- c. Well drilling
- d. Well reclamation.
- e. Technical operations related to wells, including lowering linings, cementing, well revitalization, Electrical Sounding, and wells completion.
- f. Surface facilities for oil and gas extraction and production operations and industries related to them.
- g. Water injection facilitates.
- h. Flux tube.
- i. Gas processing plants
- j. Cathode protection
- k. Engineering examination and quality control related to the oil industries
- l. Water Well drilling
- m. Activities related to extraction up to the extent that oil or gas is ready to be pumped to export outlets.

Second: For the purposes of these instructions, the foreign company shall mean the company established under foreign laws.

Article 2

Salaries, wages, and allowances of Iraqi and foreign workers in foreign contracted companies and its branches and offices and subcontractors shall be subjected to direct withholding tax, whether these amounts are received inside or outside the Republic of Iraq, in accordance with direct withholding instructions No. (1) of 2007.

Article 3

The income due date shall be used as the basis for calculating and imposing the tax in accordance with the following:



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- First: All refundable expenditures shall be considered capital expenditures in the first years until the refund point is reached.
- Second: Revenue amounts at the start of the refund process shall be considered in the form of proceeds in the accounts, and the company shall have the right to extinguish the investment expenditures stipulated in the Item (First) of this Article to the extent of the refunded amounts until they are completely extinguished.
- Third: All expenditures spent by the company that are refundable after the point of refund shall be considered as costs in the accounts.
- Fourth: The company may extinguish the expenditures stipulated in Item (Third) of this article in the same year in the amounts refunded that are considered revenues in the accounts.
- Fifth: The sums that cannot be extinguished as stipulated in Item (Fourth) of this article shall be carried over to investment expenditure accounts to be extinguished in the following year as much as the amounts recovered.

Article 4

- First: The Ministry of Oil shall deduct (35%) thirty-five per cent of the revenues due to foreign oil companies, their branches and offices and subcontractors after deducting the ministry's share and transferring it to the General commission for taxes within (30) thirty days from the date of payment of these amounts, provided that all these operations are officially documented and these amounts are recorded as deposits that are settled when conducting the tax accounting in accordance with the law.
- Second: The foreign company shall deduct (7%) seven per cent of the total payment due to the subcontractor based on Paragraph (4) of Article (28) of income Tax law No. (113) of 1982.
- Third: The sums stipulated in Item (Second) of this article shall be transferred to the general commission for taxes within (30) thirty days as of the date of payment, and deposits shall be recorded to be settled upon conducting the final tax accounting, provided that



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the last payment due is not paid in full except when conducting the tax accounting and discharge of liability .

Fourth: Tax deposits shall not be deducted for the transactions of register settlements between companies ongoing when covering the mutual expenses between these companies, which operate within the same contract , and which are carried out on the basis of cost without adding any charges or profits, provided that the company's final statements prove these settlements in a clear and transparent manner, without any interest on the balances of these accounts.

Article 5

These instructions shall be implemented as of March 15, 2010, the date of entry into force of law No (19) of 2010 .

Rafi' Hayad AL- issawi
Minister of Finance



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Instructions of Amendment

It was published in the Official Gazette of Iraq, issue No. (4301), on December 9, 2013

In accordance with the provision of article (3) of the law of imposing Income Tax on Foreign Oil Companies Contracting to work in Iraq No. (19) Of 2010, we have promulgated the following instruction:

No. (2) Of 2013

First Amendment of the Instruction

No. (5) Of 2011

**The Instruction of Facilitating the
implementation of the Provisions of the Law of
Imposing Income Tax on Foreign Oil
Companies Contracting to Work in Iraq
No. (19) Of 2010.**



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Article 1

First: The text of the Item (Second) of Article (4) of instruction No. (5) of 2011, Instruction of Facilitating the implementation of the Provisions of the Law of Imposing Income Tax on Foreign Oil Companies Contracting to Work in Iraq No. (19) Of 2010 shall be repealed and replaced with the following:

Second: The foreign company shall withhold the following percentages of the total payment due to the subcontractor based on Item (4) of Article (28) of the Income Tax law no. (113) of 1982.

- a. (7%) Seven per cent of the oil contracts stipulated in Item (First) of Article (1) of these instructions
- b. (3.3) Three point three per cent for the other contracts not provided for in Paragraph (a) of this Item.

Article 2

This instructions shall be implemented as of the date of its publication in the Official Gazette.

Prof. Dr. Ali Youssef. Ali Youisf ALshukry
Acting Minister of Finance