

The application of the International Financial Reporting Standard 16 (IFRS 16) "Lease" and its impact on tax due on companies.

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- **Abstract:** This research covers the topic of the application of the International Financial Reporting Standard (IFRS16) for "lease", issued by the International Accounting Standards Board (IASB) on the reliability and credibility of the financial statements and its impact on tax accounting and the due tax on companies. Especially after it was applied by private joint stock companies (banks), based on the directives issued by the Central Bank of Iraq to transit from the unified accounting system to the application of International Financial Reporting Standards. The research focuses on the important changes the International Financial Reporting Standards caused in the accounting processes on lease contracts, which had an impact on the financial statements submitted for tax accounting. The research aims to identify the requirements for the application of IFRS16 as well as bring the attention of the General Tax Authority, researchers and specialists to the importance of this standard, and its role in enhancing transparency and giving credibility and reliability to the reports and financial statements of companies which increases reliability when conducting the tax accounting process. It also identifies the effects and annual accounting and tax changes resulting from the application of the IFRS16 on the presentation of the financial statements. The researcher relied on analytical and applied approach, as the research was conducted in the Department of Senior Taxpayers of the General Tax Authority. In order to prove the hypotheses of the research, an analytical study was conducted of the financial statements of two companies that applied the IFRS16 standard for the years (2019 and 2020) to study the impact of applying the standard on tax accounting on those companies. The research has come to a set of conclusions, the most important of which is that the IFRS16 provides an appropriate and honest presentation of the leasing operations carried out by the company, which increases transparency, reliability and credibility in the financial statements submitted for tax accounting. The research also provides several recommendations, the most important is the need for the Iraqi Ministry of Finance to make an amendment to Article (8) of the Income Tax Law No. 113 of 1982 regarding (deductions) from income to make it compatible with the requirements of the International Financial Reporting Standard IFRS16.

- **Keywords:** International Financial Reporting Standard (IFRS16) - The right of use the asset - lease liabilities - tax accounting