

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 37

TAX STRATEGY FOR 2003

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 Resolution 1483 (2003),

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

Noting that the Tax Commission has not been operational,

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

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,

Recognizing that until such a review is completed an interim tax strategy for the remainder of the year 2003 is required,

I hereby promulgate the following:

**Section 1
Definition**

For the purposes of this Order “tax” means any tax or charge having the effect of a tax, including, without limitation, any income, value added, ad valorem, estate, occupational, professional, real property or municipal tax, and any levy, duty, withholding or fee.

**Section 2
Suspension of Taxes**

Subject to Section 6 of this Order, the following taxes are suspended from April 16, 2003 to the end of calendar year 2003:

- a) All income tax for assessed income resources detailed in Article 2 of Income Tax Law Number 113 of 1982;
- b) Real property rent tax in accordance with Law Number 162 of 1959, as amended;

- c) All other taxes not specifically identified in Section 3 below.

Section 3
Specified Taxes

- 1) The following specified taxes shall continue in force, and shall be levied for the remainder of the calendar year 2003:
 - a) Excellent and first class hotel and restaurant tax in accordance with Resolution Number 36 of 1997;
 - b) Tax upon the transfer of real property in accordance with Resolution Number 120 of 2002;
 - c) Car sale fee in accordance with Resolution Number 80 of 1998 and previous relevant laws in force;
 - d) Petrol excise duties including, but not limited to, those provided for in Law Number 9 of 1939, Resolution Number 82 of 1996 and the Order Number 66 of 1999 issued by the Economic Affairs Committee.
- 2) The taxes specified in paragraph 1 above shall not apply to the following persons or entities:
 - a) Coalition Provisional Authority;
 - b) Coalition Forces;
 - c) Forces of countries, their contractors and sub-contractors, acting in coordination with Coalition Forces;
 - d) Coalition contractors and sub-contractors, as defined in CPA Order Number 17, who supply goods directly to or on behalf of the Coalition Provisional Authority and Coalition Forces;
 - e) Departments and agencies of Coalition Forces' governments, and their contractors and sub-contractors that are providing technical, material, financial and human resource assistance to Iraq;
 - f) Governments, international organizations, and not-for-profit organizations providing technical, material, financial and human resource assistance to Iraq;
 - g) Members of the above categories to whom goods are consigned or by whom goods are imported for their personal use.

Section 4
Income Tax Rates in Future Years

The highest individual and corporate income tax rates for 2004 and subsequent years shall not exceed 15 percent.

Section 5
Tax Procedures

Notwithstanding any other provision in this Order, the tax laws as set out in existing Iraqi law, including those detailed in Tax Law Number 113 of 1982, with regard to the tax procedures, including tax rates, the system of collection, enforcement procedures, appeals, and the imposition and rate of penalties and interest for non-payment or late payment of taxes, shall remain in force unless or until amended by the Administrator of the Coalition Provisional Authority or an internationally recognized, representative government of Iraq.

Section 6
Retention of Collected Taxes

Taxes that have already been paid to the government or otherwise held by the government shall remain government property and are not liable to be returned to the taxed party.

Section 7
Relation to Existing Law

In order to give effect to this Order, all existing Iraqi law which is inconsistent with this Order is hereby suspended.

Section 8
Administrative Instructions

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

Section 9
Entry into Force

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

A handwritten signature in blue ink, appearing to read "L. Paul Bremer", followed by the date "9/15/03". The signature and date are written on a light-colored background that has been partially obscured by a grey rectangular redaction box.

L. Paul Bremer, Administrator
Coalition Provisional Authority