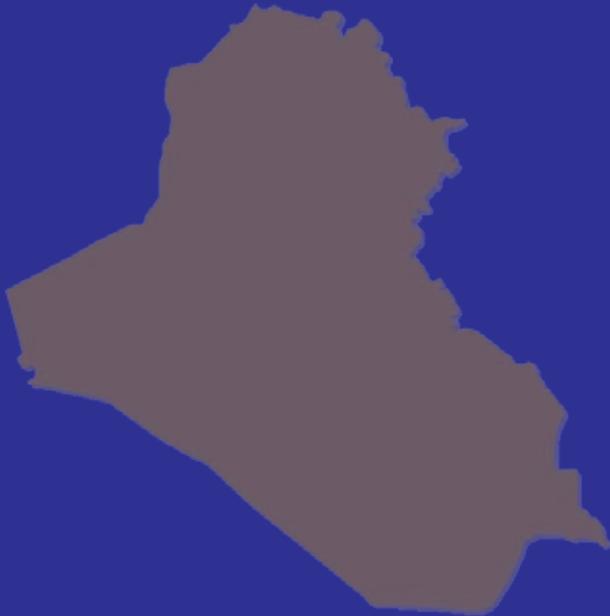


**مركز البيان للدراسات والتخطيط**  
Al-Bayan Center for Planning and Studies



# Final Iraq Budget 2016

december 2015



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## **About**

Al-Bayan Center for Planning and Studies is an independent, nonprofit think tank based in Baghdad, Iraq. Its primary mission is to offer an authentic perspective on public policy issues related to Iraq and the neighboring region. Al-Bayan pursues its vision by conducting autonomous analysis, as well as proposing workable solutions for complex issues that concern academia and policymakers.

# Final Iraq Budget 2016

**In the name of the people**

**President of the Republic,**

**Based on what was approved by Parliament, according to the provisions of Item (I) of Article (61), and Item (III) of Article (73) of the Constitution;**

**The President of the Republic decided on / / 2016**

**to issue the following law:**

**Law No. () for the year 2016**

**The Federal General Budget Law of the Republic of Iraq for Fiscal Year 2016.**

**((Chapter I))**

**Revenues**

**Article 1:**

**First:**

**A - The estimated General Federal Budget revenue of the fiscal year 2016 is estimated 81,700,803,138 thousand Iraqi dinars (eighty-one trillion, seven hundred billion, eight hundred and three million and one hundred and thirty eight thousand dinars) as illustrated in (Table A - revenues according to preparation of the budget) attached hereto to this law.**

**B - Revenues from export of crude oil on the basis of the average price of \$45pb (forty-five dollars per barrel) and an export rate of 3,600,000 bpd (three million and six hundred thousand barrels per day), including 250,000 bpd (two hundred and fifty thousand barrels per day) accumulated from amounts of crude oil produced in the Kurdistan region and 300,000 bpd (three hundred thousand barrels per day) accounting the quantities of crude oil produced by the**

province of Kirkuk. All actual revenues produced shall be calculated and actualised as final revenues accumulated and entered as final revenue of the state's general treasury.

**Second:**

Ministries and departments not associated with ministries shall register all amounts of monetary grants they receive as final revenue for the General Federal Treasury according to MOUs with foreign governments or institutions, and the Federal Ministry of Finance shall re-allocate them to the purposes for which they were granted, in coordination with the Federal Ministry of Planning.

**Third:**

The amounts of donations given to Ministries and departments not associated with ministries shall be registered after having been accepted by the Federal Minister of Finance as final revenue to the General Federal Treasury, to be allocated by the Federal Minister of Finance to the Ministry credits, or the department not associated with a ministry to be spent in accordance with the purposes for which it was granted.

**Fourth:**

The amounts of grants or donations given by foreign governments and institutions to the ministries, the departments non-associated with a ministry, or the provinces and provincial councils, shall be registered under the MOUs as final revenue to the Treasury, whether these grants are donations in the form of technical assistance or implementation of projects, the speculative values of which shall be registered in records of the respective ministry, department non-associated with a ministry, or the regions, provinces and provincial councils, accepting cash or in-kind donations and reallocating them shall be in coordination between beneficiaries and the Federal ministries of Planning and Finance.

**Fifth:**

The unused amounts of grants and subsidies of the amounts allocated to government departments and public sector companies

by the end of the fiscal year 2015, in accordance with accounting standards used to calculate the final expenditure amounts, excess or excessively paid amounts will, according to these lines, be considered as down payments and shall be counted when grants to departments or units are allocated in fiscal year 2016.

**((Chapter II))**

**Expenditure and deficit**

**Article 2:**

**First:**

**Expenses:**

An amount of 105,895,722,619 thousand dinars (one hundred and five trillion, eight hundred and ninety five billion, seven hundred and twenty two million and six hundred and nineteen thousand dinars) shall be allocated for the expenses of fiscal year 2016, distributed according to (Segment 3: Total Expenditures) of (Table B: Expenditure by Ministries) attached to this law.

A - An amount of 25,746,311,538 thousand dinars (twenty-five trillion, seven hundred and forty-six billion, three hundred and eleven million and five hundred and thirty-eight thousand dinars) for the expenses of projects shall be allocated according to (Segment 2: Expenses of Investment Projects) of (Table B: Expenditure by Ministries) attached to this law.

B - An amount of 80,149,411,081 thousand dinars (Eighty trillion, one hundred and forty-nine billion, four hundred and eleven million and eighty-one thousand dinars) shall be allocated for on-going expenses in accordance with (Segment 1: Current Expenditures) of (Table B: Expenditure by Ministries) attached to this law.

C - An amount of 148,200,000 thousand dinars (one hundred and forty-eight billion and two hundred billion dinars) shall be allocated as a contingency reserve within the provisions of other expenses of the budget of the Federal Ministry of Finance of continued allocations contained in item (First - B) as referred to above.

**D - An amount of 1,244,474,920 dinars (one trillion, two hundred and forty-four billion, four hundred and seventy-four million, nine hundred and twenty thousand dinars) shall be allocated for the (Reconstruction and Development Projects of regions and provinces including Kurdistan) out of shares referred to in item (First / A) of Article (2) above, to be distributed according to the population of each province.\***

**\* Implemented as follows: -**

**1. The governor shall provide a reconstruction plan for the province and its districts and counties, which is to be ratified by the provincial council, depending on the set of plans by the district and county councils to the Federal Ministry of Planning for the purpose of examination and approval, the most affected areas within the province to be taken into consideration. Allocations for the province and its districts and areas shall be distributed according to population ratios after excluding strategic projects that benefit more than one district or suburb. The cost of the new strategic projects shall not exceed 20% of the provincial allocations.**

**2- The governor shall exclusively undertake the implementation of the approved reconstruction plan and the provincial council shall be responsible for monitoring the implementation.**

**E - The amount of \$5 (five dollars) shall be approved for every barrel of crude oil produced in the province, and, \$5 (five dollars) for every barrel of crude oil refined in the province refineries \$5 (five dollars) of natural gas produced in the province. Every province is to choose either revenue producing methods above and allocate an amount of 1,086,800,000 thousand dinars (one trillion, eighty-six billion, eight million dinars) for projects to the producing provinces and territories, out of allocations referred to in item (First; Article 2) above. The governor has the right, after the authentication of the provincial council, to dispose and use no more than 50% (fifty per cent) of the allocations mentioned above for the purposes of importing electrical power, or offering provincial services, for cleaning, and on-going expenses and in accordance to the province's**

necessities. Priority is given to expenditure to areas most affected as a result of producing and filtering oil and to preservation of the environment projects, through conduct transfers as required.

**Second:**

**Deficit:**

**A – The total deficit of the General Federal Budget of the fiscal year 2016 is 24,194,919,481 thousand dinars (twenty-four billion, one hundred and ninety-four billion, nine hundred and nineteen million and four hundred and eighty-one thousand dinars); this covers the shortfall arising from internal and external borrowing and retained cash amounts in the account of the Federal Ministry of Finance and an expected ratio of savings from the increase of the sale price of exported crude oil or the increase of crude oil exports, according to the details set forth in the following table: -**

	Entries	Sum (Thousand IDs)
1=(a+b)	Total revenue	81,700,803,138
a	Oil revenue	69,773,400,000
b	Non-oil revenue	11,927,403,138
2=(a+b)	Total expenses	105,895,722,619
a	Ongoing expenses	80,149,411,081
b	Investment expenses	25,746,311,538
3	Total expected deficit	25401235783
	Financing the deficit	

A	Balances of accounts of ministries and departments not associated with another ministry with government banks	3,188,518,624
B	Loan from the Islamic Development Bank	590,000,000
C	Issuing foreign bonds	2,360,000,000
D	Loan from the Japanese International Cooperation Agency (JICA)	592,000,000
E	Issuance of public debt bonds addressed to the public	5,000,000,000
F	The issuance of treasury bonds and remittances to the government banks deducted from the Central Bank of Iraq	7,000,000,000
G	Loan for budgetary support from the JICA	284,000,000
H	The issuance of treasury remittances and loans from commercial banks	5,121,400,857
I	Loan from the World Bank	59,000,000

**B - The Federal Minister of Finance shall be authorised to continue borrowing cash or issue bonds or money transfers, with Cabinet approval, for the purpose of bridging the actual deficit in the General Federal Budget, or for any other purpose as stated in this law, to: -**

**1. Borrow from the Islamic Development Bank \$500,000,000 (five hundred million dollars).**

**2- Borrow from the Japanese International Cooperation Agency (JICA) \$742,373,000 (seven hundred and forty two million, three hundred and seventy three thousand dollars).**

**3- Issuing public debt bonds addressed to the public.**

**4- Issuing foreign bonds.**

**5- Borrowing from trade banks.**

**6- Issuing money transfers from the Central Bank.**

**7- Borrowing \$50,000,000 (fifty million dollars) from the World Bank**

**C - The Prime Minister and the Minister of Finance are to add 2,300,000,000ID (two trillion and three hundred billion Iraqi Dinars) allocated to the Interior Ministry and Ministry of Defense and to the Popular Mobilisation Movement and self-financed employees with consideration to Article 12/ Section 4 for the purposes of capacity completion and armament, financed through the issuance of treasury transfers from state employees' retirement funds.**

**D - The government is committed to finding ways to pay farmers working dues for the years 2014, 2015 and 2016 and in accordance to the established provinces agricultural plan by the Ministry of Agriculture.**

**((Chapter III))****General and Final Provisions****Article 3:**

**Disbursement from funds of major expense accounts (compensation of employees, service supplies, commodity supplies, maintenance of assets, capital expenses, grants, subsidies and debt service, interest and other expenses, commitments, contributions and foreign aid, special programs, social care) and expenses of approved projects within the general Federal Budget of the Republic of Iraq, shall exclusively be conducted by the Federal Minister of Finance. A concerned minister, head of a department not associated with a ministry, governor or president of Provincial Council may have the power to directly disburse in light of the allocations within the annual budget and for the purposes assigned hereto according to the spending plan approved by the Federal Minister of Finance, and he may not engage in commitment to disbursing more than what is intended in the Federal Budget.**

**Article 4:**

**A - The Federal Minister of Finance may have the power to conduct transfers between the allocations of the general Federal Budget of the Republic of Iraq ratified in the annual Federal Budget at levels of sections, chapters, subjects, types and type sequence for each individual case.**

**B - Ministers, heads of departments not associated with ministries, governors and heads of provincial councils not associated with territories are authorized with the power to conduct transfers within the funds allocated of the Federal Budget of the Republic of Iraq approved in the general annual Federal Budget within a rate that shall not exceed 5% from one exchange unit to the other, the allocations of which are reduced except for investment project funds, taking into account the provisions of Article 8 of section 9 of Financial Administration Act No. 95 for the year 2004, provided that transfers are not conducted from allocations of expenditures of**

**capital projects to current expenditures and notifying the Ministry of Finance / Budget Department regarding transfers for the purpose of noting transferals.**

**C- Ministers, heads of departments not associated with ministries, governors and heads of provincial councils not associated with territories are authorised to conduct transfers from funds within the sections of ‘Current Expenditures’ of (Services, Commodities, Maintenance, Assets) approved under the expenditure sections preapproved in the annual Federal Budget, with the exception of employee compensations and notifying the Ministry of Finance / Budget Department regarding transfers for the purpose of noting transferals.**

**Article 5:**

**A - The Federal Prime Minister and the Federal Minister of Finance may jointly use approved amounts contingency reserve (set forth in item First / D of Article 2 of this law for the payment of necessary expenses after this law has come into effect, if there is an urgent need to spend without being restricted to local expenditure and a lack of allocation to cover this need with up to 3,000,000,000IQ (three billion dinars) for each case, and if the amount exceeds the limit mentioned, an approval from the Federal Cabinet to a proposal by the Federal Minister of Finance shall be acquired, and the Federal Minister of Finance shall prepare regulations for the use of the contingency reserve allocations within the implementation regulations of annual Federal Budget, given that the Minister of Finance presents to the Cabinet quarterly reports of contingency reserve spending.**

**Article 6:**

**First:**

**Allocations validated herein shall be used until December 31 of the fiscal year 2016.**

**Second:**

Revenue earned during fiscal year 2016 shall be registered as revenue for the general Federal Budget until 12/31/2016, whereas revenue received after the end of fiscal year 2016 shall be registered as revenue for the general Federal Budget of the fiscal year 2017.

**Article 7:**

Any transfer may not be conducted within the allocations of reconstruction and development projects of regions and provinces between provinces.

**Article 8:**

The Minister of Municipalities and Public Works is authorized to conduct a transfer between self-generated resources to the budgets of municipal institutions within the same province and exert greater efforts for the implementation of the required services.

**Article 9:**

**First:**

The Kurdistan Regions share shall be 17% (seventeen per cent) of the total expenditures shown in Table D: Government Expenditures attached to this law shall be paid by the Federal Ministry of Finance with the approval of Cabinet.

**Second:**

A share of 17% is designated to the Kurdistan Region, out of the total actual spending:

(Current expenditures and expenses of investment projects) of the general Federal Budget of the Republic of Iraq ratified after excluding sovereign expenses, represented by Parliament, The Presidency, The Cabinet, The Ministry of Foreign Affairs, The Ministry of Defense, The Federal Court, The Electoral Commission, The Accountability and Justice, The Commission of Property Claims, Office of Inspector General of Property Claims, Integrity Commission, Office of Financial Supervision, The Higher Commission for Human Rights, wage negotiations and legal claims of debt, wages of international auditing firm and The Committee of Financial Experts, the contribution to the cost of

**the production of crude oil, the benefits of World Bank loans, the benefits of IMF loans, interest on other foreign loans including the Japanese loan, interest on public treasury transfer bonds, bond interests to extinguish external debts of the private sector, amounts of Arab and international contributions, Travel and Citizenship Department, expenses of Border Forces Directorate and projects of border crossings, The National Security Council, debt settlement abroad, wages of transporting crude oil exported via Turkey, premiums of bilateral agreements with the Paris Club countries and countries outside the Paris Club, the benefits of all premiums of bilateral agreements with the Paris Club countries and countries outside the Paris Club, the payment of the value of old treasury remittances, cash settlement of small private sector debts abroad, co-financing port projects, railway projects, dam projects, atmosphere management projects, premiums of IMF loans, premiums of World Bank loans and receivables of the Arab Monetary Fund for restructuring Iraq's Debts Agreement, interests on treasury transfers and loans granted by government banks to fund for 2015 deficits, interests on loans and transfers granted by Iraqi trade banks to fund for 2015 deficits, interests on treasury transfers granted by government banks to fund for 2015 deficits, interests on treasury transfers to fund foreign petroleum companies from government banks, interest on remittances on treasury auctions, interest on bank loans to fund self-financed companies, dues to the Iraqi Relief Aid and Displaced Peoples Commission, reimbursement of spent remittances from the legal reserve, reimbursing released auction transfers, and interests on national bonds to the public and on foreign bonds, installments of the JPIC and repaying installments of foreign loans (Italian/ Islamic Bank and IMF loans), repayment of the International Bank loans, payments of Arab Monetary Fund dues for the reconstruction of Iraq's debt agreement.**

**Third:**

**Allocations of provinces, and provinces not organized in a region**

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taken into account according to the ratio of their population, out of the total expenditures shown in Table D / Sovereign Expenditures attached to this law after excluding the share of the Kurdistan Region, amounting to 17%.

**Fourth:**

When there is an increase or decrease in the total Federal Budget expenditures, the share of the Kurdistan Region is added to or reduced in proportion with the increase or decrease, taking into account the provisions of items (Second and Third) of this Article, including modifications that take place on sovereign and presidential expenditure due to the transfer of their allocations to general expenditure with the same percentage mentioned above and the Federal Ministry of Finance shall perform a calculation of the share of Kurdistan Region in the light of the actual expenses for prior years shown by the final accounts approved by the Federal Office of Financial Supervision.

**Fifth:**

A percentage of the allocations of Federal and forces of the Iraqi army shall be allocated to the Peshmerga forces according to population ratios as they comprise a part of the Iraqi security system.

**Article 10:**

**First:**

**A -** The Federal Office of Financial Supervision shall, in coordination with the Office of Financial Supervision of the Kurdistan Region, calculate and determine the Federal revenues withdrawn in the Region this year and the Ministry of Finance in the Region shall transfer them to the Federal Ministry of Finance on a monthly basis.

**B -** Claims between the Region and the Federal Government shall be calculated for the years from 2004 to 2015 and the subsequent years after having been audited by the Federal Office of Financial Supervision in agreement with the Office of Financial Supervision in the Region (and adopting the Federal Office of Financial

**Supervision's Report No. 5445 on 26/03/2014).**

**Second:**

**If the Region fails to pay earned Federal revenues to the general treasury, the Federal Ministry of Finance shall, under item (First) of this Article, deduct an equivalent share of the planned revenue in the Federal Budget and shall conduct calculations later.**

**Third:**

**If any party (the Federal Government, the Kurdistan Regional Government) fail to fulfill their oil or financial obligations agreed to in this budget, the other party shall not be bound to fulfilling their oil or financial obligations.**

**Article 11:**

**The share of the Kurdistan Region and the provinces not organized in a region will be reassessed in the general Federal Budget for the year 2016 and beyond in light of the results of the census for the year 2016, in the light of which the actual amount of the share of the region, or provinces not part of a region shall be determined in the Federal Budget for the year 2017 and the difference shall be presented to the Federal Cabinet for calculation.**

**Article 12:**

**First:**

**The federal ministries, and departments not associated with ministries number shall be committed to (Table C) number of labour force in ministries and centrally funded departments for the year 2016 attached to this law, and the Federal Minister of Finance may, at the request of the ministry, or department not associated with a ministry, have the power of introducing new grades and modifying cadre resulting from the following: -**

**A – Updating employment positions for those covered by political dismissal according to the Re-employment of Dismissed Politicians Act No. 24 of 2005 as amended.**

**B – Federal ministries, and departments not associated with ministries shall be committed (self or centrally financed) to**

undertake the task of re-employing members of local, municipal, provincial councils and MPs who left their positions to be re-elected, and employment of available positions as a result of staffing motion during 2016. The periods of members of the councils above shall be accounted for the purposes of the bonuses, promotion and retirement.

**Second:**

**A – Federal ministries are to suspend employments within their self-financed formations of public companies, agencies and directorates which receives a grant from the States Federal Public Treasury or loans from governmental banks; to cancel employment positions within the cadre slots conferred when they became vacant due to transference or referral to retirement, resignation or death, except for water and sewage municipal departments and institutions under the Ministry of Housing and Construction and Municipalities and the Municipality of Baghdad.**

**B – Ministries covered in compression (the collaborated and cancelled) to abort employments when positions become available due to relocation, referral to retirement, resignations or death, and positions shall obliterate the positions within the ministries included.**

**Third:**

**The Minister of Finance is to update employment positions of employees of self-financed public companies, agencies and directorates and which receives a grant from the States Federal Public Treasury due to transference of their services to centrally funded departments to cover its needs of staff.**

**Forth:**

**Ministries, and departments not associated with ministries shall be committed to announcing the grades introduced within the cadre of the year 2016 in the local newspapers, abiding to the proportions of the population in each province, taking into account to dedicating 10% of the grades developed for the year 2016 for the purpose of appointing the family members of martyrs, prisoners and those**

**covered by the amended Political Prisoners and Their Families Institution Act No. 35 for the year 2013 and the families of the victims of terrorism, and not less than 5% of the grades developed for the purpose of appointing university graduates with doctoral and master degrees, and priority shall be designation for retirees in employment and according to precedence and their contractual periods shall be considered periods of service for purposes of retirement.**

**Fifth:**

**A – There shall be no new appointment of employees in government departments on contractual terms where there lies the possibility of renewal of previous contracts and in the event of an utmost need to renew these contracts, only after it is audited by the Office of the Inspector General of the ministries and departments not associated with the ministry.**

**B – Exceptions from regulations of subsection (A) above includes contracting with new investment project workers, the High Court Council, water plants, sewage and electricity, and in accordance to the implementation of the Federal Budget regulations for 2016.**

**Article 13:**

**First:**

**The ministries, and departments not associated with ministries shall conduct a prior coordination with the provinces when selecting projects and each ministry, or department not associated with a ministry shall issue a project distribution plan and inform the provinces of it, and the prescribed proportions of population for each province shall be taken into account to ensure an equitable distribution except for strategic projects that benefit more than one province. Overlap between the projects included in the regional development plan shall not be allowed and the powers of the minister shall be authorized to the concerned governor on the announcement, assignment and execution of ministerial projects (Health, Municipalities and Public Works, Trade, Construction**

and Housing, Agriculture, Labor and Social Affairs, Culture, Youth and Sports) below an amount of 10 billion dinars after transferring funds from the ministry account to the provinces account with the exception of the projects proposed for the year 2016 for the modernization of basic and essential designs of city centers, the structural studies of provinces, the development of affected areas, the preservation of historic areas, areas of historical nature and natural reserves, provided that the federal ministries of Planning and Finance issue a schedule of projects concerned with each province, and the ministers of Finance and Planning shall be authorized to issue necessary instructions to facilitate implementation.

**Second:**

A province may mandate any of the federal ministries, according to specialization to carry out projects in the province funded by the allocations of the (reconstruction and development of regions and provinces) allocated to it.

**Article 14:**

The Federal Minister of Finance shall be authorized to add allocations for the purpose of eliminating the previous loans from 1/1/2008 till 31/12/2015 which were spent as a result of the laws of the valid laws and after having been audited by the Federal Office of Financial Supervision and endorsed by the Federal Cabinet.

**Article 15:**

Private investment and participation with the private sector by ministries, departments not associated with ministries and provinces shall be expanded within the limits of competence and a higher committee shall be formed for this purpose, provided that the Cabinet issues its own instruction thereto as well as exceptions to relevant laws.

**Article 16:**

The Federal Minister of Finance may increase certified allocations necessary to cover the works of the National Center for Construction

**Laboratories and the National Center for Engineering Consultancy of the Ministry of Construction and Housing up to 50% of the revenue derived from the implementation of those works as an exception of section 1 of The Financial Administration Act No. 95 of 2004, the amounts shall be spent for the development of the two centers and the support of their technical and administrative cadres within the classification of grants, subsidies, debt service expenses and other expenditures.**

**Article 17:**

**The Ministry of Finance shall abide to the amount of interest rate amounting to 4% of the total loans granted to the residential project Basmaya.**

**Article 18:**

**Debts owed to the government by taxpayers shall be paid due to the continuation of the official authorities to apply Article 20 of the Budget Law for the year 2008 for the period from 1/1/2009 to 31/12/2011 based on the provisions of item 11 of section 4 of the amended Financial Administration Act No. 95 of 2004.**

**Article 19:**

**First:**

**A - Appointments in leadership positions (director general and above) are not permitted unless it has a grade for it in the law of the ministry or the organizational structure of the ministry made on the basis of the ministry law or the law of the department not associated with a ministry.**

**B – Employees of director general and above positions, and who does not manage on a general directorial administrative level or above, shall be referred to retirement according to the Retirement Law promptly after this law comes into force, or is transferred to a different department as soon as a position is made available which commensurate with his title and with the approval of the transferee to it.**

**Second:**

**Senior employment positions are to be omitted according to Table C: The Labour Force as demonstrated in the Federal General Budget 2016 as attached and follows:-**

	Ministry or Body	Senior Positions (A)	Senior Positions (B)
1	Presidency	32	9
	Cabinet	2	12
2	Prime Minister's Office	1	1
3	Other bodies affiliated to PM's Office	5	8
4	Foreign Ministry	67	
5	Interior Ministry	9	
6	Defense Ministry	31	

**Third:**

**Heads of offices of (Parliament, Presidency and the Ministers) shall take an employee rank of Undersecretary of a Ministry.**

**Article 20:**

**Dues are calculated of foreign companies operating in the Kurdistan region for the purpose of extracting oil from within the region's share amounting to 17% and shall continue on this basis.**

**First:**

**All revenues from the Communications and Media Commission for 2015, as well as funds not used in previous years, shall be turned in to the public treasury of the Federal State, after deducting the amount of the expense of its own budget and approved by the trustees of the Federal Council and the Ministry of Finance.**

**Second:**

**The Communications and Media Commission shall oblige mobile phone companies to pay what is due in amounts, fines and financial obligations during the first half of 2016, recorded as state revenues.**

**Article 22:**

**The federal ministries of Electricity, Communication, municipalities and public works, in addition to Municipality of Baghdad, shall commit to collect electricity, water supply, phone calls and sewage and other fees stipulated within their own laws regarding services provided to citizens, businesses and factory owners, state departments, public sector and others, for the purpose of increasing their self-generated resources in order to reduce dependence on the general Federal Budget and in the case of failure by these authorities to react accordingly, the Ministry of Finance shall deduct its amounts from the current budget of the points above**

**Article 23:**

**When an official is transferred from a centrally or self-funded state department to the private sector, the ministry, or department not associated with a ministry from which the official was transferred shall bear half of the officials salary received from the department of which he/she was transferred, for two years from the date of his/her transfer, provided that any relationship with the department shall finally end.**

**Article 24:**

**A – Imposed sales tax shall continue on mobile phone cards and internet networks by 20% of the cards value, and the imposition a lump sum Airport Tax of 25,000IQ for each ticket in all Iraqi airports (External Travel) and collected taxation shall be returned to the Public Treasury to be implemented in light of the regulations in force.**

**B – A Sales tax shall be levied on imported goods in accordance with the following table, (and shall accordingly work until Law of Customs Tariff comes into force):**

	Article	Tax rate	Notes
1	All kinds of cars	5%	Levied at registration in transportation departments
2	Tobacco and Cigars	100%	Collected from the General Commission for Taxes
3	Alcoholic beverages	100%	Collected from the General Commission for Taxes

**C - The amended Customs Tariff Law No. 22 for 2010 shall be activated, in addition to Consumer Protection Act No.1 for 2010 and Iraqi Products Protection Act No.11 for 2010 to be implemented on all Iraqi border points to accomplish justice.**

**Article 25:**

**Ministers, heads of departments not associated with ministries, governors and heads of provincial councils not associated with territories are authorized with the power to impose fees or new service charges and amendment rights to current fees and service charges excluding sovereign fees according to regulations outlined by the concerned minister or head of a department not associated with a ministry or the province for the purpose of covering the dues of previous years in expenditures for the same ministry or organization not related to a ministry, according to the allocations within the Federal General Budget 2016, given that the Ministry of Finance is notified at once thus accordingly exclusion of the provisions of Act No. 95 of the Financial Administration for the year 2004,**

**Article 26:**

The Ministry of Water Resources shall sell and trade river dredging output and register its revenue to the public treasury of the State, given that a proportion of 50% (fifty per cent) of revenues to the pre-mentioned Ministry to cover expenses in accordance with regulations set out in Article 25 above.

**Article 27:**

Federal Ministries of Finance and Planning shall both reassess funds collected and received from Agricultural Initiative Projects from farmers for the previous years toward the budget of 2016, on the basis that funds are exclusively devoted to the Agricultural Bank for agricultural projects, with the exception of Paragraph 1 of Section 4 of The Financial Administration Act No. 95 of 2004.

**Article 28:**

The Oil Minister may request the Prime Minister and the Finance Minister to issue treasury remittances or treasury bonds when needed to cover benefits of oil companies operating in the country, the aggregate of which shall not exceed 12 billion dollars by issuing one or multiple versions during the year 2016 with the approval of Parliament.

**Article 29:**

federal ministries, governorates and departments not part of a ministry shall be committed to purchase their needs from the products of the federal ministries, provided that the added value of these products (assembled and manufactured) is not less than 25 % of the import price of the added value, and provided that local products are not more expensive than the imported products with more than 10 % of the quality standards being considered.

**Article 30:**

The Cabinet may not issue any decision in which loans can be granted to any ministry or non-ministerial department without actual allocations in the general budget approved during the fiscal year, provided that they are calculated in next years' budget.

**Article 31:**

The Federal Minister of Finance is authorised with the approval of the Federal Prime Minister to issue guarantees to GE (General Electric) and Boeing to finance contracts with the Iraqi government, and the issuance of counter-guarantees to the Export-Import Bank of the United States for guarantees it issues.

**Article 32:**

The Federal Government and the Kurdistan Regional Government is committed to hand over actual revenue to the public treasury of the state account in a case when an increase in exported quantities mentioned in Article 1: First B of the Federal Budget Law.

**Article 33:**

The Federal Minister of Finance will have the authority to transfer financial portions for the departments that will disengage from ministries, and transfer them to the province concerned during the fiscal year.

**Article 34:**

**First:**

Exemption from all duties of goods imported by government departments shall be applied which are bought in its name and used exclusively by it.

**Second:**

Above includes the exemption of imported goods and commodities to government departments and the public sector from governments or donor institutions.

**Article 35:**

An increase to the amount of tax payments (by the taxpayer) under subsection (1) of Article (12) of the amended Income Tax Law No. 113 of 1982 by section (a) of the ordered Coalition Provisional Authority (now dissolved) No. (49) 2004 by 25% (twenty-five per cent).

**Article 36:**

**All configurations centrally funded and linked to the ministry or institution must transfer its revenues obtained under the laws or the regulations of final revenues to the public treasury of the state for the purpose of enabling the Department of Accounting of financing the Federal Budget estimates.**

**Article 37:**

**First:**

**The Ministry of Finance shall minimize allocated expenses; reduce fuel allowances and maintenance costs of vehicles used, and according to the following:**

**A - Five cars to each of the three governing authorities, and four cars to the Vice Presidents of the Council.**

**B - Three vehicles are to be assigned for each minister or those occupying an equivalent position, excluding Members of Parliament.**

**C – Two cars to be assigned to every Undersecretary of a ministry or those occupying an equivalent position (civilian and military), and General Managers or those occupying an equivalent position (civilian and military).**

**Second:**

**Employee who uses one of the state cars shall bear full expenses of fuel and maintenance, with the exception of operational, production and field cars, and ambulances and staff transportation cars and security service vehicles.**

**Third:**

**No pension application will be processed for all state employees, including senior officials, except after full discharge is recorded of movable and immovable state property, and the Federal Audit Court's shall submit a backdated report to Parliament no later than the end of the first quarter of 2016.**

**Forth:**

**Reduction of the overseas deployment expenses except for very necessary purposes, reducing the number of delegates by 50% (fifty per cent) with specifying the most minimal period of delegation**

possible, and not organizing any conference outside Iraq.

**Fifth:**

The Ministry of Foreign Affairs shall reduce its staff working in its missions by at least 25% of the current workers and the ministries of culture, trade, defense, health and higher education are to close their Attaches or transfer them to the embassies.

**Sixth:**

Private aircraft rentals are denied in all cases at the expense of the state treasury, and that the presidential plane in the Cabinet shall instead be used by the three presidencies.

**Article 38:**

The Federal Government and the Ministry of Oil are committed to reviewing oil licensing rounds to amend the contract terms in order to preserve Iraq's economic interest and encourage increased oil production and reduce costs and find a recovery mechanism be in line with oil prices.

**Article 39:**

The government shall be committed to support the Popular Mobilisation Movement and the displaced as follows:

**First:**

A total of 3% shall be deducted from salaries and allowances for all state employees and retirees and reallocated as follows:

**A: 60% of it to the Popular Mobilisation Movement;**

**B: 40% of it to the Ministry of Displacement and Migration (in relief to the displaced)**

**Second:**

The Kurdistan Regional Government is committed to deduct 3% of the total salaries and allowances of all employees and retirees in the Kurdistan region and reallocate funds to the forces of the Kurdish Peshmerga.

**Third:**

Funds of 100 billion of the disarmament department and integration of the militias shall be transferred to the Popular Mobilisation

**Movement organization, and the disarmament department is to complete all procedures to dissolve itself during 2016.**

**Forth:**

**Transfer 3% of the total (service supplies, commodities and maintenance of assets costs and capital expenditures) to the organization of the Popular Mobilisation Movement, Ministry of Displacement and Migration (to the relief of the displaced) equally.**

**Article 40:**

**The Popular Mobilisation Movement is committed to accept the volunteering the sons of areas where military operations occur to reach 30% of the total number of the movement.**

**Article 41:**

**The Ministry of Finance is to open a current account in the name of the Popular Mobilisation Movement and deposit cash donations provided to the organisation, and the commander of the armed forces is to deal with the account in order to purchase the necessary supplies.**

**Article 42:**

**Distribution of financial aids to the displaced shall be considered as grants to each displaced family displaced by the SmartCard through the Ministry of Displacement and Migration.**

**Article 43:**

**Ration Card allocations shall be transferred to the provinces (Anbar and Nineveh) from the Ministry of Trade's financial allocations for the purpose of distribution in the form of coupons (food) to the population of those provinces (whether inside or outside the cities).**

**Article 44:**

**Local governments of the provinces usurped by ISIS shall disburse sums for the development of regions, provinces and the petro-dollars for the relief and resettlement of displaced persons in the liberated areas, excluding districts and areas under the control of government funds.**

**Article 45:**

**The allocation of half of border crossings revenues to the provinces, including the provinces of the region that has official outlets on the condition that it shuts down unofficial passages.**

**Article 46:**

**The Federal Office of Financial Supervision and Independent Electoral Commission shall submit their annual budgets to the Parliament for approval.**

**Article 47:**

**The Ministry of Housing and Construction and the municipality of Baghdad shall allocating plots of land to the families of the martyrs and political prisoners in good areas rather than the mandatory amounts payable for the plot, instead of the plots referred to in the laws in force.**

**Article 48:**

**Federal Minister of Finance shall pay the dues to families of martyrs and prisoners, and compensate properties of those affected by the former regime under property Act No. 16 of 2010 and in case of insufficient amounts the Minister of Finance is to issue bonds or money orders to pay those dues.**

**Article 49:**

**Public and private sector companies shall be exempt of delay penalties except those of the Implementing Regulations contracts No. 02 for the year 2014 resulting from lack of dues paid for the year 2015.**

**Article 50:**

**The Ministry of Finance shall transfer the amounts shown in the table as follows:**

Sequence	Amount in figures (million)	Transferee body
1	4,000	Iraqi General Authority for broadcasting and transmitting services (operating)
2	400	House of Wisdom (operational)
3	2,000	Olympic Committee (operational)
4	10,000	Hajj and Umra organization grants transferred to the PMM and the displaced relief fund
5	2,000	Journalist Association (operational)
6	4,841	Other grants / Public Activities
7	2,000	Compensation for plots distributed before 09/04/2003
8	104,607	Ministry of Foreign Affairs / Arab contributions

9	7,419	Sum of total expenditures of the Presidency of the Republic
10	100,000	Ministry of Labour and Social Affairs / Social Welfare
11	50,000	Ministry of Agriculture / grants
12	85,000	Ministry of Defense / investments
13	74,100	The debt of the private sector abroad
14	1,000	Other club grants
15	8,000	Ministry of Interior / Capital expenditures

**To be transferred as follows:**

Sequence	Amount in million dinars	Body transferred to
1	125,000	Ministry of Displaced and Migration
2	80,000	Parliament / operational

3	25,000	Independent Electoral Commission / salaries
4	40,000	Ministry of Education / investments
5	30,000	Ministry of Industry / investments
6	10,000	Baghdad Province / investments
7	2,000	Sunni Affairs / Iraqi Fiqh Council in Imam Abi Hanifa al-Numan's mosque / operational
8	2,000	Ministry of Health / Al-Muthana health
9	125,000	Basra Province
10	4,500	Karbala Province
11	4,500	Najaf Province
12	750	Halabja Province
13	3,367	Ministry of Health / treatment of patients abroad

14	2,000	Shia Affairs / Al Askari Imams
15	1,250	Salah Al Dinne Province / Tuz Khurmatu

**Article 51:**

**Any decision contrary to this law does shall not be exercise and the Federal Public Treasury shall not bear any extra financial burdens outside of this law.**

**Article 52:**

**The Federal Minister of Finance, in coordination with the Federal Minister of Planning, shall make all the required instructions ready to facilitate enforcing the provisions of the law herein once it is approved.**

**Article 53:**

**This Code shall be published in the Official Gazette and put into effect as of January 1st 2016.**

**Reasons: This Code has been legislated to approve The Federal Budget of the Republic of Iraq for the Fiscal Year 2016.**