



# IRAQ

Iraq - Mixed

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## Incorporating a company in Iraq

# Iraq taxes

If you want to do business in Iraq, this article will educate you on the tax laws for a LLC, which is the most common company structure in Iraq.

Iraq taxes foreign-source income in the same way than local-source income. The established rate for offshore income, from our research, but seek professional advice, is 15%. Iraq may not have exemptions to bring in income earned abroad. Taxes are lower than average in Iraq, as the income corporate tax rate is 15%, being 35% for companies operating in the gas and oil sector. This ranks Iraq as 47th overall in terms of corporate tax rate worldwide.

There is no Value-added tax in Iraq, which ranks Iraq as 1st overall in terms of VAT taxation rate internationally. A sales tax may apply to certain goods as alcohol, tobacco, cars, internet services and travel tickets. In terms of other taxation, an employer will contribute 12.00% to the equivalent of a social security fund and an employee will contribute 5.00%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 288 hours. Contributing to this is the number of yearly labor tax payments, which is 13 in IQ.

Thin cap mandates aren't officially enacted. This refers to any type of requirements on given company with respect to debt-to-asset ratios. Dividends received by a domestic entity are not subject to tax, provided that the profits out of which the dividends are paid have been previously subject to tax in Iraq. Dividends are distributions of a portion of company profits, established by the board, to shareholders. Dividends can be either shares of stock, cash payments, or other property. Capital Gains are treated as ordinary income, and therefore subject to corporate income tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

Iraq does not levy withholding tax on dividends and royalties payments to non-residents. However, in certain cases, royalties payments may be subject to a withholding tax of 3-3.3%. Payments on interests made by a resident entity to non-residents are subject to a 15% withholding tax.

There is no known tax on wealth in Iraq. There are inheritance and real estate taxes in Iraq. There are no transfer taxes. We are not aware of any frequently implemented R&D initiatives that provide tax relief in this country.

The above is not tax or legal advice for your particular situation. We are able to refer you to a tax advisor in Iraq who can give you an answer. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Iraq is 0% which ranks 1 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 0 **Tax treaties**
- 15% **Offshore Tax**
- 15% **Corp rate**
- **Loss carryback years**
- 24 **Corporate time**
- 0% **VAT rate**
- 15% **Capital gains**
- No **AEOI planned**

# Iraq Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Iraq is mixed law. You will want to get some local advice as to how to best structure a company in Iraq. Electronic signatures are permitted.

The country code IQ is for Iraq and the most common legal entity structure in Iraq is a LLC.

The average time to incorporate is 7 weeks to setup a LLC in IQ. The types of cash you can use to setup your legal entity is most commonly any legal currency.

. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in IQ by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is permitted, up to 100% of the total shareholding.

A LLC is only required to have 1 director on the board. Moreover, corporate directors are permitted. Directors are disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for a legal services company which can receive a service of process on behalf of the registered legal entity. However, a company secretary is not a requirement.

There is a requirement to file accounts to relevant authorities. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Iraq is a ok option and have given it a score of 48 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ Directors not disclosed in a public registry
- ✓ Shareholders not disclosed in a public registry
- ✗ Redomiciliation permitted
- ✓ Registered office required
- ✓ Corporate director permitted
- ✗ Local Secretary not required
- ✓ Local Director not required
- ✓ Electronic signature

- 1 Shareholders required
- 1 Directors required
- 7 weeks to form



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## Country Info



🚩 National Flag of

جمهورية العراق (ara)

ܩܘܡܪܝ ܥܝܪܩ (arc)

کۆماری عێراق (ckb)

\$ Currency

**IQD**

☎ Area Code

**+964**

🏰 Capital

**Baghdad**

✈ Region

**Western Asia**

🌿 Native Languages

**Arabic**

**Aramaic**

**Sorani**