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Iraq

Payroll & Employment Law Guide

2026 Edition · Last updated August 2026

Labour Law 37/2015 · SS Law 18/2023 · Foreign Workers Instruction 1/2026 · KRI Separate Framework

KB v0.9 · 30.07.2026

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Overview

A reference for employing in Iraq

Critical: IRAQ CANNOT BE MODELLED AS A SINGLE PAYROLL REGIME. Federal Iraq and KRI have different tax, SS, labour law, minimum wage, and foreign worker rules. No calculation without jurisdiction determination. Jurisdiction is determined by employer's tax/SS registration authority and workplace legal location: NOT employee nationality or city.

IQD 350,000	5%	12%	21d
FEDERAL MONTHLY MINIMUM WAGE	NORMAL EMPLOYEE SOCIAL SECURITY	NORMAL IRAQI EMPLOYER SOCIAL SECURITY	FEDERAL ANNUAL LEAVE

WHAT THIS GUIDE COVERS

I

Jurisdiction Architecture

Verify before payroll

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JURISDICTION	STATUS	KEY AUTHORITIES
IQ-FED	CONDITIONAL READY _	Tax Law 113/1982 + Instruction 1/2007; Labour Law 37/2015; SS Law 18/2023
IQ-KRI	BLOCKED: several rules unverified	KRI Vergi Kanunu 26/2007; Act 39/1971; Employment Act 71/1987
IQ-DISPUTED	BLOCKED	Written authority ruling required
IQ-PUBLIC	OUT OF SCOPE	Separate product adapter required

II · FEDERAL IRAQ: INCOME TAX (IQ-FED)

Authority: Income Tax Law 113/1982 + Direct Withholding Instruction 1/2007

TAX BRACKETS (ANNUAL)

ANNUAL TAXABLE INCOME (IQD)	RATE	MONTHLY EQUIV.
0 – 250.000	%3	0 – 20.833
250.001 – 500.000	%5	20.834 – 41.667
500.001 – 1.000.000	%10	41.668 – 83.333
Above 1,000,000	%15	Above 83,333

II

Federal Iraq: Income Tax (IQ-FED)

PERSONAL & FAMILY ALLOWANCES (ANNUAL)

ALLOWANCE	AMOUNT (IQD)	CONDITION
Personal	2.500.000	Principal employer only
Spouse	2.000.000	Housewife/no income
Per qualifying child	200.000	No limit on number
Widowed/divorced woman	3.200.000	Documentation required
Age 63+	+300.000	Age criterion
Married woman, disabled spouse	5.000.000	Documentation required

TAXABLE BENEFITS (IN-KIND)

BENEFIT	TAX BASIS
Unfurnished housing (free)	15% of salary
Furnished housing (free)	20% of salary

BENEFIT	TAX BASIS
Employer premises housing	10% of salary
	10% / 20% / 5%
Foreign assignment allowance	Up to 25% of monthly salary exempt
Allowance pool	Aggregate up to 30% exempt; base definition VERIFY

II

Federal Iraq: Income Tax (IQ-FED)

FILING CALENDAR (FEDERAL)

OBLIGATION	DEADLINE
Monthly withholding payment to GCT	15th of following month
Employee DD/4A form	Within 7 days of employment/change
Annual employer schedule	31 Mart / March

KRI INCOME TAX: BLOCKED

PARAMETER	KNOWN	STATUS
Rate	%5	VERIFIED
Threshold	IQD 1,000,000/month	VERIFIED
Formula	5% × excess-over-1M OR 5% × all net income?	BLOCKED
Late penalty	IQD 75.000 + aylık %1,5	VERIFIED

III · SOCIAL SECURITY: LAW 18/2023

EMPLOYEE CATEGORY	EMPLOYEE	EMPLOYER	GOVERNMENT	TOTAL	STATUS
Normal Iraqi	%5	%12	%8	%25	A - VERIFIED
Normal foreign	%5	~%20 (devlet işverene devredilir/govt shifts to employer)	%0	%25	B - CONFIRM
Oil/gas Iraqi	%5	%25	%8	%38	A/B
Oil/gas foreign	%5	~%33	%0	%38	C - BLOCK

Note: SS Base: lower limit = general min wage (IQD 350,000); upper cap = 5× min wage (IQD 1,750,000). New employee registration within 30 days. Foreign worker compliance fee: IQD 2,000,000 (non-payroll statutory fee).

III

Social Security: Law 18/2023

KRI SOCIAL SECURITY

PARAMETER	KNOWN	STATUS
Employee rate	%5	Verified
Employer rate	%12	Verified

PARAMETER	KNOWN	STATUS
Minimum wage	IQD 450.000/ay	Effective date pending KRG decision text
Contribution base	Definition not fully confirmed	BLOCKED
Min/max base	Not found in official sources	BLOCKED

IV · MINIMUM WAGE & WORKING RIGHTS

ITEM	FEDERAL IRAQ (IQ-FED)	KRI
Minimum wage	IQD 350.000/ay	IQD 450.000/ay
Annual leave (base)	21 working days	20 working days
Hazardous work	30 days	30 days
Tenure increment	+2 (0-5 yrs), +2 (5-10 yrs), +3 (each subsequent 5 yrs)	+2/5 yıl
Sick leave	30 days full/year; accumulates to 180 days	Similar
Maternity leave	14 weeks (98 days) full pay	62 days full pay
Paternity leave	No statutory provision federal	Not specified
Overtime (daytime)	+%50 (×1,5)	+%50 (×1,5)
Overtime (night/holiday)	×2 (2 kat)	×2 (2 kat)

Note: Annual leave pay basis: last 6 months average (excl. transport/meals/risk). Min. continuous segment: Federal 14 days; KRI 6 days. Nursing break: 1 hour/day; paid; counts as working time.

V

Special Leave & Severance

LEAVE TYPE	FEDERAL RULE
Marriage leave	5 days paid
Bereavement	5 days paid
Widowed woman iddah	130 days paid: local legal validation required
Hajj	Once unpaid

SEVERANCE PAY (FEDERAL)

EVENT	CALCULATION
Employer justified dismissal	2 weeks' wages per year of service
Wrongful dismissal	Reinstatement OR back pay OR 2× severance
Death (≥1 year service)	2 months' wages to family
Unused leave	Paid at last salary
Employee resignation notice	General 30 days

EVENT	CALCULATION
Employer dismissal notice	Min. 30 days (validate)
Final pay deadline	Employer dismissal: next day; resignation: 7 days

VI

Foreign Workers: Instruction 1/2026

2026 CHANGE: FEDERAL FOREIGN WORKERS INSTRUCTIONS NO. 1/2026 PUBLISHED IN OFFICIAL GAZETTE 30 MARCH 2026; REPLACED 1987 INSTRUCTION.

Rule	Federal Iraq	KRI
Workforce quota limit	Foreigners ≤ 50% per project	Workers ≤ 25% foreign
Labour market test	15 gün / 15 days	Separate licence
Permit duration	1 year; renewable	Similar
Application deadline	Within 30 days of entry	—
Compliance fee	IQD 2.000.000/yabancı (bordro dışı)	IQD 2.000.000/yabancı
Training obligation	Must train Iraqi counterpart	—

Note: Foreign status triggers more than permit check: tax residency, 25% assignment allowance exemption, SS employer rate (~20% vs 12%), home-country SS deduction, travel exemptions, and repatriation obligations.

VII · FEDERAL–KRI COMPARISON MATRIX

DIMENSION	FEDERAL IQ-FED	KRI	ENGINE RESULT
Tax rate	3/5/10/15% progressive	5% flat; formula BLOCKED	Separate adapters
Employee SS	%5	%5	Same value, separate source
Employer SS	%12 (yabancı/hidrokarbon farklı)	%12	Separate category map
SS cap	5× min wage = IQD 1,750,000	Not found: BLOCKED	KRI blocked
Min. wage	IQD 350.000	IQD 450.000	Jurisdiction effective dates
Labour law	37/2015	71/1987 (2023 status unclear)	Separate entitlement engine
Annual leave	21 gün/days	20 gün/days	Separate accrual
Maternity	14 hafta/weeks	62 gün/days	Separate calculation
Foreign quota	≤ 50% per project	≤ 25% foreign	Separate validator

VIII

Critical Verification Gates

FEDERAL (CONDITIONAL_READY): CANNOT GO LIVE WITHOUT THESE:

— SS monthly payment due date (month-end or following 30 days?)

— Tax rounding sequence and IQD precision (GCT written example)

— FX rate for foreign-currency wages: CBI rate type and valuation date

— 30% allowance pool base: basic salary or total salary?

— DD/4A and e-filing current electronic format

— Normal foreign worker SS employer rate: exactly 20%?

— Hydrocarbon foreign worker SS rate: exactly 33%?

— Partial month SS pro-ration: day basis or full month?

KRI (BLOCKED): DO NOT CALCULATE WITHOUT WRITTEN CONFIRMATION:

— KRI tax formula: 5% × excess-over-1M OR 5% × all net income?

— KRI SS contribution base definition

— KRI SS minimum/maximum base for 2026

— KRI SS payment due date

— KRI 2023 new Labour Law promulgation status

— KRI min wage IQD 450,000 effective date (KRG decision number/text)

This document is based on Iraq Payroll API Knowledge Base v0.9 (30 July 2026). For general information only. Local legal verification required before production. Datassist assumes no liability.

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Schedule a Meeting →

7+ MENA MARKETS	**1** ONE COMPLIANCE OPERATION	**0%** MISSED PAYROLL DEADLINES