

Weekly highlights by L'ECONOMISTE

Throne Day Speech



Changing mindset

EDITORIAL

Values

Mohamed Ali MRABI

WHEN the national soccer team made Moroccans dream during the World Cup in Qatar, the formula came back like a leitmotif: “seriousness pays off...”. After euphoria, the lessons of this feat were quickly forgotten. With all the assets at its disposal, Morocco has great room for improvement. The development momentum having reached a stage of maturity, it is important now to equip oneself with capacities making it possible to cross a new level, and to tackle the failures which are stalling the engines of development. Strategic projects that are falling behind, investors left to fend for themselves in the maze of administrations, and companies that drag their feet when they have to pay their suppliers... the country can no longer function this way. The Throne Day Speech has set the course. Seriousness is now the watchword. A “concept that involves a set of ideals and operating principles”, which should

define our line of conduct in everyday life. This change of mindset is essential to speed up the completion of projects and launch a new generation of reforms.

The challenge today is for this mindset to be assimilated by everyone and for everyone to be aware that they are directly concerned. This should be the case, first and foremost, of families which constitute the core of society, crystallizing the values of unity and solidarity. Investors and the business world were also challenged and asked to change the way they operate. Ditto for the civil servants who just “show up” at work, and are called upon to immerse themselves in the logic of performance and service to be provided to citizens. Politicians are also called upon to put aside one-upmanship and squabbles, to better focus on serious matters. The royal speech is a new call to order: we cannot build something durable if we do not own these values. So let us be serious! □

Weekly highlights

Payment period

The Big Bang in October

LIKE many other pieces of legislation, the law on payment terms presents some gray areas which have been identified from the outset by both accounting professionals and practitioners called upon to put into practice the provisions of the law which came into force on July 1st for companies with a turnover of more than 50 million dirhams (USD 5 million) exclusive of taxes. Moreover, the first tax return for the months of July, August, and September must be made no later than next October 31.

■ Who must submit their first tax return before the end of October?

For merchants with a turnover of more than 50 million dirhams excluding VAT, the law has already come into force. Consequently, they are called upon to make their first tax return online containing a certain amount of information such as the total amount excluding VAT of unpaid invoices and of those paid totally or partially after the deadline. The electronic tax return, which must be accompanied by a detailed statement approved by an auditor, must also include the total amount of the fines. Fines are provided for in the event of breach of these obligations.



Mohamed Lahyani, chartered accountant, associate at the Audit & Analyse firm and president of the legal and fiscal commission of the chartered accountants association of Tangier-Tetouan-El Hoceima

■ Detailed statement certified, validated, or signed off?

The idea of certifying detailed statements by accounting professionals, provided for in the first version of draft law no. 69-21, had sparked controversy between the two components of the profession. The certification of accounts is a monopoly of chartered accountants. The legis-

lator has gone halfway by adopting at the second Chamber, the House of Councillors, the term «signed off» which remains neutral, but whose principle remains the same. The question that remains unanswered concerns the format of this sign-off. “The Association of Chartered Accountants is working on the standardization of this sign-off. This

will certainly be a model certificate or report », explains Ahmed Chahbi, vice-president of the Association of Chartered Accountants. The final scenario that is emerging therefore excludes the simple fact of affixing a stamp to the detailed statement that must accompany the quarterly tax return. The Association of Chartered Accountants is in the process of considering the definition of all the steps that will have to be carried out by the profession with regard to the detailed statements accompanying the quarterly tax returns.

■ Counting of the payment deadline

Since the tightening of payment deadlines has been established by law, some members of the business community are overflowing with imagination to circumvent the event giving rise to a debt. One of the schemes contemplated consists of receiving the goods and paying within 120 days, but giving the supplier a negotiable instrument dated an additional month. The other acrobatic trick would be to ask your supplier for a post-dated invoice, the goal always being to save time on the fatal payment deadline. In all cases, an unpaid bill could be noted by the tax authorities at the time of the quarterly tax return. □

Hassan ELARIF

The plague of business failures

WITH the law on terms of payment, very small businesses will perhaps have a little more luck. They would benefit from a faster inflow of cash and perhaps even from additional borrowing capacity with banks. In the meantime, very small enterprises (VSEs) have the highest number of failures.

In the second quarter of the year, 2,833 failures were recorded by the Inforisk firm. They are up 6% compared to the same period last year. Most of these failures are concentrated at the level of VSEs, i.e. 98.8% versus 1.1% for SMEs

and 0.1% for large corporations, VSEs are weakened by the long payment periods, which constitute the first source of mortality. “Long payment terms represent the leading mortality factor for companies (in more than 40% of cases). Tackling excessive payment terms means aiming to reduce this factor”, says Amine Diouri, director of studies and communication at Inforisk, who adds that “the law on payment terms is barely effective. It will be necessary to wait between one and two years to see an effect on the overall payment terms, particularly for VSEs

which experienced customer delays of more than 240 days in 2021”.

Alongside these deadlines, VSEs face other problems: they often have a single client, their capital is poorly structured, and they suffer from weak financial robustness. For VSEs, the challenge is to stay alive, manage to diversify their portfolio... and perhaps also move to the SME stage before becoming large corporations, except that so far very few VSEs have managed to meet this challenge. During this first half of the year, VSEs juggled between rising inflation, the price of raw materials, the impact of the

rise in the key rate, and other problems.

“The macroeconomic context is still complicated for companies, with a very moderate GDP growth, inflation, rise in interest rates impacting companies on their financial charges, and financial difficulties of the end consumers”, explains Diouri. These failures are mainly to be found in the retail sector, which represents 33% of the total. Then come the real estate and construction sectors with respectively 20% and 15% of companies in hardship. □

Khadija MASMOUDI

Throne Day Speech: Changing mindset

“WHENEVER the conditions are right, and each time they commit to seriousness and to the spirit of patriotism, Moroccan youth always manage to dazzle the world with great, unprecedented accomplishments”. The Throne Day Speech emphasized the values that should encourage the acceleration of the pace of economic and social progress. The Sovereign could not have been clearer: “As long as seriousness is the driving force behind our actions, we will succeed in overcoming difficulties and meeting challenges”. If events such as the feat of the national team at the World Cup or the development of a prototype of a hydrogen car bear witness to Moroccan genius, young people are particularly called upon today to “redouble their inventiveness and creativity”. This momentum will make it possible to strengthen the promotion of the made-in-Morocco label, and to consolidate Morocco’s positioning as a major destination for productive investments.

■ **Integrated approach:** Today, seriousness is the key word for the next period. It must “constantly define our course of action, in everyday life as well as in the workplace”. For the Sovereign, this attitude must be rigorous in the various sectors. This concerns in particular the political, administrative, and judicial domains. The idea is that dedication to serving the citizenry should be the norm. This requires the identification of highly qualified people, and by the primacy granted to the interest of the Nation and of the citizens. To achieve this, it is equally important to break with on-upmanship and narrow calculations. It is an integrated approach that subordinates the exercise of responsibility to the requirement of accountability. This approach is based on the values of work, merit, and equal opportunity. The major strategic projects for the generalization of social protection, the upgrading of the health system, the reform of education, the fight against unemployment, and other projects, cannot be effective if seriousness is not required. The business community was also challenged and urged to act differently. “The seriousness that we advocate must prevail among the business community, in the fields of invest-



«Given the disruptions affecting the global value system and frame of reference, and considering the repercussions of a number of overlapping crises, we really need to commit to seriousness in the original Moroccan acceptance of the term «, in particular «by adhering to religious and national values» (Ph. MAP)

ment and production”, underlined the Sovereign.

■ **Green economy:** The royal speech also highlighted the opportunities currently available in a context of

reconfiguration of global value chains. The idea is to reach a new level, now that the development momentum has reached a stage of advanced maturity. After a difficult post-Covid period, coupled with successive years of

drought at the national level, the inflationary trend is beginning to see the beginning of a gradual decline. This is why it is “urgent for us to show seriousness in order to establish a climate of trust and seize new opportunities”. This is crucial for strengthening the resilience of the national economy and accelerating the recovery momentum. This should in particular be based on the advantages of the transition to a green economy. The Sovereign recalled the launch of the OCP Group’s Green Investment Program, alongside the acceleration of the renewable energy rollout plan. The Government was challenged and urged to rapidly roll out the «Morocco offering» in terms of green hydrogen. The idea is to “best meet the expectations of leading global investors in this promising field.”

■ **Social protection: Targeting**
In the social field, the Sovereign has called on the Government to speed up the pace. “We expect social benefits to begin, as planned, to be paid to the targeted households at the end of the current year. The goal is to help improve the living conditions of millions of households. This system is considered a pillar of the development model, aimed in particular at preserving the dignity of citizens.”

■ **Water Resources: Stop waste**
The seriousness advocated by the royal speech must also be in order in the field of water management. The Sovereign could not be clearer: “There will be zero tolerance for any form of mismanagement, or chaotic, irresponsible use of water resources.” The Government is called upon to ensure the strict monitoring of all stages of the implementation of the National Drinking Water Supply and Irrigation Program 2020-2027. □

M.A.M.

Morocco-Algeria: Outstretched hand

DESPITE the proliferation of negative signals from the Algerian leaders, Morocco has remained consistent in its positions. Once again, the Sovereign extends his hand to the neighbor to the East. “For several months, many people have been asking to know how relations between Morocco and Algeria are faring. These relations are stable, but we nevertheless aspire for them to be better”. HM the King once again reassured Algerian leaders and citizens that they “will never have to fear malice from Morocco”. The ambition today is to promote a return to normalcy and the reopening of borders. Nevertheless, this will not be done to the detriment of the territorial integrity of the Kingdom. On the progress concerning the settlement of this artificial dispute, the Sovereign specified that it is “seriousness that, against a background of legitimacy, triggered cascading recognitions of Morocco’s sovereignty over its Southern provinces”. □

Weekly highlights

Self-employed entrepreneurs

A guide for you

IS the status of self-employed entrepreneur of interest to many people, after the curtailment of its tax appeal? In any case, the tax administration has just published a guide. As a reminder, the provision of services, whose turnover is capped at 200,000 dirhams (USD 20,000), is subject to 1% income tax, unless the person generates a turnover of more than 80,000 Dirhams with the same client (as stated in the 2023 Finance Law). Under these conditions, it is the withholding tax of 30% which applies to the surplus (Article 73-II-G-8°), i.e. 120,000 Dirhams.

For commercial, industrial, and craft activities whose turnover is capped at 500,000 Dirhams, the tax system remains unchanged, taxed at 0.50%. These levies are liberating taxpayers from the income tax.

■ Who is eligible for the status?

First of all, it should be noted that the self-employed entrepreneur scheme is not open to everyone. This

scheme is granted to any natural person carrying out a professional activity on an individual basis.

A partner or shareholder in a company without exercising an activity there can also register in the National Register of Self-employed Entrepreneurs. The guide that has just been released by the tax authorities includes a long list of excluded activities. In addition, the person who already exercises an activity subject to business tax as a legal or natural person must first put an end to the activity before being able to register in the National Register of Self-employed Entrepreneurs.

■ Tax treatment of disposals of tangible and intangible assets

The net capital gains generated following the sale or withdrawal of tangible and intangible assets used in the context of the activity are subject to taxation by assessment in accordance with the provisions of article 40-II of the General Tax Code (CGI) and the scale rates provided by the CGI.



■ Business tax exemption

Self-employed entrepreneurs benefit from exemption from the business tax for five years from the date of the start of activity. The same advantage also applies to “land, constructions of any kind, additions to constructions, new equipment and tools acquired during operation, either directly or via leasing”.

■ Simplified accounting and tax obligations

Self-employed entrepreneurs are required to file online on a quarterly

basis the tax return relating to their turnover (<https://ae.gov.ma/je-suis-auto-entrepreneur/>) before the end of the month following the quarter. The payment of the income tax is made online at the same time as the filing of the tax return.

The system asks the question if the taxpayer has exceeded the turnover of 80,000 dirhams with the same client. In this case, the taxpayer must mention the amount of the withholding tax even if, in principle, it is the customer's responsibility. □

Hassan EL ARIF

More than 3,000 beds lost in Marrakech

IMPÉRIAL Borj, Kenza, Marrakech, Amin, and other hotels... No less than fifteen accommodation establishments in Marrakech - former jewels of the hotel industry in the 1990s and 2000s - are falling into disrepair today, i.e. nearly 3,000 beds. Some have even become a shelter for the homeless. One of the reasons behind these closures has to do with poor management of operations. A hotel needs an upgrade every 6 years, but unfortunately a large number of Moroccan establishments only start refurbishment work when they lose stars (from the Ministry of Tourism). Some of these hotels are located at the entrance to the city of Marrakech, the Semlalia district, which housed the first tourist area of Marrakech and others in Guéliz within the Hivernage district. « It is really a shame and detrimental to the destination to see completely abandoned buildings in a tou-

rist city that wants to hold the upper hand, » laments Ahmed Bennani, president of the Regional Association of the hotel industry of the Marrakech - Safi region.

It should be remembered that Marrakech has received from January to the end of June nearly 1.5 million tourists in hotel establishments, which have generated 4.3 million overnight stays. This represents a respective variation of 3% and

7% compared to the same period in 2019. The month of May was exceptional. The city received nearly 270,000 tourists who generated 812,310 overnight stays in

Marrakech accommodation establishments, which is an increase of 63% and 51% respectively

compared to the same period of 2019, the reference year.

The average occupancy rate in hotels and other accommodation establishments exceeded 70% during the month of May. It is also thanks to events

that generated a lot of tourists that Marrakech performed well in May, which makes operators say that the region's tourism growth potential is far from being reached. □

Badra BERRISSOULE

