

Weekly highlights by L'ECONOMISTE

Le premier quotidien économique du Maroc

VAT: It pays off!



**Saving irrigation water
2,000 hectares
to be covered by
the end of the year**

**Bathing water
Beaches to
avoid this
summer**

**Real estate
New rules
from July 1st
onwards**



**In the maze
of the old
medina**

EDITORIAL

Shores

Mohamed Ali MRABI

IN a few days' time, the summer season officially begins. Beaches will soon be crowded with summer visitors. And they've been warned: according to the annual report from the Department of Sustainable Development, nearly 50 bathing sites have been declared unsuitable for bathing. The main causes of the deterioration in bathing water quality are well known, and they are not so difficult to eradicate. All that is needed is tougher controls and penalties.

After all, most of the damage is caused by the irresponsible behavior not only of summer visitors, but also of certain local residents, industrialists, and others. Wastewater discharges and pollution of waterways are particularly singled out. Cigarette butts, plastic caps and potato chip wrappers also top the list of waste collected. A «zero Mika» (a zero plas-

tic) policy on beaches would do the coastline a world of good.

Today, environmental protection of our shores is no longer a luxury. In a context marked by a growing global awareness, «eco-friendly» beaches would even be a real tourist attraction. All the more so as these much-frequented sites require special protection due to their fragile nature.

The most urgent thing to do is to start by reinforcing coastal sanitation systems, treatment plants, and stormwater outlets. This is essential if we are to improve the quality of our beaches and, by extension, their attractiveness. Even if the latter depends first and foremost on freeing these summer areas from the stranglehold of the «yellow vests» people who continue to lay down the law in the parking areas, taking advantage of loopholes in the regulations and a great deal of carelessness. □

Weekly highlights

Saving irrigation water

2,000 hectares to be covered by the end of the year

THE second and final tranche of the national irrigation water saving program, to be deployed over 25,000 hectares in Loukkos and Doukkala-Abda areas, is drawing to a close. According to the African Development Bank (AfDB), which is financing the program, 23,000 hectares representing 81% of the program have already been covered, out of the target initially set, when the program was launched in early August 2017.

This leaves 2,000 hectares of farmland to be converted by the end of the current year which is the new deadline for extending the program, this being the situation after the long standstill induced by the recurrent droughts that have affected the Kingdom in recent years, drying up the river basins in general, and the Massira dam in particular, on which the program relies to supply the targeted areas.

In terms of completion rates, the Loukkos region is standing at 85%, while the Doukkala-Abda region is only standing at 74%. The share of productive water was 40%, and that of energy savings 25%, at the end of last May, according to the AfDB. In terms of infrastructure and external conver-



The second phase of the national irrigation water saving program has been delayed due to the recurrent droughts that have affected the Kingdom in recent years, drying up river basins in general and the Massira dam in particular.

sion work, i.e. laying pipes and installing pumping, regulation, and filtration stations, has been completed on 23,000 hectares. « The aim is to continue this work on the rest of the targeted farmland », says AfDB. Acceptance tests for works in the Doukkala area, which were disrupted by the drought and the unavailability of water in the Massira dam, also went well. The awarding of contracts (works, goods, and services)

and the execution of signed contracts are also proceeding on the whole without any major problems, which should enable the majority of the project's targets to be met, in particular the bulk of the work on the equipment conversion infrastructure.

To achieve this, AfDB has issued three recommendations. The first one is to implement the planned support for farmer capacity-building. During

its evaluation mission to the Kingdom last May, the Bank noted that there was a major delay in the organization of training sessions for farmers. AfDB also recommends speeding up the installation of localized irrigation systems on plots of land, and, last but not least, to implement actions and services to support farmers in developing and adding value to their produce. □

Aziz DIOUF

Bathing water

Beaches to avoid this summer

THE summer season is just around the corner, and preparations for vacation departures are well underway. The Ministry of Energy Transition and Sustainable Development has chosen this context to present the results of the report on the monitoring of bathing water and sand quality of Morocco's beaches. This was an opportunity to highlight the goals of the national monitoring program, which are to inform and raise awareness among decision-makers and citizens of the need to improve environmental quality.

According to the Ministry's document, 49 seaside resorts have been declared non-compliant for

bathing. These resorts are spread across 22 beaches in 5 regions, namely Tangiers-Tetouan-Al Hoceima, Rabat-Salé-Kénitra, Casablanca-Settat, Souss-Massa, and Dakhla-Oued Ed-Dahab.

The main causes of degradation are generally due to the influence of wastewater discharges and pollution inputs from waterways. It has to be said that some beaches are overcrowded with summer visitors. Many of them lack basic infrastructure, such as WCs and waste containers, and the lack of sanitary and drainage facilities at certain beaches is a matter for concern for elected officials and public authorities. The Ministry also presented

the status of bathing water profiles as decision-making tools. This involves identifying sources of pollution likely to have an impact on bathing water quality and affect the health of bathers, according to the summary note. It also involves defining the management measures to be implemented and the actions aimed at eliminating these sources of pollution. According to the document, the Ministry has continued to monitor beach sand, including marine litter, by using internationally-recommended methodologies. Sand monitoring for the year 2023 involved 63 beaches, and included campaigns to sample sand for mycological analysis, in accordance

with current standards, as well as campaigns to determine the typology and identification of marine litter on beaches. As far as mycological quality is concerned, this monitoring has revealed the presence of certain fungi, which do not generally present a health risk, on certain beaches. As for beach litter, it is characterized by the preponderance of the plastic-polystyrene category, which accounts for around 90% of all marine litter nationwide. Sub-categories such as cigarette butts, cigarette filters, plastic caps and lids, potato chip and candy wrappers top the list, accounting for 60% of all collected debris. □

Mohamed CHAOU

VAT: It pays off!

WITHHOLDING tax, reverse charge system... From July 1 onwards, new provisions of the Finance Act 2024 relating to VAT will come into force. In the meantime, revenues from this tax, the reform of which began this year, are continuing their upward trend: 37.51 billion Dirhams (USD 3.75 billion) at the end of May, up 27.1% from the previous year. VAT is still the main source of revenue for the general budget. On the domestic front, it is growing at an attractive rate: 35.7% versus 7.2% for imports. Rising domestic consumption, greater capacity to capture this tax, successful anti-fraud strategies, digitization... Several factors could explain this good performance in VAT revenues, which could grow further in the second half of 2024. From July 1 onwards, the optional VAT reverse charge system will be introduced.

The VAT withholding tax, designed to improve tax collection by the tax authorities, will also apply from

July 1 onwards. The withholding tax amounts to 100% of the VAT due on taxable transactions carried out by suppliers of capital goods and works who do not present a Certificate of Good Standing less than 6 months old. The central Government, local authorities, state-owned enterprises, and other legal entities governed by public law and subject to the provisions of the decree on public procurement are excluded from this provision.

The withholding tax will also apply to transactions carried out by service providers subject to VAT. This tax amounts to 75% of the VAT charged on services covered by article 89-I (5th, 10th, and 12th section). The levy must be paid by the central Government, local authorities, State-owned enterprises and public agencies, and any other public body paying remuneration to taxable persons. The withholding tax must also be paid by private legal entities and individuals whose income is determined according to



the real net income (RNR) or simplified net income (RNS) system who pay remuneration for these services to individuals who have presented a tax clearance with regard to their obligations to declare and pay taxes, duties, and fees. In the absence of a tax certificate, the withholding tax is 100% of the amount of the tax. Excluded are sales of electrical energy, water supplied to public distribution networks, sanitation services supplied to subscribers

by the organizations concerned, and the rental of meters. Also excluded are sales and services provided by telecom carriers, insurance canvassers, or insurance brokers. No withholding tax is levied on service transactions of up to MAD 5,000 incl. tax (USD500 incl. tax), up to a maximum of MAD 50,000 incl. tax (USD 5,000 inc. tax.) per month and per service provider. □

Khadija MASMOUDI

Real estate

New rules from July 1st onwards

FROM July 1st onwards, there will be a profound change in the way real estate is sold. The 2024 Finance Act introduced a measure in Article 139-IV of the General Tax Code (CGI) designed to improve the collection and management of local taxes: housing tax, communal services tax and tax on undeveloped urban land. Public notaries, religious notaries («adouls»), lawyers accredited by the Court of Cassation and any other person exercising notarial functions will no longer be able to draw up any deeds unless they can produce a certificate from the tax collection authorities showing that the taxes relating to the real estate in question have been paid for the year of transfer and for the years not barred by the statute of limitations. Failing this, these persons will be jointly and severally liable with the transferees for the payment of tax debts. Another new feature of the reform is the obligation to mention



From July 1st onwards, the new-build property market will be subject to a structural measure in that the identification of properties with the tax authorities will be a prerequisite for any sale. (Photo by L'Economiste)

the article number of the housing tax and communal services tax on the deeds drawn up.

The circular issued by the General Tax Directorate (DGI) has finally provided the necessary clarifications. These concern buildings built by property developers as part of their

stock and intended for sale as part of their professional activity. As a result, once a building permit has been issued or individual land titles have been drawn up, developers will have to apply to the relevant departments for the housing and communal services tax item number for each unit,

for identification purposes. The tax will only be issued once the property has been sold to customers. This provision will enable thousands of properties to be registered for local taxes. Until now, these new homes were sold without ever being registered for local taxes, and it was only when they were resold that the seller was required to pay four years' worth of unpaid taxes, which explains the low yield of the housing and communal services taxes, given the size of the existing property stock.

The circular issued by the tax authorities has put an end to the apprehensions of professionals who had a rather narrow interpretation of the wording of the provision. Thus, the obligation to produce a tax receipt will not apply to other types of deeds concerning sales. This excludes deeds of sale, promises of sale or purchase, reservation contracts or even preliminary sales contracts. □

Hassan ELARIF

Weekly highlights

In the maze of the old medina

As one passes through Casablanca's majestic «Bab Marrakech» gate, the tidy city life of the economic capital's city center seems to slip away into an alternative universe, all the more enchanting for it. It is time to explore the alleys and souks of the medina, which may be smaller than those of other major cities in the country, but are no less iconic and hard not to find what you're looking for. After a few hundred meters, covered by the offensive cries of merchants desperate to sell, the other side of the medina comes into view. It is hard for a neophyte to find his way around. But isn't the charm of the medina also to be found in this total unknown? It is a pleasure to wander in these narrow streets, which branch off again and again in sometimes almost incoherent directions... «I know the medina like the back of my hand. I know the medina like the back of my hand, I could find my way around it with my eyes closed,» says a smiling Youssef, a local resident for over 30 years, who kindly guides French visitors lost in the vastness of the medina. All one's senses are tantalized! Mouth-watering aromas waft from the fried fish stalls. A traditional music band moves through the crowd, letting out a few scattered notes. Despite the human bustle that mingles in these narrow streets, a surprising sense of serenity pervades. No doubt the impressive concentration of spiritual sites has something to do with it.

In the same alleyway, you'll find a mosque, a synagogue, and a church.



Each hidden alleyway seems to open the door to another world (Photo by Brieuc Leturmy)

Casablanca's old medina is a symbol of religious cohabitation, and has been since its creation, proof of the tolerance between monotheistic religions, which makes the place all the more moving when one knows that in other nations lives are lost in the name of these same religions. In the medina, it would seem that another passion has almost reached the status of religion: soccer. For any European with even the slightest love of football, the passion Moroccans feel for the sport is enough to bring a tear to the eye. Here, the Wydad Casablanca club reigns supreme, which explains why the streets are slightly less crowded than usual. This is because the cafés are full, as a match is taking place. And it is not just any match! Wydad take on their sworn enemy: Raja, the other team from Casablanca. The cafés were practically

packed, even though the fervor of the big days was not felt. With Wydad no longer in contention for the title, there was little at stake. There was even some applause for Raja's stoppage-time goal, which sealed Wydad's fate. In the opinion of a café owner, it was mainly a protest against Wydad's disastrous season, «one of the worst in its history».

Time to be on the road again. The crossing continues by the sea. As we pass, we catch a glimpse of the superb Sqala, the neighborhood's iconic restaurant, a popular spot with tourists and locals alike. The walk ends facing the sea, next to the canons that line the bay, once used to defend the Casablanca medina from the fearsome privateers from the city of Salé, based about 92 kilometers away. □

Mathieu OZANNE

History of the old medina



CENTURIES before the birth of Casablanca, the medina was already inhabited. At the time, this large area was called Anfa, and its proximity to the sea made it an ideal place for fishermen and privateers. This was around the 12th century. The medi-

na was gradually built up, before tragedy struck. In 1755, it was leveled by an earthquake. The medina had to be completely rebuilt, under the impetus of Sultan Sidi Mohamed Ben Abdellah, making it much more modern than other Moroccan

cities, such as Fez or Marrakech. This hybrid aspect gives it an aura that is unique in Morocco, making it a must-see for anyone curious about the Kingdom, while still remaining a traditional city steeped in history. □



Omerta, the code of silence. One of the tenets of the Wydad ultras (Ph. Brieuc Leturmy)

Omerta, the code of silence

DON'T mess with the winners «Omerta»... You'd think you were entering a war zone when you see all these blood-red inscriptions scattered across the walls of the Medina. But all these frescoes are not the work of a gang, but rather of the Wydad ultras, the most passionate fans, ready to do anything for their club. The group is called «The Winners», and their fame is far from being confined to Morocco! They enjoy an international reputation, and have been voted the best ultra group in the world many times over! The Winners are traditionally rooted in Casablanca's medina, although they can be found all over the white city. In fact, it is on Rue des Cols Bleus in the old medina that you'll find the house where Mohamed Benjeloun Touimi, the club's founder, lived. More than 20 years after his death, he continues to watch over the red team. □