

L'ECONOMISTE

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3.2% expected
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EDITORIAL

Pestering

Khalid BELYAZID

THERE are those who have power through legality, and those who have it through their ability to pester. In a democracy, power is usually in the hands of parliament, but sometimes it is in the streets. And when it is difficult to form a government, as in France, where each political bloc swears it will not ally itself with the other, people in the street are all up in arms. There is no question here of teaching political lessons to this great democratic country; that country usually teaches lessons to us, and we can't stand it. On the other hand, we can wonder about the future of our leading economic partner, home to almost two million Moroccans and their descendants, many of whom have become French citizens. Moreover, our dual citizens have been shaken by the National Rally (RN) campaign, which dreams of a country of Gauls, as in the time of Asterix. In government, the leaders of that party would have sought respectability, and would have been worn down by

compromise and power. But the National Rally did not win. This is a relief for its enemies, but a great frustration for its friends. Its eleven million first-round voters have become eleven million frustrated voters. Of course, there are some good people among them, who will be returning to their campsites and rosé wine this summer. But there are also committed xenophobes, whose racist rhetoric and insults were unleashed during the campaign. They're going to let loose, becoming more hateful and violent, in everyday life, in street demonstrations, because they believe victory has been stolen from them. And they're not the only ones. The frustration of the far right will be matched only by that of the left, which has «won» with a relative, heterogeneous majority that may implode as a result of the battle of the leaders and fail to reach government. Under these conditions, it will be left with the task of doubling the pestering. □

Weekly highlights

Money laundering Tax fraud gets a free hand

• Excluded from Law No. 43-05, it has still not been criminalized

• Barely 3 months' imprisonment and a maximum fine of 50,000

MAD

MOROCCO came close to criminalizing tax fraud once and for all, like many other countries. That was in 2016. But an amendment was narrowly introduced by the Finance Commission to remove the measure and return to the original situation. As a result, tax evasion is a national sport that continues to be regarded as a minor offence punishable by a light penalty compared with the sentences imposed on « tax evaders » in other climes, where they are sentenced to prison even if the evaded tax is paid, accompanied of course by a heavy fine. So it is hardly surprising that two thirds of companies subject to the corporate tax have been reporting losses for many years. Around one third can be explained by normal start-up difficulties, but for the rest, it is a case of recurrent tax



evasion. Article 192 of the General Tax Code (CGI) contains a restrictive list of offences, which can only be detected during a tax audit (article 231 of the CGI). These cases of fraud are punishable at most by a fine of between 5,000 and 50,000 Dirhams (USD 500 and 5,000) and a jail sentence of one to three months. Moreover, the Directorate General of Taxes (DGI) can only resort to the courts after receiving the opinion, albeit advisory, of a Tax Offences Commission (Commission des Infractions Fiscales), which has been in existence for several years but has never been activated due to a lack of implementing legislation. Decree No. 2-22-283 setting out the commission's organization and operating procedures was published

in the Official Gazette No. 7269 on January 29. Now all that remains to be done is to appoint the members of the commission and define their terms of office. There is one small advance in the system: since 2021, tax authorities are no longer obliged to seek the advisory opinion of the Tax Offences Commission when they discover fraud, forgery, or the use of bogus invoices, and only in these cases.

Two people have already been sentenced to 2 and a half years in prison for issuing fictitious invoices, one in the city of Fez and the second one in Casablanca. Penalties are at the discretion of the magistrate, since the General Tax Code does not provide for prison sentences of more than 3 years. Other cases are currently being investigated by the courts in various cities across the Kingdom. It should be noted, however, that while the CGI code assigns criminal liability to the issuer of bogus invoices, the judge may decide on his own initiative to also prosecute the users for forgery and use of forgeries. But this is not systematic. The people concerned are not reported to the tax

authorities by their banks, even though they note that these entities have no social security charges, no real activity and never take out a bank loan.

However, these tax offences are not considered to be cases of money laundering within the meaning of Law No. 43-05. In fact, Article 574-3 sets out a list of offences that can be assimilated to money laundering: illicit trafficking in narcotics and psychotropic substances, human beings, immigrants, corruption, counterfeiting, breach of trust and even the sale of personal data files, but not tax fraud. The implications are far-reaching. For individuals, money laundering offences are punishable by 2 to 5 years' imprisonment and a fine of 20,000 to 100,000 Dirhams (USD 2,000 to 10,000). In the case of legal entities, the penalty is a fine of 500,000 MAD (USD 500 and 5000) to 3 million Dirhams (USD 300.00), not forgetting any penalties that may be imposed on business owners and directors. In certain defined cases, these penalties can be doubled, which should prove particularly interesting. □

Hassan ELARIF

Social dialogue: Akhannouch takes stock

• The Covid crisis has led to a redefinition of strategic priorities

• Relying on collective reflection to improve the strategic situation

ADDRESSING members of the House of Councilors, Aziz Akhannouch stressed the importance of social dialogue as an institutional mechanism for enshrining the orientations of the social state. Speaking at the monthly session of public policy questions in the Second Chamber, the Head of Government said that his team had succeeded in setting up « a Moroccan model for social dialogue, by mobilizing the conditions to achieve its results ». During his visit to the Second Chamber, Akhannouch emphasized « the positive results of the social dialogue rounds ». He recalled the pandemic context, linked to Covid-19, which «



had an impact on the redefinition of our strategic priorities ». Aziz Akhannouch did not hesitate to criticize the management of this dossier by previous governments. «After the installation of the current government, we had to relaunch this institutional mechanism and re-establish mutual trust between the various social partners, in order to ensure the success of the dialogue rounds», said the Head of Government. «We were expected to address a number of issues», he added. Akhannouch recalled the signing of the National Charter for the Institutionalization of Social Dialogue,

with a precise agenda. «This is what led to the signing on April 29, 2024», according to Akhannouch. For him, his team succeeded in reaching «social agreements unprecedented in the history of Moroccan governments, with clear commitments, essentially aimed at improving workers' income and strengthening social protection». The Head of Government stressed the importance of continuing to discuss all the issues on the social dialogue table, relying on collective reflection to improve workers' material and moral conditions. □

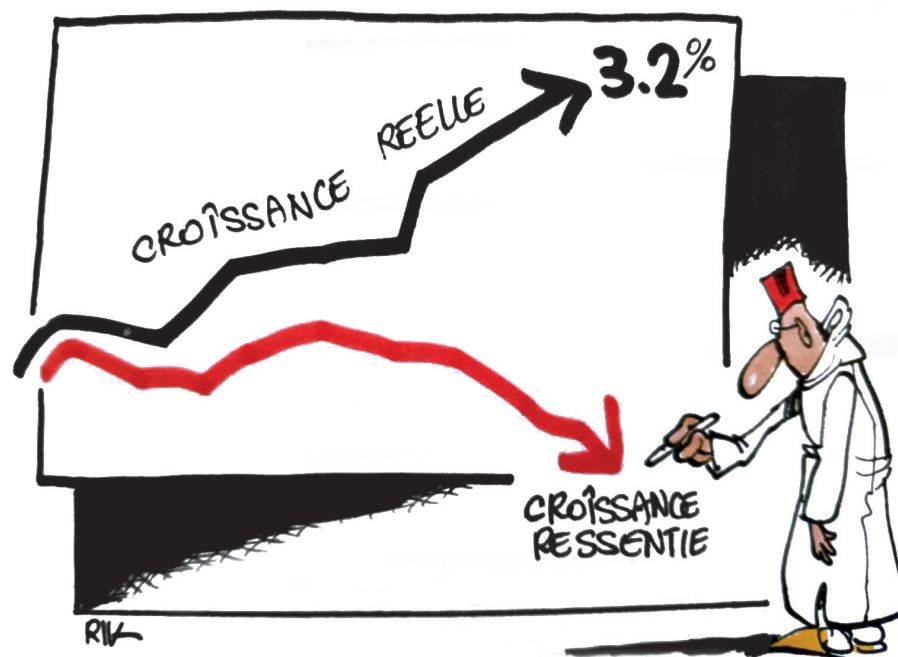
M.A.M.

Achievements

IN his speech to members of the House of Councillors, Aziz Akhannouch reviewed the results of the last round of social dialogue. He emphasized the general wage increase decided for the public sector, i.e. an increase of 1,000 MAD (USD 100) over two periods. The same goes for the reduction in the personal income tax for civil servants and salaried employees, which is expected to reach 400 MAD (USD 40) for middle-income categories. «These measures will be included in the next Finance Bill», noted the Head of Government. He also recalled the 10% increase in the Minimum Wage (SMIG) and in the Agricultural Minimum Wage (SMAG) « These achievements crystallize our collective awareness of the importance of social dialogue as a strategic choice for the Government ». Previously, the agreement of April 30, 2022, which concerned both the public and private sectors, « had already improved the situation of workers ». In the public sector, the agreement raised the minimum wage in the civil service to MAD 3,500 (USD 350) net. The same applies to the increase in family allowances and to the introduction of paternity leave. □

Growth of 3.2% expected in Q3

This is the big bang of a project that has been underway since 2022 and is being implemented gradually between two major public institutions, with 2024 corresponding to the final phase. As of July 1, the registers for the Housing Tax and the Communal Services Tax (CST) will be transferred in their entirety from the General Tax Directorate (DGI) to the General Treasury of the Kingdom (TGR). The DGI's external services are therefore preparing to entrust the TGR with all the files of taxpayers liable for these two taxes. The aim is to transmit to the TGR all the documents and data required to liquidate the unpaid amounts of the two taxes, and to issue new tax rolls. According to the initial plan drawn up by the Ministry of Finance, the backlog of files concerned is estimated at 50% of the total. The transition was carried out in two stages, with 25% of files being processed each year. A decree to this effect, signed by Nadia Fettah, Minister of



Finance, will be published in the Official Gazette for implementation from the beginning of next month.

What are the implications of this new reshuffling of cards? This change in responsibility will not require any par-

ticular action on the part of taxpayers. However, from July 1 onwards, they will have to contact the TGR collection offices or log on to the TGR website.

For users, the complete transfer of files relating to the two local taxes should

mean an improvement in the quality of service, as they will no longer be shuffled between two separate administrations and will be able to deal with a single contact. The transfer of files also means that future requests for tax relief or deferred payment will have to be made to the TGR rather than the DGI. The transition process was to be implemented over the 2022-2024 period. Initially, the city of Mohammedia was selected as a pilot site. Local TGR departments were to be responsible for issuing tax rolls, handling disputes, and granting rebates for the Housing Tax and the Communal Services Tax. The experiment was gradually extended to other annexes, communes, circles, and districts of other cities from last October, with the rest of the districts due to switch over before the end of 2024.

(1) French version of the decree published in Official Gazette number 7014 of 19/08/2021. □

Khadija MASMOUDI

Artificial intelligence threatens elections

- **Abdellatif Ouahbi plans to draft a law before the next elections**

- **Immunizing the democratic process in our country**

THE damaging effects of fake news on society need no further demonstration. The topic was discussed during the question time session of the House of Representatives last Monday, with a particular focus on the legal means of dealing with such harmful effects of fake-news. On this subject, the Minister of Justice has a clear idea of what needs to be done. The fight against this highly problematic phenomenon features prominently in the draft Penal Code currently in the hands of the Head of Government. Once Aziz Akhannouch formulates his observations, the new legislation will be adopted by the Government Council before being transferred to Parliament. «If you have any comments or proposed amendments to protect the privacy of citizens, I'd be delighted to hear from you. We're going to help each other to set (in the Penal Code) maximum penalties for the new means of communication»,



said Abdellatif Ouahbi to the deputies. However, while acknowledging these harmful effects, they have nothing to do with the devastating impact that another upcoming phenomenon could have on our society. «Indeed, the next challenge you're going to face lies in the use of artificial intelligence (AI) in politics.

We'll see people saying things when in fact they've made no statements at all. The most dangerous thing is that you're going to face this threat during the elections», he said. According to him, political opponents will come up with people who insult religion, for example, knowing that citizens don't distinguish between reality and AI. In the US, the Government has set up a commission to deal with this issue so that it doesn't affect elections. This is why the Ministry of Justice is holding a conference next September on AI and the legal framework. «I hope we'll pass a law in this area before the next elections. We need to have a mechanism in place to deal with this phenomenon and prevent AI from influencing our electoral and democratic path», added Abdellatif Ouahbi.

With regard to the enforcement of judgments against the Government in administrative courts, the Minister has his own ideas, even if the question has not yet been definitively settled. Will this responsibility be assigned to the Ministry of Justice or to the Higher Council of the Judiciary, asked Abdellatif Ouahbi. From what angle? From the angle of the judge's power to handle enforcement proceedings, or that of the

court clerk's office in monitoring administrative enforcement? The Minister would not go into details. In any case, the total number of judgments to be enforced against the Government amounts to 14,307. Those that have been enforced number 5,458, representing an enforcement rate of 38%. Judgments in progress total 7,072 cases, a rate of 49%. The amounts enforced following judgments handed down by the administrative courts amounted to around 1.019 billion Dirhams (USD 101 million). It should be noted that 2,478 cases were settled against local authorities and 5,153 against public establishments and companies. Concerning the breakdown of files executed by province, the Minister was prolix. Indeed, 818 cases were handled by the Fez administrative court, for a total value of 120 million Dirhams (USD 101 million). In the Rabat administrative court, there were 1,666 cases worth nearly 631 million Dirhams (USD 63 million). Marrakech had 858 cases and 92 million Dirhams (\$9.2 million), Oujda 960 cases and 79 million Dirhams (\$7.9 million), and Casablanca 420 cases for 49 million Dirhams (USD 4.9 million). He cited other provinces and other amounts still to be paid. □

Mohamed CHAUI

Weekly highlights

Direct housing assistance: Latest figures

- 16,300 beneficiaries, 44% of whom are women

- The value of housing acquired amounts to 6.3 billion MAD

FATIMA Zahra Mansouri is watching the progress of direct housing assistance like a hawk. Indeed, the Minister of Land Planning and Housing never misses an opportunity to take stock of this new support system launched last January. According to her, as of July 2, 16,300 beneficiaries had benefited from the scheme. The value of the homes acquired amounts to 6.3 billion Dirhams (USD 630 million), with the Government contributing 28%, namely 1.3 billion Dirhams (USD 130 million). These latest figures were provided recently by the Minister to the House of Representatives' Committee on the Interior and Local Authorities. In her presentation, she pointed out that 44% of beneficiaries are women, and 39% are young people under 35. In addition, 22% are Moroccan Residents Abroad whose homes are worth an esti-



imated 1.6 billion Dirhams (USD 160 million), representing an 18% contribution from the Government.

During her presentation to M.P.s, the Minister did not omit to highlight the sector's indicators, which have been on the rise since the launch of this new system, which was set up to replace the old social housing program that ended in 2020.

Between May 2023 and last May, indicators confirming the recovery of the construction sector were provided. The number of authorized projects rose by 16%, and cement sales by 20%. The

upward trend was extended to mortgages, with an increase of more than 1.5%. Loans to property developers were also up by 3.82%. The Minister's presentation also covered the distribution of beneficiaries by region. The regions of Fez-Meknes, Casablanca-Settat, and Rabat-Salé-Kénitra came out on top. The leading region is Fez-Meknes, with 5,565 beneficiaries. It is followed by Casablanca-Settat with 5,492 beneficiaries, and Rabat-Salé-Kénitra, with 2,003. In terms of beneficiaries per province, Fez came first with 2,706, followed by Berrechid with

2,225 beneficiaries, Meknes with 1,891 beneficiaries, and Kénitra with 1,156 beneficiaries.

By July 2, the digital platform had registered a total of 81,683 applications, 89% of which were eligible for housing assistance. Of the total number of applications, 39% were submitted by women, 37% by young people under 35, and 20% by Moroccans living abroad (MREs).

In addition, it is worth noting the measures taken to implement this program, through various partnerships developed to ensure the success of this initiative. The Minister mentioned the signing of an agreement with the Caisse de dépôt et de gestion (CDG) financial institution, provident branch, for the creation of a digital platform dedicated to the management of the aid mechanism. The aim is to make procedures paperless and simpler, control delays, and improve management, while ensuring transparency. The aim is to enable beneficiaries to acquire housing under a Mourabaha contract. □

Mohamed CHAOUI

All about the Airbus helicopter factory in Morocco

- The manufacturer has just announced a new site for its subsidiary Airbus Helicopters.

- Pilot training center with simulators to follow

- Royal Air Force, Gendarmerie, and Navy main customers



AIRBUS Helicopters, a subsidiary of the manufacturer of the same name, has just announced its intention to invest in a new plant in Morocco. The future Airbus industrial unit in Morocco will be dedicated to customer services and the repair/maintenance of A220 and A350 airframe sections.

The European manufacturer also intends to invest in Morocco via a regional training center equipped with the latest flight simulators to train pilots from all over the world, just announced the

General Manager of Airbus Helicopters Morocco. According to CEO Mickael Bertrand, this decision was prompted by Morocco's strategic geographical position, the considerable efforts made by the Kingdom's aerospace ecosystem under the aegis of GIMAS (Moroccan Interprofessional Grouping for the Aerospace Industry), and the stable, long-term cooperation between Airbus and Morocco's Royal Air Force (FRA). The new Airbus subsidiary is part of the European group's strategy to further develop subcontracting in Morocco, to leverage synergies between its various

Spirit AeroSystems entities, to increase complexity and transfer know-how... This new investment is also a vote of confidence in the potential of the Moroccan industry.

This investment should make a significant contribution to the development of Morocco's aerospace industry. As far as the center is concerned, it will enhance the training of pilots and instructors, both civilian and military. According to our sources, the new Airbus subsidiary in Morocco will be primarily dedicated to customer support. It will also provide support for some sixty Airbus helicop-

ters which form part of the Royal Air Force fleet at various military bases (Kenitra, Salé, and Marrakech., among other bases), as well as helicopters belonging to the Royal Gendarmerie and the Navy... This service and maintenance unit will gradually increase in capacity. In a second phase, this unit will also house a training center equipped with flight simulators. «Morocco is a natural choice, and a logical next step after so many years of partnership with the Moroccan armed forces. The range of helicopters acquired by Morocco includes twin-engine H225s and H135s... This offers great potential for developing our presence and creating job opportunities...», said the CEO of Airbus Helicopters Morocco.

As a reminder, the Royal Air Force has placed an order for a fleet of Airbus helicopters (H135) in 2022 for training and education purposes. This major order also includes an aircraft maintenance, instruction and pilot training programme. □

Amin RBOUB