

# Weekly highlights by L'ECONOMISTE



## Taxes

### No more stashing money with... the «mother-in-law»!



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## EDITORIAL

## Improvisation

Ahlam NAZIH

**H**AS the Head of Government committed a political hold-up by taking up the issue of the status of national education civil servants? That's the question on everyone's lips. But why politicize a project which, in principle, should not be an area for political calculations or squabbles? Saving the education system is far too serious a mission to be backed by mere political strategy, and far too serious to be reduced to a question of ego. Whether it was a «premeditated» action or not, Aziz Akhannouch had the merit of intervening quickly after the situation with the unions had stalled. The latter, citing a crisis of confidence in their minister, refused to negotiate with him. A strong signal was therefore needed to encourage them to resume dialogue and settle this tug-of-war without delay. Of course, no one is exempt from criticism. Chakib Benmoussa is accused of having «betrayed» the unions, by pushing through a ver-

sion of the statutes that they did not approve, according to them. Akhannouch is accused of having «failed to keep his promise» to raise the net monthly salary of entry-level teachers by 2,500 Dirhams (USD 250). The teachers unions, for their part, are accused of holding their students hostage in order to achieve their narrow corporate objectives, and of maintaining the stalemate despite the assurances of the Head of Government, and the commission he has set up to improve the status.. That said, everyone has a duty to settle this issue as soon as possible, for the sake of today's students, but also for future generations. The decision we make will determine the future of our schools. Unfortunately, the education sector has often suffered from a succession of bad decisions and failed improvisations. Hopefully people won't get it wrong this time! □



## Weekly highlights

# Civil procedure: no more paperwork?

WITH the new piece of legislation reforming the Code of Civil Procedure, the digitization of the judicial sector will be enshrined. The bill includes a whole chapter dedicated to the digitization of legal procedures. It stipulates that «*all procedures provided for in this law, or in the other pieces of legislation to which it refers, may be carried out electronically*». To this end, an electronic platform for managing judicial procedures and measures will be set up. The platform will concern first and second level courts. Its management will be entrusted to the Ministry of Justice. The latter will also be required to set up a database, in coordination with the Higher Council of the Judiciary and the Presidency of the Public Prosecutor's Office. For its part, the Court of Cassation will have to manage the judicial measures that concern it via its own information system. In particular, this will facilitate the electronic exchange of data and documents between the platform to be created and the Cour



de cassation system. In detail, once the electronic platform has been set up, the various parties involved will be required to have a professional account. This applies in particular to lawyers, notaries, adouls (religious notaries), bailiffs, legal experts,

court-approved interpreters, etc. For their part, government departments, public institutions, local authorities, and other public-sector entities will be required to enter their e-mail addresses and telephone numbers on the platform, so that they can

be used in proceedings before the courts. The same applies to any natural or legal person, so that they can be notified of procedural steps or judgments, or receive court documents electronically. □

M.A.M.

## Anti-doping: The system is strengthened

THE new anti-doping measures for sports are gathering pace. The piece of legislation approved a few weeks ago by the Government Council has been transferred to the House of Representatives. It will soon be examined by the Social Security Commission. This new bill aims to upgrade the legal arsenal for combating and preventing doping in sport, notably by harmonizing certain articles of the current law with the World Anti-Doping Code. The aim of this reform is to adapt the legal framework governing these activities to overcome the constraints identified by the Moroccan Anti-Doping Agency in practice. In concrete terms, the aim is to strengthen prevention and inspection mechanisms.

Article 3 of this legislation stipulates that «to guarantee the proper conditions for the practice of physical and sporting activities, the competent administration shall ensure that preventive, medical, and educational actions are implemented with the assistance of



sports federations, in accordance with the law, to ensure the protection of athletes' health and combat doping». The new provisions also extend the scope of the fight against doping to all competitive activities, including those practiced for recreational purposes in an organized setting.

This piece of legislation also opens up

the possibility of biological samples being analyzed or studied by laboratories recognized by the Agency, in accordance with the requirements of the World Anti-Doping Code, in addition to laboratories accredited under current regulations.

With regard to testing, article 12 stipulates that it is to be carried out in

«any sports arena or outside it, during or outside sporting competitions and events, without prior warning». The draft also provides for an exception to the rule of unannounced visits, but this must be «justified by the Agency». These inspections may be launched by the Agency, on its own initiative or at the request of a national or international sports federation, a foreign anti-doping organization or the World Anti-Doping Agency, in order to investigate and establish facts constituting violations of the regulations in force. In addition to the Agency's inspection agents, who are qualified in accordance with international standards, duly sworn and specially commissioned for this purpose, the new system also provides for the collection of biological samples from athletes to be carried out, where appropriate, by sampling agents. A decree will determine the procedures for carrying out testing operations, in accordance with international standards. □

M.A.M.



## Taxes

## No more stashing money with... the «mother-in-law»!

**Y**OUTUBERS, tiktokers, instagramers; and other «anonymous persons» generating hidden income will have to deal with a new tax provision in the Finance Bill. Article 216 of the French General Tax Code (Code général des impôts), relating to the examination of taxpayers' entire tax situation, has been revised in the Finance Bill. In its new version, the provision no longer refers solely to «taxpayers», but is broadened to include individuals in general. The change is significant, since taxpayers are already identified by the tax authorities, whereas the notion of «natural persons» is much broader, referring to anyone who generates income without ever declaring it or even beeping on the tax authorities' radar. The aim of extending the scope of this system is to check the consistency between these people's income, their liquid asset, and their lifestyle. The Directorate General of Taxes (DGI) wants to put an end to situations where people declare, for example, 100,000 Dirhams (USD 10,000) as total income, when in fact they earn much more. With



*Many youtubers and other bloggers had to get to know the tax authorities last year and had to pay their tax debts for undeclared income*

this provision, the tax authorities also want to capture income that is not subject to any taxation. This explains the restoration of the cash amnesty.

The investigators of the tax authorities can assess the overall income of certain taxpayers on the basis of their bank account balance, or that

of any other person with whom they may have a link if they are the actual beneficiaries of these liquid assets, as well as their expenses. The investigators can also scrutinize the taxpayers' expenses under article 29(1) of the CGI (General Tax Code), which are obviously not yet time-barred. It should be noted, however, that the tax authorities may not examine the same period more than once. It should be noted, however, that the tax authorities cannot examine the same period more than once.

Individuals who prefer to remain anonymous in order to continue earning hidden income will be automatically assigned a tax identifier by the DGI: a procedure already instituted by the 2023 Finance Law and which will enable the administration to officially assess their annual income, by taking into account the information it holds on them. The place of taxation will be that shown on their national identity card or residence permit for foreign nationals. □

H.E.

## Road transport subsidies: Over 5.9 billion dirhams disbursed

**T**HE Finance Bill is an opportunity to take stock of a number of issues. Public transport subsidies are one of them. According to a document from the Ministry of Economy and Finance, since its launch to date, there have been 11 disbursements of the exceptional support allocated to professionals in the road transport sector to the tune of almost 5.921 billion Dirhams (USD 592 million) for the period from April 2022 to last September. This support reached 4.421 billion Dirhams (USD 442 million) for 2022. This year, for the period from January to September, the amount was around 1.5 billion Dirhams (USD 150 million). As of Friday, October 27, 2023, the registration procedure for the 12th instalment to support road transport professionals has been launched. Total support for transport professionals will reach 2 billion Dirhams (USD 200 million) for the period from January to October 2023. This brings the total financial package allocated to road transport profes-



sionals since the beginning of this process to 6.421 billion Dirhams (USD 642 million). It should be pointed out that the Government increased the value of this support to professionals by 40% during the 4th session in July 2022 and the 7th session in November of the same year, due to the sharp rise in fuel prices nationwide.

For the supporters of this formula, maintaining the purchasing power of Moroccan citizens was at the

heart of the government's concerns. The government wants to ensure the stability of basic goods and services that affect citizens' budgets. This is to ensure a decent standard of living for all components of Moroccan society, according to the document distributed to members of the Finance Committee. Given the rise in fuel prices at national level, and with the aim of maintaining the stability of passenger and goods transport tariffs, the Government has been wor-

king since April 2022 to launch this operation to grant exceptional direct support to each vehicle.

The document also discussed the fundamentals of this operation. As part of the study of this support and the implementation of its foundations, a commission made up of the various ministries concerned has been set up. These include the Departments of the Interior, Finance, Equipment, and Transport. □

Mohamed CHAUI



## Weekly highlights

# Water, Agriculture: Can we save the day?

**F**OOD price fever continues. Prices continue to climb. Supermarket prices are staggering. Tomatoes, onions, potatoes, carrots, cucumbers, red meat, chicken... are all experiencing substantial price rises. The only exception is avocado, the price of which has fallen to 16 MAD (US 1.6) per kilo. Carrots, for example, used to sell for 5 Dirhams (US 0.5) a kilo in a Casablanca supermarket. Today, the price has doubled. It should also be noted that prices vary from one neighborhood to another. Faced with this escalation in prices, the Government is brandishing the card of subsidies granted to transport professionals, as well as to tomato, onion, potato, and meat producers..., in order to cope with increasingly high production costs.

These measures are intended to encourage growers to maintain their crops and supply the local market, thereby curbing the upward trend. However, prices are continuing their upward trend. What are the reasons for this?

For the Moroccan Confederation of Agriculture and Rural Development (COMADER), «soaring prices are a normal consequence of the current situation». «We can expect prices to remain high. It is true that professionals have been entitled to very substantial subsidies. How-



ever, these subsidies only solve the problem of inputs, not the lack of irrigation water. At present, this is the most pressing problem», explained its president, Rachid Benali. Because of the drought, restrictions have been placed on the use of water from dams.

«There was a trade-off between securing drinking water and irrigation for agriculture. Priority was given to drinking water. River basin agencies are prohibiting irrigation in certain areas. What's more, groundwater levels are still at their lowest», stresses

Rachid Benali. According to this professional, vegetable crops as well as olives and citrus fruits have been particularly hard hit. «The cultivated area has declined considerably. Some struggling farmers have preferred to uproot their trees to avoid further losses. Without water, these trees die and risk damaging other plantations», he lamented. Lack of water is detrimental to agriculture. Drought, compounded by high temperatures, caused the soil to dry out. The situation is worrying. It is feared that droughts will become

increasingly recurrent.

Speculators are once again being singled out. «The soaring prices are also due to these middlemen who buy the harvest months in advance to make a financial gain on the day of resale. The farmer suffers from a lack of cash. He therefore agrees to sell his crop well in advance of the season. Take olive trees, for example: this year, over 60% of the harvest was sold months ago», says the President of Comader. □

K.S.

## Inflation continues to ease

**F**OOD prices continue to soar. Their price index rose by 8.8% in October compared with the same period last year. A trip to the supermarkets and souks reveals the price of fruit and vegetables in particular. Statistics from the High Commissioner's Office for Planning (HCP) show nevertheless that growth in the food component of inflation has slowed gradually since last March, from +20.1% year-on-year to +10.4% in August 2023.

Non-food inflation has also risen slightly, by 1.3%. Variations range from a 0.6% fall for «leisure and culture» to a 4.9% rise for «restaurants and hotels». Compared with the same period last year, the consumer price index rose by 4.3% in October. Overall, inflation is slowing down, even though it remains above the central bank's official target. From a year-



on-year peak of 10.1% in February, inflation fell to 5% in August, and 4.9% in July and September, largely as a result of government measures. In addition, external pressures have eased and monetary policy has been

tightened. The underlying component, which excludes products with volatile prices and products with public tariffs, rose by 4.3% compared with October 2022.

That said, a comparison of the Octo-

ber CPI with that of September shows a slight fall of 0.1%. This is attributed to a 0.4% fall in the food index and a 0.2% rise in the non-food index.

The main declines in food prices were for «fruit» (down 7.3%), «fish and seafood» (down 1.7%), «meat» and «bread and cereals» (down 1.2% and 0.2% respectively). On the other hand, prices rose by 3.2% for «vegetables», 2.1% for «oils and fats» and 0.5% for «milk, cheese and eggs» and «coffee, tea and cocoa». For non-food products, the rise was mainly in «fuel» prices, at 2%.

By city, the CPI fell by 2.6% in Beni-Mellal, 1.4% in Al-Hoceima, 1% in Safi and 0.7% in Meknes. Conversely, increases were recorded in Laâyoune (0.6%), Fez, Kenitra, and Rabat (0.5%) and Tangiers (0.2%). □

Khadija MASMOUDI