

Weekly highlights by L'ECONOMISTE



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The Competition Council wins its first trial



(Ph. Bzioutat)



State-Owned Enterprises: The reform's small steps



DBB 2023: Liberal professions rebel

Compromised competitiveness of "national champions"



Fez Festival of Sufi Culture: Successful bet for the 15th edition

EDITORIAL

Equity

Ahlan NAZIH

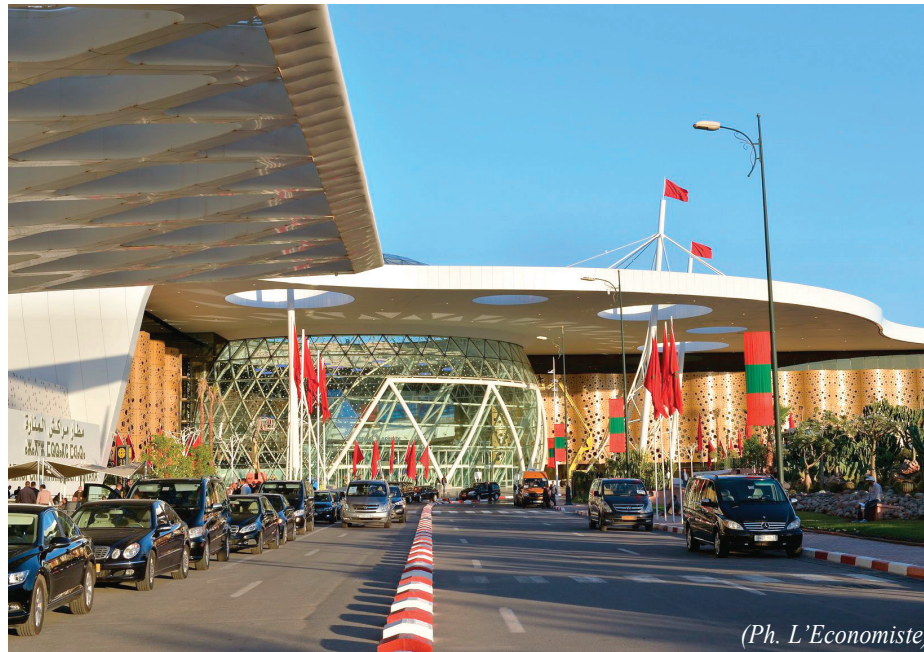
IN order to grow, you have to leave... Travel, get out of your comfort zone, open up to others and to the world, develop your autonomy, learn new languages... The virtues of travel are indeed multiple, especially for young people taking their first steps on the road to adulthood. That said, is this a reason to deprive young students of easy access to the educational offering? For the current government team in charge of higher education, it is not up to the university to approach students, but the reverse, for all the aforementioned arguments. A moratorium has even been decreed on dozens of higher education projects planned in several regions. So be it. However, is this reasonable, at a time when the sector is experiencing unbridled massification, where educational institutions exceed their capacity by two to three times? Is it reasonable to push thousands of young people to

drop out, because they are unable to support themselves far from their families, and to benefit from decent living conditions? Half of students include those who leave open access universities each year without getting a degree are those who have made a mistake in terms of selection of their field of study, those who do not identify themselves with the overcrowded numbers of students, but also those who, resourceless, are forced to drop out. And then, what about the girls, especially rural ones, whose parents refuse to see them fly away from the family cocoon... What about the regions of 80,000 or 100,000 inhabitants, producing thousands of graduates: don't they deserve to receive university units? The education system would benefit from guaranteeing true "territorial equity", obviously in total accordance with the needs of the regions. □

Weekly highlights

State-Owned Enterprises: The reform's small steps

STATE-Owned Enterprises (SOEs) should make investments of 140.5 billion MAD and pay 16.4 billion MAD in terms of dividends and contributions to the general budget. SOEs undeniably remain a driver of investment but they should quickly overcome the structural dysfunctions they have dragged on for several years. This is also the goal of framework law 50-21 relating to the reform of SOEs. For the time being, progress has been made in terms of the preparation of application texts, the operationalization of the National Agency for the Strategic Management of State Participations and the carrying out of restructuring operations. These are part of an overall vision spanning 5 years. According to the Ministry of Finance, "the year 2022 saw the targeting of a number of sectors deemed to be priorities such as energy, transport and logistics as well as certain high-stakes sectors". The adopted approach is "collective and partnership-based" to deal within a planned framework with the issues and risks that thwart the imple-



(Ph. L'Economiste)

mentation of development projects launched by the various sectors.

- Energy: Regional multi-service companies in the field of distribution: Last April, the National Office for Electricity and Drinking Water (ONEE) sounded the alarm on the financial risks facing the rise in the price of raw materials. Without subsidies for the purchase of energy

products, the losses could peak at 24.14 billion MAD. This establishment, which received Government aid, should be restructured. The goal is to strengthen its financial base in the face of soaring fuel prices and in the face of the increase in its financing needs for production activities. ONEE will also have to withdraw from the distribution business and refocus on its core business. The distribution of

electricity, drinking water, and liquid sanitation will be the responsibility of dedicated entities: the regional multi-service companies (SRM). Currently, "consultations are underway, with a view to carrying out support measures for ONEE".

- ONDA: Towards a subsidiarization of major airports? Navigation, regulation, airport, and security management... A whole thinking process is being conducted to provide the airport sector with an effective model. Work is underway to transform the National Airports Office (ONDA) into a public limited company. This will strengthen its management autonomy. The spin-off of major airports and the injection of funds to finance investments are also on the menu. That said, with the resumption of air traffic, ONDA expects a turnover of 3.5 billion MAD this year. Its forecast net result would be negative at 22 million MAD. The Office also plans to end the year with an investment of 2.1 billion MAD and expects to invest 1.9 billion next year. □

Khadija MASMOUDI

DBB 2023: Liberal professions rebel

LAWYERS, architects, notaries, chartered accountants, and adouls (religious/court notaries) are determined to block a tax measure provided for in the Draft Budget Bill (DBB). This is the mandatory withholding tax of 20% on the fees paid to the concerned liberal professions by their clients, natural and legal persons, under public or private law. The national council of the Professional organization of chartered accountants held a meeting with the Bar Association on Sunday, October 30, in Casablanca. After discussion about the controversial tax provision, the two entities spoke with the presidents of the organizations representing the architects, the notaries, as well as the adouls who expressed their will to contribute to the creation at the national level of a coordination to form common front against the measure provided for in the draft budget bill. The professional organizations have already agreed on an action plan to counter the withholding tax on fees. Joint sit-ins were to be held in front



(Ph. Bziouat)

of the regional tax authorities' offices, said the people in charge. Sporadic strikes should also take place like the one that lawyers in the Tangiers region were planning to organize on Tuesday, November 01, accompanied by a demonstration from 11 a.m. to noon within the premises of the Court of Appeal. The mandatory withholding tax on fees paid to the liberal professions, with the exception of doctors, is the main measure which has thus aroused anger. This manda-

tory withholding tax targets all service providers registered for business tax, legal or natural persons, keeping accounts and receiving fees, commissions or brokerage and any other category of similar remuneration. Each customer keeping accounts will therefore have to deduct 20% from each invoice. The amount of the withholding tax will have to be charged to the income tax or to the corporate tax for the year. In the event of overpayment, the taxpayer concerned would bene-

fit from a right to restitution. Why so many complaints about this measure? It is because it relates to the turnover and not the margin, specify experts. This should weigh heavily on the cash flow of the taxpayers concerned, especially in these times when there is strong tension on the business and the extension of deadlines. "This measure would put the majority of service providers in cessation of payment, most of whose turnover is absorbed by salaries, including that of the company manager, rents and other operating expenses", warns an accountant. Deputies have already been made aware of the implications of the system device. According to one adviser, this provision would only encourage undeclared benefits to evade taxes. And to add that the high rate of the withholding tax would generate a large flow of refund requests that the tax administration could not process within a reasonable time. This would aggravate the cash flow difficulties of businesses. □

Hassan ELARIF

The Competition Council wins its first trial

OCTOBER 31, 2022 was a historical day. The Rabat Court of Appeal settles an unprecedented dispute in competition law. And this is not the only exclusivity of this file that we had baptized “*THE litigation of the first time*”.

The Association of Chartered Accountants will ultimately have to pay 3 million MAD (275,000 USD). This judicial decision comes following a summary procedure initiated in mid-September 2022 by the Association of Chartered Accountants. The interim proceedings sought to urgently defer the execution of a decision of the Competition Council. The Association chaired by Amine Baakili was inflicted, at the end of July 2022, this financial penalty for price fixing. A directive of the Association of Chartered Accountants relating to Time Budget and Fees was accepted as evidence of the offence. Said directive had set a minimum honorary rate of 500 MAD/hour (370 USD) excluding taxes for the legal and contractual audit.

For the time being, the judges have not yet published their order so that people know the motivations of the judgement rendered. A fundamental question arose in this trial. Was the payment of the fine going to have “*serious effects*” on the financial



An unprecedented case related to competition law has just been decided in the new courthouse in Rabat. This is a summary procedure, meaning an urgent procedure, to stay the payment of a fine of 3 million MAD. The Association of Chartered Accountants lost this first round against the Competition Council. At the same time, an action on the merits was initiated to challenge the decision of the regulator having condemned the Association for anti-competitive practice. This civil trial was to start on November 02, 2022 (Ph. Bziouat)

health of the Association of Chartered Accountants? The answer is no, a priori, with regard to the position of the group of judges made up of three magistrates and chaired by Rachid Abdelkbir.

In addition, the Competition Council had accompanied its financial penalty with a penalty payment of 4,000 MAD (370 USD) for each day of delay. This penalty for non-per-

formance is added to the 3 million MAD. It was to go live 60 days after notification of the regulator’s decision. This period has expired, and the counter has been running since October 02, 2022. The representatives of the corporation will therefore have to pay the fine to the General Treasury of the Kingdom.

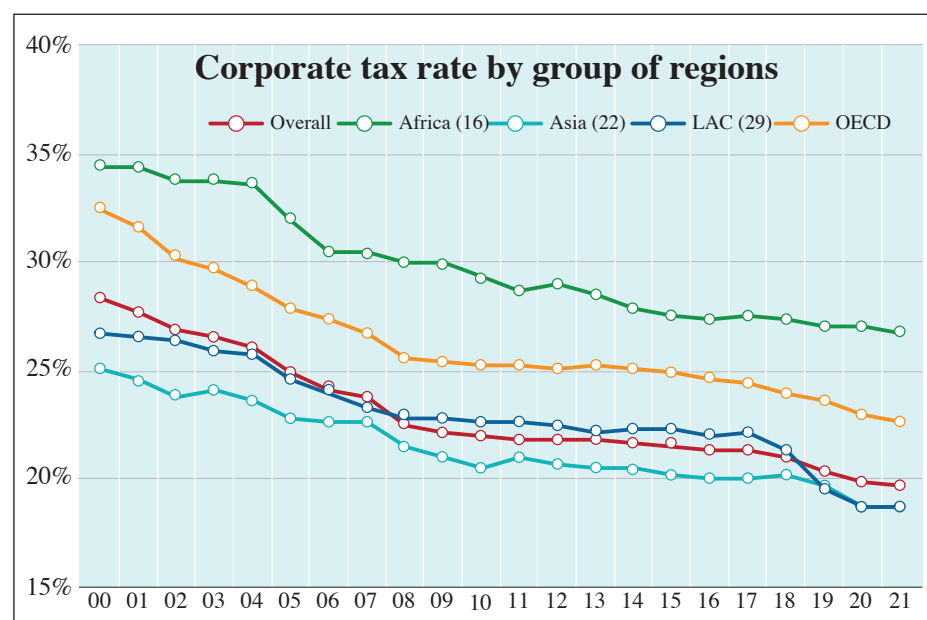
Furthermore, the review of the merits of the case began on Wednesday,

November 02, 2022. The Association of Chartered Accountants challenges its conviction for anti-competitive practice. The Association included in this procedure the Head of Government, the General Secretariat of the Government, the Ministry of Finance, and the chartered accountants firm IRAC at the origin of the complaint before the regulator. □

Faiçal FAQUIHI

Compromised competitiveness of “national champions”

WHEN it comes to taxes, there are two ways to increase tax revenue, increase tax rates or broaden the tax base. The draft budget bill for 2023 has obviously opted for the first solution. Moreover, the upward revision of corporate tax rates is considered to be tax harassment since, once again, it has not spared the handful of companies (2%) which provide to the Treasury 80% of tax revenues generated by this tax. Thus, one of the shock measures will certainly have been the reorganization of the corporate tax scale over a four-year schedule. Indeed, it is planned to apply a corporate tax rate of 20% as the common corporate tax rate applicable to any profit below 100 million Dirhams (about 9.13 million USD). In short, it is a single rate that will affect most businesses, the overwhelming majority of which



are SMEs. Beyond this amount, the rate will be 35%. But it is above all the financial sector that will see its tax scale explode since it should rise to 40% in 2026. There is also talk of

instituting a withholding tax of 10% versus the 15% currently applied on profits distributed by companies that are subject to the corporate tax in order to mitigate the impact of the

increase in tax rates for some of them. In the eyes of Salah Grine, chartered accountant and tax adviser to a parliamentary group, “*the increase from 31 to 35% of the corporate tax rate for large companies would have the effect of putting Morocco against the current of the global trend of lower corporate tax which is moving towards a floor rate of 15% and would not fail to reduce Morocco’s attractiveness for foreign investors who could direct their investments to other destinations, or even push them to relocate investments already made in the country*”. Salah Grine added that “*this increase in the corporate tax would make national champions less competitive not only outside but also inside the country, due to the many free trade agreements signed by the Kingdom*”. □

H.E.

Weekly highlights

Fes Festival of Sufi Culture

Successful bet for the 15th edition



The whirling dervishes dancing the samaa (ritual gyrotary dance), on October 28 in the Jnan Sbil Garden, are members of the Sufi Muslim order called Mevlevi and founded in the 13th century by Jalal al-Din Rumi in Konya in the Sultanate of Roum (Ph. YSA)

THE 15th edition of the Fez Festival of Sufi Culture (FFCS) ended on Saturday, October 29. The organizers of the festival which unfolded in the Bou Inania Madrasa, the Centre des étoiles, and the Jnan Sbil Garden, for nine days, kept their promise to succeed in the return of a 100% Sufi event, and with a quality program that has nothing to envy to previous editions. For Faouzi Skali, president of the FFCS, “the richness of the cultural heritage of Sufism makes it possible to create a communion within magical places such as Bou Inania, to observe this architectural creation, and to travel in time and space. Through the many activities offered by this festival, we reconstitute our possibilities in terms of healing and resilience”. The initiator of the festival recalls that “art has no borders... Despite the war in Sarajevo, in 1996, we traveled to war territory by military plane, and we brought back an orchestra full of joy to perform at the Festival of Sacred Music”. Regarding the festival of Sufi culture, despite the pandemic hardship, the event was held in digital format in 2020 and 2021. For 2022, the public thirsty to find a “live” stage like in the previous editions attended all the events of this 15th edition (round tables, master classes, Sufi evenings, exhibitions, and other events). It should be noted that about 1,800 festivalgoers attended the show on Friday, October 25, paying tribute to the late Moulay Abdallah Chrif El



Ouazzani. Among the personalities present were (former French Higher Education minister born in Morocco) Najat Vallaud-Belkacem, as well as (Former Energy and Mining minister) Fouad Douiri, (French Iranologist, journalist, and translator) Leili Anvar, and Esin Celebi Bayru. For those who don't know her, Bayru is a descendant of the Persian poet, theologian and mystic, who profoundly influenced Sufism, Jalal Eddine Rumi (1207–1273). Guest of honor of the Festival, Esin Celebi Bayru is on her first visit to Morocco. Member of the International Mevlâna Foundation, created in 1996 in Istanbul (Turkey), Esin Çelebi Bayru gives lectures all over the world to serve the teachings of Mevlâna. For her, “the activities of Sufism are increasing in the world, along with the needs of people in terms of spirituality. Currently, people have more need for spirituality. They are even thirsty

for spirituality”. “That's why we try to spread this need for Sufism in the world...”, she adds. To capture the attention of festivalgoers, the organizers have relied on the richness and diversity of the heritage of Sufism. As such, the 9 days of the festival (from October 22 to 29, 2022) were rich in communications, debates and songs. Thus, the day of October 28, for example, began at 10 a.m. with an exceptional round table on “Sciences and religions: elective affinities? with scriptures & spiritualities, artisans of peace”. At 6:30 p.m., the public was amazed by the show “The Seven Sleepers”, which paid tribute to the surviving monk of Tibhirine, who died in November 2021 in Morocco in a monastery in Midelt at the age of 97, Brother Jean-Pierre Schumacher. Friday evening was enhanced by “Les atomes dansent...” and the great samaa of the mevlevi whirling

dervishes. That evening paid tribute to Rumi, to his astonishing poetic evocation in the 13th century of nuclear physics and in particular to his famous poem “Les atomes dansent”. It should be noted that the festival welcomed for the first time the ensemble of musicians and Turkish whirling dervishes from Konya for a great Samaa, or sema in the Turkish language, the Sufi spiritual oratorio. These deeply spiritual songs revived souls on this 8th day of the festival. The evening ended with a very beautiful painting by Zaouia Ouazzania, and on Saturday October 29, the last day of the festival, the public was introduced to the Tariqa Harrâquia thanks to a creation show entitled “Al -Harrâq, cantor of spiritual love”. Based on an original idea by Faouzi Skali and under the artistic direction of Carole Latifa Ameer, the closing evening celebrated the great Moroccan master of Arab-Andalusian Sufism, Muhammad Al Harrâq. Initiated by Darqawi himself, drawing his inspiration from older masters such as Al- Shustari or Ibn Fârid, Al Harrâq is celebrated as a master of the Way through Beauty. His legacy to the Samaa chant is considerable, going beyond the borders of Morocco and going so far as to inspire the sultan of the Ottoman Empire in the nineteenth century, Abdülhamid II. The evening took place in the presence of around 2,000 festivalgoers... A record. □

Youness SAAD ALAMI