

Morocco: Statistical Appendix

This Statistical Appendix paper for **Morocco** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **May 20, 2003**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of **Morocco** or the Executive Board of the IMF.

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Statistical Appendix

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Approved by the Middle Eastern Department

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Morocco: Basic Economic and Financial Indicators, 1998–2002

Area: 459,000 square kilometers
 Population: Total (2002 estimate): 29.5 million
 Growth rate of population (2002 estimate): 1.3 percent
 GDP per capita (2002 estimate): US\$1,259

	1998	1999	2000	2001	2002
	(Annual percent change; unless otherwise indicated)				
Production and income					
Nominal GDP	8.1	0.5	2.5	8.1	6.9
Real GDP	7.7	-0.1	1.0	6.5	4.5
Real non-agricultural GDP	4.4	3.2	3.5	3.7	3.9
GDP deflator	0.4	0.5	1.5	1.6	2.4
Consumer price index (CPI), average	2.7	0.7	1.9	0.6	2.8
	(In billions of U.S. dollars; unless otherwise indicated)				
External sector					
Exports of goods, f.o.b.	7.1	7.5	7.4	7.1	7.7
Imports of goods, f.o.b.	9.5	10.0	10.7	10.2	10.7
Net services	-0.2	0.1	0.3	1.1	0.4
Net transfers	2.3	2.1	2.4	3.5	3.6
Current account (in percent of GDP)	-0.4	-0.5	-1.4	4.8	2.9
Overall balance (deficit -)	0.2	1.6	-0.4	3.8	0.6
	(In percent of GDP)				
Central government					
Revenue, excluding grants and privatization	27.2	26.9	26.2	24.9	24.0
Total expenditure (including Fonds Hassan II)	29.8	31.4	32.4	31.1	29.1
Overall balance	-2.6	-4.5	-6.4	-5.7	-4.5
Privatization and GSM receipts	0.1	3.2	0.0	6.1	0.2
Overall balance, incl. privatization	-2.5	-1.3	-6.4	0.4	-4.3
Official reserves					
Gross official reserves (in billions of dollars, end-period)	4.6	5.7	4.8	8.4	10.1
In months of imports of goods, c.i.f.	4.8	5.7	4.6	8.2	9.4
Debt (short-, medium-, and long-term)					
Total external debt (in billions of dollars)	20.6	19.8	18.0	15.9	16.2
Total external debt (in percent of GDP)	57.5	56.1	53.9	47.0	43.7
Domestic government debt (in percent of GDP) 1/	38.1	41.3	42.2	45.9	47.9
Total government debt (in percent of GDP) 1/	74.3	76.9	76.4	74.8	70.7
Memorandum items:					
GDP at current prices (in billions of Dh)	344.0	345.6	354.1	382.9	409.4

Sources: Data provided by the Moroccan authorities; includes Fund staff projections.

1/ Remunerated debt only.

Table 1. Morocco: Gross Domestic Product by Sector of Origin
at Current Prices, 1998–2001

	1998	1999	2000	2001
	(In millions of Moroccan dirhams)			
Primary sector	59,211	52,905	49,570	60,546
Agriculture, livestock, and fishing	59,211	52,905	49,570	60,546
Secondary sector	108,669	110,552	112,867	118,238
Mining	7,335	7,464	7,036	7,446
Energy and water	27,462	27,159	25,264	26,589
Manufacturing	58,400	59,582	62,267	64,851
Construction and public works	15,472	16,348	18,300	19,352
Tertiary sector	128,891	132,713	141,142	145,974
Commerce	39,312	39,843	42,549	44,533
Transport and communications	19,796	21,678	24,700	26,367
Other services	42,992	44,695	45,759	46,713
Indirect taxes less subsidies	26,792	26,496	28,134	28,362
Government	47,234	49,424	50,489	58,138
Gross domestic product (GDP)	344,005	345,594	354,068	382,897
	(Percentage change)			
Primary sector	20.5	-10.6	-6.3	22.1
Agriculture, livestock, and fishing	20.5	-10.6	-6.3	22.1
Secondary sector	3.5	1.7	2.1	4.8
Mining	2.8	1.8	-5.7	5.8
Energy and water	2.2	-1.1	-7.0	5.2
Manufacturing	3.9	2.0	4.5	4.1
Construction and public works	4.8	5.7	11.9	5.7
Tertiary sector	6.7	3.0	6.4	3.4
Commerce	7.2	1.4	6.8	4.7
Transport and communications	6.7	9.5	13.9	6.7
Other services	6.9	4.0	2.4	2.1
Indirect taxes less subsidies	5.5	-1.1	6.2	0.8
Government	8.9	4.6	2.2	15.1
Gross domestic product (GDP)	8.1	0.5	2.5	8.1
	(Percentage of GDP)			
Primary sector	17.2	15.3	14.0	15.8
Agriculture, livestock, and fishing	17.2	15.3	14.0	15.8
Secondary sector	31.6	32.0	31.9	30.9
Mining	2.1	2.2	2.0	1.9
Energy and water	8.0	7.9	7.1	6.9
Manufacturing	17.0	17.2	17.6	16.9
Construction and public works	4.5	4.7	5.2	5.1
Tertiary sector	37.5	38.4	39.9	38.1
Commerce	11.4	11.5	12.0	11.6
Transport and communications	5.8	6.3	7.0	6.9
Other services	12.5	12.9	12.9	12.2
Indirect taxes less subsidies	7.8	7.7	7.9	7.4
Government	13.7	14.3	14.3	15.2
Gross domestic product (GDP)	100.0	100.0	100.0	100.0

Source: Ministry of Economic Forecast and Planning.

Table 2. Morocco: Gross Domestic Product by Sector of Origin, 1998–2002

	1998	1999	2000	2001	2002
(In millions of Moroccan dirhams at 1980 prices)					
Primary sector	21,901	18,251	15,577	19,823	21,413
Agriculture, livestock, and fishing	21,901	18,251	15,577	19,823	21,413
Secondary sector	39,358	40,422	41,448	43,668	45,414
Mining	3,951	3,905	3,701	3,977	4,148
Energy and water	6,544	6,754	6,722	7,265	7,547
Manufacturing	23,277	23,906	24,749	25,785	26,714
Construction and public works	5,586	5,857	6,276	6,641	7,007
Tertiary sector	50,005	51,924	54,553	55,729	57,743
Commerce	16,467	16,779	17,459	18,365	19,154
Transport and communications	8,655	9,358	10,234	10,333	10,746
Other services	14,795	14,948	15,157	15,260	15,658
Indirect taxes less subsidies	10,088	10,839	11,703	11,773	12,185
Government	22,465	23,027	23,351	24,428	25,503
Gross domestic product (GDP)	133,729	133,623	134,929	143,648	150,073
(Annual percentage change)					
Primary sector	27.9	-16.7	-14.6	27.3	8.0
Agriculture, livestock, and fishing	27.9	-16.7	-14.6	27.3	8.0
Secondary sector	2.3	2.7	2.5	5.4	4.0
Mining	-3.3	-1.2	-5.2	7.5	4.3
Energy and water	5.1	3.2	-0.5	8.1	3.9
Manufacturing	2.1	2.7	3.5	4.2	3.6
Construction and public works	4.1	4.9	7.2	5.8	5.5
Tertiary sector	6.8	3.8	5.1	2.2	3.6
Commerce	7.5	1.9	4.1	5.2	4.3
Transport and communications	8.7	8.1	9.4	1.0	4.0
Other services	4.2	1.0	1.4	0.7	2.6
Import duties less subsidies	7.9	7.4	8.0	0.6	3.5
Government	3.2	2.5	1.4	4.6	4.4
Gross domestic product (GDP)	7.7	-0.1	1.0	6.5	4.5

Source: Ministry of Economic Forecast and Planning.

Table 3. Morocco: Supply and Use of Resources, 1998–2001

	1998	1999	2000	2001
(In millions of Moroccan dirhams)				
Gross domestic product	344,005	345,594	354,068	382,897
Imports of goods and nonfactor services 1/ 2/	89,433	95,110	111,129	115,554
Total resources	433,438	440,704	465,197	498,451
Gross domestic expenditure	372,474	375,153	393,337	421,849
Domestic consumption 3/	296,257	295,241	309,984	334,454
Nongovernment	234,256	229,095	242,295	259,835
Government	62,001	66,146	67,689	74,619
Gross fixed investment	75,739	81,896	84,982	85,264
Nongovernment	66,307	71,872	74,186	74,103
Government	9,432	10,024	10,796	11,161
Change in stocks	478	-1,984	-1,629	2,131
Exports of goods and nonfactor services 2/ 4/	60,964	65,551	71,860	76,602
Memorandum items:				
Net income from abroad (including transfers)	14,402	13,243	16,981	32,767
National disposable income	358,407	358,837	371,049	415,664
(In percent of GDP)				
Gross domestic product	100.0	100.0	100.0	100.0
Imports of goods and nonfactor services 1/ 2/	26.1	27.7	31.2	30.2
Total resources	126.1	127.7	131.2	130.2
Gross domestic expenditure	108.3	108.6	110.8	110.2
Domestic consumption 3/	85.8	84.4	85.6	87.3
Nongovernment	67.7	65.1	66.2	67.9
Government	18.1	19.3	19.4	19.5
Gross fixed investment	22.4	24.3	25.0	22.3
Nongovernment	19.6	21.4	21.9	19.4
Government	2.8	2.9	3.1	2.9
Change in stocks	0.1	-0.2	0.2	0.6
Exports of goods and nonfactor services 2/ 4/	17.8	19.1	20.4	20.0
Memorandum items:				
Net income from abroad (including transfers)	4.2	3.9	4.8	8.6
National disposable income	104.2	103.9	104.8	108.6

Source: Ministry of Economic Forecast and Planning.

1/ Excludes consumption of residents abroad.

2/ Exports and imports include goods traded under the *régime d'admission temporaire sans paiement*.

3/ Local consumption of residents and nonresidents (excludes consumption of residents abroad).

4/ Excludes consumption of nonresidents in Morocco.

Table 4. Morocco: Savings-Investment Balance, 1998–2001

	1998	1999	2000	2001
(In millions of Moroccan dirhams)				
Gross national product	358,407	358,837	371,049	415,664
National consumption 1/	283,570	280,562	292,573	309,627
Nongovernment	221,569	214,416	224,884	235,008
Government	62,001	66,146	67,689	74,619
Gross national savings	74,837	78,275	78,476	106,037
Nongovernment	68,939	72,314	76,057	102,722
Government	5,898	5,961	2,419	3,315
Gross investment	76,217	79,912	83,353	87,395
Gross fixed investment	75,739	81,896	84,982	85,264
Nongovernment	66,307	71,872	74,186	74,103
Government	9,432	10,024	10,796	11,161
Changes in stocks	478	-1,984	-1,629	2,131
National saving-investment gap	-1,380	-1,637	-4,877	18,642
Nongovernment	2,154	2,426	3,499	26,488
Government	-3,534	-4,063	-8,377	-7,846
Capital transfers	-96	-84	-63	-101
Saving-investment gap, including capital transfers	-1,476	-1,721	-4,940	18,541
External current account (national accounts data)	-1,476	-1,721	-5,271	18,541
Exports of goods and nonfactor services 2/ 3/	77,719	84,663	93,504	105,435
Imports of goods and nonfactor services 3/ 4/	-93,500	-99,543	-115,693	-119,560
Net income from abroad (including transfers)	14,402	13,243	16,981	32,767
Capital transfers	-96	-84	-63	-101
(In percent of GDP)				
Gross national product	104.2	103.8	104.8	108.6
National consumption 1/	82.4	81.2	82.6	80.9
Nongovernment	64.4	62.0	63.5	61.4
Government	18.0	19.1	19.1	19.5
Gross national savings	21.8	22.6	22.2	27.7
Nongovernment	20.0	20.9	21.5	26.8
Government	1.7	1.7	0.7	0.9
Gross investment	22.2	23.1	23.5	22.8
Nongovernment	19.4	20.2	20.5	19.9
Government	2.7	2.9	3.0	2.9
National savings-investment gap	-0.4	-0.5	-1.4	4.9
Nongovernment	0.6	0.7	1.0	6.9
Government	-1.0	-1.2	-2.4	-2.0
Capital transfers	0.0	0.0	0.0	0.0
External current account (national accounts data)	-0.4	-0.5	-1.3	4.5
Memorandum items:				
Exports of goods and nonfactor services 2/ 3/	21.7	23.6	25.2	25.4
Imports of goods and nonfactor services 3/ 4/	-26.1	-27.7	-31.2	-28.8

Source: Ministry of Economic Forecast and Planning.

1/ Consumption of residents (including consumption of residents abroad but excluding local consumption of nonresidents).

2/ Including local consumption of nonresidents.

3/ From 1994 exports and imports including goods traded under the *régime d'admission temporaire sans paiement*.

4/ Including consumption of residents abroad.

Table 5. Morocco: Gross Fixed Capital Formation and its Components, 1998–2001

	1998	1999	2000	2001
	(In millions of Moroccan dirhams at current prices)			
Machinery and equipment	40,359	45,266	45,266	40,010
Construction	20,828	22,075	22,892	24,428
Public works	11,915	12,583	15,666	16,861
Land management, forestation, and livestock	3,551	3,565	3,611	3,965
Gross fixed capital formation	66,307	71,872	74,186	85,264
<i>Of which:</i>				
Government agencies	478	10,024	10,796	11,161
In percent of total	1	14	15	13.1
	(In percent of GDP)			
Machinery and equipment	11.5	12.6	12.0	10.4
Construction	6.1	6.4	6.5	6.4
Public works	3.5	3.6	4.4	4.4
Land management, forestation, and livestock	1.0	1.0	1.1	1.0
Gross fixed capital formation	22.0	23.7	24.0	22.3

Source: Ministry of Economic Forecast and Planning.

Table 6. Morocco: Index of Industrial Production, 1998–2001

(1992 = 100; period average)

	Weights	1998	1999	2000	2001
Foodstuffs	7.40	126.6	127	135.3	136.6
Other food products	11.01	121.6	125	131.1	135.2
Beverages and tobacco	6.49	117.1	116.3	120.8	134.9
Textiles	11.33	97.3	98.4	102	101.9
Clothing (excluding shoes)	9.04	147.5	142.1	138.7	131.2
Leather and shoes	2.04	114.1	111.2	114.8	120.9
Wood and wood products	2.07	105.4	106.2	110.8	116.8
Paper products	3.69	128.4	135.1	148.2	153
Processed mineral ores	10.82	114.0	117.3	121.3	125.4
Metallurgical products	2.19	121.0	135.0	135.3	144.8
Metal products	6.08	100.5	105.4	109	118.8
Machinery (excluding transport)	1.94	103.4	109.2	120.5	118.2
Transport equipment	4.06	116.6	120.3	125.5	143.4
Electronic equipment	3.42	115.8	126.4	127.1	127.4
Office, measuring, optical equipment	0.21	102.0	136.9	159.6	114.9
Chemicals	15.09	120.0	125.7	130	137.7
Rubber and plastic products	2.97	122.2	127.7	126.3	122.9
Other manufacturing	0.14	109.7	108.6	111.7	108.8
Total manufacturing industry	100.00	117.9	120.7	124.9	128.9

Source: Moroccan authorities.

Table 7. Morocco: Foreign Direct Investment by Sector, 1998–2002 1/

(In millions of Moroccan dirhams)

	1998	1999	2000	2001	<u>Prel.</u> 2002
Real estate	533	488	655	865	1,048
Industry 2/	2,046	3,783	1,152	2,510	1,189
Fishing	44	4	14	71	18
Tourism	167	304	121	191	344
Services	236	359	304	991	817
Transport	9	34	8	28	2
Public works	28	130	85	123	5
Banking	1,159	2,154	758	358	218
Telecommunication	13	10,175	7,981	26,377	328
Other	1,198	1,029	1,481	1,592	606
Total	5,433	18,460	12,639	33,260	4,324
<i>Of which:</i>					
Foreign exchange	4,472	17,197	12,444	32,474	4,058
Other	961	1,263	5,195	786	266

Source: Moroccan authorities.

1/ Including loans provided by foreign companies to their subsidiaries in Morocco.

2/ Including textiles.

Table 8. Morocco: Consumer Price, Wholesale Price,
and Producer Price Indices, 1998--2001

(Annual percentage change)

	1998	1999	2000	2001
Consumer price index 1/				
Food	3.1	-0.8	1.5	-1.0
Clothing	3.8	3.1	2.4	1.4
Housing	2.5	2.8	1.7	2.1
Household goods	1.8	1.4	0.2	0.1
Medical services	3.3	1.2	0.5	1.4
Transport and communications	2.8	1.7	5.2	2.6
Entertainment and culture	1.8	1.3	2.2	3.6
Other goods and services	1.7	1.5	2.1	2.1
General consumer price index	2.7	0.7	1.9	0.6
Wholesale price index 2/				
Agricultural sector	2.5	-1.3	3.1	-0.3
Cereals	4.2	-3.1	2.8	3.0
Industrial crops	2.7	-0.3	-2.4	2.2
Vegetables	14.0	-13.2	18.2	-12.2
Fruits	5.8	5.5	6.4	12.1
Animal products	-3.5	-0.7	-4.8	-3.9
Forestry products	3.2	10.0	35.0	-5.1
Fishing	11.3	-11.9	-1.4	-6.7
Price index of industrial production				
Mining	7.1	-1.0	6.9	-1.0
Electricity and water	4.7	6.7	-1.9	-5.8
Manufacturing industries	-2.6	0.5	9.3	-1.8
Foodstuffs	1.0	-1.1	-0.1	-0.6
Textiles	0.3	0.6	-3.8	0.3
Metallurgical industries	-0.3	-1.9	3.4	-1.3

Source: Ministry of Economic Forecasting and Planning, *Direction de la Statistique*.

1/ Consumer price index based on price movements of 385 articles in the cities of Agad Casablanca, Fes, Kenitra, Laayoune, Marrakesh, Meknes, Oujda, Rabat, Tangier, and

2/ Index based on price movements of 70 articles.

Table 9. Morocco: Evolution of Consumer Subsidies
and Retail Prices, 1998/99–2002 1/

	Units	1998/99	1999/00	2000 2/	2001	Prel. 2002
Sugar						
Quantities subsidized	Mil/kos	924	969	462	997	1,015
Cubes		478	503	237	518	528
Granulated		446	466	225	479	487
Cost per unit 3/	DH/kos					
Cubes		6.95	6.95	6.95	6.95	6.95
Granulated		6.00	6.00	6.00	6.00	6.00
Retail price	DH/kos					
Cubes		4.95	4.95	4.95	4.95	4.95
Granulated		4.00	4.00	4.00	4.00	4.00
Subsidy per unit	DH/kos					
Cubes		2.00	2.00	2.00	2.00	2.00
Granulated		2.00	2.00	2.00	2.00	2.00
Subsidy/cost per unit	Percent					
Cubes		29	29	29	29	29
Granulated		33	33	33	33	33
Amount of subsidies	Mil/DH	1,849	1,938	924	1,994	2,030
Edible oils						
Quantities subsidized	Mil/liters	380	410	187	n.a.	n.a.
Cost per unit	DH/liters	13.28	13.28	13.28	n.a.	n.a.
Average selling price	DH/liters	8.40	8.40	8.40	n.a.	n.a.
Subsidy per unit	DH/liters	4.88	4.88	4.88	n.a.	n.a.
Subsidy/cost per unit	Percent	37	37	37	n.a.	n.a.
Amount of subsidies	Mil/DH	1,852	2,001	912	62	28
Flour						
Quantities subsidized	Mil/kos	1,000	1,000	490	1,000	1,000
Cost per unit	DH/kos	3.92	3.92	3.92	3.92	3.98
Retail price	DH/kos	2.00	2.00	2.00	2.00	2.00
Subsidy per unit	DH/kos	1.92	1.92	1.92	1.92	1.92
Subsidy/cost per unit	Percent	49	49	49	49	50
Amount of subsidies	Mil/DH	1,901	1,920	940	1,923	1,980
Petroleum products	Mil/DH	...	400	800	3,144	0
Total subsidies	Mil/DH	5,602	6,259	3,576	7,123	4,038

Source: Ministry of Finance, *Direction des établissements publics et des participations*.

1/ Based on July–June fiscal year basis in 1998/99 and 1999/2000; calendar year from 2001.

2/ Second semester.

3/ Sum of retail prices and subsidies per unit.

Table 10. Morocco: National Minimum Wages, July 1996–January 2003

	July 1996– June 2000	July 2000– January 2003
SMIG (dirhams per hour) 1/	7.98	8.78
SMAG (dirhams per day) 2/	41.36	45.5

Source: Moroccan authorities.

1/ *Salaire minimum interprofessionnel garanti.*

2/ *Salaire minimum agricole garanti.*

Table 11. Morocco. Urban Population by Activity, 1998–2002 1/

	1998			1999			2000			2001			2002		Prel.
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
(In thousands; unless otherwise specified)															
Total population	13,819	13,956	27,775	14,049	14,189	28,238	14,281	14,424	28,706	14,512	14,659	29,171	14,694	14,841	29,535
Total urban population	7,372	7,584	14,956	7,580	7,821	15,401	7,787	8,062	15,849	8,000	8,308	16,308	8,172	8,504	16,676
In percent of total	53.3	54.3	53.8	54.0	55.1	54.5	54.5	55.9	55.2	55.1	56.7	55.9	55.6	57.3	56.5
Unemployed 2/	676	293	969	808	354	1,162	814	333	1,146	760	301	1,061	716	294	1,010
Inactive	3,457	6,361	9,818	3,545	6,519	10,064	3,649	6,799	10,448	3,756	7,072	10,828	3,865	7,314	11,179
Employed 3/	3,238	930	4,168	3,226	948	4,174	3,324	930	4,255	3,485	934	4,419	3,613	930	4,543
Total urban active population 4/	3,914	1,223	5,137	4,034	1,302	5,336	4,138	1,263	5,401	4,245	1,235	5,480	4,307	1,190	5,497
Rate of activity (percent)	53.1	16.1	34.4	53.2	16.6	34.6	53.1	15.7	34.1	53.1	14.9	33.6	52.7	14	33
Rate of unemployment (percent)	17.5	24.4	19.1	20.3	27.6	22.0	19.9	26.7	21.5	18	24.7	19.5	16.2	24.3	18
Rate of unemployment by age (percent)															
15-24 years	34.7	35.9	35.0	37.8	37.9	37.8	37.8	37.0	37.6	35.4	35.8	35.5	32.7	36.6	33.7
25-59 years	13.6	20.6	15.2	16.4	24.5	18.3	16.1	24.0	17.9	14.6	21.9	16.2	13.2	21.3	15
60 years and over	1.2	2.3	1.4	1.9	1.1	1.8	1.3	2.1	1.4	0.8	2.5	1	0.5	0.4	0.5

Source: Ministry of Population.

1/ Data are based on annual population and employment surveys.

2/ Persons over 15 years old seeking work.

3/ Employed persons over 7 years old.

4/ Employed and unemployed.

Table 12. Morocco: Financial Transactions of the Central Government, 1998/99–2002

	1998/99	1999/00	2nd half 2000 1/	2000	2001	Prel. 2002
(In millions of Moroccan dirhams)						
Total revenue (excluding privatization)	93,809	94,168	43,324	92,858	95,384	98,261
Taxes on income and profits	25,010	26,938	12,067	26,841	28,162	30,378
Corporate profit tax (IS)	9,512	10,299	4,317	10,124	11,708	12,917
Income tax (IGR)	10,824	11,803	5,505	11,967	15,338	16,353
Other	4,674	4,836	2,245	4,750	1,116	1,108
Taxes on international trade	16,299	16,896	7,895	16,636	14,010	14,231
Domestic taxes on goods and services	34,412	36,999	18,697	36,659	38,994	40,056
VAT	19,136	21,157	11,027	21,476	23,115	23,951
Excise taxes	15,276	15,842	7,670	15,183	15,879	16,105
Road Fund revenues (Fonds Routier)	1,130	1,233	515	1,175	1,259	1,356
Registration and stamp taxes	3,892	4,130	1,686	4,162	4,546	4,999
Tax amnesty revenues	3,623	0	0	0	0	0
Dividend and license income	5,759	5,683	1,352	5,287	4,904	4,244
Other nontax revenue	3,684	2,289	1,112	2,098	3,509	2,997
Total expenditure	102,638	109,767	60,725	114,626	119,850	118,999
Current expenditure	80,664	86,459	43,869	87,294	90,412	90,691
Goods and services	56,789	59,405	29,936	59,296	66,534	69,033
Wages and salaries 2/	40,286	42,132	21,222	41,967	47,998	48,580
Other	16,503	17,273	8,714	17,329	18,536	20,453
Interest payments	17,731	18,865	9,643	18,620	18,754	17,611
Domestic	11,088	12,670	6,250	12,317	12,846	13,174
External	6,643	6,195	3,393	6,303	5,908	4,437
Food and petroleum subsidies 3/	6,144	8,189	4,290	9,378	5,124	4,047
Transfers to local governments	5,741	6,347	3,308	6,443	6,935	7,185
Capital expenditure	17,428	17,485	13,648	21,151	21,866	21,123
Net lending	-1,195	-524	-100	-262	637	-300
Balance of Special Treasury Accounts	376	777	700	-1,039	2,100	2,117
Overall balance	-8,453	-14,822	-16,701	-22,807	-22,366	-18,621
Privatization receipts	392	11,131	18	18	23,372	621
Variation in arrears (+=accumulation)	-5,029	1,537	11,915	13,809	-10,996	-231
Financing requirement	-13,090	-2,154	-4,768	-8,980	-9,990	-18,231
Financing	13,090	2,154	4,768	8,980	9,990	18,231
Domestic	18,281	9,179	7,004	15,299	19,788	29,430
Banking sector 4/	-1,384	-3,419	6,751	9,719	-6,885	4,163
Nonbanking sector	19,665	12,598	129	5,580	26,673	25,267
External	-5,191	-7,025	-2,236	-6,319	-9,798	-11,199
Net drawings	-5,191	-7,536	-2,236	-6,319	-10,053	-11,699
Drawings	8,665	4,816	3,810	5,729	3,150	3,984
Amortization	-13,856	-12,352	-6,046	-12,048	-13,203	-15,683
(In percent of GDP)						
Total revenue (excluding privatization)	27.2	27.2	24.8	26.6	24.9	24.0
Total expenditure	29.8	31.7	34.7	32.8	31.3	29.0
Current (including net lending)	23.0	24.8	25.0	24.9	23.8	22.1
Capital (including transfers to local governments)	6.7	6.9	9.7	7.9	7.5	6.9
Overall balance, payment-order basis excluding privatization receipts	-2.5	-4.3	-9.6	-6.5	-5.8	-4.5
Privatization revenue receipts	0.1	3.2	0.0	0.0	6.1	0.2
Variation in arrears (+=accumulation)	-1.5	0.4	6.8	3.9	-2.9	-0.1
Financing requirement	-3.8	-0.6	-2.7	-2.6	-2.6	-4.5

Sources: Ministry of Finance; and Bank Al-Maghrib.

1/ Transition fiscal year July-December 2000.

2/ Includes wages of security and military personnel.

3/ Petroleum product subsidies (DM 3.4 billion) are imputed to the budget year in which the arrears were incurred, as estimated on the basis of the difference between domestic and international petroleum prices.

4/ Differs from monetary data owing to differences in coverage.

Table 13. Morocco: Central Government Operations, 1998/99–2002

(Fiscal years; in millions of Moroccan dirhams)

	1998/99	Budget 1999/2000	1999/2000	2nd half 2000 1/	2000	2001	Prel. 2002
Total revenue, excluding receipts from privatization	93,809	86,659	94,168	43,324	92,858	95,384	98,261
Tax revenue	84,366	78,516	86,196	40,860	85,473	86,971	91,020
Taxes on income and profits	25,010	23,454	26,938	12,067	26,841	28,162	30,378
Licences	299	299	288	100	287	304	339
Corporate (IS and IBP, excl. OCP)	9,512	8,026	10,299	4,317	10,124	11,708	12,917
Individual (IGR)	10,824	10,775	11,803	5,505	11,967	15,338	16,353
Dividend income (TPA)	478	478	406	269	408	0	0
Real estate capital gains (TPI)	543	543	490	294	527	0	0
Solidarity (PSN)	509	509	373	101	367	285	152
Interest income (TRPRF)	2,397	2,397	2,474	1,235	2,452	0	0
Penalties and fines	258	258	351	161	339	399	478
Other	190	190	454	85	370	128	139
Taxes on international trade	16,299	15,783	16,896	7,895	16,636	14,010	14,231
Customs duties	6,661	6,631	6,617	6,357	12,810	12,350	12,233
Fiscal tax (PFI)	6,046	6,019	6,097	0	0	0	0
Tariff surcharges 2/	3,555	3,096	4,150	1,538	3,826	1,660	1,998
Other taxes	37	37	32	0	0	0	0
Taxes on goods and services	34,412	34,257	36,999	18,697	36,659	38,994	40,056
VAT	19,136	19,737	21,157	11,027	21,476	23,115	23,951
Domestic	8,253	0	9,529	4,734	9,213	10,482	10,751
Imports	10,883	0	11,629	6,293	12,263	12,633	13,200
Excises (TIC)	15,276	15,276	15,842	7,670	15,183	15,879	16,105
Tobacco products	5,284	0	5,438	2,819	5,442	5,627	5,801
Petroleum products	9,028	0	9,450	4,420	8,795	9,239	9,308
Other	964	0	954	431	946	1,013	996
Revenue accruing to the Road Fund	1,130	1,130	1,233	515	1,175	1,259	1,356
Registration and stamp taxes	3,892	3,892	4,130	1,686	4,162	4,546	4,999
Tax amnesty payments	3,623	0	0	0	0	0	0
Nontax revenue	9,443	8,143	7,972	2,464	7,385	8,413	7,241
Dividend and license income	5,759	4,459	5,683	1,352	5,287	4,904	4,244
Property income	137	137	134	62	121	168	141
Other revenue	3,547	3,547	2,155	1,050	1,977	3,341	2,856
Total expenditure	102,638	102,219	109,767	60,725	114,626	119,850	118,699

Table 13. Morocco: Central Government Operations, 1998/99–2002 (concluded)

(Fiscal years; in millions of Moroccan dirhams)

	Budget 1998/99	Budget 1999/2000	1999/2000	2nd half 2000 1/	2000	2001	Prel. 2002
Current expenditure	80,664	79,641	86,459	43,869	87,294	90,412	90,691
Goods and services	56,789	54,213	59,405	29,936	59,296	66,534	69,033
Wages and salaries	40,286	40,286	42,132	21,222	41,967	47,998	48,580
Other	16,503	13,927	17,273	8,714	17,329	18,536	20,453
Materials and supplies	9,586	0	10,752	5,227	...	...	...
Transfers to the civil service pension	3,325	0	3,215	1,639	...	...	...
Other transfers	3,592	1,553	3,306	1,848	...	...	...
Interest payments	17,731	17,731	18,865	9,643	18,620	18,754	17,611
Domestic	11,088	11,088	12,670	6,250	12,317	12,846	13,174
Foreign	6,643	6,643	6,195	3,393	6,303	5,908	4,437
Food and petroleum subsidies	6,144	7,697	8,189	4,290	9,378	5,124	4,047
From budgetary contributions	2,943	3,048	4,058	2,644	5,456	2,692	2,352
From earmarked tariffs 2/	3,201	3,096	4,131	1,646	3,922	2,432	1,695
Transfers to local authorities	5,741	5,715	6,347	3,308	6,443	6,935	7,185
Capital expenditure and transfers	17,428	16,863	17,485	13,648	21,151	21,866	21,123
Central government investment	13,892	0	13,993	10,460	...	...	...
Transfers to public entities	2,296	0	2,335	1,020	...	...	...
Road Fund expenditures	1,240	1,130	907	516	1,211	857	994
Fonds Hassan II expenditures	...	...	250	1,652	1,902	613	870
Net lending	-1,195	0	-524	-100	-262	637	-300
Balance of other Special Treasury Accounts	376	0	777	700	-1,039	2,100	1,817
Overall balance, excluding receipts from privatization	-8,453	-15,560	-14,822	-16,701	-22,807	-22,366	-18,621
Privatization receipts	392	0	11,131	18	18	23,372	621
Balance, including receipts from privatization	-8,061	0	-3,691	-16,683	-22,789	1,006	-18,000
Arrears variation (+ = accumulation)	-5,029	0	1,537	11,915	13,809	-10,996	-231
Overall financing requirement	-13,090	0	-2,154	-4,768	-8,980	-9,990	-18,231
Memorandum items:							
Current balance	8,975	1,303	2,663	-3,053	-1,656	-500	2,502
Primary balance	9,278	2,171	4,043	-7,058	-4,187	-3,612	-1,010

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ *Equivalents tarifaires*.

Table 14. Morocco: Central Government Revenue by Main Categories, 1998/99–2002

	1998/99	1999/00	2nd half 2000 1/	2000	2001	Prel. 2002
(In millions of Moroccan dirhams)						
Total revenue 2/	93,809	94,168	43,324	92,858	95,384	98,261
Tax revenue	84,366	86,196	40,860	85,473	86,971	91,020
Corporate taxes	9,512	10,299	4,317	10,124	11,708	12,917
Individual income tax	10,824	11,803	5,505	11,967	15,338	16,353
Custom duties and taxes	16,299	16,896	7,895	16,636	14,010	14,231
VAT	19,136	21,157	11,027	21,476	23,115	23,951
domestic	8,253	9,529	4,734	9,213	10,482	10,751
imports	10,883	11,629	6,293	12,263	12,633	13,200
Excises	15,276	15,842	7,670	15,183	15,879	16,105
Registration and stamp taxes	3,892	4,130	1,686	4,162	4,546	4,999
Other taxes	9,427	6,069	2,760	5,925	2,375	2,464
Nontax revenue	9,443	7,972	2,464	7,385	8,413	7,241
(In percent of GDP)						
Total revenue 2/	27.2	27.2	24.8	26.6	24.9	24.0
Tax revenue	24.5	24.9	23.4	24.4	22.7	22.2
Corporate taxes	2.8	3.0	2.5	2.9	3.1	3.2
Individual income tax	3.1	3.4	3.1	3.4	4.0	4.0
Import duties and taxes	4.7	4.9	4.5	4.8	3.7	3.5
VAT	5.5	6.1	6.3	6.1	6.0	5.8
domestic	2.4	2.8	2.7	2.6	2.7	2.6
imports	3.2	3.4	3.6	3.5	3.3	3.2
Excises	4.4	4.6	4.4	4.3	4.1	3.9
Registration and stamp taxes	1.1	1.2	1.0	1.2	1.2	1.2
Other taxes	2.7	1.8	1.6	1.7	0.6	0.6
Nontax revenue	2.7	2.3	1.4	2.1	2.2	1.8
(In percent of total revenue)						
Total revenue 2/	100.0	100.0	100.0	100.0	100.0	100.0
Tax revenue	89.9	91.5	94.3	92.0	91.2	92.6
Corporate taxes	10.1	10.9	10.0	10.9	12.3	13.1
Individual income tax	11.5	12.5	12.7	12.9	16.1	16.6
Import duties and taxes	17.4	17.9	18.2	17.9	14.7	14.5
Export taxes	0.0	0.0	0.0	0.0	0.0	0.0
VAT	20.4	22.5	25.5	23.1	24.2	24.4
domestic	8.8	10.1	10.9	9.9	11.0	10.9
imports	11.6	12.3	14.5	13.2	13.2	13.4
Excises	16.3	16.8	17.7	16.4	16.6	16.4
Registration and stamp taxes	4.1	4.4	3.9	4.5	4.8	5.1
Other taxes	10.0	6.4	6.4	6.4	2.5	2.5
Nontax revenue	10.1	8.5	5.7	8.0	8.8	7.4

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Excludes revenue from privatization.

Table 15. Morocco: Economic Classification of Central Government Expenditure, 1998/99–2002

	1998/99	1999/2000	2nd half 2000 1/	2000	2001	Prel 2002
(In millions of Moroccan dirhams)						
Total expenditure (excl. net lending)	103,832.8	110,291	60,825	114,888	119,213	118,999
Current expenditure	80,664.0	86,459	43,869	87,294	90,412	90,691
Goods and services	56,789.0	59,405	29,936	59,296	66,534	69,033
Wages and salaries	40,286.0	42,132	21,222	41,967	47,998	48,580
Other	16,503.0	17,273	8,714	17,329	18,536	20,453
Materials and supplies	9,586.0	10,752	5,227	...	...	...
Civil service pension fund	3,325.0	3,215	1,639	...	...	...
Other transfers	3,592.0	3,306	1,848	...	...	...
Interest payments	17,731.0	18,865	9,643	18,620	18,754	17,611
Domestic	11,088.0	12,670	6,250	12,317	12,846	13,174
Foreign	6,643.0	6,195	3,393	6,303	5,908	4,437
Food subsidies	6,144.0	8,189	4,290	9,378	5,124	4,047
From budgetary contribution	2,943.0	4,058	2,644	5,456	2,692	2,352
From earmarked tariffs	3,201.0	4,131	1,646	3,922	2,432	1,695
Transfers to local governments	5,740.8	6,347	3,308	6,443	6,935	7,185
Capital expenditure and transfers	17,428.0	17,485	13,648	21,151	21,866	21,123
Central government investment	13,891.8	13,993	10,460	...	...	...
Capital transfers to public enterprises	2,296.2	2,335	1,020	...	...	...
Fonds Hassan II expenditures	...	250	1,652	1,902	613	870
Road Fund expenditures	1,240.0	907	516	1,211	857	994
(In percent of GDP)						
Total expenditure (excl. net lending)	30.1	31.8	17.4	32.9	31.1	29.1
Current expenditure	23.4	25.0	12.5	25.0	23.6	22.2
Goods and services	16.5	17.1	8.6	17.0	17.4	16.9
Wages and salaries	11.7	12.2	6.1	12.0	12.5	11.9
Other	4.8	5.0	2.5	5.0	4.8	5.0
Materials and supplies	2.8	3.1	1.5	...	...	...
Transfers to the civil service pension fund	1.0	0.9	0.5	...	...	...
Other transfers	1.0	1.0	0.5	...	...	...
Interest payments	5.1	5.4	2.8	5.3	4.9	4.3
Domestic	3.2	3.7	1.8	3.5	3.4	3.2
Foreign	1.9	1.8	1.0	1.8	1.5	1.1
Food subsidies	1.8	2.4	1.2	2.7	1.3	1.0
From budgetary contribution	1.8	2.4	1.2	2.7	1.3	1.0
From earmarked tariffs	0.9	1.2	0.5	1.1	0.6	0.4
Transfers to local governments	1.7	1.8	0.9	1.8	1.8	1.8
Capital expenditure and transfers	5.1	5.0	3.9	6.0	5.7	5.2
Central government investment	4.0	4.0	3.0	...	...	...
Capital transfers to public enterprises	0.7	0.7	0.3	...	...	...
Fonds Hassan II expenditures	...	...	...	...	...	...
Road Fund expenditures	0.4	0.3	0.1	0.3	0.2	0.2

Table 15. Morocco: Economic Classification of Central Government Expenditure, 1998/99–2002 (concluded)

	1998/99	1999/2000	2nd half 2000 1/	2000	2001	<u>Prel</u> 2002
(In percent of total expenditure)						
Total expenditure (excl. net lending)	100.0	100.0	100.0	100.0	100.0	100.0
Current expenditure	77.7	78.4	72.1	76.0	75.8	76.2
Goods and services	54.7	53.9	49.2	51.6	55.8	58.0
Wages and salaries	38.8	38.2	34.9	36.5	40.3	40.8
Other	15.9	15.7	14.3	15.1	15.5	17.2
Materials and supplies	9.2	...	...	...	...	...
Transfers to the civil service pension fund	3.2	...	...	...	...	...
Other transfers	3.5	...	...	...	...	...
Interest payments	17.1	17.1	15.9	16.2	15.7	14.8
Domestic	10.7	11.5	10.3	10.7	10.8	11.1
Foreign	6.4	5.6	5.6	5.5	5.0	3.7
Food subsidies	5.9	7.4	7.1	8.2	4.3	3.4
From budgetary contribution	2.8	3.7	4.3	4.7	2.3	2.0
From earmarked tariffs	3.1	...	...	...	...	...
Transfers to local governments	5.5	5.8	5.4	5.6	5.8	6.0
Capital expenditure and transfers	16.8	15.9	22.4	18.4	18.3	17.8
Central government investment	13.4	...	...	...	...	...
Capital transfers to public enterprises	2.2	...	...	...	...	...
Fonds hassan II expenditures						
Road Fund expenditures	1.2	0.8	0.8	1.1	0.7	0.8

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

Table 16. Morocco: Functional Classification of Central Government
Current Expenditure, 1998/99–2002

	1998/99	1999/00	2nd half 2000 1/	2001	Prel. 2002
(In millions of Moroccan dirhams)					
Total	80,664	86,459	43,869	90,412	90,691
General public services	5,007	5,427	2,841	5,714	6,012
Defense	12,416	12,284	6,589	13,443	15,191
Public order	6,916	7,556	3,739	7,840	8,879
Education	18,658	19,046	10,248	21,784	23,857
Health	2,991	4,048	1,787	4,011	4,325
Housing	264	382	212	449	483
Recreation, cultural affairs, etc.	502	485	267	546	572
Agriculture	1,479	1,538	772	1,735	1,964
Mines and energy	151	153	80	177	202
Transport and communications	782	819	413	890	1,055
General expenditure 2/	9,165	10,470	6,010	16,890	11,355
Other	22,333	24,251	14,272	16,934	16,797
(In percent of total expenditure)					
Total	100.0	100.0	100.0	100.0	100.0
General public services	6.2	6.3	6.5	6.3	6.6
Defense	15.4	14.2	15.0	14.9	16.7
Public order	8.6	8.7	8.5	8.7	9.8
Education	23.1	22.0	23.4	24.1	26.3
Health	3.7	4.7	4.1	4.4	4.8
Housing	0.3	0.4	0.5	0.5	0.5
Recreation, cultural affairs, etc.	0.6	0.6	0.6	0.6	0.6
Agriculture	1.8	1.8	1.8	1.9	2.2
Mines and energy	0.2	0.2	0.2	0.2	0.2
Transport and communications	1.0	0.9	0.9	1.0	1.2
General expenditure 1/	11.4	12.1	13.7	18.7	12.5
Other	27.7	28.0	24.9	18.7	18.5
(In percent of GDP)					
Total	23.5	25.0	25.1	23.6	22.2
General public services	1.5	1.6	1.6	1.5	1.5
Defense	3.6	3.5	3.8	3.5	3.7
Public order	2.0	2.2	2.1	2.0	2.2
Education	5.4	5.5	5.9	5.7	5.8
Health	0.9	1.2	1.0	1.0	1.1
Housing	0.1	0.1	0.1	0.1	0.1
Recreation, cultural affairs, etc.	0.1	0.1	0.2	0.1	0.1
Agriculture	0.4	0.4	0.4	0.5	0.5
Mines and energy	0.0	0.0	0.0	0.0	0.0
Transport and communications	0.2	0.2	0.2	0.2	0.3
General expenditure 1/	2.7	3.0	3.4	4.4	2.8
Other	6.5	7.0	6.2	4.4	4.1

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

2/ Outlays for the benefit of all government units (*dépenses communes*).

Table 17. Morocco: Functional Classification of Central Government
Investment Expenditure, 1998/99–2002

	1998/99	1999/00	2nd half 2000 1/	2001	Prel. 2002
(In millions of Moroccan dirhams)					
Total	17,428	17,485	13,648	21,866	21,123
General public services	584	820	1,708	944	873
Defense	1,592	1,940	1,283	2,200	1,803
Public order	886	1,130	655	1,326	1,217
Education	1,330	1,934	1,331	1,992	2,037
Health, social security, and welfare	648	925	516	943	858
Housing	286	305	385	544	486
Recreation, cultural affairs, etc.	103	209	176	316	358
Agriculture	1,878	2,234	1,160	2,284	2,748
Mines and energy	290	309	167	228	193
Transport and communications	3,100	3,101	1,746	2,562	2,549
Other	6,731	4,578	3,519	8,527	8,000
(In percent of total)					
Total	100.0	100.0	100.0	100.0	100.0
General public services	3.4	4.7	12.5	4.3	4.1
Defense	9.1	11.1	9.4	10.1	8.5
Public order	5.1	6.5	4.8	6.1	5.8
Education	7.6	11.1	9.8	9.1	9.6
Health	3.7	5.3	3.8	4.3	4.1
Housing	1.6	1.7	2.8	2.5	2.3
Recreation, cultural affairs, etc.	0.6	1.2	1.3	1.4	1.7
Agriculture	10.8	12.8	8.5	10.4	13.0
Mines and energy	1.7	1.8	1.2	1.0	0.9
Transport and communications	17.8	17.7	12.8	11.7	12.1
Other	38.6	26.2	33.1	39.0	37.9
(In percent of GDP)					
Total	5.1	5.0	7.8	5.7	5.2
General public services	0.2	0.2	1.0	0.2	0.2
Defense	0.5	0.6	0.7	0.6	0.4
Public order	0.3	0.3	0.4	0.3	0.3
Education	0.4	0.6	0.8	0.5	0.5
Health	0.2	0.3	0.3	0.2	0.2
Housing	0.1	0.1	0.2	0.1	0.1
Recreation, cultural affairs, etc.	0.0	0.1	0.1	0.1	0.1
Agriculture	0.5	0.6	0.7	0.6	0.7
Mines and energy	0.1	0.1	0.1	0.1	0.0
Transport and communications	0.9	0.9	1.0	0.7	0.6
Other	2.0	1.3	2.6	2.2	2.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

Table 18. Morocco: Functional Classification of Central Government
Total Expenditure, 1998/99–2002

	1998/99	1999/00	2nd half 2000 1/	2001	Prel. 2002
(In millions of Moroccan dirhams)					
Total 2/	103,833	110,291	60,825	119,213	118,999
General public services	5,591	6,247	4,549	6,658	6,885
Defense	14,008	14,224	7,872	15,643	16,994
Public order	7,802	8,686	4,394	9,166	10,096
Education	19,988	20,980	11,579	23,776	25,894
Health, social security, and welfare	3,639	4,973	2,303	4,954	5,183
Housing	550	687	597	993	969
Recreation, cultural affairs, etc.	605	694	443	862	930
Agriculture	3,357	3,772	1,932	4,019	4,712
Mines and energy	441	462	247	405	395
Transport and communications	3,882	3,920	2,159	3,452	3,604
General expenditure 3/	9,165	10,470	6,010	16,890	11,355
Transfers to local governments	5,741	6,347	3,308	6,443	6,935
Other	29,064	28,829	15,433	25,952	25,047
(In percent of total expenditure)					
Total 2/	100.0	100.0	100.0	100.0	100.0
General public services	5.4	5.7	7.5	5.6	5.8
Defense	13.5	12.9	12.9	13.1	14.3
Public order	7.5	7.9	7.2	7.7	8.5
Education	19.3	19.0	19.0	19.9	21.8
Health, social security, and welfare	3.5	4.5	3.8	4.2	4.4
Housing	0.5	0.6	1.0	0.8	0.8
Recreation, cultural affairs, etc.	0.6	0.6	0.7	0.7	0.8
Agriculture	3.2	3.4	3.2	3.4	4.0
Mines and energy	0.4	0.4	0.4	0.3	0.3
Transport and communications	3.7	3.6	3.5	2.9	3.0
General expenditure 3/	8.8	9.5	9.9	14.2	9.5
Transfers to local governments	5.5	5.8	5.4	5.4	5.8
Other	28.0	26.1	25.4	21.8	21.0
(In percent of GDP)					
Total 2/	30.3	31.8	34.8	31.1	29.1
General public services	1.6	1.8	2.6	1.7	1.7
Defense	4.1	4.1	4.5	4.1	4.2
Public order	2.3	2.5	2.5	2.4	2.5
Education	5.8	6.1	6.6	6.2	6.3
Health, social security, and welfare	1.1	1.4	1.3	1.3	1.3
Housing	0.2	0.2	0.3	0.3	0.2
Recreation, cultural affairs, etc.	0.2	0.2	0.3	0.2	0.2
Agriculture	1.0	1.1	1.1	1.0	1.2
Mines and energy	0.1	0.1	0.1	0.1	0.1
Transport and communications	1.1	1.1	1.2	0.9	0.9
General expenditure 3/	2.7	3.0	3.4	4.4	2.8
Transfers to local governments	1.7	1.8	1.9	1.7	1.7
Other	8.5	8.3	8.8	6.8	6.1

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

2/ Excluding net lending.

3/ Outlays for the benefit of all government units (*dépenses communes*).

Table 19. Morocco: Administrative Classification of Central Government
Current Expenditure, 1998/99–2002

(In millions of Moroccan dirhams)

	1998/99	1999/00	Budget Law			
			2nd half 2000 1/	2001	2001	2002
Total	80,664	84,631	47,229	45,305	93,377	96,091
Sovereign	1,917	1,890	1,002	1,983	1,983	2,003
Foreign affairs and cooperation	1,105	1,316	705	908	908	832
Interior	5,560	5,944	2,968	6,264	6,264	7,151
Justice	1,356	1,612	771	1,576	1,576	1,728
Public works	626	639	322	708	708	854
Finance	1,211	1,331	653	1,378	1,378	1,583
Agriculture	1,479	1,538	772	1,735	1,735	1,964
Education	18,658	19,046	10,248	21,784	21,784	23,857
Health	1,991	4,048	1,787	4,011	4,011	4,325
Defense	14,416	12,284	6,589	13,443	13,443	15,191
General expenditure 2/	9,165	10,470	6,010	16,890	16,890	11,355
Other 3/	23,180	24,513	15,402	-25,375	22,697	25,248

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Outlays, mainly for utilities, for the benefit of all government units (*dépenses communes*).

3/ Includes interest payments. For the 1999/00 budget, also includes contingent allocation for unexpected expenditure.

Table 20. Morocco: Administrative Classification of Central Government
Investment Expenditure, 1998/99–2002

(In millions of Moroccan dirhams)

	1998/99	1999/00	Budget Law		
			2nd half	2001	2002
			2000 1/		
Total	17,428	17,950	12,146	19,790	18,655
Sovereign	222	222	111	222	174
Prime Minister	0	0	1,200	0	0
Defense	1,592	1,940	1,283	2,200	1,803
Interior	756	869	500	1,020	946
Finance	4,723	4,641	3,206	7,277	5,432
Energy and mining	290	309	167	228	193
Agriculture	1,878	2,234	1,160	2,285	2,748
Public works	2,381	2,380	1,378	2,515	2,502
Transport	716	716	360	41	36
Education	1,330	1,934	1,331	1,992	2,037
Health	648	925	516	943	858
Housing	286	305	385	544	486
Other	2,606	1,475	549	523	1,440

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Outlays, mainly for utilities, for the benefit of all government units (*dépenses communes*).

Table 21. Morocco: Central Government Employment and Wage Indicators, 1998/99–2002

	1998/99	1999/00	<u>2nd half</u> 2000 1/	2001	<u>Prel.</u> 2002
Employment (number)	770,723	782,494	796,038	808,225	819,282
Annual change in percent	1.0	1.5	1.7	1.5	1.4
Wage bill (in millions of dirhams)	40,286	42,132	21,222	47,998	48,580
Annual change in percent	7.2	4.6	0.7	13.1	1.2
Average wage (in dirhams per annum)	52,270	53,843	53,319	59,387	59,296
Average real wage (1989 dirhams)	33,974	34,544	33,885	37,511	36,434
Annual change (in percent)					
Nominal wage	6.1	3.0	-1.0	11.4	-0.2
Real wage	4.3	1.7	-1.9	10.7	-2.9
Ratio of wage bill to GDP	11.8	12.2	12.1	12.5	11.9
Memorandum items:					
Population (in millions) 2/	27.8	28.2	28.7	29.2	29.5
CPI index (1989 = 100) 3/	153.9	155.9	157.4	158.3	162.7
Average CPI increase (in percent)	1.7	1.3	1.0	0.6	2.8

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

2/ Calendar year.

3/ Average for fiscal years through 1999/2000; calendar year from 2001.

Table 22. Morocco: Central Government Debt, 1998/99–2002 1/

(In millions of Moroccan dirhams)

	1998/99	1999/00	2000 2/	2001	Prel. 2002
Stock at end-period	264,997	259,674	268,034	286,483	284,145
External debt	128,276	120,186	118,646	110,597	92,800
Domestic debt 3/	136,721	139,488	149,388	175,886	196,554
Long-term	73,589	68,798	70,680	70,863	81,652
Medium-term	45,993	46,571	51,618	53,605	62,032
Short-term	17,140	24,119	27,090	51,418	52,870
Drawings	53,875	49,930	32,402	77,876	98,983
External debt	8,665	4,816	3,810	3,150	3,984
Domestic debt 3/	45,210	45,114	28,592	74,726	94,999
Long-term	13,783	3,481	3,516	3,261	14,306
Medium-term	11,904	7,104	7,017	12,928	22,582
Short-term	19,523	34,169	18,059	58,536	63,087
Amortization	46,843	54,840	24,098	61,432	95,002
External debt	13,856	12,352	5,546	13,203	15,683
Domestic debt 3/	32,987	42,488	18,552	48,229	79,319
Long-term	5,355	8,631	1,635	3,078	3,529
Medium-term	4,263	6,526	1,970	10,941	14,155
Short-term	23,369	27,331	14,947	34,210	61,635

Source: Ministry of Finance and Fund staff estimates

1/ Remunerated debt only.

2/ Transition fiscal year July–December 2000.

3/ By initial maturities.

Table 23. Morocco: External Debt Service of Central Government, 1998/99–2002

(In millions of Moroccan dirhams)

	1998/99	1999/00	<u>2nd half</u> 2000 1/	2001	<u>Prel.</u> 2002
Debt service	20,499	18,547	9,439	19,111	20,120
Interest	6,643	6,195	3,393	5,908	4,437
Amortization	13,856	12,352	6,046	13,203	15,683

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

Table 24. Morocco: Current Subsidies to Public Enterprises, 1998/99–2002

(In millions of Moroccan dirhams)

	1998/99	1999/00	<u>2nd half</u> 2000 1/	2001	<u>Prel</u> 2002
Total	1,553	1,657	816	1817	1922
ORMVA (agricultural development) 2/	139	151	68	207	254
Centres de travaux (public works)	208	209	103	225	271
Other 3/	1,206	1,297	645	1,385	1,397

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ *Offices régionaux de mise en valeur agricole*.3/ Excluding transfers to the *Caisse de compensation*, ONICL, and the *Caisse marocaine des retraites*.

Table 25. Morocco: Capital Subsidies to Public Enterprises, 1998/99–2002

(In millions of Moroccan dirhams)

	1998/99	1999/00	<u>2nd half</u> 2000 1/	2001	<u>Prel</u> 2002
Total	2,296	2,335	1,020	1,583	2,258
Bureau de recherches et de participation minière	90	90	37	76	72
Centrale d'achat et de développement de la région minière de Tafilalet et de Fiquiq	2	1	0	1	1
Centre cinématographique marocain	2	2	2	6	9
Centre de développement des énergies renouvelables	6	6	2	4	4
Centres des travaux	18	20	10	28	112
Institut national de la recherche agronomique	48	73	41	80	89
Office national des aéroports	0	0	0	0	0
Office national de recherche pétrolière	130	110	31	64	56
Office national des chemins de fer	700	700	350	0	0
Office national de l'électricité	0	0	0	0	0
Office national de l'eau potable	0	0	0	0	0
Office national marocain de tourisme	120	120	53	99	200
Office national des pêches	20	5	1	1	5
Offices régionaux de mise en valeur	955	982	361	944	1,420
Office de la formation professionnelle et de la promotion du travail	97	97	59	117	124
Others	110	130	74	162	167

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

Table 26. Morocco: Monetary Survey, 1998–2002

	1998	1999	2000	2001	2002
	(In billions of dirahms)				
Net foreign assets	43.4	59.6	55.3	102.6	111.3
Net domestic assets	196.2	204.7	231.3	224.8	236.9
Domestic credit	260.0	268.2	293.0	294.3	306.7
Net credit to the government	91.5	82.2	92.4	85.6	89.5
Credit to the economy	168.5	185.9	200.6	208.6	217.3
Money and quasi money	239.6	264.3	286.6	327.4	348.2
Money	174.5	194.9	210.3	243.1	264.9
Currency outside banks	50.6	56.7	58.2	66.0	69.6
Demand deposits	123.8	138.2	152.1	177.1	195.3
Quasi money	65.1	69.4	76.3	84.3	83.3
Other liabilities, net	63.8	63.5	61.7	69.5	69.9
	(12-month percent change)				
Net domestic assets	5.9	4.3	13.0	-2.8	5.4
Domestic credit	6.0	3.1	9.3	0.4	4.2
Net credit to the government	-2.0	-10.1	12.4	-7.4	4.5
Credit to the economy	10.8	10.3	7.9	4.0	4.1
Money and quasi money	5.8	10.3	8.4	14.2	6.3
	(In percent of broad money; in beginning of period)				
Net foreign assets	1.0	6.8	-1.6	16.5	2.6
Domestic credit	6.5	3.4	9.4	0.4	3.8
Net credit to the government	-0.8	-3.9	3.9	-2.4	1.2
Credit to the economy	7.3	7.3	5.5	2.8	2.6
Other assets net	-1.6	0.1	0.7	-2.7	-0.1
Memorandum items:					
Velocity (GDP/M3)	1.44	1.31	1.24	1.17	1.18
Velocity (non-agr. GDP/M3)	1.18	1.11	1.06	0.98	0.98
Money multiplier	3.59	3.42	3.60	3.35	3.39
Credit to economy/GDP	49.0	53.8	56.6	54.5	53.1
Credit to economy/non-agro GDP	59.2	63.5	65.9	64.7	63.4

Sources: Bank Al-Maghrib; and Fund staff estimates.

Table 27. Morocco: Summary Accounts of Bank Al-Maghrib, 1998–2002

	1998	1999	2000	2001	2002
(In millions of dirhams)					
Foreign assets	42,674	58,416	52,250	98,897	104,005
<i>Of which:</i>					
Gold holdings	1,950	1,950	1,955	1,957	1,960
Gross reserves	40,437	56,181	50,010	96,640	101,760
Net claims on the government	26,634	20,597	23,504	5,187	5,163
Claims on the deposit money banks	3,381	1,346	7,161	7	1
Assets = liabilities	72,689	80,359	82,915	104,091	109,169
Reserve money	66,965	77,260	79,616	97,664	102,627
Currency outside banks	50,644	56,713	58,169	66,025	69,565
Bank reserves	13,937	17,558	19,658	29,070	29,817
Other deposits	2,384	2,989	1,789	2,569	3,245
Foreign liabilities	725	826	893	927	809
SDR allocation	434	1,157	1,169	1,171	1,173
Other items, net	5,290	1,942	2,130	5,246	5,352
Memorandum item:					
Treasury cash holdings	825	532	806	10,806	11,322
(12-month percent change)					
Net claims on the government	-1.6	-22.7	14.1	-77.9	-0.5
Claims on the deposit money banks	179.6	-60.2	432.0	-99.9	-85.7
Reserve money	6.1	15.4	3.0	22.7	5.1
(In percent of reserve money)					
Foreign assets	63.7	75.6	65.6	101.3	101.3
Net claims on the government	39.8	26.7	29.5	5.3	5.0
Claims on the deposit money banks	5.0	1.7	9.0	0.0	0.0
Reserve money	100.0	100.0	100.0	100.0	100.0
Currency outside banks	75.6	73.4	73.1	67.6	67.8
Bank reserves	20.8	22.7	24.7	29.8	29.1
Other deposits	3.6	3.9	2.2	2.6	3.2

Source: Bank Al-Maghrib.

1/ Starting in 1998, the category deposit money banks includes BNDE, CNCA, and CIH.

Table 28. Morocco: Summary Accounts of the Deposit Money Banks, 1998–2002 1/

	1998	1999	2000	2001	2002
	(In millions of dirhams)				
Reserves 2/	13,937	17,558	19,658	29,070	29,817
Foreign assets 3/	4,592	4,812	6,356	6,566	9,040
Net claims on the government	58,615	54,917	61,729	73,161	76,933
Credit to the private sector	168,495	185,905	200,551	208,647	217,269
Assets = liabilities	245,639	263,192	288,294	317,444	333,059
Deposits	179,899	196,852	218,446	250,532	266,987
Demand	114,785	127,463	142,165	166,238	183,682
Time	65,114	69,389	76,281	84,294	83,305
Foreign liabilities	4,276	4,605	4,322	3,881	2,740
Credit from the central bank	3,381	1,346	7,161	7	1
Capital	26,937	29,106	29,480	32,574	32,477
Provisions	12,944	14,916	17,271	22,037	25,150
Other items (net)	18,202	16,367	11,614	8,413	5,704
Related data					
Private sector claims on government	6,652	7,711	8,172	8,285	8,358
	(Percentage change)				
Reserves	13.3	26.0	12.0	47.9	2.6
Foreign assets	24.0	4.8	32.1	3.3	37.7
Net claims on the government	0.0	-6.3	12.4	18.5	5.2
Credit to the private sector	10.8	10.3	7.9	4.0	4.1
Deposits	7.4	9.4	11.0	14.7	6.6
Demand	11.0	11.0	11.5	16.9	10.5
Time	1.5	6.6	9.9	10.5	-1.2
Foreign liabilities	25.4	7.7	-6.1	-10.2	-29.4
Problem loans (in millions of dirhams)	21,144	28,560	30,927	35,699	38,765
Problem loans in percent of total credit to economy	13	15	15	17	18
Total provisions as percent of problem loans	61	52	56	62	65
Capital as percent of total assets	11	11	10	10	10

Source: Bank Al-Maghrib.

1/ Starting in 1998, the category deposit money banks includes BNDE, CNCA, and CIH.

2/ Including forex deposits with Bank Al-Maghrib.

3/ Excluding forex deposits with Bank Al-Maghrib.

Table 29. Morocco: Merchandise Exports, f.o.b., 1998–2001 1/

(In millions of U.S. dollars)

	1998	1999	2000	2001
Food, beverages, and tobacco	1,484	1,515	1,576	1,482
Citrus fruits	270	267	185	184
Vegetables	273	323	234	253
Tomatoes	121	124	76	82
Potatoes	13	32	17	13
Other fresh vegetables	42	54	54	66
Canned vegetables	97	114	86	91
Other	942	926	1,157	1,045
Energy and lubricants	104	203	271	301
Agricultural raw materials	143	188	170	123
Raw minerals	639	610	543	507
Phosphates	459	455	389	373
Lead	18	18	10	9
Barium sulphate	16	9	12	17
Other	145	128	132	109
Semifinished products	1,301	1,396	1,603	1,531
Fertilizers	343	317	323	349
Phosphoric acid	498	589	505	449
Lead	32	28	20	27
Other	428	462	755	705
Manufactured goods	3,472	3,598	3,256	3,197
Industrial equipment	548	693	450	399
Consumer goods	2,924	2,905	2,806	2,798
Total exports (customs basis)	7,143	7,508	7,419	7,142
Memorandum items:				
Phosphates and derivatives	1,300	1,361	1,216	1,171
All other	5,843	6,147	6,202	5,971
Recexports, under <i>admission temporaire</i> 2/	2,477	2,644	2,558	2,438

Source: *Office des Changes*.

1/ Excluding trade under the *admission temporaire sans paiement* regime until 1997, for which a commodity breakdown is not available.

2/ Included in the commodity breakdown since 1998.

Table 30. Morocco: Banks' Interest Rates, 1998–2002

(In percent per annum; end of period)

	1998	1999	2000	2001	2002
Deposits rates					
6-month deposits 1/	6.3	5.1	5.0	4.5	3.6
12-month deposits 1/	6.8	5.7	5.1	4.8	4.0
Lending rates					
Short term					
Observed minimum	7.8	7.0	7.0	7.0	7.0
Observed maximum	14.0	13.5	13.3	13.3	13.3
Long term					
Observed minimum	8.0	8.0	7.0	8.0	8.0
Observed maximum	14.0	13.5	13.3	13.3	13.3

Source: Bank Al-Maghrib.

1/ Monthly averages.

Table 31. Morocco: Balance of Payments, 1998–2002

(In millions of U.S. dollars; unless otherwise indicated)

	1998	1999	2000	2001	Prel. 2002
Trade balance	-2,323	-2,448	-3,235	-3,022	-2,956
Exports, f.o.b.	7,143	7,508	7,419	7,142	7,708
Phosphates and derived products	1,300	1,361	1,216	1,171	1,198
Imports, f.o.b.	-9,467	-9,957	-10,653	-10,164	-10,664
Energy	922	1,326	2,038	1,945	1,808
Services balance	-160	124	274	1,079	422
Nonfactor services	864	1,112	1,142	1,910	1,122
Tourism receipts	1,744	1,949	2,039	2,583	2,152
Net investment income	-1,023	-988	-867	-831	-700
Private transfers (net)	2,293	2,144	2,382	3,535	3,532
Official grants (net)	52	10	101	20	83
Current account	-138	-170	-478	1,612	1,082
Capital account 1/	52	259	1	91	86
Financial account	334	1,549	63	2,144	-567
Direct investment	313	831	368	2,727	275
Other private (including errors and omissions)	474	1,233	536	533	490
Public medium- and long-term loans (net)	-453	-515	-841	-1,117	-1,333
Disbursements	1,498	1,501	835	628	635
Amortization	-1,951	-2,016	-1,676	-1,745	-1,968
Reserve asset accumulation (-increase)	-247	-1,639	415	-3,848	-600
Memorandum items:					
Trade balance (in percent of GDP)	-6.5	-6.9	-9.7	-8.9	-8.0
Current account balance (in percent of GDP)	-0.4	-0.5	-1.4	4.8	2.9
Excluding official grants (in percent of GDP)	-0.5	-0.5	-1.7	4.7	2.7
Gross official reserves 2/	4,600	5,701	4,796	8,431	10,108
(In months of imports of goods and nonfactor services)	4.8	5.7	4.6	8.2	9.4
Debt service as percentage of export of goods, non-factor services and MRE 3/ 4/	23.9	20.8	20.1	16.2	17.3
External public and publically guaranteed debt (in percent of GDP)	54.0	49.8	48.2	41.5	37.5

Sources: Ministry of Finance; *Office des Changes*; and Fund staff estimates and projections.

1/ Includes the grant element of debt swap operations with France and Spain.

2/ Excluding the reserve position in the Fund.

3/ Public and publically guaranteed debt.

4/ Excluding early amortization on account of debt swaps.

Table 32. Morocco: Effective Exchange Rates, 1989–2002

(Indices: 1990=100)

	Nominal Effective Exchange Rate 1/ (1)	Relative Consumer Prices 2/ (2)	Real Effective Exchange Rate 1/ (3) = (1)x(2)	Consumer Price Index
1989	100.3	105.8	106.1	93.6
1990	100.0	100.0	100.0	99.9
1991	100.9	101.4	102.4	108.9
1992	103.5	99.5	103.0	115.2
1993	109.4	96.8	105.9	121.2
1994	116.6	93.7	109.3	127.5
1995	118.3	95.4	112.8	135.3
1996	119.2	95.5	113.7	139.3
1997	121.4	94.5	114.7	140.7
1998	122.5	95.5	117.0	143.5
1999	124.8	95.1	118.7	145.6
2000	128.9	94.7	122.0	148.4
2001	125.9	93.0	117.0	149.3
2002	124.6	93.7	116.7	153.5
2002				
I	124.6	94.5	117.6	153.4
II	124.3	94.5	117.4	154.7
III	124.5	93.0	115.7	152.0
IV	124.9	92.8	115.9	153.8
2002				
January	124.2	93.8	116.5	152.1
February	124.8	94.6	118.0	153.2
March	124.7	95.0	118.4	154.9
April	124.6	93.9	117.0	154.3
May	124.0	95.3	118.2	156.0
June	124.3	94.1	117.0	153.9
July	124.1	93.3	115.7	151.8
August	124.2	92.9	115.4	151.8
September	125.1	92.8	116.1	152.3
October	125.4	92.6	116.1	153.0
November	124.7	93.0	115.9	154.3
Decemeber	124.7	92.7	115.6	154.0

Source: IMF, Information Notice System.

1/ Increases equal appreciation.

2/ Domestic price index/weighted partner price index.

Table 33. Morocco: Stock Exchange Selected Indicators, 1998–2002

	1998	1999	2000	2001	2002 1/
General index	804	777	658	610	...
Change (in percent)	20.4	-3.4	-15.3	-7.4	-16.5
Market capitalization 2/					
In billions of dirhams	145.2	138.0	114.8	104.8	87.2
In percent of GDP	42.4	40.2	32.8	27.5	21.3
Trading volume					
In billions of DH	58.3	96.9	38.5	26.8	22.5
Change (in percent)	80.3	66.2	-60.3	-30.5	-66.7
Share in total transactions of 10 most traded stocks					
(in percent)	77	86	81	79	77
Number of listed enterprises	53	54	53	55	55
Share of transactions off-floor					
In percent of total	71	62	56	35	60
Dividend yield (in percent)	...	2.1	3.2	...	
Price earning ratio (P/E)	...	17.4	12.8	8.9	8.5
Memorandum item:					
GDP (in billions of DH)	343	343	350	382	410

Sources: Ministry of Finance; and *Conseil Déontologique des Valeurs Mobilières*.

1/ New index (Morocco All Shares Index—MASI) starting January 2002.

2/ Excludes the part of equity for which shares are not listed.

SUMMARY OF THE MOROCCAN TAX SYSTEM (current as of the 2003 Budget Law)

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS
<p>1 – DIRECT TAXES</p> <p>1/ IGR (General Income Tax)</p>	<p>(1) <u>APPLICABILITY:</u></p> <p>The IGR is levied on the income of individuals and partnerships:</p> <p><u>Subject to the tax:</u></p> <ul style="list-style-type: none"> - earned income; - occupational income; - income and profits from real estate (1); - income and profits from invested capital (2); - agricultural income (3); <p>A – <u>Earned income:</u></p> <p><u>Definitions:</u></p> <p>The following are considered earned income:</p> <ul style="list-style-type: none"> salaries; allowances and fees; wages; pensions; life annuities. <p>Benefits in cash or in kind paid in addition to the above income are also considered earned income.</p>	<p><u>Earned income</u></p> <p><u>Main exemptions</u></p> <ul style="list-style-type: none"> - Family allowances and family assistance payments; - Alimony; - Employer’s share of retirement and social security contributions; - Daily illness, accident, and maternity allowances and death benefits; - Severance pay up to the limit established by the law and regulations in force; - Disability pensions paid to military personnel and their heirs. <p><u>Main deductions</u></p> <p>Net taxable wages are obtained by deducting the following major items:</p> <ul style="list-style-type: none"> a - 17 percent: for all occupational categories excluding certain occupations (journalists, miners, merchant marines and seagoing fishermen, etc.) for which the law provides specific rates. This deduction must not, however, exceed DH 24,000; b – withholding for pensions or retirement funds; c – contributions to social welfare agencies as well as social security contributions withheld from wages; d – the employee’s share of group life insurance premiums; e – repayment of <u>regular principal and interest on loans obtained for the purchase of low-cost housing</u> <p><u>Standard deduction for pensions and life annuities</u></p> <p>A deduction of 40 percent is allowed for pensions and life annuities.</p> <p><u>Deduction of the tax on foreign retirement pensions</u></p> <p>Taxpayers normally resident in Morocco who have foreign retirement pensions are entitled to a reduction of 80 percent of the tax payable on the portion of their pensions permanently transferred to Morocco, in nonconvertible dirhams.</p>

(1) and (2): Effective 01/01/2001: - real estate profits subject to TPI (real estate profits tax), are now subject to IGR, as the TPI was abolished by the 2001 Budget Law (BL)
 - income and profits from invested capital subject to the TPRPF (tax on fixed-income investment profits), the TPA (tax on share income), and the TPCVM (tax on securities sales) are now subject to IGR, as these taxes were abolished by the 2000 and 2001 Budget Laws.

(3): Agricultural income is exempt from IGR until 12/31/2010 (2001 BL).

	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATE
IGR (contd.)	<p>B – Occupational income:</p> <p><u>Definitions:</u> Occupational income includes:</p> <p>1 – Earnings of individuals and partnerships from: a – A commercial, industrial or artisanal occupation; b – The profession of real estate promoter, land developer, or realtor; c – A liberal profession or any profession other than those listed in (a) and (b).</p> <p>2 – Income of a recurring nature, except scholarships.</p> <p>3- Gross earnings listed in Article 19 of the law on the IGR, received by nonresident individuals or legal entities (interest on loans and other fixed-income investments, royalties, remuneration for technical assistance, remuneration for the provision of technical and scientific information and for research work, commissions and fees, etc.).</p> <p><u>Calculation of net occupational income:</u> Occupational income is calculated according to the real net income (résultat net reel - RNR) system. However, taxpayers doing business as individuals or in a de facto partnership may opt for the simplified net income (résultat net simplifié - RNS) system or the flat-rate system, provided they meet the conditions established by law (turnover (CA) thresholds).</p> <p><u>I. RNR system</u> The accounting year of taxpayers whose occupational income is calculated on a real net income (RNR) basis must end on December 31 of each year.</p>	<p><u>Main exemptions:</u></p> <p>(a) Total exemption for five years for enterprises exporting goods or services and a 50 percent reduction thereafter; (b) Hotels established on or after July 1, 2000 are entitled, for the portion of the basis of assessment representing their turnover in foreign currency duly repatriated directly by them or for their account by travel agencies, to total exemption from IGR for the first five years and a 50 percent reduction thereafter; (c) 50 percent exemption with no time limit for export mining enterprises and those selling their products to enterprises that export them after beneficiation; (d) Partial exemption of 50 percent for five years for enterprises located in certain regions (1); (e) Partial exemption of 50 percent for five years regardless of location in Morocco for artisanal enterprises; (f) Partial exemption of 50 percent for five years for private education and vocational training institutions.</p> <p>The 1998-1999 budget law granted total exemption to individuals performing service contracts financed by EU grants, covering their occupational income under such contracts.</p> <p><u>Minimum taxation</u> The IGR must not be less than the minimum contribution (CM) of taxpayers earning occupational income subject to the RNR or the RNS system.</p> <p>The minimum contribution is not payable during the first three accounting years following the start of professional activity.</p>	<p>The minimum contribution rates (2) are:</p> <p>0.25 percent for the sale of the following products: edible oils, sugar, butter, flour, gas, and petroleum products; 6 percent for certain liberal professions (attorneys, notaries, architects, engineers, veterinarians, topographers, etc.) 0.5 percent for other activities.</p>

- (1) Applicable to the following prefectures and provinces: Al Hoceima, Berkane, Boujdour, Chefchaouca, Es-smara, Fahs-Bai-Makada, Guelmin, Jerada, Laayone, Larache, Nador, Oued-ed-dahab, Oujda-angad, Taner-Assilah, Tan-tan, Taounate, Taourirt, Tsia, Taza, Tétouan.
- (2) The basis for calculating the minimum contribution is the amount of total operating proceeds, excluding tax (2001 BL).

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS
IGR (contd.)	<p>- The RNR for each accounting year is the sum of the earnings, profits, and assets obtained through the practice of one or more occupations, less expenses incurred or paid.</p> <p>To the above-mentioned earnings, profits, and assets are added inventories and work in progress on the account closing date.</p> <p>Correlatively, inventories and work in progress on the account opening date are added to the expenses.</p> <p>Inventories are assessed at cost price or at the going price if the latter is lower, and work in progress is assessed at cost price.</p> <p>A fiscal year loss may be carried forward up the <i>fourth consecutive fiscal year</i>, except for the portion of the loss representing asset depreciation, which can be carried forward indefinitely.</p> <p>2. RNS system</p> <p>The RNS system is applicable optionally.</p> <p>Simplified net income is calculated in the same way as RNR, <u>except with respect to provisions</u>. Moreover, <i>fiscal year losses cannot be carried forward to subsequent fiscal years</i>.</p> <p>3. Presumptive income system</p> <p>The presumptive system is applicable optionally.</p> <p>Presumptive income is calculated by applying to the turnover of each calendar year a coefficient specified for each occupation.</p> <p>The annual earnings of taxpayers opting for the presumptive income system cannot be less than a minimum income comprising two elements, one fixed and the other variable, determined with reference to the legal bases adopted for the business license tax.</p> <p>C. <u>Income and profits from real estate</u></p> <p>1. <u>Real estate income</u></p> <p>▪ <u>Definitions</u></p> <p>The following are considered real estate income unless they fall into the category of occupational income:</p> <p>1. income from the rental of:</p> <p>(a) developed and undeveloped real estate and structures of all types;</p> <p>(b) agricultural property, including constructions and fixed and mobile equipment used thereon.</p> <p>2. Subject to the exclusions provided by law, the rental value of real estate and structures that owners allow third parties to use free of charge.</p> <p>▪ <u>Calculation of net taxable income from real estate</u></p> <p>Net taxable income from real estate mentioned in 1(a) above is obtained by applying a 40% reduction to gross real estate income.</p>	<p><u>Real estate income</u></p> <ul style="list-style-type: none"> ▪ <u>Main exemptions</u> ▪ <u>Permanent exemptions</u> <p>The following are exempt from the tax on the rental value of real estate that owners make available free of charge to:</p> <ul style="list-style-type: none"> - their ascendants and descendants, when the property in question is used for housing; - central and local government administrations and public hospitals; - designated organizations (<i>associations reconnues d'utilité publique</i>). <ul style="list-style-type: none"> ▪ <u>Temporary exemptions</u> <p>Income from the rental of new constructions and structural additions is exempt from the tax for the three years following the completion of such constructions.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IGR (contd.)	<p>2. <u>Real estate profits</u></p> <p><u>Definitions</u></p> <p>Real estate profits are defined as profits realized by individuals upon:⁽¹⁾</p> <ul style="list-style-type: none"> - the sale of real estate or of rights <i>in rem</i> to real estate; - contribution to the assets of a real estate company or of rights <i>in rem</i> to real estate; - transfer for valuable consideration or contribution to the assets of a company of registered shares or partnership shares issued by real estate companies, deemed neutral from a tax standpoint; - transfer for valuable consideration or contribution to the assets of companies of shares, promoters' shares, founders' shares, or partnership shares of companies engaging primarily in real estate activities; - grants of any kind, except for those made between ascendants and descendants, between spouses, and between brothers and sisters. <p><u>Calculation of taxable real estate profit</u></p> <p>Taxable real estate profit is equal to the difference between:</p> <ul style="list-style-type: none"> - the transfer price less transfer expenses, if any; and - the purchase price plus related costs and investment expenses, this total being revalued by applying coefficients established by ministerial decree, based on the national cost-of-living index. 	<p><u>Exempted real estate profits</u></p> <p>The following are exempt:</p> <p><u>Totally</u></p> <ul style="list-style-type: none"> - Profit from the transfer of a building occupied by its owner as principal residence for at least <i>10 consecutive years</i> prior to the date of transfer; - Profit corresponding to all or part of the transfer price, not exceeding DH 1 million, of a building or part of a building occupied as principal residence for more than 5 years prior to the date of transfer by the owner thereof or by members of real estate companies; - Profit earned by individuals upon the first transfer of a building used as principal residence, the area and transfer price of which do not exceed 100 m² and DH 200,000, respectively. - Profit from one or more transfers by individuals who, during the calendar year, realize a total not exceeding DH 60,000; - Profit from the transfer of undivided rights in agricultural properties located outside urban areas; <ul style="list-style-type: none"> - Between joint heirs; - Between co-owners when the rights were acquired more than four years earlier. <p><u>Partially</u></p> <ul style="list-style-type: none"> - A 50 percent reduction of the tax is granted on profit corresponding to the portion of the transfer price exceeding the limit of <i>DH 1 million</i>, realized on the transfer of a building occupied as principal residence for 5-10 years. 	<p><u>Rates applicable to real estate profits</u></p> <p>The rate is 20 percent.</p> <p>However, the total amount of the tax cannot be less than 3 percent of the transfer price.</p> <p>This rate is in full discharge of the IGR.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p>IGR (cont'd)</p>	<p>D. Income and profits from invested capital 1. <u>Income from invested capital</u> <u>Definitions</u> The following are considered income from invested capital: - Earnings from shares or partnership shares and similar income distributed by companies headquartered in Morocco and subject to corporate tax (IS); - Earnings from fixed-income investments deposited or credited to the accounts of individuals or legal entities that have not opted for the IS and whose principal residence, tax domicile, or headquarters is in Morocco.</p> <p><u>Calculation of net taxable income</u> Net taxable income is calculated by deducting bank service charges and collection, account maintenance, and safekeeping fees from the gross amount.</p> <p>2. <u>Profits from invested capital</u> <u>Definitions</u> The following are considered profits from invested capital: annual profits earned by individuals resident in Morocco upon the transfer of securities and other equity and debt instruments issued by public or private legal entities, whether headquartered in Morocco or abroad, as well as mutual funds (OPCVM), but excluding: - Companies dealing primarily in real estate; - <i>Sociétés immobilières transparentes</i> (real estate enterprises whose assets consist of land or a housing unit owned or purchased for occupation by their members).</p> <p><u>Calculation of investment profits</u> Net transfer profit is calculated on the basis of the transfers of each security or instrument. It is made up of the difference between: - the transfer price minus, where applicable, expenses borne by the transferor at the time of the transfer, particularly brokerage fees and commission charges; and - the purchase price plus, where applicable, expenses borne at the time of any purchase, particularly brokerage fees and commission charges.</p>	<p><u>Exempt investment profits</u> The following are exempt from IGR: - Profit or the portion of profit on transfers of securities and other equity and debt instruments corresponding to the amount of transfers made in a calendar year, but not exceeding DH 20,000;</p> <p>- Grants of securities and other equity and debt instruments between ascendants and descendants, between spouses, and between brothers and sisters.</p> <p>Moreover, effective <i>January 1, 2002</i> and until <i>December 31, 2005</i>, total exemption from IGR is granted for profits earned from transfers of shares listed on the Moroccan securities exchange and from transfers of shares or interests in mutual funds when at least 85 percent of the fund's assets are continuously invested in shares listed on the Moroccan securities exchange.</p>	<p><u>Rates applicable to investment income:</u> The withholding rate is: 10 percent on income from shares, partnership shares, and the like. This withholding is in full discharge of the IGR; 20 percent applicable to earnings from fixed-income investments paid to persons subject to IGR under the RNR system or the RNS system. This withholding is <i>charged against the amount of IGR, with entitlement to refund</i>; 30 percent on earnings from fixed-income investments paid to individuals not subject to IGR under the RNR system or the RNS system. This withholding is in full discharge of the IGR.</p> <p><u>Rates applicable to investment profits</u> 10 percent for net profits from transfers of shares and other equity instruments, as well as mutual fund shares or interests when at least 60 percent of the fund's assets are continuously invested in shares and other equity instruments; 20 percent for net profits from transfers of bonds and other debt instruments, as well as mutual fund shares or interests, when at least 90 percent of the fund's assets are continuously invested in bonds and other debt instruments; and 15 percent for net profits from transfers of shares or interests in <i>diversified mutual funds</i>. These rates are in full discharge of the IGR.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES												
IGR (Cont'd)	<p>2. <u>Calculation of Total Income</u></p> <p>Total taxable income is the sum of net incomes in the various categories mentioned above.</p> <p>The IGR is a tax for which a return must be filed.</p> <p>3. <u>Calculation of the Total Income of Individuals who are Members of Groups</u></p> <p>The profits of partnerships, limited partnerships, and de facto companies whose members are all individuals are considered occupational income of the principal partner and are <u>taxed in his or her name</u>.</p> <p><i>Losses can be charged against other occupational income of the principal partner.</i></p>	<p><u>Deductions from Total Income</u></p> <p>The following are deductible from total taxable income:</p> <p>(a) The amount of <i>grants</i> in cash or in kind made to designated organizations and other establishments specified by law (Art. 9 of the Law on the IGR);</p> <p>(b) Up to 10 percent of total taxable income, the amount of <i>regular interest</i> on loans granted to taxpayers by specialized institutions or by banks and credit institutions for the purchase or construction of housing for use as principal residence;</p> <p>(c) Up to 6 percent of total taxable income, premiums or contributions made under individual or group retirement insurance contracts having a term of at least 10 years concluded with insurance companies located in Morocco, when the benefits are paid to recipients over 50 years of age.</p> <p><u>Total Deductions</u></p> <p>1. <u>Deductions for family expenses</u></p> <p>The deduction is DH 180 for spouses and up to DH 1,080 for dependent children.</p> <p>2. <u>Deduction for life insurance contributions:</u></p> <p>Taxpayers are entitled to a tax deduction of 10 percent of the amount of <i>premiums</i> or contributions made under individual or group life insurance contracts having a term of at least 10 years, concluded by the insured with insurance companies or cooperatives located in Morocco</p> <p>The basis of calculation of the deduction may not exceed DH 9,000 per year.</p>	<p>The schedule for calculating the IGR is as follows:</p> <table border="1" data-bbox="1388 347 1682 542"> <thead> <tr> <th>Income bracket (in DH)</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0 - 20,000</td> <td>0 percent</td> </tr> <tr> <td>20,001-24,000</td> <td>13 percent</td> </tr> <tr> <td>24,001-36,000</td> <td>21 percent</td> </tr> <tr> <td>36,001-60,000</td> <td>35 percent</td> </tr> <tr> <td>Above 60,000</td> <td>44 percent</td> </tr> </tbody> </table> <p>However, the tax rate differs for the following wages and income, for which the withholding is:</p> <p>10 percent for the gross income referred to in Art. 19 of the law, earned by foreign enterprises not domiciled or headquartered in Morocco, excluding interest on loans granted in foreign exchange for terms of 10 years or more; this rate is in full discharge of the IGR;</p> <p>17 percent for substitute teachers; this withholding is in full discharge of the IGR;</p> <p>30 percent applicable to:</p> <ul style="list-style-type: none"> - Occasional wages and compensation paid to persons who are not permanent employees of an enterprise, as well as compensation paid to commercial or industrial traveling salesmen or representatives working for one or more employers established in Morocco; <i>this withholding is not in full discharge of the IGR.</i> - Physicians working in clinics and not subject to the business license tax; <i>this withholding is in full discharge of the IGR.</i> - Gross fees paid to artists working individually or in a troupe. <p>This withholding is in full discharge of the IGR.</p>	Income bracket (in DH)	Rate	0 - 20,000	0 percent	20,001-24,000	13 percent	24,001-36,000	21 percent	36,001-60,000	35 percent	Above 60,000	44 percent
Income bracket (in DH)	Rate														
0 - 20,000	0 percent														
20,001-24,000	13 percent														
24,001-36,000	21 percent														
36,001-60,000	35 percent														
Above 60,000	44 percent														

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p>2. Corporate tax (impôt sur les sociétés— IS)</p>	<p>1. Applicability</p> <p>Applicable by law to all corporate enterprises, public institutions, and other legal entities, and on an optional basis to partnerships.</p> <ul style="list-style-type: none"> - Taxable fiscal year earnings are the sum of operating income, profits, and gains, minus operating expenses. - The 1994 budget law introduced the declining balance method of depreciation for capital goods acquired on or after January 1, 1994, on an optional basis and subject to certain exclusions. - Losses can be carried forward, up to the <i>fourth consecutive fiscal year</i>; however, the portion of the loss related to asset depreciation can be carried forward indefinitely. <p>2. Payment</p> <ul style="list-style-type: none"> - The tax is paid voluntarily in four advance payments, each equal to 25 percent of the amount of tax payable for the previous fiscal year. - When the amount of IS due exceeds the advance payments made, the outstanding balance is paid voluntarily by the enterprise together with the first advance payment due. - If too much tax is paid, the excess is automatically offset against the first advance payment due and, in applicable cases, to the remaining advance payments. Any balance remaining is <i>automatically refunded within a month</i> of the due date of the last advance payment. 	<p>A - Main exemptions</p> <p>1. Full, permanent exemption for:</p> <ul style="list-style-type: none"> - Nonprofit associations and comparable entities; - Cooperatives and their unions, except for regional mutual banks [<i>banques régionales populaires</i>]; - Companies engaged in raising livestock; - Profits on transfers of securities by foreign companies. - Legal entities performing service contracts financed by E.U. grants pursuant to said contracts. <p>2. Full exemption for five years and 50 percent reduction thereafter for:</p> <ul style="list-style-type: none"> - Enterprises exporting goods - Enterprises exporting services, for the portion of their export turnover <i>denominated in foreign exchange</i>; - Hotels established on or after July 1, 2000, for the portion of the basis of assessment corresponding to their <i>turnover denominated in foreign exchange, duly repatriated</i> directly by them or on their behalf by travel agencies. <p>3. 50 percent reduction without time limit for:</p> <ul style="list-style-type: none"> - Agricultural companies, for profits from grain, oil-producing, sugar, fodder, and cotton crops;⁽¹⁾ - Export mining enterprises, as well as those which sell their products to enterprises that export them. <p>4. 50 percent reduction for five years for:</p> <ul style="list-style-type: none"> - Artisanal enterprises whose output is the result of essentially manual work, whatever the location of the company or enterprise; - Private education and vocational training institutions that began operations on or after January 1, 1998. - Enterprises doing business in one of the prefectures or provinces established by decree.⁽²⁾ 	<p>The rate of the IS is 35 percent.</p> <p>This rate is halved for the Tangiers area (<i>wilaya</i>).</p> <p>For the credit institutions, BAM, and CDG, and for insurance and reinsurance companies, but not leasing companies, the rate is 39.6 percent.</p> <p>10 percent withholding at source is in full discharge of the IS for:</p> <ul style="list-style-type: none"> - The gross earnings mentioned in Art. 12 of the Law on the IS, of foreign companies, excluding interest on foreign currency loans granted for terms of 10 years or more; interest on deposits in foreign currency or convertible dirhams; interest on loans to the government or guaranteed by it; as well as interest on foreign currency loans granted by the BRI in the context of government-approved projects; - Earnings from shares or partnership shares and similar income⁽³⁾. <p>Earnings from fixed-income investments are subject to 20 percent withholding at source, <i>chargeable to IS, with the right to a refund</i>.⁽³⁾</p> <p>For enterprises located in export processing zones,⁽⁴⁾ the reduced rate of 8.75 percent applies to fiscal years for which the deadline for reporting taxable income expires on or after July 1, 1999.</p> <p>Foreign companies operating in Morocco which have been awarded construction or assembly contracts are taxed at the rate of 8 percent (instead of the previous 12 percent).</p> <p>The 8 percent rate is calculated on turnover, excluding taxes. It provides full discharge of withholding at source on the gross earnings of foreign companies and of tax withholding on earnings from shares, partnership shares, and similar income.</p>

(1) Agricultural income is exempt until 12/31/2010 (2001 BL).

(2) See page 2 (footnote 1).

(3) Withholding at source (10 percent and 20 percent) is applicable as of January 1, 2001 (BL, second half of 2000), replacing the TPA and the TPPRF.

(4) Under the 2001 BL, enterprises created on or after 1/1/2001 are fully exempt from the IS for five consecutive years as of the starting date of their operations, and the rate of 8.75 percent will apply for the following 10 fiscal years.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd)		<p>5 - Temporary reduction for companies listed on the securities exchange</p> <p><i>Eligible companies</i></p> <p>Companies that list their securities on the securities exchange in a public offering and/or a transfer of existing stock or a capital increase are eligible. These securities must be made available to the public at the same time as the companies in question are listed on the securities exchange.</p> <p><i>Excluded companies</i></p> <ul style="list-style-type: none"> - Credit institutions, including finance companies; - Insurance, reinsurance, and underwriting enterprises; - Companies holding public utility concessions; - Companies whose capital is totally or partially held by the government or a public body, or by a company with at least half its capital held by a public body. <p><i>Rate reduction</i></p> <p>Eligible companies enjoy a reduction of the IS rate applied as follows:</p> <ul style="list-style-type: none"> - 25 percent for companies listing their securities on the securities exchange in a public offering involving the transfer of existing stock; - 50 percent for companies listing their securities on the securities exchange in connection with a capital increase of at least 20 percent, in which preferential subscription rights are waived. <p><i>Effective date of the measure</i></p> <p>The above reductions apply to companies listed on the securities exchange between January 1, 2001 and December 31, 2003.</p> <p>The reduction will be available for <i>three consecutive years</i>, starting with the fiscal year after the one in which the company was listed on the Casablanca Securities Exchange</p>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd)	<p>3. <u>Minimum tax</u></p> <ul style="list-style-type: none"> ▪ The IS cannot be less than the minimum contribution (<i>cotisation minimale</i>—CM) of DH 1,500. ▪ The minimum contribution is not payable during the first 36 months following the start of operations. However, this exemption is no longer available once a period of 60 months has lapsed since the date of organization of the companies in question. 	<p>Deductible items include, in particular:</p> <ul style="list-style-type: none"> - Purchases of materials and products; - Personnel expenses; - Overhead expenses; - Start-up expenses; (non-amortized); - Fees and taxes, except IS; - Recorded depreciation;⁽¹⁾ - Provisions;⁽²⁾ - Grants in cash or in kind to: <i>Habous</i> (religious endowments); designated organizations; public institutions engaged in cultural, educational, or research activities; the National League Against Cardiovascular Diseases; the National Cultural Action Fund; and the Moroccan National Olympic Committee, there being no limit on the amount of grants; - Grants in cash or in kind for social projects of public or private enterprises and of those institutions specified by law (up to 2 percent of turnover); - Finance charges; - Miscellaneous operating losses. <p>Up to 20 percent of the maximum depletion allowance of 50 percent of the taxable income of mining enterprises can be allocated to a social fund and the remainder to depletion.</p> <p>Enterprises may use all or part of the maximum investment provision of 20 percent of taxable income for restructuring as well as for research and development to improve their productivity and economic profitability.</p> <p>Under the 1999/2000 BL, enterprises can use the investment provision for research and development without any limitation as to amount (formerly limited to 2 percent of taxable income).</p>	<p>The minimum contribution rates⁽³⁾ are:</p> <ul style="list-style-type: none"> - 0.25 percent for operations carried out by business corporations and involving petroleum products, gas, butter, edible oils, sugar, flour, water, and electricity; - 0.5 percent for all other activities.

- (1) The 1994 budget law instituted an optional declining balance method of depreciation for capital goods acquired on or after 1/1/1994, subject to the exclusions specified by law.
- (2) Under the 1997–1998 budget law, the time limit on using the investment provision for the coastal fishing and maritime transport sector was increased from three years to five years.
- (3) Effective January 1, 2001 (FY2000 for companies whose accounting year is the calendar year), the *basis of calculation* of the minimum contribution is total operating income, *excluding tax* (Art. 6 of the Law on the IS).

TAX	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd.)	<p><i>B – Specific reductions</i></p> <p><i>Profits and gains realized on the transfer of fixed assets are eligible for the following reductions:</i></p> <p><i>During operations:</i></p> <ul style="list-style-type: none"> • 25 percent if the interval between the year of acquisition of each item withdrawn from the assets or transferred and the year of its withdrawal or transfer is 2-4 years; • 50 percent if this interval is 4-8 years; • 70 percent if this interval is more than 8 years. <p>In addition, a company enjoys total exemption if it undertakes in writing:</p> <ul style="list-style-type: none"> • to reinvest the total proceeds of transfers carried out in a given fiscal year no later than three years after the closing date of the fiscal year in question, in capital goods or in buildings reserved for the company's own business operations; and • to include said goods and buildings in its assets for a period of <i>five years</i>, starting with the date of acquisition. <p>Moreover, effective <i>1/1/2002</i> and up to <i>1/1/2005</i>, net gains and profits resulting from the redemption or transfer, during operations, of shares listed on the Moroccan Securities Exchange or of shares of mutual funds <i>80 percent of whose assets are continuously invested in shares listed on the Securities Exchange</i>, are subject separately to IS, <i>on an optional basis</i>, by application of a <i>reduction of 50 percent</i> of the IS rate.</p> <p><i>At the end of operations</i></p> <ul style="list-style-type: none"> • 50 percent if the interval between the year of the company's establishment and that of the withdrawal or transfer of the assets is 4-8 years; • Two-thirds if this interval is eight or more years. 	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
Business license tax <i>(Impôt des patentes)</i>	<p>The business license tax is levied on all Moroccan and foreign individuals and legal entities engaged in professional, industrial, or commercial activities.</p> <p>The principal amount of the business license tax is a proportional tax on the rental value of business premises.</p> <p>The principal amount of the business license tax is increased by a 10 percent surtax and an additional percentage tax.</p> <p>The principal amount of the business license tax is allocated as follows:</p> <ul style="list-style-type: none"> - 90 percent for local governments; - 10 percent for the general state budget. <p>The additional percentage tax is earmarked for the general state budget and the 10 percent surtax is paid to boards of trade, industry, marine fisheries, and crafts and their federations.</p> <p><u>Basis of assessment of the TP:</u></p> <p>The proportional tax (TP) is assessed on the current, regular, gross rental value of stores, factories, workshops, sheds, yards, and places of deposit and of premises, sites, and facilities used for taxable business activities.</p>	<p><u>Main exemptions:</u></p> <p>The following are exempt from the business license tax:</p> <ul style="list-style-type: none"> - Civil servants; - Individuals in one of the occupations listed in Category 7, Table A; - Farmers, but only for the sale (other than in shops or stores) of crops and products from their farm, as well as the sale of livestock they raise there; - Mutual funds (OPCVMs) in accordance with the applicable legislation; - Individuals and legal entities engaged in professional, industrial, or business activities, for their first five years of operation.⁽¹⁾ <p>However, this exemption does not apply to:</p> <ul style="list-style-type: none"> - The credit institutions, BAM, and CDG; - Insurance and reinsurance companies; - Real estate agencies. <p><u>Reduction:</u> To determine the rental value to be used as the base for TP payable by <i>hotels</i>, the following reductions are applied to the cost price of the buildings and facilities of each establishment:⁽²⁾</p> <ul style="list-style-type: none"> - 20 percent for cost prices of DH 3 million or less; - 40 percent for cost prices of DH 3 –6 million; - 50 percent for cost prices of DH 6–12 million; and - 60 percent for cost prices of over DH 12 million. 	<p><u>Applicable rates:</u></p> <p>Rental value, which is the basis of calculation of the business license tax for factories, industrial and commercial establishments, and service providers, is determined directly by applying a <i>flat rate of 3 percent (2003 BL)</i> to the cost price of land, constructions, fittings, equipment, and tools.</p> <p>The rental value used as the basis of calculation of the TP payable on land, buildings and their fittings, equipment, and tools is limited to the portion of their cost price not exceeding DH 50 million (DH 100 previously) (BL, second half of 2000).</p> <p>This restriction applies to all establishments producing goods and engaging in the manufacture, processing, or packaging of products.</p> <p>The cap on the taxable amount of an investment also applies to service providers (2001 BL).</p>

N.B. (1) The Budget Law for the second half of 2000 extended the five-year exemption to the 10 percent surtax and the additional percentage tax.

(2) In the interest of harmonization, the 1997–1998 BL made contract managers also eligible for the reduction granted to owner-operated hotels.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES																
<p>4. Urban tax (Taxe urbaine—TU)</p>	<p>The urban tax is levied on:</p> <ul style="list-style-type: none"> - Buildings and constructions of all types, occupied fully or in part by their owners as their principal or secondary residence, or provided free of charge by said owners as housing for their spouse, ascendants, or descendants; - Buildings used by their owners for a business activity or any other type of operation; - Machinery and equipment installed in enterprises that produce goods or services; - Undeveloped land used by the owner for any type of operation. <p>TU is levied within the boundaries of urban communes and their outlying areas, designated centers, summer and winter resorts, and thermal spas.</p> <p>TU is assessed on the rental value of land, buildings, machinery, and equipment, as determined by the survey committee, using comparisons or direct valuation. However, a <u>75 percent reduction</u> is applicable to buildings occupied as by the owner as his or her principal residence or free of charge by the owner's ascendants or descendants</p> <p>Effective January 1, 2002, the rental value is increased annually by 2 percent.</p> <p>Ninety percent of TU revenue is allocated to communes and 10 percent to the general state budget to cover assessment and collection costs.</p>	<p>Permanent exemptions:</p> <ul style="list-style-type: none"> - Royal residences, properties owned by the state, local governments, private relief and charity organizations, and designated organizations; - Endowed property [<i>biens habous</i>], with the exception of endowed property involving households; - Buildings made available free of charge to certain organizations specified by law; - Buildings owned by foreign governments and designated for use as offices or housing for certain diplomats (subject to reciprocity); - Buildings owned by international organizations enjoying diplomatic status and designated for use as offices of the organization or as housing for mission chiefs; - Buildings generating no income and used exclusively for public religious services or free classes, and buildings classified as historical monuments; - Buildings owned by agricultural cooperatives and their unions, designated for agricultural use. <p>Temporary exemptions:</p> <ul style="list-style-type: none"> - Five years for: <ul style="list-style-type: none"> - Newly-installed machinery and equipment; - New construction and structural additions; - New construction and structural additions as well as capital goods, materials, and tools to be used solely for business purposes when acquired by leasing companies on behalf of their customers, not including those owned by: <ul style="list-style-type: none"> · Long-term establishments of companies and enterprises not headquartered in Morocco that have been awarded contracts for construction work, supplies, or services; · The credit institutions, BAM, and CDG; · Insurance and reinsurance enterprises; · Real estate agencies. - 15 years for: Dwellings considered <i>low-cost housing</i> for the full term of loans, although this exemption may not exceed 15 years from the date of their completion. 	<p>Applicable rates:</p> <p>* The following schedule applies to properties used as <i>dwellings</i>:</p> <table border="1" data-bbox="1446 321 1856 544"> <thead> <tr> <th>Rental value in DH</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0-3,000</td> <td>Exempt</td> </tr> <tr> <td>3,001-6,000</td> <td>10 percent</td> </tr> <tr> <td>6,001-12,000</td> <td>16 percent</td> </tr> <tr> <td>12,001-24,000</td> <td>20 percent</td> </tr> <tr> <td>24,001-36,000</td> <td>24 percent</td> </tr> <tr> <td>36,001-60,000</td> <td>28 percent</td> </tr> <tr> <td>60,001 and above</td> <td>30 percent</td> </tr> </tbody> </table> <p>* Business premises and equipment are subject to TU at the rate of 13.5 percent.</p> <p>TU is levied on the owner or life tenant. The rental value of property used by the owners thereof for their business activity or for any other type of operation is determined by applying a <i>flat rate of 3 percent</i> to the cost price of land, buildings and their fittings, machinery, and equipment, as substantiated by the owners or estimated by the administration using comparisons (2003 BL). However, the rental value of land, buildings and their fittings, machinery, and equipment is limited to the portion of the cost price equal to or less than DH 50 million (DH 100 million previously) (2001 BL). This limit applies to all establishments producing goods and engaging in the manufacture, processing, or packaging of products. The cap on taxable investment also applies to service providers (2001 BL).</p>	Rental value in DH	Rate	0-3,000	Exempt	3,001-6,000	10 percent	6,001-12,000	16 percent	12,001-24,000	20 percent	24,001-36,000	24 percent	36,001-60,000	28 percent	60,001 and above	30 percent
Rental value in DH	Rate																		
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TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
5. Municipal tax <i>(Taxe d'édilitéé—</i> TE)	<p>The TE applies to buildings and constructions of all types, land used for any kind of operation, and machinery and equipment subject to the urban tax.</p> <p>The tax is based on the rental value used to calculate the urban tax, including that of buildings which are temporarily exempt, and on the total amount of rent when the property is leased.</p> <p>All TE revenue is earmarked for the communes.</p>	<p><u>Exemptions:</u></p> <p>Buildings and building annexes permanently exempt from the urban tax are also exempt from the TE.</p>	<p><u>Applicable rates:</u></p> <p>The rates of the TE are:</p> <ul style="list-style-type: none"> - 10 percent for buildings located within the boundaries of urban communes and designated centers; - 6 percent for buildings located in the outlying districts of urban communes.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
II. Value-added tax (VAT)	<p>1/ <u>Applicability</u> VAT applies to industrial, artisanal, and commercial activities (including retail businesses with an annual turnover of DH 2,000,000 or more), professional occupations, and import operations.</p> <p>2/ <u>Basis of assessment:</u> - <i>Taxable turnover</i> includes the price of goods, works, or services and income incidental thereto, as well as related fees, taxes, and duties, with the exception of VAT. - Turnover consists of:</p> <ul style="list-style-type: none"> ▪ for the operations of real estate developers, the transfer price of the construction minus the price of the land, adjusted with reference to real estate profit ratios. However, when the purpose of the building is other than for sale, the basis of assessment is the cost price of the construction; ▪ for land development operations, the cost of the work; ▪ for swap and self-delivery operations, the regular price of the goods, works, or services at the time the operations are carried out. <p>3/ <u>Returns</u> Two types of returns are prescribed by law:</p> <p>- <u>Monthly:</u></p> <ul style="list-style-type: none"> • for taxpayers whose taxable turnover during the year is DH 2,000,000 or more • for any person without a long-term establishment in Morocco who engages in taxable operations in the country. <p>- <u>Quarterly:</u></p>	<p>There are two types of exemption:</p> <p><u>1. Exemptions without entitlement to deduction (sans droit à déduction—SDD)</u></p> <p>These apply, in particular, to: essential goods, products subject to price controls books and newspapers, sales of and services provided by manufacturers or suppliers with a turnover of DH 180,000 or less, self-delivery of dwellings having an area of 240m² or less, operations and interests involving advances and loans to the central and local governments, etc.</p> <p>The following are also exempt:</p> <ul style="list-style-type: none"> - Medical treatment provided by physicians, dentists, physical therapists, orthopedic specialists, speech therapists, and midwives. <p>Moreover, effective 1/1/2002, the operators of clinics, health or treatment centers, and medical laboratories are <i>exempt without entitlement to deduction</i>;</p> <ul style="list-style-type: none"> - Interest on loans granted by finance companies, on the same terms as those granted to private school students and vocational training by banks; - Sales of equipment specially made for the handicapped, locally-produced handcrafted carpets, and operations related to loans and advances to the Communal Capital Fund (<i>Fonds d'Équipement Communal</i>), etc. <p>With effect from 1/1/2001, the same entitlement to VAT refunds granted to diplomatic missions is also applicable to international and regional organizations and their members accredited to Morocco and having diplomatic status.</p> <p><u>2. Exemptions with entitlement to deduction (avec droit à déduction—ADD)</u></p> <p>These apply essentially to products delivered and services provided for taxpayer export activities, fertilizers, agricultural equipment, low-cost housing having an area and a VIT (total real estate value) of 100m² and DH 200,000, respectively, and ship sales, repairs, and conversions.</p> <ul style="list-style-type: none"> - Capital goods to be recorded in a fixed assets account, acquired by taxpayers - Capital goods acquired by private education and vocational training institutions; - New vehicles acquired by taxi operators; - Capital goods acquired by the civil defense department; - Goods and services required for foreign film production. <p>ADD exemptions also apply to:</p> <ul style="list-style-type: none"> - Goods, merchandise, works, and services for delivery on a grant basis by Moroccan or foreign individuals or legal entities to the central government, local governments, public institutions, and designated organizations addressing the social and health conditions of the handicapped and the underprivileged, whether produced domestically or imported; 	<p><u>Applicable rates:</u></p> <p>1. Four ad valorem rates:</p> <ul style="list-style-type: none"> ▪ Regular rate: 20 percent; ▪ Rate of 14 percent: - ADD: for real estate projects, coffee, tea, economical light commercial vehicles, economical mopeds, etc. - SDD: for services provided by insurance agents and brokers; ▪ Rate of 10 percent, ADD, applicable to the tourism sector. <p>Effective January 1, 2001, the following are also subject to the 10 percent rate:</p> <ul style="list-style-type: none"> - Food services (fast-food restaurants, caterers, etc); - Sales of foodstuffs and beverages for on-site consumption in restaurants, regardless of location; - Food service operations by providers of services to employees of businesses. <ul style="list-style-type: none"> ▪ A reduced rate of 7 percent: - SDD: for certain professional occupations (attorneys, notaries, veterinarians, interpreters, etc.); - ADD: - For certain mass consumption goods (water, electricity, pharmaceuticals, etc.); - For economical vehicles; bank, credit, and exchange operations; securities transactions carried out by brokerage firms; and transactions involving shares and partnership shares issued by mutual funds. <p>2. Three specific rates:</p> <ul style="list-style-type: none"> - DH 100 per hl of wine; - DH 4 per gram of gold or platinum; - DH 0.05 per gram of silver.

	<ul style="list-style-type: none"> - Taxpayers whose turnover in the year under review is less than DH 1,000,000; - Taxpayers operating seasonal establishments as well as those engaged in a periodic activity or occasional operations; - New taxpayers for the duration of the current calendar year. <p>The above taxpayers may elect, before January 31, to be taxed under the monthly return system.</p>	<ul style="list-style-type: none"> - Goods, merchandise, works, and services for delivery on a grant basis by foreign governments or international organizations in the context of international cooperation to the central government, local governments, public institutions, and designated organizations; - Goods, merchandise, works, and services for delivery on a grant basis by the Moroccan government to foreign governments; - Goods, merchandise, works, and services financed by E.U. grants; - Acquisitions by international road transport enterprises of buses, trucks, and related capital goods (whether domestic or imported); - Capital goods, equipment, and tools acquired locally or imported by nonprofit associations working with the handicapped and by the Moroccan Red Crescent; - Products and equipment for hemodialysis; - Drugs used to treat cardiovascular diseases, diabetes, asthma, and AIDS; - Sanitation services invoiced to users by the suppliers of such services; - CD-ROMs containing exempt publications and books; - Construction of university dormitories, residences, and campuses by any individual or legal entity. <p>In addition, effective 1/1/2002, exemption with entitlement to deduction is granted to <i>international transport operations</i> and the provision of related services, as well as the repair, upkeep, maintenance, conversion, chartering, and leasing of the various means of such transport.</p> <p><u>Deductibility of VAT on diesel oil:</u></p> <p>Effective <i>January 1, 2001</i>, entitlement to deduction is granted for VAT levied on purchases of diesel oil used as fuel by public carriers of passengers and/or freight by motor vehicle, at the rates of 33 percent for 2001, 66 percent for 2002, and 100 percent beginning January 1, 2003.</p> <p>Likewise, effective January 1, 2002, entitlement to deduction is granted for VAT levied on purchases of diesel oil used by vehicles employed in the road transport of freight by taxpayers for their own account and using their own means of transport, at the rates of 33 percent for 2002, 66 percent for 2003, and 100 percent beginning January 1, 2004.</p>	
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TAX	DESCRIPTION	RATES
Stamp duty (Cont'd)		<p>The stamp duty is DH 20 for:</p> <ul style="list-style-type: none"> - Bills of lading; - Individual maritime logs; - Anthropometric records [<i>fiches anthropométriques</i>]; - Copies of affidavits concerning vehicle accidents. <p>The rates for receipts and releases are revised as follows:</p> <ul style="list-style-type: none"> - Up to DH 10: exempt; - DH 10-DH 100: DH 0.50; - DH 100-DH 500: DH 2.50; - DH 500 and above per bracket or sub-bracket: DH 1.25; - For documents representing unconditional receipt and merchandise shipping receipts: DH 1.25. <p>Commercial paper which, at the time of issue, circulation, or presentation in Morocco, indicates domiciliation at a credit institution or postal checking office is subject to a fixed stamp duty of DH 5.</p> <p>The following are subject to:</p> <ul style="list-style-type: none"> ▪ Fixed duty of DH 300: <ul style="list-style-type: none"> - Documents related to credit transactions between finance companies and individuals; - Documents establishing or canceling mortgages and charges on a business granted as backing for said transactions. ▪ Transfer duty of 5 percent (10 percent previously): transfers of business and of the clientele of hotels, restaurants, establishments selling alcoholic beverages, and cinemas.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES																											
Special annual tax on motor vehicles (Taxe spéciale sur les véhicules automobiles—TSAVA)	The TSAVA applies to motor vehicles as defined in Article 20 of the Vizirial Decree [<i>Arrêté Viziriel</i>] of January 24, 1953 on the policing of traffic and trucking, registered in Morocco.	<p>Main exemptions:</p> <p>The following are exempt:</p> <ul style="list-style-type: none"> - Mass transit vehicles; - Commercial vehicles whose gross weight exceeds 3,000 kilograms; - Passenger automobiles and duly authorized taxis; - Two-wheeled motorcycles, with or without side cars, three-wheeled motorcycles, regardless of engine capacity; - Special public-works vehicles; - Tractors; - Vehicles whose owners enjoy diplomatic privileges and those registered in the W 18 series; - Vehicles owned by the Red Crescent; - Vehicles owned by <i>Entraide Nationale</i>; - Vehicles owned by private relief and charity organizations; - Used vehicles acquired for resale by licensed automobile dealers, for the period between acquisition and resale, provided that the vehicles are registered in the dealer's name; - Impounded vehicles; - Vehicles owned by the government, as listed by decree of the Minister of Finance. 	<p>Applicable rates:</p> <p>The TSAVA rates are:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 15%;">HP</th> <th style="width: 15%;"><8</th> <th style="width: 15%;">8-10</th> <th style="width: 15%;">11-14</th> <th style="width: 15%;">15-19</th> <th style="width: 15%;">>19</th> </tr> </thead> <tbody> <tr> <td>Gasoline-powered (in DH)</td> <td>350</td> <td>650</td> <td>1,500</td> <td>2,200</td> <td>3,200</td> </tr> <tr> <td>Diesel-powered (in DH)</td> <td>700</td> <td>1,500</td> <td>4,000</td> <td>6,000</td> <td>8,000</td> </tr> </tbody> </table> <p>These rates apply to:</p> <ol style="list-style-type: none"> a. Vehicles owned by individuals; b. Vehicles owned and rented out by self-drive car rental agencies; c. Vehicles registered in the M, P, G, GR, FA, and J series; <p>Commercial vehicles (pick-up trucks) with diesel engines, covered by an agricultural insurance policy and owned by individual farmers who use them to carry agricultural materials and products, are subject to the same rate as gasoline-powered vehicles.</p> <p>Vehicles owned by legal entities other than those mentioned in item (b) above are subject to the following rates:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 15%;">HP</th> <th style="width: 35%;">< 8</th> <th style="width: 50%;">≥ 8</th> </tr> </thead> <tbody> <tr> <td>Gasoline-powered (in DH)</td> <td>3,000</td> <td>4,500</td> </tr> <tr> <td>Diesel-powered (in DH)</td> <td>6,000</td> <td>9,000</td> </tr> </tbody> </table> <p>A fee of DH 50 is charged for duplicate TSAVA stickers.</p>	HP	<8	8-10	11-14	15-19	>19	Gasoline-powered (in DH)	350	650	1,500	2,200	3,200	Diesel-powered (in DH)	700	1,500	4,000	6,000	8,000	HP	< 8	≥ 8	Gasoline-powered (in DH)	3,000	4,500	Diesel-powered (in DH)	6,000	9,000
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<p>Tax on insurance</p>	<p>The tax on insurance applies to insurance policies concluded by insurance companies as well as any document whose sole purpose is to draw up, modify, or amicably cancel such contracts, excluding stamp duty, registration fees, and value-added tax.</p> <p>The tax is assessed on the amount of premiums, surcharges, or contributions.</p> <p>It is paid in quarterly advance payments by insurance companies.</p>	<p><u>Main exemptions:</u></p> <p>Insurance contracts covering the following are exempt:</p> <ul style="list-style-type: none"> - Occupational accidents and illnesses; - Agricultural mutual insurance; - Coverage for war risks; - Payments made to the Moroccan retirement fund; - Life insurance; <p>The tax is not payable on life insurance policies or life annuities taken out by persons not domiciled or normally resident in Morocco, or on any other policies when the risk is centered abroad or pertains to an establishment located there.</p>	<p><u>Applicable rates:</u></p> <p>The rates of the tax on insurance are 3 percent, 6 percent, or 12 percent, depending on the type of insurance policy.</p> <p>The 1998-1999 BL introduced an administrative fine of DH 500 per day of lateness (previously DH 50), applicable to insurance companies that fail to produce documents or publications prescribed by law within the specified period.</p>