GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

MOROCCO

2022 (Second Round)

OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Morocco 2022 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

OECD

BETTER POLICIES FOR BETTER LIVES

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes on 11 October 2022 and adopted by the Global Forum members on 7 November 2022. The report was prepared for publication by the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

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Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

2016 Methodology	2016 Methodology for Peer and Non-Member Reviews, as modified in December 2020 and November 2021
2016 Terms of Reference	Terms of Reference on the exchange of information on request, as approved by the Global Forum on 29-30 October 2015
ACAPS	Insurance and Social Security Supervisory Authority (*Autorité de contrôle des assurances et de la prévoyance sociale*)
AML/CFT	Anti-money laundering and terrorist financing
AMMC	Moroccan Capital Markets Authority (*Autorité marocaine des marchés de capitaux*)
ANRF	National Financial Intelligence Authority (*Autorité nationale du renseignement financier*)
BAM	Bank Al-Maghrib
CGI	General Tax Code (*Code Général des Impôts*)
DTC	Double taxation convention
DFCI	Tax and International Co-operation Division (*Division de la fiscalité et de la cooperation internationale*)
DGI	General Tax Directorate (*Direction Générale des Impôts*)
DLECI	Directorate for Legislation, Studies and International Co-operation (*Direction de la legislation, des études et de la cooperation internationale*)
EOIR	Exchange of information on request
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes

MAD	Moroccan dirham
MENAFATF	Middle East and North Africa Financial Action Task Force
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
OMPIC	Moroccan Industrial and Commercial Property Office (*Office marocain de la propriété industrielle et commerciale*)
Review period	1 April 2018 to 31 March 2021
SA	Public limited company (*Société anonyme*)
SARL	Limited liability company (*Société à responsabilité limitée*)
SARLAU	Single-member limited liability company (*Société à responsabilité limitée à associé unique*)
SAS	Simplified joint-stock company (*Société par actions simplifiée*)
SASU	Single-member simplified joint-stock company (*Société par actions simplifiée à associé unique*)
SCA	Partnership limited by shares (*Société en commandite par action*)
SCS	Limited partnership (*Société en commandite simple*)
SERI	International Information Exchange Department (*Service des échanges de renseignements à l'international*)
SIT	Integrated taxation system (*Système intégré de taxation*)
SITDSAN	Department for Investigations, Data Processing and Digital Monitoring (*Service des investigations, du traitement des données et du suivi des activités numériques*)
SNC	General partnership (*Société en nom collectif*)
UTRF	Financial Intelligence Unit (*Unité de traitement du renseignement financier*)

Executive summary

1. This report analyses Morocco's implementation of the standard of transparency and exchange of information on request, as part of the second evaluation round conducted by the Global Forum. It assesses both the legal and regulatory framework in force as at 26 July 2022 and the practical implementation of this framework against the 2016 Terms of Reference, including with respect to information requests received and sent during the review period, from 1 April 2018 to 31 March 2021. The report concludes that Morocco remains "**Largely Compliant**" with the standard of transparency and exchange of information on request.

2. In 2015, the Global Forum evaluated Morocco on its legal implementation of the exchange of information on request (EOIR) standard against the 2010 Terms of Reference and, in 2016, on its implementation in practice. The report from the most recent evaluation (the 2016 Report) already concluded that Morocco was *Largely Compliant* with the standard, but some of the individual ratings for the different elements of the standard differ.

Comparison of the ratings of the First Round Report and the Second Round Report

	Element	Report of the first round of the EOIR (2016)	Report of the second cycle of the EOIR (2022)
A1	Availability of ownership and identity information	Partially compliant	Largely Compliant
A2	Availability of accounting information	Largely Compliant	Compliant
A3	Availability of banking information	Compliant	Largely Compliant
B1	Access to information	Largely Compliant	Largely Compliant
B2	Rights and Safeguards	Compliant	Compliant
C1	EOIR Mechanisms	Largely Compliant	Compliant
C2	Network of EOIR Mechanisms	Compliant	Compliant
C3	Confidentiality	Compliant	Compliant
C4	Rights and safeguards	Compliant	Compliant
C5	Quality and timeliness of responses	Partially Compliant	Partially compliant
OVERALL RATING		**LARGELY COMPLIANT**	**LARGELY COMPLIANT**

Note: The four-scale ratings are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

Progress made since the previous review

3. Since the 2016 Report, the Convention on Mutual Administrative Assistance in Tax Matters has entered into force. Morocco has therefore been able to exchange information with all parties to the Multilateral Convention since 1 September 2019. More generally, Morocco has continued to be very active in ratifying (as well as concluding) double taxation conventions, resulting in an improvement in the rating for Element C.1 from Largely Compliant to Compliant. Morocco now has an extensive network of information exchange mechanisms, covering 163 jurisdictions.

4. With regard to the availability of accounting records, a sanction is now directly associated with the breach of the obligation to keep accounting records and supporting documents for a period of at least 10 years. As a result, the rating for Element A.2 has improved from Largely Compliant to Compliant.

5. Regarding access to information by the tax administration, the right of communication (*droit de communication*) is subject to a binding 30-day response period, accompanied by dissuasive sanctions since 1 January 2016, and Morocco has been ensuring the effective implementation of the new provisions. However, this does not lead to an improvement in the rating for Element B.1, as a recommendation is made on another aspect of the right of communication: where inaccurate information is provided in response to the right of communication, or where documentation provided is incomplete, a tax audit is generally undertaken in practice before a sanction is applied, and a recommendation is therefore made in this respect as this may cause delays in processing requests for information.

6. Finally, the standard on transparency was strengthened in 2016 to require the availability of information on the beneficial owners of legal persons and legal arrangements. Morocco has made considerable efforts in this regard in recent years. As a result, pursuant to Anti-Money Laundering Law, as amended in 2021, anti-money laundering-obliged persons, including banks and financial institutions (with whom every merchant (*commerçant*) is required to open an account pursuant to an obligation to this effect in the Commercial Code), are required to identify and verify the beneficial owners of their clients. In addition, Morocco created a register of beneficial owners of legal persons and legal arrangements in June 2021.

Key recommendations

7. Moroccan legislation continues to permit the issuance of bearer shares by public limited companies and partnerships limited by shares, without having mechanisms in place to ensure the availability of information about their holders in all circumstances. This is the case even though

a recommendation to this effect was included in the 2016 Report. Bill no. 96-21, prepared to address this situation, has existed since 2018 but is not yet in force. In order to ensure the availability of information on the ownership of bearer shares in all circumstances, it is recommended that Morocco take necessary measures as soon as possible.

8. With regard to the availability of information on the beneficial owners of legal entities and arrangements, the supervisory authorities of the financial sector have produced circulars and directives that determine the application of legal provisions relating to client identification requirements. However, they are incomplete in relation to some aspects (albeit potentially compensated by practice), notably how effective control by other means can be established; who should be identified as a beneficial owner when a partnership is concerned; and as to the specified frequency for updating of beneficial ownership information.

9. In addition, there are still uncertainties regarding the newly created register of beneficial owners. These uncertainties relate to the arrangements for updating information on legal arrangements and, more generally, to the full implementation of the register and the mechanisms for monitoring compliance with the obligations of relevant entities and legal arrangements to ensure that adequate, accurate and up-to-date information on beneficial owners is available.

Exchange of information in practice

10. Since the 2016 Report, Morocco has restructured and improved the internal processes of its exchange of information unit. In particular, exchange of information is no longer handled in an *ad hoc manner* involving numerous departments, but rather by a dedicated team.

11. However, Morocco continues to fail to deal effectively and in a timely manner with requests for information. Over the review period, Morocco received a significant volume of requests for information: 406 requests from 16 partners. At the time of the evaluation, 135 requests – one third – were still pending, and 29 requests date back more than three years. Furthermore, the majority of Morocco's partners report that they were rarely informed of the status of their requests when it was not possible for Morocco to respond within 90 days, sometimes even after re-contacting Morocco.

12. Neither the availability of information nor the implementation of access powers appear to be the cause of these difficulties, although the frequent changes since 2016 in relation to the responsibility for gathering the information requested have undoubtedly caused disruptions in the processing of requests. The challenge continues to lie in the organisation of the exchange of information unit and the insufficient steering of its activity.

13. While there is a growing awareness of the situation since recently, the corresponding recommendation issued in 2016 has not been implemented. Morocco is again recommended to ensure that it responds in a timely manner to all requests for information from its partners, as well as to systematically inform them of the status of their requests when it is not possible to respond within 90 days of the request being received.

14. More generally, although Morocco currently sends few requests itself, it is expected that this practice will increase, given the recent amendments to the General Tax Code, which now allow the suspension of the verification period for a period of 180 days and the interruption of the statute of limitations, following the dispatch of requests for information to partner countries.

Overall rating

15. Morocco has a legal framework that broadly ensures the availability of, access to, and effective exchange of relevant information for tax purposes, but this framework requires improvement in several areas, particularly in the exchange of information in practice.

16. Overall, Morocco is rated as “Largely Compliant” with the standard, with a rating of “Compliant” for Elements A.2, B.2, C.1, C.2, C.3 and C.4, “Largely Compliant” for Elements A.1, A.3 and B.1, and “Partly Compliant” for Element C.5.

Next steps

17. This report was approved by the Peer Review Group of the Global Forum on 11 October 2022 and adopted by the Global Forum on 7 November 2022. A follow-up report on the measures taken by Morocco to implement the recommendations made by the Peer Review Group should be issued by 30 June 2023 and annually thereafter in accordance with the procedure set out in the 2016 Methodology, as amended.

Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
The legal and regulatory framework is in place but needs improvement	Public limited companies and partnerships limited by shares, i.e. approximately 5% of companies, can legally issue bearer shares in Morocco, if they have expressly provided for this possibility in their articles of association. The examination of the Moroccan authorities of the articles of association of all public limited companies and partnerships limited by shares in 2016 did not identify any companies that had opted to issue such securities in their articles of association, and the Moroccan authorities are not aware of any examples of such an option since that date. The related risk is therefore minimal. However, Morocco still authorises the issuance of bearer shares without having put in place mechanisms to identify their holders in all circumstances. Moreover, bill no. 96-21 prepared to resolve this situation has existed since 2018 but is not yet in force.	Morocco should take necessary measures as soon as possible to ensure that appropriate mechanisms are in place to identify the holders of bearer shares in all circumstances.
	Partnerships formed abroad but carrying on business in Morocco are not subject to the obligation to keep information on ownership interests. The information will be available in the documents relating to their creation only if this information is required in the jurisdiction where the partnership was created.	Morocco should ensure that information on the ownership and identity of foreign partnerships with economic activity in Morocco is available in all cases.

Determinations and ratings	Factors underlying recommendations	Recommendations
	Amendments to the principal anti-money laundering law entered into force in June 2021. Some of the guides of the main supervisory authorities have been updated to align with the changes made. However, the guidelines applicable to the identification of beneficial owners by anti-money laundering-obliged persons under the anti-money laundering law are incomplete in relation to the following aspects: (i) how effective control by other means can be established; (ii) who should be identified as a beneficial owner when a partnership is concerned rather than a company; and (iii) how often the updating of information on beneficial ownership is required.	Morocco should ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant entities (including partnerships) and legal arrangements.
	As regards trusts, the availability of comprehensive information on beneficial owners depends on the register of beneficial owners, as only partial information is available in other contexts, and only with regard to persons acting as trustees in a professional capacity. However, no specific obligation to update information on the beneficial owners of legal arrangements is provided for in the decree on the registry, unlike in the case of companies.	Morocco should ensure the availability of adequate, accurate and up-to-date beneficial owner information in respect of trusts or similar arrangements administered in Morocco or where a trustee is resident in Morocco is ensured in all cases.
Rating: Largely Compliant	The register of beneficial owners established in 2021 will be an important source of information on beneficial owners once fully populated. A number of uncertainties remain regarding its implementation and its updating, notably how and with what information the register will be populated and how compliance with related obligations will be supervised. Effective monitoring and supervision, as well as enforcement mechanisms with regard to the related obligations will be necessary to ensure that adequate, accurate and up-to-date information on beneficial owners is provided by all relevant entities and legal arrangements.	Morocco should ensure the full implementation of the register of beneficial owners and establish a mechanism to monitor compliance by all relevant entities and legal arrangements to ensure that adequate, accurate and up-to-date information is available in the register of beneficial owners, in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
The legal and regulatory framework is in place		
Rating: Compliant		
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
The legal and regulatory framework is in place but needs improvement	The guidelines of Bank Al-Maghrib (which supervises credit institutions) for banking institutions to identify the beneficial owners of clients under the anti-money laundering law remain incomplete on certain aspects, namely how effective control by other means could be established and who should be identified as a beneficial owner when a partnership rather than a company is concerned.	Morocco should ensure that adequate and accurate information on beneficial owners of bank accounts is available for all account holders.
Rating: Largely Compliant		
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
The legal and regulatory framework is in place but needs improvement		

Determinations and ratings	Factors underlying recommendations	Recommendations
Rating: Largely Compliant	Although a sanction can be applied directly for the refusal to respond to the right of communication, including the provision of incomplete information, in practice, when the information provided is partial or inaccurate, a tax audit is generally undertaken before a sanction is applied. Given the impact of a tax audit on time and resources, enforcement powers are not systematically used and therefore not fully effective.	Morocco should ensure the effective application of sanctions in the event of non-compliance with the legal provisions relating to access to information in all cases.
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
The legal and regulatory framework is in place		
Rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
The legal and regulatory framework is in place		
Rating: Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
The legal and regulatory framework is in place		
Rating: Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
The legal and regulatory framework is in place		
Rating: Compliant		

Determinations and ratings	Factors underlying recommendations	Recommendations
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
The legal and regulatory framework is in place		
Rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
Rating: Partially compliant	Over the review period, Morocco was rarely able to provide responses to its partners within a reasonable timeframe. Thus, the response rate within 180 days of a request was 24%; 15% of Morocco's partners' requests were answered after one year; and 33% of requests remain pending. In addition, in some cases, Morocco sent partial responses to requests without indicating that they were not complete or why.	Morocco should ensure that it responds to all requests for information from its partners in a timely manner.
	Over the review period, Morocco did not systematically inform its partners of the status of their requests when it was not able to provide the information within 90 days, sometimes including when a reminder had been received. Towards the end of the review period, these communications became more frequent and, according to the International Information Exchange Department, even systematic. However, only a standard message, which does not provide any substantial information on the status of the application, is now sent.	Morocco should systematically provide a status update to its partners when the competent authority is unable to provide a response within 90 days, in line with the standard.

Overview of Morocco

18. This overview presents background information about Morocco that serves as context for understanding the analysis in the body of the report.

Legal system

19. Morocco is a constitutional, democratic, parliamentary and social monarchy. The territorial organisation is decentralised. The constitutional system is based on the separation of powers. Legislative power is exercised by the parliament, which is composed of two chambers: the Chamber of Representatives, whose members are elected for five years by direct universal suffrage, and the Chamber of Councillors, whose members are elected for six years by indirect universal suffrage.

20. The King is the Head of State and exercises his duties by means of "dahirs" (Royal Decree-Law) by virtue of the powers expressly conferred on him by the Constitution (Article 42). The King appoints the Head of Government and, on the latter's proposal, appoints the members of the Government who together exercise executive power. The King presides over the Council of Ministers. The Head of Government, in turn, is responsible for leading the Government and co-ordinating the activities of the various ministers.

21. The independence of the judiciary was enshrined in the 2011 Constitution, and this was in turn given concrete form through the adoption of organic laws. The judiciary is composed of the judicial system, which includes civil, criminal and commercial courts, and the administrative system, which is competent in relation to disputes between users and the administration, including the tax administration. In this regard, taxpayers have recourse to challenge all or part of the amount of taxes, duties and fees due and to challenge the decisions of the tax commissions through administrative judicial means (see paragraph 407).

22. The tax system and the tax base, rates and collection of taxes fall within the scope of legislation, as do fundamental rights and freedoms, offences and the sanctions applicable as a result, civil and company law, etc.

23. Matters other than those falling within the domain of the law belong to the regulatory domain. In principle, legislation and regulations in force apply uniformly throughout the territory of the Kingdom, except where a law provides otherwise.

24. The hierarchy of norms is as follows: Constitution, international conventions, laws and dahirs creating laws,[1] regulations and other administrative decisions.

Tax system

25. The Moroccan tax system is composed of state and local taxation,[2] as well as other duties and taxes. The state tax system consists mainly of corporate tax, income tax, value added tax (VAT),[3] registration and stamp duties, customs duties and internal consumption taxes.

26. Corporate tax applies to the income and profits of companies, public institutions and other legal persons engaged in profit-making activities and, optionally, to partnerships consisting only of natural persons.[4] Capital gains and dividend income are taxable under ordinary corporate tax.

27. Companies resident in Morocco are taxed on a territorial basis on income related to their activities. Non-resident companies, i.e. companies not based in Morocco, are taxed on their Moroccan-sourced income.

28. The corporate tax scale is proportional to the amount of net profit, with a marginal rate of 31%. Specific rates are also applicable in certain cases.[5] Thus, a rate of 37% is applicable to credit institutions and similar

1. These are dahirs on matters which, under the Constitution, fall within the domain of the law. These dahirs are therefore an act of the King in the legislative field normally devoted to parliament, in very specific circumstances and for a limited period. There are also other types of dahirs, including promulgation dahirs (the act by which the head of state certifies the existence of a law), as well as autonomous dahirs (for example for the appointment of the head of government) and dahirs for the ratification of treaties.
2. Local taxation is composed of taxes instituted for the benefit of the communes, prefectures and provinces and regions, such as the business tax (established on the rental value of all premises and locations used for the exercise of the taxable profession), housing tax, tax on mining operations, etc.
3. Value added tax (VAT) applies to industrial, craft and commercial activities, real estate and property transactions, the independent professions and imports. The standard rate of VAT is 20%, but reduced rates of 14%, 10% and 7% are applicable in certain cases.
4. When the members of a partnership include legal persons, the partnership is automatically subject to corporate income tax.
5. However, for companies carrying out an industrial activity, excluding those whose net profit is equal to or greater than MAD 100 000 000 (EUR 9 561 330), the

bodies, the Central Bank, the *Caisse de Dépôt et de Gestion* (the state-owned financial institution which manages long-term savings in Morocco) and insurance and reinsurance companies.

29. Withholding tax on dividends is generally set at 15% (unless lower pursuant to a treaty). The withholding tax does not apply to dividends paid to Moroccan companies subject to Moroccan corporate tax, provided an attestation is produced to this effect. The withholding tax on interest is generally set at 10% (unless lower pursuant to a treaty)

30. Income tax applies to the income and profit of individuals and partnerships that have not opted for the corporate tax regime. The income concerned is professional income, salary income, income and profit from real estate, income and profit from movable capital and agricultural income.

31. Registration fees apply to acts and agreements that are subject to compulsory or optional registration, for example the transfer of shares.

32. An individual who is "tax resident" in Morocco is taxable on his or her income from Moroccan and foreign sources. Individuals who are not tax resident in Morocco are only taxable on their Moroccan-sourced income. An individual is a tax resident in Morocco if they have their permanent home in Morocco, the centre of economic interest or when the continuous or discontinuous duration of their stay in Morocco exceeds 183 days over a period of 365 days. The income tax scale is progressive, up to a marginal rate of 38%. Specific rates are also applicable in certain cases.

33. The Moroccan tax administration is centralised in the Directorate General of Taxes (DGI), whose main mission is the strategic steering of the complete management of tax, based on a management by category of taxpayers and largely computerised.

Financial services sector

Overview

34. The Moroccan financial services sector is diversified and well integrated into the global financial system. Its size, measured by the total assets of its components, stands at MAD 2 483 billion,[6] or 216% of GDP. The banking sector accounts for nearly 64% of this, with the bulk of its activities centred on traditional financial mediation.

marginal rate is reduced to 26%.

6. Excluding social security institutions.

35. The Moroccan financial system is composed of seven categories of financial institutions:

- credit institutions: banks (conventional and participatory) and finance companies (51 in 2019)
- similar bodies: offshore banks, micro-credit associations and payment institutions (39 in 2019), the *Caisse de dépôt et de gestion* and the *Société nationale de garantie et de financement de l'entreprise* (the public finance institution offering public financing guarantees)
- insurance and reinsurance companies (23 in 2019)
- social welfare organisations (22 in 2019)
- stock exchange companies (17 in 2019)[7]
- collective investment management schemes (480 in 2019) and their management companies (42 in 2020)
- market infrastructures (5 in 2019).

36. Three entities ensure the control and supervision of the Moroccan financial sector:

- Bank Al-Maghrib (BAM), which supervises credit institutions, including their compliance with the provisions of the banking law and other relevant texts, the adequacy of their administrative and accounting systems and the quality of their financial situation
- the Moroccan Capital Markets Authority (*Autorité marocaine des marchés de capitaux*, AMMC), which supervises capital market participants
- the Insurance and Social Security Supervisory (*Autorité de contrôle des assurances et de la prévoyance sociale*, ACAPS), which supervises insurance and reinsurance companies.

Banking sector

37. The financial sector is dominated by banks and continues to grow, as Morocco continues to assert itself as a regional economic player. In 2019, total banking assets were MAD 1 450 billion (EUR 136 billion) (compared to MAD 1 145 billion or EUR 109 billion in 2015), representing a continuous annual increase and 124% of GDP.

7. There are 13 financial institutions listed on the stock exchange, comprising 10 credit institutions and 3 insurance companies and representing almost 41% of the market capitalisation at the end of 2019.

38. This development is linked to the commencement of the activity of payment institutions since 2018 and the granting of new approvals to operators wishing to offer services backed by payment accounts, bringing the total number of credit institutions and similar bodies to 89, including 24 banks, 6 offshore banks, 28 finance companies, 18 payment institutions (money transfer companies), 11 micro-credit associations and 2 other institutions.[8]

39. However, the banking sector is still dominated by three large systemically important banks with private, and mainly Moroccan, capital. These banks contribute 63.3% of total assets.

40. Given the composition of the commercial marketplace in Morocco, the banking sector is focused on providing current account services and credit facilities, including its wholesale banking function. In Morocco, 42% of Moroccan companies are single-member limited liability companies, and it follows that banking sector clients are generally simple structures.

Capital markets sector

41. As at the close of 2020, the AMMC supervised 59 capital market participants, comprising 17 stock exchange companies; 2 market undertakings;[9] 18 management companies of Undertakings for Collective Investment in Transferable Securities (UCITS, *Organismes de Placement Collectif en Valeurs Mobilières*); 11 management companies of Undertakings for Collective Investment in Capital (*Organismes de Placement Collectif en Capital*); 4 management companies of Collective Investment Funds for Securitisation (*Fonds de Placement Collectifs en Titrisation*); and 9 management companies of Undertakings for Collective Investment in Real Estate (*Organismes de Placement Collectif Immobilier*). In 2020, 76 companies were listed on the Casablanca Stock Exchange.

42. The benchmark index of the Moroccan stock market, the "MASI", rose by 7.1% in 2019, an increase that was recorded by the majority of the main sectors, with notably performances of 20.6% for the food sector, 8.1% for the telecommunications sector and 5.6% for the banking sector. In contrast, the real estate sector underperformed by 36.2% in 2019.

43. The overall volume of trade also rose sharply, equivalent to an increase of 49%. Market capitalisation increased to MAD 626.7 billion (EUR 59.7 billion) at the end of 2019, representing 54.4% of GDP.

8. https://www.bkam.ma/Supervision-bancaire/Structure-du-systeme-bancaire/Structure-du-systeme-bancaire.
9. Namely, the Casablanca Stock Exchange and Maroclear.

44. Moreover, the Moroccan authorities note that the UCITS market now plays a significant role in the development of the financial market. The net assets under management of UCITS reached MAD 483 5 billion (EUR 46 billion) at the end of 2019.

Insurance and reinsurance sector

45. The Moroccan insurance market has 23 insurance and reinsurance companies, including 19 commercial companies and four mutual societies (*mutuelles*). It is placed under the supervision of the Ministry of Finance, which defines and implements public policies in the field of insurance in response to social and economic challenges.

46. At the end of the 2020 financial year, the total assets of the sector reached MAD 255.4 billion (EUR 24.3 billion).

47. ACAPS estimates that only between 10% and 20% of clients are foreigners.

Anti Money Laundering framework

48. The legal framework for the fight against money laundering and terrorist financing (AML/CFT) was introduced in Morocco in 2003 with the adoption of Law no. 03-03 relating to the fight against terrorism, and the adoption in 2007 of Law no. 43-05 relating to the fight against money laundering (the AML Law).

49. The AML Law created the offence of money laundering, listing the underlying offences, including fraud,[10] and defining the persons subject to it, as well as the obligations of a preventive nature incumbent on them. It also lists the relevant supervisory authorities and the powers vested in them.

50. The two laws mentioned have been amended and supplemented by subsequent laws, most recently by Law no. 12-18, adopted in June 2021, following recommendations of the Middle East and North Africa Financial Action Task Force (MENAFATF).

51. The main resulting changes to the anti-money laundering framework are (see also A.1.1):

- the adoption of new concepts or definitions, including that of “beneficial owner” and “legal arrangement”
- the creation of a register of beneficial owners of legal persons and legal arrangements established in Morocco

10. The Moroccan authorities note that the notion of “fraud” covers tax fraud.

- the strengthening of internal due diligence and control procedures and the establishment of rules in relation to the recourse to third parties in order to implement requirements relating to the identification of the client and the beneficial owner and to understanding the nature of the business relationship.

52. Article 3 of the AML Law obliges all those subject to the Law (banks, lawyers, financial intermediaries and others) to collect all the information necessary to identify their clients and beneficial owners of companies or partnerships.

53. Circulars and directives issued by the supervisory authorities of the financial sector have subsequently determined the modalities of application of the provisions on client due diligence, together with even more detailed guides. The circulars of ACAPS and AMMC have recently been amended to bring them in line with the amendments to Law no. 12-18. However, the circular of BAM has not been updated because the authority considers that this is not necessary.

54. At the operational level, the financial intelligence unit (*Unité de traitement du renseignement financier*, UTRF), created in 2009, was replaced in 2021 by the National Financial Intelligence Authority (*Autorité nationale du renseignement financier*, ANRF). Since its creation, the ANRF has developed regulatory and didactic texts on specific AML/CFT topics.[11] Like its predecessor, ANRF collects, processes and transmits to the public prosecutor's office suspicious transaction reports. ANRF is also the control and supervisory authority for AML-obliged persons who are not supervised by any other authority, should any be caught by this category in the future.

55. ANRF is required to work closely with and conduct awareness-raising activities for AML-obliged persons, including in collaboration with other supervisory authorities[12].

Anti-money laundering evaluations

56. Morocco is a member of MENAFATF and was assessed in 2019.[13] Morocco obtained a technical compliance rating of Partially Compliant for Recommendation 10 (client due diligence), Recommendation 22 (client due

11. For example, Directive no. DR.2/2019 which explains the premise of the risk-based approach by persons subject to Law no. 43-05 and the general steps involved, from the identification of clients to the retention of documentation.
12. Namely, the Ministry of Justice for the legal professionals (lawyers, notaries, etc.); Bank Al-Maghrib; the Insurance and Social Security Supervisory Authority; the Moroccan Capital Markets Authority; and the Foreign Exchange Office.
13. *Mutual evaluation report on the Kingdom of Morocco*, MENAFATF, 2019.

diligence for designated non-financial businesses and professions) and Recommendation 24 (transparency and beneficial ownership of legal entities), and a rating of Not Compliant for Recommendation 25 (transparency and beneficial ownership of legal arrangements).

57. The 2019 MENAFATF Mutual Evaluation Report found, *inter alia*, that fundamental improvements were needed to strengthen anti-money laundering investigations and prosecutions and to prevent the misuse of legal persons and legal arrangements. In this respect, one of the risks identified concerned the transparency and identification of beneficial owners. For example, the report concluded that the commercial register provides information on legal owners, shareholders and capital structure, but there was a lack of understanding on how to obtain information on beneficial owners.[14]

58. In terms of supervision and monitoring of AML/CFT obligations, it was considered that BAM and AMMC assessed the level of compliance of their AML-obliged persons through their risk-based inspections, while the supervision of ACAPS and the Foreign Exchange Office was very simple, and that of the UTRF and the Ministry of Justice non-existent, due to their insufficient resources. The sanctions imposed by BAM and the AMMC were, however, considered not to be effective, dissuasive and proportionate. Another issue that was raised, dating back to the previous evaluation in 2007, was the need to increase the available resources and capacity of the UTRF.

59. The country has therefore made considerable efforts in this regard in recent years, and the first MENAFATF monitoring report, dated April 2020, resulted in the improvement of Morocco's rating on Recommendation 10 from Partially Compliant to Largely Compliant, thanks to the extension of the scope of operations subject to client due diligence requirements in certain financial sectors, as well as the extension of information verification requirements.

60. Since the adoption of the third monitoring report of May 2022, Recommendations 22 and 24 are now also rated as "Largely Compliant", given the inclusion of designated non-financial businesses and professions as AML-obliged persons pursuant to the amendments of Law no. 12-18, the adoption of an improved definition of beneficial ownership and the creation of the register of beneficial owners. Recommendation 25 is rated as "Partially Compliant" due to shortcomings regarding information on beneficial owners of legal arrangements.

14. Mutual evaluation report on the Kingdom of Morocco, MENAFATF, 2019, paragraph 90.

Recent developments

61. Law no. 12-18, mentioned above, resulted in the establishment of a register of beneficial owners of legal persons and legal arrangements established in Morocco. This register sits at the level of the Ministry of Finance, with the possibility of delegating its management to a public authority or institution. Accordingly, responsibility for the register has been delegated to the Moroccan Industrial and Commercial Property Office (*Office marocain de la propriété industrielle et commerciale*, OMPIC), the authority responsible for managing the commercial register.

62. The principles for the implementation of the register are set out in Decree no. 2-21-708, published in Official Gazette no. 7024 of 23 September 2021. The register is operational, but not yet fully populated.[15]

63. Several other actions are underway as a result of the recommendations made by the MENAFATF in 2019, including strengthening ANRF's independence and capacity.

64. In addition, bill no. 96-21 on bearer shares, amending and supplementing Law no. 17-95 on Public Limited Companies (*sociétés anonyme*, SA), removes the possibility of issuing bearer shares for companies that are not listed on the stock exchange (for companies listed on the stock exchange, the securities are registered in accounts with financial intermediaries and the identity of the owners can therefore be determined). The draft dates from 2018 and also provides for the introduction of a sanction in relation to SAs that do not maintain a register of shares as legally required, following a recommendation to this effect in relation to Element A.1 made in the 2016 Report.

65. With the change of government in October 2021, the bill was strengthened and sent to the Secretariat General of the Government on 13 December 2021. The bill was submitted to parliament on 4 August 2022 to undergo the legislative process and has therefore not been taken into account in this report as the text is not yet in force.

15. The Moroccan authorities note, however, that the information on beneficial owners that has already been deduced based on the information available in the commercial register is already available. Similarly, the platform for the declaration of beneficial ownership information, allowing legal persons and legal arrangements to provide the required information, is open.

Part A: Availability of information

66. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

67. Legal ownership and identity information is generally available to the competent authorities in respect of the relevant entities and legal arrangements, with the exception of partnerships established abroad but carrying on business in Morocco. As noted in the 2016 Report, the latter are not subject to the obligation to keep information on share ownership, and need only provide the names of their 10 main shareholders to the tax authorities, like any other company. It is therefore recommended that Morocco ensure that such legal ownership information is available.

68. Tax, company and anti-money laundering laws ensure that information is kept for a period of at least 10 years.

69. Moroccan law continues to allow the issuance of bearer shares for public limited companies (*société anonyme*, SA) and for partnerships limited by shares (*société en commandite par action,* SCA). Although mechanisms are in place to ensure the availability of information on their holders in certain circumstances, they still do not cover all cases, although a recommendation to this effect was included in the 2016 Report. A bill to address this situation has existed since 2018. It has been revised and strengthened and is currently before the Secretariat General of the Government before being submitted to parliament. The recommendation is therefore maintained.

70. The same bill aims to remedy another aspect identified in the 2016 Report: there are no sanctions to ensure compliance with the obligation of SAs to keep a share register. The accompanying recommendation that sanctions be instated for non-compliance with this obligation, as well as for the obligation applicable to all companies to keep the original of correspondence received and a copy of correspondence sent, remains unaddressed for the time being. However, it has been deleted because for SAs, the shareholder's rights results from the shares being recorded in the register and the obligation is therefore self-executing. For limited liability companies (*société à responsabilité limitée,* SARL) and SCAs on the other hand, knowledge of the owners of the shares is ensured by the obligation to make amending entries in the commercial register when there is a transfer of shares.

71. In addition, the standard for transparency was strengthened since the 2016 evaluation of Morocco to ensure that information on beneficial owners of relevant entities and legal arrangements is available. The legal framework establishing the availability of beneficial ownership information is relatively new in Morocco, but robust.

72. In particular, under the AML Law, as amended in 2021, AML-obliged persons, including banks and other financial institutions (with whom every merchant (*commerçant*) is obliged to open an account pursuant to the Commercial Code), are required to identify their clients and their clients' beneficial owners.

73. The supervisory authorities of the financial sector have produced circulars and directives, as well as even more detailed guides, which determine how to implement the provisions on client identification requirements. However, some aspects still need to be documented to ensure the availability of adequate, accurate and up-to-date information on beneficial owners in all cases. A recommendation is therefore made to Morocco in this respect.

74. Furthermore, Morocco created a register of beneficial owners in June 2021, but uncertainties remain regarding the practical implementation and supervision of the register, as well as regarding the updating of information on legal arrangements. Recommendations are made to this effect, although the latter aspect is considered of minor importance due to the general absence of *trusts* in Morocco.

75. Over the review period, Morocco received 137 requests relating to ownership information on entities. No requests were received in relation to legal arrangements. Peers indicated that where responses were received from Morocco, these were satisfactory. However, 55 requests did not receive a response (see C.5).

76. The conclusions are as follows:

Legal and regulatory framework: in place but needs improvement

Underlying factor/Deficiencies identified	Recommendations
Public limited companies and partnerships limited by shares, i.e. approximately 5% of companies, can legally issue bearer shares in Morocco, if they have expressly provided for this possibility in their articles of association. The examination of the Moroccan authorities of the articles of association of all public limited companies and partnerships limited by shares in 2016 did not identify any companies that had opted to issue such securities in their articles of association, and the Moroccan authorities are not aware of any examples of such an option since that date. The related risk is therefore minimal. However, Morocco still authorises the issuance of bearer shares without having put in place mechanisms to identify their holders in all circumstances. Moreover, bill no. 96-21 prepared to resolve this situation has existed since 2018 but is not yet in force.	Morocco should take necessary measures as soon as possible to ensure that appropriate mechanisms are in place to identify the holders of bearer shares in all circumstances.
Partnerships formed abroad but carrying on business in Morocco are not subject to the obligation to keep information on ownership interests. The information will be available in the documents relating to their creation only if this information is required in the jurisdiction where the partnership was created.	Morocco should ensure that information on the ownership and identity of foreign partnerships with economic activity in Morocco is available in all cases.
Amendments to the principal anti-money laundering law entered into force in June 2021. Some of the guides of the main supervisory authorities have been updated to align with the changes made. However, the guidelines applicable to the identification of beneficial owners by anti-money laundering-obliged persons under the anti-money laundering law are incomplete in relation to the following aspects: (i) how effective control by other means can be established; (ii) who should be identified as a beneficial owner when a partnership is concerned rather than a company; and (iii) how often the updating of information on beneficial ownership is required.	Morocco should ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant entities (including partnerships) and legal arrangements.

Underlying factor/Deficiencies identified	Recommendations
As regards trusts, the availability of comprehensive information on beneficial owners depends on the register of beneficial owners, as only partial information is available in other contexts, and only with regard to persons acting as trustees in a professional capacity. However, no specific obligation to update information on the beneficial owners of legal arrangements is provided for in the decree on the registry, unlike in the case of companies.	Morocco should ensure the availability of adequate, accurate and up-to-date beneficial owner information in respect of trusts or similar arrangements administered in Morocco or where a trustee is resident in Morocco is ensured in all cases.

Practical implementation of the standard: Largely Compliant

Underlying factor/Deficiencies identified	Recommendations
The register of beneficial owners established in 2021 will be an important source of information on beneficial owners once fully populated. A number of uncertainties remain regarding its implementation and its updating, notably how and with what information the register will be populated and how compliance with related obligations will be supervised. Effective monitoring and supervision, as well as enforcement mechanisms with regard to the related obligations will be necessary to ensure that adequate, accurate and up-to-date information on beneficial owners is provided by all relevant entities and legal arrangements.	Morocco should ensure the full implementation of the register of beneficial owners and establish a mechanism to monitor compliance by all relevant entities and legal arrangements to ensure that adequate, accurate and up-to-date information is available in the register of beneficial owners, in line with the standard.

A.1.1. Availability of legal and beneficial ownership information for companies

77. The following types of companies can be created in Morocco:

- **Limited Liability Company (*société à responsabilité limitée*, SARL)** – a commercial company governed by Law no. 5-96, which can be formed by a single person and whose number of partners cannot exceed 50. The capital of the SARL is freely determined by the partners in the articles of association and is divided into shares of equal nominal value. In March 2021, Morocco had 321 098 SARLs (compared to 310 501 in 2014), excluding single-member SARLs.[16]

16. Statistics on the distribution of companies by legal form are available on the website of the Moroccan Industrial and Commercial Property Office, the authority responsible for managing the commercial register: http://barometre.directinfo.ma/.

- The **Single-Member Limited Liability Company (*société à responsabilité limitée à associé unique*, SARLAU)** is intended for people who want to carry out a commercial activity without partners, with liability limited to the SARLAU's share capital. In March 2021, Morocco had 260 232 SARLAUs (up from 111 877 in 2014), which accounted for 42% of all companies in Morocco.

- **Public Limited Company (*société anonyme*, SA)** – a commercial company governed by the Law on SAs, in which the partners, called shareholders by virtue of a right represented by a negotiable instrument or share, bear the company's debts only up to the amount of their contributions. An SA must have at least five shareholders.[17] In March 2021, Morocco had 32 733 SAs (compared to 27 696 in 2014).[18]
- **Partnership Limited by Shares (*société en commandite par action*, SCA)** – a company governed by Law no. 5-96, whose capital is divided into shares, made up of one or more general partners who have the status of merchants and are indefinitely and jointly and severally liable for the company's debts, as well as limited partners, who have the status of shareholders and only bear losses up to the amount of their contribution. The number of limited partners may not be less than three. In March 2021, Morocco had 63 SCAs (compared to 13 in 2014).
- **Simplified Joint-Stock Company (*société par actions simplifiée*, SAS)** and the **Single-Member Simplified Joint-Stock Company (*Société par actions simplifiée à associé unique*, SASU)** – a commercial company governed by the Law on SAs as well as by Law no. 5-96[19], which can be set up by a single person and whose mode of organisation, management and capital are freely determined by the statutes. The capital is divided into negotiable shares representing contributions in cash or in kind, but the company may issue non-negotiable shares representing contributions in kind. The shareholders only bear losses up to the amount of their contributions.

17. A SA must have a minimum capital of MAD 3 million (EUR 286 890) to make a public offering, and MAD 300 000 (EUR 28 680) otherwise.
18. Simplified joint stock companies (*sociétés anonymes simplifiées*), mentioned in the 2016 report, no longer exist (Law no. 19-20 amending the Law on SAs and Law no. 5-96 repealed the provisions on simplified joint stock companies).
19. The new legal framework for "simplified joint stock companies" was established by Dahir no. 1-21-75 promulgating law no. 19-20 modifying and completing the law on joint stock companies and Law no. 5-96.

78. Finally, it is possible to set up offshore holding companies or offshore banks in Tangier, by virtue of Law no. 58-90 relating to Offshore Financial Centres. Offshore companies are subject to the same rules of creation and publicity dependent on the legal form in which they are incorporated (SA or SAS). They no longer benefit from an advantageous tax regime since 2019. In 2018, the number of holding companies reached nearly 400 companies, including 6 offshore banks.[20] After this date, none were established, indicating a decline in their attractiveness since 2019.

79. According to OMPIC, the office responsible for managing the central commercial register,[21] in March 2021, 614 361 companies existed (domestic and foreign). The vast majority (95%) are limited liability companies of which almost half (45%) are single-member ones. Currently, 176 foreign companies are registered in Morocco.

Obligations relating to identity and ownership information

80. The process of creating and registering companies in Morocco remains generally as described in the 2016 Report (paragraphs 52-79), with the new form of company, SAS and SASU, subject to the same incorporation requirements as SAs. The exception is that the one-stop shop system, consolidating in one place representatives of all administrations involved in the creation of companies and thus also incorporating tax registration, is suspended while the system is digitalised.[22] For the time being, the filing of acts and documents is done physically at the registry of the territorially competent court. The registration of the articles of association with the court is a prerequisite for the declaration of existence made to the tax authorities, which in turn is a prerequisite for registration in the commercial register, and the steps are sequential.

81. It is planned that all registration with the commercial register (as well as with the DGI) and all necessary publicity will be done electronically through the central platform for the creation and support of businesses, *Direct Entreprise*, managed by OMPIC. This will bring a welcome simplification to

20. The six offshore banks are subsidiaries of Moroccan banks and subject to the legal framework governing the banking sector in terms of licensing and the exercise of the activities. Moreover, 96% of the total capitalisation of offshore holding companies is amassed amongst only 7 companies.
21. The information in the central commercial register comes from the local registers, which are kept by the registry offices of the competent courts, pending digitalisation.
22. The one-stop shop is the Regional Investment Centre in each of the 12 regions. Since their reform in 2019 through the promulgation of law no. 47-18, they are now responsible for contributing to the implementation of the State's policy on the development, encouragement, promotion and attraction of investment at the regional level, and overall support for businesses.

the system. However, the platform will only be operational once the decree implementing the law in question comes into force.[23]

82. The obligations relating to the identity and legal ownership of companies are mainly laid down in company and tax law, which together ensure the availability of information.

83. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies:

Companies covered by legislation regulating legal ownership information[24]

Type	Company law	Tax legislation	Anti-money laundering legislation/vigilance
SA/SAS/SASU	All	All	No
SCA	All	All	No
SARL/SARLAU	All	All	No
Foreign companies resident for tax purposes in Morocco	All	All	No

Company law obligations

84. The articles of association of companies must contain information on the identity of the shareholders at the time of the company's establishment.[25] There is no obligation to go through a notary.

85. Once the company has been constituted on paper, it must be registered in the commercial register within three months. The company

23. Law no. 88-17 on the creation and support of companies by electronic means was published in the Official Gazette on 7 March 2019, but will only come into force from the date of publication in the Official Gazette of the decree necessary for its application.
24. The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.
25. For all limited liability companies: a list of subscribers indicating their first name, surname, address, nationality, capacity and profession, the number of shares subscribed for and the amount of payments made by each of them; and, for limited liability companies and SCAs: the first name, surname, domicile of each of the partners or, in the case of a legal person, its name, form and registered office, and the signature of all the partners (see Article 31 of the Law on SAs and Articles 1, 5, 23, 31 and 50 of Law no. 5-96).

obtains legal personality as a result of registration in the commercial registry. Furthermore, the Commercial Code requires the registration of any person, Moroccan or foreign, carrying out a commercial activity on Moroccan territory. The declaration of registration of commercial companies must mention, among other information, the full name of the general partners, their date and place of birth and identification, as well as the names of the partners or third parties authorised to administer, manage and sign for the company, and their date and place of birth and identification (Article 45). This requirement also applies to any branch or agency of a Moroccan or foreign company (Articles 37 and 41). The register does not therefore contain information on all shareholders.

86. During the life of the company, knowledge of the ownership of SARLs and SCAs is ensured through the obligation to make amending entries in the commercial register when there is a transfer of shares (Article 97 of Law no. 5-96). In 2019 and 2020, 59 680 and 48 244 declarations of amending entries in the commercial register were received, respectively. This represents amendments to almost one fifth of all SARLs and SCAs.

87. As regards SAs and SASs (including offshore companies), knowledge of ownership is ensured through the obligation to keep at their registered office a register of shares relating to all subscriptions and transfers of each class of registered shares in a chronological manner (Article 245 of the Law on SAs). The shareholder's rights result from the inclusion of the shares in this register.

88. As regards the retention of information, all supporting documents used for the registration in the commercial register and subsequent changes are kept indefinitely by both the courts and OMPIC. The share register is kept by companies throughout their existence and, further to their liquidation,[26] initially by the liquidator and then by the court for 15 years from the date of filing (Articles 1069 and 1081 of the Dahir on Obligations and Contracts).

89. Domiciliation, i.e. the attribution of a registered office at the address of another legal or natural person, was additionally regulated in Morocco in 2019. It is now considered a commercial activity in its own right and defined as a contract by which a person (the domiciliary agent) makes the headquarters of their company available to another person. Law no. 89-17 on the Domiciliation of Companies governs the relationship between the domiciled person and the domiciliary agent, as well as the domiciliation contract, which is not time-limited but must specify a specific duration.

90. In terms of related obligations, the domiciliary agent must ensure the identity of the person domiciled through a certificate of registration in

26. The Moroccan authorities have confirmed that in Morocco all companies that cease to exist are subject to a liquidation; there is no other method to cease their activity.

the commercial register for legal persons and an identity document for natural persons. The domiciliary must also provide the DGI, before 31 January of each year, a list of the companies with which it has concluded a domiciliation contract.[27] When a person domiciled on its premises ceases to be domiciled, the domiciliary agent must declare this to the DGI, the customs administration and the court registrar.

91. The domiciliary must declare to the domiciliary agent any changes in personal and business addresses, as well as other changes concerning his company, such as the legal form and the names and addresses of the directors. The domiciliary must also hand over to the domiciliary agent all the registers and documents necessary for the proper performance of the obligations listed in Article 544-6 of the Commercial Code. This includes the register of shares of the domiciled company. According to the Moroccan authorities, the use of the domiciliation option has been limited in practice to date.

Tax obligations

92. The DGI relies on the obligations set out in the General Tax Code (CGI) to collect data relating to the legal ownership and identity of companies, namely the declaration of existence (Articles 148 and 109 of the CGI), the declaration of global revenue (Article 82 of the CGI), the declaration of taxable income (Article 20 of the CGI), and the registration of articles of association and acts of establishment or modification (Article 127 of the CGI).

93. All taxpayers, whether taxable or exempt, must submit a declaration of existence within 30 days of the date of their incorporation (in the case of a company incorporated under Moroccan law) or of their establishment in Morocco (in the case of a non-resident company) to the tax department of the place of their registered office or principal place of business in Morocco or of their tax domicile (Articles 109 and 148 of the CGI). The declaration must be accompanied by the company's articles of association and the list of founding shareholders. A tax identification number is then allocated by the integrated taxation system (*Système intégré de taxation*, SIT).

94. A fine of MAD 1 000 (EUR 100) is imposed for a failure to file the declaration of existence or inaccuracy in the declaration (Article 188 of the CGI). The detection of deficiencies is based on systematic controls at the level of the various services, such as the obligation to mention the tax identification number on the various documents sent to the tax authorities. During

27. The domiciliary agent must also inform the DGI and the customs administration if registered letters from the tax authorities have not been delivered to the domiciliary agent within three months.

the review period, between 2 951 and 4 056 such fines were imposed per year, showing that controls are undertaken.

95. All legal entities must also complete the formalities for registration for professional tax/communal services tax (Article 12 of Law no. 47-06 on local taxation), in particular by providing the identity documents of the company's directors or representatives.[28]

96. Up-to-date information on owners is available in part through the requirements of annual returns. Companies, including foreign companies, with the exception of non-resident companies that are taxed at a flat rate or have no establishment in Morocco,[29] must file an annual tax return with the DGI within three months of the closing date of each accounting period (Article 20 of the CGI). In support of their tax return, they are required to provide the identity of the 10 main shareholders or partners, i.e. at least those holding a minimum of 10% of the company's shares.[30] This list is also annexed to the global revenue declaration for the previous year that all taxpayers must send annually to the tax inspector at the place of their tax residence or their main establishment (Article 82 of the CGI). The annual return therefore does not require the list of all shareholders when their number is higher than 10, or reflect changes in ownership occurring between the annual returns. Companies with a preponderance of real estate assets are required to attach to their tax return a list of the names of all the holders of their shares (Articles 20 and 63 of the CGI).

97. In addition, oral or written agreements relating to *inter vivos* transfers such as sales, gifts or exchanges of shares in unlisted companies, shares in transparent real estate companies[31] or companies with a preponderance of real estate assets, and shares in economic interest groupings (see A.1.5), are subject to mandatory registration with the tax administration (Article 127-I-A-1-c of the CGI).[32] Registration must be carried out within 30 days of the transfer (Article 128 of the CGI). This ensures that the tax authorities have up-to-date information on share ownership.

28. The Moroccan authorities note that digitalisation is expected soon, allowing tax registration to also be completed electronically via a platform hosted by OMPIC and titled *Direct Entreprise*.
29. The Moroccan authorities note that to date, the DGI is not aware of any non-resident company that has opted for flat-rate taxation.
30. Article 20 of the CGI and Order of the Minister of Finance, BO no. 3949 of 6 July 1988, pages 225 and 242.
31. Transparent real estate companies are all real estate companies that meet the conditions of Article 3(3) of the CGI and therefore excluded from the scope of application of corporate tax.
32. Private deeds or authenticated deeds transferring shares of listed companies are also subject to the registration formality (Article 127-I-B-3 of the CGI).

98. Finally, Article 211 of the CGI provides that taxpayers are obliged to keep for 10 years at the place where they are taxed, any document provided for by the laws or regulations in force, thus fulfilling the document retention requirements under the standard.

Anti-money laundering due diligence

99. Article 24 of BAM's Circular 5/w/2017 provides that in identifying the beneficial owners of a legal person, "the institution shall take all necessary steps to understand the ownership and control structure of the said legal person". Understanding the ownership structure does not imply knowing all the shareholders or partners of a company. Anti-money laundering legislation is therefore not a source of information on legal ownership of companies.

Oversight and enforcement

100. The DGI has implemented an automated and autonomous system for detecting and following-up on taxpayers who have failed to file their returns. Reminders are sent by post, though the authorities note that they are currently working on a system of electronic notification. According to the DGI, the average response rate to reminders in 2019 and 2020 was 34% and 36% respectively. The proportion of companies receiving a reminder could not be confirmed by the Moroccan authorities at the time of writing.

101. If there is no response after four years, the company concerned is "suspended", i.e. it no longer has access to DGI services, including the triggering of tax certificates, which are necessary, for example, to obtain bank loans or to access public procurement processes in Morocco. In 2022, the DGI considered 16% of companies registered with the DGI as suspended.

102. Suspended companies retain their legal personality and their commercial obligations; the process is solely an administrative one conducted by the DGI. Their record-keeping obligations are maintained despite their inactivity.

103. Suspended companies are automatically reactivated if they undertake any transaction (including the filing of delinquent tax returns), facilitated by the obligation to indicate their common company identifier when undertaking transactions in Morocco. This is subject to specific centralised monitoring by the DGI, accompanied by cross-checking with other databases to which the DGI has access, such as the Administration for Customs and Indirect Taxes and the Foreign Exchange Office. This ensures their identification in most cases. However, taking into account the territorial tax regime, not all transactions outside of Morocco will trigger reactivation in practice. In addition, the DGI carries out onsite checks to ensure that there is no longer any activity.

104. The sanctions existing to ensure the availability of legal ownership information, whether in a commercial or tax context, remain unchanged since the 2016 Report (see paragraphs 184 to 186, 188, and 189 and 192 of the 2016 Report).

105. The tax legislation provides for financial sanctions for failure to comply with the obligation to file an annual tax return, an annual global revenue declaration or acts and agreements (see paragraph 97) (Articles 20, 82 and 127 of the CGI). Increases of tax liability of 5% (for delays of under 30 days or filing of corrective returns resulting in the payment of additions taxes), 15% (for delays of over 30 days) and 20% (in the case of default taxation for lack of submission) are applied, depending on the case, in the event of failure or delay in filing (Article 184 of the CGI).

106. Company law, in turn, provides for sanctions for failure to draw up articles of association, failure to register and failure to keep information. However, no sanctions are provided for failure to comply with the requirement of Article 245 of the Law on SAs, according to which all subscriptions and transfers of each class of registered shares must be entered on a chronological register, kept at the registered office of the SA (see paragraph 87).

107. This issue was the subject of a recommendation in the 2016 Report, and a bill to address it has been in existence since 2018. However, the obligation to keep a shareholder register for SAs is self-executing, as shareholders are otherwise unable to enforce their rights. Furthermore, an SA has to issue an auditor's report, which must mention as a reservation in the specific checks section any failure to keep the share register up to date.

108. The proper keeping of the local commercial register is the responsibility of the registrar of the court, under the supervision of the President of the Court or a judge designated by him. At the end of each month, the regularity of the entries in the commercial register are checked by the President of the Court or the judge designated by him. This control is both formal, to ensure that all documents have been provided, and substantive, for example to verify the identity of the signatories. The authorities met during the onsite visit noted that the extent and effectiveness of this control varies depending on the court concerned,[33] which does not guarantee effectiveness. Morocco is invited to ensure that the supervision by the courts of the proper keeping of the local commercial register is effective in all cases (see Annex 1).

109. The departments dedicated to taxpayer management regularly carry out documentary controls on the basis of the information contained in the physical file of taxpayers and in the SIT. The DGI has indicated that

33. At the very least, if a company files its annual balance sheets after years without filing, the court is automatically notified and asked to apply a sanction.

the objective assigned to the departments is to carry out a document-based check of each taxpayer at least once every four years. In the framework of the documentary control, the tax agents check that tax declarations are in order and verify the information relating to the tax base, the collection and/or the payment of the tax (formal control). Finally, they compare the declarations with the internal and external information available to the tax authorities (consistency check), for example the expenses according to the accounts, compared with the invoices declared in the VAT context. Documentary controls make it possible to follow up on taxpayers who have not submitted tax returns and, if necessary, to implement onsite controls or *ex officio* procedures provided for by Moroccan law (see A.2).

110. In addition, the tax administration verifies compliance with the requirements to register all deeds of transfer of company shares, whether for consideration or gratuitous, including SAs and SASs, by checking the register of shareholders onsite and comparing this with the share transfer declarations received by the DGI. The information collected on this occasion is recorded in the SIT and a copy of the deed of transfer is kept in the files of the tax administration. In addition, the obligation to declare to the tax authorities the list of the top 10 partners or shareholders is supervised by the tax authorities, including for foreign companies.

111. The table below illustrates the sanctions applied between 2018 and 2021 for failure to register transfers of company shares.

	2018	2019	2020	2021
Number of sanctions	3 389	3 414	2 153	1 740
Amount of sanctions (MAD)	31 397 754	7 924 592	3 196 203	4 349 369

112. The figures can be compared to the number of onsite checks set out at paragraph 296 and suggest a reasonable level of enforcement, although the number of sanctions applied in the last two years is significantly lower than in the first two.[34] The reason for the drop in figures was not confirmed by the Moroccan authorities at the time of writing, but may not necessarily be representative due to the COVID-19 pandemic.

113. In conclusion, the procedure for setting up companies in Morocco and the requirements for notifying subsequent changes for purposes of the commercial register ensure the availability of information on the identity of the legal owners of SCAs and SARLs at the time of their incorporation,

34. Sanctions for the failure to register transfers of company shares do not result from documentary checks because in relation to those, the rectification process under Article 212 bis of the CGI is instead applied.

whilst they are active and after they cease to exist. For SAs and SASs, information on the identity of shareholders is available in the commercial register only as at the time of incorporation, but information on changes of legal ownership during the life of the company is available from the tax authorities and from the entities themselves.

Availability of legal ownership information in exchange of information practice

114. Morocco received 137 requests for information that related to ownership information. Peers indicated that where responses were received from Morocco, these were satisfactory. However, 55 requests did not receive a response. Given the mechanisms for ensuring the availability and supervision of ownership information in Morocco, this is mainly due to shortcomings in the organisation and processing of enquiries in Morocco during the review period (see C.5).

Availability of beneficial ownership information

115. The standard for transparency was strengthened in 2016 to require the availability of information on the beneficial owners of companies. In Morocco, this aspect is covered mainly by anti-money laundering legislation, first through the client due diligence obligations of AML-obliged persons, and more recently with the creation of a national register of beneficial owners. Some information is also available under company law and tax legislation insofar as ownership through a controlling interest or other means documented in the constituent documents of a company may be concerned. Each of these regimes is discussed below.

Companies covered by legislation regulating beneficial ownership information

Type	Company law	Tax legislation	AML legislation – registry	AML legislation – AML-obliged persons
SA/SAS/SASU	Some	Some	All	All
SCA	Some	Some	All	All
SARL/SARLAU	Some	Some	All	All
Foreign companies resident for tax purposes in Morocco[35]	Some	Some	All	All

35. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR (Terms of Reference A.1.1, footnote 9).

116. Law no. 43-05 on Money Laundering dates from 2007, but Morocco adopted important changes with regard to the identification of beneficial owners in 2021 through Law no. 12-18. In particular, Law no. 12-18 consolidated the definition of beneficial owner, created a register of beneficial owners of domestic legal entities as well as offshore legal arrangements, strengthened the identification of clients and vigilance over their transactions, and clarified the list of individuals and legal entities subject to the law.

The beneficial ownership definition

117. Article 1 of the law now defines a beneficial owner as:[36]

> The natural person who ultimately owns or controls the client or the natural person on whose behalf the transactions are carried out. This definition also includes the natural person who has effective control over a legal person or legal arrangement directly or indirectly or through a series of controls or ownership.

118. This definition is consistent with the standard as far as companies are concerned. It applies both to those subject to anti-money laundering legislation when applying client due diligence processes, and to companies when determining the identity of their own beneficial owners.

119. The definition is reproduced in the circulars or guides of supervision authorities such as the AMMC, ACAPS, Ministry of Justice and Ministry of Finance on the obligations and supervision of AML-obliged persons, which were updated or adopted in 2022.[37]

120. The circulars of the AMMC and ACAPS (as well as that of BAM) moreover provide a methodology for identifying the beneficial owners of legal persons. They are complemented by guides that provide further explanation of the concepts set out, as well as ownership and control diagrams. It is expected that these guides will also be updated before the end of 2022.

121. In substance, these circulars provide for a comprehensive approach to the identification of beneficial ownership: instead of an analysis of direct or indirect holdings with a threshold of 25%, either in terms of capital or

36. The previous definition was: “For the purposes of this law, a beneficial owner is any natural person on whose behalf the customer acts or any natural person who ultimately controls or owns the customer where the customer is a legal person.”.

37. For ACAPS, this update dates from 26 May 2022; for AMMC, from 27 June 2022. The latest updates to relevant BAM documents are from 2019, in the form of Directive 2/W/2019, but the possibility of effective or *de facto* control was already included in Circular 5/w/2017 (see A.3). The Ministry of Finance’s Practical Guide to Combating Money Laundering and Terrorist Financing for Chartered Accountants was adopted in May 2022.

voting rights, as well as an analysis of legal acts (shareholders' or partners' agreement, joint ownership agreement, legal arrangement enabling control to be exercised, etc.), i.e. a numerical and legal approach, the new texts are based on the possibility of effective or *de facto* control.[38]

122. The supervisory authorities met during the onsite visit explained that in practice, they apply a simultaneous approach to the identification of beneficial owners by considering the different possibilities of control, and that this was the case even before the update of their circulars. This means that AML-obliged persons do not necessarily proceed in stages or in form of a "cascade". Rather, they consider the information and documents as a whole, and this approach thus also ensures the verification of information.[39]

123. Furthermore, ACAPS noted that the recommendation to AML-obliged persons in practice is to go up to five levels of shareholdings in the case of only minority shareholdings when applying the numerical approach. This practice does not fully reflect the standard, according to which one should not stop before reaching a natural person, and Morocco is invited to ensure that the identification of beneficial owners in practice by all AML-obliged persons reflects the content of the standard (see Annex 1).

124. Recourse to the identification of the senior manager is provided for if other means of identification do not lead to the identification of the beneficial owner, or if it is not certain that the natural person(s) identified is the beneficial owner(s). For example, the ACAPS guide provides for the alternative of "relying on the legal representative", while specifying that in such situations, the professional must prove his inability to define the beneficial owner, either as a result of the impossibility of access to information that could lead to the identification of the beneficial owner or due to the complexity of the shareholding structure.[40] Morocco is invited to ensure that the identification of the senior manager is considered only as an option of last resort, when no natural person corresponds to the definition of beneficial owner, and not as an option in the event of impossibility of access to information or difficulty in identifying this or these person(s) (see Annex 1).

38. Either direct or indirect effective control or through a chain or series of controls. In the case of the ACAPS and BAM circulars, it is specified that this control can be exercised "by any other means".
39. However, in the case of the ACAPS guide, a three-step identification of the beneficial owner is expressly provided for (ACAPS, *Lutte contre le blanchiment de capitaux et le financement du terrorisme dans le secteur des assurances*, Guide Nº 1 De devoir de vigilance vis-à-vis la clientèle, page 26).
40. ACAPS, *Combating Money Laundering and Terrorist Financing in the Insurance Sector*, Guide N°1 Customer Due Diligence, page 28.

125. Nevertheless, during the onsite visit, discussions with the financial sector supervisors revealed the extent to which each of them has sophisticated compliance and client due diligence processes in place in practice, thereby ensuring the collection, verification and retention of client information by AML-obliged persons.

Obligations of persons subject to anti-money laundering legislation

126. According to Article 2 of the law, the following are considered AML-obliged persons:

- Bank Al-Maghrib and Barid Al-Maghrib (*Poste Maroc*)
- credit institutions and similar bodies
- offshore holding companies and financial conglomerates
- insurance and reinsurance companies and insurance and reinsurance intermediaries
- management companies of collective investment schemes
- stockbrokers and financial investment advisers
- accountants and chartered accountants, lawyers, notaries and *adouls*[41]
- company service providers who are involved in the creation, organisation and domiciliation of companies.

127. In Morocco, every merchant is obliged, for the purposes of his trade, to open an account in a banking establishment or in a postal cheque centre (Article 18 of the Commercial Code). The Moroccan authorities confirm that it is understood that this requirement is for an account in the country and therefore under Moroccan jurisdiction. All companies have the status of merchants under Moroccan law.[42] Therefore, there is always an AML-obliged person who has to identify the beneficial owners of client companies (including partnerships) and who is required to keep such information.

128. Article 3 of the AML Law states that AML-obliged persons are required to put in place internal control policies and rules, as well as anti-money laundering vigilance and detection measures, according to a risk-based approach.

41. *Adouls* are legal officers empowered to draw up specific legal acts, for example relating to marriages or succession, similar to notaries.

42. The status of merchant is acquired through the exercise of a commercial activity (Article 11 of the Commercial Code) or by the corporate form of the entity carrying out the activity in the case of a legal person (commerciality by form). Commerciality can be inferred from registration in the commercial register, although some exceptions exist, such as collective investment schemes.

Simplified procedures may accordingly be put in place where low risks have been identified, impacting for example the timing of verification of the identity of clients or the frequency of updating beneficial ownership information. AML-obliged persons are required to carry out and keep updated on a continuous basis a risk assessment of their activities and products with regard to their potential use for money laundering/terrorist financing.

129. Article 4 of the AML Law provides that the due diligence measures to be applied include the identification of regular or occasional clients and the taking of "appropriate measures and steps to determine and verify the identity of the beneficial owner in order to ensure that the beneficial owner is well known and understands the ownership structure of legal persons and to monitor them".

130. Moreover, Article 4 prohibits AML-obliged persons from establishing or continuing relationships when the identity of clients or beneficial owners cannot be determined and verified. In practice, the representatives of the supervisory authorities encountered during the onsite visit noted that the AML-obliged person either refrains from entering into a relationship with the client in such cases or discontinues it, and reports the suspicion to ANRF, which may, if necessary, request additional information.

131. As noted above, a methodology to guide AML-obliged persons in identifying the beneficial owners of their clients and indications of what will be considered reasonable measures to verify the identity of such persons are available in the circulars and guides of each financial sector supervisory authority and, more recently, the Ministries responsible for chartered accountants and certified accountants, lawyers, notaries and *adouls*.[43]

132. In general, the authorities require AML-obliged persons to have in place a permanent risk-based internal monitoring and supervision system, as well as reliable sources of identification. Since recently, the supervisory authorities of the financial sector require the same sources of identification and verification of beneficial owners of clients as for direct clients,[44] contributing to a good level of identification and verification. However, it is left to the discretion of AML-obliged persons to specify whether the grounds for identifying beneficial owners should be reflected in internal documents.

133. In addition, the law provides that AML-obliged persons must ensure that their clients' files are updated "regularly" (Article 4), but it does not specify specific time limits or references. The supervisory authorities have explained

43. Those subject to the supervision of other supervisory authorities must rely either on the texts intended for those sectors or on the text of the law itself, which does not provide for a methodology.

44. See, for example, the new ACAPS circular, Article 15, and BAM directive 2/w/2019, Article 6.

that the frequency of updates depends on the typology of the associated risks, which is to be defined in accordance with their guidelines. For example, Article 36 of ANRF decision D1/ANRF/2021 provides that regular updating is done "in particular for high risk categories of clients",[45] and the AMMC noted that in practice, updating is annual for high risk clients, though this is not documented.[46] These provisions do not ensure a specified frequency for updating beneficial ownership information and are therefore not sufficiently precise to ensure that information on beneficial owners is accurate and up-to-date.

134. With regard to third party introductions, Article 6 of the AML Law specifies that AML-obliged persons may make recourse to other AML-obliged persons for purposes of identifying clients. AML-obliged persons who use third parties however bear ultimate responsibility and certain conditions must be met (see paragraph 328).

135. In addition, BAM, together with ACAPS, has drawn up a model agreement on third-party introduction in the field of "Bancassurance" (banking-insurance). According to this model agreement, the bank, as a third party introducer, must apply measures to identify and verify the beneficial owners of the business relationships and provide the insurance company with the information, verification and knowledge on these persons, as well as a copy of the documents collected. The insurance company, in turn, is required to supervise the operations related to the insurance policies taken out.

136. As a result of the foregoing, the availability of beneficial ownership information is generally ensured through the client identification requirements applicable in the context of anti-money laundering legislation, including the due diligence measures applied by banks.

137. However, measures to identify beneficial owners are not sufficiently documented in some respects, namely how effective control by other means can be established and when and how often updating of information is required (although as regards banks, this shortcoming is compensated for by supervised practice in this regard – see A.3). Although these shortcomings may also be compensated for in practice, **Morocco should ensure that adequate, accurate and up-to-date beneficial**

45. As regards updating by banks, see paragraph 330.
46. However, the ACAPS guides indicate that an update is to be made when the professional considers that the identification elements previously obtained are no longer accurate or relevant, or when public information or information gathered when updating knowledge of the business relationship indicates that the elements relating to the identity of the beneficial owner(s) are no longer accurate or relevant – without mentioning a periodicity: ACAPS, Lutte contre le blanchiment de capitaux et le financement du terrorisme dans le secteur des assurances, Guide N°1 Devoir de vigilance vis-à-vis la clientèle, page 36.

ownership information is available for all relevant entities and legal arrangements.

138. Finally, all documents relating to the identity of clients and transactions carried out by clients must be kept by AML-obliged persons for a period of at least 10 years from the date of closure of the account or the termination of the relationship or, where applicable, the date of execution of the transaction (Article 7). The Moroccan authorities state that this obligation continues even where the AML-obliged person ceases to exist, and that the responsibility rests with its legal representative where legal persons are concerned.

The register of beneficial owners

139. Law no. 12-18 provides for the creation of a register of beneficial owners of legal persons and arrangements. Implementing Decree no. 2-21-708 of 8 August 2021 states that the register is to be kept in the form of an electronic platform (Article 6) and that its purpose is to collect, centralise and store accurate and up-to-date information relating to the beneficial owners of companies incorporated in Morocco and foreign companies carrying on business in the national territory, among others,[47] and to make it available to authorised persons (Article 4).

140. An agreement setting out the terms and conditions for maintaining the register was drawn up in February 2022 between the Ministry of Finance and OMPIC, the authority responsible for managing the commercial register. According to this agreement, OMPIC is responsible for the development of an application to identify the beneficial owner based on the information available to it, as well as for the maintenance of the register, the centralisation of the information, and the storage and security of the data contained therein (Article 1).

141. The decree specifies that the information contained in the register, as well as the related supporting documents, shall be kept by OMPIC for a period of 10 years after the company or legal arrangement has ceased to exist.

142. During the onsite visit, representatives of OMPIC and the Treasury and External Finance Directorate of the Ministry of Finance explained that, to begin with, the register is being populated by OMPIC itself, based on the information available at OMPIC, i.e. the documentation submitted at the

47. The register also covers legal arrangements constituted outside the national territory and having carried out one or more financial or real estate transactions or any other form of service provision in Morocco, or having administrators residing in Morocco (see A.1.4).

time of the establishment of the companies, the updates to the articles of association and the financial statements filed annually with the competent court. The agreement further provides that registrants assume responsibility for the accuracy and completeness of the data already entered in the commercial register (Article 7).

143. Therefore, as a first step, OMPIC will identify beneficial owners unilaterally, based on a 25% controlling interest, as well as on the exercise of control by other documented means (for example through a shareholders' agreement).

144. However, the method of identifying beneficial owners for companies described in Article 5 of the Decree is more comprehensive and in line with the standard:

a natural persons who ultimately hold, directly or indirectly, 25% or more of the capital or voting rights;

b if no natural person referred to in point (a) is identified as the beneficial owner, or if there are doubts as to the beneficial ownership of the persons identified under point (a), the natural persons who exercise effective control by any other means, in fact or in law, over the legal person;

c where no natural person referred to in (a) and (b) is identified, the natural person who holds the position of senior manager.

145. Moreover, Article 16 on final and transitional provisions provides that the burden of identification lies with the companies themselves: "companies … incorporated before or on the date of entry into force of this Decree shall have a period of three months to comply with its provisions". The Moroccan authorities confirm that this Article obliges companies that are already operational to provide the relevant information to the register, at least to complete the identification process of beneficial owners carried out by OMPIC.

146. Article 7 of the Decree provides in turn that "the declarant shall communicate the information referred to in Article 11 by filling in the form made available to him via the electronic platform and attaching the supporting documents". Thereafter, companies have to declare the information on their beneficial owners "(a) within one month from the date of registration of the company in the commercial register; (b) within one month from the date of the change affecting the information on the companies or their beneficial owners". In case of any irregularity perceived in the declaration (by OMPIC, based on its cross-checks against the data available in the commercial register, or by any other user), the declarant is invited to regularise his declaration within 15 days.

147. In addition to being a very ambitious project, the fact that OMPIC will itself populate the register, at least initially, departs from the text of the Decree, which provides that the content of the register will be based on declarations from companies. Given the landscape of the Moroccan economy, for most companies with simple structures (SARLs and SARLAUs), the work of OMPIC should be sufficient, but company declarations will be particularly important where structures are more complex.

148. Furthermore, OMPIC and the Treasury and External Finance Directorate noted that insofar a change of ownership is reported to OMPIC in relation to SARLs and SCAs, given the obligation to make amending entries in the commercial register when there is a transfer of shares, OMPIC will update the information directly on the basis of the modified shareholding. In addition to making OMPIC itself more accountable, this only takes into account an approach based on control through capital and voting rights (numerical control).

149. On the other hand, the obligation for companies to provide the relevant information could be more robust. The Decree provides that every beneficial owner of a company or legal arrangement is obliged to provide the entity with the information necessary for it to honour its commitments (Article 13), but the provision is not accompanied by a corresponding sanction and the Decree does not provide powers to obtain this information in order to induce beneficial owners to provide the company with such information, nor does it provide for verification requirements.

150. As to updating obligations, there is only the obligation in Article 12 b) for companies to report changes affecting the information on them or their beneficial owners within one month from the date of the change. There is no parallel obligation for companies to keep a register of their beneficial owners and the underlying documents themselves. Finally, while companies must update the information in the register within one month of any change in beneficial ownership, there is no obligation to make a declaration of change or lack of change in beneficial ownership at a specified frequency. There seems to be no guidance for companies on how to fulfil this obligation and to detect changes when these are not obvious, for example when a beneficial owner changes without the shareholder changing (because it is the shareholding structure of the shareholder itself that changes). Based on exchanges with the authorities, it is not clear how the need for such an update will be identified and therefore ensured.

151. In terms of access to the register, access is limited to specified persons (which includes the DGI) and AML-obliged persons are to have access as part of the fulfilment of their obligations against payment of a fee. The Moroccan authorities note that access to the register will not mean that AML-obliged persons will be able to rely directly on the information it

contains; they will have to verify the beneficial owners of their clients, as required by the AML Law.

152. The Moroccan authorities note that, during the process of populating the register, the data entered is checked, in particular through systematic verification when entering the beneficial owners; consistency checks by a team responsible for the operational management of the register; cross-checks with other data sources, in particular the DGI and the National Social Security Fund (*Caisse Nationale de Sécurité Sociale*); by macro-analysis of the statistics as well as sampling; and dissemination and publication of the data and treatment of anomalies detected by any user. However, these mechanisms are not provided for in the Decree itself. With regard to access to the register by AML-obliged persons, no process for the notification of discrepancies in the beneficial owners of their clients as compared with the register is currently foreseen.

153. In view of the above, in particular the uncertainties related to the population of the register, **Morocco should ensure the full implementation of the register of beneficial owners in order to ensure that adequate, accurate and up-to-date information on beneficial owners is available, in line with the standard.**

154. The information in the register of beneficial owners, as well as the related supporting documents, is kept by OMPIC for a period of 10 years after the removal of the company from the commercial register (Articles 8 and 9 of the Decree).

155. As regards the timetable for the full roll-out of the register, this was not yet clear at the time of writing. While the authorities met during the onsite visit noted that the project would take a few years to complete, the reporting platform is online and information is already available to authorities, entities and entitled persons. The Moroccan authorities did not indicate how much information is already available.

Other provisions

156. The definition of "beneficial owner" is now included in Article 214-V of the CGI[48] in anticipation of the implementation of the automatic exchange of financial account information for tax purposes. As a result, all financial institutions must determine the tax residence of all account holders and, where applicable, their beneficial owners from 1 January 2020. Financial

48. "The beneficial owner is the natural person(s) who ultimately owns or controls the customer, and/or the natural person on whose behalf a transaction is carried out. Also included are the persons who ultimately exercise effective control over a legal person or legal arrangement.".

institutions will then have to communicate this information to the DGI together with the related financial information.

Nominees

157. The notion of "nominee" does not exist under Moroccan law. The closest notion, mentioned in the 2016 Report, is that of "mandate". The Dahir of Obligations and Contracts defines the notion of mandate as "a contract by which one person instructs another to perform a lawful act on behalf of the principal" (Article 879). The Moroccan authorities have confirmed that, in such circumstances, the agent, in its relations with third parties, must indicate that it is acting on behalf of the principal, allowing the latter to be identified in all cases.

158. Furthermore, the AML law requires all AML-obliged persons not only to identify the beneficial owners of their clients, but also to determine and verify the identity of persons acting on behalf of their clients under a mandate (Article 2).

Oversight and enforcement

159. In terms of supervision, the amendments to the AML Law of 2021 have clarified the respective scopes of supervision of the supervisory authorities, with a more precise definition of their missions and means of supervision under Article 13-1:

- Bank Al-Maghrib, for credit institutions and similar bodies, as well as financial conglomerates subject to supervision
- AMMC in respect of management companies of collective investment undertakings
- ACAPS for insurance and reinsurance companies
- Ministry of Justice for lawyers notaries and *adouls*
- Ministry of Finance for accountants and chartered accountants
- Foreign Exchange Office for currency exchange companies
- ANRF for AML-obliged persons without a designated supervisory authority (in case this possibility arises in the future, as this category is currently empty).

160. These authorities are responsible for ensuring compliance with the law (including through onsite and documents checks of AML-obliged persons), as well as accompanying, assisting and supervising AML-obliged persons "with a view to optimum application of the provisions [of the law]"

(Article 13-1). They also determine the method of application of the content of Articles 3 to 8, namely the provisions on client identification and vigilance, as well as the retention of documents.

161. The supervision of compliance varies between supervisory authorities. In the case of ACAPS, AMMC and BAM (see A.3 for more details), it consists of an off-site control by means of an AML/CFT questionnaire and an onsite control based on their individual risk maps, as well as the annual AML/CFT risk assessment of the supervised persons.[49] Compliance with AML/CFT obligations is systematically checked during onsite inspections. The authorities confirm that they always check the availability of information on beneficial owners at the premises of AML-obliged persons and the way in which they are kept.

162. The UTRF, the Moroccan financial intelligence unit until June 2021, when this responsibility was transferred to the ANRF, has in turn effectively exercised its right of communication with administrative authorities and AML-obliged persons. The Moroccan authorities note that, since the creation of the UTRF, co-operation and co-ordination have been intensified between UTRF and the supervisory and control authorities of non-financial sectors.

163. ANRF explained that it has held meetings with the new supervisory and control authorities designated by Law no. 12-18, with the aim of raising awareness of their control obligations towards the persons under their supervision.

164. As an example of the supervision carried out in relation to client identification (see A.3 with regard to supervision by BAM):

- Supervision by the Ministry of Justice is conducted through electronic forms transmitted periodically to a committee at the level of the Directorate of Criminal Affairs and Pardons of the Ministry of Justice, as well as through onsite visits and the verification of documents of AML-obliged persons. The work of the committee is based on a risk analysis and the Ministry of Justice started a programme of field visits in 2022. Some disciplinary and injunctive follow-ups concerning the legal and judicial professions have been undertaken,[50]

49. BAM has set up a mapping of money laundering and terrorist financing risks, with the assistance of an expert from the French Prudential Control and Resolution Authority, based on a qualitative and quantitative approach to assessing AML/CFT risks.

50. In 2020, 25 disciplinary follow-ups and 29 injunctive follow-ups for lawyers; 9 disciplinary follow-ups and 17 injunctive follow-ups for *adouls*; 26 disciplinary follow-ups and 11 injunctive follow-ups for notaries. For context, in 2020, there were approximately 13 000 lawyers, 2 000 notaries and 3 500 *adouls* in Morocco.

but no information has been provided on the number of cases specifically related to AML information requirements, nor on the number of missions carried out.

- Supervision by the Ministry of Finance takes the form of both documentary and onsite inspections. The supervision process is based on a risk-based approach, assessed *inter alia* on the basis of the results of a compliance questionnaire distributed to professional accountants. On average, 120 onsite and documentary inspections are scheduled annually.
- The AMMC's supervision is carried out through onsite inspections. In 2019, the AMMC conducted seven inspections of brokerage firms and account holders, five inspections of the central securities depository (Maroclear) and four inspections of asset management companies.
- ACAPS' supervision is carried out through questionnaires, *ad hoc* information requests, onsite inspections and online interviews. Since 2019, ACAPS conducts missions according to an annual supervision plan. ACAPS conducted 55 thematic onsite missions between 2018 and 2021, resulting in 9 sanctions. Another 8 sanctions are under consideration. In addition, 72 questionnaires were completed between 2020 and 2022 and 8 supervision interviews took place in 2020.

165. The controls conducted by these authorities will need to evolve further to respond to changes in the legal framework and practices relating to beneficial ownership, in particular the creation of the register of beneficial owners. Thus, in addition to the traditional controls, the authorities will have to supervise the access to and dependence on the register by AML-obliged persons.[51]

166. As regards penalties for failure to comply with due diligence and identification obligations, Article 28 provides that AML-obliged persons and, where applicable, their directors and agents who fail to comply with the related obligations, may be sentenced to a financial penalty of between MAD 20 000 and MAD 1 000 000 (EUR 1 910 to EUR 95 610). Previously, this range was MAD 100 000 to MAD 500 000 (EUR 9 560 to EUR 47 800). While the maximum of this financial penalty has therefore been doubled, the minimum is significantly lower than before. Disciplinary sanctions can be applied according to the graduated scale at Article 28.1. In practice, the supervisory authorities have explained that the amount of the penalties

51. The AMMC and ACAPS noted that their supervision continuously follows legal and regulatory developments.

applied is assessed on a case-by-case basis according to the turnover of the person concerned, in order to ensure the dissuasive nature of the penalty. As an example, ACAPS issued administrative sanctions against 8 out of 29 insurance intermediaries supervised during the period 2018-19. ACAPS also pronounced, in 2019, a financial penalty of MAD 100 000 (EUR 9 560) against one insurance company (out of 5 inspected during the same period) due to deficiencies in the AML/CFT system.

167. The Moroccan authorities note that, with regard to information on legal persons, the sanctions were more concerned with the inadequacy of the information collected than with the failure to comply with the retention period.

168. Between 2019 and 2021, the AMMC issued eight disciplinary and pecuniary sanctions against management and stock exchange companies for failures related to the absence or incompleteness of client files and the failure to identify the beneficial owner. It issued warnings and reprimands in addition to financial penalties ranging from MAD 160 000 to MAD 500 000 (EUR 15 300 and EUR 47 800).

169. The Ministry of Justice in turn notes that the correction of breaches is sought in the first instance, but that the financial penalties provided for in the AML Law are applied in the event of persistent violation.[52] This is reflected in recent guidance documents, including the Manual for the Supervision of the Legal Profession (Lawyers, Notaries and *Adouls*) in relation to AML/CFT, the Risk Tools for Targeting the Legal Profession and the Plan for Supervision and Control of the Legal Profession for AML/CFT purposes. Given that legal professionals have only recently been added to the list of AML-obliged persons, Morocco is invited to ensure that the supervision of the Ministry of Justice is sufficient and effective (see Annex 1).

170. More generally, the Moroccan authorities noted that various awareness-raising and training activities were organised in 2020, including for the legal professions, with the aim of improving the knowledge of AML-obliged persons of the risks of money laundering and terrorist financing and of their obligations in this regard.

171. For their part, the supervisory authorities of the financial sector are also committed to raising awareness, in particular by organising regular awareness-raising sessions for AML-obliged persons, with the participation of the ANRF, and permanent exchanges with AML-obliged persons.

172. Finally, with regard to the register of beneficial owners, companies that do not comply with the related obligations are subject to sanctions. In accordance with the provisions of Article 15 of Decree no. 2-21-708, the

52. Ministerial Patrol no. 2 s3 of 20 January 2022.

sanctions applicable in the event of non-compliance with the obligations provided for are a fine ranging from MAD 5 000 to MAD 50 000 (EUR 480 to EUR 4 780) and from MAD 10 000 to MAD 100 000 (EUR 960 to EUR 9 560) in the event of submission of false, inaccurate or non-updated information (Article 15). Sanctions are pronounced by the Ministry of Finance. No sanctions have yet been imposed.

173. **Morocco should establish a mechanism to monitor compliance by all relevant entities and legal arrangements to ensure that adequate, accurate and up-to-date information is available in the register of beneficial owners.**

Availability of beneficial owner information in exchange of information practice

174. Morocco received 10 requests that relate to beneficial ownership information, and currently classifies them as "other". Peers indicated that where responses were received from Morocco, these were satisfactory. For the time being, the Moroccan competent authority must continue to rely mainly on information available from AML-obliged persons, including banks; in the future, information on beneficial owners should be available through the register of beneficial owners.

A.1.2. Bearer shares

175. As noted in the 2016 Report, SAs and SCAs may issue bearer shares,[53] provided that their articles of association expressly provide for this possibility.

176. There are mechanisms to ensure that information on the identity of holders of bearer shares is available in specific circumstances, as described in the 2016 Report (see paragraph 133). In particular, for listed companies, securities are booked with financial intermediaries and the identity of the owners can therefore be determined.

177. In addition, like for nominative shares, transfers of bearer shares are subject to registration duties, whether these transfers are verbal or written and regardless of the form of the documents recording them. Registration and payment of the related duty (4% of the transfer price) must be made within 30 days of the transfer (Article 128 of the CGI). Sanctions are applicable in case of non-compliance with this obligation (Article 184 of the CGI). However, the effectiveness of this measure is not clearly established, as the tax authorities have no way of checking whether or not a transfer of bearer

53. By application of Article 12 of the Law on SAs and Article 31 of Law no. 5-96.

shares has occurred, and they only collect this information if a transfer takes place.

178. Overall, the mechanisms in place do not ensure the identification of all holders of bearer shares in all circumstances.

179. In 2016, the Moroccan authorities carried out a census and then a verification of all companies that could issue bearer shares to check whether they had in fact resorted to issuing such securities. An analysis of the articles of association of the companies concerned did not reveal that bearer shares had been issued or were in circulation in Morocco. The Moroccan authorities state that, to their knowledge, no bearer shares have been issued since 2016, but they have not repeated the exercise.[54] Companies that can issue bearer shares represent only approximately 5% of companies, but are the largest companies.

180. Bearer shares can still theoretically be legally issued. The Moroccan authorities have indicated that Bill no. 96-21 Amending and Supplementing the Law on SAs will allow for the full identification of owners of bearer shares by removing the possibility of issuing bearer shares for companies that are not listed on the stock exchange, and require the conversion of existing bearer shares into registered shares within a period of 18 months. This amendment would also cover SCAs. However, the bill is not yet in force.

181. **Morocco should take necessary measures as soon as possible to ensure that appropriate mechanisms are in place to identify the holders of bearer shares in all circumstances.**

A.1.3. Partnerships

Types of partnerships

182. In March 2021, there were 13 784 partnerships (also "*sociétés*" in French) based on OMPIC figures (national and foreign). Three forms of partnerships can be created in Morocco, all of which are governed by Law no. 5-96 on General Partnership, the Limited Partnership, the Partnership Limited by Shares, the Limited Liability Company and Joint Venture, as amended:

- **The General Partnership (*société en nom collectif, SNC*)** is a partnership whose partners are all merchants and jointly and severally liable for the partnership's debts. Partnerships whose turnover at the end of the financial year exceeds MAD 50 million

54. Excluding companies listed on the Casablanca Stock Exchange.

(EUR 4.5 million) are required to appoint at least one auditor. Shares are registered and can only be transferred with the consent of all partners. In March 2021, Morocco had 13 581 SNCs (compared to 11 156 in 2014).[55]

- **The Limited Partnership (*société en commandite simple*, SCS)** is a partnership consisting of general and limited partners. The general partners are indefinitely and jointly and severally liable for the partnership's debts and shares of general partners are registered and can only be transferred with the consent of all partners.[56] The limited partners are the capital contributors and liable for the partnership's debts only up to the amount of their contribution and they cannot perform any management act. In March 2021, Morocco had 201 SCSs (compared to 203 in 2014).
- **The Joint Venture** exists only in the relationship between partners and is not intended to be known to third parties. It has no legal personality and is not subject to registration or any other formality of publicity. Its partners may be legal persons. However, if the joint venture is commercial in nature, the relations of the partners are governed by the provisions applicable to SNCs, including registration and information requirements, unless otherwise provided for in Law no. 5-96. In 2021, Morocco had 12 joint ventures (compared to 214 in 2014).

Identity and ownership information

183. The obligations relating to the identity and ownership of partnerships are provided for mainly by company law and tax legislation, which together ensure the availability of information relating to Moroccan partnerships, and partly the availability of information relating to relevant foreign partnerships (i.e. those which have income, deductions or credits for tax purposes in Morocco or carry out an activity there).

Company law obligations

184. Under Moroccan law, information on the legal owners of partnerships must be included in the articles of association and submitted when applying for registration with the commercial register (as well as with the tax authorities).

55. Statistics on SNCs are available on the OMPIC website: http://barometre.directinfo.ma/.
56. If one of the general partners leaves the partnership, this leads in principle to the dissolution of the SCS, unless otherwise stipulated in the statutes.

185. The procedure for setting up and registering partnerships in the commercial register is the same as for companies. However, in the case of partnerships, information is also collected to identify all partners.[57]

186. The articles of association must indicate the first name, surname and domicile of each partner or, in the case of a legal person, its name, form and registered office and the signature of all the partners.[58] In addition, any act, deliberation or decision having the effect of amending the articles, including any change of general and limited partners, is subject to the same conditions of filing and publicity, meaning that the amended articles must be filed with the commercial registry.[59] The articles of association are kept at the registered office of the partnership.

187. Furthermore, Article 15 of the law stipulates that shares in SNCs and SCSs are registered and can only be transferred with the consent of all partners and in writing and are otherwise null.

188. However, for partnerships formed abroad but carrying on business in Morocco, there is no particular obligation to keep information on ownership interests. The information will be available in the documents relating to the establishment of the partnership only if this information is required in the jurisdiction where the partnership was established. The same applies to the updating of this information, for example to reflect a transfer of shares.

189. All supporting documents to be used for registration in the commercial register and subsequent changes are kept indefinitely, both by the court registries and by OMPIC. In addition, like for companies, the share registers of SNCs and SCSs are kept by them throughout their existence and, further to their liquidation (which is the only method of ceasing activity), initially by the liquidator and then by the court for 15 years from the date of filing (Articles 1069 and 1081 of the Dahir on Obligations and Contracts).

57. However, only those partners who are merchants are published in the commercial register. That is, the partners in an SNC; and the general partners in SCSs and SCAs. Furthermore, Article 1 of Law no. 5-96 specifies that Article 31 of the Law on SAs also applies to entities covered by Law no. 5-96, including partnerships. Consequently, SNCs and SCSs are required to file a list of members at the registry of the court where their registered office is located.

58. Article 5 of Law no. 5-96. For SCSs, the articles of association of the company must also contain the amount or value of the contributions in the share capital of each general or limited partner, as well as the overall share of the general partners and the share of each limited partner in the distribution of profits and in the liquidation surplus (Article 23).

59. Article 97 of Law no. 5-96.

Tax obligations

190. Partnerships are subject to the requirements of tax legislation. Article 148 of the CGI provides that all taxpayers, whether taxable or exempt, must file a declaration of existence within 30 days of either their incorporation (in the case of a Moroccan partnership) or their establishment (in the case of a non-resident partnership). The information to be provided is the same as for companies (see paragraphs 93 and 84).

191. Moroccan and foreign partnerships must file an annual tax return (Article 20 of the CGI) which must include the identity of the 10 main partners. This declaration therefore does not require the list of all partners when their number is higher than 10, or reflect changes in ownership occurring between the annual returns. Partnerships that do not file a tax return after four years are subject to the "suspension" process described in relation to companies at paragraphs 100 to 103.

192. As regards the joint venture, it does not have legal personality. It can be created *de facto* and is not subject to registration or any other publicity formality (Article 88 of Law 5-96). Consequently, the partners are personally taxable on the income from the joint venture and no further information on the identity of the partners is required. The availability of information on joint ventures is therefore effectively the same for natural persons.

193. Since the tax legislation does not address the gap in the availability of foreign partnerships described above, **Morocco should ensure that information on the ownership and identity of foreign partnerships with economic activity in Morocco is available in all cases.**

194. In relation to the period of retention of information, Article 211 of the CGI provides that taxpayers are required to keep for 10 years at the place where they are taxed, any document provided for by the laws or regulations in force.

Information on beneficial ownership

195. For SNCs and SCSs, the requirement that the articles of association must indicate the first names, surnames and domicile of each of the partners, together with the obligation to submit the articles of association and any amendments to the articles of association to the commercial register, ensure that each partner can be identified (however, as indicated above, only those partners who have the status of merchants are published in the commercial register). However, these partners may be legal persons.

196. With regard to the identification of beneficial owners and thus natural persons, under anti-money laundering legislation, certain persons outside the company must keep such information. In particular, any

partnership carrying on a business activity – including foreign partnerships – is required to open an account with a credit institution or postal cheque centre for the purposes of its business. Similarly, information on the beneficial owners of partnerships is or will be available from the register of beneficial owners maintained by OMPIC – notwithstanding the uncertainties on the register set out above (see paragraphs 139 to 155).

197. For the time being, information on the beneficial owners of partnerships, whether foreign or Moroccan, is therefore available from banks and other persons subject to AML/CFT identification requirements.

198. However, the texts that guide banks in identifying the beneficial owners of their clients make no distinction between the beneficial owners of partnerships and those of companies, a shortcoming that may therefore be added to those identified under A.1.1. As such, in cases where the liability between partners is joint and several, it is possible that not all partners are identified if an AML-obliged person applies the cascade approach to identify the beneficial owners and stops at the shareholding approach. Each circular nevertheless provides that, in identifying the beneficial owners of a legal person, "the [AML-obliged person] shall take all necessary measures to understand the ownership and control structure of the legal person". Thus, the legal approach to control is suitable for identifying all partners of SNCs and general partners of SCSs.

199. In practice, the supervisory authorities met during the onsite visit explained that they apply a simultaneous approach to the identification of beneficial owners by considering the different possibilities of control, and that they consider the information and documents as a whole.

200. While this detail may therefore be compensated for in practice, given this and other details relating to the identification of beneficial owners that are not reflected in the guidelines, i.e. how effective control by other means could be established and how often the updating of beneficial ownership information is required, **Morocco should ensure that adequate, accurate and up-to-date beneficial owner information for all relevant entities (including partnerships) and legal arrangements is available.**

201. As regards the period of retention of information, all documents relating to the identity of clients must be kept by AML-obliged persons for at least 10 years from the date of closure of the account or the termination of the relationship or, where applicable, the date of execution of the transaction (Article 7 of the AML Law). The information in the register of beneficial owners, as well as the related supporting documents, is kept by OMPIC for a period of 10 years after the removal of the partnership from the commercial register.

Oversight and enforcement

202. The supervision and enforcement powers applicable to companies and described in Section A.1.1 apply equally to partnerships.

Availability of partnership information in exchange of information practice

203. Morocco has not received any requests for information concerning partnerships.

A.1.4. Trusts

204. Moroccan law does not allow for the creation of a trust. Moreover, Morocco is not a signatory to the Hague Convention of 1 July 1985 on the Law Applicable to Trusts and Their Recognition. However, a trust can, in theory, be administered from Morocco, as there is no restriction in domestic law for a resident of Morocco to act as trustee or administrator of a trust created under foreign law.

205. In addition, Moroccan legislation provides for the possibility of creating "habous",[60] namely endowments designating inalienable property whose usufruct is dedicated to (i) a religious institution or public interest (*public habous*); (ii) the family; or (iii) a mixed application. In all cases, the purpose of the *habous* must be either charity or benevolence, whether public or private. Their creation and management is regulated by the Code of *habous*.

Information on the identity of related persons and beneficial owners

206. As the trust is not recognised under Moroccan law, company law and tax law do not address it directly. Anti-money laundering legislation however provides more complete information and the register of beneficial owners includes them for the sake of completeness.

Commercial and tax obligations

207. In the event that a trust is administered in Morocco, there is no specific obligation to register with the public authorities. On the other hand, the obligation to register with the commercial register provided for in the Commercial Code would be applicable to any person administering a trust that is set up abroad if he or she carries out a commercial activity in Morocco. However, these obligations do not make available information on the trust itself, including the identity of the settlor, the beneficiaries of the trust and, where applicable, the protector.

60. Outside the Maghreb region, "habous" are generally known as "waqf".

208. Similarly, like any person carrying out a taxable activity, the person acting as trustee is required to register with the tax authorities. Unless he discloses the identity of the persons for whom the assets are administered and the origin of these assets, the trustee is taxed on his worldwide income, including that of the trust (Article 23-I-1 of the CGI).

209. In addition, all deeds of transfer of ownership, whether gratuitous or against payment, must be registered with the DGI, which would allow the identification of the former and new legal owners of the assets of a foreign trust when the assets are located in Morocco.

210. These obligations therefore allow for the identification of persons acting as trustees in a professional capacity and, potentially, other information about the trust.

Anti-money laundering legislation – obligations of AML-obliged persons

211. Law no. 12-18, amending Law no. 43-05 on the Fight Against Money Laundering, introduced in 2021 a definition of legal arrangements, including trusts, to recognise that legal arrangements under foreign law can produce legal effects on the national territory. Law no. 12-18 defines legal arrangements as:

> Any entity not governed by existing legislation, including trusts, established outside the national territory by virtue of a contract or agreement, whereby a person places property at the disposal or under the control of another person for a specified period of time in order to manage it for the benefit of a specified beneficiary or for a specified purpose, so that the movable property is not considered to be part of the property of the person at the disposal or under the control of whom it has been placed.[61]

212. No corresponding changes have been made to the identification requirements under the AML Law, and the definition of beneficial owner at Article 1 of the Law (see paragraph 117) applies to legal arrangements in the same way as to legal persons. The definition has been reproduced in the circulars of the supervisory authorities of the financial sector.

61. The reference to movable property in the definition seeks to clarify that, contrary to the general civil law principle in this regard, such property may not be owned by the person in whose possession it is as a result of a legal arrangement. This is not stated expressly for immovable property as the principle of possession-equals-title does not apply in such circumstances. Any type of property is nevertheless covered by the definition, and the AML Law expressly defines property as including both movable and immovable property.

213. In the case of banks, BAM Circular 5/W/2017 provides a methodology according to which all parties to a trust must be identified. Specifically, the banking institution must "require identification documents relating to the persons who set up the structure, who manage it and the beneficial owners". As long as there is a relationship with a bank, this ensures that all parties to the trust will be identified, with the exception of the beneficiaries (when they are not individuals). This will be the case if a professional or non-professional trustee opens a bank account in the name of the trust.

214. In addition, Circular 5/W/2017 provides that the frequency of updating information should be "determined in proportion to the risk profile of the business relationships and in the light of the conclusions of the planned risk analysis and assessment" (Article 17) (see paragraph 330). Legal arrangements are considered high risk. No specific periodicity for updating is specified, but this is compensated by strict supervision in the context of banks, according to which updating at specified frequencies is required and enforced.

215. As set out under section A.1.1, all documents relating to the identity of clients must be kept by AML-obliged persons for a period of at least 10 years from the date of closure of the account or the termination of the relationship or, where applicable, the date of execution of the transaction (Article 7 of the AML Law).

Anti-money laundering legislation – the register of beneficial owners

216. The above-mentioned deficiencies are offset by the requirements of the register of beneficial owners of legal persons and legal arrangements, officially established in June 2021.

217. The register is due to contain information on legal arrangements constituted outside the national territory and having carried out one or more financial or real estate transaction or any other form of service provision in Morocco, or having any persons administering it who are resident in Morocco (Article 4). The information in the register of beneficial owners is kept by OMPIC for a period of 10 years after the legal arrangement ceases to exist (Article 9 of the Decree).

218. Article 5 of the Register Decree describes the method for identifying beneficial owners for a legal arrangement:

1. the constituent(s);
2. the trustee(s) or fiduciary(ies);
3. the protector, if any;
4. the beneficiary(ies);

5. any other natural person exercising, directly or indirectly, de facto or de jure, ultimate effective control over the legal arrangement.

Where any of the positions or functions mentioned in points (1) to (4) are exercised by a legal person or arrangement, the beneficial owners of that legal person or arrangement shall be considered as the beneficial owners.

219. Article 5 of the Decree on the registry therefore complements the content of the law, which stops at defining a legal arrangement without further providing for the related identification obligations. Morocco is invited to ensure the alignment of its legal framework with regard to the identification of beneficial owners of legal arrangements pursuant to client due diligence obligations on the one hand, and the obligations related to the register of beneficial owners on the other hand, to avoid any ambiguity (see Annex 1).

220. At Article 12, the Decree provides that legal arrangements must declare the information referred to at Article 11: "within one month of the date of the first transaction in Morocco or within one month of the appointment of a person resident in Morocco as the person administrating the legal arrangement". Legal arrangements already in operation are covered by Article 16, which provides that "companies and legal arrangements formed before or on the date of entry into force of this Decree shall have a period of three months to comply with its provisions".

221. While legal persons are required to report changes in company information or beneficial owners within one month of the date of the change (Article 12b), an equivalent provision does not exist for legal arrangements. The obligation to update information is limited to the general provisions of Article 6, according to which the information reported to the register of beneficial owners must be kept updated. In practice, the Moroccan authorities have not yet received any declarations to this effect and do not expect to do so, given the absence of legal arrangements in practice.

222. **Morocco should ensure the availability of adequate, accurate and up-to-date beneficial owner information in respect of trusts or similar arrangements administered in Morocco or where a trustee is resident in Morocco is ensured in all cases,** even if the likelihood of such a situation is low in Morocco.

Information on the identity of persons related to a habous

223. The endowments of *public habous* and *mixed habous* are strictly regulated and involve the management of *habous* property by the Ministry of Habous and Islamic Affairs with the aim of using it for the charitable purposes for which it was endowed.[62]

224. *Family habous*, on the other hand, are supervised by the Ministry of Habous and Islamic Affairs, but individually managed by a "Nadher", who is appointed by the beneficiaries themselves (Article 118 of the Code of Habous). For the reasons set out below, they are of limited relevance for EOIR purposes.

225. *Family habous* are created for the benefit of the children, descendants or other of the settlor (Article 108 of the Code of Habous). It is not required that the settlor be Moroccan, but it follows that the parties must be natural persons.

226. The property constituted as a *habous* must have a value and its enjoyment must be lawful under the Sharia (Article 15 of the Code of Habous); real estate, movable property and all other rights may be constituted as *habous* (Article 16 of the Code of Habous). However, a *habous* may not be constituted by a person for his own benefit (Article 14 of the Code of Habous).

227. *Family habous* do not have legal personality and are contractual in nature, involving an *adoul* for purposes of their constitution. The bare ownership of property placed under a *family habous* is a right of the beneficiaries within the limit of three generations (beneficiary, his children and grandchildren) of the settlor. Property placed under *habous* becomes inalienable, preventing the transfer of its full ownership until the extinction of the beneficiaries, when the *habous* is transmitted by way of succession to the heirs of the settlor if they exist or, by default, to the *public habous* (Article 109 of the Code of Habous).

228. Any income received on the underlying assets of a *family habous* is subject to tax based on the tax situation of the beneficiary.

229. Unlike *public and mixed habous*, there is no register of *family habous*. Nevertheless, according to Article 25 of the Code of Habous, the notarial deed (of the *adoul*) creating the *family habous* must be transmitted to the Ministry of Habous and Islamic Affairs within eight days of its creation, and the Ministry should therefore have a complete overview of the creation of *family habous*, including the participants and, consequently, the actual beneficiaries of the *habous*. This information is kept by the Ministry of Habous and Islamic Affairs indefinitely.

62. *Mixed habous* are subject to the same provisions applicable to property constituted as *public habous* pursuant to Article 129 of the Code of Habous.

Oversight and enforcement

230. The professional trustee is subject to the same obligations arising from its status of merchant or AML-obliged person and to the same controls and sanctions as those provided for companies, as set out in section A.1.1. The same applies to any non-professional trustee as regards his obligations as a taxpayer and the information to be provided to the register of beneficial owners.

231. As mentioned above, with regard to *family habous*, the Ministry of Habous exercises strict supervision over these legal arrangements, including the financial aspects.

232. The Moroccan authorities and all the professional representatives met during the onsite visit indicated that they had never encountered any situation where a Moroccan resident administered a foreign trust, where assets located in Morocco were placed under trust or where a foreign trust was part of an ownership chain. The likelihood of such a situation therefore seems low in Morocco.

233. Similarly, for the period 2018 to 2021, no *family* or *mixed habous* were created in Morocco.

Availability of information on trusts in exchange of information practice

234. No requests for exchange of information relating to trusts or *habous* were sent to Morocco during the review period.

A.1.5. Foundations and associations

235. The notion of foundation, in the sense of the legal person existing under private law, is not defined in Moroccan legislation. However, there are associations that apply the name “foundation”. These associations are governed by the provisions of Dahir no. 1-58-376 of 15 November 1958, as amended and completed, governing the right of association.

236. Article 1 defines an association as “the agreement by which two or more persons permanently pool their knowledge or activity for a purpose other than to share profits”.

237. In addition, there are entities created by specific laws that also take the name “foundation” and which have as their objective charitable, scientific, cultural, literary, educational, sports, educational or health purposes.

238. As such, foundations (associations) have no commercial purpose, do not make distributions to their members or founders, and are subject to strict regulation and supervision. They are of limited relevance for EOIR

purposes and only a brief overview of the legal structure and information obligations on the identity of participants is given in this section.

239. In the period from 2017 to 30 September 2021, 10 associations have been recognised as being of public interest, 5 of which are designated as "foundations". A total of 236 associations recognised as being of public interest are currently registered.

240. Article 5 of Dahir no. 1-58-376 provides that all associations must be declared to the administrative authority in whose jurisdiction the association's headquarters are located. This declaration must include, among other things, a list of the first names, surnames, nationalities, ages, dates and places of birth, occupations and residences of the members of the directing bureau; the capacity of these members to represent the association; and copies of their national identity cards, or for foreigners, their residence permits (Article 5). The statutes must be attached to this declaration. A copy of the said declaration, as well as the documents attached to it, are sent by the local authority to the public prosecutor's office of the competent court to enable it to formulate an opinion on the application, if necessary, and another copy is sent to the Secretariat General of the Government.

241. Any change in the administration or management of the association, as well as any modification to the statutes, must be declared in the same manner within one month (Article 5). However, while the persons tasked with administration or management must be natural persons, the members of the association need not necessarily be. Given their public interest objective, they are not "merchants" and therefore not bound by the obligation to hold a bank account and thereby have a relationship with an AML-obliged person. Nor are associations covered by the scope of the register of beneficial owners. This means that where an association has members that are legal persons but does not hold a bank account, information on the beneficial owners will not necessarily be available. Therefore, Morocco is invited to ensure that beneficial ownership information is available with regard to associations in all cases (see Annex 1).

242. For tax purposes, associations/foundations fall within the scope of corporation tax, but are exempted from it by application of Article 6-I-A of the CGI. They are nevertheless subject to the obligation to declare their existence, in the same way as companies (Article 148 of the CGI). They are also subject to the same reporting obligations under Article 20 of the CGI (Article 2-III of the CGI).

243. Associations are subject to the accounting rules set out in Articles 145 to 147 of the CGI (Article 2-III of the CGI). Associations recognised as being of public interest must keep accounts that give a true and fair view of their assets, their financial situation and their results. The summary statements and supporting documents for the accounting entries and books

must be kept for a period of at least five years. In addition, they are required to submit an annual report to the Secretariat General of the Government including the allocation of the resources they obtained during a calendar year. This report must be certified by a chartered accountant registered with the Order of Chartered Accountants. They are therefore closely monitored by the authorities.

244. The following table shows the filing of annual accounts for associations recognised as being of public interest, out of a total of approximately 220 (depending on the year):

	2017	2018	2019
Number of reports	153	154	116

245. The rate of compliance with the deposit obligation is therefore only approximately 70%. At the time of writing, the reasons for this were not known.

246. The Decree on the Recognition of Associations of Public Interest sets the maximum value of the assets that the association may possess and any excess must be expressly authorised.

247. The supervision and control of associations, including those applying the name of foundation, is ensured by the services of the local administrative authority (the Governor or the Wali) and by the various ministerial departments, each in its own right.

248. The local administrative authority, through which the association is declared, carries out a documentary check of the declaration and the documents it is required to produce. It also checks the applications for renewal following changes in management or in the statutes. This administrative control consists of checking the consistency between the statutes and the legislation in force, including the non-profit nature of the activity, the compliance of the list of members of the association with the statutory provisions and the keeping of minutes in accordance with the legislation in force (compliance with the quorum, the agenda, etc.). It also carries out onsite inspections of associations and foundations to ensure compliance.

249. The Directorate of Associations receives, through the local administrative authorities in whose jurisdiction the association's headquarters are located, a copy of the declarations of incorporation of associations and information on modifications. This information is recorded in its database of associations created in 2016. For the period from 2017 to 30 September 2021, the Directorate of Associations received copies of declarations of incorporation from 15 808 associations. Since 1918, for each association

recognised as being of public interest, a physical file has been kept indefinitely since the date of its recognition, even after the dissolution of the association. This file also contains all the documents sent by the said association subsequent to its recognition. This means that ownership records are kept with the Directorate of Associations, in either soft or hard copy, indefinitely.

250. If the documents or information provided do not comply with the legislation, the association is required by the administrative authority to provide the missing documents or to make the necessary corrections. The administrative authority may refer the matter to the judicial authority, i.e. the competent Court of First Instance, for the judicial dissolution of an association that foresees, for example, dividing profit among its members.

251. The administration of an association, the possession and acquisition of property for valuable consideration without respecting the formalities of declaration is punishable by a fine of MAD 1 200 to MAD 5 000 (EUR 110 to EUR 480) and in the event of a repeat offence, the fine is doubled (Article 8). After the association has been dissolved by a court decision, any person who remains active or is reconstituted illegally is punished by imprisonment for one to six months and/or a fine of MAD 10 000 to MAD 20 000 (EUR 960 to EUR 1 910) (Article 8).

252. In practice, Morocco did not receive any requests for exchange of information relating to a foundation (or association) during the review period.

Other relevant entities and legal arrangements

253. There is the possibility of creating an economic interest grouping (EIG), an intermediary form between an association and a company (Law no. 13-97 on EIGs and Dahir no. 1-15-29 of 12 March 2012). In March 2021, OMPIC noted the existence of 460 EIGs.

254. EIGs are subject to the same legal ownership and beneficial ownership obligations as companies. Thus, they must be registered in the commercial register and are subject to the same tax registration obligations as other taxpayers, requiring proof of establishment. This means that the same recommendations in relation to beneficial ownership apply to EIGs as to companies and partnerships (see A.1.1 and A.1.3).

255. An EIG can be non-profit making, but in most cases it is profitable for the companies that form it. This is because an EIG allows the pooling and sharing of expenses and thus offers comparative advantages for small and medium-sized enterprises.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

256. As noted in the 2016 Report, based on the accounting and tax legislation in place, Morocco ensures the availability of accounting information to trace transactions, establish the financial position, and enable the preparation of financial statements for all relevant entities.

257. In particular, there is an obligation to file the annual profit and loss statement as well as the accounting and tax returns with the tax authorities, and this obligation is subject to effective supervision. The information is integrated into the Integrated Tax System (*Système intégré de taxation*, SIT), which makes it directly available to the tax authorities. The latter has a policy of following up with those in default and applies dissuasive sanctions when accounting information is not filed or is incomplete. It also carries out regular documentary checks on taxpayers, intervenes onsite in the context of accounting audits and uses its right of inspection (*droit de constatation*).

258. Accounting records and supporting documents must be kept for at least 10 years. However, when the 2016 Report was drafted, there was no sanction directly associated with the failure to comply with this obligation. Given the rules on limitation periods, the sanction for failure to keep accounting documents or supporting documents beyond four years was therefore not guaranteed. Consequently, the 2016 Report recommended that Morocco ensure that appropriate sanctions are applicable in case of non-compliance with the obligation to keep accounting records, including supporting documents, for a minimum period of five years. Dissuasive sanctions are now applicable to defaulting taxpayers in the context of the tax legislation (Article 185bis of the CGI). The corresponding recommendation has therefore been removed.

259. Over the review period, Morocco received 229 requests relating to accounting information.[63] In their comments, peers indicated that when responses were received from Morocco, they were satisfactory. However, 119 requests did not receive a response (see C.5).

63. In the case of Morocco, this includes two categories of information: “declared elements”, as well as “accounting documents”.

260. The conclusions are as follows:

Legal and regulatory framework: in place

No material deficiencies have been identified in the legislation of Morocco in relation to the availability of accounting information.

Practical implementation of the standard: Compliant

The availability of accounting information in Morocco is effective.

A.2.1. General requirements

261. The general obligations regarding the availability of accounting information are laid down in the accounting legislation as well as in the tax legislation. The different legal regimes and their implementation in practice are discussed below.

Company law

262. Pursuant to Law no. 9-88 on the Accounting Obligations of Merchants (Law on Accounting Obligations), any natural or legal person having the status of merchant within the meaning of the Commercial Code[64] is obliged to keep accounts in the form provided for by law.

263. These obligations apply irrespective of the status of the persons (resident or non-resident) and irrespective of the nature of the activity (industrial or commercial). Partnerships, as well as professionals acting as trustees of foreign trusts, are subject, as merchants, to the obligations of the accounting legislation described above in the context of company law, in the same way as companies.

264. The accounts must cover all operations relating to any assets and liabilities chronologically and on a daily basis. All records must specify the origin, content and allocation of an entry, as well as the references to the supporting document justifying it (Article 1).

265. The accounts must be kept according to a system of books and ledgers and in accordance with the usual rules of double-entry bookkeeping (Article 2). The books that must be kept are:

64. Pursuant to the Commercial Code, the status of merchant is acquired by the habitual or professional exercise of the activities listed in Articles 6 and 7, and of any activities that may be assimilated to them. Article 11 further provides that any person who habitually carries out a commercial activity is deemed to be a merchant.

- The journal recording all business transactions in chronological order on a daily basis, whether related to purchases or sales, or to the collection or payment of a sum of money.
- The general ledger containing a summary of the information contained in the journal, under three headings: the first is devoted to the calculation of the status of the business, the second to the management accounts, and the third to the private accounts.
- The inventory book containing the value of the assets and liabilities of the merchant's business and undertaken at least once per accounting cycle, i.e. every 12 months.

266. At the end of the financial year, entities must draw up annual accounts based on the accounting and inventory data contained in the journal, general ledger and inventory book. These include at least the balance sheet and the income and expenditure account.[65] The balance sheet describes the assets and liabilities of the entity separately, while the income and expenditure account summarises the income and expenditure for the year, regardless of when the latter were received or paid.

267. According to Article 22 of the Law on Accounting Obligations, accounting documents and vouchers must be kept in Morocco for at least 10 years. The Ministry of Justice is the authority in charge of supervising compliance with this obligation, but the law does not provide for any sanction for non-compliance with accounting obligations.

268. In addition, the Commercial Code contains accounting requirements: Article 19 provides that merchants must keep accounts in accordance with the provisions of the Law on Accounting Obligations. The Commercial Code does not provide for any sanctions for the failure to keep accounting information either.

269. However, the failure to keep accounting records and supporting documents is now subject to sanctions in the context of tax legislation (see paragraphs 278 and 290).

270. Finally, Article 7 of the AML Law provides that AML-obliged persons keep documents relating to transactions carried out by their clients for at least 10 years from the date of execution. In this context, sanctions are applicable according to Article 28 of the Law (see paragraph 166).

65. Persons whose annual turnover exceeds MAD 10 million (EUR 956 300) are also required to draw up a statement of management balances, a cash flow statement and a statement of additional information (Articles 9 and 21).

Tax law

271. Article 145 of the CGI extends accounting obligations to all taxpayers, even if they are not merchants, as long as they are subject to corporation tax or income tax (professional or agricultural income) and/or VAT. This includes partnerships and trustees.

272. Pursuant to this Article and to Article 146 of the CGI, taxpayers are obliged to draw up detailed inventories of stocks at the end of each accounting period; to justify purchases of goods and services from taxpayers subject to business tax by means of regular and conclusive invoices; and to issue invoices and memoranda to buyers or clients containing the information specified by law.

273. Professional income is determined based on the regime of actual net income.[66] However, taxpayers carrying on their activity as individuals or within the framework of a *de facto* company may opt, under certain conditions, for one of three regimes of simplified bookkeeping:

- The simplified net income regime (*régime de résultat net simplifié*, RNS) applies to taxpayers with a turnover of under MAD 2 million (EUR 191 230) per year for commercial, industrial, artisanal or fishing professions, as well as to taxpayers with a turnover of less than MAD 500 000 (EUR 47 800) for service providers and liberal professions (Articles 38, 39 and 145 VI of the CGI).
- The regime of the single professional contribution (*contribution professionnelle unique*, CPU) applies to taxpayers who are natural persons with a professional income subject to the flat-rate profit regime before the entry into force of the CPU system, i.e. whose turnover is under MAD 2 million (EUR 191 230) per year for commercial, industrial, artisanal or fishing professions, as well as taxpayers whose turnover is less than MAD 500 000 (EUR 47 800) for service providers.
- The auto-entrepreneur regime applies to taxpayers with a turnover of less than MAD 500 000 (EUR 47 800) per year for commercial, industrial and craft activities, as well as to taxpayers with a turnover of less than MAD 200 000 (EUR 19 120) for service providers (Articles 42bis and 42ter).

274. Taxpayers subject to the RNS regime may keep simplified accounts and produce an abbreviated profit and loss account. They must keep at

66. When the turnover of an entity exceeds MAD 50 million (EUR 4.7 million) or it is an SA, it must file certified accounts, certified by an auditor. There is no obligation to engage an accountant either at the time of establishment or thereafter; accounting may be undertaken internally by entities.

least one register in which all amounts received for sales, work and services performed, as well as those paid for purchases, staff costs and other operating expenses are recorded. In addition, at the end of each accounting period, they must draw up detailed inventories of stocks and a list of third party debtors and creditors, indicating the nature, reference and detailed amount of receivables and payables, as well as keeping a register for the recording of depreciable operating assets.

275. Taxpayers whose professional income is determined according to the CPU regime or the auto-entrepreneur regime are not subject to the obligations of Article 145 of the CGI relating to bookkeeping. However, taxpayers whose professional income is determined according to the CPU regime are required to justify every purchase they make through an invoice (Article 146bis of the CGI). Since invoices justifying the activities of these taxpayers will therefore be available in such cases, and since in both cases individual entrepreneurs are concerned, this exemption is not relevant for the purposes of this assessment.

276. Article 147 of the CGI also provides that non-resident entities that have a permanent activity in Morocco must keep, at the place of their main establishment in Morocco,[67] the accounts relating to all operations carried out in Morocco. Non-resident entities that have opted for flat-rate taxation in respect of corporation tax must keep a register of receipts and transfers, a register of salaries paid to Moroccan and foreign staff, including the related social security charges, and a register of fees, commissions, brokerage and other similar remuneration paid to third parties, in Morocco or abroad. Non-resident entities are also subject to the accounting obligations set out in the Law on Accounting Obligations if they are trading companies or if their operations are subject to VAT (Article 1 of the Law on Accounting Obligations and Article 145 of the CGI).

277. According to Article 20 of the CGI, financial statements must be produced within three months of the end of the financial year for all entities, whether taxable or exempt, with the exception of non-resident entities that are taxed on a flat-rate basis or non-resident entities that have no establishment in Morocco. They are filed with the commercial register for public information and with the tax authorities for tax purposes. Indeed, the Article provides that the tax return must be accompanied by the documents listed in the regulation.[68] The accounting information concerned includes

67. The Moroccan authorities note that in the absence of an establishment in Morocco, the accounts must be kept with the legal representative or relevant service provider in Morocco.

68. See the Order of the Minister of Finance no. 297-88 of 24 February 1988 on the supporting documents that entities are required to provide to the administration in support of the tax return (see paragraph 218 of the 2016 Report).

the balance sheet, information on assets (including a table of stock, fixed assets, depreciations, capital gains and losses from transfers or withdrawals, etc.), information on share capital (table of shareholders and the identity of the 10 main shareholders or partners), information on transactions (income and expense account, detail of VAT, etc.) and information on the calculation of the amount of tax due (revenue allocation table, table calculating tax amount, etc.). Pursuant to Article 23 of the Law on Accounting Obligations, the tax authorities may reject accounts that are not kept in the form provided for under the Law and the tables attached to them.

278. Taxpayers, whether taxable or exempt, are obliged to keep for at least 10 years, at the place where they are taxed, the accounting documents required in a tax audit (Article 211 of the CGI). The term taxpayer refers to all legal and natural persons subject to submitting a tax declaration for themselves or on account of a third party (Articles 2, 3 and 21 of the CGI). A fine equal to MAD 50 000 per fiscal year (EUR 4 780) is applicable to taxpayers who do not comply with this obligation (Article 185bis of the CGI). Given the recent introduction of the relevant provision, Morocco is invited to monitor the application of sanctions applicable in case of non-compliance with the obligation to keep accounting records, including supporting documents, for a minimum period of five years (see Annex 1).

Trusts

279. Moroccan law does not allow the creation of a trust and there are therefore no corresponding accounting requirements. However, the law provides for the possibility of creating *family habous*, with a structure similar to trusts but for more limited purposes and subject to conditions (see A.1.5). In such cases, it is the responsibility of the *Nadher* – the manager of the *family habous* – to keep the accounts (profit and loss statement and balance sheet) and to submit them annually to the Ministry of Habous and Islamic Affairs, accompanied by supporting documents (Article 119 of the Code of Habous). During the review period, statistics on the filing of annual accounts of *family habous* show a compliance rate of between 11 and 13 submissions for a total of 16 existing *habous*. During the onsite visit, the Ministry of Habous explained that these accounts are comprehensive in nature and reflect the operations of the *habous* as well as its assets. The Moroccan authorities were however unable to confirm what the consequences of non-submission of the accounts are.

Inactive entities, entities that have ceased to exist and retention period

280. Inactive entities are periodically identified by the tax authorities as a result of failing to submit their annual return for four consecutive years and are consequently “suspended” for tax purposes.

281. As mentioned under A.1.1, suspended companies and also partnerships (see paragraph 191) retain their legal personality and commercial obligations during their suspension. Thus, they are easily identifiable and their record-keeping obligations are maintained despite their inactivity.

282. With regard to entities that have ceased to exist, Article 24 of the Law on Accounting Obligations provides that chartered accountants, certified accountants and other persons engaged in keeping the accounts of persons subject to the law are required to comply with the provisions of the law for keeping the accounts of the entities for which they are responsible, including Article 22, which provides that accounting documents and supporting documents are to be kept for a period of at least 10 years.[69] The Moroccan authorities note that this is interpreted as an obligation on the entities to keep the documents on their premises or in an accessible place (or otherwise with the legal representative).

283. All entities that cease to exist are subject to liquidation in Morocco. The Dahir of Obligations and Contracts provides that the liquidator shall receive and keep the books, documents and securities of the entity which shall be handed over to him by the directors (Article 1069). At the end of the liquidation and the submission of the accounts, the books, records and documents of the dissolved entity are deposited by the liquidators at the secretariat of the court or at another safe place designated by the court, unless the interested parties indicate, by a majority, the person to whom they should be handed. The Moroccan authorities indicate that in practice, it is the court that generally makes the designation, and that although it is not specifically provided for under the Dahir of Obligations and Contracts, the designation is always in Morocco so as to allow respect of other provisions relating to the consultation of the documents concerned. The information must be kept for fifteen years from the date of deposit (Article 1081).

284. Where information is available in the commercial register, it is kept indefinitely by both the court registries and OMPIC.

285. Therefore, accounting information is required to be available for at least 10 years after an entity ceases to exist.

A.2.2. Underlying documentation

286. Every accounting entry must specify the origin, content and allocation of the entry, as well as references to the supporting document (Article 1 of the Law on Accounting Obligations). Tax legislation also requires supporting documents. Any purchase of goods or services made by a taxpayer from

69. As mentioned above, from a tax point of view, Article 211 of the CGI provides for the obligation to keep accounting documents for 10 years at the place of taxation.

a supplier subject to professional tax must be supported by a regular invoice or any other supporting document drawn up in the name of the person concerned (Article 146 of the CGI).

287. In addition, Article 210 of the CGI on the tax administration's right of control provides that taxpayers, whether natural or legal persons, are required to provide to the tax administration all supporting documents, including accounting documents and vouchers. Article 211 of the CGI also mentions that supporting documents for expenses and investments, such as: "duplicate sales invoices or cash receipts, … accounting documents required in a tax audit, in particular the books in which the operations were recorded, the general ledger, the inventory book, the detailed inventories, the journal and the client and supplier files, as well as any other document provided for by tax legislation", must be kept at the place of taxation and for a period of at least ten years.

288. These obligations therefore meet the requirements of the standard for transparency.

Oversight and enforcement

289. The DGI ensures compliance with the tax obligations described above. Penalties for failure to comply with the obligations to keep accounting records are provided for at Article 191 of the CGI; these include a fine of MAD 2 000 (EUR 190) and a penalty of MAD 100 (EUR 10) per day of delay up to a limit of MAD 1 000 (EUR 100) for taxpayers who do not present the accounting records and supporting documents referred to in Articles 145 and 146 of the CGI.[70]

290. Since the entry into force of the Finance Act of 2017, the failure to keep records for 10 years as provided for in Article 211 of the CGI is subject to sanctions.[71] Moreover, failure to keep accounting records and supporting documents may also constitute grounds for rejection of the accounts and result in the loss of certain tax deductions and VAT credits. This may also lead to the determination of the tax base for non-time-barred financial years on the basis of the information available to the tax authorities.

291. The penalty for late filing of the tax return and supporting accounting and tax documents is an increase of 5% or 15% of the amount due and an increase of 20% in the case of flat rate taxation for failure to file a return or for filing an incomplete or insufficient return (Article 184 of the CGI).

70. Furthermore, Article 191a provides for the application of a fine equal to MAD 50 000 (EUR 4 780) per financial year to taxpayers who keep accounts by electronic means and who do not present accounting documents in electronic form during a tax audit.

71. Namely a fine of MAD 50 000 (EUR 4 780) – see paragraph 278.

However, a fine of only MAD 500 (EUR 50) is applied when the missing or inconsistent elements do not affect the amount of tax due or its collection.

292. In the event of a failure to file the tax return and accompanying documents, or in the event of an incomplete filing, the tax administration applies the provisions of Article 228 of the CGI. Accordingly it asks the taxpayer twice by letter to respect its obligations within 30 days, before proceeding to an automatic assessment of the amounts due.

293. The following table shows the compliance rate with reporting obligations – which is relatively stable.

	Number of taxpayers	Taxpayers who have filed their returns	Compliance rate
2018	491 060	372 715	75%
2019	479 901	370 004	77%
2020	532 506	369 293	69%

294. The various sanctions applicable continue to be effectively applied, as illustrated in the table below.

	2018	2019	2020	2021
Increases (MAD)	1 939 338 080	1 685 441 352	1 027 948 614	546 046 343
Sanctions (MAD)	1 469 597 542	1 237 378 856	710 363 700	673 529 307
Increases for delay (MAD)	2 900 129 035	2 462 245 549	1 241 958 055	957 008 376
Total (MAD)	6 309 064 657	5 385 065 757	2 980 270 369	2 176 584 026

295. The DGI notes that it is normal for figures to fluctuate from year to year.

296. The availability of accounting information is also ensured by the documentary and onsite checks on tax returns carried out by the tax administration. The tax administration may ask the taxpayer to produce any document required to be kept by law, in particular accounting records and supporting documents.[72] This includes verification of the shareholder register in the case of public limited companies.

	2018	2019	2020	2021
Documentary checks	23 484	45 136	30 888	28 284
Onsite checks	7 622	7 421	1 681	1 028 as at 31 March

72. As noted above, the absence of supporting documents and non-compliance with the invoicing rules also lead to the non-deductibility of charges and VAT and the rejection of accounts and reconstitution of the turnover.

297. The tax authorities also use their right of inspection under Article 210 of the General Tax Code to intervene at any time in an entity to ensure that the rules on invoicing and bookkeeping are respected. This procedure, which begins with the issue of a notice of inspection, can last up to eight days. The relevant tax administration officer consults all documents relating to operations that have given rise to, or should give rise to invoicing, checks the existence of the accounts and undertakes a physical inspection of the operation to ascertain any shortcomings. At the end of the inspection operation, a closure notice is prepared. Any deficiencies detected are reflected in a procès-verbal. The findings recorded therein may be used against the taxpayer in the context of a tax audit.

298. The DGI has noted that in practice, where small and medium-sized enterprises are concerned, the shortcomings detected involve the reconstitution of turnover in two thirds of cases, and the rejection of expenses in the absence of supporting documents. On the whole, therefore, the accounts are generally well kept and the DGI's controls make it possible to correct errors, rather than to ensure that the accounts are kept *per se*.

299. Finally, merchants must file their financial statements annually with the registry of the competent court (commercial court or district court if there is no commercial court). Thus, the courts have the following accounting information at their disposal:

- For SAs, the summary statements accompanied by the report or the auditors' report are filed within 60 days from the date of their approval at the general meeting. and
- For all other entities (including partnerships), two copies of the summary statements together with a copy of the report of the auditor(s), if any, are filed within 30 days from the date of their approval at the general meeting.

300. These financial statements are registered by the court and kept indefinitely. The proper keeping of the commercial register is the responsibility of the registrar of the court, under the supervision of the President of the Court or a judge designated by him. The latter is responsible for transmitting copies of the financial statements to OMPIC, which centralises them at national level and then makes them available online via the portal.[73]

301. Over the review period, the number of filings of financial statements of entities registered by OMPIC was 174 502 in 2018, 182 654 in 2019 and 148 084 in 2020. This represents less than half of the entities registered in the commercial register. The Moroccan authorities were unable to explain the figures and the reasons behind them.

73. www.directinfo.ma.

302. The supervision by the registry is formal in nature, whereas the controls by the tax administration also concern the content and veracity of accounting information.

Availability of accounting information in the practice of exchange of information on request

303. Over the review period, Morocco received 229 requests for accounting information, including supporting documents. In their comments, peers indicated that when responses were received from Morocco, they were satisfactory. However, approximately 119 requests for accounting information from Morocco's partners were not answered. Given the mechanisms for ensuring the availability of accounting information in Morocco and its supervision, the evaluation team is of the opinion that this situation is mainly due to the organisation and processing of enquiries in Morocco during the review period (see C.5).

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

304. In relation to banking information, the accounting and anti-money laundering legislation ensures that information on the holders of bank accounts in Morocco, as well as on the transactions carried out on these accounts, is available for at least 10 years.

305. Information on beneficial owners of accounts is collected and verified by banks as part of their anti-money laundering obligations. However, as explained under A.1.1, some aspects of the identification process are not reflected in the relevant circulars and directives and a recommendation is made to that effect.

306. Banks in Morocco generally have a very good understanding of their obligations. In recent years, they have done a great deal of work to make their staff aware of their due diligence obligations and are subject to close supervision by the Central Bank (BAM), which covers, in particular, the identification of their clients and the recording and maintenance of information on transactions carried out on bank accounts. The extent and intensity of the controls carried out make banking information generally available in Morocco.

307. Over the review period, Morocco received 209 requests relating to banking information. Peers indicated that when responses were received from Morocco, they were satisfactory. Nevertheless, 115 requests were not

answered, but these failures do not appear to be due to a lack of availability of information (see C.5).

308. The conclusions are as follows:

Legal and regulatory framework: in place but needs improvement

Underlying factor/Deficiencies identified	Recommendations
The guidelines of Bank Al-Maghrib (which supervises credit institutions) for banking institutions to identify the beneficial owners of clients under the anti-money laundering law remain incomplete on certain aspects, namely how effective control by other means could be established and who should be identified as a beneficial owner when a partnership rather than a company is concerned.	Morocco should ensure that adequate and accurate information on beneficial owners of bank accounts is available for all account holders.

Practical implementation of the standard: Largely Compliant

No significant shortcomings have been identified in the implementation of the existing legal framework on the availability of banking information. However, once the recommendations on the legal framework are addressed, Morocco should ensure that they are applied and enforced in practice.

Record-keeping obligations (A.3.1)

Availability of banking information

309. Morocco has 24 “traditional” banks and 6 offshore banks. Banks may carry out operations involving the receipt of funds from the public, credit operations, and the provision of payment services. Banks are bound by the same obligations to keep accounting records of these operations, including the underlying documentation, and under the same conditions as those described under A.2.

310. In addition, offshore banks must submit their accounts together with a report from external auditors to the Offshore Banking Committee every three months (Article 25 of the Law on Offshore Financial Centres). Failure to comply with this obligation is sanctioned by the loss of the offshore bank status.

311. The AML Law (Article 7) and BAM Circular 5/w/2017 on client due diligence obligations incumbent on credit institutions and similar bodies (including offshore banks), provide that banks shall keep for at least 10 years, from the date of their execution, documents relating to the transactions

undertaken by their regular or occasional clients and parties to the business relationship, as well as all the documents that allow the reconstruction of the transactions, in a suitable format (physical, electronic or digital).

312. In addition, these texts require that documents relating to the identity of regular or occasional clients and beneficial owners be kept for 10 years from the date of the closure of the account or the termination of the relationship. The Moroccan authorities state that this obligation continues even where the bank ceases to exist, and that the responsibility rests with its legal representative.

313. BAM's Service for the Centralisation of Banks Accounts (*Service de la Centralisation des Comptes Bancaires,* SCCB) records all openings, modifications and closures of bank accounts (sight and term accounts). However, the balances are not tracked. The recorded data is also kept for 10 years from the date of closure of an account. The Service was launched on 21 December 2015 and is populated quarterly by credit institutions. Since June 2020, a data exchange protocol has been in place between BAM and the tax authorities, allowing the latter to receive information contained in this database upon particular request for specific data.

314. The DGI also holds certain banking information. Firstly, for the purposes of the assessment, control and collection of taxes, the DGI requests the list of bank accounts from banks and the Central Bank in accordance with the provisions of Article 214 of the CGI and Article 129 of the Code on the Collection of Public Debts.

315. In addition, in order to make direct debit payments via the DGI's online services (which is not the only payment option, however), members are required to provide and update their bank details.

Beneficial ownership information on account holders

316. The standard was strengthened in 2016 to require that beneficial owner information for all account holders be available.

317. Banks are AML-obliged persons pursuant to the AML Law. As such, they are obliged to identify and verify the identity of their regular or occasional clients and beneficial owners in the context of their management of bank accounts (Articles 4 and 5 of the AML Law, as amended in June 2021). The law does not provide a definition of the term "client", but the Moroccan authorities indicate that the term client refers to any natural or legal person who receives a good or service from a company.

318. These legislative obligations are described in more detail in Circular 5/w/2017, which is supplemented by Directive 2/w/2019 on the identification of clients and beneficial owners and on knowledge of business relationships.

In this respect, Circular 5/w/2017 requires banks to identify and verify the beneficial owners of their clients, and Directive 2/w/2019 specifies that this identification is done on the basis of the same information as for direct clients (national identity card or passport, tax identification number, etc.).

319. According to Circular 5/w/2017, clients with a high-risk profile are subject to enhanced monitoring of their accounts (Article 40); on the other hand, Article 18 provides a list of highly regulated entities to which simplified identification processes may be applied. This is in line with the content of Directive 2/w/2019, according to which the implementation of client and beneficial owner identification is also to be modulated according to a risk-based approach (Article 5).

320. The 2017 Circular still includes a reference to a definition of beneficial owner that does not correspond exactly to that in the most recent AML law.[74] BAM notes that the updated definition in the AML law was however inspired by the definition in the 2017 Circular, which is complemented by a methodology for identification. BAM therefore considers that there is no need to update the Circular or the related guidelines. Thus, according to the banks, they identify the beneficial owners of their usual or occasional clients according to the definition provided by the current version of the AML Law, which is in line with the standard, and they apply the methodology described in the Circular (with reference to the complementary guidelines and schemes), which is broadly in line with the standard. Nevertheless, Morocco is invited to ensure that any document relating to the obligations of banks in relation to the identification of beneficial owners is aligned with the current content of the AML Law for purposes of certainty (see Annex 1).

321. The methodology for the identification of beneficial owners is the following:

> … a beneficial owner is a natural person who:
>
> – holds, directly or indirectly, more than 25% of the capital or voting rights in the company;
>
> – or exercises, by any other means, effective control over the management, executive or administrative bodies of the company or over the general meeting.

74. The definition reads: “Any natural person who ultimately exercises control over the legal person or legal arrangement customer, as provided for in Article 15 of this Circular and/or any natural person on whose behalf a transaction is executed or an activity is carried out”, but is qualified by the methodology which forms part of the definition provision.

322. Illustrations of *de facto* control or joint control are set out in some of the schemes presented in Directive 2/w/2019, notably on a family group securing control of a company without being a majority shareholder, and control by action in concert between different persons. According to the representatives of the banking sector and BAM met during the onsite visit, this reflects what is done in practice, even if it is not stated in the text of the methodology how control "by any other means" should be interpreted and whether this should go beyond a legal (contractual control) approach, given the nature of the documentary evidence required pursuant to the 2017 Circular.[75]

323. In particular, each of the banks encountered explained how they approach *de facto* control as a result of their knowledge of their clients' habits and behaviour. Bank representatives indicated that control by other means is frequently detected by them, in particular because of their desire to limit credit risk and the possibility of loss resulting from a borrower's failure to repay a loan or to meet contractual obligations.

324. Moreover, they confirmed that they apply a simultaneous approach to the identification of beneficial owners, i.e. they do not proceed in stages or "cascade" form, but rather consider the information and documents as a whole. This approach also ensures the verification of information.

325. Recourse to the identification of the senior manager is provided for in the event of doubt as to the natural persons identified as beneficial owners, or when it proves impossible to identify such persons. Given the structure of the Moroccan economy, it should be rare for a bank to identify the senior manager (unless he or she is also a beneficial owner in their own right). According to BAM, ownership structures are quite simple because even when it comes to large groups or multinationals, these are generally very old and traditional relationships and the beneficial owners are easy to identify. This also corresponds to the statistics: 95% of companies are SARLs and 45% of them are single-member companies.

326. If the identity of a client or beneficial owner cannot be determined and verified, banks are prohibited from establishing or continuing a relationship with them (Article 4). The suspicion is reported to ANRF, which may, if necessary, request additional information.

327. In terms of internal awareness, a number of Moroccan banks have introduced relevant incentives, linking the remuneration of the client department to due diligence targets and thereby reinforcing the link between the approach of the compliance department and the approach of the client department.

75. See Article 15 of Circular 5/w/2017. Nevertheless, Article 24 provides that banks shall take all necessary steps to understand the ownership and control structure of the legal person-customer.

328. With regard to third party introductions, it is possible for banks to rely on the due diligence of another AML-obliged person, provided that the conditions set out in Circular 5/w/2017 are met.[76] The third party relied on is not able to in turn rely on other persons or entities, and AML-obliged persons relying on third parties bear the ultimate responsibility.

329. However, other at least theoretical shortcomings have been identified with regard to the identification of beneficial owners, as indicated under A.1. Namely, the lack of distinction between the identification of beneficial owners of companies versus partnerships.

330. In addition, Circular 5/W/2017 provides that the frequency of updating information should be "determined in proportion to the risk profile of the business relationship and in the light of the conclusions of the analysis and assessment of the expected risks" (Article 17). BAM and the banks interviewed clarified that therefore, for high-risk clients, annual updates are required; for medium risks, updates are required every two to three years; and for low risks, every five years. The frequencies are deactivated when there is a change in client behaviour. In addition, credit files are revisited annually, implying that due diligence is also renewed. The periodicity mentioned is not expressly required by the texts, but the corresponding practice appears solid. In particular, updating at the stated frequency is required by BAM in the context of its supervision and is subject to sanctions. In the interest of certainty, Morocco is invited to ensure that these updating rules are reflected in the applicable texts (see Annex 1).

331. In conclusion, the availability of information on beneficial owners of bank accounts is ensured by the due diligence measures taken by banks under the AML Law. However, a number of details relating to the identification of beneficial owners are not reflected in the guiding documentation. Even if they are compensated by practice, this provides less certainty than if they were documented in writing.

76. "Where the institution relies on third parties to identify customers, business relationships, occasional customers and beneficial owners, it must:

- ensure that the third party is subject to anti-money laundering and anti-terrorist financing laws and regulations and has policies and procedures in place
- ensure that the third party complies with the due diligence requirements of this Circular, including the retention of documents
- obtain immediately information concerning the identification of customers and beneficial owners and the purpose and intended nature of the business relationship
- ensure that the third party is able to provide the institution, upon request and without delay, with copies of identification data and other relevant documents related to customer due diligence
- take into account available information on the level of risk associated with the countries in which the third party is established.".

332. Accordingly, **Morocco should ensure that adequate and accurate information on beneficial owners of bank accounts is available for all account holders.**

333. Finally, where account holders are companies or legal arrangements, information on beneficial owners will also be available through the register of beneficial owners, once fully operational.

Oversight and enforcement

334. Banks and, where applicable, the managers and employees who fail to comply with the above obligations, are liable to sanctions ranging from MAD 100 000 to MAD 500 000 (EUR 9 560 to EUR 47 800) pursuant to Article 28 of the AML Law.

335. The supervisory authority for banks, including their anti-money laundering obligations, is BAM.[77] Two main actors are involved in the supervision and control of the 89 credit institutions and similar bodies, corresponding to the two forms of supervision applied:[78]

- The Department of Continuous Supervision, which has 34 employees, carries out documentary/desk-based supervision of credit institutions with regard to all their legal and regulatory obligations.
- The Department for Onsite Verification, with 18 employees, carries out general or thematic verifications on the basis of an annual programme agreed with the Permanent Surveillance Department.

336. Supervision by the Department of Continuous Supervision is systematic. The Department evaluates the AML/CFT systems on the basis of a questionnaire sent annually to the institutions subject to its supervision and the replies that must be received by 31 March of the year following the end of the financial year. It also examines the auditors' reports as well as reports of the authorities of the host countries of the subsidiaries of Moroccan credit institutions abroad, in the framework of cross-border supervision.

337. BAM's Department for Onsite Verification conducts general surveys to examine the entire range of activities of the supervised institutions in

77. Article 80 of the banking law provides that "Bank Al Maghrib is responsible for monitoring compliance by credit institutions with the provisions of this banking law and the texts adopted for its application". Coming under its supervisions are 24 banks, 6 offshore banks, 27 finance companies, 19 payment institutions (money transfer companies) and 12 micro-credit associations.

78. In addition, since December 2015, there has been a department within the Banking Supervision Directorate responsible for monitoring risks to the financial integrity of credit institutions, staffed by three people, and thus occupying an overarching role in the banking sector's compliance with AML/CFT obligations.

order to assess those aspects that cannot be assessed remotely. Thematic surveys deal with a particular aspect of these activities, for example the AML/CFT system, and may cover several institutions at the same time. The onsite inspection programme is determined on the basis of (i) the rules governing the precedence of inspections, which take into account the size of the institution and its risk profile, (ii) the rating assigned to institutions by BAM, and (iii) the most significant or emerging risks for the banking sector.

338. Onsite inspections of the AML/CFT system are carried out in two phases and in accordance with the Manual of Inspection Procedures. The first phase aims to assess the risks, organisation and control of the activity. The second phase consists of checking client and account files, account opening records and reviewing the declarations made to ANRF. The identification of clients, compliance with accounting obligations and the recording and retention of transaction information are also checked. With regard to the retention of documents, BAM notes that the banks use service providers for this purpose and that the obligation is well respected.

339. Subsequently, following the onsite and continuous checks, corrective action plans are implemented by the institutions to address BAM's recommendations. These action plans are followed up on by the supervisors responsible for continuous supervision.

340. The table below lists the AML/CFT onsite verification operations carried out by BAM:

2018	2019	2020	2021
23 across 7 banks, 2 offshore banks, 4 finance companies, 7 payment institutions and 3 micro-credit associations	16 across 8 banks, 1 offshore bank, 4 finance companies, 1 payment institution and 2 micro-credit associations	n/a – remote assessment of taxpayers' AML/CFT systems (risk mapping)	7 across all banks

341. In addition, BAM supervisors were able to assess, on the basis of a manual established in partnership with the US Treasury Department and dedicated control procedures, several aspects of relevance. These include the degree of compliance of the process of entering into client relationships and oversight of accounts and operations; the adequacy of the organisational structure of the AML/CFT system in terms of dedicated human and IT resources; staff training policies; as well as the dissemination of the culture of due diligence amongst those responsible for client relationship management and account managers at the level of the network of banks.

342. During the onsite visit, BAM noted that the assessment of the AML/CFT systems of AML-obliged persons includes an analysis of the risk categorisation, which provides information on the frequency of updating identity information.

343. The checks carried out by BAM during the review period resulted in:

	2018	2019	2020	2021	Total
Disciplinary sanctions pursuant to Articles 86 and 88 of the Banking Law	6	3	3	1	13
Financial penalties under Article 28 of the AML Law	4	5	9	3	21

344. The 21 financial penalties for non-compliance with various regulatory provisions range from MAD 300 000 to MAD 500 000 (EUR 28 680 to EUR 47 800), with an average of MAD 340 000 (EUR 32 500). The number of sanctions is high, considering the number of banks. This represents a significant increase compared to the last review period, when only one bank was subject to a financial sanction. BAM notes that this is due to the reinforcement of its approach to supervision and the practices adopted.

345. During this period, there were no breaches of the minimum retention period.

Availability of banking information in exchange of information practice

346. Over the review period, Morocco received 209 requests for banking information, mainly on account numbers, account statements and balances. Peers indicated that when responses were received from Morocco, they were satisfactory. Nevertheless, about 115 requests for banking information have not yet been answered. This is mainly due to shortcomings in the organisation and processing of enquiries in Morocco during the review period (see C.5).

Part B: Access to information

347. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective exchange of information.

B.1. Power of the competent authority to obtain and transmit information

> Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

348. The Moroccan authorities apply their domestic tax powers for the purpose of international exchange of information, and this possibility is now expressly provided for in Article 214 of the General Tax Code (CGI).

349. The Moroccan tax administration has broad powers of access to information through the application of the right of communication (*droit de communication*) and the right of inspection (*droit de constation*) provided for in the CGI. The tax administration also has the power to verify the declarations and acts used to establish taxes, duties and fees. These powers allow it to request useful information from any taxpayer (whether the person concerned or a third party) or other administration.

350. Moreover, professional secrecy is not an obstacle to the access to or exchange of information.

351. Appropriate sanctions can be applied in case of failure to provide the requested information or documents, either at all or within the 30-day mandatory response period. During the review period of the first round evaluation, the right of communication was not accompanied by a binding deadline for responses and dissuasive sanctions, but since 1 January 2016,

the right of communication was amended to remedy this. As a result, the 2016 Report included a recommendation that Morocco should ensure the effective implementation of the new provisions in practice. Given Morocco's implementation of the right of communication provisions in practice since 2016, the 2016 Phase 2 recommendation has been removed.

352. However, in cases where inaccurate information is provided in response to the right of communication, or where the documentation provided is incomplete, a tax audit is generally undertaken before a sanction is applied. A recommendation is therefore made in this respect.

353. The conclusions are as follows:

Legal and regulatory framework: in place

No material deficiencies have been identified in the legislation of Morocco in relation to access powers of the competent authority.

Practical implementation of the standard: Largely Compliant

Underlying factor/Deficiencies identified	Recommendations
Although a sanction can be applied directly for the refusal to respond to the right of communication, including the provision of incomplete information, in practice, when the information provided is partial or inaccurate, a tax audit is generally undertaken before a sanction is applied. Given the impact of a tax audit on time and resources, enforcement powers are not systematically used and therefore not fully effective.	Morocco should ensure the effective application of sanctions in the event of non-compliance with the legal provisions relating to access to information in all cases.

B.1.1. Ownership, identity and banking information

Accessing information generally

354. The competent authority for exchange of information requests received by Morocco is the Minister of Finance, who has delegated this power to the Director General of Taxes, who in turn has delegated this task to the Director of Legislation, Studies and International Co-operation, the Head of the Division of Taxation and International Co-operation and the Head of the International Information Exchange Department (*Service des échanges de renseignements à l'international*, SERI) (see paragraph 519).

355. Since the end of 2019, the point of contact for SERI for information gathering purposes is the Department for Investigations, Data Processing

and Digital Monitoring (*Service des investigations, du traitement des données et du suivi des activités numériques*, SITDSAN). Between 2017 and 2019, the central service responsible for this function was the Tax Collection and Investigation Department. Prior to that, a regional collection and research brigade was responsible for collecting the requested information, centralised in Casablanca. There have therefore been numerous changes in recent years in terms of who holds the responsibility for information gathering.

356. Regardless of the team involved, the Moroccan authorities use their domestic tax powers for the purpose of international exchange of information. A new development in this regard is that since 2020, the CGI expressly stipulates that the right of communication covers "… any information useful for the assessment and control of taxes, duties and fees due from third parties, *as well as for the exchange, under international conventions or agreements, of information with foreign tax administrations*…" (Article 214I of the CGI; see B.1.3).

357. As stated in the 2016 Report, in Morocco, ownership and identity information from tax returns is held by the tax administration, as well as certain information held by the Administration for Customs and Indirect Taxes (such as the amounts of imports and exports) and by the General Treasury of the Kingdom (such as public procurement amounts and details of invoices). The same information is generally available from the commercial register.

358. When the requested information is not in the possession of the tax administration, the latter may avail itself of its right of communication under Article 214 of the CGI to obtain the information directly from the person in possession of it. The right of communication extends to taxpayers (the persons concerned or any third parties), but also to other administrations.

359. The right of communication is general in scope, and a person who holds information, although not obliged by law to hold or retain it, is obliged to communicate it to the tax administration. In terms of documentation, Article 214 of the CGI provides that the tax authorities may request the communication[79] of notably:

- service or accounting documents held by State administrations, local authorities, public establishments and any body subject to State control, without the possibility of refusal on grounds of professional secrecy
- books and documents, the keeping of which is compulsory as a result of the laws or regulations in force
- acts, written documents, registers and files held by natural or legal persons carrying out an activity liable to taxes, duties or fees.

79. This is notwithstanding the application of a territorial approach to corporate taxation.

360. Requests for communication must be made in writing and in accordance with the notification procedure described in Article 219 of the CGI (see section B.2). Article 214 of the CGI provides that the right of communication is exercised at the premises of the registered office or principal place of business of the natural or legal person concerned, where the documents may be copied with the taxpayer's consent. Alternatively, the information may be provided in writing, or handed over to the officials of the tax administration, via post or electronically, against a receipt within 30 days of the exercise of the right of communication.

361. To facilitate its task, the DGI has concluded 17 information access agreements with numerous information holders: the Foreign Exchange Office; the National Agency for Land Conservation, the Property Register and Cartography; OMPIC; the Administration for Customs and Indirect Taxes; etc.

362. In addition, the tax administration has the power to verify the declarations and documents used for the assessment of taxes, duties and fees. To this end, taxpayers, whether natural or legal persons, are required to provide all necessary evidence and present all accounting records to the agents of the tax authorities who request them (Article 210 of the CGI).

363. The tax authorities further have a right of inspection under which they can ask taxpayers to produce invoices, books, registers and business documents relating to operations that have given rise to or should give rise to invoicing and carry out a physical inspection of the operation to detect any breaches of the legal or regulatory obligations in force (Article 210 of the CGI).

364. There is no maximum time limit or limitation period for the use of the right of communication or the right of inspection in Moroccan law. However, accounting records and supporting documents must be kept by taxpayers for a period of 10 years, which means that in practice it may be difficult to exercise these rights beyond 10 years.

Accessing beneficial ownership information

365. The access powers described above are not limited either to specific sources of information or to any legal obligation to ensure the availability of the information concerned. Therefore, the tax administration may use its right of communication and other access powers to obtain information on beneficial owners wherever they may be located.

366. As mentioned under A.1, there are various sources of information on beneficial owners, the main source being AML-obliged persons, by virtue of the client due diligence obligations for AML/CFT purposes.[80] In addition,

80. The direct and indirect provisions on professional secrecy (in particular Articles 20 and 25) in the Anti-Money Laundering Law do not prevent the competent

given the information required on beneficial owners of financial accounts pursuant to Article 214-V of the CGI, the tax administration may itself hold such information. Finally, another source is the register of beneficial owners.

367. Article 14 of Decree No 2-21-708 on the register of beneficial owners specifically provides that the DGI has the right to access all the information available in the register in the context of the exercise of the tasks assigned to it by the legislative and regulatory texts in force, and Article 10 provides that the information contained in the register may be used in the context of international co-operation.

368. The access powers provided for in the CGI can be applied in relation to each of the sources listed above.

Accessing banking information

369. The tax administration has direct access to the information collected at the moment of the registration of taxpayers, which may include their bank account details. In addition, the banking information used in the context of tele-payments is systematically collected through the SIT.

370. In practice, the Moroccan authorities confirm that if the name of the natural or legal person cannot be provided in the context of an exchange of information request, the bank account identifier with 24 digits is sufficient, or alternatively the account number and the name of the bank that holds the account.

371. According to Article 181 of the Banking Law, bank secrecy cannot be upheld against the tax authorities for the application of treaties on the exchange of information for tax purposes. The access powers described above are therefore also applicable to banking information and the Moroccan authorities may request from banks and other financial institutions information on bank account holders or other clients of banks, including offshore banks. This was confirmed with great confidence by representatives of the banking sector met during the onsite visit.

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authority from accessing information maintained by AML-obliged persons in view of the scope of the right of communication under Article 214 of the CGI. Moreover, Article 13 of the AML Law specifies that AML-obliged persons are required to communicate, at their request, to ANRF or to the supervisory authorities listed at Article 13-1, within the time limits specified by those authorities, all documents and information necessary for the performance of their duties under the Law, including the identification of clients and their beneficial owners (and professional secrecy may not be invoked by AML-obliged persons to refuse such disclosure).

B.1.2. Accounting records

Information available to the tax authorities

372. As noted in the 2016 Report, in Morocco, certain accounting information is available within the tax authority, as all taxpayers must file financial statements for tax purposes, consisting of supporting accounting and tax document, which must be filed within three months of the end of the financial year (Article 158 of the SA Law, Article 95 of Law no. 5-96 and Articles 20 and 82 of the CGI). This information is also available from the competent court for public information and from OMPIC.

373. Furthermore, the SIT, through the use of tele-procedures, makes the information listed below (as well as the banking information mentioned above) directly accessible. For companies or individuals who do not use tele-procedures, the declarations mentioned are available in the physical files of the management departments of the Regional Tax Directorate:

- For companies: the tax result, accompanied by the tax return; the summary statements of remuneration paid to third parties or to non-resident persons; fixed-income investment income; income from shares and similar income; capital gains resulting from the transfer of shares in Morocco by non-resident companies; and monthly and quarterly VAT returns.
- For individuals: the declaration of global revenue; the declaration of salaries and wages, remuneration paid to non-resident persons, remuneration paid to third parties, profits from movable capital, benefits paid in the form of capital or annuities by insurance companies, real estate profits, income from fixed-income investments, income from shares and similar income; and the declaration of transfer of tax residence.

Information held by the taxpayer or a third party

374. For information not held by the administration, the rights of access described above apply for accounting information in the same way as for other types of information.

375. In addition, the tax administration may verify the accounts by applying its power of verification of declarations and acts used for the establishment of taxes, duties and fees. To this end, taxpayers, whether natural or legal persons, are required to provide all necessary justifications and present all accounting documents to the agents of the tax authority (Article 210 of the CGI).

376. Where the required information is not already in the possession of the tax administration, it uses the collection powers granted to it by Moroccan law. To this end, it generally uses its right of communication to obtain from third parties – including public bodies – the original or a copy of documents or accounting information held by them.

377. The tax administration also exercises its right of communication vis-a-vis natural or legal persons carrying out a taxable activity, including the independent professions, in order to obtain communication of accounting documents (invoices, delivery notes, accounting entries, etc.), legal documents (for example contracts), and/or any other supporting documents that they may hold (Article 214 of the CGI).

378. The Moroccan authorities indicate that in the event that the third party holder of the information refuses to respond to a right of communication or if only the taxpayer concerned holds the information, the tax administration could, if necessary, obtain the information from the taxpayer or the third party holder concerned by exercising its right of inspection (distinct from its audit powers, see paragraphs 362 and 363). However, Morocco has never in practice used this power to respond to a request for information.

B.1.3. Use of information gathering measures absent domestic tax interest

379. In the 2016 Report, it was found that the Moroccan authorities use the same powers to collect information for domestic purposes as for exchange of information and that, although the information requested by Morocco's partners is not intended for tax assessment in Morocco, the tax administration remains entitled to make use of the right of communication solely for the purpose of exchanging the information.

380. In the same vein, it was noted that international conventions ratified by Morocco become part of Moroccan law as soon as they are published according to the Moroccan Constitution, that they take precedence over Moroccan domestic law, and that the tax authorities are therefore obliged to activate the right of communication provided for in Article 214 of the CGI in order to respond to any request for information based on a convention that contains an article relating to the exchange of information.

381. Article 214 of the CGI expressly refers to the possibility of requesting access "for the purpose of exchanging information with foreign tax administrations under international conventions or agreements". There is therefore no doubt that the tax administration's powers of access are interpreted as applicable even when only information intended for a foreign tax administration is involved.

B.1.4. Effective enforcement provisions to compel the production of information

382. The 2016 Report considered that the sanctions for refusing to provide information and documents requested under the right of communication under Article 214 of the CGI or the right of inspection under Article 210 of the CGI were not dissuasive, and that this was the reason that some requests for communication were not answered.

383. Article 185 of the CGI provides that a daily fine is applicable to persons who do not communicate the requested information within the time limit and under the conditions provided for in Article 214 of the CGI. The sanctions were reinforced in 2020. Persons who do not provide all or part of the requested documentation within 30 days of the request for communication may now be subject to a fine of MAD 500 (EUR 50) to MAD 50 000 (EUR 4 780) per day of delay.[81]

384. In the event of opposition to the right of inspection, the taxpayers concerned are liable to a fine of MAD 2 000 (EUR 190) and, where applicable, a penalty of MAD 100 (EUR 10) per day of delay up to a maximum of MAD 1 000 (EUR 100). In the context of income tax, the amount of this fine varies from MAD 500 to MAD 2 000 (approximately EUR 50 to EUR 190) (Articles 210 and 191-I of the CGI).

385. The Moroccan authorities indicate that the use of the right of communication is generally sufficient to obtain the required information, but that the tax administration could, if necessary, use its right of inspection or conduct a tax audit to obtain the information requested by its partners (see paragraphs 362 and 363).

386. The table below illustrates the effective exercise of the right of communication, the right of inspection and the number of onsite checks over the review period for domestic or exchange of information purposes (see also paragraph 296):

	2018	2019	2020	2021
Number of rights of communication carried out	7 024	3 707	660	1 284
Number of rights of inspection carried out	73	0	0	2
Number of onsite checks carried out	7 622	7 421	1 681	1 028 as at 31 March

81. Before 2015, the amounts were a fixed fine of MAD 2 000 (EUR 180), to which a daily fine of MAD 100 (EUR 9) could be added, with a ceiling of MAD 1 000 (EUR 90). These sanctions are not applicable to State administrations and local authorities (Article 185 CGI).

387. While part of the practice during the review period is not necessarily representative due to the COVID-19 pandemic, for the years 2018 and 2019, the figures show a significant increase in the number of onsite inspections carried out (about four times the annual amount of the previous review period). The legal professionals interviewed consider fiscal supervision to be effective and frequent.

388. The 2016 Report recommended that Morocco should ensure the practical application of the sanctions provided for in the event of a taxpayer's refusal to respond to the administration's right of communication.[82] While the total number of rights (i.e. not limited to EOIR) enforced has not increased in relation to the right of communication compared to the last review period, the total number of sanctions applied in relation to unanswered requests has increased over time and now corresponds to all cases of default, supporting the deletion of the 2016 Phase 2 recommendation:

	2018	2019	2020	2021
Number of requests that did not receive responses	2 840	778	167	339
Number of sanctions issued for failure to respond to the right of communication	405	778	167	339

389. According to the tax authorities met during the onsite visit, notwithstanding the legal possibility of sanctioning the provision of incomplete or inaccurate information in response to the right of communication, a tax audit is generally conducted in such cases before a sanction is applied. Given the impact on time and resources of a tax audit, **Morocco should ensure the effective application of sanctions in the event of non-compliance with the legal provisions relating to access to information in all cases.**

390. The powers of the Moroccan tax authorities do not include the right to search or seize. However, the tax authorities may access information by carrying out an onsite inspection: Article 212 of the CGI provides that the administration may carry out a general or *ad hoc* audit of a company's premises. In all cases, the auditor is entitled to be presented with any document required to be kept by law, whether accounting documents or other, as described in detail in the 2016 Report.

391. In addition, an amendment to Articles 212-I and 232-V of the CGI through the Finance Act of 2021 now allows for the suspension of the verification period for a period of 180 days and the interruption of the statute of

82. In the event of a failure to comply with the obligation to maintain information, the sanctions described in A.1.1 are applicable.

limitations following the dispatch of requests for information to partner countries, reinforcing this measure in the context of the exchange of information.

B.1.5. Secrecy provisions

392. The situation with regard to secrecy provisions has not changed since the 2016 Report and is briefly summarised below.

Bank secrecy

393. The Banking Act provides, *inter alia*, that all persons who, in any capacity, participate in the administration, direction or management of a credit institution or who are employed by them or, more generally, any person called upon to know or use information relating to these institutions, are strictly bound by professional secrecy for all matters of which they have knowledge under the terms and sanctions provided for in Article 446 of the Criminal Code[83] (Article 180).

394. However, Article 181 of the Banking Law specifically provides that professional secrecy may not be invoked against: (i) BAM; (ii) the judicial authorities acting in the context of criminal proceedings; and (iii) any other authority that has entered into a bilateral agreement with the Kingdom of Morocco providing for the exchange of information for tax matters. The Moroccan tax administration confirms that the reference to a "bilateral convention" would also extend to the Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010 (Multilateral Convention). The Moroccan tax administration also confirms that any information shared would be provided through the Moroccan competent authority, notwithstanding the wording of the provision. Thus, the tax administration may use its right of communication to obtain banking information (account number, balance and statement of account) from credit institutions.

395. The law on offshore financial centres also provides that any person who, by virtue of their functions, participates in the administration, management or control of offshore banks or who is employed by them, is bound by professional secrecy. Professional secrecy may, however, be waived in certain cases, including pursuant to obligations arising from Morocco being a party to tax treaties (including the Multilateral Convention).

83. Any person bound by professional secrecy who discloses a professional secret, except where the law obliges or authorises them to reveal it, is punishable by one to six months of imprisonment and a fine of MAD 1 200 to MAD 20 000 (EUR 110 to EUR 1 910).

396. In addition, Article 214 of the CGI relating to the right of communication was amended in December 2015 to clarify the scope of the right of communication: the article provides that "notwithstanding any provision to the contrary", the tax administration may exercise its right of communication with respect to any person.

397. Over the review period, Morocco received 209 requests for banking information. Where the requested information was provided by Morocco, its exchange of information partners indicated that the responses were generally complete. However, in 115 cases, Morocco has been unable to provide the requested information to date (see C.5).

398. It seems that, contrary to what happened previously, especially during the review period of the 2016 Report, obtaining bank information is not difficult now that BAM has set up a central file of bank accounts and that an information exchange protocol has been put in place with the tax administration. Moreover, only 24 banks and 6 offshore banks are present in Morocco, which should facilitate obtaining banking information. The number of pending requests is rather due mainly to the organisation and processing of requests for information in Morocco during the review period (see C.5).

Professional secrecy

399. The professional secrecy of lawyers is protected by Article 36 of the Dahir establishing Law no. 1-93-62 of 10 September 1993 on Organising the Exercise of the Profession of Lawyer. This provision stipulates that a lawyer must not make any disclosure that is contrary to professional secrecy. The professional secrecy of lawyers is intended to protect information received through communications the objective of which is to obtain legal advice in the context of a legal retainer. If the information is not related to an investigation, such as information obtained as advice, it must be disclosed upon request by the tax authorities.

400. The professional secrecy of notaries is protected by Articles 24 and 25 of Law no. 32-09 on the Organisation of the Profession of Notary. These articles provide that the notary is bound by professional secrecy unless otherwise provided for by law, and the notary is prohibited from delivering documents or extracts thereof to persons other than those entitled to them by law.

401. Professional secrecy also exists for auditors, and accordingly "auditors and their staff are bound by professional secrecy with regard to facts, acts and information that may have come to their knowledge by reason of their functions" (Article 177 of the Law on SAs).

402. Any violation of the professional secrecy of lawyers, notaries and auditors is punishable under Article 446 of the Criminal Code. However, as mentioned above, Article 214 of the CGI was clarified in 2015 so that, "notwithstanding any provision to the contrary", professional secrecy cannot be relied on to refuse to respond to the tax administration's right of communication.

403. However, Article 214 of the CGI also provides that "as regards the independent professions whose practice involves the provision of legal, tax or accounting services, the right of communication may not encompass the overall communication of the file". These professions are therefore theoretically obliged to respond to requests for information from the tax authorities provided the documents required are specified.

B.2. Notification requirements, rights and safeguards

The rights and safeguards (for example notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

404. Notification requirements, rights and safeguards have not changed since the 2016 Report: there is no provision in Moroccan law for a person subject to an information request to be informed. Furthermore, there is no right of appeal in relation to the exchange of information.

405. The conclusions are as follows:

Legal and regulatory framework: in place

The rights and safeguards that apply to persons in Morocco are compatible with effective exchange of information.

Practical implementation of the standard: Compliant

The application of rights and safeguards in Morocco is compatible with effective exchange of information.

B.2.1. Rights and safeguards should not unduly prevent or delay the effective exchange of information

406. Moroccan law does not provide for any obligation to notify the persons subject to an information request, either before or after the information is sent to the requesting jurisdiction. Moreover, when the tax administration exercises its right of communication, it does not inform the holder of the

information of the purpose of its request. The risk that the holder of the information may inform the person concerned of the existence of a request is therefore limited, since the holder himself is not formally informed of the existence of the EOI request. Moreover, during the onsite visit, representatives of the banking sector indicated that there is no practice in Morocco of informing the client of the requests received from the tax authorities, in particular because they are so frequent that doing so would consume too much time and resources.

407. In the same vein, there is no specific right of appeal against the exchange of information procedure *per se*, nor any other relevant rights or protections. There is no appeal for excess of power. There is only the right to lodge a complaint when the taxpayer contests all or part of the amount of taxes, duties and fees due in Morocco (Articles 235 and 243 of the CGI), as well as the right to challenge the decisions of the tax commissions through administrative judicial means (Article 242 of the CGI). The Moroccan authorities confirm that any pending proceedings will not have a bearing on EOI requests, and that any rectification of the taxes charged would be communicated to the EOIR partner, if this information is relevant to a request which has already been responded to.

408. In practice, no restrictions on access to information related to a taxpayer notification procedure have been identified. None of the comments received from Morocco's exchange of information partners relate to this topic.

Part C: Exchange of information

409. Sections C.1 to C.5 evaluate the effectiveness of Morocco's network of exchange of information instruments – whether these mechanisms provide for exchange of the right scope of information, whether they cover all relevant partners of the jurisdiction; whether there are adequate arrangements to ensure the confidentiality of the information received; whether the treaty network respects taxpayers' rights and safeguards and whether Morocco can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

410. In Morocco, the legal basis for the exchange of information comprises bilateral, regional and multilateral international agreements.

411. As noted in the 2016 Report, most of Morocco's information exchange relationships are fully aligned with the standard (through a bilateral agreement or the Multilateral Convention). However, at the time of writing the 2016 Report, 8 of the tax treaties signed by Morocco before 2014 and the Multilateral Convention, signed on 21 May 2013, were still not in force. As a result, Morocco was recommended to ensure that the information exchange instruments it signs enter into force promptly. Given the entry into force of the Multilateral Convention on 1 September 2019 and Morocco's ratification of six of the eight signed tax treaties – of which only one jurisdiction is not covered by the Multilateral Convention – the 2016 recommendation has been removed.

412. Morocco now has an extensive network of information exchange mechanisms, covering 163 jurisdictions (see Annex 2). Morocco is also party to the Convention for the Avoidance of Double Taxation and the Establishment of Rules for Mutual Assistance in Respect of Taxes on Income between the States of the Arab Maghreb Union (the Arab Maghreb Union States Convention), to which Algeria, Libya, Mauritania and Tunisia are also parties.

413. Moreover, Morocco has signed 14 additional double taxation conventions (DTCs) since March 2016.[84] With the exception of the agreement signed with Bangladesh, these agreements are based on a model tax convention which includes an Article 26 on the exchange of information that is identical to the OECD Model Tax Convention (OECD Model Convention), including paragraphs 4 and 5 of Article 26.

414. It should be noted that the DTC concluded with Switzerland on 31 March 1993 does not include an exchange of information clause. Switzerland is also a signatory to the Multilateral Convention.

415. Considering all the information exchange agreements concluded by Morocco, Morocco can exchange information to the standard with 130 of its 161 partners.

416. The conclusions are as follows:

Legal and regulatory framework: in place

No material deficiencies have been identified in Morocco's information exchange mechanisms.

Practical implementation of the standard: Compliant

No issues have been identified that would affect the exchange of information in practice.

Other forms of exchange of information

417. Apart from the exchange of information on request, SERI is involved in the spontaneous exchange of information. The practices involved are in the course of documentation and a draft procedure has been drawn up to explain the various stages of the spontaneous exchange of information process and to specify, among other things, the time limits involved.

418. Morocco is also involved in the automatic exchange of financial account information. The first exchanges are expected in 2022.

C.1.1. Standard of foreseeable relevance

419. The standard envisages exchange of information on request in the broadest possible form. However, it does not permit "fishing expeditions".

84. Namely the DTCs signed with Azerbaijan, Bangladesh, Benin, Comoros, Ethiopia, Ghana, Japan, Liberia, Madagascar, Republic of Congo, Rwanda, Slovenia, South Sudan and Zambia.

The balance between these two competing elements is reflected in the notion of "foreseeable relevance" of the information requested, which is reflected in Article 26(1) of the OECD Model Tax Convention.

420. The 2016 Report concluded that the agreements are applied in accordance with the commentary on foreseeable relevance, although only a few treaties include the term "foreseeable relevance". Most include the term "necessary", but the term is considered in the Commentary on Article 26 of the OECD Model Convention to have equivalent effect to the expression "foreseeably relevant". Morocco confirms that it continues to adhere to this interpretation, and that it equates it with the term "relevant information" which is in the treaty with France. Thus, these treaties can be recognised as being aligned with the standard with regard to the notion of foreseeable relevance.

421. Moreover, with the exception of the agreement signed with Bangladesh, which includes the term "necessary", all new EOIR mechanisms signed by Morocco since the 2016 Report include the term "foreseeable relevance" in their information exchange article.

Clarifications and foreseeable relevance in practice

422. In practice, Morocco has indicated that it applies the notion of foreseeable relevance non-restrictively. However, the EOIR Manual, consisting of a section entitled "Procedure for Incoming Requests" and a second section entitled "Procedure for Outgoing Requests", does not provide specific instructions in this regard.[85]

423. None of the peer review comments indicate that during the review period Morocco refused to respond to a request for information on the grounds that the request was unlikely to be foreseeably relevant.

Group requests

424. The EOIR standard now includes a reference to group requests in accordance with paragraph 5.2 of the Commentary on Article 26 of the OECD Model Convention. The foreseeable relevance of a group request must be sufficiently demonstrated, and the information requested must be sufficient to identify the taxpayers in the group.

425. The procedure for handling incoming exchange of information requests, which forms part of the EOIR Manual, provides that in the case of a

85. It is therefore recommended that Morocco further document the procedures applicable within the department responsible for EOIR, and make them available to other teams within the Directorate General of Taxes – see C.5 and Annex 1.

group request, the Head of SERI must ensure that the requesting jurisdiction has not failed to:

- provide a detailed description of the group and the facts and circumstances that led to the request
- explain the applicable law and why there is reason to believe that the taxpayers in the group subject to the request have not complied with that law, supported by a clear factual basis
- show that the information requested would help determine the tax discipline of the taxpayers in the group.

426. SERI notes that these guidelines should be interpreted as consistent and equivalent to "foreseeable relevance", and that they do not set a higher standard. During the review period, Morocco did not receive any group requests.

C.1.2. Provide for exchange of information in respect of all persons

427. As noted in the 2016 Report, the majority of Morocco's agreements are fully aligned with the OECD Model Convention, which states that "exchange of information is not restricted by Articles 1 and 2", with Article 1 defining the personal scope of the convention. Most of Morocco's DTCs, including 13 DTCs signed since March 2016 (out of 14), explicitly provide that the exchange applies to all persons.

428. However, the 2016 Report concluded that 19 agreements do not contain the OECD Model Convention phrase.[86] The exchange of information article of these agreements nevertheless applies to both residents and non-residents of the parties, insofar as it applies to "the provisions of this Convention, or of the domestic laws of the Contracting States concerning taxes covered by the Convention, insofar as the taxation thereunder is not contrary to the Convention". Therefore, these treaties do not limit the exchange of information to their residents, as their domestic tax laws apply to all their taxpayers (and third parties in relation to access to information), whether resident or non-resident. Exchange is therefore possible with respect to any person under these treaties. The same reasoning applies to the new DTC with Bangladesh.[87]

86. The agreements signed with Belgium, Burkina Faso, Canada, Côte d'Ivoire, Denmark, Egypt, Italy, Iran, Jordan, Luxembourg, Pakistan, Poland, Serbia, Singapore, Ukraine, United States, Viet Nam, Yemen and the Arab Maghreb Union States Convention.

87. The other 13 agreements signed since the 2016 reporting deadline all include Article 26(1) of the OECD Model Convention at least as far as the personal scope of the convention is concerned.

429. The 2016 Report also concluded that a number of treaties restrict the exchange of information to the application of "the provisions of this Convention",[88] that these treaties therefore do not allow for exchange of information that would not be covered by the Convention and that these treaties therefore fall short of the standard. All concerned jurisdictions are however now covered by the Multilateral Convention, which meets the standard.

430. In practice, Morocco has not received any requests relating to persons who are not resident in Morocco or in the requesting jurisdiction. SERI has indicated that such a request would be treated in the same way as any other request.

431. However, as in any jurisdiction, there may be challenges in practice in relation to identification in the case of non-residents, as they are not necessarily identified at the level of the tax system.

C.1.3. Obligation to exchange all types of information

432. Article 26(5) of the OECD Model Convention provides that a contracting state may not refuse to provide information solely because that information is held by a bank, other financial institution, nominee or person acting in any agency or fiduciary capacity, or because that information relates to ownership interests of a person. However, it should be recalled that paragraph 5, as well as paragraph 4 (see C.1.4), were only added to the OECD Model Convention in 2005.

433. The 2016 Report indicated that Morocco concluded 14 agreements that include provisions equivalent to paragraph 5 (and 4) of Article 26 of the OECD Model Convention, including the Multilateral Convention.[89] Now, this number has increased to 26, as of the 14 agreements recently concluded, 12 also include paragraph 5 of Article 26 of the OECD Model Convention.[90]

434. Since Moroccan law does not contain any restrictions on the exchange of information, the competent authority may provide any kind of information, even if the exchange of information agreement does not contain the equivalent of Article 26(5) (or 26(4)) of the OECD Model Convention.

88. Namely the agreements signed with Germany, Norway, the Netherlands and Spain. The agreements signed with Bahrain, France, Malaysia, Romania and the United Kingdom were also mentioned in the 2016 report; however, they provide for a broader scope of application, which includes either domestic laws relating to the taxes covered by the convention (Romania and Bahrain) or the purposes of prevention or detection of tax evasion or avoidance, etc. (France, Malaysia and the United Kingdom).

89. The 13 bilateral agreements are with Albania, Cameroon, Estonia, Guinea, Guinea-Bissau, Mauritius, Ireland, India, Lithuania, Mali, Northern Macedonia, Saudi Arabia and Sao Tome and Principe.

90. The DTCs with Bangladesh and Azerbaijan do not include Article 26(5).

435. Furthermore, Morocco confirms that it continues not to apply the principle of reciprocity. Thus, in the absence of the equivalent of Article 26(5) (or 26(4)) of the OECD Model Convention, the Moroccan authorities can exchange banking information even if the requesting jurisdiction cannot in the absence of paragraph 5 (and/or 4).

436. In practice, Morocco has never refused to assist an exchange of information partner on the grounds that the information requested is held by financial institutions, nominees or persons acting in an agency or fiduciary capacity, or because the information relates to ownership interests of a person – even when the treaties concerned did not contain Article 26(5) of the OECD Model Convention. For example, this applies to the agreement with France, which has not prevented the transmission of a considerable amount of banking information.

C.1.4. Absence of domestic tax interest

437. As explained above, most of Morocco's agreements do not contain the equivalent of Article 26(4) of the OECD Model Convention, requiring contracting parties to use their information gathering powers to provide the information requested without needing to do so for the purposes of their own tax laws. However, even in the absence of this paragraph, Morocco is in a position to exchange information with its partners absent a domestic tax interest, and this has recently been reinforced in domestic legislation (see B.1.3).

438. Of the 14 DTCs recently concluded, 13 agreements include paragraph 4 of Article 26 of the OECD Model Convention.[91]

439. In practice, Morocco received requests that did not relate to its own domestic interest, and this did not hinder the exchange. For example, Morocco responded to requests related to the purchase of objects of value that were not relevant for the purposes of taxation by Morocco.

C.1.5 and C.1.6. Civil and criminal tax matters

440. None of the information exchange mechanisms entered into by Morocco, including the most recent ones, provide for the application of a double criminality principle to limit the exchange of information. Morocco therefore interprets these instruments and its legislation as allowing for exchange of information even in cases where the matter under investigation would not constitute a criminal offence under Moroccan law, had it occurred in Morocco.

91. The only recent agreement that does not contain Article 26(4) is the DTC with Bangladesh.

441. Similarly, all of Morocco's information exchange arrangements, including the most recent ones, provide for exchange of information for both criminal and civil purposes. Therefore, Morocco interprets these agreements as allowing for the exchange of information in relation to tax matters in administrative, civil and criminal matters.

442. In practice, Morocco has not received any requests where these questions arose.

C.1.7. Provide information in specific form requested

443. There are no particular restrictions in the EOIR instruments concluded by Morocco or in its domestic legislation that would prevent it from providing information in the form requested or specified by the requesting jurisdiction, provided this is consistent with its administrative practices.

444. In practice, Morocco has never received a request for information to be provided in a particular form.

C.1.8 and C.1.9. Signed agreements should be in force and be given effect through domestic law

445. In Morocco, treaties must be ratified by the parliament. At the time of writing the 2016 Report, of the 122 jurisdictions with which Morocco had an information exchange agreement, 46 were in line with the standard and in force. Today, with the entry into force of the Multilateral Convention as of 1 September 2019 for Morocco, of the 163 jurisdictions with which Morocco has an information exchange agreement, 145 are in force, and only 4 are not in line with the standard, yet now covered by the Multilateral Convention.[92]

446. Nevertheless, 17 bilateral agreements signed by Morocco are still not in force.[93] However, Morocco, for its part, has ratified 14 of these 17 agreements.

447. The three agreements that have not yet been ratified by Morocco are the DTC with Comoros signed on 31 March 2022, the DTC with Estonia signed on 25 September 2013[94] and the DTC with Iran signed on 25 February 2008.

92. As mentioned under C.1.2, the agreements with Germany, Norway, the Netherlands and Spain restrict the exchange of information to the application of "the provisions of this Convention". Moreover, the agreement with the Netherlands expressly excludes the exchange of banking information in paragraph V of its Protocol.
93. The other agreements not yet in force concern relations with signatories to the Multilateral Convention for which the Multilateral Convention has not yet entered into force (see Annex 2).
94. The Multilateral Convention allows for the exchange of information between Estonia and Morocco.

448. Of these three agreements, Iran and Comoros are not covered by the Multilateral Convention, and the agreement with Comoros has just been signed. Therefore, the recommendation made to Morocco in 2016 to ensure that the information exchange instruments it signs enter into force promptly has been removed for the purposes of this report.

449. The remaining 14 agreements are not yet in force due to the other jurisdiction not yet having finalised its ratification processes.[95] Of these, 6 of the jurisdictions concerned are not covered by the Multilateral Convention.[96]

450. The procedure for concluding conventions in Morocco was described in the 2016 Report, and remains unchanged. The Moroccan authorities have indicated that the timeframe for ratification in Morocco is generally two years.

451. Morocco does not need to take any additional steps for a treaty to enter into force or for an agreement to take effect.

Exchange of information mechanisms

Total number of EOI relationships, including bilateral and multilateral or regional mechanisms	**163**
In force	145
In line with the standard	145
Not in line with the standard	0
Signed but not in force[97]	18
In line with the standard	18
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	**16**
In force	8
In line with the standard	8
Not in line with the standard	0
Signed but not in force	8
In line with the standard	8
Not in line with the standard	0

95. Albania, Azerbaijan, Bangladesh, Benin, Burkina Faso, Ghana, Guinea-Bissau, Liberia, Madagascar, Mauritius, Republic of Congo, Sao Tome and Principe, South Sudan and Yemen.
96. Bangladesh, Guinea-Bissau, Republic of Congo, Sao Tome and Principe, South Sudan and Yemen.
97. The Multilateral Convention is in force for Morocco but not for 10 other signatories (see Annex 2). In addition, 8 bilateral agreements with jurisdictions not covered by the Multilateral Convention are not yet in force: Bangladesh, Comoros, Guinea-Bissau, Iran, Republic of Congo, Sao Tome and Principe, South Sudan and Yemen.

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

452. Morocco has an extensive network of information exchange agreements in place, including 78 bilateral agreements, one regional agreement and one multilateral agreement. The Arab Maghreb Union Convention links Morocco with Algeria, Libya, Mauritania and Tunisia. The Multilateral Convention allows Morocco an exchange of information in line with the standard with 145 other jurisdictions, including 84 jurisdictions with which it has no other information exchange agreement.[98] Morocco's network of information exchange agreements therefore covers 163 jurisdictions to date.

453. Since the 2016 Report, Morocco has continued to be very active in concluding double taxation conventions. Morocco's policy is to give priority to economic partners with which it has not yet concluded an international tax treaty, notably African countries.

454. More specifically, Morocco has signed 14 additional DTCs since March 2016, almost half of which are with jurisdictions that are not covered by another agreement and thus represent potential new exchange partners.[99]

455. Morocco has ratified tax treaties (all DTCs) with the following partners since 2016, although these are not yet in force: Burkina Faso, Ghana, Guinea-Bissau, Madagascar, Sao Tome and Principe and South Sudan.

456. Morocco has also initialled 17 additional tax treaties (all DTCs). Further agreements or treaties containing an exchange of information clause to the standard, including revisions to existing agreements or treaties, are being negotiated with a dozen other jurisdictions.

457. No member of the Global Forum has indicated in the preparation of this report that Morocco has refused to negotiate or sign an information exchange instrument with it. The Moroccan authorities confirm that Morocco has never refused to sign an information exchange agreement with another jurisdiction. On one occasion, Morocco proposed a different form of agreement when approached about a specific type. Communication in this regard is ongoing. Morocco thus has an effective network covering all relevant partners.

98. However, there are jurisdictions among these 84 with which Morocco is negotiating agreements, and some have already been initialled (paragraph 456).

99. The new partners will be: Bangladesh, Comoros, Ethiopia, Republic of Congo, South Sudan and Zambia. The other partners are: Azerbaijan, Benin, Ghana, Japan, Liberia, Madagascar, Rwanda and Slovenia.

458. As the standard ultimately requires that jurisdictions establish an EOI relationship that conforms to the standard with all partners that are interested in such a relationship, Morocco should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

459. The conclusions are as follows:

Legal and regulatory framework: in place

The network of information exchange mechanisms of Morocco covers all relevant partners.

Practical implementation of the standard: Compliant

The network of information exchange mechanisms of Morocco covers all relevant partners.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

460. All of Morocco's information exchange mechanisms – including the 14 most recent treaties – include confidentiality provisions in line with the standard. Moroccan domestic legislation also includes rules on confidentiality. These provisions apply equally to the information and documents constituting the requests received by Morocco, as well as to the actual responses provided to Morocco's treaty partners.

461. The conclusions are as follows:

Legal and regulatory framework: in place

No material deficiencies have been identified in the mechanisms for the exchange of information or in the legislation of Morocco concerning confidentiality.

Practical implementation of the standard: Compliant

No material deficiencies have been identified and the confidentiality of the information exchanged is effective.

C.3.1. Information received: disclosure, use and safeguards

462. The 2016 Report concluded that each of the exchange of information agreements concluded by Morocco includes a confidentiality clause aligned with Article 26(2) of the OECD Model Convention. The same is true for agreements concluded since March 2016.

463. Moreover, the 2016 Report noted that Moroccan law contains provisions designed to guarantee the confidentiality of information exchanged. Specifically, Article 246 of the General Tax Code subjects to professional secrecy all persons called upon, in the course of their duties or responsibilities, to intervene in the establishment, control, collection or litigation of taxes, duties and fees. This rule is subject to exceptions, notably in relation to other Moroccan administrations and the judicial authorities. It is complemented by the content of the relevant treaties, which rank above ordinary laws.

464. Professional secrecy is defined at Article 446 of the Criminal Code as the prohibition to reveal secrets entrusted to persons as a result of their status, profession or by function. The corresponding sanctions for breach are provided for in the same article, i.e. imprisonment of one to six months and a fine of MAD 1 200 to MAD 20 000 (EUR 110 to EUR 1 910).

465. Moreover, Article 18 of Dahir no. 1-58-008 of 24 February 1958 on the General Statute of the Civil Service provides that "independently of the rules instituted in the Criminal Code concerning professional secrecy, all civil servants are bound by the obligation of professional discretion with regard to all facts and information of which they have knowledge through the exercise or on the occasion of the exercise of their duties". The information exchanged may only be disclosed by order of the competent judge, which has never occurred in practice to date.

466. With respect to the use of exchanged information, the Terms of Reference of 2016 clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides that the information may be used for such other purposes under the laws of both contracting parties and the competent authority supplying the information authorises the use of information for purposes other than tax purposes. The Multilateral Convention and the DTC with Japan include text that provides for this possibility expressly.

467. During the review period, Morocco did not receive any requests from partners to obtain its agreement to use information requested for non-tax purposes. Morocco did, however, request authorisation from one partner to use the information received for non-tax purposes as well as tax purposes, but the request was withdrawn by Morocco before receiving a response.

C.3.2. Confidentiality of other information

468. The confidentiality provisions make no distinction as to whether the information is received in response to a request or is an element of the request itself. Therefore, communications between the competent authorities of the jurisdictions concerned (aside from the requested information itself) are also covered by professional secrecy, as are any documents attached to requests or replies.

469. In addition, where the information to respond to a request is to be obtained from another service of the DGI or third party, the information to be included in the notification to the other service of the DGI or third party meets confidentiality requirements in terms of content, as set out in more detail at paragraph 533.

Confidentiality in practice

470. The 2016 Report concludes that the Moroccan tax administration has a comprehensive policy on confidentiality and data protection, and that these are ensured at several levels, with more stringent requirements when it comes to information exchange.

471. Moreover, Morocco has adopted a National Directive on the Security of Information Systems, based on the ISO 27000 standard. This Directive structures the national policy for security of information systems which applies to all services of the tax administration.

Physical and electronic security

472. Requests for information can be received either by post or by e-mail. When the request is received by post, it is immediately dated and stamped as confidential on each page, including attachments. The stamp contains the phrase “Confidential – Information provided under a tax treaty. Its use and/or disclosure are governed by the provisions of the treaty.”

473. Morocco specifies that the transmission of the request for exchange of information between the Central Bureau of the DGI and the various competent authorities is ensured by the staff responsible for the internal mail who hand deliver the request in a sealed envelope against a signature. When the request is received by e-mail, it is addressed to the generic e-mail address of the SERI, or to the Head of SERI.

474. The request for exchange of information, its content or the very fact that the collection of information is carried out for the purposes of exchange, is never communicated to third parties, to other administrations or to an agent of the DGI other than the competent authorities and agents of SITDSAN.

475. Access to the DGI premises is secured by security guards at different levels. The public area has two physical security perimeters, namely a walled-off area subject to video-surveillance with security gates; and access controls with badge readers. Each visitor must be identified at the reception desk by providing an identity document and be accompanied after passing through the security gate, where a security guard and a receptionist are present. The DGI agents have badges that allow them to open the security gates.

476. "Internal areas" include office spaces authorised to DGI staff, authorised third parties or accompanied visitors. "Restricted areas" are areas considered sensitive and limited to personnel explicitly authorised to access them. The premises of the competent authorities are on the first floor and are considered a restricted area. The SERI office door is always locked and the team lead holds the key; access to this office is strictly limited to SERI staff. The same applies to the office of the Head of the Department. Inside the SERI office, requests for exchange of information are locked in a safe and other files are kept in a locked cupboard. The printing of documents is done on a printer physically linked to the workstation.

477. Thus, access to the information system is controlled. The DGI's IT systems are hosted on two remote data centres. Access requires prior authorisation, so that only authorised persons can access the tax administration's infrastructure and applications. The system is protected by anti-virus protections, an IT continuity plan is in place and an internal assessment of the IT compliance of the DGI with the above-mentioned directive is conducted. In this context, the competent authority's computers are protected by anti-virus software and by a password for access to the operating system and a second password for access to e-mail. A password is also required to access the SIT. Similarly, all documents in electronic format relating to an exchange of information are encrypted and password-protected when transmitted. The passwords required for decryption are communicated separately. In addition, the physical security policy and the technical backup and replication solutions in place ensure data protection and integrity.

478. This policy is reinforced by the IT security charter, which specifies the best practices to be followed and the obligations of DGI staff in terms of IT use. This charter is available on the DGI's intranet.

479. In September 2021, an Electronic Information Security Service was created within the Division for Strategy, Governance and Security of the Information System, as part of the reorganisation of the DGI. The Service manages the security of electronic networks and access control, deploying "next generation" techniques.

480. The organisation and procedures in place and in force at the time of the onsite visit to Morocco ensured that confidentiality is respected in the processing of requests for information exchange.

Recruitment process and training

481. As part of the recruitment procedure for tax officials, the human resources department performs background checks, in particular on their administrative and judicial situation, by consulting the Central Disciplinary Record held by the Ministry of the Civil Service, and their criminal record.

482. Each employee receives basic training, including a module on the obligations and duties of civil servants, in particular on the provisions of the General Civil Service Regulations, as well as a module on the code of ethics. The sanctions for breach are also recalled. In addition, the recruitment of the agents involved in exchange of information is carried out on the basis of more specific characteristics due to the sensitivity of the information to which the agents of this service have access.

483. In the course of their work, several training seminars are provided to DGI staff, notably on the provisions of the CGI (including Article 246 on confidentiality and professional secrecy). In addition, training is regularly provided on IT security, management of the SIT and the use of e-mail, teleworking and tele-training tools.

Departure policy

484. When an official leaves the administration, the Human Resources Department initiates the process of returning equipment and recalling access by notifying the managers of the persons concerned through a predefined message. Upon receipt of the notification, the managers ensure the recovery of all information and files of the official concerned, as well as all equipment belonging to the DGI, before proceeding to the provisional or definitive recall of the official's physical and electronic access rights.

485. A staff member remains subject to the rules of confidentiality regarding information obtained during their employment even after leaving office. However, they then assume any responsibility in a personal capacity and no longer as an official.

Privacy breach supervision policy

486. During the review period, Morocco reported that no breaches of confidentiality had been detected. Each head of department is responsible for ensuring compliance with confidentiality rules in his or her department and, more generally, internal audits are regularly carried out by the Audit

and Management Control Division. However, a risk map is currently being drawn up to ensure more targeted supervision.

487. Morocco specifies that if such breaches were found, an investigation would immediately be opened by the tax inspectorate. A detailed report would be drawn up and submitted to the Director General of Taxes for assessment. This report would set out the irregularities committed and proposals for sanctions.

488. The sanctions can range from a warning to temporary exclusion, appearance before the disciplinary board or legal proceedings. Such sanctions are also imposed for other breaches of the obligations of DGI staff (duty of probity, respect for hierarchy, etc.) and affect between one and three staff members per year. One agent was consequently sanctioned in 2019 for breach of confidentiality (communication of an administrative document to a third party) not related to EOIR.

489. Supervision of the confidentiality of information managed by the DGI is ensured through a mechanism set up by the Audit and Management Control Division, which reports directly to the Director General of Taxes. The supervision mechanism also impacts the *modus operandi* of audit missions, and aspects relating to the confidentiality of information are verified during each audit mission.

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

490. All agreements concluded by Morocco include provisions to ensure the protection of the rights and safeguards of taxpayers and third parties, including the 14 most recent treaties.

491. The conclusions are as follows:

Legal and regulatory framework: in place

No material deficiencies have been identified in Morocco's exchange of information mechanisms in respect of the rights and safeguards of taxpayers and third parties.

Practical implementation of the standard: Compliant

No material deficiencies have been identified with in respect of the effectiveness of the rights and safeguards of taxpayers and third parties.

C.4.1. Exceptions to the requirement to provide information

492. The 2016 Report concluded that all exchange of information instruments to which Morocco is a party contain a provision equivalent to the exception in Article 26(3) of the OECD Model Convention, allowing a state to refuse to exchange certain types of information, including information that would disclose a trade, business, industrial, commercial or professional secret or trade process or information the disclosure of which would be contrary to public policy. The same applies to agreements concluded since March 2016.

493. However, the concept of "professional secrecy" is not defined in the DTCs and therefore the meaning of this concept is derived from domestic law. As mentioned under B.1.5, Article 214 of the CGI provides that professional secrecy applicable to lawyers, notaries and auditors is not a ground for refusal to respond to the exercise by the tax administration of its right of communication and this is "notwithstanding any provision to the contrary".

494. In practice, no requests for information were received that required information to be sought from these professionals.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

495. Over the review period, Morocco received a significant volume of requests for information: 406 requests (a few of which related to numerous taxpayers) from 16 partners, of which 61% were from France and 23% from Belgium.

496. Significant organisational improvements have been made since the 2016 Report – information exchange is no longer handled on an *ad hoc* basis involving numerous departments, but rather by a dedicated team. However, this has not resulted in an improvement in the efficiency and timeliness of the processing of requests for information. Moreover, most of Morocco's partners report that they were rarely informed of the progress of their requests when Morocco was unable to reply within 90 days, sometimes even after having followed up with Morocco.

497. In the 2016 Report, three recommendations were made to Morocco. Firstly, it was recommended that Morocco ensure that it responds in a timely manner to all requests for information from its partners. Secondly, Morocco was recommended to systematically inform partners of the status of their requests when unable to respond within 90 days. Thirdly, Morocco was recommended to put in place an appropriate organisation and follow-up for

the processing of exchange of information requests, in particular by adopting internal processing deadlines and a documented procedure, in order to ensure that timely responses are provided to its partners in all cases. While the third recommendation on setting up an appropriate organisation and follow-up has been largely addressed, the first two recommendations remain relevant and are therefore reproduced in this report.

498. The conclusions are as follows:

Legal and regulatory framework:

This element involves questions of practice. Accordingly, no determination is made of the legal framework.

Practical implementation of the standard: Partially Compliant

Underlying factor/Deficiencies identified	Recommendations
Over the review period, Morocco was rarely able to provide responses to its partners within a reasonable timeframe. Thus, the response rate within 180 days of a request was 24%; 15% of Morocco's partners' requests were answered after one year; and 33% of requests remain pending. In addition, in some cases, Morocco sent partial responses to requests without indicating that they were not complete or why.	Morocco should ensure that it responds to all requests for information from its partners in a timely manner.
Over the review period, Morocco did not systematically inform its partners of the status of their requests when it was not able to provide the information within 90 days, sometimes including when a reminder had been received. Towards the end of the review period, these communications became more frequent and, according to the International Information Exchange Department, even systematic. However, only a standard message, which does not provide any substantial information on the status of the application, is now sent.	Morocco should systematically provide a status update to its partners when the competent authority is unable to provide a response within 90 days, in line with the standard.

C.5.1. Timeliness of responses to requests for information

499. During the review period (1 April 2018 to 31 March 2021), Morocco received 406 requests for information. These requests covered all types of information. Slightly more than half concerned natural persons. More specifically, the requests related to the following categories of information: (i) property (228); (ii) accounting (229); (iii) banking (209); (iv) tax (216); and (v) other types, including address requests (148) and information on assets (153). This represents a significant diversification of the information requested compared with the previous review period.

500. Morocco's most significant partner for the review period was France, representing 61% of the volume of requests received. The second most significant partner was Belgium, accounting for 23% of the volume of requests received. The remaining 16% were requests mainly from other European and from North African countries.

501. The table below summarises the requests received during the review period and provides an overview of Morocco's response times (final responses to requests received), as well as a summary of other factors that may have affected Morocco's effectiveness during the review period.

Statistics on response times and other relevant factors

		01/04/2018-31/03/2019		01/04/2019-31/03/2020		01/04/2020-31/03/2021		Total	
		Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	[A+B+C+D+E+F]	131	100	148	100	127	100	406	100
Full response: ≤ 90 days		29	22	25	17	10	8	64	16
≤ 180 days (cumulative)		50	38	29	20	19	15	98	24
≤ 1 year (cumulative)	[A]	60	46	46	31	35	28	141	35
> 1 year	[B]	12	9	38	26	12	9	62	15
Cases still open after 90 days		102	100	123	100	117	100	342	100
Status update provided within 90 days (when a final response is not provided within 90 days)		28	27	69	56	106	91	203	59
Applications withdrawn by the requesting jurisdiction	[C]	31	24	26	18	10	8	67	17
Refusal for valid reasons	[D]	0	0	0	0	1	1	1	0
Failure to obtain and provide requested information	[E]	0	0	0	0	0	0	0	0
Requests still pending at the date of review	[F]	28	21	38	26	69	54	135	33

Notes: Morocco counts each written request received from a treaty partner as a request even when the request for information covers several items of information.

The time limits in this table are calculated from the date of receipt of the application until the date on which a full and final response is provided.

502. The statistics provided by Morocco show that overall Morocco continues to be unable to respond to requests for information in a timely manner. Morocco provided responses to its partners within 90 days in 16% of cases and within 180 days in 24% of cases. Morocco's response rate is only 35% after one year. For 15% of the requests, a response was provided after more than one year.

503. Importantly, 135 applications were still pending at the time of the evaluation, which represents 33%, or one third of the applications received, of which 29 requests were more than three years old.[100] Whilst the COVID-19 pandemic may have impacted response times in the third year (given that teleworking was introduced and a decision made that the processing of EOI requests would only be done onsite), a significant number of applications were closed by the partners overall (17%) and prior to this (18%), and several partners reported that the closure was due to the fact that responses did not arrive in time. Indeed, SERI confirmed that it did not apply a notion of "closure" on its part during the review period. This means that beyond the 90-day status update stage, a request could remain open indefinitely, unless closed in the meantime by the partner.[101] Overall, this represents a deterioration compared with at the time of the 2016 Report, evident across the review period.

504. During the reporting period, 8 requests for clarification (only 3% of the total number of requests received) were sent by Morocco to the requesting jurisdiction. Among the reasons for these requests for clarification was the provision of incomplete or erroneous information (for example a bank account identifier with less than 24 digits or incomplete company name), and the confirmation of foreseeable relevance.

505. Morocco explained that two requests for clarification are pending and six have been answered, five of them satisfactorily. With regard to the clarification request that did not receive a satisfactory response, Morocco closed the request due to the absence of the foreseeable relevance criterion and informed its partner accordingly. Apart from this, to date there have been no cases of refusal to respond.

506. Morocco's particularly long response times did not relate to any particular category of information, but Morocco explained that requests that are not fully processed within one year concern information that is not available within tax administration and for which the right of communication has been exercised by the tax administration. This is notwithstanding that the Commentary on Article 26 of the OECD Model Convention provides

100. Namely 28 requests from the first year, and 1 from the second year.
101. However, SERI confirms that it has recently closed one application – see paragraph 505, hence this practice is potentially changing.

that the default standard time limits for responses are two months from the receipt of the information request if the requested information is already in the possession of the tax authorities of the requested jurisdiction, and six months in all other cases.

507. During the onsite visit, the DGI explained that in a number of cases they were unable to identify the taxpayer concerned, because certain first names and surnames are particularly common and the date of birth is not an appropriate means of identification in Morocco, which does not assist in narrowing down options. SERI recognised that in these cases the best way forward is to send a request for clarification to the relevant jurisdiction to request further identification information, which has not been systematically done until now.

508. The comments received from peers confirm that Morocco generally did not provide the required information in a timely manner over the review period. Responses to requests for information were rarely provided within 90 days even when the information was available within the DGI.

509. However, the Moroccan authorities have indicated that the required information can be collected immediately when it is available in the DGI's databases and within a few days to a month when the information is in the physical file on the taxpayer.

510. In addition, since 1 January 2016, a deadline of 30 days applies to holders of the required information to respond to requests for communication from the tax administration, and the EOIR Manual sets out an objective of responding to requests received before 90 days have elapsed.

511. Indeed, as noted in the 2016 Report, neither the availability of information nor the implementation of access powers appear to be the cause of the difficulties encountered by Morocco in responding to information requests. Frequent changes since 2016 in the responsibility for collecting information have however undoubtedly caused disruption in the processing of requests (see paragraph 355). In addition, in terms of strategy, the DGI has focused on building taxpayer confidence and rewriting the Moroccan tax framework, resulting in less priority being given to the exchange of information.

512. Morocco's inability to provide the required information in a timely manner during the review period is therefore still to be found in the organisation of the exchange of information in Morocco and the insufficient steering of this activity, despite positive developments in this respect, including the most recent ones (see C.5.2).

513. Specifically, a number of practical challenges were identified:

- A lack of initiative within SERI. This is exemplified by the sending of partial responses to requests without an indication that these were not complete and why, or chasers sent to other departments involved but without active follow-up.
- A lack of communication between SERI and other departments involved in EOIR/responsible for collecting the requested information.
- A frequent reluctance to provide anything other than completely accurate and comprehensive information to international partners.

514. However, the Moroccan authorities became aware of these shortcomings during the onsite visit and are trying to strengthen their internal processes to address them (see also C.5.2). SERI is convinced that the situation can only improve and that this is already the case. Nevertheless, it remains that **Morocco should ensure that it responds to all requests for information from its partners in a timely manner.**

Status updates and communication with partners

515. In line with the standard, the EOIR Manual provides that any partner be informed of the status of its application when Morocco is unable to provide a response within 90 days.

516. Apart from France, which is by far Morocco's most important information exchange partner and which indicated that Morocco regularly provided status reports on its requests, the other requesting jurisdictions were not informed of the status of their request systematically when Morocco was unable to provide a response within 90 days, including at times when they followed up with Morocco.

517. During the onsite visit, SERI explained that since 2021, it systematically informs its partners of the status of their request and checks that the request is still relevant after a period of 90 days. However, the message sent is only a standard text that is sent to all partners, regardless of the situation, and does not provide any substantial information on the status of the application, such as the reason for the inability to provide a response, or the nature of the obstacles.

518. Therefore, **Morocco should systematically provide a status update to its partners when the competent authority is unable to provide a response within 90 days, in line with the standard.**

C.5.2. Organisational processses and resources

Organisation of the competent authority

519. The competent authority for exchange of information requests received by Morocco is the Minister of Finance. Pursuant to the Order of the Minister of Economy and Finance no. 517.15 of 12 February 2015, the Director General of Taxes has been delegated the authority to receive, process and issue requests for exchange of information for tax purposes. The competence of the Director General of Taxes is in turn shared with three executives forming part of the Directorate of Legislation, Studies and International Co-operation (DLECI), where the organisation of exchange of information is now centralised: (i) the Director of Legislation, Studies and International Co-operation, (ii) the Head of the Tax and International Co-operation Division (DFCI) and (iii) the Head of SERI. A new organisational chart of the DGI was established for this purpose in July 2021, representing a further simplification of the DGI's organisation after the one in 2016.[102]

520. The SERI, created in 2016 and constituting the unit dedicated exclusively to the exchange of information, is placed within the DFCI, which was also created in 2016. DFCI is one of the four divisions of DLECI. DLECI is in turn one of the five directorates of the DGI.

521. SERI now comprises six senior officials, including a Head of Service and a team lead. This represents an increase compared to the two full-time officials assigned when SERI was established in 2016. Morocco also indicates that SERI plans to continue to increase its staffing levels.

522. The identity and contact details of the Moroccan competent authority are provided and updated by Morocco on the Global Forum's secure database of competent authorities and are therefore easily identifiable by their foreign counterparts.

523. SERI has developed EOIR procedures that explain the different steps in the process and that specify deadlines, due diligence and precautions to be taken when handling EOI requests. However, there has been little improvement in the processing of requests in practice. As explained under C.5.1, response times are long, and Morocco's partners are not systematically kept informed of developments.

102. As explained in the 2016 Report, prior to the simplification in 2016 of the organisation for the exchange of information, the number of competent authority officers, and therefore the exchange circuit, was much longer (paragraphs 413-415 and 418 of the 2016 Report).

Resources and training

524. The DGI systematically provides new recruits with six months of initial training, comprising modules on taxation, including international taxation, tax treaty studies and international administrative co-operation. All SERI staff have been recruited internally to ensure a diversity of experience within the administration.

525. In the course of their work, several training courses are provided to DGI officials, in particular on the provisions of the CGI and on international taxation. SERI staff also benefit from training organised by the Global Forum. During the review period, SERI staff had access to 11 seminars/training courses related to information exchange and to 4 e-learning modules.

Incoming requests

Competent authority's handling of the request

526. The processing of incoming requests has been significantly streamlined since 2016 (see paragraphs 419 to 423 of the 2016 Report). The EOIR Manual generally describes, albeit at a high level, the procedures, deadlines, due diligence and precautions to be taken. Requests for information may be addressed to the competent authorities either by post or by e-mail (see paragraphs 472 and 473).

527. The Moroccan tax administration explained that following the simulated onsite visit of the Global Forum Secretariat's technical assistance team in 2019, the procedure for processing incoming requests adopted in 2017 was revised in 2021 in light of the recommendations received. In addition, an Excel spreadsheet database was developed by SERI to process and track applications. It is due to be replaced by an online application which is being developed by SERI and which was presented to the evaluation team during the onsite visit.

528. Furthermore, the implementation of the Data Reconciliation and Analysis System (*Système de recoupement et d'analyse des données*, RIAD), which aims to interconnect the various internal and external databases available to the tax administration for reconciliation purposes, will be available to SITDSAN and should enable it to have faster and wider access to information within the DGI. The DGI notes that this can only improve response times.

529. According to SERI, since the development of the Excel spreadsheet database, Morocco has acknowledged receipt of requests from its partners, providing the partner's reference as well as the Moroccan reference generated when the request is registered in the database.

530. As a first step, upon receipt of the request, the Head of SERI examines its admissibility, verifying that the request comes from a competent authority, that the subject matter of the request is covered by an EOIR agreement and that the application relates to periods and taxes covered by the agreement. This clarification is not reproduced in the EOIR Manual.

531. If an application is found to be inadmissible or incomplete, the Head of SERI must communicate this to the competent authority of the requesting jurisdiction within 10 days of receipt of the request, explaining the reasons for inadmissibility or the missing elements and, where appropriate, requesting further information and/or the reformulation of the request.

532. If the request is deemed admissible, SERI proceeds by preparing the response file. The SERI officer in charge of the file prepares the file for sharing with SITDSAN. Since the end of 2019, SITDSAN is the sole internal contact for SERI for information gathering purposes.

533. Where the information is to be obtained from another service of the DGI or third party, a notification to the holder is prepared by SITDSAN within 10 days of receipt of the request. The information to be included in this notification comprises:

- the legal basis of the CGI used to request the information (usually the right of communication)
- information on the natural or legal person received allowing the identification of the person(s) who is/are the subject of the request
- the deadline given to the holder of the information to provide the required information
- the sanctions to which the holder is exposed in the event of non-compliance.

534. SITDSAN sends the responses to the exchange of information requests by secure email to the generic email address of SERI.

535. The DGI explains that the DGI departments concerned are asked to serve the requests and to communicate a response to SERI within 15 days, although the deadline for responding to the right of communication is 30 days according to Article 214-I of the CGI. According to the DGI, the justification for this requirement is to take into account cases where the requested information is available within the tax administration. However, it is possible that this practice may cause uncertainty on the part of the holder of the information.

536. Furthermore, to put this timeframe into perspective, it should be noted that the EOIR Manual provides for timelines associated with the approval of requests within the competent authority once information has

been collected. According to these, due to the multi-layered and hierarchical structure of the Moroccan competent authority, up to 14 days are foreseen just for the approval of the dispatch of the information collected. This makes the 15-day deadline for collecting information particularly unbalanced when followed by a 14-day period for sign off.

537. Not all procedures are included in the EOIR Manual, nor documented elsewhere. Morocco is therefore invited to further document the procedures applicable within the department responsible for the exchange of information on request, and to make them available to other DGI teams (see Annex 1).

538. In terms of practical difficulties encountered in obtaining the requested information, SERI does not highlight any particular difficulty or challenge apart from the identification of homonyms (see paragraph 507), but indicates that delays are encountered when the required information is held by third parties.

Verification of the information gathered

539. Before finalising the preparation of the reply, SERI checks the conformity between the information provided by SITDSAN and the request. If the information provided is incomplete or inconsistent, SITDSAN is either asked to send additional information or, if this information is not directly available, to schedule the exercise of the right of inspection.

540. If the information note is comprehensive and the information provided is in line with what was requested, the response file is prepared based on a template annexed to the EOIR Manual. The file is stamped as confidential. The stamp contains the phrase “Confidential – Information provided under a tax treaty. Its use and/or disclosure are governed by the provisions of the treaty.” The draft response must include the information referred to in the checklist that is also annexed, and is validated by the Head of SERI before continuing up the hierarchy for dispatch.

Outgoing requests

541. According to the EOIR Manual, outgoing applications are based on a pre-established template. The expected process is as follows:

- Sending the request: tax inspectors wishing to obtain information from foreign tax administrations use the model form and send it by e-mail to SERI through the hierarchy. If the request includes attachments that are too large to be sent electronically, the attachments, together with a copy of the request, are sent to SERI by post and marked as “confidential”.

- Registration of the request: the registration of the request is carried out by the Head of SERI, who sends an acknowledgement of receipt to the inspector concerned with the reference generated as a result of registration.
- Analysis of the admissibility of the request: the Head of SERI conducts a preliminary analysis of the request to ensure its validity by checking whether: there is an agreement allowing EOIR with the requested jurisdiction; the request concerns the appropriate jurisdiction; the request concerns periods or taxes covered by the relevant agreement; the inspector has exhausted all available domestic means to obtain the information; and the information is "foreseeably relevant".
- Processing of the application: Once the admissibility analysis is completed, the file is assigned to a SERI officer. The officer creates a physical file and inserts the request details in the internal EOIR file; analyses the request and, if necessary, invites the inspector concerned to provide additional information by e-mail within 10 days. When the conditions for requesting the information are met, a letter of request is prepared according to the template in the annex to the form.[103] The SERI officer attaches all supporting documents to the letter and forwards it to the Head of SERI within 10 days from the date of receipt of the complete request.
- Validation of the application: The Head of SERI checks and validates the application and sends it to the head of DFCI for validation within 48 hours. The latter in turn forwards it to the Director of the DLECI for signature within three days. The Director of the DLECI signs the application and returns it, through the hierarchy, to the Head of SERI within four days. The validation process therefore takes up to 10 days, while the same amount of time is allocated to processing the application.
- Sending the request: the Head of SERI sends the request and the attachments to the competent authority of the requested jurisdiction by e-mail or by registered mail via the Central Bureau of the DGI.

542. Upon receipt by the DGI of a response from the requested jurisdiction, it is sent to SERI for processing (with a "confidential" stamp when it

103. Form CR100; according to the model, the letter should be addressed to the competent authority of the requested jurisdiction; inform the requested jurisdiction of the degree of urgency of the information sought and of the need not to apply prior notification if this would result in the risk of the taxpayer absconding or of the information sought being compromised; and be complete, precise and include as much detail as possible.

is a response received by regular mail). The EOIR officer acknowledges receipt to the competent authority of the requested jurisdiction, considers whether it is necessary to send a request for clarification, determines which documents are to be sent to the tax inspector and affixes the stamp with the phrase "Confidential – Information provided under a tax treaty. Its use and/or disclosure are governed by the provisions of the treaty." The EOIR officer then prepares a dispatch note for the documents in which the inspector is invited to provide feedback on the usefulness of the information and reminded to comply with the conditions of use and disclosure of the information provided as provided for pursuant to the provisions of the agreement concerned. Following validation by the hierarchy, the response is sent by postal transmission, under seal or by encrypted email, to the requesting tax inspector in accordance with the hierarchical set up. Where appropriate, the documents received from the requested jurisdiction are forwarded to SITDSAN for purposes of investigation and cross-checking.

543. During the review period, Morocco sent 13 requests for information, mainly to European countries. The number of requests sent is shown in the table below.

	01/04/2018 to 31/03/2019	01/04/2019 to 31/03/2020	01/04/2020 to 31/03/2021
Total number of requests sent	0	11	2
Total number of requests for clarification received	0	1	1
Total number of acknowledgements of clarification requests issued	0	1	1

544. Of these 13 requests, only one was the subject of two requests for clarification. Morocco explained that it however asked to close the case after the verification period had expired.

545. During the onsite visit, Morocco indicated that despite the modest number of outgoing requests, other DGI departments are made aware of the possibility of requesting information, as well as of the entry into force of the Multilateral Convention, through training. The DGI explained that, in particular, seminars are organised regularly for the officials responsible for large companies, comprising around 40 auditors.

546. Several stakeholders further indicated that with the recent amendment of Articles 212-I and 232-V of the CGI through the Finance Act of 2022, according to which the suspension of the audit period for a period of 180 days and the interruption of the statute of limitations are now conceivable, the number of outgoing applications is expected to increase.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for the exchange of information

547. No factors or issues have been identified that would unreasonably, disproportionately or excessively restrict the exchange of information in Morocco. In addition, no conditions that would restrict the exchange of information have been identified in practice to date.

Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.1**:
  - Morocco is invited to ensure that the supervision by the courts of the proper keeping of the local commercial register is effective in all cases (paragraph 108).
  - The content of the guides issued by the supervisory authorities to inform the identification by AML-obliged persons of the beneficial owners of their clients diverges on certain points and warrants improvement. Morocco is invited to ensure that the identification of beneficial owners in practice by all AML-obliged persons reflects the content of the standard (paragraph 123).
  - Morocco is invited to ensure that, when applying the methodology for the identification of beneficial owners, the identification of the senior manager is considered only as an option of last resort, when no natural person corresponds to the definition of beneficial owner, and not as an option in the event of impossibility of access to information or difficulty in identifying this or these person(s) (paragraph 124).
  - Legal professionals have only recently been added to the list of persons subject to the anti-money laundering framework, and Morocco is invited to ensure that Ministry of Justice supervision of these professions is sufficient and effective (paragraph 169).

- Morocco is invited to ensure the alignment of its legal framework with regard to the identification of beneficial owners of legal arrangements pursuant to client due diligence obligations on the one hand, and the obligations related to the register of beneficial owners on the other hand, to avoid any ambiguity (paragraph 219).
- Morocco is invited to ensure that beneficial ownership information is available with regard to associations in all cases (paragraph 241).

- **Element A.2**:
  - Morocco is invited to monitor the application of sanctions applicable in case of non-compliance with the obligation to keep accounting records, including supporting documents, for a minimum period of five years (paragraph 278).
  - Morocco is invited to ensure that any documents relating to the obligations of banks in relation to the identification of beneficial owners are aligned with the current content of the AML Law for purposes of certainty (paragraph 320).
- **Element A.3**: Morocco is invited to ensure that the rules for updating information on the beneficial owners of account holders are reflected in the applicable texts, in addition to being applied in practice (paragraph 330).
- **Element C.2**: Morocco should continue to conclude EOI agreements with any new relevant partner who would so require (paragraph 458).
- **Element C.5**: Morocco is invited to further document the procedures applicable within the department responsible for the exchange of information on request, and to make them available to other teams within the Directorate General of Taxes (paragraph 537).

Annex 2: List of Morocco's EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Albania	DTC	5 October 2015	Not in force
2	Austria	DTC	27 February 2002	12 November 2006
3	Azerbaijan	DTC	5 March 2018	Not in force
4	Bahrain	DTC	7 April 2000	10 February 2001
		Protocol	25 April 2016	1 June 2022
5	Bangladesh	DTC	28 February 2018	Not in force
6	Belgium	DTC (amended)	31 May 2006	30 April 2009
7	Benin	DTC	25 March 2019	Not in force
8	Bulgaria	DTC	22 May 1996	6 December 1999
9	Burkina Faso	DTC	18 May 2012	Not in force
10	Cameroon	DTC	7 September 2012	2 July 2019
11	Canada	DTC	22 December 1975	9 November 1978
12	China (People's Republic of)	DTC	27 August 2002	16 August 2006
13	Comoros	DTC	31 March 2022	Not in force
14	Cote d'Ivoire	DTC	20 July 2006	7 March 2016
15	Croatia	DTC	26 June 2008	25 October 2012
16	Czech Republic	DTC	11 June 2001	18 July 2006
17	Denmark	DTC	8 May 1984	25 December 1992
18	Egypt	DTC	22 March 1989	28 May 1993
19	Estonia	DTC	25 September 2013	Not in force
20	Ethiopia	DTC	19 November 2016	3 July 2019
21	Finland	DTC (amended)	7 April 2006	20 October 2012
22	France	DTC	29 May 1970	1 December 1971
		Protocol	18 August 1989	1 December 1992

23	Gabon	DTC	3 June 1999	16 May 2008
24	Germany	DTC	7 June 1972	8 October 1974
25	Ghana	DTC	17 February 2017	Not in force
26	Greece	DTC	20 March 2007	17 November 2010
27	Guinea	DTC	3 March 2014	15 January 2016
28	Guinea-Bissau	DTC	28 May 2015	Not in force
29	Hungary	DTC	12 December 1991	20 August 2000
30	India	DTC	30 October 1998	20 February 2000
		Protocol	8 August 2013	15 July 2019
31	Indonesia	DTC	8 June 2008	10 April 2012
32	Iran	DTC	25 February 2008	Not in force
33	Ireland	DTC	22 June 2010	31 August 2012
34	Italy	DTC	7 June 1972	10 March 1983
		Protocol	28 May 1979	10 March 1983
35	Japan	DTC	8 January 2020	23 April 2022
36	Jordan	DTC	16 May 2005	26 March 2009
37	Korea	DTC	27 January 1999	16 June 2000
38	Kuwait	DTC	16 May 2002	15 July 2006
39	Latvia	DTC	24 July 2008	25 September 2012
40	Lebanon	DTC	20 October 2001	7 August 2003
41	Liberia	DTC	27 March 2019	Not in force
42	Lithuania	DTC	19 April 2013	4 April 2022
43	Luxembourg	DTC	19 December 1980	16 February 1984
44	Madagascar	DTC	21 November 2016	Not in force
45	Malaysia	DTC	2 July 2001	31 December 2006
46	Mali	DTC	20 February 2014	3 June 2016
47	Malta	DTC	26 October 2001	15 June 2007
48	Mauritius	DTC	25 November 2015	Not in force
49	Netherlands	DTC	12 August 1977	10 June 1987
50	North Macedonia	DTC	11 May 2010	14 September 2012
51	Norway	DTC	5 May 1972	18 December 1975
52	Oman	DTC	15 December 2006	22 April 2009
53	Pakistan	DTC	18 May 2006	8 October 2009
54	Poland	DTC	24 October 1994	22 August 1996
55	Portugal	DTC	29 September 1997	27 June 2000

56	Qatar	DTC	17 March 2006	8 May 2009
57	Republic of Congo	DTC	30 April 2018	Not in force
58	Romania	DTC	2 July 2003	16 August 2006
59	Russia	DTC	4 September 1997	20 September 1999
60	Rwanda	DTC	19 October 2016	5 March 2020
61	Sao Tome and Principe	DTC	25 January 2016	Not in force
62	Saudi Arabia	DTC	14 April 2015	1 August 2022
63	Senegal	DTC	1 March 2002	19 May 2006
64	Serbia	DTC	6 June 2013	19 April 2022
65	Singapore	DTC	9 January 2007	15 January 2014
66	Slovenia	DTC	5 April 2016	14 April 2022
67	South Sudan	DTC	1 February 2017	Not in force
68	Spain	DTC	10 July 1978	16 May 1985
69	Switzerland	DTC	31 March 1993	27 July 1995
70	Syrian Arab Republic	DTC	19 June 2005	25 March 2009
71	Türkiye	DTC	7 April 2004	18 July 2006
72	Ukraine	DTC	13 July 2007	3 March 2009
73	United Arab Emirates	DTC	9 February 1999	2 July 2000
74	United Kingdom	DTC	8 September 1981	28 November 1991
75	United States	DTC	1 August 1977	1 January 1981
76	Viet Nam	DTC	24 November 2008	12 September 2012
77	Yemen	DTC	8 February 2006	Not in force
78	Zambia	DTC	11 October 2017	8 February 2021

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[104] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax cooperation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

104. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention was signed by Morocco on 21 May 2013 and entered into force for Morocco on 1 September 2019. Morocco may exchange information with all other Parties to the Multilateral Convention.

Apart from Morocco, the amended Convention is in force in respect of the following jurisdictions Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus,[105] Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by UK), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by UK), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by UK), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macao (China) (extension by China), Malaysia, Maldives, Malta, Marshall Islands, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by UK), Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, North Macedonia, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint

105. Note from Türkiye: The information in this document referring to "Cyprus" concerns the southern part of the island. There is no single authority representing both Turkish and Greek Cypriots on the island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the framework of the United Nations, Türkiye will maintain its position on the "Cyprus Question".

Note to all EU Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations except Türkiye. The information in this document refers to the area under the effective control of the Government of the Republic of Cyprus.

Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extended by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extended by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin, Burkina Faso, Gabon, Honduras, Madagascar, Mauritania (entry into force 1 August 2022), Papua New Guinea, Philippines, Rwanda, Togo and the United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

Convention for the Avoidance of Double Taxation and the Establishment of Rules for Mutual Assistance in Respect of Taxes on Income between the States of the Arab Maghreb Union

The Convention for the Avoidance of Double Taxation and the Establishment of Rules for Mutual Assistance in Respect of Taxes on Income between the States of the Arab Maghreb Union (Convention of the Arab Maghreb Union States) was signed by Algeria, Libya, Morocco, Mauritania and Tunisia on 23 July 1990. The Convention of the Arab Maghreb Union States entered into force on 14 July 1993.

Among other things, the Convention of the Arab Maghreb Union States aims to avoid double taxation in order to establish the basis for mutual cooperation in the field of income tax and to facilitate the movement of persons and goods between the Arab Maghreb Union States, as well as to promote the exchange of experiences and the realisation of joint projects in various fields.

Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in December 2020, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team, including signed exchange of information agreements, laws and regulations in force or applicable as at 26 July 2022, Morocco's practice of exchange of information upon request in respect of exchange of information requests made and received during the three-year period from 1 April 2018 to 31 March 2021, Morocco's responses to the exchange of information on request questionnaire, information provided by partner jurisdictions, as well as information provided by the Moroccan authorities during the onsite visit to Rabat that took place from 4 to 8 April 2022.

List of laws, regulations and other materials received

Commercial and company law domain

- Law no. 15-95 constituting the Commercial Code
- Dahir of Obligations and Contracts, Official Gazette of 12 September 1913
- Law no. 17-95 on Public Limited Companies (SAs), as amended by laws 81-99 and 20-05
- Law no. 5-96 on the General Partnership, the Limited Partnership, the Partnership Limited by Shares, the Limited Liability Company and Joint Venture, as amended by Laws 82-99, 21-05 and 24-10
- Dahir no. 1-58-376 of 15 November 1958 regulating the Right of Association as amended and completed
- Law no. 09-88 on the Accounting Obligations of Merchants
- Law no. 88-17 on the Creation and Accompaniment of Companies by Electronic Means

- Law no. 89-17 on the Domiciliation of Companies and the Creation and Accompaniment of Companies by Electronic Means, modifying and completing law no. 15-95 constituting the Commercial Code
- Law no. 19-20 Amending and Supplementing the Law on SAs and Law no. 5-96
- Law no. 47-18 on the Reform of Regional Investment Centres and the Creation of Unified Regional Investment Commissions
- Law no. 35-96 relating to the Creation of a Central Depository and the Institution of a General Regime for the Registration in Accounts of Certain Securities

Tax domain

- General Tax Code of 2007, as amended
- Law no. 47-06 on Local Taxation
- Order of the Minister of Finance, Official Gazette no. 3949
- Order of the Minister of Finance, Official Gazette no. 297-88
- Decree no. 2-89-591 on General Income Tax, Official Gazette no. 4025

Anti-money laundering domain

- Law no. 43-05 on Money Laundering
- Law no. 12-18 amending and supplementing Law no. 43-05 on Money Laundering
- Decree no. 2-21-708 on the Public Register of Beneficial Owners of Entities Incorporated in Morocco and of Legal Arrangements
- Decree no. 2-21-633 on the Organisation of the National Financial Intelligence Authority, “ANRF”
- AMMC Circular no. 01/18 on Due Diligence and Internal Monitoring Requirements for Organisations and Persons Subject to Supervision by AMMC, as amended
- ACAPS Circular n°AS/02/19 on the Obligations of Due Diligence and Internal Monitoring Incumbent on Organisations and Persons Subject Subject to Supervision by ACAPS, as amended
- Bank-Al-Maghrib Circular no. 5/w/2017, as amended
- Bank-Al-Maghrib Directives no. 2/W/2019, no. 3/W/2019 and no. 6/W/2021

- Bancassurance model agreement, Bank-Al-Maghrib
- Practical Guide to Combating Money Laundering and Terrorist Financing for Chartered Accountants, Ministry of Finance

Financial domain

- Banking Law no. 103-12 on Credit Institutions and Similar Bodies (which replaced Law no. 34-03 on Credit Institutions and Similar Bodies)
- Law no. 58-90 on Offshore Financial Centres

Miscellaneous

- Criminal Code of 1963, as amended
- Dahir no. 1-09-236, Code on *habous*
- Dahir no. 1-58-008 on the General Statute of the Civil Service
- Dahir establishing Law no. 1-93-62 Organising the Exercise of the Profession of Lawyer
- Law no. 32-09 relating to the Organisation of the Profession of Notary
- Decree no. 2-04-969 on the Recognition of Associations of Public Interest
- Law no. 15-97, Code on the Collection of Public Debts

Authorities interviewed during onsite visit

- Tax Administration
  - Director General of Taxation
  - Central Directors
  - Directorate for Legislation, Studies and International Co-operation (DLECI), Tax and International Co-operation Division (DFCI)
    - International Information Exchange Department (SERI)
    - International Tax Department
  - Rabat Regional Directorate
  - Network Animation Directorate
  - Directorate for Facilitation of the Information System and Strategy

    - Division for Strategy, Governance and the Security of the Information System
  - Audit Directorate
    - Audit Operations and Monitoring Division
    - Department for Investigations, Data Processing and Digital Monitoring
  - Division for Internal Control and Monitoring of Tax Fraud Control
- Ministry of Economy and Finance
  - Treasury and External Finance Directorate (DTFE)
- Central registry of companies: Moroccan Industrial and Commercial Property Office (OMPIC)
- Financial intelligence unit: National Financial Intelligence Authority (ANRF)
- Supervisory authorities
  - Ministry of Justice
  - Ministry of Habous and Islamic Affairs
  - Ministry of Industry and Commerce
  - General Secretariat of the Government (Directorate for Associations)
- Banking and financial services regulatory authority, Bank Al-Maghrib (BAM)
- Moroccan Capital Markets Authority (AMMC)
- Insurance and Social Security Supervisory Authority (ACAPS)
- Representatives of the banking and financial sector
- Relevant professionals
  - Order of notaries
  - Order of Accountants

Current and previous reviews

This report analyses Morocco's implementation of the standard on transparency and exchange of information upon request, as part of the Global Forum's second round of assessments. Morocco conducted a review

of its legal and regulatory framework (Phase 1) for the first time in 2015, and a review of the practical implementation of this framework (Phase 2) in 2016.

Information on the reviews of Morocco is listed in the table below.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as at	Date of adoption by the Global Forum
First round Phase 1	Ms Cintia Mariel De Angelis, Legal Advisor to the International Tax Directorate within the Argentine Tax Administration (AFIP); Mr Guy-René Boya Ntsang Onanina, Inspector of Financial Regulations (Taxes), Assistant Research Officer at the General Directorate of Taxes of Cameroon (Legislation and International Relations Division); Ms Mélanie Robert for the Global Forum Secretariat	Not applicable	March 2015	May 2015
First round Phase 2	Ms Cintia Mariel De Angelis, Legal Advisor to the Financial Investigation Directorate within the Argentine Tax Administration (AFIP); Ms Aurore Arcambal, Legal Consultant at the Ministry of Finance, Trade and the Blue Economy of the Seychelles; Mr Hakim Hamadi for the Global Forum Secretariat	1 January 2012 to 31 December 2014	March 2016	November 2016
Second round Phases 1 and 2 combined	Ms Clémentine Duruz, Legal Advisor at the Service for Exchange of Information of the Swiss Federal Tax Administration; Mr Tidiane Kabore, Head of the Service for International Tax Relations (Directorate for Legislation and Contentious Issues) of the General Tax Directorate of Burkina Faso; Ms Natalie Limbasan for the Global Forum Secretariat	1 April 2018 to 31 March 2021	26 July 2022	7 November 2022

Annex 4: Morocco's response to the review report[106]

Morocco expresses its thanks and appreciation to the Assessment Team and to the Secretariat of the Global Forum for the preparation of this quality report, for their support and for their constructive collaboration throughout this evaluation.

Morocco also thanks the members of the Peer Review Group as well as its other information exchange partners for their valuable and useful contributions to its evaluation.

Morocco agrees with the content of its second round of peer review report on the exchange of information on request 2022 and takes due note of the conclusions and recommendations set out in said report.

Morocco will therefore spare no effort to take the necessary measures to respond to the said recommendations as soon as possible.

Finally, Morocco reiterates its commitment to put in place international standards for the exchange of information, which will remain a priority in its tax policies and practices.

106. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request MOROCCO 2022 (Second Round)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication contains the 2022 Second Round Peer Review on the Exchange of Information on Request for Morocco.

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