



## COVID-19 - Specific Measures implemented in Morocco

Dear clients,

Since the emergence of the COVID-19 pandemic, Moroccan authorities have implemented several measures aiming to minimize the negative economic and social impacts due to the virus propagation.

During this COVID-19 period, our team is fully available to assist you in order to help you face the present challenges.

In this context, please find below a brief summary of the main measures implemented by Moroccan authorities.

### Tax

1. Companies with a turnover lower than MAD 20 million for 2018 fiscal year may benefit from the postponement of tax returns filings and payment of taxes due as of March 31, 2020 until the end of June 2020. Such companies benefit automatically from this measure, i.e. without any formality. The postponement relates to the following obligations:

- Tax result declaration;
- Additional corporate income tax due for the financial year 2019;
- First instalment due for the current fiscal year.

2. Companies with a turnover equal to or exceeding MAD 20 million for 2018 fiscal year suffering significant economic and financial damages are allowed to submit a postponement request, which will be reviewed on a case-by-case basis by the competent authorities.

Suspension of tax audits and garnishment notice (avis à tiers détenteur) procedures until June 30, 2020.

### Labor law

As of today, several measures, as described below aim to preserve the employees' safety.

1. Working remotely is strongly recommended. Vulnerable employees suffering from chronic diseases (diabetes, hypertension, etc.) are fully authorized to work remotely.

2. In the event working remotely is not possible, employers must undertake all necessary and appropriate measures to guarantee safety, health and dignity of employees. To that extent, employers must communicate all recommendations issued by health authorities (*i.e.*, *social distancing*, *hygiene rules*, etc.). Employers must also

provide their employees with safety devices such as hydro-alcoholic gels and other devices which allow cleaning surfaces that represent a high contamination risk such as tables, handles, etc..

3. The labor ministry has published on March 19, 2020 COVID-19 guidelines intended for employers and covering labor law issues. The guidelines provide measures that employers may implement during this period such as (a) work from home, (b) paid leaves, (c) the adjustment of working conditions and (d) recommendations on quarantine workers.

**a. Work from home** : Employers should put in place work from home for the employees that could perform their work without being on site under the following conditions: (i) if there is an agreement between the employee and the employer, (ii) if the health and safety conditions are met, (iii) if the employee has an insurance in case of work accident while working from home, and (iv) if the benefits ordinarily granted to the employee working from home are maintained.

**b. Paid leave**: Employers can authorize their employees to use their annual paid leave. In such case, the employee's approval is required. If the event annual paid leave dates are brought forward, the employer must amend the register of paid leave and notify the labor inspector by registered letter with acknowledgement of receipt. A consultation of the employees' representatives or trade union, if any, is recommended. Please note that employers and employees can also mutually **agree on** other form of paid or unpaid leaves.

**c. Adjustment of working conditions** : Moroccan labor law allows reducing normal working hours under certain conditions, if the company is facing exceptional circumstances or temporary crisis. Please note that during this period, a wage reduction may occur proportionally to the effective worked time. However, salary cannot be reduced by more than 50% of the employee's actual salary and for a period of time that cannot exceed sixty (60) days per year.

If the reduction of working hours exceeds sixty (60) days per year, the period of such reduction shall be agreed among the employer, the employees' representatives, and the trade union representatives in the company, if any. In the absence of agreement, such reduction shall be subject to the authorization of the Governor of the Prefecture or Province.

From a procedural perspective: at least one week before making such reduction, the employer is obliged to inform employee delegates and trade union representatives in the company, where applicable; and the works council in companies usually employing more than 50 employees. The employer must inform them of all the information on the measures he intends to take and the effects that may result from them and must consult them on any measure to prevent this reduction or at least to reduce its negative effects.

**d. Workers in quarantine**: The Labor ministry guidelines distinguish between voluntarily quarantined employees and those infected by COVID-19. The first situation is not covered by law. Employer may consider it as a paid leave, following an agreement between both parties. In the second situation, in the event an employee is suffering from COVID-19, his employment contract is suspended and is covered by the Moroccan social security laws

## Social security

The Moroccan Business intelligence committee (the "**MBIC**") has decided to implement an action plan that will run until the end of June 2020. The action plan is covering social security measures according to the agreement signed among the Moroccan state, the National Social Security Fund (the "**CNSS**") and General Confederation of Moroccan Companies (the "**CGEM**").

Please find below a brief summary of these measures:

1. For employees registered with the Moroccan social security fund as of February 2020 and working in companies with a partial or total shutdown: provision of a monthly indemnity (1,000 MAD for March, 2,000 MAD for April and June, a family allowance and maintain of the compulsory health insurance (AMO) until June 30, 2020.

2. For companies that are maintaining the payment of the wages of at least 80% of their employees registered with the Moroccan social security fund as of February 2020: exemption from the payment of social contributions and the professional training tax until June 30, 2020.

## How will this work in practice?

CNSS has established a net portal. The employers shall then accede to it and select among the list of declared employees, those who are in a work suspension situation due to COVID-19:

- For the companies with a total shutdown: the employer will have to submit a declaration of honor stating that the total cessation of its activities is induced by the COVID-19 pandemic and signed by the competent authorities.

- For the companies with a partial shutdown which will maintain the payment of the wages of at least 80% of their employees: the employer will have to submit a declaration of honor to not reduce his effective to less than 80%.
- For the companies with a partial shutdown which will not maintain the payment of the wages of at least 80% of their employees, the technical committee of the MBIC will select the companies which employees may benefit from the indemnity, the family allowances and the AMO.

## Banking

1. For companies requesting it, banks will grant a 3 months postponement period (renewable), for their medium and long-term loans deadlines.
2. Banks will also cover working capital needs of companies ("*besoins en fonds de roulement*"). As such, to enable companies to cope with activities and cash flows reductions, banks will grant extensions for their current operations: loans, refinancing.
3. Banks will also grant all their clients requesting it in writing 3 months postponement (renewable once) of payment deadlines relating to their amortizable maturities (real estate and consumer loans).
4. Bank Al Maghrib (the Moroccan banking regulator) has ensured that the supply of fiduciary money will continue. Bank Al Maghrib has also decided to reduce its key interest rate by 25 basis points. It is therefore now set at 2%.

## Justice

1. The Supreme judiciary council, the Public Prosecutor's Office, and the Ministry of Justice have announced the suspension of hearings starting March 17, 2020 in all the Kingdom's courts except for hearings that cannot be postponed (*i.e.*, – *which are: penal cases where preventive detention is involved – investigation of suspects in detention or not – cases in which it is to be determined whether a minor should be detained or handed over to his/her family – urgent matters which delay would cause prejudice to one of the parties*).

**Remark:** *as of today, and while we are writing these words, we have just learned that even the criminal cases shall be postponed until the end of the health emergency (currently scheduled for April 20, 2020).*

2. The *Cour des Comptes* has decided to suspend, starting from March 18, 2020 and until further notice:

- hearings of all financial courts, except those for which the pronouncement of the judgment is rescheduled;
- receipt of the accounts at the financial courts headquarters;
- Filing of compulsory asset filings at the level of the *Cour des Comptes* and regional audit councils.

3. Article 6 of Decree law No 2.20.292 provides for a suspension of all legal and regulatory deadlines during health emergency period, except for deadlines related to appeals in cases where individuals are under arrest or deadlines relating to preventive detentions and police custody. The counting of the time limit shall start again from the day following the end of the health emergency.

## Other measures

1. **Borders closure:** Except for very limited flights, Morocco has closed all its borders. Only goods transportation is currently allowed.
2. **Confinement of persons returning from a high-risk area:** Morocco has ordered quarantine for a minimum of fourteen (14) days for any person returning from a high-risk area with or without symptoms of COVID-19.
3. **Health emergency and generalized confinement:** Moroccan authorities have proclaimed a health emergency starting from Friday March 20, 2020 at 6:00 PM until April 20, 2020 at 6:00 PM. Generalized confinement shall apply all over the Moroccan territory. Movements shall be restricted and subject to pre-approval of Moroccan authorities and employer where remote working is not implemented. Public administrations, supermarkets, pharmacies, clinics, doctors, banks, oil and gas suppliers, post office and telecommunications companies all remain open.
4. **Education:** the Ministry of Education has announced the suspension of all cultural, educational, sports and teaching activities provided by establishments under the Minister's authority until further notice.
5. **Movement and gathering's limitation:** Moroccan authorities have limited movement within the country to exclusive necessities. Such necessities must related to work, food or health.
6. **Closure of public places:** Moroccan authorities have ordered closure of all cafés, restaurants, party halls, cinemas, theaters, sports, and playgrounds, until further notice.

7. **Food supply:** In period of COVID-19, food supply is maintained all over the territory.
8. **Power supply:** Moroccan authorities have set up a monitoring unit to supervise the energy supply process during this period.
9. **Pharmaceutical products:** Moroccan authorities have regulated prices of some products such as hydro alcoholic gel, masks, etc. In addition, please note that Decree No. 2.20.70 has simplified the procedure for medicine and medical equipment purchases in Morocco. As of today and during the COVID-19 health emergency, such purchases shall be subject to purchase form (*bon de commandes*), rather than public tenders (*appel d'offres*). The government has further suspended the purchase orders' cap set at MAD 200,000.

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