

Accounting Practices And Tax Fraud In Morocco

El Bouazzi Mohammed Amine, Bouayad Amine Nabil, Rouggani Khalid

University Hassan I, Polydisciplinary faculty of Khouribga, laboratory of economics and management, Morocco.

ABSTRACT:

Tax fraud is a real phenomenon in the Moroccan fiscal practice in a way that causes loss of income for the State. The fight against this phenomenon is a major issue of sovereignty and recovery of public accounts, and essential to respect the principle of equal taxation. Indeed, the tax fraud undermines on one hand the national solidarity by basing the tax on the only taxpayers who respect their fiscal obligations and, on the other hand, the conditions of a loyal competition between companies. The present paper aims to make a contribution to this heated and prickly debate on tax fraud by questioning about the causes of this phenomenon in Morocco, its manifestation as well as about the ways allowing to remedy it.

KEYWORDS:

Accounting practices, Tax fraud, Control, Penalties

1- INTRODUCTION:

In a capitalist economy, the only concern of companies is the maximization of profits and minimization of the costs. The tax is among the loads which companies undergo and it is considered a nuisance. Where from, the phenomenon of tax resistance.

In this pragmatic approach, some companies lead deceitful actions to reduce or cancelling the fiscal loads.

The tax fraud is an old universal practice. It supposes a deliberate act on behalf of the taxpayer who decides to by-pass the law and escape the tax payment. The term fraud induces illegal practice by not declaring all the person's income or declare part of it.

In Morocco, The 2016 bill contains measures to harden the tone towards the tax fraud in particular through the update of infringement which may be subject to criminal penalties.

The debate on the tax fraud is more than ever a burning issue that calls both policy makers and researchers. Indeed, the tax fraud turns out to be one of the multiple handicaps which the decision-makers have to surmount to lay the foundations for a competitive and transparent economy capable of being a valid partner of Europe.

By studying the dimension of the tax fraud in companies, we hope to provide some elements of answer to our problem translated by the following questions:

- To what extent, the tax fraud manifesting itself based on accounting practices?
- Are there any alert indicators of the fraud?
- Is there a typical device of fight against the fraud?

This communication aims to:

- To identify the causes of tax frauds.
- To determine the accounting practices which help in the fraud.
- To expose the means to fight against this phenomenon.

2- THE CAUSES OF TAX FRAUDS:

In Morocco as in France, moreover, there is no precise method of measuring this phenomenon¹, but it goes without saying that a large percentage of the taxable manages to evade from the tax department. It

¹ J.B. Toulouse public finance and public policy, Economica, Paris 1985, p.163.

is in human nature a tendency to disobey the law and more to the fiscal law². This disobedience existed since the beginning of time was manifested by tax revolts.

1.1. Technical causes:

The technical causes of fraud lies in the complexity of the tax system and the difficulty of assessing the tax base by the tax inspector. In Morocco, despite the tax reform introduced since the early 80s and described as the jewel of structural adjustment to the extent that it has attempted to simplify the tax system, better balance and make it more cost effective and equitable in the practice of tax legislation is too often complex, difficult and ambiguous³. Indeed the number of taxes and fees remains excessive in relation to the performance of the great majority. The tax arsenal of the state includes nearly fifty taxes only up to 7 of them report more than 80% of total tax revenue concerns add value tax, customs duties, tax levy on imports, general income tax, the corporate income tax, the tax on oil and tobacco taxes⁴.

Nevertheless and given Morocco's commitments under the GATT and the partnership with the European Union, customs duties, the petroleum levy and added value tax on imports should decline gradually to fulfill commitments, So although synthetic taxes were imposed as part of the reform, curiously, some were maintained and a multitude of other scheduler taxes were created. In fact the creation of the general income tax has not prevented the persistence of the tax on real profits, the tax on stock products and the tax on the products of fixed income investments.

1.2. Political Causes:

Taxation is often used as an instrument of economic and social policy called "fiscalism". Sometimes it ceases to be in the common good to become an instrument of exchange on the electoral market where trades political majorities under the watchful eyes of the most active lobbyists. The policy of discrimination often practiced by the State in tax matters and the granting of tax rulings to certain categories of taxpayers has created new privileges that fuel the trend of fraud. Indeed, the multiplicity of applied rates, the discrimination rates and the proliferation of derogations, "tax expenditures" and tax breaks granted by the State for various reasons are often subject to abuse and allow sophisticated taxpayers to escape taxes without breaking the law or using tax maneuvers difficult to defeat.

In Morocco, the different codes encouraging investments that have taken place since independence have generated a significant shortfall for state coffers without succeeding in attracting capital as we expected. Indeed the experience in many countries has shown that the waiver of the levy is not always an effective incentive to investment. The factors prompting investors to settle in any country are often not of a fiscal nature but they relate to the political stability, the existence of skilled hands and communication facilities.

1.3. Moral causes:

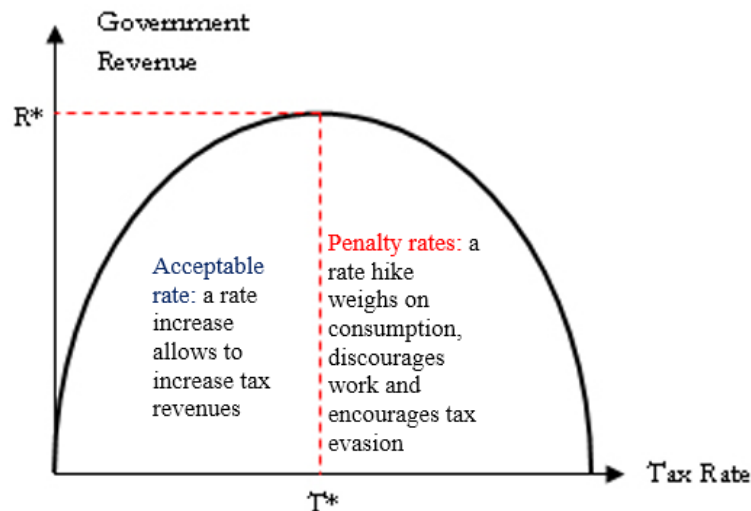
Tax evasion has moral causes in the sense that for many citizens the tax consciousness is less stringent than the moral conscience. Many taxpayers have not the sense to commit a moral fault of the same gravity by subtracting the tax authorities the tax base compared to robbing their neighbors or by tapping directly into the public coffers while in reality the fraud requires burdening honest taxpayers. Moreover, the tax burden when it reaches or exceeds 50% as is the case for corporate tax, income or inheritance taxes or when several are superimposed as in some countries, it seems in the eyes of the oppressor and plunderer taxpayer that believes therefore that it is legitimate to resist. This explains the principle that tax kills tax illustrated by the famous Laffer curve. According to A. Laffer: a high tax burden increases the costs of the company and therefore discourages business grow and forces it to defraud⁵, as it appears in the following graphic:

² G.Ripert, the decline of law, Pichon Paris 1949.

³ N. Akasbi, the dirty tricks of a poorly tied fiscal policy, Libération du 12/2/1996 p. 1 and 3.

⁴ L'économiste: 8/2/1996: tabacco the bargain for the treasury, p. 8.

⁵ EL ABDAIMI M., « Morocco : emerge country ? », BERIPIE, 2001, p. 8



Graphic 1: Laffer curve⁶

In Morocco, the report prepared by the international monetary fund in 1991 had pointed out that the rate hike generates evasion and tax fraud that aggravate erosion of the base of duties and taxes. Indeed, the introduced tax reform has generated inequalities and increased regressive insofar as there has been reduction in tax rates on high incomes and maintaining a relatively high burden on low and middle income, concentration of pressure on wage income in favor of capital income, boost consumer spending etc⁷.

1.4. Economic Causes

The personal economic situation of the taxpayer or the effect of economic conditions often control their behavior toward the tax authorities and creates in him a tendency to escape. The higher the tax rate, the higher the taxpayer attempted to flee since the tax benefit he derives from fraud is particularly high in contrast to a prosperous economic position that encourages the taxpayer to pay his due debts tax and not to run the risk that would place him on a cover-up. In a period of expansion, the trader has the opportunity to reject the tax burden on consumers by increasing prices as opposed to a period of depression where traders being unable to reject the burden on consumers tend to defraud. The informal economy is also as we mentioned above a zone of flight before tax to the extent that in that area which is sheltered from the taxman, or profits or wages, or transactions are not subject to tax which generates large tax losses. The "legalization" or mastery of the informal economy through the identification and assistance to micro enterprises in the sector could help to integrate them into the formal economy and starting lineup to make it more contributory to the economic and social development country. Moreover, it is in this sense that the World Bank is currently examining the micro enterprises sector and recommend measures for legalization in identifying them and giving them access to loans with specific conditions.

3- ACCOUNTING PRACTICES THAT HELP FRAUD:

For taxable businesses as the real net regime (RNR)⁸ or Simplified net Regime (SNR)⁹, their tax result is none other than the balance between taxable income and deductible expenses recorded and justified. Experience has shown that fraudsters carry either the deduction from taxable income or the increase in charges even non-deductible while using creative accounting to show a coherent and rigorously correct accounting in appearance and especially by identifying acceptable ratios in respect to industry standards. Without pretending to be exhaustive, we try to present the most visible based on the main

⁶ <http://www.investinganswers.com/financial-dictionary/economics/laffer-curve-3533>

⁷ See N. Akesbi Op cit.

⁸ General tax code : rules of plates and recovery, Op. cit., Article : 33

⁹ General tax code : rules of plates and recovery, Op. cit, Article : 38

accounts of income and expenses. For it is only at the level of the account that is the essence of accounting fraud. Indeed, simply inflate the costs of the enterprise and / or reduce its products to defraud the treasury.

3.1. Sales (of goods or goods or services):

In Morocco, We can say that the bulk of tax fraud by concealment accounting passes through this position through occult recipes. That is to say, it is of great use. Indeed, the fraudsters simply, to reduce their sales, tends to sale without invoice or bill but with a lower selling price to the actual price. But alongside this mechanism of under-invoicing, there are also invoices without sales which tend to inflate sales fictitiously to find a repayment from the added value tax. Also, cover-ups relate frequently to miscellaneous income such as: various locations received, commissions and brokerage received, discounts and rebates earned...

3.2. Non-current products:

The accounting maneuvers tend to underestimate the amounts relating to this account or do not recognize. Example: Capital gains realized on the disposal of a fixed asset.

3.3. Financial products:

The famous accounting maneuver that can be found at this section, it is the lower bound or non-recognition of interest on current accounts receivable associated.

3.4. Purchases (merchandise sold or consumed raw material):

Through this account and to generate the desired tax result, fraudsters can make the following irregularities:

- The deduction from purchases to bring out a seemingly normal situation and avoid suspicion of tax (bad readings); by not accounting invoices or purchase without an invoice or under a false identity;
- The increase in purchases to reduce taxable income by the non-recognition of the various reductions purchases that are the subject asset.

3.5. Other external expenses:

They constitute the largest category and most used because of the vagueness and the large number of opportunities it offers, since it includes several easy to use accounts for fraudulent purposes, such as rent and lease expenses, maintenance and repair, studies, research and documentation, travel, mission and receptions ... etc. Fraud occurs at this level by the accounting entry:

- Expenses related to private luxury cars registered in the company name;
- Recognition of expenses for a trip by an officer and his family, while providing the evidence that this was a mission related to exploitation¹⁰ etc. In short, it is true to say that fraud is as simple as frequent at this topic.

3.6. Personnel expenses:

Defraud through this account, is to inflate by the imputation of compensation paid by the company that do not correspond to actual work or are unrelated to the importance of the service.

3.7. Financial expenses:

Non-limiting deductibility of interest paid in consideration of loans taken by the company paved the way to all kinds of abuse.

Examples:

- 1) The entrepreneur who uses the account operator to contacts a credit by using the company name.
- 2) The remuneration of the associated credits current account to an interest rate higher than that fixed by law¹¹.

3.8. Depreciation:

Among the methods used in this sense are: accounting recognition of depreciation expense related to non-depreciable assets (example: field) or an attempt to perform an excessive depreciation rates compared to what the law allows.

3.9. Additions to provisions:

¹⁰ In «the fight against tax fraud in Morocco», Op. cit. p. 126

¹¹ Idem, p. 127

At this level, fraudsters conducting accounting recording of unfounded provisions or the omission to cancel provisions became superfluous objects. Ultimately, the accounting fraud concealment is so easy, common and multiform that it would be almost impossible to try recording all the procedures used in a limited catalog.

4- INDICATORS WARNING OF FRAUD:

4.1. Preliminary examination:

From the beginning of the inspection visit, the auditor will conduct a rapid examination of records to get a general opinion of the accountability value and its compliance with the rules governing this matter. He will have to ensure that the accounts presented:

- Is complete: verifying the existence of the mandatory accounting documents and formal requirements, with reference to the legislation in force.
- Is arithmetically correct: at this level, we must ensure that all additions, transcripts and reports of each document was made without error or overload or tampering. To do this, proceed to the following investigations:
 - ✓ In general accounting;
 - ✓ Checking the additions of general ledger accounts;
 - ✓ Checking the additions in the trial balance and general journal;
 - ✓ Consistency of reports and the balance with the numbers in the declaration; Concordance between data of the general ledger and subsidiary accounts.
 - ✓ The balances of bank and postal accounts in the general accounting must be consistent with the bank statements. Given the normal lag between the writings of these institutions and that of the company. For the fund, if the cash from the beginning of the month is low, pull in the month the cash balance after a major expense (bank transfer), see if there is the exception of "creditor fund".

4.2. Examining the account of income and expense:

The examination of this account is to ensure the deductibility of expenses recognized on the one hand, and the accuracy of the declared goods on the other.

4.2.1. Review of expense account:

It should be noted that there is not a comprehensive list of various maneuvers which the fraudsters may proceed to evade tax liability. Indeed, we try to present the most visible.

A- Purchases of goods sold and consumed purchases of materials and supplies:

These accounts are particularly important because of the significant impact that the irregularities attached to it can cause. Control at this level must generally be systematic. Nevertheless, it is based on the nature of the operations carried out, the importance of the case, the possibilities of fraud, the means implemented by management to ensure preventive control, the auditor will take more or less time checking purchases accounts.

These can be either:

- Increase: In order to reduce taxable income and get additional deductions;
- Reduce: In order to restore gross profit ratio despite the concealment of a fraction of revenues.

B- Locations- leasing fees:

At this level, you must:

- Ensure that the amounts paid as collateral are not laid charges (deposit);
- Ensure that the rents paid for premises that contribute to operations or that are granted to employees (and that this benefit is subject to income tax);
- Check that the company operates tax reintegration of the share (greater than 300,000 DH TTC) non-deductible leasing charges relating to those cars.

C- Maintenance, repair and insurance premiums:

On this account, the auditor shall:

- Ensure that maintenance expenses that increase the value of fixed assets are not be expensed but capitalized and depreciated at the same rate as the goods they relate;
- Check that these transactions relate to company property;

- Check that the insurance taken out by the company relate to the operation;

D- Travel, assignments and entertainment:

The control of this account consists of:

- Ensure that these operations are linked to the operation and their amounts are not excessive given the company's business and other criteria;
- Check the justification of such operations: integrity of the parts;
- Ensure that the VAT charged on these transactions was not deducted;

E- Donations, various gifts:

At this level, we need to check that:

- These elements are related to operations and their amounts are deducted from taxable income in compliance with applicable tax rules;
- The gifts bear the company logo and unit values do not exceed 100 DH.
- The gifts are granted to recognized associations of public utility.

F- Taxes:

Record in the charges must be reported to the operation of the business and treated in accordance with the rules provided by law. Similarly the auditor will be required to verify that taxes and fees are deductible and the various interests and surcharges have been reinstated to the basic tax calculation.

G- Staff costs:

The objective is to ensure that personnel costs registered the result of effective work related to exploitation. Moreover, it comes to check that the compensation granted is not excessive in view of performance, and are properly subject to income tax.

4.2.2. Review of Product Accounts:

Concealment at the revenues of a company can be registered either:

- At the Company's normal operations accounts;
- At the level of its financial management;
- Or its non-routine transactions.

Fraud product varies considerably depending on the professional sectors and business structures. It is easier to achieve among service providers and in industry, it is most widely practiced in personal or family businesses than the large organized enterprises. Also the means and methods are diverse and should be tailored to specific situations, because the objectives are mainly to ensure that all the company's products were registered in accounting and properly assessed in accordance with tax rules. So, the auditor will have to use multiple methods of investigation, including:

A- In terms of revenue:

It is at this position where cover-ups are more frequent, thus the inspector is required to:

- Bringing closer sales accounts, receipts and customers account;
- Leverage available external overlaps;
- Identify billing absence situations or sub-billing;
- To study the manufacturing controls and the capacity of production of material;
- Ensure that the work done by the company itself are enrolled in revenue and evaluated correctly;
- Check that all the taxable transactions carried out by the company are properly subject to added value tax;
- Ensure that construction works have undergone partial or total receipt, even if the reception is not final, were taken into account for determining the turnover;
- In case the sales is between dependent companies, ensure the regularity of transactions between them;
- Ensure that product stock changes retrace the difference between the value of inventories at the year end and that the end of the previous fiscal year ...

B- In terms of financial revenues:

Controls at this level are intended to vitrified that financial transactions done by the company with third parties, give rise to the perception of financial revenues, as well as other products are properly

registered and taxed in accordance with the applicable rules. These controls are organized around the following points:

- Assess the remuneration of financial loans and advances to third parties, and ensure that they correspond to the normal market conditions.
- Ensure that products that have undergone the withholding tax on tax on investment products fixed income (at 20%) are recorded at their gross amounts;
- Ensure that exchange gains were recognized;

C- At non-recurring income:

This is to ensure that "completeness" of the amounts recorded at that position, and check the tax treatment that was applied to them by reference to the rules and the treatment performed in the past, particularly under non-recurring charges.

4.3. Examination of balance sheet accounts:

This review, which focuses on the assets and liabilities accounts of the company, consists performing a variety of controls to ensure the accuracy of the recorded figures, the actual existence of fixed tangible and if they belong to the verified company. In fact, given the large number of these controls, we will try to list the most significant that the auditor should perform:

A- Assets accounts:

The inspector should:

- Insist on the distinction between expenses and assets;
- Check if the acquisitions of stock in trade and buildings have been duly registered;
- Ensure that assets produced by the company itself are recorded in production costs;
- Check if the company has all the elements justifying the entry cost of all assets;
- Check that fixed and other financial receivables loans are paid under normal market conditions;
- Ensure that the sale of fixed assets have been properly imposed;
- For stocks, we must ensure that their valuation is in accordance with the rules laid down by law, depending on the nature of the assets;
- Check receivables and possibly the provisions that the taxpayer will have to provide in case of existence of doubtful loans;
- Relate the sales, customer and cash accounts;

B- Liabilities accounts:

The auditor will have to do the following operations:

- Review changes in the "capital" made during the audited period and their financing methods;
- Check in case of contributions in kind, the normal values of the goods declared for registration;
- Check that the amounts recorded in the grants account correspond to investment grants;
- Ensure that the regulatory provisions were formed in accordance with the rules applicable to them;
- Ensure that vendor balances include all invoices received and that their registration is correct;
- Assess the rate of pay advances in partners' current accounts, and the application of added value tax to the interests served;
- Review the nature, assessment and recognition of provisions for: litigation, warranty customers, taxes, foreign exchange losses ... etc.;
- Examine the nature and origin of the cash credit;

By conducting the review of accounting, the verification agent, implements the discretionary power of the tax administration on the declarations results filed by the taxpayer. During this work, the inspector collects a set of guidelines that allow it to assess the value of the accounts presented to it. Thus, based on the results, he will have to ensure that the accounts are regular and genuine without any abnormalities or irregularities likely to motivate the declaration rejection.

5- WAYS TO FIGHT AGAINST THE TAX FRAUD:

In Morocco, The tax inspection mission operates under the legal provisions of the Tax Code, adopted in 2007. The tax audit of the legislative framework is based on an important feature of legal means, with sanctions in order to fight against tax fraud. Include:

- Strengthening the communication rights to collect all relevant information to the plate for the taxes control;
- The accounting control to ensure the validity and sincerity of declarations signed by the taxpayer;
- The right to visit on-site designed for the business tax which allows seeing firsthand the taxpayer operating means;
- The recognition right: it's about on-site monitoring of the billing and existence of the physical elements linked to the operation in order to check for breaches under the legislation;
- The mandatory check payment beyond 10,000 DHS for better traceability of transactions by taxpayers; - The billing regulation regarding the content and timing of its establishment;
- The census for identifying new taxpayers or the regularization of the tax situation of existing taxpayers;
- The compulsory display of the business tax section and the mandatory reference of it during the sales tour;
- The financial or criminal sanctions for failure to tax obligations. To counterbalance the powers vested in the administration, the legislature has provided guarantees for taxpayers, including the right to tax limitation, the right to notify the taxpayer's control before working on site, limiting the duration of the control, the obligation to justify adjustments, the adversarial process in control and appeal to the arbitration commissions and courts.

The success of the fiscal control requires an improvement of technical means available to the inspector. These means should be clearly defined to facilitate the task of the auditor inspector who need all the weapons to confront the fraudulent manoeuvres of taxpayers. Thus the selection of files for audit must be based on rational criteria and relevant studies to lead to significant adjustments. Similarly the auditor should dispose in this hands some relevant documents giving him aid and support to carry out the mission.

In Morocco, the General Tax Directorate has set up an anti-fraud large scale project that aims to:

- ✓ Minimize fraud opportunities by strengthening control devices;
- ✓ Reduce pressure factors by reflecting the constraints facing employees and company executives;
- ✓ Reduce the possibilities of self-justification by creating the conditions for a collective adherence to company values.
- ✓

6. COMMON MEASURES RELATING TO SANCTIONS IN MOROCCO:

In 2013, the National Conference recommendations on the taxation ensures fair treatment with regard to penalties¹², Article 8 of the Finance Act No. 70-15 has set as a goal the adapting of existing sanctions to the seriousness of the offenses, by punishing more severely fraud and reducing the penalties in case of minor breaches.

Thus, the amendments introduced by Article 8 of the Finance Act No. 70-15 aforementioned will either relief or aggravation the following criteria:

- The seriousness of the offense;
- The quality of taxpayer: real beholden or liable tax collector;
- Deposition delay time of the declaration;
- The deposit method of the statement made spontaneously or following the relaunch of the administration or fiscal control.

The changes to the sanctions regime include:

- Penalties for failure or delay in filing declarations;
- Penalties for infringement of the information right;
- Penalties for rectification of the tax base;
- Penalties for late payment of duties and taxes;
- The establishment of a penalty for infringement related to the electronic filing and payment.

¹² Circular Note No. 726 on the tax provisions of the Finance Act No. 70-15 for the budget year 2016.

6.1. Penalties failure or delay in filing the declarations:

Prior to the Finance Act No. 70-15 mentioned above, the arrangement of Article 184 of general tax code, provided the application of a 15% increase in reporting of taxable income, capital gains, the overall income, real estate profits, turnover and the acts and conventions in the following cases:

- Declaration of late filing;
- Default filing or late submission of documents and agreements;
- Imposition established automatically for failure to declare and for incomplete or insufficient statement.

The changes introduced by Article 8 of the aforementioned finance law No. 70-15 in section 184 are:

- Reduction of the additional 15% to 5% in the following two cases:
 - if filing declarations, conventions and acts, in a period not exceeding thirty (30) days overdue;
 - if filing an amended return late, incurring additional rights;
- The continued application of the 15% increase in the case of filing declarations, actions and agreements, after the said period of thirty (30) days;
- The increase in the surcharge of 15% to 20%, in the case of tax office for failure to declare filing, incomplete or insufficient statement;
- Clarifying the basis for calculating the surcharge in case of corrective statement, adding that the increase applies only to the additional rights;
- Clarifying the wording to specify that this sanction also applies to offenses relating to the declaration of movable capital profits, like real estate profits.
- The imposition of a fine of five hundred (500) dirhams when missing or discordant have no impact on the tax base or on his lap, in alignment with the same penalty provided for in general income Article 202 of the general tax code.

PS: Section 202 of the Tax Code was repealed by paragraph III of Article 8 of the aforementioned finance law No. 70-15, following the harmonization introduced in Article 184 of the general tax code on the penalty applicable to all taxes when missing or discordant have no impact on the tax base or on his lap.

6.2. Penalties for violations of provisions relating to the communication right:

Before the entry into force of the aforementioned finance law No. 70-15, the provisions of Article 185 of general tax code on offenses to the communication right under Article 214 of C.G.I. sent back to the penalty provisions under Article 191-I of general tax code.

These provisions allowed the application of a fine of two thousand (2,000) dirhams and, where appropriate, a fine of one hundred (100) dirhams per day late in the limit of one thousand (1,000) dirhams to taxpayers who do not comply to the right of communication. Regarding the income tax, the amount of the fine ranged from five hundred (500) dirhams two thousand (2,000) dirhams.

As part of the improvement of the current system governing the right of communication provided for in Article 214 of the general tax code, the aforementioned finance law No. 70-15 amended the provisions of Article 185 of the Tax Code to introduce a measure for the harmonization of sanctions applicable to persons who do not respect the obligation to communicate to the administration the requested documents and information with the same penalty provided for the recovery code.

So, it was provided for in Article 185 cited that people who do not communicate the information requested within the time and the conditions provided for in Article 214-I of the general tax code are sanctioned by a daily penalty of five hundred (500) dirhams, up to fifty thousand (50,000) dirhams.

6.3. Penalties for rectification of the tax base

Prior to the aforementioned finance law No. 70-15, Article 186 of the general tax code provided for the application of a unified 15% penalty in case of rectification of the tax base, following a tax audit.

As part of the objectives of adaptation of existing sanctions to the seriousness of the offenses and to strengthen actions to fight against tax fraud and ensure fairness in the application of sanctions, Article 8 of the finance law N° 70-15 amended the provisions of Article 186 of the general tax code to introduce the following measures:

- Increase from 15% to 30%, in case of rectification of the tax base, when defaulters are tax collectors, in this case the taxpayers are subject to the tax on the added value and the obligation to withholding under section 110, 111, 116, 117 and 156 to 160 of the general tax code;
- Increase from 15% to 20%, in case of rectification of the tax base to other taxpayers.

Moreover, for the sake of clarification, it was also stated in Article 186 that the aforementioned cases may be considered dishonest, for the implementation of the 100% increase, are those observed following the use maneuvers referred to in Article 192 of the general tax code, namely:

- Issuance or production fictitious invoices;
- Production of false or fictitious accounting entries;
- Sale repeatedly without invoices;
- The removal or destruction of legally required accounting documents;
- Concealment of all or part of the assets of the company or fraudulently increasing the liabilities in order to organize its insolvency.

6.4. Penalties for late payment of duties and taxes:

Prior to the aforementioned finance law No. 70-15, the provisions of Article 208 of general tax code fixed the recovery sanctions for a penalty of 10% and a 5% increase for the first month of delay and 0.50% per month or fraction of the additional month.

Within the framework of the above objectives for the adaptation of existing sanctions to the seriousness of the offenses committed, Article 8 of the aforementioned finance law No. 70-15 amended the provisions of Article 208 to introduce the following measures:

- Reducing the overlap penalty of 10% to 5% if the payment of duties due is made within a delay period not exceeding thirty (30) days;
- The increase of the said penalty of 10% to 20% for defaulted tax collectors, in case of default of payment or payment out of time in the amount of tax due or the value of the rights withholding referred to in Articles 110, 111, 116, 117 and 156 to 160 of the general tax code.

This last measure concerns the failure or delay tax payments following fees:

- ✓ Added value tax;
- ✓ Deduction at source in salaries and pensions;
- ✓ Deduction at source for investment income and profits (dividends, placement fixed income product and capital gains on securities);
- ✓ Deduction at source on gross revenues paid to non-residents;
- ✓ Deduction at source for fees paid by clinics to doctors not subject to the professional tax;

Moreover, Article 8 of the aforementioned finance law No. 70-15 amended the provisions of Article 208 of the Tax Code, to clarify that the increases provided by this Article shall not apply to the period located beyond the twelve (12) month period from the date of the introduction of the taxpayer's appeal either to the local commission of taxation provided for in Article 225 of the general tax code or to the national commission tax appeals under section 226 of the code.

6.5. The establishment of a penalty for infringement related to the electronic filing and payment:

Prior to the aforementioned finance law No. 70-15, the general tax code did not provide any specific penalty for taxpayers who do not comply with their tax obligations to the electronic filing and payment.

To accompany the projected spread of the electronic filing and payment of 2017 and in order to avoid differences of interpretation as to the penalty to be applied, especially in case of filing declaration on paper instead of electronic declaration and / or direct payment to the collector of the tax administration instead of electronic payment, Section II of Article 8 of the aforementioned finance law No. 70-15 completed the the general tax code by Articles 187 bis and 208 bis to establish specific penalties for non-compliance with the obligation of the electronic filing and payment.

Thus, the modification introduced covers the application of a 1% increase on the duty due or that would have been due in the absence of exemption, in case of non-compliance with filing and electronic payment obligations under Articles 155 and 169 of the general tax code.

The amount of the aforementioned increase may not be less than one thousand (1000) dirhams and is recovered by way of role without procedure.

Date of entry into force of the new sanctions:

The new penalty provisions are applicable to offenses committed on or after 1 January 2016.

Offences committed on or after 1 January 2016 are defined as breaches of reporting obligations and taxes payment, whose maturity occurs after that date.

Thus, the applicable sanction is in force when the offense is committed, regardless of the procedure initiated by the administration to regularize the situation of the taxpayer or the spontaneous repair date by the taxpayer.

Therefore, offenses committed before 1 January 2016 remain subject to the old rules governing sanctions.

Particular case:

In case of infringement of declaration and taxes payment obligations, whose maturity coincides with 31 December 2015, the new sanctions are applicable.

7- CONCLUSION:

Like many developing countries, tax evasion in Morocco is a very present phenomenon where it has reached a high level that properly cannot be estimated for lack of reliable statistics.

We have tried in this paper to explain the causes of tax evasion, accounting practices leading to fraud and ways to fight against this phenomenon.

After mentioning the causes and manifestations of tax fraud, the authorities are committed to fight against this phenomenon through the implementation of a tax policy that will certainly lead to better management of tax. This improvement will have a positive impact on tax revenues by addressing the deficits of the financial accounts of the state.

In other words, it is absurd to continue choosing solutions like money creation or loans either internal or external to finance public spending while supporting the risks inherent in the use of these instruments (inflation, decrease in private savings for investment, debt charges) while it takes just a little political will to resolve this impasse by focusing more attention on ways to cover the lost profits induced by tax evasion.

Overall, the study of such a theme requires the creation of an ad-hoc reflection unit with the necessary means to make practical investigations, so that its work can be more conclusive.

REFERENCES:

Abu Lhassan M., A. El Bouazzaoui, Y.Essafi, "tax fraud: concept and dimension", Ed. Arabian Al Hilal 1998.

Bouchareb M, "the fight against tax fraud in Morocco" Maghreb Publishing, 2006.

Borricand, J. The notion of tax fraud JCP edition CI No. 13856, 1982.

Duberge, J. Social psychology of Taxation, P.U.F, Paris 1961.

El Abdaimi M., "Morocco: emerging country?" BERIPIE 2001.

Jarnevic J.P., international tax law, Economica, Paris 1985.

Jean-Baptiste Toulouse, public finance and public policy, Economica, Paris 1985.

Georges Ripert, decline of the law, Pichon Paris 1949.

N. Akesbi, "the dirty tricks of a poorly tied fiscal policy", Release of 02/12/1996.

Salim, P. The tax arbitrary, Robert Laffont Paris 1985.

Taddei, B. Tax fraud, technical Bookstores Paris 1974.

Les Vidaux, Francois, Pons and Noël: Audit and Fraud - Fraud in all its forms, IFACI, 246 pages, 2004.

Reports

General tax directorate: activity report 2014.

General tax directorate: activity report 2013.

Research paper: the accountant against the risk of fraud, prevention modalities for the company and procedure of external audits of fraud M'hamed HAMZA EL, May 2002.



Legal texts, magazines and newspapers;

Charrier, Emmanuel "Detecting fraud - The Forensic Experts to reinforce auditors" Exchange n°213 2004.

General Tax Code: Rules of plates and recovery.

The Economist 02.08.1996 Tobacco: the good deal of the Treasury.

Circular Note No. 726 on the tax provisions of the finance law 2016.

PricewaterhouseCoopers: Survey of Fraud in companies in France, Europe and the world, 2007.