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Session 1: **Use of administrative data sources for statistical business registers**

**Enhancement the cooperation with administrative data holders**

## **Abstract**

In Morocco, the history of setting up a statistical business register began several years ago. It has always been a subject of debate for several meetings. However, in recent years and given the importance of the business population in contributing to the national wealth, Morocco has completed a project to establish the national system of business identification. This project will streamline the process of exchange between the various administrative structures with regard to business information. As a result, this collaboration will strengthen the national business register to meet international standards.

This paper describes the Moroccan experience in the implementation of the statistical business register: its architecture, the process of updating which based on the available administrative sources especially the tax department. On the other hand, this paper will highlight the importance of the unified identification system (Business Common Identifier) in the management of SBR and the mechanisms that go along with it.

## ***Introduction***

Until 1995, the Moroccan statistical office (High Commission for Planning, HCP) used the files and data from the tax services as the main source for the compilation of the national accounts and for the sampling frames that were used by studies and statistical surveys of companies. The cooperation with the General Tax Administration (GTA) was based on a renewable convention that traced the mode of exchange of financial data on companies and not based on laws that are sustainable over time.

The general tax administration enabled the statistical office to access all the accounting and financial data needed to draw up, as a result, the national accounts and the monitoring of the evolution of the economic performance indicators of the companies. However, from 1995, the GTA, invoking tax secrecy, stopped collaborating with the statistical office. Economic statistics are then suffering unprecedented damage. Several economic studies have been delayed.

### ***After...***

In this context, the competent authorities of the statistical office decided to conduct an economic census, during the period 2001-2002, to fill this gap and provide a basis for the creation of a statistical business register. However, the setup of SBR supposes the contribution of several administrations. Unfortunately, the tax administration, which has the principal sources for updating.

In 2011, based on the desire of all the components of the national statistical information system to set up a mechanism for the exchange and sharing of micro-data on enterprises, the Common Enterprise Identifier (ICE) has been set up. The decree instituting this identifier was adopted and it was applied to all enterprises from July 2016.

### ***Common business identifier***

This identification system, which will be used by all administrations and businesses, aims to facilitate the inter-administrative exchange of micro-data on companies and simplifying the administrative procedures applied to enterprises. It is generated in the early stages of the creation of the company. For existing companies, the identifier is assigned on any administrative formalities completed with one of the institutions having authorized for this purpose, or by completing an ICE application form by accessing the ICE platform via a website that is developed for this. To control this mechanism, the government set up a follow-up commission and of which the HCP is a member.

The ICE is an identifier composed of 15 positions:

- the company (9 positions);
- its establishments (4 positions);
- control characters (2 positions).

Mainly two public institutions award the ICE:

- ✓ the Moroccan Office of Industrial and Commercial Property (OMPIC) for new legal entities, when applying for a negative certificate. It is transcribed on the document "negative certificate" and will be payable for the steps of creation of the company;
- ✓ the General Tax administration for new natural persons;
- ✓ through the ICE platform on the website [www.ice.gov.ma](http://www.ice.gov.ma).

The resulting file, which contains the essential information about the company, is called ICE Central Database and is hosted by the tax administration. The content of this database is supposed to be shared with the member departments of the commission in charge of monitoring.

### ***What is the current situation?***

A statistical business register (SBR) was set-up by the HCP in 2009 thanks to the various bilateral agreements concluded with several partner institutions. The main objective of this register is to meet the needs of the statistical services by constituting a complete file of companies and their establishments permanently updated which feeds and coordinates the different basic files of the statistical investigations on companies. Also, serving as a basis of a study on the demography of the business population.

### ***Methodology***

The SBR currently uses, as the main identifier, a key assigned by the relevant services of the HCP which will be replaced by the ICE after reaching 100% coverage in 2020.

The statistical business register manages the data relating to

- ✓ the identification variables : HCP identifier, common enterprise identifier ICE, business name, address and legal form for the company;
- ✓ the classification variables : the code of the principal activity (APE) defined according to the Moroccan classification of activities, number of employment and turnover
- ✓ variables relating to economic and other informational aspects : the total number of establishments for a company, the creation date.

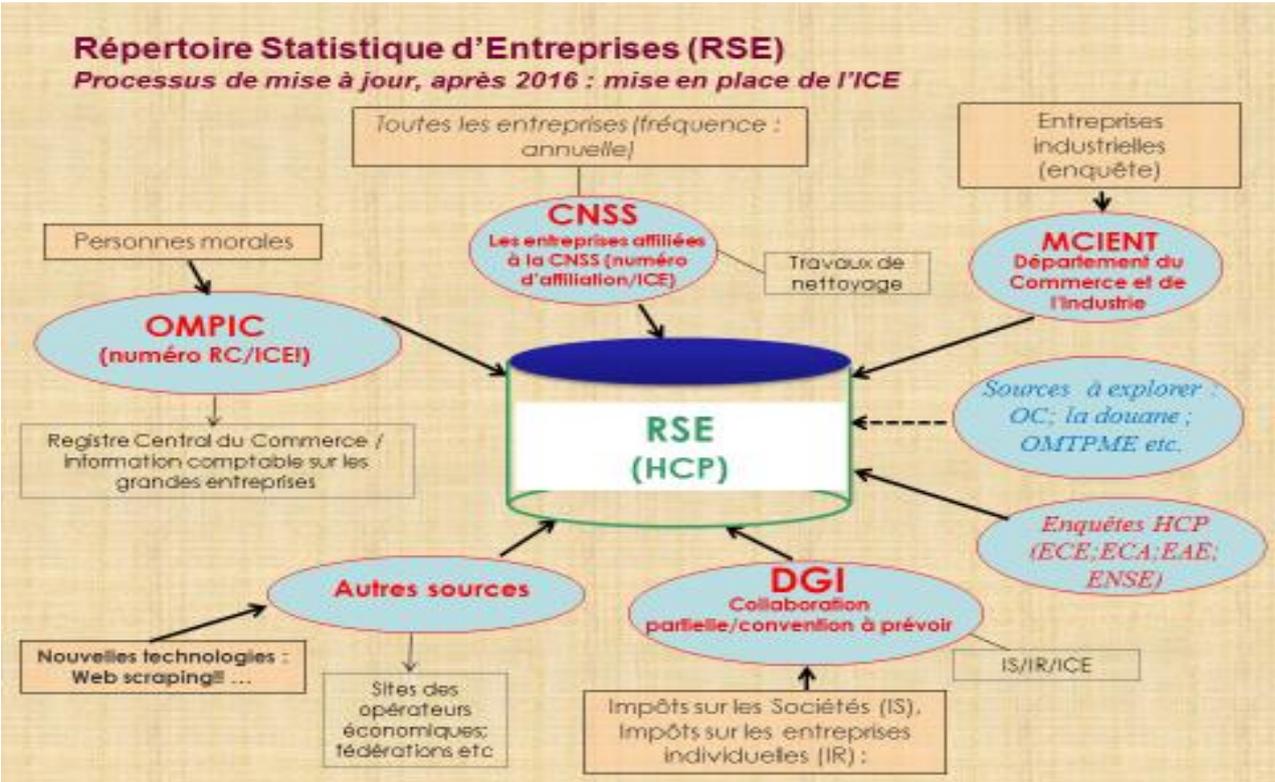
Currently, the field of this SBR concerns only structured companies that have formal accounting.

## ***Updating through the administrative data sources***

In Morocco, institutions holding administrative data sources on enterprises are mainly:

- The Social Security Administration " The National Social Security Fund (CNSS) " is a public institution that manages the mandatory social security scheme for all private sector employees in Morocco. The file produced by the CNSS contains about 240,000 declaring organized companies and includes information on the location of the companies, their activities and the workforce employed according to the annual declarations of the companies. An exchange agreement has been signed between the HCP and the CNSS, the purpose of which is to allow the HCP to receive annually the file of companies affiliated to this institution to make the necessary updates.
- The Moroccan Office of Industrial and Commercial Property (OMPIC) is the organization in charge of industrial property protection (trademarks, patents, industrial designs) and maintaining of the central trade register in Morocco. OMPIC is a public institution with legal personality and financial autonomy. The Ministry of Industry, Trade, Investment and the Digital Economy supervise it. Its role is to be an effective and efficient accompanying vector in the cycle of creating the enterprise and protecting the Industrial Property Rights. It also manages the annual financial statements for some of the organized businesses. To take advantage of the information held by this institution, the HCP has concluded a financial data purchase contract with OMPIC to have some of the necessary accounting data that will be used to feed the system of national accounts and to implement SBR update.
- Tax administration (General Tax Administration, GTA): The General Tax Administration is part of the Ministry of Economy and Finance. Its main mission is to secure tax revenues. Pending a modification of the general tax code in Morocco allowing the Moroccan statistical office to regularly access the financial data managed by the tax services, an exchange protocol is being discussed between the two institutions for strengthen the statistical system and make the necessary updates to SBR. Moreover, a process of exchange and partial rapprochement has already begun between the HCP and the General Tax Administration to qualify a part of the population of large companies.

Other sources considered important for SBR are illustrated in the following diagram:



**Future issues**

The statistical business register according to international standards plays a key role in the production of economic statistics. It provides a common universe for sampling and the uniform identification of companies that promotes the coherence and integration of business data at the national level. However, and because of the size and coverage of the statistical business register, it is difficult for it to be implemented and updated only by the HCP. The administrative sources currently used are the CNSS file and the OMPIC file. In addition, for the coverage of the statistical business register to be as representative as possible, it must be exhaustive and include updated information on its various components.

To overcome these problems of comprehensiveness and updating in real-time, a draft convention is being finalized for the integration of the tax administration file's through a digital platform as part of a global digitalization process launched by the HCP this year at the level of all statistical production lines.

Also, a work of sensitization and coordination with all the holders of the information on the companies, of which mainly the tax administration, is initiated in order to sensitize all the partners of the interest of a common work and concerted with the various partners in order to qualify all the administrative sources, to harmonize them while respecting their ad-hoc specificity. This awareness-raising work began with the integration of the managers of these institutions into seminars and meetings (national and international) organized around topics related to the business register.