

1. What is a Melkia ?

The Melkia is a document testifying ownership in the archaic Moroccan system that existed before the creation of the Land registration and official deeds system. Since the creation of the Land Registry it is possible to turn a Melkia into an official title deed. The Melkia continues today to co- exist along with the modern system, particularly in the medina and the countryside. An Adul who is a religious figure, draws up the Melkia ,he also is authorized to perform weddings and deal with divorces. The Melkia is a legal document, but it can be imprecise on the technical definition of the property, its size, limits and particularly the number of legal successors, It is possible to buy a Melkia but Marrakech Realty don't advise it. It is wiser to ask the notary to apply for the title deed. The title deed is the safest guarantee of the ownership of the property

2-What is the difference between a titled deed and a requisition number?

A title deed (titre de propriété) is the only absolute guarantee that a property indeed belongs to a particular person Requisition is a stage in the process of transforming a melkia into a title deed . It is safer and more precise than the Melkia , but could be subject to contestation . It takes approx 5 weeks to obtain a requisition number , following this it can take between 2 to 4 years to obtain a title deed. While the property is in requisition, in theory somebody could come forward and make a claim on it. However in practice there are practically never claims made on properties that have been measured and registered by the Land Registry . After an expert from the Land registry has established the boundaries of the property they make a public announcement : a four month period during which any person who has something to claim may do it. If after this period nobody made any claims, the definitive title deed will be issued .

3-Role of the Notary

The notaire (solicitor) must protect the rights of both buyer and seller.He is an impartial arbitrator, he ensures morality and legal safety of the contracts he receives and has the role of authenticating. Before drawing up and signing a 'compromis de vente' (agreement to purchase) his role is to check the validity of the melkia, requisition or title and to warn the potential buyer of any possible risks. He will check that the property is free to be sold. The notaire's role is to draw up the act of sale, register the transaction and deal with formalities at the land registry For foreign buyers he can declare the sale to the 'Office de Change' this will guarantee that on resale the retransfer of funds back to their country of origin is guaranteed. At the same time the notaire can assist a seller in the obtention of the 'quitus fiscal' ie what is required by

the Moroccan tax authorities for the repatriation of proceeds from a property sale back to their country of origin. Notary fees are essentially taxes collected for the state. Calculate around 5.5% in total for a property that is titled or in requisition. If you decide to buy a property that has a Melkia. A “melkia” is an archaic title deed that is still in use for properties that are not registered in the Land Registry. The notary will not draw up an agreement to sell or a sales contract on a Melkia. However he will start the procedure to register the property and will obtain a requisition number before proceeding with the sale. In this case, the notary fees can be between 10 and 15% depending on the complexity of the case, an Istmar may be required. We will explain this in more detail.

4. Retired benefits

In general, France and Morocco have a double tax treaty. It is the notion of tax residence that will determine whether Moroccan tax law applies to taxation: will be considered as tax residents in Morocco people having their habitual residence in Morocco.

The criteria that come into play are:

- the possession in Morocco of a permanent home
- the presence in the country of economic interests
- living in Morocco for a continuous or discontinuous period of more than 183 days a year.

The Income Tax Schedule (IR) is as follows:

(note: this new scale, valid since the 2007 Finance Act, replaces that of the IGR) – Marginal rate applicable on the tranche.

- Annual income from 0 to 24,000 DH: exemption from IR
- 24 001 to 30 000 Dh: 15% tax rate, with a deduction of Dh 3 600
- from 30 001 to 45 000 Dh: 25% tax rate, with a deduction of 6 600
- from Dh 45,001 to Dh 60,000: taxation at the rate of 35%, with a deduction of 11 100
- from Dh 60,001 to Dh 120,000: taxation at the rate of 40%, with a deduction of 14 100
- more than 120 000 Dh: taxation at the rate of 42%, with a deduction of 16 500

Retirees benefit from a very favorable measure of exemption: in addition to the 40% abatement on the pension paid, they benefit from an additional allowance of 80% (on the basis of amounts transferred definitively to an account in non convertible dirhams). The transfer to Morocco of the pension must be requested from the paying agency (in France, the CNAV) which will make the transfer to the bank account or payment by mandate in Morocco.

5. Legal and taxation issues

Fees and taxes due by the purchaser: In Morocco, the costs incurred following the acquisition of real estate vary depending on the legal nature of the property: (these percentages apply to the value of the property acquired, including T.V.A.).

1. House for residential use, for a period of more than 3 years or Land not built with commitment to build within 7 years: Registration fees: 4% Notary tax: 1% Land conservation: 1.5% + 150 MAD (property certificate) Emoluments: 1%, with a minimum of 2500 MAD + 7% VAT Upgrading of buildings to land conservation if necessary: 0.5% + 75 MAD Miscellaneous costs (stamps ...): 1500 to 3 000 MAD according to the files. to note: The follow-up of the file by the office of the changes sometimes requires some additional expenses which can possibly be spread out in the time. In case of acquisition of untitled property (melkia), titration costs must be added; these fees depend on the floor area and the price of the property acquired. They can sometimes be shared with the seller.

- Publication fees: 450 DH
- Ad Valorem Rights: 1.5% up to 50,000 MAD + 2% of the value above
- Surface rights: MAD 45 per hectare started (urban area); per hectare started (rural area);
- Fixed fees: MAD 75
- Duplicate: MAD 75
- Surveyor: 2,500 MAD approximately
- Other expenses (stamps ...): 1500 MAD approximately.

2. Premises for commercial use or undeveloped land with no commitment to build:

- Registration fees: 5%
- Notary tax: 0.5%
- Land conservation: 1%
- Emoluments: 1%, with a minimum of 2500 MAD + 7%.
- Miscellaneous expenses (stamps ...): about MAD 2,000.

3. Agricultural land: A foreigner can not claim to buy agricultural land. So that he can buy this property it will be enough to modify the legal nature of the land by obtaining that it is declared non-agricultural vocation (procedure sometimes long). Some regulatory elements: URBAN TAX (UT): The main or secondary dwelling is subject to the urban tax. This tax depends on the rental value of the dwelling, determined by comparison or direct assessment by the census commission. Said rental value is reconsidered every year on the rise, an increase of 2%. However, if you are Moroccan living abroad, you benefit from a 75% discount (rental value) even if your accommodation is occupied by your children or your parents, or not occupied continuously by yourself. The urban tax does not apply to new premises and buildings for 5 years from the issue of the residence permit.

GENERAL INCOME TAX: Income and Property Profits

6- Long Term Real Contract

There are a number of laws and regulations concerning rentals that define clearly the obligations of the tenant and the owner. The rental contract can be an act drawn up by the notary or a private contract that can be later legalized. The Musts of the rental

contract: – Identity of both parties – Duration of the rental, number of years – Detailed description of the rental, where the property is located, description of the property – Nature of the rental contract, for example the contract will specify if the building is for commercial use or exclusively living premises. It is recommended to give notice by recorded delivery. – Notice on the rental contract. The rental contract indicates the number of month's notice (usually one) to leave the premises. It is recommended to give notice by recorded delivery – Deposit: The deposit is usually the amount of one month's rent. This deposit is paid in advance and is returnable in full at the end of the rental, depending on if there are any damages or repairs to make to the premises, in which case these will be deducted from the deposit Tenant's obligations : – To maintain the rental property in a general good state – Warn the owner should there be any damages, wear and tear on the premises – Not to make alterations to the property without the consent of the owner – Not to sublet the premises (This list is not exhaustive and is only advice). Rental : The amount of rental must be stipulated in the rental agreement as well as when the payment should be made, for example on the 1st of the month Registering the rental agreement:(in case of a private rental contract) The rental contract must be legalized. The signatures of both tenant and owner need to be authenticated at an administrative office to make the contract legally binding. The rental contract must be recorded (L'article 127 of the taxes administration register book (I-A-4°) within 30 days of the signature. The cost of this is 200MAD (2008 financial law). Importance of the inventory This document is established between the owner and the tenant and is a protection for both parties. The inventory can be written on paper and a copy for each party. Each page must be signed by both parties. It includes a description of each room what it contains and the state of each element, floors, ceilings, cupboards etc. It must be kept for the duration of the rental. This inventory is to compare the state of the premises when the tenant started the rental and the state when the tenant leaves the rental in order to determine if repairs are necessary and if these repairs are a result of neglect on the part of the tenant. Remarks : If the owner refuses to draw up an inventory , he will have to prove at the end of the rental that any damages were the tenant's fault.If the tenant refuses to establish an inventory at the start of the rental, it is presumed that he entered the premises in a perfect state.If by negligence neither part established an inventory at the beginning of the rental contract, it is presumed that the premises were in perfect condition(Article 677 du Dahir). It is in the interest of the future tenant to insist on drawing up an inventory to avoid any potential legal problems in the future with the owner. Procedure to recover unpaid rent. In the case of unpaid rent and if a solution cannot be reached between both parties legal proceedings can be taken according to law n° 64-99 promulguée par le Dahir n°1-99-211 du 13 jourmada 1420 (25 août 1999). But only in the case of official rental contracts, ie contract that have been legalized by the administration or set up by a notary. In the case of unpaid rent , the owner will need to alert the courts and demand a court order requesting payment? Once served with this court order the tenant has 15 days to settle the debt fully or partially.

7. What are the estate agency fees ? (buying or rental)

Estate agency fees are 5% excl VAT (6% VAT incl). These are divided between the buyer and seller (2.5% excl VAT each party).

Agency fees on a long term rental (1 year minimum) are a month's rental excl VAT for the tenant and a month's rental excl VAT for the owner