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Towards a tax reform of the agricultural sector: comparative study between Morocco, Tunisia, France, Brazil and Vietnam

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Abstract: The purpose of this paper is to verify if there is a similarity between taxation of the agricultural income/profit in Morocco, Tunisia, France, Brazil and Vietnam.
Irregular rainfall, rural exodus, investment, diversification and competitiveness are the main reform projects studied in this comparison. Following this study, the result allows us to measure the risks of the agricultural sector, its taxation and its productivity.
The inclusion of the nature of agricultural income in the definition of the taxable base, the encouragement of young people to invest in the rural world, the application of measures in favour of difficult socio-economic areas, and the management of risks related to drought and water scarcity, are the specificities of the tax system of each of the countries studied in this comparison. Overall, Morocco is called upon to implement a new tax reform of the agricultural sector, the study of which declines its major points.

Keywords: Agricultural profit/income; Taxation of the agricultural sector; Corporate income tax, Individual income tax; Agricultural sector risks.

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1. Introduction

"If everything stopped, we could still live. But if the farmers stopped producing, we would perish," said President of the Federative Republic of Brazil Jair Messias Bolsonaro. As an integral part of agricultural policies, tax provisions can impact farmers' organizational choices, the profitability of production structures and the dynamics of their development.

Today, the agricultural sector is facing several challenges. While in the past it was mainly about intensification with the green revolution, the time has now come to clean up agricultural practices with a more reasonable use of crops, water resources, and genetic resources.

The more agriculture continues to be integrated into the business economy, the more the tax system applicable to it will move towards a business tax system, in other words, an industry-like tax system (J.J Rousseau, 1780). Several measures favorable to the agricultural sector can be put in place, some tax revenues are sacrificed and tax incentives are offered. Therefore, how should we fiscalize the agricultural revenue/profit without destabilizing the sector and its evolution? In this sense, the comparison between countries will make it possible to highlight the effects of tax provisions, in particular in terms of installation, investment, diversification, and more broadly, the evolution of production crops.

The study is structured around three main points:

- Tax context
- Agricultural taxation: how each country approaches agriculture-related taxation
- The similarities & divergences of held strategies

Considering the high degree of economic confrontation and also the diversity of their fiscal approaches, the following countries are compared with Morocco: Brazil, France, Vietnam, and Tunisia.

Each of these countries has its own history and characteristics (geographic, economic, political, etc.). However, these countries are faced with the same questions: what objectives do the public authorities set for the development of family farms, and to what extent and how to deploy specific support mechanisms for these farms.

2. Taxation context

2.1 Development of this research

Numerous economists have addressed the link between taxation and economic growth, a bond implied by tax civic-mindedness. During an interview conducted by Jean Merckaert with DELALANDE NICOLAS (1980)[1] on the degree of fiscal civicism in France, he states that the question of taxation has always given rise to lexicological creativity, but with a certain recurrence in the metaphors and records used. At the end of the XIX century, an entire literature genre condemns the "fiscal inquisition[2]", the "fiscal tyranny[3]", the "fiscal

[1] Professor in the field of political, economic and social history.

[2] Control of the tax base by tax officials.

Minotaur[4]"... A set of metaphorical beasts linked to aggression that presents the tax as a relationship of extortion, of violence by the State against individuals. At the end of the 1920s, the "tax maquis[5]" was denounced by the leagues, organizations that made a point of defending taxpayers, such as the National Federation of Taxpayers[6]. The register used did not change much since then, until Poujadism and then the 1980s. But these ideas are probably less shared than in the past. At that time, it was the small farmers and shopkeepers who were targeted. People are more willing to submit to the "tax inquisition" than they were a century ago, when the state did not yet make tax declarations mandatory.

In his 2014 publication “The Tax Tyranny”, Pascal Salin (1939) sparked the debate on the fact that tax transparency is impossible. In his opinion, the shortage in transparency makes taxation the most undemocratic system imaginable. He gave the example of France, where the tax burden is the highest, where the person who pays the tax is not necessarily the one who effectively and fully bears the burden. In other words, we have no idea by whom the existing taxes are paid. But at the same time, today's administration notes a relatively high level of tax civic-mindedness, although the fraud of large fortunes and multinationals is a major concern. The challenge is to convince people, especially through children, that paying taxes can be useful to the community. (FRANCE: "A HIGH LEVEL OF TAX CIVISM", Nicolas Delalande, 2014/4 N° 341 | pages 6 to 14).

According to Denis Clerc(1942) tax reform must aim to reduce inequalities by both cutting at the top and distributing downwards, without building a gas factory. But the reform must have a broader ambition. The objective must be to reduce poverty and make it transitory. On the face of it, a flat rate tax, regardless of whether one is rich or poor, seems to be the antithesis of a progressive tax, which is characterized by proportionately more being levied on the rich than on the poor.

Indeed, in order to ensure equity, no tax should be due below the median standard of living. Equity consists in proportioning taxes to the taxpayers' ability to pay, while ensuring a decent minimum standard of living for the poorest, so that social cohesion is better ensured in society. This is not a confiscatory issue, but a desire to reduce some of the inequalities generated by the market. Denis Clerc (2010).

[3] Usurpation and exercise of power by a tyrant.
[4] Maze of tax rules issued by the tax authorities
[5] Complexity and multiplicity of taxes
[6] Taxpayer’s' union rally in France

In a more targeted reflection on the agricultural sector, several economists have been interested in the competitiveness, productivity and taxation of agricultural income/profit. The increase in the monetary wealth of a state obtained through the resources of trade and industry does not in any way imply an improvement in the purchasing power of the farmer (J.J. Rousseau, 1780). For agriculture is the only truly natural and useful state, not only from the point of view of subsistence, but also of the conservation of virtue. J.J.Rousseau, in the name of justice, pleads for the elimination of taxes on agriculture and proposes to replace them with a tax on luxury. By taxing superficial wealth, the state ensures its own subsistence and, more importantly, prevents the degradation of distribution and the increment of unproductive labor (Rousseau 1964c, OC III, pp. 276-277). It is a tax that respects the contributory principle to the expenses of the State desired by Rousseau.

In keeping with the principle of equity, the ideal form of tax should be a real tax based on the product of the land rather than on the land itself. The system applicable to agriculture must be adapted to the characteristics and constraints of agricultural activity, and it will allow farmers to benefit from a number of advantages granted to other sectors such as certain tax deductions on investments. It is a question of applying a particular taxation system at the level of the determination the tax base, to the detriment of the scale or tax rate, including special provisions such as: a flat rate calculation basis fixed by region, by nature of cultivation, or by category of land.

Farmers are subject to multiple, even contradictory demands: they are asked to be competitive and to produce more while meeting a growing demand for environmental goods and services. Farmers' attitudes are therefore situated on a gradient between two poles reflecting the existence of two logics at work in rural areas:

- ❖ On the one hand, a "chain logic" that encourages farms to specialize and focus solely on the production of raw materials, remunerated by the market, even if it means that negative externalities generated are taken over by society (water quality...).
- ❖ On the other hand, a "territorial logic", considering more the multiple dimensions of agricultural activity and the indirect benefits that agro-environmental policies try to take into account.

Camille Roux and Henri Dauce observe that the effectiveness of the various levers implemented to promote agriculture with high "territorial productivity" must be put into perspective by the development of multifunctional agriculture. By addressing public policies on fiscal issues: "Agricultural taxation should also be reformed to promote employment rather than material investment. The competitiveness of the sector faces three major obstacles. The first is political and socio-cultural. The second is legal and fiscal and concerns the organization of the company itself. The third obstacle, finally, concerns the management of the agricultural enterprise and the training of the farmer himself.

B.Bastien (2017) states that the agricultural sector is highly heterogeneous and cannot be compared with the labor sector. The seasonal activity of the agricultural sector, dependent on natural elements, leads to temporary occupation that varies in time and space. Firstly, heavy rains during the flowering season of wheat and corn can cause a lesser harvest both in quantity and quality. Secondly, knowing that cereal farmers produce for dairy farmers, an increase in the price of wheat will be welcomed by cereal farmers, while dairy farmers will see it as an increase in production costs and therefore a decrease in profits since the price of milk does not necessarily follow the price of cereals. These different interests prevent the creation of a common agricultural culture. Moreover, the agricultural market is now a global market with multiple players. Global geopolitics can have significant consequences on commodity prices.

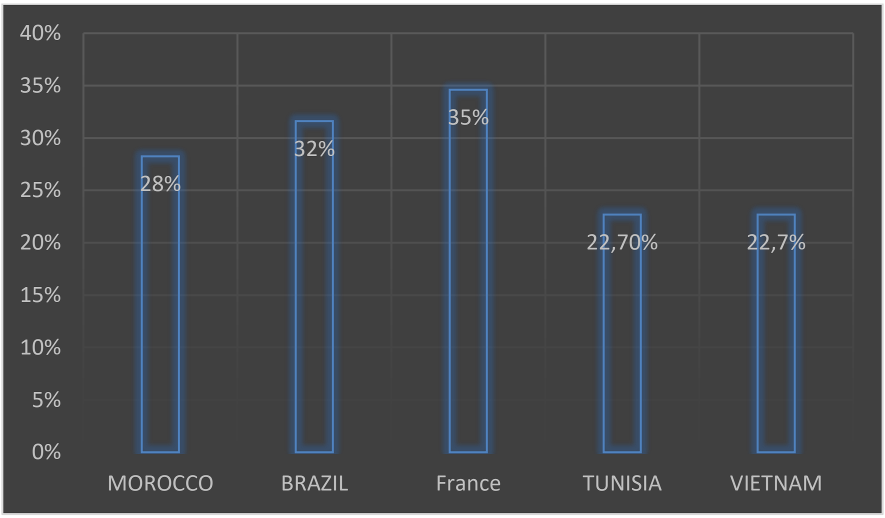
2.2 Presentation of the countries involved in the study

In the surveyed countries, agricultural structures have been tackled with the main purpose of supporting national agricultures and reforming the civic and fiscal equity. The choice of these countries with Morocco is justified by particular fiscal policies:

- Brazil, which is marked by a high heterogeneity of agricultural holdings, like MOROCCO, is applying a strategic vision to support the development of the agricultural sector. It doesn’t have a tax system specific to agriculture: it is the positioning and start-up development of the sector that presided over the choice of Brazil
- Vietnam, whose individual farmers' income constitutes a large part of the Vietnamese workforce, has introduced numerous tax policies for business owners and investors seeking to invest in the agricultural enterprise in Vietnam.
- Tunisia, characterized by a tax architecture similar to Morocco, focuses its agricultural tax policy on supporting SME (small and medium-sized businesses) and investment efforts,
- France is characterized by an original position considering the agricultural enterprise as a tax issue in its own right,

Even though agriculture in Brazil represents only 5.9% of GDP, it remains the "green giant" or "the world's farm". The agricultural sector represents for the year 2020, 11.7% of annual GDP in Morocco, 14.85% in Vietnam, 10.2% in Tunisia, and 1.63% in France. By observing the levels of tax levies in these countries with Morocco, we find Vietnam and Tunisia are close to the kingdom, against Brazil, and France, the weight of tax pressure has continued to grow.

Figure1. TAX PRESSURE



Source: OECD data (2020)

Brazil is the world's largest producer of soybeans, coffee, sugar, oranges, and meat, the second largest producer of corn and the third largest producer of poultry. For Brazil, agriculture constitutes an economic and political base on which an agricultural modernization has been built, which is qualified as conservative or painful. French agriculture is largely at the head of the largest agricultural countries in the world. The main productions are cereals (wheat, 5th in the world; corn, 8th in the world), sugar (7th in the world), wine (2nd in the world), and milk (3rd in the world).

For Morocco and Tunisia, agriculture is a strategic sector for the well-being of its economy. The main productions of Morocco are wheat (20th world producer), olives (3rd world), and fig (3rd world). Livestock is also an important component contributing to 30% of its value added. Tunisia for its part, is ranked first in the African continent in terms of areas specialized in organic farming with 376,000 ha, and is ranked second in the world with nearly 20% of the world's olive area. The main agricultural productions of the country are cereals (wheat and barley), olives, dates and citrus fruits for the vegetal sector and sheep for the animal sector.

Vietnam is a medium-sized country in terms of area, but the 15th most inhabited in the world, with 40% of its population working in the agricultural sector. It has 13 key national products: rice, coffee, rubber, cashew nuts, pepper, tea, vegetables and fruits, cassava and its products, pork, poultry, meat and eggs. Important structural changes have transformed production from staple foods to exported products, particularly rubber, cashew nuts, and pork. Agricultural production has more than tripled since 1990, especially rice production (25% of VA).

3. The current state of the tax system

France distinguishes a tax category for each type of activity, in particular agriculture. Tunisia and Morocco also define a diversification of the types of taxable income under different regimes. With the exception of Vietnam and Brazil, the definition of income is set apart from other independent industrial or commercial activities, particularly for the farm income definition.

We note that taking into account the source of income (agricultural, commercial, liberal, etc.) indicates a more specific management of the sectors of activity and a more interventionist economic policy.

Table N1: Legend in green, the agricultural income tax category

Type of income	Morocco	Tunisia	France	Brazil	Vietnam
Income generated by the exercise of an activity by the taxpayer: Salary, Pensions, Profits	Salary and related income	Salaries, wages, pensions and life annuities	Salaries, wages, , pensions and annuities	Salaries, wages, pensions and annuities	Individual income from employment
	Income from foreign sources	Income from foreign sources	Non-commercial profits and similar	Income of individuals	
	Professional income	Industrial and commercial profits,	Industrial and commercial profits,	Benefits of legal companies	Income from business and production of goods /services
	Income and profits of movable capital	Profits from non-commercial professions	Compensation of Executives		Manufacturing, construction, transport and other activities
	Agricultural revenues	Agricultural benefits	Profits of the farming operation		employment income of non-residents

Source: author

The handling of deficiencies also varies from country to country. In Vietnam, and Brazil, having only one category in the activity income, it is obvious that the deficits of different enterprises of the taxpayer are offset with the profits. Moreover, in France, the imputation of deficits is subject to special rules, in particular agricultural deficits are only imputable on other taxable income with limits (only if their net amount of deficit does not exceed 108 904 €).

In Tunisia, a deficit found in one of the above categories is charged against the income of the year. In Morocco, if the income is of a different nature, the imputation is only eligible on the profit of the income of the same nature and on the titles of the fiscal years following the deficit fiscal year within the limit of 4 years.

3.1 Morocco

According to the Finance Law n° 110-13 -article 46 of the general tax code- , agricultural income is defined as the profit realized from the exploitation of a plant/animal production cycle whose products are intended for human and/or animal consumption. In this sense, animal production means the breeding of poultry, cattle, sheep, goats, camels and horses.

On the one hand, the taxable income from individual farms is determined either according to the flat-rate system or according to the net real system. A permanent exemption is granted to farms with agricultural income and a turnover of less than 5 million dirhams (article 6-A-29° of the GCT, with conditions).

In the absence of bookkeeping, farmers are subject to the flat-rate tax on the basis of an evaluation determined after consultation with experts in the field and taking into account the nature of the speculations according to the regions. The flat-rate profit is set annually in each prefecture or province on the proposal of the tax authorities, by a local communal committee, which respects the situation of the land concerned.

As compensation, losses of standing crops due to frost, hail, flood, fire, locust invasion, drought and other extraordinary events are taken into consideration for the determination of the flat-rate profit of the farms, provided that the taxpayer concerned submits a claim in the form and within the time limits provided for in Article 238 of the GCT.

As of 2020, the sector has experienced a unification of the individual income tax and corporate tax rate 20%s. On the other hand, a permanent reduced corporate tax rate of 20% is applied to agricultural incomes - subject to the net real income regime - with a net profit of more than MAD 300,000. Below this amount, the rate will be reduced to 10%.

Taxable farmers benefit from a tax reduction equal to the amount of the tax corresponding to their participation in the capital of innovative companies in new technologies, provided that the securities received in return for this participation are registered in an account of the fixed assets.

3.2 France

The taxation of agricultural profit/income in France relates a broader definition to agricultural income. The income of farmers, whether they are individual farmers or members of a company not subject to corporate income tax, shall be considered as farm income for the taxation of agricultural income. These are incomes from the sale or consumption of the products of any land suitable for cultivation (even new plant varieties) and the products of animal husbandry (beekeeping, poultry, camelina, dairy, red meat, fish, oyster, mussel, bimoasse, etc.).

Income from agricultural activities falls under 3 possible systems:

- Micro-agricultural system; Average revenue less than 85 800 € excluding tax over the last 3 years
- Simplified system; Average of the annual receipts realized during the last 2 years between 85 800 € and 365 000 €.
- Real normal system; Average of the annual receipts realized during the last 2 years higher than 365 000 €.

The taxable profit of small farmers under the micro-farming regime is equal to the average of the receipts before tax of the assessment year and the two previous years, reduced by an allowance of 87%, reducing the tax burden and simplifying the procedures.

The income tax is calculated in a progressive manner with rates varying between 0% and 45% depending on the income bracket (11, 30 and 41%). Compared to the corporation tax, the profit is charged at 15% up to €38,120 with a turnover of less than €10M, then at 25% from 2022 onwards. At the 2019 Finance Law, and excluding the specific case of the LLC, the transition from income tax to corporation tax is no longer considered as a cessation of activity. It is a matter of exercising an option to change the tax regime and to reintegrate the income gradually thereafter.

CELINE POUYSEGUR, adviser and member of AgirAgri[7] declares: «Making it easier for farms to diversify their income was a strong axis of the French agricultural tax reform in 2018 to improve their competitiveness. Better, the Government could have, proposed to tax all ancillary activities in Agricultural Profits, as soon as the agricultural activity is preponderant...» Companies that elect, for example, to diversify "vertically", a strategy that allows for cost reduction, benefit in France from taxation on a global income combining agricultural income and income from ancillary commercial or noncommercial activities,

[7] Group of accountants and lawyers specialised in agriculture

provided that it does not exceed 50% of the company's turnover, this threshold being limited to €100,000.

It was introduced in 2019 a greater equity between farmers who start their activity and who are subject to Income Tax. It is a reduction of income tax for the farmer who benefits from aid for the installation of young farmers (young farmer's endowment YFE/DJA[8]), and which allows him to limit the taxation during the first years. Higher in less-favored areas and in mountainous regions, the YFE is modulated to give a good start to projects outside the family framework, to those respecting the principle of agro-ecology and to projects generating added value and employment.

The amount of the deduction for taxation varies according to the amount of profit:

Table N2: Applicable allowances - aid granted from 1 January 2019

Amount of taxable income	Year of granting abatement rate	Abatement rate for other years
Less than or equal to 45 100 €.	100 %	75 %
Above 45 100 € :		
Fraction of the profit less than or equal to 45 100 €	100 %	50 %
Fraction of the profit between 45 100 € and 60 100€	60 %	30 %
Fraction of the profit exceeding 60 100 €.	0 %	0 %

Source: Ministry of Economy and Finance France

"First introduced in 2002 and giving way to the precautionary savings allowance (PSA/DEP) in 2019, the contingency allowance, which is the self-insurance component of the business, suffered from criteria that were too rigid for its use and constant changes to its system, making it unattractive," explains Jean-Baptiste Millard, head of business and territory management at Agridées (Farmers' Society in France). Therefore, the evolution towards an easy-to-use precautionary savings scheme will allow the farmer to smooth out his income and ensure the sustainability of his agricultural business, with sums that can be freely reintegrated into the result within ten years. However, this is accompanied by a rule called "de minimis[9]" with the possibility of saving "in kind". The de minimis rule requires that the amount of such aid be capped for agriculture at €150,000 for a period of 3 years.

[8] YFE is granted unless the holder settles as manager of the holding, being aged between 18 and 40 years, fulfils a condition of professional agricultural ability, and has established a business plan over 4 years to generate an adequate agricultural income.

[9] The de minimis rule is introduced by EU n° 1408/2013 to regulate the operation of aid to companies. So, a company can only receive €200,000 in public aid per period of 3 consecutive fiscal years.

The deduction for precautionary savings allows farmers and agricultural companies subject to income tax (simplified system or real normal system) each year to deduct from their taxable profit a sum proportional to the agricultural profit made with limits (Table N3).

The deduction for precautionary savings can only be made subject to the correlative payment of a sum of between 50 and 100% of the tax deduction made on agricultural profits into a specific bank account, to be immobilized within six months of the end of the fiscal year in respect of which it is made. Farmers, such as stockbreeders and winegrowers, may make notional savings in kind corresponding to the acquisition/production costs incurred during the fiscal year for stocks of fodder, products or animals whose rotation cycle is greater than one year.

Table N3: The Precautionary Savings Deduction

Agricultural profit	Maximum deduction amount
Between 0 and 27 000 €	100 % of profits
between 27 000 and 50 000 €	27 000 € +30% of profit in excess of 27 000€
between 50 000 and 75 000 €	33 900 € +20% of profit in excess of 50 000€
between 75 000 and 100 000 €	38 900 € +10% of profit in excess of 75 000€
above 100 000 €	41 400 €

Source: Ministry of Economy and Finance France

3.3 Tunisia

The agricultural profit is the income that the exploitation of rural goods provides to the owners. It corresponds to the products from cereal growing, wine growing, citrus growing, olive growing, arboriculture, poultry growing, beekeeping, horticulture, market gardening, forestry, livestock breeding, as well as the breeding of sea products and the granting of the right of way, realized by any person who exploits as owner or renter.

Agricultural profits are determined according to three systems: the flat-rate tax system; the real system; and the simplified system. The rates applied are of the common law according to the bracket of the realized income, and going from 0 to 35%. Consequently, income below 5000 dinars is exempt.

In the absence of bookkeeping, farmers are subject to tax on the basis of a flat-rate assessment determined after consultation with experts in the field and taking into account the nature of the speculations according to the regions. The flat rate is determined after categorization of crops and classification of different regions taking into account the yield and climate changes.

The agricultural profit according to the real system is made from the calculated tax result. This system requires regular, accurate and complete accounting. In case of a deficit in the agricultural income category, it can be deducted from the other income categories.

The simplified system, which results from a simple choice of the taxpayer, is constituted by the excess of the total receipts over the expenses realized during the calendar year. This system does not require the keeping of accounts, but simply the existence of documents justifying the operating income and expenses.

The companies installed in the zones of agricultural development, benefit from the total deduction from the tax base of investment income during the first ten years from the date of effective entry in activity. And after the total deduction period expires, they deduct from the tax base two thirds of the income, without a rate privilege.

In order to encourage investment in the agricultural sector and to motivate young people, farmers benefit from a total deduction -within the limit of the income/profit subject to tax- of the incomes or profits reinvested in the subscription to the initial capital or to its increase of the companies created by the young graduates of higher education whose age does not exceed 30 years.

It is granted to the benefit of agricultural companies subject to the corporation tax, the exemption of the payment of the three installments due because of their incomes or global profits with the application of a reduced rate tax of 10%, when they do not benefit from the temporary exemption granted during the first 10 years of activity by the code of incentives to investments.

Indeed, no measure is held in Tunisia concerning the change of the tax regime only after the change of the legal form of a company to a natural person and subsequently the cessation of activity of the first form in favor of the creation of the second form.

3.4 Brazil

Brazilian rural producers may be subject to income tax as a natural person. The result of the exploration of the rural activity must be determined by the accounting of the cash book with all income, expenses and investments. The taxation of the agricultural enterprise follows the common law system.

The rate of the legal person's income tax varies between 0% and 27.5% depending on the amount of the annual income. In case of absence of the cash book or verification, a fixed rate of 20% on the gross income will be applied. Moreover, by opting for this type of taxation, losses cannot be fully compensated.

The legal entity is subject to the contributions Income Tax Legal Person (ITLP/IRPJ), and Social Contribution on Net Profits (CSLL). The overall tax rate is: IRPJ 8%[10] and 10% surcharge for profits exceeding 240,000 BRL, plus CSLL 8%, or an overall tax rate 26%. 2021 meet a major tax reform in Brazil, including the reduction of the IRPJ from 15% to 8%, the CSLL from 9% to 8%, the standardization between the IRPJ and CSLL calculation basis.

The rate of the legal person's income tax is calculated in three different ways: Simples National, Real Profit or Presumed Profit. And, the choice of the regime depends on the turnover of the previous year and on the company's purpose. A company with a turnover of more than 78 million reals must follow the real regime. Companies with a turnover of between 4.8 and 78 million reals (approximately 12M euro) must follow the provisional or real regime. Companies with a turnover of less than 4.8 million reals must opt for the simple or real regime.

The taxable base of the actual regime is the accounting result of the company. Under the provisional system, the result is determined by applying a percentage to the gross turnover, depending on the activity.

Brazil keeps a spirit to the SME, favoring them with a simple regime and relatively low rates, whose person declares and pays monthly all taxes due (ITLP, CSLL, PIS, COFINS …)

Lastly, there is the flat rate system, which is a carte blanche for the tax authorities when there is a complete absence of accounting statements. Generally, this last regime results in a heavy tax burden for the individual.

Ranked in 109th position for the ease of doing business, Brazil is particularly noted for the complexity of its tax system with the multiplicity of taxes. It is on this criterion that it records its worst result.

Brazil has adopted, since 1995 (Law 9.249), the principle of universality of income. No tax definition has been given for Brazilian agricultural income, which puts taxation of the agricultural sector in line with the industrial and commercial sectors.

3.5 Vietnam

A long series of reforms have oriented the Vietnamese economy, including the agricultural sector, toward open markets for trade and investment, transforming Vietnam from one of the poorest countries in the world to a lower-middle income country, and contributing to

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improved social indicators. Although Vietnamese tax law does not have a definition for agricultural income, it does give this sector exemptions and reduced rates.

Individuals in Vietnam are subject to Personal Income Tax ("PIT"), based on their tax residence. Income is generally subject to progressive rates ranging from 5 % to 35%, except in special cases of certain income. Agricultural workers benefit from certain exemptions:

- Income from households and individuals directly engaged in agriculture, forestry, salt production
- Income from the conversion of agricultural land of households or individuals assigned by the state to production;

Agricultural businesses liable to corporate income tax can benefit from preferential tax rates and tax exemptions, provided they meet the eligibility requirements for the investment sector or the investment location, as follows:

❖ **Exemptions:**

- Income from crop and livestock in extremely difficult socio-economic areas.
- Income from cooperatives engaged in agriculture, forestry, and salt production in socio-economic hardship areas or extremely difficult socio-economic areas.

❖ **10% tax rate:**

- Income from planting, cultivation, forestry; agriculture, livestock and aquaculture in difficult socio-economic areas.
- Production, multiplication and crossing of plant varieties, animal breeds; production, extraction and refining of salt.
- Provisional rate for 15 years, tax-free for four years and for the following nine years a 50% reduction is applied to new investment projects located in extremely difficult socio-economic areas.

❖ **20% tax rate:** Income from agriculture, livestock, processing of agricultural and aquaculture products in normal areas.

❖ **Preferential tax rates:** reduce corporate tax rates between 10% and 17%, and apply for 10 years indefinitely for SMEs and for certain projects with different criteria.

4. The similarities and divergences of the strategies held

Each country defines farm income differently. France invents a variety of types of taxable farm income. This makes it possible to measure the performance of farms and constitutes a component of equity between the various agricultural sectors and between the agricultural sector and other sectors of the economy, and an essential dimension in assessing the effectiveness of public agricultural policies. Morocco therefore restricts the definition to income from crop production and certain livestock products. For example, the breeding of bees and oysters, which benefit from very important support plans on the investment side and the facilitation of establishment, cannot benefit from the tax system relating to the agricultural sector.

In all five countries, farmers are required to keep accounts which form the basis for tax calculation. In France, Tunisia and Morocco, there is a specific treatment for low-income farmers whose taxable profit is calculated under the micro-agricultural, simple or flat-rate regime.

Taking into account the nature of the income in the definition of the taxable base is a more interventionist economic policy, and this is not the case for Brazil and Vietnam. Unlike in France, the grouping of agricultural activity with other activities is no longer tolerable in Morocco and Tunisia, and subsequently a diversification of activity may lead to the creation of a second legal structure. (Table 4)

Table N4: Definition of agricultural income by the five countries

	Tax on income		**Corporate tax**	
	100% agricultural activity	Agricultural and non-agricultural activity	100% agricultural activity	Agricultural and non-agricultural activity
France	Agricultural income	Agricultural income and industrial and commercial benefits if the industrial and commercial benefits does not exceed 50% and/or 100 000 € of agricultural turnover	Agricultural profit + Land if made available	Agricultural profit and industrial and commercial benefits if the industrial and commercial benefits does not exceed 50% and/or 100 000 € of agricultural turnover + Land if made available
Morocco	Agricultural income	Separate agricultural income from other income	Agricultural business profit	Corporate profit with different treatment between activities
Tunisia	Agricultural income	Agricultural income with compensation for deficits	Agricultural business profit	Corporate profit with different treatment between activities
Brazil	Personal income	Personal income	income legal person	income legal person
Vietnam	income tax	income tax	Corporate profit	Corporate profit

Source: Author

The agricultural policies applied by Brazil and Morocco are known by the duality of the agricultural sector (two ministries in Brazil, the two pillars in Morocco: Green Morocco Plan and Generation GREEN). Moreover, this duality has not been accompanied by real incentives or fiscal reform to reduce land concentration and minifundio[11].

Knowing well that the Moroccan and Brazilian tax provisions are modest more unfavorable to young people and SME: lack of incentives related to investment, market access, and its challenges.

Even in Tunisia, with the exemption of three installments granted to agricultural enterprises, it remains beneficial to large companies. And a vast majority of Tunisian small farmers have difficulty accessing it, because they do not have their own investment capacity due to the low income generated by their farms and do not always have access to information on available support. This last point has been highlighted by young/small farmers in Morocco, who suffer from the lack of communication, lack of fiscal knowledge and regionalization which only benefits some regions to the detriment of others.

Excessive use of fertilizers, pesticides and other chemicals has contributed to a progressive degradation of water and soil quality, posing a significant risk to agricultural production and the sector's ability to sustain development. The specificities of the agricultural sector and the anticipating risks differ from one country to another, of whose French policy of deduction for precautionary savings is the most advantageous. Making a deduction and locking in savings are two important measures that allow agricultural businesses to take precautions against climatic, natural and economic hazards.

Vietnam, in turn, is applying provisions that benefit difficult and hazard-sensitive socio-economic areas. As well as an action plan for adaptation and mitigation of climate change in the agricultural sector is lived for the period 2021-30, with a vision until 2050. For Morocco and Tunisia, with the exception of the flat-rate profit that takes into account the specificities of the cultivated land, no measures have been taken to mitigate the risks of the sector. It should be noted that with the current rainy season in Morocco, the water problem is becoming the government's primary concern for the country's food security. Therefore, their consideration in the Moroccan tax system becomes more and more necessary, for a more equitable and fair taxation.

Compared to other countries, the number of tax incentives is at the highest level in France and Vietnam. They are designed to attract investment in the agricultural sector, support long-term

[11] Small agricultural sector known by farms of less than 5 ha, operated by a family.

development, and improve the incomes of individual farmers who make up a large part of the Vietnamese workforce. Although in Brazil, there are no possible income deductions in this framework.

The demographic and human changes recorded in recent years in rural areas, which differ from one country to another, are of concern to all actors in the countries and should be among the concerns of decision-makers, with a view to making them a priority in development strategies and plans. In Morocco, for example, the rural population has been declining since 1993, from 49% in 1994 to 40% in 2014, and according to HCP estimates, the rural population will be 35.7% in 2030. Other interdependent factors are likely to impact the future socio-economic development of the rural world, in particular the increase in the rural exodus: the youngest and most educated people are leaving the rural world, they would go from 6.7 million in 2015 to 4.5 million in 2040. This implies that agriculture for young people remains a last resort. And there France has reacted to help fiscally the start of young farmers through young farmers' grant (YFE).

On the fiscal side, no measures are taken into account by other countries. Except for financial aid plans to allow young farmers to benefit from loans and training. "Generation Green-Green 2020-2030" places the human element at the heart of its concerns, it will contribute to the emergence of an agricultural middle class, to energize rural youth, to develop human capital and to further structure farmers around successful agricultural organizations. And here we quote the experience of a young Moroccan farmer: "I started in this field very young in 1995. The beginning was difficult. I had no land, I had nothing. I shared a plot of land with other farmers, then I started to rent it...and I really started my farming career". At forty years old, Abdelhak Boukhari, took over the work of the land, bequeathed by his father. He produces strawberries that he exports mainly to the European market. He took over this job from his father, who used to farm the same land in a more traditional way. The experience of ABDELHAK BOUKHARI can be an insight for the young people of the 21st century to continue on the good path of their parents and preserve the rural area from extinction.

5. CONCLUSION: What are the key points for our country?

Tax policy, particularly because of its economic or asset orientation, is not neutral with regard to the pace of development of companies and the conditions for their sale/takeover. But it does not directly affect the operating structure. In contrast, combined with legal tools, as in France in particular, it becomes a structuring instrument.

From this comparative exercise, we can also identify possible developments that would give greater economic fluidity to agricultural enterprises, including:

- In the perspective of a cautious cash management, as implemented in France, the deduction for precautionary savings for a farmer allowing to maintain the capital of the business and its development.

- In a perspective of supporting risk management and in particular economic risk, as established by Vietnam in favor of geographically difficult regions, innovative compared to the countries studied and Morocco. The tax incentives applied by Vietnam have been able to promote investment and development in the country, especially the measures applied to tackle the COVID pandemic when it allowed operators affected by the pandemic to defer VAT payments, corporate income tax, and individual income tax. Agriculture, forestry and fisheries production, as well as food production and processing are among the sectors of activity that may delay the payment of tax.

The pandemic of COVID, the war in Ukraine and the drought have demonstrated the major stake of the agricultural sector and the food security in MOROCCO. In this sense, Mrs. ATTFAOUI SIHAM responsible in the company Agro Berry installed in the Moulay Bousselham area in Morocco, and specialized in the production of blueberry, denounces the silence of the Moroccan finance law on the pandemic and its effects: "There is a direct impact on the company since it works at 90% with export. The blueberry, as an e0xample, is not a necessity, and subsequently its demand declined during the pandemic mic. Something that impacted demand and sales. And yet, the tax burden was paid on time without any extension of time or tax measures to alleviate the situation. Irregular rainfall is increasingly affecting agricultural production. It will continue to be so in the future. Several alternatives are being prepared for study, whose tax reform should take part immediately.

- Finally, in order to facilitate the financing of the transfer and to encourage investment, we should study measures relating to the liquidation of taxes, as in France through the Young farmers' grant, or the permanent application of reduced rates, as in Tunisia. "The agricultural sector is not like other sectors, it is a sector where investment is still timid given the constraints of the sector, and the taxation of the sector gives rise either to a capitulation of investments or simply to fraud by escaping the threshold of 5 million dirhams - the only criterion held by the tax law -» specifies Mrs. S.ATTFAOUI.

In conclusion, these constraints show above all the need to consolidate and strengthen the establishment of a strong and just social state. As Morocco is called upon to implement its new development model, the latter should give priority to the tax reform of the agricultural sector.

The countries studied in this comparison differ by their own directives, which gives specificity to each tax reform applied. For the next research, it would be interesting to conduct a quantitative study that would legitimize the application of this research work in Morocco and that will go in parallel with the Green Generation 2020-2030 strategy and the high royal orientations.

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