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Morocco
Tax

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This country-specific Q&A provides an overview of tax laws and regulations applicable in Morocco.

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Morocco: Tax

1. How often is tax law amended and what is the process?

According to article 71 of the Constitution, the tax system and the basis, rates and methods of collection of taxes fall within the scope of the law. Since 2007, tax law has been codified in the Code Général des Impôts (General Tax Code), which is amended each year in line with the new tax measures contained in the Finance Act. Under the authority of the Head of Government, the Minister of Finance prepares the Finance Bills in accordance with the general guidelines that have been discussed by the Council of Ministers in accordance with article 49 of the Constitution. The Finance Bill for the following year is submitted to the House of Representatives no later than 20 October of the current financial year. The House of Representatives shall vote on the Finance Bill for the year within thirty (30) days of its submission. As soon as the draft has been voted on or on expiry of the aforementioned period, the Government shall submit to the House of Councillors the text that has been adopted or the text that it initially submitted, modified, where applicable, by the amendments voted on by the House of Representatives and accepted by the Government. The House of Councillors shall vote on the draft within twenty-two (22) days of its referral. The House of Representatives examines the amendments voted by the House of Councillors and finally adopts the Finance Bill within a period not exceeding six (6) days. The Finance Law thus adopted is published in the Bulletin Officiel by 31 December at the latest. Only an amending Finance Act can modify the provisions of the Finance Act for the year in progress. This was the case in 2020, due to the special circumstances surrounding the Covid-19 pandemic. If the Finance Act has not been promulgated by 31 December, a decree will open up the appropriations required for the operation of public services and the performance of their duties, based on the budget proposals submitted for approval. This was the case in 2017 when, following the legislative elections, the government took several months to form, which delayed the preparation and vote on the Finance Bill.

2. What are the principal administrative obligations of a taxpayer, i.e. regarding the filing of tax returns and the maintenance of records?

Type of tax	Declaration	Declaration deadline	Declaration form number
Corporate Income Tax	Declaration of taxable income	Within 3 months of the end of the financial year	ADM020B-21I
Value Added Tax	Declaration of turnover	Quarterly if the turnover is less than 1 million MAD Above this treshold, a monthly declaration must be filed.	ADC080B-23I
Tax on professional income	Declaration of global income	Before May 1st each year	ADP010B-21I
Tax on salaries and wages	Declaration of salaries and wages	Before March 1st each year	ADC040B-21I
Tax on capital gains	Declaration of capital gains	Before April 1st of the year following that in which the transfer is made	ADP040B-18I
Tax on property income	Declaration of global income	Before March 1st of each year	ADP010B-21I
Tax on property profits	Declaration of property profits	Within 30 days of the sale of the property	ADP020B-23I
Tax on agricultural income	Declaration of global income	Before March 1st each year	ADP010B-21I

3. Who are the key tax authorities? How do they engage with taxpayers and how are tax issues resolved?

The Moroccan tax authorities are under the authority of the Ministry of Finance, through the Direction Générale des Impôts and its regional directorates.

Tax declarations and payments are now completely digitalized.

Claims management is not yet digitalized.

If the taxpayer disagrees with the tax authorities, he or she lodges a claim with the tax services in charge.

The tax authorities have 3 months in which to examine the claim.

If the taxpayer does not accept the administration's decision following examination of his claim, he may refer the matter to the competent court within thirty (30) days of the date of notification of the aforementioned decision.

The taxpayer may also take his case to court if the tax authorities have not examined his claim within 3 months. The taxpayer has 30 days following expiry of the 3-month period in which to bring the matter before the competent court.

The tax authorities may also initiate a tax audit in the form of an accounting verification to check the taxpayer's compliance with tax law.

4. Are tax disputes heard by a court, tribunal or body independent of the tax authority? How long do such proceedings generally take?

There is also an administrative pre-litigation phase, which involves an accounting audit and notification of tax adjustments by the tax authorities.

This pre-tax dispute may be settled out of court by means of a transactional agreement. Failing this, one of these 3 commissions is called upon, depending on the nature of the dispute:

– Commission Locale de Taxation

– Commission Régionale du Recours Fiscal

– Commission Nationale du Recours Fiscal

Decisions taken by local taxation commissions, regional tax appeal commissions or the national tax appeal commission, and decisions acknowledging the incompetence of these commissions, may be contested by the administration and the taxpayer, by legal action, within sixty (60) days of the date of notification of the commission's decision.

It should be noted that following the decision of one of these commissions, the tax roll is issued.

If the taxpayer contests this decision in court, he or she must first pay the amount shown on the tax roll before initiating legal proceedings.

Legal proceedings involve the payment of a court fee.

Settling disputes through the courts tends to be time-consuming.

5. What are the typical deadlines for the payment of taxes? Do special rules apply to disputed amounts of tax?

Type of tax	Payment deadline
Corporate Income Tax	Four quarterly instalments during the tax year and an adjustment within 3 months of the end of the financial year
Value Added Tax	Quarterly if turnover is less than 1 million MAD Above this threshold, VAT is due monthly.
Tax on professional income	Before May 1st each year
Tax on salaries and wages	Monthly withholding tax
Tax on income and capital gains from transferable securities	Before April 1st of the year following the year of disposal or receipt of the income
Tax on property income	Before March 1st each year
Tax on property profits	Within 30 days of the date of the sale of the property
Tax on agricultural income	Before March 1st each year

There are no special rules for disputed amounts.

The principle is to settle before going to court, once the pre-litigation administrative procedure has been completed.

Amounts arising from tax audits can be negotiated with the tax authorities as part of a transaction, which is very frequent in practice.

Tax authorities may also be asked to grant a "remission grâcieuse" to reduce the amount of penalties and surcharges resulting from tax reassessments.

In accordance with article 209 of the French General Tax Code, penalties issued in the form of tax assessments are payable immediately.

Penalties relating to reassessments notified as part of a tax audit procedure are issued at the same time as the principal duties.

6. Are tax authorities subject to a duty of confidentiality in respect of taxpayer data?

Under domestic law, article 246 of the General Tax Code stipulates that all persons whose duties or responsibilities involve the assessment, control, collection or litigation of taxes, duties and fees, as well as members of tax appeal boards, are bound by professional secrecy under the terms of the criminal laws in force.

However, tax inspectors may only communicate information or issue copies of deeds, documents or registers in their possession to parties other than the contracting parties or taxpayers concerned, or to their universal successors in title, by order of the competent court.

Notwithstanding these provisions, professional secrecy is waived in favour of the following administrations and bodies:

– the customs and indirect tax authorities ;

– the General Treasury of the Kingdom

– the foreign exchange office

– the national social security fund.

In such cases, information communicated in writing by the tax authorities must be the subject of a prior written request addressed to the Minister of Finance or the person delegated by him for this purpose, and may only concern elements necessary for the performance of the mission entrusted to the party making the request.

The agents of the above-mentioned administrations and bodies are bound by professional secrecy in accordance with the provisions of the criminal legislation in force, for all information brought to their knowledge by the tax authorities.

The Moroccan tax authorities are also bound by confidentiality obligations in connection with procedures for the automatic exchange of financial information, by virtue of the agreements they have signed and which have been duly transposed into domestic law.

7. Is this jurisdiction a signatory (or does it propose to become a signatory) to the Common Reporting Standard? Does it maintain (or intend to maintain) a public register of beneficial ownership?

Morocco signed the Common Reporting Standard on June 20, 2019, but its entry into force is constantly being postponed.

According to a very recent OECD report "Update on the Implementation of the 2021 Strategy on Unleashing the Potential of Automatic Exchange of Information for Developing Countries" dated July 2023 (page 29), Morocco is committed to making the first exchanges of information in 2025.

A public register of beneficial owners is kept in Morocco. It is provided for in article 13.3 of the law on the fight against money laundering.

The decree implementing this article was published in the Bulletin Officiel on November 17, 2022, and comes into force on the date on which the electronic platform for keeping the public register of beneficial owners becomes operational.

According to the newspaper "L'économiste", the electronic platform administered by "OMPIC" is scheduled to go into operation in July 2023.

8. What are the tests for determining residence of business entities (including transparent entities)?

In contrast to the situation for individuals, the Moroccan General Tax Code does not specify the criteria for determining tax residency for legal entities or transparent entities.

In practice, commercial entities set up in Morocco and registered with the Trade Register are considered to be resident in Morocco for tax purposes.

Tax-transparent entities may have their tax residence challenged by foreign tax authorities.

The Moroccan tax authorities have not taken a position on the tax residence of fiscally transparent entities.

However, in a tax doctrine dated June 15, 2017, the Moroccan tax authorities consider that permanent establishments are not considered to be tax residents within the meaning of double tax treaties.

9. Do tax authorities in this jurisdiction target cross border transactions within an international group? If so, how?

In practice, and for several years now, cross-border transactions with companies belonging to the same group have been targeted in tax audits. They are often reassessed as part of a review of transfer pricing policies. This procedure is governed by the provisions of Article 213 of the General Tax Code, which stipulates that when a company is directly or indirectly dependent on companies located inside or outside Morocco, the profits indirectly transferred, either by increasing or decreasing purchase or sales prices, or by any other means, are added to the declared taxable income and/or sales.

For the purposes of this adjustment, profits indirectly transferred as described above are determined by comparison with those of similar companies, or by direct assessment on the basis of information available to the tax authorities.

In addition, article 214-B of the General Tax Code stipulates that for transactions carried out with companies located outside Morocco, the tax authorities may request the company liable for tax in Morocco to provide information and documents relating to :

1- the nature of the relationship between the company taxable in Morocco and the company taxable outside Morocco;

2- the nature of the services rendered or products marketed;

3- the method used to determine the prices of transactions between the aforementioned companies, and the factors that justify it;

4- the tax regimes and rates applicable to companies located outside Morocco.

This article also provides for the filing of a master file and a local file by companies that are dependent on companies located outside Morocco.

However, the implementing decree for this measure has not yet been published for it to become applicable.

10. Is there a controlled foreign corporation (CFC) regime or equivalent?

In Morocco, this system is not embodied in a specific mechanism. In other words, there are no “CFC” rules in Moroccan tax law.

11. Is there a transfer pricing regime? Is there a "thin capitalization" regime? Is there a "safe harbour" or is it possible to obtain an advance pricing agreement?

A transfer pricing regime exists (Cf answer 9)

A “thin capitalization” regime exists in Morocco. Article 10 of the Moroccan General Tax Code limits the deductibility for corporate income tax purposes of interest on advances to shareholders’ current accounts, in accordance with the following rules:

– Capital must be fully paid-up;

– The amount of the advances must not exceed the amount of the share capital;

– The interest rate must not exceed the rate published annually by order of the Minister of Finance.

It is possible to enter into an advance pricing agreement under article 234 bis et seq. of the French General Tax Code.

This agreement covers a period not exceeding 4 financial years and concerns transactions between Moroccan companies and companies outside Morocco with which they are directly or indirectly dependent.

12. Is there a general anti-avoidance rule (GAAR) and, if so, how is it enforced by tax authorities (e.g. in negotiations, litigation)?

Article 213-V of the General Tax Code states that transactions constituting abuse of rights are not enforceable against the tax authorities, and may be disregarded in order to restore their true character, in the following cases:

– when the said transactions are fictitious in nature, or are aimed solely at obtaining tax benefits contrary to the objectives pursued by the legislative provisions in force;

– or when they are intended to evade tax or to reduce the amount of tax that would normally have been paid in view of the taxpayer’s actual situation or activities, if the transactions had not been carried out. Appeals on grounds of abuse of rights are submitted to a consultative commission for appeals on grounds of abuse of rights.

The decree creating this commission has not yet been published. As a result, this measure is not yet applicable.

13. Is there a digital services tax? If so, is there an intention to withdraw or amend it once a multilateral solution is in place?

Tax declarations and payments are currently digitalized through the use of an electronic platform called “Simpl”.

14. Have any of the OECD BEPS recommendations, including the OECD's recent two-pillar solution to address the tax challenges arising from digitalisation of the economy, been implemented or are any planned to be implemented?

Corporate income tax has been set at 20% for all companies, whether exporting or generating sales locally, provided that taxable income is less than MAD 100 million. Above this threshold, corporate income tax is levied at a rate of 35%.

Following the peer review of harmful tax regimes, the export processing zone regime and the Casablanca Finance City regime were amended to ensure that export sales are treated in the same way as local sales, and to raise the corporate income tax rate from 8.75% to 20%.

Offshore banks, holding companies and coordination centers have been abolished outright.

With regard to transfer pricing, Morocco has introduced the obligation to have a master file and a local file, but the measure is not yet applicable due to the non-publication of the decree determining the information to be included in these files.

Morocco has also introduced country-by-country declarations (article 154 ter of the Code Général des Impôts).

Morocco has introduced an obligation for banks and insurance companies to exchange information on their customers' tax residence with the Moroccan tax authorities (article 214-V of the General Tax Code).

For the moment, no provisions relating to Pillar 2 BEPS have been adopted in the Moroccan legal system.

15. How has the OECD BEPS program impacted tax policies?

No doubt influenced by the OECD BEPS measures, Morocco has amended its tax law to treat export income in the same way as income earned locally, and in so doing has repealed the exemption previously enjoyed by exporters.

In addition, Morocco is striving to harmonize its domestic law to ensure the adoption of the OECD BEPS principles to which it adheres through the signature of international conventions.

16. Does the tax system broadly follow the OECD Model i.e. does it have taxation of: a) business profits, b) employment income and pensions, c) VAT (or other indirect tax), d) savings income and royalties, e) income from land, f) capital gains, g) stamp and/or capital duties? If so, what are the current rates and how are they applied?

Tax	Rate	Taxable base
Corporate Income Tax	- 20% if the taxable income is less than 100 million MAD –35% above -40% for banks and insurances	Taxable income is the difference between income and expenses for the financial year in question
Tax on salaries and wages	Marginal rate of 38%	Income net of allowed deductions
VAT	20%	Amount of the turnover
Tax on income from transferable securities	10% for dividend 30% for interest	Amount of dividend and interest
Tax on property income	Marginal rate of 38%	Amount of property income minus 40% rebate
Income from property profits	20%	Capital gain corresponding to the difference between the sale price and the purchase price
Tax on profits from transferable securities	20%	Capital gain corresponding to the difference between the sale price and the purchase price
Stamp duty	0,25%	Amount of cash receipts

17. Is business tax levied on, broadly, the revenue profits of a business computed in accordance with accounting principles?

In fact, corporate income tax applies to the taxable income for each financial year, which is determined on the basis of the excess of income over expenses for the year, incurred or borne for the purposes of the taxable activity, in application of current accounting legislation and regulations, modified, where applicable, in accordance with current tax legislation and regulations.

18. Are common business vehicles such as companies, partnerships and trusts recognised as taxable entities or are they tax transparent?

Companies are subject to corporate income tax.

In Morocco, trusts and partnerships are not legally recognized.

19. Is liability to business taxation based on tax residence or registration? If so, what are the tests?

Companies, whether or not they have a registered office in Morocco, are taxable on all income, profits and revenues:

– relating to the assets they own, the activities they carry out and the profit-making operations they carry out in Morocco, even on an occasional basis;

– for which the right to tax is attributed to Morocco by virtue of agreements aimed at avoiding double taxation in income tax matters.

20. Are there any favourable taxation regimes for particular areas (e.g. enterprise zones) or sectors (e.g. financial services)?

The preferential regimes have been overhauled following Morocco's accession to the inclusive BEPS framework.

That said, a number of preferential regimes are still in place, including, but not limited to

The regime for companies located in Industrial Acceleration Zones (formerly Free Zones), which provides for :

– 5-year corporate income tax exemption

– VAT exemption

– Exemption from registration fees on incorporation, capital increase and acquisition of land for investment purposes

– Exemption from business tax for 15 years

The "Casablanca Finance City" status, which provides for :

– 5-year corporate income tax exemption

Off shoring companies are exempt from corporate income tax:

– 5-year corporate income tax exemption

– State subsidy to limit income tax to 20% of gross taxable salary

– State subsidy to reimburse 56% of corporate income tax paid beyond the 5-year exemption period.

– These subsidies are valid until December 31, 2025, but in general this benefit is renewed by circular from the head of government.

Small farmers' scheme:

– Exemption from corporation tax for farmers with sales of less than 5 million MAD.

– Exemption from VAT

– Exemption from business tax.

The hotel sector regime :

– 5-year exemption for sales in foreign currencies.

– Reduced VAT rate of 10% instead of 20%.

21. Are there any special tax regimes for intellectual property, such as patent box?

Morocco has no equivalent to the patent box, but resident individuals are exempt from income tax on income paid to them in return for the use of, or the right to use, copyright in literary, artistic or scientific works.

22. Is fiscal consolidation permitted? Are groups of companies recognised for tax purposes and, if so, are there any jurisdictional limitations on what can constitute a tax group? Is there a group contribution system or can losses otherwise be relieved across group companies?

Moroccan tax law does not include the tax consolidation system.

23. Are there any withholding taxes?

There are several types of withholding tax in Morocco:

– Withholding tax on the salary income of permanent and casual staff

– Withholding tax on dividends

– Withholding tax on interest

– Withholding tax on remuneration paid to non-residents

– Withholding tax on remuneration paid to third parties

24. Are there any environmental taxes payable by businesses?

There is an ecological tax on plastics applicable at a rate of 1.5% ad valorem to sales, ex-factory and imports of plastics and articles made from these materials.

Sales of photovoltaic panels and solar water heaters benefit from a reduced VAT rate of 10%.

25. Is dividend income received from resident and/or non-resident companies taxable?

Dividends paid by Moroccan companies subject to or exempt from corporate income tax to companies headquartered in Morocco and subject to said tax are exempt from withholding tax.

These dividends are also eligible for a 100% corporate income tax deduction by the recipient company.

Dividends paid to individuals and non-residents remain subject to tax under ordinary law.

26. What are the advantages and disadvantages offered by your jurisdiction to an international group seeking to relocate activities?

The Investment Charter provides for the granting of investment incentives:

– Common bonuses: these are granted to companies that commit to creating a minimum of 150 stable jobs over a 5-year period. They represent a percentage of the planned investment.

– Territorial bonus: Investment projects intended to create 150 stable jobs may, when carried out within the territorial jurisdiction of category A or B provinces or prefectures, qualify for a territorial bonus, the rate of which is set as follows:

(a) Category A: 10% of the investment amount;

(b) Category B: 15% of the investment amount.

– The sectoral bonus represents 5% of the investment amount and is granted to investment projects carried out in priority sectors of activity, namely:

– industry ;

– tourism and leisure ;
– cultural industry ;

– digital ;

– renewable energies

– waste processing and recovery;

– logistics and transport;

– outsourcing ;

– aquaculture.

These incentives can be combined up to a maximum of 30% of the investment.

They can be combined with the tax exemptions described in the answer to question 20.

It is possible to benefit from these bonuses within the framework of an investment agreement concluded with the government.

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