



TAXES IN AFRICA & MIDDLE EAST

2024

5th EDITION

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Morocco




 **Capital city :**
Rabat


 **Area :**
710,850 km²

 **Population :**
38,028,616

 **Languages :**
Arabian,
Berber languages

 **Political system :**
Constitutional
Monarchy

 **GDP/capita**
2023 :
USD 9,548

 **Currency :**
Moroccan dirham
(MAD)

 **Telephone code :**
+212

 **National day :**
18 November
30 July

 **ISO Code :** MAR

1. Corporate taxation

1.1 Taxes on entities

Companies and entities are subject to corporation tax are taxed on their profit (taxable income).

The tax result is generally aligned to the accounting profit before tax.

1.2 Residence or non-residence

A company is liable to corporate tax in Morocco if it is a Moroccan company or if it has a permanent establishment in Morocco.

1.3 Tax year and filing

The corporation tax is payable in 4 instalments equal to 25% of the CIT for the previous year.

1.4 Losses

Tax losses are deductible from taxable results up to 4 years.

Depreciation can be carried forward indefinitely for tax purposes.

1.5 Rates

The 2023 Finance Law abolished the proportional tax scale and introduced 2 standard tax rates:

- 20% applicable to companies whose net taxable profit is less than MAD 100,000,000;
- 35% applicable to companies whose net profit is equal to or greater than MAD 100,000,000

During the transitional period from 2023 to 2026, the applicable rates are as follows:

- For companies with a net taxable profit of less than MAD 300,000.

2023 : 12,5%

2024 : 15%

2025 : 17,5%

2026 : 20%

Gradual convergence of the rate from 15% to 20% (applicable to companies located in ZAI and to companies with CFC status)

2023 : 16,25%

2024 : 17,5%

2025 : 18,75%

2026 : 20%

Progressive convergence of the 31% rate towards 20% (when the net taxable profit is greater than MAD 1,000,000 and less than MAD 100,000,000) and towards 35% (when the net taxable profit is greater than MAD 100,000,000)

- MAD 1,000,000 < net taxable profit < MAD 100,000,000.

2023 : 28,25%

2024 : 25,5%

2025 : 22,75%

The so-called industrial companies have also seen their rate change from 26% to 20% for companies whose tax rate is less than MAD 100,000,000 and from 31% to 35% for companies whose net taxable profit is greater than MAD 100,000,000.

- The LF 2023 has increased the 37% rate applicable to credit institutions and similar bodies. Thus, this rate is now set at 40%. This rate will be applicable for financial years beginning on or after 1 January 2026. For the transitional period from 2023 to 2026, the applicable rates are as follows:

2023 : 37,75%

2024 : 39%

2025 : 39,25%

2026 : 40%

1.6 Double tax relief

The tax treaties signed by Morocco make it possible to avoid double taxation.

2. Personal income taxation

2.1 Taxes on income

Individuals are liable to Moroccan income tax for all of their income, regardless of the origin or location.

However, the tax treaties concluded between states allow income earned outside France to limit double taxation.

2.2 Residence and non-residence

The persons liable for personal income tax are:

- those whose tax domicile is located in Morocco;
- or those who have stayed in Morocco for more than 183 days;
- or those who exercise their main professional activities in Morocco;
- or those who have the center of their economic interests in Morocco.

2.3 Types of income

Are set out below:

- professional income;
- income from farms;
- salary and similar income;
- income and land profit;
- income and profits from movable capital.

Income from movable capital includes 2 main categories:

- Share dividends: are subject to income tax deducted at source at a rate of 15% until 31 December 2022. From 1 January 2023, the rate is gradually reduced to 10% on 1 January 2026. As a transitional measure, the following rates will apply during the period 2023 to 2026:

2023 : 13,75%

2024 : 12,5%

2025 : 11,25%

2026 : 10%

- Fixed income investment products, remunerated by an interest rate (bond, deposit, debt). They are subject to income tax at the rate of 30%.

Real estate income corresponds to real estate income.

Real estate rents are subject to income tax after deduction of rental charges.

Maintenance of the current collection method, i.e. the application of the 10% and 15% rates deducted at source and reinstatement of the taxation of property income at the progressive scale rate. From now on, the net taxable income will be obtained by applying an abatement of 40% on the corresponding gross income.

Other professional income includes the following categories

- Industrial and commercial profit (traders and craftsmen) ;
- Agricultural profit

Profits are taxed under income tax according to rules that are more or less the same as those for companies subject to corporate income tax.

2.4 Capital gains

Capital gains realized on the sale of real estate are taxed at a fixed rate of 20%. However, the amount of tax cannot be less than 3% even in the absence of profit.

2.5 Allowances and rates

The tax rate is progressive:

- 0% up to MAD 30,000;
- 10% for the income bracket of MAD 30,001 to MAD 50,000;
- 20% for the income bracket of MAD 50,001 to MAD 60,000;
- 30% for the income bracket of MAD 60,001 to MAD 80,000;
- 34% for the income bracket of MAD 80,001 to MAD 180,000;
- 38% for the income bracket over MAD 180,000.

Tax treaties also help prevent double taxation.

3. Value Added Tax and other taxes

3.1 VAT

The VAT rates are as follows:

- 20% normal rate;
- 7%, 10% and 14% reduced rate to 31 December 2023;
- Average rate 10%;
- Increased rate of 14%.

The 2024 Finance Act provides for gradual convergence towards two rates: 10% and 20% by 2026.

3.2 Stamp duty

There are many operations subject to stamp duty.

The stamp duty can be either variable, it is then between 0.25% and 5% or fixed, it can be up to MAD 1,000.

3.3 Social solidarity contribution

For companies, it is calculated on the net profit, it is between 1.5% and 4.5%.

For natural persons, it is calculated at the rate of 1.5%.

4. Foreign income

These taxes are treated within the framework of the tax treaties that Morocco has signed.

These conventions have the effect of avoiding cases of double taxation (Morocco / foreign).

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