International Tax

Morocco Highlights 2025

Updated January 2025

Investment basics

Currency: Moroccan Dirham (MAD)

Foreign exchange control: Transactions in foreign currency generally are not restricted, but there are some administrative formalities. Certain transactions, including the payment of management fees, are controlled by the exchange authorities. The foreign exchange regulation progressively allows for the free convertibility of the MAD.

Accounting principles/financial statements: Moroccan GAAP applies. Financial statements must be filed annually.

Principal business entities: These are the limited liability company, simplified joint-stock company, private limited company, general or limited partnership, and branch of a foreign company.

Corporate taxation

Rates		
Corporate income tax rate	**Taxable income (MAD)**	**Rate**
	Up to 300,000	15%
	300,001–1,000,000	20%
	1,000,001–100 million	25.5% (plus, for tax year 2025, surtax of 1.5% on taxable income over MAD 1 million and up to MAD 5 million, 2.5% on taxable income over MAD 5 million and up to MAD 10 million, 3.5% on taxable income over MAD 10 million and up to MAD 40 million, and 5% on taxable income over MAD 40 million)
	Over 100 million	33% (plus 5% surtax)
Branch tax rate		15% to 33% (plus surtax), plus 10% tax on after-tax profits remitted to foreign head office
Capital gains tax rate		15% to 33% (plus surtax)

Residence: A company is resident in Morocco if it is incorporated in Morocco or if its place of effective management is in Morocco.

Basis: Morocco operates a territorial tax system. Companies (both resident and nonresident) generally are subject to corporate income tax only on income generated from activities carried out in Morocco. Foreign corporations are subject to taxation on income arising in Morocco if they have, or are deemed to have, a permanent establishment in Morocco. Branches are taxed in the same way as subsidiaries.

Taxable income: Companies are taxed on the difference between their trading income and expenditure. Business expenses incurred in the operation of the business generally are deductible, unless specifically excluded. Expenses not allowed include interest on shareholder loans where the stock is not fully paid up, interest on shareholder loans greater than the official annual interest rate, and penalties and fines.

Rate

General

Corporate income tax rates are progressive and range from 15% to 33%. Between 2024 and 2026, the rates are expected to be increased or reduced equally every year to reach, by 2026, the standard rates of 20% for taxable income up to MAD 100 million and 35% for taxable income over that amount (40% if the company is a financial institution). The standard and common rate for 2025 is 22.75%. A foreign contractor carrying out engineering, construction, or assembly projects, or projects relating to industrial or technical installations, may opt to be taxed at 8% of the total contract price, net of VAT.

Surtax

A social solidarity contribution tax applies for 2025 on taxable income above MAD 1 million. The rate is 1.5% on taxable income over MAD 1 million and up to MAD 5 million, 2.5% on taxable income over MAD 5 million and up to MAD 10 million, 3.5% on taxable income over MAD 10 million and up to MAD 40 million, and 5% on taxable income over MAD 40 million.

Alternative minimum tax

There is no alternative minimum tax, but the tax payable by a company must be at a rate of at least 0.25% (common rate), regardless of the amount of the taxable base, calculated on turnover, financial, and noncurrent income.

Global minimum tax (Pillar Two)

Morocco has not yet enforced rules relating to the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: Dividends received by corporate shareholders from taxable Moroccan-resident entities must be included in business profits, but the dividends are 100% deductible in calculating taxable income unless derived from real estate collective investment vehicles (OPCIs), where the deduction is reduced to 40%.

Capital gains: Capital gains are treated as noncurrent income and taxed at the normal corporate income tax rate (including surtax). However, companies reinvesting the proceeds from the sale of fixed assets, including land and buildings, in fiscal years open from 2025 to 2030 are eligible for a 70% tax deduction on their realized net capital gain.

Losses: Tax losses may be carried forward for four years from the end of the loss-making accounting period. However, the portion of a loss that relates to depreciation may be carried forward indefinitely. Losses may not be carried back.

Foreign tax relief: Foreign tax credits may be available under an applicable tax treaty and/or domestic legislation. The amount of the credit is limited to the Moroccan tax otherwise payable on the income. Excess foreign tax credits may not be carried forward or back.

Participation exemption: See "Taxation of dividends," above.

Holding company regime: There is no holding company regime.

Incentives: A variety of incentives are offered to encourage Moroccan and foreign investors. Incentives include an exemption from business tax (see "Other" under "Other taxes on corporations and individuals," below) for the first five years of operation for newly incorporated companies, and a corporate income tax exemption for companies operating tourist establishments (subject to certain conditions) for the first five years of operation.

There are several acceleration zones in the main cities (Fes, Kenitra, Layoune, Nador, Rabat, and Tangier) that are open for various activities. Authorized companies located in the zones benefit from a business tax exemption for the first 15 years, together with an exemption from corporate income tax for the first five years of operation.

Companies with the status of "Casablanca Finance City" are entitled to a corporate income tax exemption for five years from the start of the tax year in which the company obtained this status.

Tax-neutral treatment may be available for corporate income tax purposes for a transfer of investment goods between member companies of a restructuring group.

Companies that qualify as OPCIs are exempt from tax on rental income derived from buildings constructed for professional use, as well as dividends and interest received.

Favorable tax treatment is available for certain mergers and divisions.

Compliance for corporations

Tax year: The fiscal year normally is the calendar year, although a company may opt for a different fiscal year.

Consolidated returns: Consolidated returns are not permitted; each company must file its own separate return.

Filing and payment: Accounts for income tax purposes must be filed within three months of the end of the relevant accounting period. Corporate income tax is payable in four equal installments, based on the previous year's assessment. The actual amount payable is adjusted in the three months following the end of the accounting period.

Foreign companies that have elected for the 8% default taxation (see "Rate" under "Corporate taxation," above) must submit a declaration of their turnover before 1 April following each calendar year.

Penalties: Interest and penalties apply for late payment and filing, failure to file, or filing an incorrect return.

Rulings: An optional advance pricing agreement (APA) ruling procedure is available.

Individual taxation

Rates

Individual income tax rate	Taxable income (MAD)	Rate
	Up to 40,000	0%
	40,001–60,000	10%
	60,001–80,000	20%
	80,001–100,000	30%

	100,001–180,000	34%
	Over 180,000	37%
Capital gains tax rate		0%/20% (generally)

Residence: The following individuals are resident in Morocco for tax purposes: (i) individuals who are habitually resident in Morocco; (ii) individuals who are present in Morocco for at least 183 days in a given year, whether or not continuously; and (iii) individuals whose professional activities or center of economic interests are located in Morocco.

Basis: Resident individuals are taxed on their worldwide income; nonresidents are taxed only on Moroccan-source income.

Taxable income: All compensation received by an individual is taxable, including salaries and wages, allowances, pensions, annuities, and all other employment benefits; investment income; property income; and income derived from the carrying out of a business or profession.

Rates: Rates are progressive and range from 0% to 37%.

Capital gains: Capital gains derived from the disposal of immovable property, shares, and bonds are subject to tax at 20% (see also "Transfer tax" under "Other taxes on corporations and individuals," below).

Capital gains derived from the disposal of a house used as a principal residence for at least six years may be exempted.

Deductions and allowances: Various deductions and personal allowances are available in computing taxable income.

Foreign tax relief: Foreign tax credits may be available under an applicable tax treaty and/or domestic legislation. The amount of the credit is limited to the Moroccan tax otherwise payable on the income. Excess foreign tax credits may not be carried forward or back.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Joint filing is not permitted; each individual must file a separate return.

Filing and payment: Where an income tax return is required, it must be filed online before 1 March of the following year. Independent professionals must file before 1 May. Payment of any tax due must be made at the time of filing.

Penalties: Interest and penalties apply for late payment or filing, failure to file, or filing an incorrect return.

Rulings: There is no system of advance rulings for individual tax purposes.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%	12.5%	10%	10%
Interest	20%	30%	0%/10%	0%/10%
Royalties	0%	0%	10%	10%

Dividends: Dividends paid to a resident company are not subject to withholding tax. A 12.5% withholding tax rate applies to dividends paid to a resident individual. The rate for a nonresident company or individual is 10%, unless reduced under an applicable tax treaty.

Interest: Interest paid to a resident company is subject to a 20% withholding tax. A 30% withholding tax applies to interest paid to a resident individual. Interest paid on a loan from a nonresident is subject to a 10% withholding tax, unless the rate is reduced under an applicable tax treaty. Interest on loans granted by a nonresident for 10 years or more is exempt from withholding tax.

Royalties: Royalties paid to a resident are exempt from withholding tax. Royalties paid to a nonresident are subject to a 10% withholding tax, unless the rate is reduced under an applicable tax treaty.

Fees for technical services: Technical services fees paid to a resident company are exempt from withholding tax, unless paid by a public sector entity or paid to a partnership, in which case a 5% withholding tax applies. A 30% withholding tax applies to technical services fees paid to a resident individual. A 10% rate applies to payments to nonresidents (see "Other," below).

Branch remittance tax: A 10% branch remittance tax (reduced from 12.5% in 2024) is imposed on after-tax profits remitted to a foreign head office, unless the rate is reduced under an applicable tax treaty.

Other: Companies that do not have their registered office in Morocco and nonresident individuals are subject to a (final) 10% tax withheld at source on the gross amount of the following: payments for technical assistance, or technical, scientific, or similar information; fees for the use of, or the right to use, certain equipment; and certain other commissions and fees. The rate may be reduced under an applicable tax treaty. Certain payments (e.g., rents and maintenance) related to aircraft used for international transport are exempt.

Anti-avoidance rules

Transfer pricing: Transactions between related parties must be on arm's length terms. Two methodologies are used by the tax authorities: the comparable uncontrolled price method, and direct assessment based on available information.

Transfer pricing documentation requirements apply to Moroccan companies that have carried out transactions with companies located outside Morocco with which they are directly or indirectly connected, where the Moroccan company has:

- Turnover of at least MAD 50 million; or
- Assets with a gross value on the balance sheet at the end of the relevant fiscal year of at least MAD 50 million.

The mandatory transfer pricing documentation is as follows:

- A master file containing information relating to all the activities of the affiliated companies, the global transfer pricing policy applied, and the global distribution of profits and activities; and
- A local file containing information specific to the transactions carried out by the Moroccan company.

Taxpayers that fail to comply with the mandatory reporting obligation must pay a fine of 0.5% of the amount of the related transactions, subject to a minimum fine of MAD 200,000 per year.

Country-by-country reporting requirements apply to certain companies.

APAs are available.

Interest deduction limitations: There is no formal thin capitalization legislation, but the deduction of interest on shareholder current account loans is subject to certain restrictions. Interest is deductible if the shareholder's stock is fully paid up, the interest rate does not exceed the official annual rate, and the debt-to-equity ratio does not exceed 1:1.

Controlled foreign companies: There is no controlled foreign company legislation.

Anti-hybrid rules: There is no anti-hybrid legislation.

Economic substance requirements: There is no economic substance legislation.

Disclosure requirements: A declaration regarding transactions involving dependent entities may be required by the tax authorities. See also "Transfer pricing," above.

Exit tax: There is no exit tax.

General anti-avoidance rule: A general anti-avoidance rule applies based on the concept of the "abuse of law." The tax authorities may invoke this provision to recharacterize transactions whose main purpose is to avoid or evade tax.

Value added tax

Rates	
Standard rate	20%
Reduced rate	0%/7%/10%/14%

Taxable transactions: VAT is levied on all industrial, commercial, and craft activities, and on services rendered in Morocco, as well as on import transactions.

Rates: The standard rate of VAT is 20%, with reduced rates of 7%, 10%, and 14% applying to certain transactions. Certain supplies are zero-rated or exempt.

Registration: To register for VAT purposes, all persons subject to VAT must make a "declaration of existence" within 30 days of the start of their operations.

Filing and payment: VAT returns generally must be filed on a monthly basis.

Nonresident taxpayers carrying out taxable transactions in Morocco are required to appoint a fiscal representative in Morocco. However, under the reverse charge mechanism, a Moroccan customer of a nonresident taxpayer who has not appointed a fiscal representative must declare the VAT on the transaction on its own VAT return and account for the VAT due.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: An employer is required to register its employees with the social fund. Both the employer and permanent employees are required to pay social security contributions based on the employee's salary. The employee's contribution is withheld by the employer.

Payroll tax: Companies are subject to payroll tax (called professional or vocational training tax) at a rate of 1.6% on the gross monthly remuneration of employees subject to social security contributions.

Capital duty: There is no capital duty.

Real property tax: Companies are subject to registration duty at rates ranging from 4% to 6%, and a 1% real estate tax on the acquisition of real property.

Transfer tax: The transfer of property by individuals is subject to the 20% tax on capital gains, but the tax payable cannot be less than 3% of the transfer price (see “Capital gains” under “Individual taxation,” above).

Stamp duty: Screen advertisements are subject to stamp duty at a rate of 5%.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or gift tax.

Other: Legal entities carrying on business activities in Morocco are subject to business tax, which is based on the rental value of buildings, premises, etc. used for the business and is levied at a rate of 10%, 20%, or 30% of the rental value, depending on the entity’s business.

Municipal tax is levied at a rate of 10.5% of the rental value of real estate assets situated within urban districts, and 6.5% of the rental value of real estate assets in peripheral zones of urban districts.

Tax treaties: Morocco has concluded around 80 income tax treaties. Morocco signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) on 25 June 2019.

Tax authorities: General Tax Administration (Direction Générale des Impôts)

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