



الوكالة المغربية لتنمية الاستثمارات و الصادرات

AGENCE MAROCAINE DE DÉVELOPPEMENT DES INVESTISSEMENTS ET DES EXPORTATIONS

# BUSINESS GUIDE TO MOROCCO 2020 EDITION

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## MAIN CUSTOMS AND FISCAL PROVISIONS

### AMENDING FINANCE ACT N ° 35-20 FOR THE 2020 FINANCIAL YEAR

NB: ALTHOUGH ALL NECESSARY EFFORTS HAVE BEEN MADE TO ENSURE THE ACCURACY AND RELIABILITY OF THE CONTENT, AMDIE CANNOT BE HELD LIABLE FOR ANY ERRORS, OMISSIONS, OR FOR THE RESULTS THAT MAY BE OBTAINED BY USING THE INFORMATION CONTAINED IN THIS BUSINESS GUIDE.



ABOUT  
MOROCCO

# ABOUT MOROCCO

## GENERAL INFORMATIONS

<b>Capital</b>	Rabat
<b>Main cities</b>	Casablanca, Fès, Marrakech, Oujda, Agadir, Tangier, Dakhla, Laâyoune
<b>Institutional system</b>	Democratic, parliamentary and social constitutional monarchy
<b>Administrative division</b>	12 regions
<b>Area</b>	710 850 km <sup>2</sup>
<b>Position</b>	North Africa
<b>Climate</b>	Mediterranean
<b>Time zone</b>	GMT+1
<b>Official languages</b>	Arabic, Tamazight
<b>Commonly used languages</b>	French, English, Spanish

## POPULATION

<b>Population</b>	35.9 million inhabitants
<b>Density</b>	50.5 inhabitants/km <sup>2</sup>
<b>Active population</b>	12 million inhabitants

## CURRENCY

<b>Currency</b>	<b>Moroccan Dirham (MAD)</b>
1 US Dollar	9,9350 (2019)

## MACRO-ECONOMY

<b>GDP (2018)</b>	1107 billion MAD (118 billion USD)
<b>GDP/per capita (2018)</b>	31 426MAD/per capita - 3 347 USD/per capita
<b>Breakdown of GDP (2018)</b>	Primary sector 14 %
	Secondary sector 29 %
	Tertiary sector 57 %
<b>Inflation rate</b>	1,10 % ( 2018 )
<b>Growth</b>	3 % ( 2018 )

## TRADE

<b>Export volume</b>	282 billion MAD – 28 billion USD (2019)
<b>Import volume</b>	491 billion MAD – 49 billion USD (2019)

## FOREIGN DIRECT INVESTMENTS (FDI)

<b>Flow of FDI (2019)</b>	18 billion MAD – 1,8 billion USD
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## SOURCES

- High Commission for Planning ([www.hcp.ma](http://www.hcp.ma))
- Ministry of Economy and Finance ([www.finances.gov.ma](http://www.finances.gov.ma))
- Offices des Changes ( Currency exchange office) ([www.oc.gov.ma](http://www.oc.gov.ma))



DOING BUSINESS  
IN MOROCCO

# DOING BUSINESS IN MOROCCO

## LEGAL FORMS OF COMPANIES

### THE DIFFERENT TYPES OF COMPANIES IN MOROCCO

#### COMPANIES

- Public limited company (PLC), (Société anonyme)
- Limited liability company (LLC), (Société à responsabilité limitée)
- Partnership limited by shares ( Société en commandite par actions)

#### PARTNERSHIPS

- General partnership, ( Société en nom collectif)
- Limited partnership, ( Société en commandite simple )
- Joint venture partnership (Undeclared partnership) ( Société en participation)

These companies are characterized by the predominant aspect of the personal factor «intuitu personae».

#### COMPANIES WITH SPECIAL REGULATIONS

- Investment company ( Société d'investissement)
- Purchasing Cooperative company (Société coopérative d'achat)
- Consumer cooperative company ( Société coopérative de consommation)
- Mutual insurance company (Société mutualiste)

### PUBLIC LIMITED COMPANY (PLC)

#### DEFINITION

The public limited company is a commercial company whose members, called shareholders because of a right represented by a negotiable instrument or share, only bear losses up to the amount of their contributions..

## CHARACTERISTICS

- The number of shareholders cannot be less than 5;
- Its duration cannot exceed 99 years, extendable one or more times;
- The minimum capital is 3 million MAD for PLC making public offerings and 300,000 MAD otherwise;
- The capital must be fully subscribed; failing this, the company cannot be incorporated;
- The nominal amount of the share cannot be less than 50 MAD. However, for companies whose securities are listed on the stock exchange, the minimum is set at 10 MAD;
- Shares in cash must be paid up upon subscription at least 1/4 of their nominal value
- Shares in kind are fully paid up when issued;
- The shares are only negotiable after the registration of the company in the trade register or the completion of the capital increase;
- The company enjoys legal personality as from its registration in the Trade Register;
- Its articles of association must be established in writing;
- All its documents and certificates must indicate the company name, immediately and legibly preceded or followed by the words «public limited company» or the initials «PLC», the statement of the amount of the share capital and the registered office, as well as the registration number in the trade register;
- One or more statutory auditors are responsible for controlling and monitoring the company's financial statements;
- 2 types of public limited companies depending on the administration and management:

#### 1. The company with a board of directors :

- The board is made up of at least 3 members and at most 12;
- The directors are appointed by the ordinary general meeting;
- The board of directors can only validly deliberate if half of the members are actually present;
- The board of directors elects a chairperson (natural person) from among its members and can dismiss them at any time;
- General management is assumed either by the chairperson of the board of directors with the title of chair and chief executive officer or by another natural person appointed by the board of directors and bearing the title of chief executive officer;

#### 2. The company with a management board and a supervisory board:

- The corporate name is preceded or followed by the words “public limited company with a management board and a supervisory board”;
- The management board is made up of at most 5 members (natural persons) appointed by the supervisory board, which confers on one of them the capacity of chairperson;

- The supervisory board is made up of at least 3 members and at most 12 members appointed by the articles of association and during the life of the company, by the ordinary general meeting. None of them can be part of the management board;
- The supervisory board elects, from among its members, a chairperson, where applicable, a vice-chairperson (natural persons);
- The supervisory board can only validly deliberate if half of the members are present

**NEW 2019//** Dahir No. 1-19-78 of April 26, 2019 promulgating law No. 20-19 amending and supplementing law No. 17-95 relating to public limited companies.

#### MAIN PROVISIONS

- Creation of a new name for directors who are neither chairperson, nor chief executive officer, nor deputy chief executive officer, nor company employees exercising management functions, in this case, independent and non-executive directors;
- Submission for authorization of the extraordinary general meeting, disposals of more than 50% of the company's assets for a period of 12 months;
- Expansion of the responsibility of the directors, and of the CEO where applicable, as well as that of the members of the supervisory board, to cover faults committed by them in the management or acts committed that do not fall within the scope of the interest of the company, during the exercise of the delegations given to them, with the possibility of the court to order them to return to the company the profits generated by said acts, and to prohibit them from the management, administration, representation or control of any company for 12 months;
- Obligation for companies making public offerings to appoint, in their board of directors, one or more independent directors, and setting of the conditions required for this appointment and those of their remuneration;
- Granting of a period of one year (from the date of publication of the law) to companies making public offerings to comply with the provisions of this law concerning independent directors.

#### SIMPLIFIED PUBLIC LIMITED COMPANY ( SOCIETE ANONYME SIMPLIFEE) (SAS)

##### DEFINTION

The simplified public limited company is a company formed between two or more companies in order to create or manage a joint subsidiary, or to create a company which will become their common parent.

##### CHARACTERISTICS

- The capital of each member must be at least equal to 2 million MAD or the equivalent of this sum in foreign currency;
- The company is constituted by articles of association signed by all the members;

- The fixed capital must be fully paid up upon signing of the articles of association;
- The company cannot make a public offering;
- The chairperson (can be a legal person) is appointed initially by the articles of association and, then, in the way that these articles of association determine.

#### LIMITED LIABILITY COMPANY (LLC)

##### DEFINTION

A limited liability company is a commercial company whose members only bear losses up to the amount of their contributions.

##### CHARACTERISTICS

- The maximum number of members cannot exceed 50;
- An LLC cannot have as a single member another LLC made up of a single person;
- The amount of the share capital is freely set by the members in the articles of association. It is divided into shares of equal par value;
- Company shares must be fully subscribed by the members. They cannot be represented by negotiable securities ;
- Contributions in kind must be fully paid, those in cash at least 1/4 of their amount,
- Company shares are freely transferable by inheritance and freely transferable between members, spouses, parents and allies but may not be transferred to third parties without the consent of the majority of members representing at least 3/4 of the company shares;
- The funds resulting from the release of the shares are deposited within 8 days of their receipt in a blocked bank account when the fixed share capital exceeds 100,000 MAD. The withdrawal can only be made after registration in the trade register;
- The management of an LLC can be undertaken by one or more individuals responsible individually or jointly towards the company or towards third parties;
- The dismissal of the manager and the modification of the articles of association are decided by the members representing at least 3/4 of the shares;
- Managers or members are prohibited from contracting loans from the company or having their personal commitments guaranteed by the company;
- Decisions are taken at a general meeting (unless otherwise provided for in the articles of association) and adopted by one or more members representing more than half of the shares;
- The management control of an LLC is entrusted to one or more auditors
- The members can appoint one or more auditors. However, companies whose turnover at the end of the financial year exceeds the amount of 50 million MAD, are required to appoint at least one auditor;
- The company is not dissolved when a judgment of judicial liquidation, the prohibition to manage or a measure of incapacity is pronounced with regard to one of the members. It is not dissolved by the death of a member (unless otherwise stipulated);

- The transformation of an LLC into a general partnership requires the unanimous agreement of the members. The transformation into a limited partnership or a partnership limited by shares is decided in accordance with the articles of association of the LLC and with the agreement of all the members who agree to be active partners. The transformation into a public limited company is decided by the majority required for the modification of the articles of association of the LLC;
- All its documents must indicate the company name, which may include the name of one or more members, and which must be immediately preceded or followed by the mention limited liability company or the initials LLC or single member limited liability company, the statement of the amount of the share capital and the registered office, as well as the registration number in the commercial register.

#### PARTNERSHIP LIMITED BY SHARES

##### DEFINITION

The partnership limited by shares, the capital of which is divided into shares, is formed between one or more general partners, who have the capacity of traders and are indefinitely and jointly and severally liable for the company's debts and limited partners who have the capacity of shareholders and only bear losses up to their contributions.

##### CHARACTERISTICS

- The partnership limited by shares is designated by a name or the name of one or more general partners may be incorporated and must be immediately preceded or followed by the words « partnership limited by shares »;
- The number of limited partners cannot be less than three;
- The first manager or managers are appointed by the articles of association. They complete the incorporation formalities for which the founders of public limited companies are responsible;
- During the existence of the company (unless otherwise provided in the articles of association), the manager or managers are appointed by the ordinary general meeting of shareholders with the agreement of all the general partners;
- The manager, partner or not, is dismissed under the conditions provided for by the articles of association;
- The manager is vested with the broadest powers to act in all circumstances on behalf of the company.
- The ordinary general meeting of shareholders appoints a supervisory board, made up of at least 3 shareholders.
- The members of the supervisory board do not incur any liability, due to management acts and their results ;
- A general partner cannot be a member of the supervisory board; and shareholders having the status of general partners cannot participate in the appointment of members of this board;
- The ordinary general meeting of shareholders appoints one or more auditors;

- The Supervisory Board assumes permanent control of the management of the company. For this purpose, it has the same powers as the statutory auditors;
- The modification of the articles of association requires, unless otherwise specified, the agreement of all the general partners;
- The transformation of the limited partnership by shares into a public limited company or a limited liability company is decided by the extraordinary general meeting of shareholders with the agreement of two thirds of the general partners, unless the articles of association establish another quorum.

#### LIMITED PARTNERSHIP

##### DEFINITION

The limited partnership is a commercial company made up of general partners who have the capacity of traders and are indefinitely and jointly and severally liable for the company's debts and limited partners who are liable for the company's debts only up to their contribution, which cannot be a sweat equity.

##### CHARACTERISTICS

- The limited partnership is designated by a corporate name which may include the name of one or more general partners and which must be immediately preceded or followed by the words «Limited partnership».
- Company shares can only be transferred with the consent of all partners;
- The limited partner cannot perform any management act committing the company to third parties, even by virtue of a power of attorney;
- The company continues despite the death of a limited partner;
- Any modification of the articles of association is decided with the consent of all the general partners and the majority in number and in capital of the limited partners;
- The provisions relating to general partnerships are applicable to limited partnerships (subject to the rules provided for in the first chapter of the law on limited partnerships)

#### GENERAL PARTNERSHIP

##### DEFINITION

The general partnership is a commercial company whose partners all have the status of traders and are indefinitely and jointly and severally liable for company's debts..

##### CHARACTERISTICS

- The general partnership is designated by a corporate name, which may include the name of one or more partners, and which must be immediately preceded or followed by the words «general partnership»;
- All the partners are managers, unless otherwise stipulated in the articles of association, which may appoint one or more managers, whether partners or not, or provide for their appointment by subsequent act;

- Decisions which exceed the powers granted to managers are taken unanimously by the partners, unless otherwise stipulated in the articles of association;
- The partners can appoint, by a majority of the partners, one or more auditors. However, companies whose turnover at the end of the financial year exceeds the amount of MAD 50 million are required to appoint at least one auditor.
- The dismissal of the managers can only be decided unanimously by the partners;
- This dismissal results in the dissolution of the company, unless its continuation is provided for by the articles of association or the other partners decide unanimously;
- The company shares are registered and can only be transferred with the consent of all the partners;
- The company ends with the death of one of the partners unless it has been stipulated that the company will continue, either with the partners only, or with one or more heirs, or any other person designated by the articles of association.

#### UNDECLARED PARTNERSHIP (JOINT VENTURE)

##### DEFINITION

The undeclared partnership only exists in relationships between partners and is not intended to be known to third parties.

##### CHARACTERISTICS

- It does not have legal personality.
- It is not subject to registration or to any formality of publicity and its existence can be proven by any means.
- The partners freely agree on the corporate purpose, their respective rights and obligations and the company operating conditions.
- If the company has a commercial character, the relationships of the partners are governed by the provisions applicable to general partnerships unless it is stipulated otherwise.
- With regard to third parties, each partner contracts in his own name. He alone is engaged even in the event that he reveals the names of the other partners without their agreement;
- However, if the participants act as partners, they are bound to third parties as general partners;
- Each partner retains ownership of his contribution (unless otherwise provided). However, the partners may agree to put certain contributions in joint possession;
- When the joint venture is for an indefinite period, its dissolution may result at any time from a notification sent by one of them to all the partners, provided that this notification is made in good faith and not be in bad time.

**NEW 2019//** Dahir No. 1-19-79 of April 26, 2019 promulgating the law n ° 21-19 amending and supplementing the law n ° 5-96 on the general partnership, the limited partnership, the partnership limited by shares, the limited liability company and the joint venture.

#### MAIN PROVISIONS

- Authorization of the partner (s), holding a tenth (instead of a quarter) of the shares, to request the meeting of the general meeting;
- Opening of the possibility for one or more partners representing at least five percent of the share capital to request the inclusion of one or more draft resolutions on the agenda of the general meeting;
- Requirement for the sale of more than 50% of the company's assets for a period of 12 months, by decision of the partners representing at least three-quarters of the share capital, on the basis of a report drawn up by the manager;
- Determination, by the general meeting or, failing that, by the manager, of the terms of payment of the dividends voted by said meeting; it being specified that this payment must take place within a maximum period of 9 months after the end of the financial year, unless this period is extended by order of the president of the court, ruling in summary proceedings, at the request of the manager.

#### LEGAL BASE / SOURCE

Law No. 20-19 amending and supplementing Law No. 17-95 relating to public limited companies

Law No. 21-19 amending and supplementing Law No. 5-96 on general partnerships, limited partnerships, partnerships limited by shares, limited liability companies and undeclared partnerships

## STEP 1 : NEGATIVE CERTIFICATE

The negative certificate is a document which certifies that the name, acronym or logo requested is not already in use and can therefore be entered for registration in the Trade Register. It is the 1st document necessary for starting a business.

NB : the name, acronym or logo does not confer on its owner protection for these marketed products and services, hence the need to consider protecting them as a trademark in order to avoid any confusion in the mind of the public.

The negative certificate is issued by OMPIC (Moroccan Office of Industrial and Commercial Property) and allows ninety (90) days to complete the registration formalities in the trade register.

<b>Companies concerned</b>	All commercial companies except for sole proprietorships which do not opt for a logo
<b>Agencies concerned</b>	<ul style="list-style-type: none"> <li>Online : <a href="http://www.directinfo.ma">www.directinfo.ma</a></li> <li>At the OMPIC or from the regional offices of OMPIC</li> <li>Or at the Regional Investment Center (RIC) / Moroccan Office of Industrial and Commercial Property desk</li> </ul>
<b>Documents requested</b>	<ul style="list-style-type: none"> <li>Submit a printed application to be obtained from the RIC</li> <li>A copy of the beneficiary's identity document. (in the case of filing of the request by a trustee, a notary or other firm, a stamp of these firms must be affixed on the request)</li> </ul>

<sup>1</sup> The steps 6, 7, 8 and 9 are done at the RIC level at the desk of the administration concerned by completing and submitting a **single business creation declaration form**

## STEP 2 : DRAWING UP OF ARTICLES OF ASSOCIATION (NOTARIAL OR PRIVATE DEED)

The articles of association are a set of contractual provisions which define the rules applicable to a specific legal situation.

They can take two forms: notarial act or private signature.

<b>Companies concerned</b>	All commercial companies (except individuals and branch)
<b>Agencies concerned</b>	Legal Firm: fiduciaries, notaries, lawyers, accountants, legal advisers ...
<b>Documents requested</b>	To be defined with the legal firm in charge of the file

## STEP 3 : PREPARATION OF SUBSCRIPTION FORMS AND, IF APPLICABLE, DEEDS OF CONTRIBUTION

The subscription form is a document to be completed in the event of participation in the constitution of the company's capital.

It constitutes a commitment of a contribution in cash.

<b>Companies concerned</b>	PLC, Simplified PLC and Partnership limited by shares
<b>Agencies concerned</b>	Legal Firm: fiduciaries, notaries, lawyers, accountants, legal advisers ...
<b>Documents requested</b>	Subscription forms signed by subscribers

#### STEP 4 : BLOCKING OF THE AMOUNT OF PAID-UP CAPITAL

The deposit must be made within 8 days of receipt of funds by the company.  
A paid-up capital blocking certificate is issued by the bank.

<b>Companies concerned</b>	Commercial companies especially PLC, Simplified PLC and Partnership limited by shares and LLC when the fixed share capital exceeds 100.000 MAD.
<b>Agencies concerned</b>	Bank
<b>Documents requested</b>	<ul style="list-style-type: none"><li>For PLC, Simplified PLC: the articles of association, negative certificate, identity documents, subscription forms</li><li>For LLC : all documents except subscription forms.</li></ul>

#### STEP 5 : PREPARATION OF THE SUBSCRIPTION AND PAYMENT DECLARATION

<b>Companies concerned</b>	PLC, Simplified PLC and Partnership limited by shares
<b>Agencies concerned</b>	Legal Firm: fiduciaries, notaries, lawyers, accountants, legal advisers ...
<b>Supporting documents</b>	The forms drawn up by the notary and the paid-up capital blocking certificate issued by the bank

#### STEP 6 : FILING OF BUSINESS CREATION DOCUMENTS AND REGISTRATION FORMALITIES

Starting-a-business application files are processed at the level of the local Regional Investment Center by representatives of the various administrations concerned by the business creation.

<b>Companies concerned</b>	PLC, LLC, General Partnership, Limited partnership, Partnership limited by shares
<b>Agencies concerned</b>	Regional Investment Center / Regional Tax Directorate desk
<b>Documents required</b>	<ul style="list-style-type: none"><li>The articles of association</li><li>The lease contract or the deed of acquisition,</li><li>The reports of the appointment of the manager or the appointment of the chairman, auditors, directors</li></ul>

#### STEP 7 : REGISTRATION OF PROFESSIONAL TAX AND FISCAL IDENTIFIER (CORPORATE TAX – INCOME TAX - VAT)

It is about the registration of the company with the tax authorities.  
This step of starting a business allows the company to choose its tax regime and obtain its professional tax identifier.

<b>Companies concerned</b>	All companies
<b>Agencies concerned</b>	Regional Investment Center / Regional Tax Directorate desk
<b>Documents Required</b>	For Professional tax : <ul style="list-style-type: none"><li>accreditation or diploma for regulated activities</li><li>agreement in principle for classified establishments</li><li>the lease contract in the deed of acquisition or certificate of domiciliation by a legal person</li></ul>

#### STEP 8 : REGISTRATION IN THE TRADE REGISTER

Registration in the commercial register is the birth certificate of the company.

<b>Companies concerned</b>	All commercial companies except the joint venture.
<b>Agencies concerned</b>	Regional Investment Center / Commercial Court desk

#### STEP 9 : MEMBERSHIP IN THE CNSS (NATIONAL SOCIAL SECURITY FUND)

Membership in the CNSS is a legal obligation. Any company subject to the social security system must be member in the CNSS which therefore issues a membership number, which constitutes administrative recognition of its identification, registration and attachment to the regime.

<b>Companies concerned</b>	All commercial companies
<b>Agencies concerned</b>	Regional Investment Center /Desk: National Social Security Fund

#### STEP 10 : PUBLICATION IN THE LEGAL NOTICES JOURNAL AND IN THE OFFICIAL JOURNAL

Once the company is registered in the trade register and within a period not exceeding one month, two advertisements are mandatory in the legal notices journal and in the Official Journal.

<b>Companies concerned</b>	All commercial companies
<b>Agencies concerned</b>	<ul style="list-style-type: none"><li>• Legal notices journal</li><li>• Official Journal</li></ul>

#### NEW

Implementation of the cri-invest platform: <https://www.cri-invest.ma/>

It is an investor - space which offers them a range of services allowing them to obtain information and to follow the processing of their investment project within the framework of the commission dedicated to this purpose by law 47-18 in full transparency and in compliance with legal deadlines.

Through this platform, the investor can learn about the procedures and incentives related to investment, launch a project, track its progress and access all documents and authorizations.

#### CONTACTS

- Regional Investment Center : Souss Massa  
<http://www.agadirinvest.com>
- Regional Investment Center : Rabat-Salé-Kénitra  
<http://www.rabatinvest.ma>
- Regional Investment Center : Casablanca -Settat  
<http://www.casainvest.ma>
- Regional Investment Center : Tanger-Tétouan-Al Hoceima  
<http://www.investangier.com>
- Regional Investment Center : Fès-Meknès  
<http://fesmeknesinvest.ma>
- Regional Investment Center : Marrakech-Safi  
<http://www.crimarrakech.ma/>
- Regional Investment Center :  
<http://www.orientalinvest.ma>
- Regional Investment Center : Béni Mellal-Khénifra  
<http://coeurdumaroc.ma/cri/public>
- Regional Investment Center : Guelmim - Oued Noun  
<http://www.guelmiminvest.ma>
- Regional Investment Center : Laâyoune - Sakia El Hamra  
<http://www.laayouneinvest.ma>
- Regional Investment Center : Dakhla-Oued Eddahab  
[www.dakhlaconnect.com](http://www.dakhlaconnect.com)

### BANKING SECTOR

The Moroccan banking sector provides entrepreneurs with means of financing adapted to their business.

It therefore offers medium and long-term credits for the achievement of business creation, extension or modernization projects.

Likewise, credits of investment in leasing are available to allow the rental of movable or immovable property for the business.

Exporting companies have specific financing instruments, particularly the pre-financing of exports, the mobilization of receivables arising from abroad, the financing of imports in foreign currency, discount without recourse (forfeiting) ...

The eligibility conditions and the financing terms are negotiated directly with the bank.

### PRIATE EQUITY

Private equity can meet real financing needs for a company and be a lever for its improvement.

Private equity thus finances its start-up, development, transfer, or even its recapitalization in the event of difficulties.

For more information, please consult the website of the Moroccan Association of Private Equity Investors : <http://www.amic.org.ma>

### GUARANTEE FUND OF CCG<sup>2</sup> (CENTRAL GUARANTEE FUND)

The CCG is a public financial institution, considered as a credit institution under the banking law. The CCG is charged with a mission of general interest which consists, among other things, in sharing risks with players in the financial sector to facilitate access to financing.

The CGC helps to give a boost to private initiative by encouraging the business creation, development and modernization

- COVID 19 EXCEPTIONAL MEASURE

### DAMANE OXYGÈNE

#### Object

Exceptional cash credit guarantee in favor of companies impacted by the COVID-19 crisis.

#### 2

For more informations, visit the official website : <Http://www.ccg.ma>

### Target companies

The product is primarily intended for Very Small Businesses & Small and Medium Businesses impacted by the crisis (turnover not exceeding 200 M MAD).

However, mid-sized companies with a turnover between 200 and 500 M MAD and whose business has been impacted by the crisis, can also benefit from this guarantee product.

### Guaranteed credits

Exceptional overdraft intended to meet current expenses that cannot be postponed or suspended by the company. This overdraft cannot under any circumstances be used to reduce overspending on lines..

The amount of the overdraft represents a maximum of 20% of the existing operating lines or the ones to be implemented, within the limit of 20 M MAD.

In the event that the level of 20% of the operating lines does not cover 3 months of current expenses, the ceiling will then be set at 3 months of said expenses..

For companies without operating lines, the bank can grant an exceptional overdraft within the limit of 5 M MAD and at 3 months of current expenses.

The overdraft drawdown must be made after exhaustion of the operating lines by disbursement granted. They must also be used gradually and until June 30, 2020, upon presentation of supporting documents and/or in the hands of the beneficiaries.

### Percentage of cover

95% of principal.

- INTELAKA PROGRAM

### NEW DAMANE INTELAK

#### Object

Guarantee of investment credits and operating credits of up to 1.2 M MAD granted to eligible companies.

#### Beneficiaries

Very small and small businesses, young project holders, innovative young businesses and self-employed entrepreneurs meeting the following conditions:

- Being under Moroccan law whatever its legal form (natural or legal person),
- Having for object or activity the production of goods and/or services,
- Being created for a maximum of 5 years on the date of presentation of the loan application. This condition does not apply to companies exporting to Africa<sup>3</sup>;

#### 3

The companies having achieved at least 20% of their turnover from exports to Africa for the last financial year as well as those having obtained contracts / orders for exports to Africa representing at least 10% of their estimated turnover for the current/future financial year, are eligible.

- Having a turnover of less than or equal to 10 M MAD (excluding taxes): achieved for the last closed financial year for companies in activity or to be achieved for the current/future financial year for new companies.

#### Sectors concerned

All business sectors excluding real estate development and deep sea fishing

#### Guaranteed credits

Short-term credits granted to first-timers (companies accessing short-term loans for the first time)<sup>4</sup> as well as medium and long-term credits not exceeding 1.2 M MAD.

#### Percentage of cover

80% of the loan principal.

#### NEW INTELAK AL MOUSTATMIR AL QARAWI

#### Object

Guarantee of investment credits and operating credits of up to 1.2 M MAD granted to eligible companies operating in rural areas.

#### Beneficiaries

Very small and small businesses, young project holders, innovative young businesses and self-employed entrepreneurs and small farms including future projects built on the operation of melkization (ownership) of collective lands known as “soulaliyates” fulfilling the conditions following:

- Being under Moroccan law whatever its legal form (natural or legal person),
- Having for object or activity the production of goods and/or services carried out in the rural world,
- Being created for a maximum of 5 years on the date of presentation of the loan application. This condition does not apply to companies exporting to Africa<sup>5</sup> and to small farms;
- Having a turnover of less than or equal to 10 M MAD (excluding taxes): achieved for the last closed financial year for companies in activity or to be achieved for the current/future financial year for new companies.

#### Sectors concerned

All business sectors excluding real estate development and deep sea fishing

#### Guaranteed credits

Short-term credits granted to first-timers (companies accessing short-term loans for the first time)<sup>6</sup> as well as medium and long-term credits not exceeding 1.2 M MAD.

#### Percentage of cover

80% of the loan principal.

<sup>4</sup> This exclusion does not apply to companies exporting to Africa.

#### NEW START-TPE

#### Object

The honor loan (loan without collateral and without interest) is a credit with zero interest rate intended for the business creation, the takeover of a business and personal projects.

#### Beneficiaries

Very small and small businesses, young project holders, innovative young businesses and self-employed entrepreneurs and small farms including future projects built on the operation of melkization (ownership) of collective lands known as “soulaliyates”

- Being under Moroccan law whatever its legal form (natural or legal person),
- Having for object or activity the production of goods and/or services,
- Having benefited from a medium and long term bank credit of 300,000 MAD maximum guaranteed by Damane Intelak or Intelak Al Moustatmir Al Qarawi.

#### Sectors concerned

All business sectors excluding real estate development and deep sea fishing

#### Fundable needs

Working capital requirements linked to the above-mentioned medium and long-term bank credit.

#### Loan characteristics

Share: 20% maximum of the amount of the above-mentioned medium and long-term bank credit

Ceiling: 50,000 MAD

Interest rate: 0%

Security: No security is required

Repayment period: Refundable once after a deductible of up to 5 years.

<sup>5</sup> The companies having achieved at least 20% of their turnover from exports to Africa for the last financial year as well as those having obtained contracts / orders for exports to Africa representing at least 10% of their estimated turnover for the current/future financial year, are eligible.

<sup>6</sup> This exclusion does not apply to companies exporting to Africa.

- INVESTMENT

## GUARANTEE FUND DEDICATED TO TOURIST PROJECTS

### Object

Guarantee of bank loans granted for the realization of accommodation establishment projects (excluding Tourist Promotion Real Estate Residences (RIPT)) and/or of a medium and large-sized tourist entertainment component.

### Beneficiaries

Company under Moroccan law with an investment program for the creation of an accommodation establishment (excluding RIPT) and/or a tourist entertainment component.

### Secured credits

Medium and long-term bank credits for the development of tourist accommodation and/or entertainment products.

### Percentage of cover

- 60% of the loan principal for projects located in integrated seaside resorts of the "Azur 2020 program";
- 50% of the loan principal for projects located outside the said resorts.

## MEZZANINE PME

### Object

Intermediate financing between bank credit and equity participation. This is a loan subordinated to the repayment by the company of all its other bank receivables.

### Beneficiaries

Moroccan companies meeting the following conditions :

- Working in the industry sector, services related to industry or achieving at least 20% of their turnover from exports for the last closed financial year;
- Potentially viable but suffering from under-capitalization;
- Not being in receivership or compulsory liquidation.

### Eligible funding programs

MEZZANINE PME is intended to finance :

- Needs linked to investments;
- Needs related to working capital.

### Nature of the credit and intervention ceiling

Subordinated loan capped at MAD 10M, without exceeding the capital of the company, less any cumulative losses, if applicable.

### Loan conditions

- Duration: 10 years maximum including a deferred principal up to 5 years
- Interest rate: Rate equivalent to the weighted average rate of 5-year Treasury bill issues increased by 250 basis points.
- Collateral: no guarantee is required to cover the MEZZANINE PME loan.

## LIGNE FRANÇAISE (FRENCH LINE)

### Object

Co-financing with banks of projects relating to the purchase of French goods and services as well as study and training services for Moroccan companies.

### Beneficiaries

Moroccan companies having :

- An annual turnover of less than € 25M;
- A predominantly Moroccan capital.

### Fundable programs

- The acquisition from French supplier (s) of goods and services of French origin. The contract with the French supplier (s) may include goods and services of Moroccan and/or foreign origin up to a limit of 30% of the credit implemented;
- Study and training services related to the activity of the beneficiary company and carried out by French companies or Moroccan subsidiaries of French companies. These services are funded by donation.

### Financing modalities

#### - LIGNE FRANCAISE

- Between € 100,000 and € 2 million without exceeding 60% of total external funding, excluding donations;
- Between € 100,000 and € 3 million without exceeding 75% of total external funding excluding donations for projects in the agricultural and agri-food sectors or aimed at developing exports to Africa.

#### - BANK CREDIT

- Minimum 40% of total external funding excluding Donation;
- Minimum 25% of total external financing excluding donations for projects in the agricultural and agrifood sectors or aimed at developing exports to Africa.

#### - EQUITY : remainder of project funding.

- DONATION : 19% maximum of the amount of the «Ligne française» loan to finance study and training services where applicable.

- **Terms of the joint credit**

- Interest rate: 2% per year excluding VAT in Moroccan dirham for the part of the Ligne française. The bank loan rate is freely negotiable
- Duration: 12 years maximum including 5 years maximum of deductible principal
- Collateral: Pari-passu between the CCG and the Bank

## MDM INVEST

### Object

Joint financing with banks of projects to create or expand businesses promoted in Morocco, directly by Moroccans Residing Abroad (MRA).

### Beneficiaries

To benefit from the Fund, it is sufficient :

- To be Moroccan residing abroad justifying a residence permit or a foreign identity document or a valid consular card;
- To be Moroccan having resided abroad and made a final return for a maximum period of one year before the date of deposit of the investment project at the bank.

### Eligible investment programs

Investment project of creation or extension of an amount at least equal to 1M MAD promoted directly by Moroccans Residing Abroad alone or associated with Moroccan or foreign investors.

### Eligible sectors

- Industry and industry-related services
- Education
- Hotel industry
- Health

### Project financing

The investment programs will be financed according to the following table :

<b>Equity contribution from the MRA</b>	<p>At least 25% of the total amount of the investment project, in the form of a foreign currency contribution to be paid or transferred to an account in dirham dedicated to the project.</p> <p>The following can also be taken into account for this quota :</p> <ul style="list-style-type: none"> <li>• Foreign currency transfers made prior to the project deposit at the bank and lodged in a foreign currency account,</li> <li>• Foreign currency transfers made during the year preceding the date of deposit of the project at the bank and lodged in a convertible dirham account dedicated to the project (1).</li> </ul>
<b>«MDM Invest» funds</b>	10% of the amount of the share of the MRA in the project in the form of a non-refundable contribution (2) with a ceiling of 5 M MAD.
<b>The remainder</b>	Financed either by a bank loan or by any other contribution in cash

(1) The following may also be taken into account for this quota :

Foreign currency transfers made prior to the project deposit at the bank and lodged in a foreign currency account;

Currency transfers made during the year preceding the date of deposit of the project at the bank and lodged in an account in convertible dirhams.

(2) This contribution must be returned in the event of disinvestment during the first 5 years from the date of release by the MRA of the minimum equity contribution in foreign currency.

- STRUCTURAL FINANCE

## PUBLIC PRIVATE FUNDS (PPF)

### Object

Support and structural financing of high-potential SMEs whose turnover does not exceed 100 M MAD.

### Beneficiaries

Legal persons meeting the following conditions :

- Companies governed by Moroccan law under creation or already existing
- Having for object or activity the production of goods and/or services.

### Eligible sectors

All sectors combined.

### Segments of Private Equity involved

- Creation
- Development
- Transfer

## DAMANE CAPITAL RISQUE (DAMANE VENTURE CAPITAL)

### Object

Guarantee of equity or quasi-equity contributions made by venture capital companies.

### Beneficiaries

- Companies incorporated under Moroccan law, not listed on the stock exchange, whose object or activity is the production of goods and/or services
- Companies that have not been the subject of a receivership or judicial liquidation procedure at the date of the investment by the company whose object is the equity and quasi-equity contribution in favor of companies.

### Eligible sectors

All business sectors, excluding real estate development and deep-sea fishing.

### Fundable projects

Equity or quasi-equity contributions in the form of :

- Subscription of stocks or shares
- Subscription of convertible bonds
- Subscription of equity securities or investment certificates
- Advances on associated current accounts

### Secured credits

Equity or quasi-equity contributions in the form of :

- Subscription of stocks or shares
- Subscription of convertible bonds
- Subscription of equity securities or investment certificates
- Advances on associated current accounts

### Percentage of cover

60% of equity and quasi-equity contributions for innovative projects (50% for other projects).

- INNOVATION

## INNOV IDEA

### Eligible companies

Project holder or newly created company, whose application has been validated by a structure labeled by the CCG and wishing to demonstrate the potential and the feasibility of their project based on an innovative idea (new product, new process, use of acquired and not initially marketed patents, adaptation of an innovative technology to the Moroccan market...).

### Eligible expenses

Expenses covering at a fixed rate the various costs related to the innovative project and incurred by the eligible target (costs related to taking out insurance, travel costs, communication costs, database subscription costs, etc.).

All other expenses necessary to support the eligible target (rental costs, assistance, training, etc.) with a structure labeled by the CCG can also be financed.

### Financing modalities

Funding is provided in the form of a grant capped at :

- 100,000 MAD per project holder
- 200,000 MAD in the case of a company formed by two or more members

Funding is conditional upon the conclusion of a support agreement between the eligible target and Labeled structure.

## INNOV START

### Eligible companies

Project holder or newly created company, whose application has been validated by a structure labeled by the CCG and wishing to demonstrate the potential and the feasibility of their project based on an innovative idea (new product, new process, use of acquired and not initially marketed patents, adaptation of an innovative technology to the Moroccan market...).

### Eligible expenses

The expenses related particularly to the following elements can be financed by the honor loan (loan without collateral and without interest) for an innovative project :

- Prototyping and testing
- Rental / provision of technical facilities, laboratories, servers, etc.
- Market research and survey
- Development of strategy and business model / business plan ...

### Financing modalities

The financing is granted in the form of an honor loan (loan without collateral and without interest) capped at :

- 250,000 MAD per project holder
- 500,000 MAD in the event of a project presented by two or more candidates

Funding is conditional upon the conclusion of a support agreement between the eligible target and Labeled structure.

### Refund conditions

- Deferral period of 2 years from the completion and operation of the project
- Repayment over a period of 5 years

## INNOV RISK

### Eligible companies

Companies in the creation / start-up phase having successfully raised funds from investors (venture capital funds, angel investors, etc.) and needing additional cash to finance their cash flow needs, additional investments or costs of marketing of their products.

### Eligible expenses

The expenses related particularly to the following elements can be financed by the reimbursable advance for an innovative project :

- Prototyping and testing as part of product development/refinement
- Establishment of production facilities
- Marketing and commercialization
- Working capital requirement ...

## Financing modalities

The financing is granted in the form of a repayable advance, the amount of which is capped at 50% of contributions from external investors (venture capital funds, angel investors, etc.) and without exceeding 2,000,000 MAD.

### Refund conditions

- Deferral period of one year from the completion and operation of the project
- Repayment over a period of 5 years

### Overall commitment limit

2,000,000 MAD on the same company, all competitions combined for honor loans and advances

## INNOV DEV

### Eligible companies

SME under Moroccan law in a growth phase having successfully raised funds from investors (private equity funds, angel investors, etc.) and needing funds to finance their investment and / or operating needs.

### Eligible expenses

Intangible and/or material expenses related particularly to the following elements can be financed by the equity loan as part of an innovative project :

- Establishment of production facilities
- Marketing and commercialization
- Prospecting for new markets, especially for export;
- Development of new product variants;
- Working capital requirement...

### Financing modalities

The financing is granted in the form of a equity loan according to the following conditions :

- Loan amount: 3,000,000 MAD maximum without exceeding 50% of contributions from external investors (venture capital funds, angel investors, etc.)
- Repayment: over a maximum period of 8 years with 2 years deferral.
- Interest rate: 2% per year excluding taxes

## SUPPORT PROGRAMS<sup>7</sup> FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) AND VERY SMALL ENTERPRISES (VSEs) (PROGRAMMES MAROC PME PROGRAMS)

### **NEW** COVID-19: ADVICE AND TECHNICAL EXPERTISE OFFER TO SUPPORT THE DEPLOYMENT OF RECOVERY PLANS FOR INDUSTRIAL VSME

#### **Object**

Offer of advice and technical expertise for the benefit of industrial VSMEs to support them in managing the difficulties caused by the Covid-19 pandemic and the preparation of recovery plans for their activities.

#### **Advantage**

80% of the cost of support provided by specialist expertise in the development and deployment of the continuity and recovery plan.

#### **Procedure**

Fill in the application form (available on the Maroc PME website) :

<http://candidature.marocpme.ma/formulaire-accompagnement-covid19/>

## SUPPORT FOR CREATIVITY AND CO-DEVELOPMENT- AGRI-FOOD INDUSTRY

#### **Object**

Creativity and co-development allowance to financially support VSMEs in the development of finished products and Moroccan brands and in the co-development of new products with a prime contractor.

#### **Advantage**

50% bonus for expenses related to a creativity and co-development project in the agri-food sector.

#### **Procedure**

- Registration on the Maroc PME platform ;
- Preparation and submission of application files to the headquarters of Maroc PME;
- Project evaluation and selection.

## SUPPORT FOR CREATIVITY AND CO-DEVELOPMENT - CLOTHING TEXTILE

#### **Object**

Creativity and co-development support program aimed at strengthening the economic models of the Textile Clothing sector that create value (platform, co-development and finished product).

#### **Advantage**

- VSE (TURNOVER < 10 M MAD)

50% Premium of the amount of one or more creativity, design, new product design and co-development projects, up to a limit of MAD 1 million/project.

- SME (10 M MAD ≤ TURNOVER ≤ 200 M MAD)

50% Premium of the amount of one or more creativity, design, new product design and co-development projects, up to a limit of MAD 5 million / project.

#### **Procedure**

- Fill in the application form (available on the Maroc PME website);
- Prepare the opportunity study relating to the project;
- Submit the application file to Maroc PME.

## DIGITAL TRANSFORMATION

#### **Object**

Support for the company, industrial or having a business related to industry with a turnover of less than MAD 200 million, in strengthening its competitiveness by activating the digital transformation of the company and information systems.

#### **Advantage**

Covering of the cost of the service up to:

- 70% of the total amount of acquisition of an information system (IS) in proprietary mode, including infrastructure and equipment
- 80% of the overall amount of acquisition of information systems in cloud mode, including infrastructure and equipment.

#### **Procedure**

- Register for the program on the Maroc PME platform;
- Prepare and submit the contracting file.

## COMMON CATEGORIZATION OF COMPANIES

### Object

Offer of technical assistance to an industrial company or one having a business related to the industry with a turnover of less than 200 M MAD to better prepare for the categorization process.

### Advantage

Covering of the cost of the service up to:

- 70% of the total amount of individual actions.
- 80% of the total amount as part of a three-year progress plan.

### Procedure

- Register for the program on the Maroc PME platform;
- Request a referencing of the company;
- Prepare and submit the contract file.

## INMAA

### Object

Training and assistance for companies in Lean management to improve productivity performance. This training is intended for industrial companies or those having a business related to industry with a turnover of less than 200 M MAD.

### Advantage

- Lean Manufacturing training and awareness session.
- Support for the implementation of Lean tools.
- Assistance in up to 60% of the service.

### Procedure

- Membership application by online registration in the membership platform of Maroc PME agency.
- Copy of the Trade Register and/or copy of the certificate of registration for professional tax.
- Copy of the turnover certificate or copy of the Income and Expenses Statement or affidavit signed by the company.

## SUPPORT FOR GROWTH INVESTMENT: IMTIAZ / ISTITMAR

This program supports investment projects contributing to the development of the regional entrepreneurial fabric.

Joining the program is done in 3 steps:

- Registration on the Maroc PME platform.
- Preparation and submission of the application file: development project and business plan models provided by Maroc PME;
- Evaluation and selection of projects for contractualization.

### IMTIAZ

- SMEs starting up activities or growing SMEs whose annual turnover excluding tax is equal to or less than 200 M MAD.
- Targeted projects:
  - Growth and creation of added value and jobs;
  - The change of scale and the emergence of new business models.
- 20% premium of the investment project, material or immaterial, capped at 10 M MAD.

### ISTITMAR

- High-potential VSEs whose annual turnover excluding tax is equal to or less than 10 M MAD.
- Targeted projects:
  - industrial valorization and transformation;
  - Strengthening the relationship with prime contractors;
  - The development of innovation responding to market opportunities.
- 30% premium of the investment project, material or immaterial, capped at 2 M MAD.

**IMPORTANT** Postponement of the deadline for submitting applications to July 9, 2020

## AUTO-ENTREPRENEUR (SELF-ENTREPRENEUR)

The status of the auto-entrepreneur is established under Law 114.13. This is a new legal form of business intended for any natural person exercising, individually, an industrial, commercial or craft activity, or providing a service.

The turnover collected should not exceed 500,000 MAD for industrial, commercial or craft activities and 200,000 MAD for services.

This status comes with many advantages, especially :

- Simplification of the creation and termination procedures
- Exemption from bookkeeping
- Reduced taxation

For more information, visit the official website : <http://www.ae.gov.ma/>

#### **NEW COVID-19 measure**

The auto-entrepreneurs impacted by the Covid-19 crisis can, from April 27, 2020, take out a loan of up to MAD 15,000 at zero rate.

This credit can be repaid over a period of 3 years with a grace period of one year.

#### **MOROCCO-SPANISH INNOVATION PROGRAM (INMARESP)**

The Moroccan-Spanish innovation program (INMARESP) aims to promote and finance research and technological development projects with an industrial vocation as well as to promote partnerships and R&D&I collaboration projects between entities of the two countries.

Potential projects are funded by MAROC PME in Morocco and by CDTI (Centro para el Desarrollo Tecnológico Industrial) in Spain.

INMARESP is open to industrial R&D&I projects between Spanish and Moroccan companies.

The duration of the projects is 1 to 3 years maximum.

This is a 50% bonus for the co-development project capped at MAD 5 million.

#### **IMPORTANT** Important dates for the 2020 edition

- Closing of the call: December 31, 2020
- Deadline for submitting application files:
  - 1st filing: April 15, 2020
  - 2nd filing: September 10, 2020
- Evaluation of the documentation and the international project :
  - 1st filing: from April 16, 2020 to June 21, 2020
  - 2nd filing: from September 11, 2020 to November 15, 2020
- Publication and communication of eligible projects :
  - 1st filing: July 8, 2020
  - 2nd filing: November 29, 2020

- Consecution of the INMARESP certificate and national funding (estimated) :
  - 1st filing: from July 8, 2020
  - 2nd filing: from November 29, 2020

For further information, please contact the representatives of the respective national funding agencies whose contact details are as follows :

#### **Moroccan party (MAROC PME)**

Mme. Salma RIAD/ M. Zakaria RACHID

Tel.: +212 (0)5 37 57 44 00

E-mail : salma.riad@marocpme.ma

zakaria.rachid@marocpme.ma

Pageweb: www.marocpme.ma

#### **Spanish party (CDTI)**

##### **In Spain:**

CDTI- Center for Industrial Technological Development

Department of External Technological Action

Tel.: +34 91 581 56 07

E-mail: marruecos@cdti.es

Pageweb: www.cdti.es

##### **in Morocco:**

D. Jose Manuel Durán Cuevas

Delegate for North Africa and the Middle East

E-mail: josemanuel.duran@cdti.es

D. Daniel González

E-mail: daniel.gonzalez@cdti.es

Economic and Commercial Office of Spain in Rabat

Tel.: +212 537760741

## EXPORT SUPPORT PROGRAMS

### SUPPORT PROGRAM FOR PRIMO-EXPORTERS

#### Object

The program consists of tailor-made support over a period of 3 years, through financial and technical support from the State to companies and cooperatives under Moroccan law which have export potential and wish to start exporting or make it a regular activity.

#### Eligibility criteria

In addition to the regularity of its situation vis-à-vis the tax administration and the CNSS, the company must:

- Have been incorporated for at least two years at the time of submitting its application;
- Have the status of legal person or cooperative;
- Have an average export turnover over the last three years not exceeding 5 M MAD.

#### Support modalities

The financial support is capped at MAD 3 per company over the period of three years (at the rate of one million Moroccan dirham per year).

#### Eligible expenditure and share of the State

Diagnosis and development of the export action plan	<p>The State covers all the costs of diagnosis and preparation of the export development plan:</p> <ul style="list-style-type: none"> <li>• 40,000 MAD (All taxes included) per beneficiary company, for companies located in the regions: Rabat-Salé-Kenitra / Casablanca-Settat / Tangier-Tétouan-Al Hoceima / Fès-Meknès / Marrakech-Safi / Béni Mellal-Khénifra.</li> <li>• 50,000 MAD (All taxes included) per beneficiary company, for companies located in the regions: Oriental / Drâa-Tafilalet / Souss-Massa / Guelmim-Oued Noun / Laâyoune-Sakia El Hamra / Dakhla-Oued Eddahab</li> </ul>
Export training	Training costs capped at 10,000 MAD per 2-day module up to five modules per company.

Coaching	<p>For each year, the State bears the costs of coaching and monitoring of the implementation of the export development plan provided by the export consultant.</p> <p>These costs are set at:</p> <ul style="list-style-type: none"> <li>• 40,000 MAD (All taxes included) per beneficiary company, for companies located in the regions: Rabat-Salé-Kenitra/Casablanca-Settat/Tangier-Tétouan-AlHoceima/Fès-Meknès/Marrakech-Safi/Béni Mellal-Khénifra</li> <li>• 50,000 MAD (All taxes included) per beneficiary company, for companies located in the regions: L'Oriental/Drâa-Tafilalet/Souss-Massa/Guelmim-Oued Noun/Laâyoune-Sakia El Hamra/Dakhla -Oued Eddahab</li> </ul>
Implementation of the action plan	The State covers 80% of the costs related to prospecting and promotion actions included in the action plan of the beneficiary company

### EXPORT SYNERGIA

#### Object

The support program for the creation and development of export consortia «Export Synergia» consists of assistance in the achievement of promotional actions allowing their international development.

#### Eligibility criteria

Companies wishing to form themselves into export consortium must meet the following conditions:

- be part of a consortium made up of at least three companies under Moroccan law or cooperatives;
- be in a regular situation vis-à-vis the CNSS and the tax administration;
- achieve a turnover of less than or equal to 175 million MAD excluding taxes per year.

#### Support modalities

Global financial support capped at 1.5 million MAD per consortium over a period of 24 months.

The funding is intended to cover the costs of setting up the structure of the consortium as well as actions within the framework of its international development.

Government financial support is granted in the following amounts:

- Share of the State: 65% of the cost of actions undertaken by the consortium;
- Share of the export consortium: 35% of the cost of actions undertaken by the consortium

#### • FONDS INNOV INVEST (INNOV INVEST FUND)

The «Fonds Innov Invest» (FII) is a system dedicated to financing innovative startups set up by the Moroccan government with the support of the World Bank.

The FII, managed by the CCG, aims to fill the gap in the chain of funding of the early stages of creation of startups and innovative projects.

It operates on 3 main components covering venture capital, startup loans and technical assistance through:

- Support for project holders via grants and honor loans (Innov IDEA and Innov START);
- Support for startups via Equity, repayable advances, equity loans and investment in funds (Innov RISK and Innov DEV);
- Support for fund management companies and ecosystem players through technical assistance

It has a financial budget of 700 M MAD dedicated to supporting 300 innovative startups.

For more information, please visit the website :

<https://www.ccg.ma/innovation/index.php>

## DIRECT AID TO INDUSTRIAL ECOSYSTEMS FROM THE INDUSTRIAL DEVELOPMENT AND INVESTMENT FUND

### Frame of reference

The Industrial Development and Investment Fund (FDII), created by the 2015 finance law, has a financial budget of 20 billion MAD by 2020.

A manual of procedures relating to direct aid granted to industrial ecosystems has been drawn up by the Ministry of Industry, Trade and Green and Digital Economy and the Ministry of Economy, Finance and Reform of the Administration as part of the implementation of the «Industrial Acceleration Plan 2014-2020».

### Application condition

To enjoy the expected benefits, it is necessary to conclude an investment agreement within the framework of ecosystem performance contracts / Offset agreements signed between the State and its partners.

### Eligibility criteria

Two categories of projects can benefit from the FDII: «Strategic» and «Structuring»

#### 1. « Strategic project» category :

- « LOCOMOTIVE » project :
  - Definition : project led by a key player which aims at the expansion and development of its activities having a significant and structuring impact on the fabric of its suppliers or its customers and allowing to improve the global competitiveness of its ecosystem and its deep anchoring in Morocco.
  - Eligibility threshold: investment greater than 50 M MAD excluding taxes or creation of at least 200 stable jobs.

- « PRIME CONTRACTORS » project :

- Definition : Project led by a prime contractor for a public order which aims to carry out industrial compensation measures having a significant economic impact particularly in terms of direct or joint venture investment, training, R&D or technology transfer.
- Eligibility threshold: a public order of at least 200 M MAD excluding taxes.

#### 2. « Structuring project» category

- «Pioneer» project
  - Definition : Project which aims to develop an activity that has never been carried out in Morocco or that completes the value chain of a sector as part of an ecosystem.
  - Eligibility threshold: investment greater than 20 M MAD excluding taxes or creation of at least 50 stable jobs.

- «Resource valorization» project
  - Definition : Project allowing the valorization of natural resources and recoverable waste which contributes to the creation of added value.
  - Eligibility threshold: investment greater than 20 M MAD excluding taxes or creation of at least 50 stable jobs.

- «Local integration» project
  - Definition : Project led by a prime contractor who aims to develop its activities for its sourcing from Morocco or an industrial player based in Morocco to improve the rate of local integration.
  - Eligibility threshold: investment greater than 20 M MAD excluding taxes or creation of at least 50 stable jobs.

- «Sourcing» project
  - Definition : Project led by a local company which aims to qualify to ensure the sourcing of prime contractors either at the local level or for international sites.
  - Eligibility threshold: investment greater than 20 M MAD excluding taxes or creation of at least 50 stable jobs.
- Engineering and R&D centers project
  - Definition : Project aimed at creating design, development, testing centers for the benefit of industrial sectors.
  - Eligibility threshold: investment greater than 20 M MAD excluding taxes or creation of at least 50 stable jobs.

### Advantages

- A global premium for tangible and intangible investment of up to 30% of the total investment amount excluding taxes. This premium can cover the following headings :
  - Cost of acquisition or rental of land, professional buildings and industrial equipment;
  - Technical assistance costs;
  - Expenses relating to research and development, innovation/creation (including the costs of development of new models/ collections, payment of skills salaries, control and testing costs, collection purchases, external expertise related to innovation and creativity);
  - Start-up costs for the first three years following the effective start of the business.
- An export growth bonus of up to 10% of additional export turnover;
- An annual import substitution bonus :

Companies that are part of an ecosystem having transferred at least 60% of the purchases of their inputs initially made abroad to industrial suppliers located in Morocco can benefit from an annual import substitution bonus of up to 2% of these purchases.

- Annual aid for setting up in Morocco: Foreign companies not based industrially in Morocco, clients of companies belonging to ecosystems that have been the subject of performance contracts, which open representation offices in Morocco, can benefit, over the period 2015-2020, from an annual incentive aid for setting up in Morocco up to 2% of the additional annual turnover generated by its orders sent to Morocco.

**For more details, please contact the Ministry of Industry, Trade and Green and Digital Economy - Directorate General of Industry**

<http://www.mcinet.gov.ma>

Directorate General of Industry :

Automotive Industries Directorate

Tél : +212 (0) 537764518

Fax : +212 (0) 537739319

Directorate of aeronautical, railway, naval and renewable energies industries

Tél : +212 (0) 537763733

Fax : +212 (0) 537739345

Directorate of Textile and Leather Industries

Tél : +212 (0) 537739327

Fax : +212 (0) 537739328

Directorate of various industrial activities

Tél : +212 (0) 537739344

Directorate of Agro-Food Industries

Tél : +212 (0) 537739346

Fax : +212 (0) 537739347

## DIRECT AID UNDER THE INVESTMENT CHARTER

### Frame of reference

The Industrial Development and Investment Fund (FDII) covers operations relating to the covering by the State of the cost of certain advantages granted to investments, which meet the criteria, in accordance with the investment charter and its implementing decrees (decree No. 2-15-625 amending decree No. 2-00-895 taken for the application of articles 17 and 19 of framework law No. 18-95 forming the charter of the investment).

### Application condition

Signing of an investment agreement with the State.

### Eligibility criteria

The investment project must meet at least one of the following criteria:

- Invest an amount equal to or greater than 100 million MAD;
- Create a number of stable jobs equal to or greater than 250;

- Be carried out in one of the provinces or prefectures provided for by decree No. 2-98-520 issued on 5 rabii I 1419 (June 30, 1998);
- Ensure technology transfer;
- Contribute to the protection of the environment.

#### Advantages

- Land support: State participation in expenses relating to the acquisition of the land necessary for the implementation of the investment program within the limit of 20% of the cost of this land;
- External infrastructure: State participation in the expenses of external infrastructure necessary for the achievement of the said program within the limit of 5% of the total amount of the investment program. However, this rate can reach 10% when it comes to an investment in the spinning, weaving or textile finishing sector;
- Vocational training: State participation in the costs of vocational training provided for in the investment program within a limit of 20% of the cost of this training.

**NB.** The advantages provided for in this article may be cumulated without, however, the total State participation exceeding 5% of the total amount of the investment program. However, in the event that the investment project is planned in a suburban or rural area, or in the case of an investment in the spinning, weaving or textile finishing sector, this participation of the State can reach 10% of the total amount of the investment program.

### DIRECT AID TO INDUSTRIAL INVESTMENT GRANTED BY HASSAN II FUND

#### Frame of reference

Framework agreement on industrial investment support signed, on March 15, 2016, by Hassan II Fund, the Ministry of Industry and the Ministry of Economy and Finance.

#### Application condition

Signing of an investment contract with Hassan II Fund.

#### Eligibility criteria

New investment projects (creation or extension) whose total investment amount is greater than MAD 10 million excluding tax (excluding import duties and taxes) can benefit from the contribution of Hassan II Fund on the condition that the amount of investment in capital goods is greater than MAD 5 million excluding tax (excluding import duties and taxes) and presented by investors with company status in the following sectors:

- a) Automotive, aeronautics and electronics industries:
- the manufacture of equipment for the automotive industry;
  - the manufacture of equipment for the aeronautical industry;

- the manufacture of tools and molds for the automotive industry and for the aeronautical industry;
- aeronautical maintenance and aircraft dismantling;
- the manufacture of components of electronic assemblies and sub-assemblies.

#### b) Chemical-parachemical industry :

- the manufacture of cosmetic products and the manufacture of natural extracts;
- recycling of metal and plastic waste;
- valorization of the phosphorus element (phosphates).

#### c) Pharmaceutical industry :

- the search for new innovative drugs with therapeutic potential combating serious diseases;
- the manufacture of innovative, generic or bio-similar drugs with high added value in economic and therapeutic terms.

d) Manufacturing activities related to nanotechnology, microelectronics and biotechnology.

#### Advantages :

Financial aid, for buildings and for equipment, capped at 15% of the total investment and at MAD 30 millions as follows:

#### Professional buildings

a) Case of the acquisition of land and construction of buildings:  
10% of the cost of land acquisition and construction of buildings.

b) Case of the acquisition of buildings:  
10% of the cost of acquisition of professional buildings.

c) Case of land<sup>8</sup> rental and construction of buildings:  
100% of the cost of land rent calculated on the basis of the first 6 years and a maximum rent of 7.5 MAD excl.taxes / m<sup>2</sup> / month and within the limit of a maximum unit contribution of 540 MAD per m<sup>2</sup> covered with constructed buildings, or 10% of the cost of construction of buildings.

d) Case of the rental<sup>9</sup> of buildings:  
100% of the cost of professional buildings rent calculated on the basis of the first 2 years and a maximum rent of MAD 30 excl.tax/m<sup>2</sup>/month.

#### New capital goods

Maximum contribution of 20% of the cost of acquisition of new capital goods (excluding import duties and taxes).

**N.B. : Projects of eligible investment in the equipment manufacturing activities for the automotive industry can benefit from a maximum contribution of 20% to the acquisition of used imported equipment goods used in the deep drawing, plastic injection, tool and mold making.**

### 8 and 9

Rental aid is reserved for projects installed in industrial receptions areas, the list of which is established by decision of the Minister of Industry, accompanied by a rental contract for a minimum period of 6 years

**For more details, please contact the Ministry of Industry, Trade and Green and Digital Economy - Directorate General of Industry**

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Directorate of aeronautical, railway, naval and renewable energies industries  
Tél : +212 (0) 537763733  
Fax : +212 (0) 537739345

Directorate of various industrial activities  
Tél : 00 212 537739344

#### **DIRECT AID FOR TOURIST INVESTMENT GRANTED BY HASSAN II FUND**

#### **STATE SUPPORT FOR INVESTORS FOR THE ACQUISITION OF LAND FOR TOURIST USE**

##### **Frame of reference**

Framework agreement on State support for investors for the acquisition of land for tourist use signed on January 28, 2002 by Hassan II Fund and the Ministry of Tourism;

Amendment No. 1 to the said agreement signed on January 13, 2006;

Amendment No. 2 to the said agreement signed on July 24, 2007.

##### **Application condition**

Signing of a contract with Hassan II Fund.

##### **Eligibility criteria**

Tourist accommodation units classified in accordance with the legislation in force and located in new tourist resorts and areas can benefit from the contribution of Hassan II Fund.

##### **Advantages**

Contribution calculated on the basis of 50% of the acquisition cost per m<sup>2</sup> of land for tourist use, capped at 500 MAD/m<sup>2</sup> (excluding taxes and registration fees) as well as on the basis of the total area of said land.

Notwithstanding the foregoing and if the convention relating to the enhancement of a tourist development zone so provides, the total area to be used for the calculation of said contribution may result from the application of the ratio of hotel bed/ha within the limit of the total area acquired.

Tourist land is understood to mean lots of developed land, located within new tourist areas and resorts and intended to accommodate tourist accommodation units classified in accordance with the legislation in force.

Acquisition cost is understood to mean the price of sale of the lots of developed land to be acquired by tourism promoters, as it appears in the final deed of said lots. This selling price is exclusive of taxes and registration fees.

This support can be combined with the advantages granted by the system of investment incentives in force, particularly those provided for in framework law No. 18-95 forming the Investment Charter except for the incentive provisions relating to the land provided for in Article 17 of the said Charter.

#### **For more information, please contact Hassan II Fund for Economic and Social Development**

3ème étage, Bloc A1  
Complexe administratif et culturel de la Fondation Mohammed VI,  
Avenue Allal El Fassi, Madinat Al Irfane, Hay Riad, BP 1473 RP – Rabat  
Tél. : 00 212 5 37 27 97 90/95  
Fax : 00 212 5 37 27 97 99

#### **SUPPORT FOR TOURIST DEVELOPMENT OF THE MDIQ-FNIDEQ COAST**

##### **Frame of reference**

Framework agreement relating to support for tourism development of the Mdiq-Fnideq coast, dated July 04, 2013.

##### **Application condition**

Signing of a contract with Hassan II Fund and the SMIT (Moroccan Agency for Tourism Development).

##### **Eligibility criteria**

The projects for the construction and enhancement of tourist accommodation establishments to be carried out by developers on the M'diq-Fnideq coast are eligible for the financial contribution from Hassan II Fund.

##### **Advantages**

Financial aid of MAD 250/m<sup>2</sup> applied to the built area on the ground of the tourist accommodation establishment.

This financial contribution cannot be combined with state aid for land provided for in article 17 of framework law 18-95 forming the investment charter..

## FOREIGN FINANCING LINES

As part of bilateral agreements between Morocco and certain countries of the European Union, companies can finance the acquisition of equipment, goods and services from the signatory country.

For more information, please directly contact your business advisor at your bank.

## SOURCES

- Central Guarantee Fund ( CCG ) : <http://www.ccg.ma/>
- Maroc PME : [www.marocpme.gov.ma](http://www.marocpme.gov.ma)
- Leaflets, agreements and amendment of FHI
- Foreign Trade Department : <http://www.mcinet.gov.ma/ce/home.asp>

## COSTS OF FACTORS OF PRODUCTION

### LEGAL MINIMUM SALARY

Activity	Legal minimum salary	Effective date
Sectors of industry, trade and liberal professions	14.13 MAD per hour	July 01, 2019
	14,81 MAD per hour	July 01, 2019
Agricultural sector	73.22 MAD per day	July 01, 2019
	76.70 MAD per day *	July 01, 2019

\*The application of this amount must in no case result in the elimination or reduction of benefits in kind granted to employees in the agricultural sector.

### SOURCE

Decree No. 2.19.424 of June 26, 2019, relating to the setting of the legal minimum salaries in the field of industry, trade, liberal professions and agriculture,

## SOCIAL CHARGES

The contribution rates due to the National Social Security Fund are as follows :

Category of benefit	Employer contribution	Employee contribution	Total
<b>1 - Family benefits</b> - Contribution rate	6,4 %	-	6,4 %
<b>2 - Short-term social benefits * :</b> - Contribution rate	1,05 %	0,52 %	1,57 %
<b>3 - Long-term social benefits :</b> - Contribution rate	7,93 %	3,96 %	11,89 %
<b>4 - Compulsory health insurance (AMO) **</b> - Contribution rate	4,11 %	2,26 %	6,37 %
<b>5- Professional Training tax ***</b> - Contribution rate	1,6 %	-	1,6 %
<b>Total contribution rate</b>	<b>21,09 %</b>	<b>6,74 %</b>	<b>27,83 %</b>

\* Of which 0.57% relating to the indemnity for loss of employment distributed as follows: the employer's contribution is 0.38% and the employee's contribution is 0.19%  
 \*\* Companies that have, before the start of the AMO, basic Group medical coverage with an insurance company, a mutual or an internal fund are partially exempt (subject to certain formalities) from payment of the AMO contribution; and this by virtue of the provisions of Article 114 of Law No. 65-00 on the Code of Basic Medical Coverage. These companies only pay the solidarity rate of 1.85%.

\*\*\* Mining companies are exempt (subject to certain formalities) from the payment of the Vocational Training Tax, insofar as they are subject to the Mining Fund for Vocational Training.

SOURCE

www.cnss.ma

## ELECTRICITY TARIFFS

Cities	Power licence fee (MAD excl. taxes perKVA/year)	KWh price (MAD excl. taxes)		
		Off-peak hours	Full hours	Peak hours
<b>Casablanca</b>	526,58	0,6985	0,9514	1,3304
<b>Rabat</b>	449,6841	0,64932	0,92251	1,28651
<b>Tangier (free zone )</b>	503,92	0,73811	0,94854	1,25893

- Off-Peak Hours: Oct-March 22h-7h ; April-Sept : 23h-7h
- Full Hours : Oct-March 7h-17h ; April-Sept : 7h-18h
- Peak Hours : Oct-March 17h-22h ; April-Sept : 18h-23h
- VAT : 14%

Source : Lydec, Redal et TFZ

## WATER TARIFFS

Use	City	Fixed fees (MAD excl. Taxes/month)	Price m3 (MAD excl. taxes)
<b>Industrial use</b>	Casablanca	20	8,79
	Tangier ( free zone )	10	5,9
	Rabat	20	8,7370
<b>Hotels</b>	Casablanca	20	8,79
	Tangier ( free zone )	10	9,77
	Rabat	20	8,7370

- VAT : 7%

Source : Lydec, Redal et TFZ

SANITATION TARIFFS

Use	City	Fixed fees (MAD excl. Taxes/ month)	Price m3 (MAD excl. taxes)
Industrial sanitation	Casablanca	28	4,58
	Tangier	20	3
	Rabat	20	3,4811
Hotel sanitation	Casablanca	28	2,61
	Tangier	20	3
	Rabat	20	3,4811

- TVA : 7%

Source : Lydec et TFZ

TELECOMMUNICATIONS

Type		AVERAGE TARIFF
Mobile		0,23 MAD excl. taxes/Min
Land line		1,05 MAD excl. taxes /Min
Internet	ADSL	103 MAD Average monthly bill
	Internet Mobile	20 MAD Average monthly bill
	Optical fiber	500 MAD Monthly bill of 100 Mega

Source : ANRT, IAM, INWI, ORANGE



EMPLOYMENT

# EMPLOYMENT

## ABOUT LABOR CODE

### EMPLOYMENT CONTRACT (art. 15-19 of law No. 65-99 relating to the labor code)

The labor code recognizes three types of contracts:

1. Permanent employment contract (CDI) ;
2. Fixed-term employment contract (CDD) : can only be concluded in the following cases:
  - the replacement of an employee by another in the event of suspension of the latter's employment contract, unless the suspension is due to a strike;
  - the temporary increase in the activity of the company;
  - if the work is seasonal.

In the agricultural sector, the CDD is concluded for a renewable period of 6 months provided that the duration of the contracts does not exceed 2 years. The contract subsequently becomes permanent. In other sectors, the CDD is concluded for a maximum period of one year, renewable once. After this period, the CDD becomes a CDI.

3. The employment contract to perform a specified task.

### MINIMUM AGE FOR EMPLOYMENT (Article 143 of Law No. 65-99 on the Labor Code)

Minors cannot be employed or be admitted to companies or employers before the age of fifteen (15).

### HOURS OF WORK (Article 184 of Law No. 65-99 relating to the Labor Code)

Activity	Annual duration	Weekly Duration
Sectors of industry, trade and liberal professions	2288 hours	44 hours (decree No. 2-04-569 of 12/29/2004 -OJ No. 5280 of 01/06/2005)
Agricultural sector	2496 hours	Variation according to the needs of the crops. (Minister of Employment decision No. 340-05 of 02/09/2005 - OJ No. 5540 of 07/05/2007)

### OVERTIME HOURS (Article 196-204 of law No. 65-99 relating to the labor code)

Overtime hours are the hours worked beyond the normal working hours of the employee. They are paid in one installment at the same time as the wages due.

Whatever the employee's method of remuneration, overtime gives rise to a salary increase of:

- 25% if they are carried out between 6 a.m. and 9 p.m. for non-agricultural activities and between 5 a.m. and 8 p.m. for agricultural activities,
- 50% if they are carried out between 9 p.m. and 6 a.m. for non-agricultural activities and between 8 p.m. and 5 a.m. for agricultural activities.

The supplement is increased to 50% and 100% respectively if the overtime is worked on the employee's weekly rest day, even if he/she is granted compensatory rest.

### WEEKLY REST (Article 205-216 of law No. 65-99 relating to the labor code)

A weekly rest of at least twenty-four (24) hours running from midnight to midnight must be granted to employees on Friday, Saturday, Sunday, or the day of the weekly market (for rural areas).

It must be granted simultaneously to all employees of the same establishment, unless the government authority responsible for labor has dispensed with it.

### PAID HOLIDAYS AND PUBLIC HOLIDAYS (Article 217-230 of law No. 65-99 relating to the labor code)

It is prohibited for employers to hold employees during the days of paid holidays and public holidays.

However, in establishments whose operation is necessarily continuous owing to the nature of their business or which have adopted weekly rest on a rotating basis, work may not be interrupted on paid holidays or public holidays.

It can be decided that the public holiday is paid as actual working time.

- List of statutory, non-working and paid days

Public holidays	Date
Independence manifesto Day (1944)	11th January
Labor Day	1st May
Throne Day	30th July
Oued Ed-Dahab Day	14th August
The King and People's Revolution Day (1953)	20 August
Birthday of His Majesty King Mohammed VI	21st August
Green March	6th November
Independence Day	18th November
Islamic New Year	1st Moharram
Birthday of the Prophet Muhammad	12 Rabiulawal
Aïd al Fitr (end of the month of Ramadan)	1st Chawal
Aïd al Adha (feast of sacrifice)	10 Doul Hijja

#### Source :

decree n ° 2-04-426 of 16 kaada 1425 (12/29/2004) fixing the list of paid holidays in industrial and commercial companies, liberal professions and forestry and agricultural farms

#### PAID ANNUAL LEAVE (Article 231-264 of Law No. 65-99 relating to the Labor Code)

Every employee is entitled, after six months of continuous service in the same company or with the same employer, to paid annual leave, the duration of which is fixed as follows:

- A day and a half of actual work per month of service;
- Two days of actual work per month of service for employees under the age of 18.

This duration is increased at the rate of one day and a half of actual work per entire period, whether continuous or not, of 5 years of service, without this increase could bring the total duration of the leave to more than 30 days of actual work.

The period of paid annual leave extends throughout the year.

The «actual working days» are the days other than the weekly days of rest, the paid holidays and the public holidays in the establishment.

#### MEDICAL SERVICES AT WORK (Article 304-331 of Law No. 65-99 relating to the Labor Code)

Industrial, commercial and handicrafts businesses as well as forestry and agricultural farms and their outbuildings which employ at least fifty (50) employees as well as those carrying out works exposing employees to the risk of occupational diseases must create an independent medical service.

Those employing less than fifty (50) employees must constitute independent or joint occupational medical services under the conditions set by the government authority in charge of labor.

The operation of the occupational medical services is ensured by one or more doctors called «occupational doctors» who must personally perform their duties.

The costs of organizing and controlling the medical service as well as the remuneration of the occupational doctor are the responsibility of the company or the inter-company medical service.

Independent or inter-company occupational medical services must ensure, on a full-time basis, the assistance of social workers or state-certified nurses.

#### SALARY AND SENIORITY ALLOWANCE (art. 345 - 355 of Law No. 65-99 on the Labor Code)

The salary is freely fixed by direct agreement between the parties or by collective labor agreement, subject to the legal provisions relating to the legal minimum wage.

Unless the salary is based on seniority, by virtue of a clause in the employment contract, internal regulations or a collective labor agreement, all employees must benefit from a seniority allowance, the amount of which is set at:

- 5% of the salary paid, after two years of service;
- 10% of the salary paid, after five years of service;
- 15% of the salary paid, after twelve years of service;
- 20% of the salary paid, after twenty years of service;
- 25% of the salary paid, after twenty-five years of service.

**LEGAL MINIMUM WAGE** (articles 356-361 of Law No. 65-99 on the Labor Code and Decree No. 2-11-247 07/01/2011 -. OJ No. 5959 of 07/11 / 2011-)

The legal minimum wage is the minimum value due to the employee.

It is calculated:

- in non-agricultural activities, on the basis of the remuneration paid to the employee for one hour of work;
- in agricultural activities on the basis of the remuneration paid for a working day.

Any individual or collective agreement tending to lower the wage below the legal minimum wage is automatically void.

Activity	Legal minimum wage	Effective date
Sectors of industry, trade and liberal professions	14.13 MAD per hour	July 01, 2019
	14.81 MAD per hour	July 01, 2019
Agricultural sector	73,22 MAD per day*	July 01, 2019
	76.70 MAD per day *	July 01, 2019

\* The application of this amount must in no case result in the elimination or reduction of benefits in kind granted to employees in the agricultural sector.

#### Source :

Decree No. 2.19.424 of June 26, 2019, and relating to the setting of the legal minimum wages in the field of industry, trade, liberal professions and agriculture

**TRADE UNIONS** (article 396-429 of law n ° 65-99 relating to the labor code)

The labour unions have for object the defense, the study and the promotion of the economic, social, moral and professional interests, individual and collective, of the categories which they supervise as well as the improvement of the level of education of their members..

They can be freely formed by people exercising the same profession or the same trade, similar or related professions or trades contributing to the manufacture of products or the provision of specific services, regardless of the number of employees in the company or in the establishment.

Employers and employees can freely join the trade union of their choice.

The members responsible for the administration and management of the trade union must be of Moroccan nationality and enjoy their civil and political rights and have not incurred any final sentence to imprisonment.

The union representative in the company benefits, in agreement with the employer, from leave of absence to participate in training sessions, conferences, seminars or national and international trade union meetings.

**EMPLOYEE REPRESENTATIVES** (art. 430 -463 of law No. 65-99 relating to the labor code)

Employee representatives must be elected in all establishments usually employing at least ten (10) permanent employees.

Their mission is:

- to submit to the employer all complaints relating to working conditions;
- to refer these complaints to the agent responsible for labor inspection, in the event that the disagreement remains.

**JOINT CONSULTATIVE COMMITTEE** (art. 464 -474 of law No. 65-99 relating to the labor code)

The joint consultative committee is a committee created within companies employing at least fifty (50) employees.

It includes:

- the employer or his representative;
- two employee representatives elected by the company's employee representatives;
- one or two trade union representatives in the company, if applicable.

It is responsible, as part of its consultative mission, for the following questions :

- the structural and technological transformations to be carried out in the company;
- the company's balance sheet when it is approved;
- the company's production strategy and the means to increase profitability;
- the development of social projects for the benefit of employees and their implementation;
- Apprenticeship, training and integration programs, the fight against illiteracy and continuing training for employees.

#### EMPLOYMENT OF FOREIGN EMPLOYEES (art. 516 -521 of law No. 65-99 relating to the labor code)

Any employer wishing to recruit a foreign employee must obtain authorization from the government authority in charge of labor. This authorization is granted in the form of a visa affixed to the employment contract.

The date of the visa is the date on which the employment contract takes effect.

#### RETIREMENT AGE (art. 526 -529 of law No. 65-99 on the labor code)

The retirement age is set at sixty (60) years with the possibility for the employee to continue to be employed after this age by order of the government authority in charge of labor at the request of the employer and with the consent of the concerned party.

For employees in the mining sector, the retirement age is set at fifty-five (55) years.

The employer must replace any retired employee with another employee.

#### LABOR INSPECTION (art. 530 -548 of law No. 65-99 relating to the labor code)

The following responsible for labor inspection:

- labor and social affairs inspectors and controllers,
- inspectors and controllers of social laws in agriculture,
- agents of the mining administration with regard to labor inspection in mining companies
- any agent commissioned for this purpose by other administrations

Their mission is:

- to ensure the application of the laws and regulations relating to work;
- to provide information and technical advice to employers and employees on the most effective means in accordance with legal provisions;
- to bring to the attention of the government authority in charge of labor the gaps of certain legislative and regulatory provisions in force;
- to make attempts at conciliation in matters of individual labor disputes.

They must write a report on any inspection visit they make.

#### SETTLEMENT OF COLLECTIVE LABOR DISPUTES (art. 549 - 581 of law No. 65-99 relating to the labor code)

A "collective labor dispute" is any dispute which occurs during work and in which one of the parties is:

- a trade union organization of employees or a group of employees, whose purpose is to defend the collective and professional interests of said employees.
- one or more employers or a professional organization of employers, whose purpose is to defend the interests of the employer(s) or of the professional organization of the employers concerned.

Any labor dispute likely to lead to a collective dispute is the subject of an attempt at conciliation:

1. At the level of the labor inspection;
2. If the conciliation fails, the dispute is submitted to the provincial commission of inquiry and conciliation chaired by the governor of the province;
3. If the conciliation fails, the dispute is submitted to the national commission of inquiry and conciliation chaired by the minister in charge of labor or his representative;
4. If the conciliation fails, the dispute is submitted to arbitration. The arbitrator is chosen by mutual agreement by the parties, from a list of arbitrators fixed by order of the minister in charge of labor and drawn up on the basis of proposals from the professional organizations of employers and the most representative unions of employees.
5. Appeals against arbitration decisions are made only before the social chamber at the Supreme Court which constitutes itself as an arbitration chamber.

The conciliation agreement and the arbitration decision are binding.

#### LEGAL BASIS / SOURCE

Ministry of Labor and Professional Integration

Decree No. 2.19.424 of June 26, 2019, and relating to the setting of the legal minimum wages in the field of industry, trade, liberal professions and agriculture

Morocco has a compulsory social security system and is a signatory of several conventions in this regard.

#### BASIS FOR CALCULATING CONTRIBUTIONS

Contributions due to the CNSS are based on all remuneration received by beneficiaries of the social security regime, including allowances, bonuses, gratuities and any other benefit in money or in kind, as well as all amounts received directly or through a third party, as a tip.

#### COMPANIES CONCERNED

This applies to any company, whatever its business, except for fishermen.

Thus, all employers are required to register with the National Social Security Fund (CNSS), and register their employees and apprentices.

#### RATE OF CONTRIBUTIONS

The rates to be applied when calculating your contributions are determined by law. Each of the major categories of social benefits is characterized by its own contribution rate.

The rates of contributions due to the National Social Security Fund are as follows:

Benefit category	Employer contribution	Employee contribution	Total
1 - Family benefits : Contribution rate	6,4 %	-	6,4%
2 - Short-term social benefits * : Contribution rate	1,05 %	0,52 %	1,57 %
3 - Long-term social benefits : Contribution rate	7,93 %	3,96 %	11,89 %
4 - Compulsory health insurance (AMO) ** : Contribution rate	4,11 %	2,26 %	6,37 %
5 - Professional Training tax *** : Contribution rate	1,6 %	-	1,6 %
<b>Total of contribution rates</b>	<b>21,09 %</b>	<b>6,74 %</b>	<b>27,83 %</b>

\* Of which 0.57% relating to the indemnity for loss of employment distributed as follows: the employer's contribution is 0.38% and the employee's contribution is 0.19%

\*\* Companies that have, before the start of the AMO, basic Group medical coverage with an insurance company, a mutual or an internal fund are partially exempt (subject to certain formalities) from payment of the AMO contribution; and this by virtue of the provisions of Article 114 of Law No. 65-00 on the Code of Basic Medical Coverage. These companies only pay the solidarity rate of 1.85%.

\*\*\* Mining companies are exempt (subject to certain formalities) from the payment of the Vocational Training Tax, insofar as they are subject to the Mining Fund for Vocational Training.

Source : [www.cnss.ma](http://www.cnss.ma)

## Special case of fishermen

The contribution under the general scheme is based on the gross receipts of the fishing vessel. The contribution rates applied are set as follows:

- Fishing trawlers: 4.65% of the total proceeds from the sale of fish caught;
- Sardine boats, longliners and canoes (artisanal fishing): 6% of the total proceeds from the sale of fish caught.

The contribution under the AMO scheme is based on the gross receipts of the fishing vessel. The contribution rates applied are set as follows:

- Fishing trawlers: 1.36% of the total proceeds from the sale of fish caught;
- Sardine boats, longliners and canoes (artisanal fishing): 1.70% of the total proceeds from the sale of fish caught.

## ELECTRONIC DECLARATION AND ONLINE PAYMENT

The CNSS has set up an internet portal which allows affiliated companies to make declarations and payments of social contributions electronically. ([www.damancom.ma](http://www.damancom.ma))

Called e-BDS, this portal is intended to serve the community of companies affiliated to the CNSS or their agents.

This service is free of charge.

## SOURCE

National Social Security Fund - [www.cnss.ma](http://www.cnss.ma)

## ENTRY PROCEDURE

Under the provisions of Law No. 02-03 of November 11, 2003, relating to the entry and residence of foreigners in the Kingdom of Morocco, and irregular emigration and immigration, the residence of foreigners in Morocco must be justified by a passport or any other valid document issued by the State of which he is a national, recognized by the Moroccan State as a travel document.

For foreign nationals whose countries are subject to visa<sup>10</sup> formality, their travel documents must be accompanied by visas issued by the Moroccan administration.

The stay in Morocco for tourist reasons is limited to three months for foreigners who are exempt from the visa and to the duration of the validity of the visa for those who are subject to it.

In the event that the foreigner wishes to extend their stay on Moroccan territory beyond the duration of validity of their visa or the three-month period, if they are not subject to this obligation, they are required to apply for authorization from the competent Moroccan authority (Directorate General of National Security) in order to avoid being in an illegal situation.

Any foreigner wishing to practice a professional activity in Morocco is required to apply for a registration card.

## GRANTING OF VISA

The documents to be produced at Moroccan diplomatic and consular missions for obtaining a visa of residence in Morocco differ according to the nature and reason for the visa applied for.

For any information, please visit the website: <https://www.consulat.ma/>

For countries where Morocco is not represented, applications should be sent to the diplomatic mission accredited in that country or to the Honorary Consuls. In the absence of these representations, applications will be sent directly to the Moroccan Ministry of Foreign Affairs and Cooperation, Directorate of Consular and Social Affairs - Rabat for a visa deposit at the airport.

Visas are issued after payment of the required fees.

<sup>10</sup>

<https://www.consulat.ma/fr/liste-des-pays-dont-les-ressortissants-sont-dispenses-du-visa-dentree-au-maroc>

## REGISTRATION APPLICATION PROCEDURE

- The foreigner must go to the National Police or Royal Gendarmerie services, in whose jurisdiction they reside, to file an application for registration, before the expiry of their visa or before the expiration of a period of ninety (90) days from their entry into the national territory for foreigners having a nationality not subject to visa formality.
- Applications for the registration card are drawn up on forms issued to foreigners by the National Police or Royal Gendarmerie services in whose jurisdiction they reside.
- As soon as the foreigner files the application for obtaining a registration card, they are given a receipt which provisionally takes the place of it. The receipt must be renewed every three months until a decision is taken on the application.
- The validity of the registration card is determined taking into account the reasons justifying the application and the documents provided as well as bilateral conventions or agreements in the form of an exchange of letters under the principle of reciprocity.
- To obtain the registration card bearing the statement «for work», the foreigner must hold an employment contract approved by the Ministry of Employment and have a visa of entry to Morocco bearing the statement «for work» when their nationality is subject to this formality.
- Foreigners wishing to practice a professional activity subject to authorization must, in order to obtain the registration card stating the said activity, have a visa of entry to Morocco authorizing them to practice this activity, when their nationality is subject to this formality.
- The registration card of a foreigner who has left Moroccan territory for a period of more than six months is considered expired.

## DOCUMENTS REQUIRED FOR OBTAINING OR RENEWING THE REGISTRATION CARD

- Copies of the passport pages justifying its validity, the identity of its holder and the stamp and date of entry into Morocco and for foreigners subject to this procedure, the visa which allows entry into Morocco;
- Two copies of the form relating to the application for the registration card;
- Payment of a fixed fee of 100 MAD per year of validity of the document;
- 06 recent ID photos;
- A lease contract, certificate of ownership or any other document justifying permanent residence in Morocco;
- An extract of court criminal record;
- A medical certificate ;
- Documents justifying that the person concerned has sufficient means of subsistence;
- A document establishing the nature of the activity to be practiced, if applicable.

The foreigner who applies for a registration card marked «for work» must also produce these documents:

- Proof of obtaining an entry visa marked «for work» for foreigners subject to this formality;
- An employment contract approved by the government authority in charge of employment

## RECRUITMENT OF FOREIGN EMPLOYEES (Article 516-520 of Law No. 65-99 relating to the Labor Code)

Foreigners wishing to work in Morocco are, like Moroccans, subject to Law No. 65-99 forming the Labor Code.

The provisions of multilateral or bilateral international conventions published in accordance with the law, relating to the employment of foreign employees in Morocco, are taken into consideration.

As of June 1, 2017, the Ministry of Labor and Professional Integration (MTIP) has set up a new “TAECHIR” system to submit applications for employment contract visas for foreign employees.

This tool aims to offer a better quality of service to users and allows employers who call on foreign skills to:

- Learn about the employment contract visa application procedures reserved for foreigners;
- Create, save, modify draft employment contracts;
- Validate and print the employment contracts to be signed;
- Edit the list of documents constituting the visa application file;
- Track the processing of visa applications filed;
- Receive, in real time, notifications related to the processing of visa applications (Visa ready, application to be completed, etc.);
- Obtain the Administration's response to visa applications filed within a maximum of ten (10) days.

The recruitment of a foreign employee involves certain procedures and formalities for the employer and the employee.

### 1 - First preparation

- A form (V) generated by the online service « TAECHIR » : [www.taechir.travail.gov.ma](http://www.taechir.travail.gov.ma);
- Three original copies of foreign employment contract generated by the online system «TAECHIR» duly signed by the employee (full name and signature), the employer (full name, position of the signatory and stamp and address of the company) and legalized by both parties;
- A certified true copy of the original employment certificates/diplomas issued by former employers with their translation, if applicable;
- A copy of a valid foreign employee's passport;
- A certificate of activity issued by the National Agency for the Promotion of Employment and Skills (ANAPEC), certifying the absence of national candidates to occupy the position offered to the foreign employee;
- A copy of the documents relating to the legal form of the company:
  - A sole proprietorship (natural person): recent trade register or, where applicable, the professional tax certificate;
  - A corporate shareholder (legal person), articles of association, recent trade register (form 7), and if necessary (OGM) report, (creation) report, (appointment) report;
  - Branch-Subsidiary-Representative office: (creation, appointment) report, recent trade register (form 7), articles of association of the parent company, if necessary;

- Association: articles of association, nomination report, creation report, OGM report if necessary
- Natural person employing domestic staff: valid identity document - proof of residence.
- An authorization to practice issued by the competent authorities in the event of the recruitment of a foreign employee to practice a regulated profession in Morocco;
- Delegation of power for signing by the principals in the event that contracts are signed by agents.

## 2- Renewal with the same employer

- A form (V) generated by the online service « TAECHIR » : [www.taechir.travail.gov.ma](http://www.taechir.travail.gov.ma);
  - Three original copies of foreign employment contract generated by the online system «TAECHIR» duly signed by the employee (full name and signature), the employer (full name, position of the signatory and stamp and address of the company) and legalized by both parties;
  - A copy of the passport of the foreign employee in case of modification;
  - A certificate of activity issued by the National Agency for the Promotion of Employment and Skills (ANAPEC), certifying the absence of national candidates to occupy the position offered to the foreign employee;
  - A recent certificate of salary declarations issued by the Moroccan agency of Social Security in which they are members, justifying the last three months of contributions in favor of the employee concerned;
- For employees on secondment who are nationals of countries that have signed a social security agreement with Morocco, the employer will present a certificate of coverage of the employee on secondment (conventional form) issued by the Social Security agency of the country of origin;
- A copy of the residence permit issued by the Directorate General of National Security;
  - Delegation of power for signing by the principals in the event that contracts are signed by agents.

## 3- Renewal with change of employer

- A form (V) generated by the online service « TAECHIR » : [www.taechir.travail.gov.ma](http://www.taechir.travail.gov.ma);
- Three original copies of foreign employment contract generated by the online system «TAECHIR» duly signed by the employee (full name and signature), the employer (full name, position of the signatory and stamp and address of the company) and legalized by both parties;
- A copy of the passport of the foreign employee in case of modification;
- A certificate of activity issued by the National Agency for the Promotion of Employment and Skills (ANAPEC), certifying the absence of national candidates to occupy the position offered to the foreign employee;
- A copy of the residence permit issued by the Directorate General of National Security;
- A termination letter issued by the ex-employer for valid employment contracts or, where applicable, a court decision in the event of a dispute between the two parties;
- An authorization to practice issued by the competent authorities in the event of the recruitment of a foreign employee to practice a regulated profession in Morocco;
- A copy of the documents relating to the legal form of the company;
- Delegation of power for signing by the principals in the event that contracts are signed by agents.

## PROCEDURES FOR GRANTING THE CERTIFICATE OF ACTIVITY IN FAVOR OF FOREIGN EMPLOYEES IN MOROCCO

The certificate of activity provides proof that the foreign applicant for employment has specific or rare skills in Morocco, and that there is no equivalent national profile on the labor market.

The procedure for processing the application for an activity certificate is done in 3 steps:

- Filing of the application;
- Processing of the application:
  - Verification of the application file and preparation of the announcement
  - Entering the offer in the ANAPEC portal (SIGEC)
  - Validation and transmission of the announcement to the company for publication
- Drawing up of the certificate.
  - No applicant: issuance of the certificate to the company
  - Applications received: transmission of the list of applicants to the company for the interview

The processing time is 20 days maximum (working days).

The documents to be provided are:

- Application sent to the Director General of ANAPEC;
- Certified true copy of the original professional references;
- CV of the foreign employee;
- Employer identification sheet in accordance with the ANAPEC template;
- Job description sheet in accordance with the ANAPEC template;
- Announcement model in accordance with the ANAPEC template;
- Power of attorney in the case of private service providers delegated by companies to take the steps to obtain the certificate from ANAPEC;
- Certificate of bank or postal transfer, after validation of the announcement with ANAPEC, justifying the payment by the company of the costs of the service invoiced according to the ANAPEC price list.

The procedure for processing the applications for activity certificate is simplified (exemption from the call for applications) for the following cases:

- Foreign applicants for high-level positions of responsibility;
- Specialized profiles considered to be rare or not available on the job market;
- Applicants for renewal of the activity certificate with the same employer and for the same position (except promotion) and with the same employer.

These profiles are grouped into lists which are regularly updated according to a concerted approach between Ministry of Labor and Professional Integration and ANAPEC on the basis of the job market situation.

The processing time under the simplified procedure cannot exceed 48 hours (working days)

## COSTS OF PROCESSING OF APPLICATIONS FOR THE GRANTING OF THE CERTIFICATE OF ACTIVITY

- Activity certificate application file subject to the announcement obligation: 5,000 MAD (Excluding taxes) per application file + 1,500 MAD (Excluding taxes) for each additional application file processed capped at 05 per job-profession per year and per company
- Activity certificate application file not subject to the announcement obligation 1500 MAD (Excluding taxes) per application file capped at 05 per job-profession per year and per company

## CATEGORIES OF EMPLOYEES EXEMPTED FROM THE CERTIFICATE OF ACTIVITY AND REQUIRED DOCUMENTS

The administration may, subject to the presentation of supporting documents, exempt certain foreign employees from the certificate issued by ANAPEC, particularly the following categories:

- Foreigners born in Morocco and residing there on a regular basis: Birth certificate and documents justifying their residence in Morocco.
- Spouses of nationals: Legalized copy of the marriage certificate and recent legalized copy of the National Identity Card of the Moroccan spouse.
- Spouses of foreign nationals residing in Morocco on a regular basis (family reunification): Legalized copies of the marriage certificate, the spouse's residence permit and his/her employment contract.
- Residents in Morocco as employees continuously for a period of more than 10 years: Copies of employment contracts for previous years and of the residence permit.
- The authorized representatives and managers of the company or associations or similar: Company's Articles of Association - Trade register - Nomination report.
- The partners and shareholders of the company: Company's Articles of Association or document including the distribution of shares.
- Seconded employees, for a limited period, for specific positions with foreign companies awarded public contracts or with subsidiaries of parent companies based abroad:
  - Letter of secondment issued by the parent company indicating the position to be occupied by the employee and the duration of his secondment (stamped by the parent company and specifying the name and capacity of the signatory)
  - Certificate of coverage of an employee on secondment for employees paid outside Morocco (in the case where the country of origin is bound by a social security agreement with Morocco).
- Delegates within the framework of cooperation for a period not exceeding non-renewable six months: Request invoking the reasons for recruitment for a period not exceeding non-renewable six months.
- Coaches and athletes: Authorization from the professional federations concerned.
- Foreign artists: opinion sent by the Directorate General of National Security.
- Employees working in companies having Casablanca Finance City (CFC) status: CFC certificate
- Employees who are part of the management<sup>11</sup> staff of companies carrying out offshoring activities: list communicated by the Ministry in charge of Industry.
- Refugees and stateless persons: Card bearing the statement "refugee" or "stateless person" issued by the Ministry of Foreign Affairs.

<sup>11</sup>

Salaried employees receiving a net monthly salary exceeding 20,000 MAD within the limit of 5 salaried employees per company

- Employees practicing professions and activities that cannot be occupied by nationals: proof of the profession occupied.
- Nationals of countries with which Morocco has concluded establishment agreements (Algeria, Tunisia and Senegal) or bilateral agreements on employment and residence including provisions of non-opposability to the national labor market: Copy of the passport of the national of the countries concerned.
- French Young professionals who come to work in Morocco in application of the Franco-Moroccan agreement of May 24, 2001 relating to the exchange of young professionals: Notification provided by ANAPEC
- Migrant employees who have benefited from exceptional regularization: Residence permit issued by the services of the Directorate General of National Security bearing the statement « Work » or « exceptional regularization ».

## CONTACT

**Taechir** information and assistance :

**00 212 (0)5 30 10 07 05 / 00 212 (0)6 74 48 03 68**

## LEGAL BASE / SOURCE

- Law No. 02-03 of November 11, 2003 relating to the entry and residence of foreigners in the Kingdom of Morocco, illegal immigration and emigration
- Decree No. 2-09-607 of 15 rabii II 1431 (April 1, 2010) taken for the application of law No. 02-03 relating to the entry and residence of foreigners in the Kingdom of Morocco, illegal immigration and emigration.
- [http://www.sgg.gov.ma/BO/FR/2012/BO\\_6030\\_Fr.pdf](http://www.sgg.gov.ma/BO/FR/2012/BO_6030_Fr.pdf)
- Labour code
- <http://www.travail.gov.ma>
- <http://www.service-public.ma>
- <http://www.consulat.ma>



TAX  
REGIME

# TAX REGIME<sup>12</sup>

## CORPORATE TAX

### SCOPE OF APPLICATION

- The Corporate Tax must apply to the proceeds, profits and income of:
  - companies whatever their form and purpose (excluding de facto companies comprising only natural persons and so-called transparent real estate companies and EIGs);
  - public establishments and other legal persons carrying out profit-making operations;
  - associations and legally similar bodies;
  - funds created by law or by convention;
  - establishments of non-resident companies or groups of said companies.

- The Corporate Tax applies as an irrevocable option to general partnerships, limited partnerships comprising only natural persons as well as undeclared partnerships.

### TERRITORIALITY

Companies, whether or not they have a head office in Morocco, pay tax on all proceeds, profits and income :

- relating to the property they own, the business they do and the profit-making transactions they carry out in Morocco, even on an occasional basis;
- whose right to tax is attributed to Morocco by virtue of agreements aimed at avoiding double taxation in matters of income tax.

### MAIN NEWS OF THE 2020 FINANCE ACT: CIRCULAR No. 730

- revision of the tax regime applicable to companies with “Casablanca Finance City” (CFC) status. ;
- gradual convergence towards a single rate for the turnover achieved by industrial companies, in respect of their local and export sales;
- raising the rate of the Corporate Tax scale from 17.50% to 20%;
- improving the tax regime applicable to sports companies;
- review of the tax regime for companies carrying out service outsourcing activities, inside or outside the integrated industrial platforms dedicated to these activities;
- broadening the scope of application of the tax incentive regime relating to the restructuring of groups of companies to transfer operations of intangible and financial assets.

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Also refer to chapter « MAIN CUSTOMS AND FISCAL PROVISIONS OF AMENDING FINANCE ACT NO. 35-20 FOR THE 2020 BUDGET YEAR»

### RATE

#### • Normal rate

Corporate Tax is calculated as follows:

**NEW** At the progressive rates -2020 FL -below:

Net profit amount (in MAD)	Rate
Less than or equal to 300,000	10 %
From 300,001 to 1,000,000	20 % <sup>13</sup>
Greater than 1,000,000	31 %

However, the rate applied to the category for which the amount of net profit exceeds 1,000,000 MAD is set at 20%, for:

- exporting companies;
- hotel companies and tourist entertainment establishments;
- mining companies;
- craft businesses;
- private educational or vocational training establishments;
- sports companies;
- real estate developers;
- farms;
- companies carrying out service outsourcing activities inside or outside integrated industrial platforms dedicated to these activities<sup>14</sup>.

For companies carrying out an industrial activity<sup>15</sup>, «excluding those whose net profit is equal to or» greater than one hundred million (100,000,000) MAD, the rate «of the 31% scale is reduced to 28%.

- At the rate of 37%: Fixed rate for credit institutions and similar establishments, Bank Al Maghrib, Deposit and management fund (Caisse de dépôt et de gestion), insurance and reinsurance companies<sup>16</sup>

#### • Specific rate

- 15 % for :
  - companies that carry out their activities in industrial acceleration zones, beyond the period of five (5) fiscal years of exemption;
  - service companies with «Casablanca Finance City» status, beyond the period of 5 fiscal years of exemption ;

**13**

2020 FA

**14**

LF2020

**15**

Industrial activity is any activity which «consists in directly manufacturing or processing « tangible movable property by means of technical installations, «materials and tools whose role is predominant. Reinsurance Takaful.

**16**

Insurance and reinsurance companies «within the meaning of the CGI, insurance and reinsurance companies, insurance and reinsurance Takaful companies as well as insurance funds» Takaful and funds of reinsurance Takaful.

- **Flat tax rate**

- 8% of the amount excluding tax of the contracts: non-resident companies awarded contracts for construction or assembly works, carrying out an activity in Morocco, may be subject, optionally, to corporate tax at the flat rate of 8% of the amount excluding VAT for said contracts. It is final source deduction on gross proceeds received by foreign companies and withholding tax on income from stocks, shares and similar income.

- **Rate of withholding tax**

- 10% of the amount of gross revenues excluding tax received by non-resident natural or legal persons;
- 20% of the amount of fixed-income investment revenues and income from Sukuk certificates.
- 15% of the amount of income from stocks, shares and similar income.

#### MAIN TAXATION AND EXEMPTION FROM CORPORATE TAX

- **Permanent exemptions**

- Associations and legally similar non-profit organizations, only for operations in accordance with the object defined in their articles of association.
- OPCIs (real estate collective investment undertakings) in respect of their activities and transactions carried out in accordance with the provisions of Law No. 70-14 relating to real estate collective investment undertakings<sup>18</sup>, promulgated by Dahir No. 1-16-130 of 21 kaada 1437 (August 25, 2016) . (Subject to certain conditions).
- Sports federations and associations recognized as being of public utility, for all of their activities or operations and for any related income (subject to certain conditions)

- **Total exemption during the first 5 years followed by permanent taxation at reduced rate beyond this period**

- The hotel establishments and the management companies of Tourist Promotion Real Estate Residences as well as the tourist entertainment establishments whose activities are fixed by regulation for the part of the taxable base corresponding to their turnover achieved in currencies duly repatriated directly by them or on their behalf, by travel agencies (subject to compliance with certain conditions)
- **NEW** Service companies having the status of «Casablanca Finance City in accordance with the laws and regulations in force;
- **NEW** Sports companies incorporated in accordance with «the provisions of Law No. 30-09 on physical education and sports;
- **NEW** Companies that carry out their activities in industrial acceleration zones (excluding companies that carry out their activities in said zones as part of a «construction or assembly work» project);

- **NEW** The Tangier-Mediterranean special Agency, as well as «the companies involved in the achievement, development,» operation and maintenance of the project of the special Tangier-Mediterranean development zone and which are located in «the industrial acceleration zones”.

- **Permanent exemptions from withholding tax**

- Dividends and other similar participation income paid, made available or registered in an account by companies subject or exempt from corporate tax to companies having their head office in Morocco and subject to said tax;
- Dividends received by undertakings for collective investment in transferable securities (UCITS);
- Dividends received by venture capital investment undertakings (O.P.C.R);
- Dividends received by real estate collective investment undertakings (O.P.C.I) ;
- **NEW** Dividends and other similar participation income paid, made available or registered in «accounts by companies with «Casablanca Finance City» status

- **Permanent taxation at reduced rates**

- Exporting mining companies and mining companies that sell their products to companies that export them after their valorization;
- **NEW** Companies exporting products or services, excluding those exporting recovered metals; The exemption and taxation and reduced rate also apply to the turnover achieved by companies from their sales of products to companies established in industrial acceleration zones ;
- **NEW** Taxable farms

- **Temporary exemptions**

- The holder or, where applicable, each of the co-holders of any concession for the exploitation of hydrocarbon deposits benefits from a total exemption from corporate tax for a period of 10 consecutive years from the date of regular production commencement of any operating concession.
- Companies operating approved accounting management centers governed by law No. 57-90 promulgated by dahir No. 1-91-228 of 13 jourmada I 1413 (9 November 1992), are exempt from corporate tax for their operations, for a period of 4 years following the date of their approval.
- **NEW** Industrial companies carrying out activities set by regulation and companies carrying out service outsourcing activities inside or outside integrated industrial platforms dedicated to these activities, in accordance with the laws and regulations in force, benefit from a total exemption from corporate tax for the first 5 consecutive financial years from the date of the start of their operation.

- **Temporary taxation at reduced rates**

- Handicraft businesses whose production is the result of mainly manual work;
- Private educational or vocational training establishments.

- **Tax reduction in favor of companies whose securities are listed on the stock market (subject to certain conditions)**

Companies which list their securities on the stock exchange, by opening or increasing the capital, benefit from a reduction in corporate tax for three (3) consecutive years from the financial year following that of their listing.

The rate of said reduction is set as follows:

- 25% for companies which list their securities on the stock market by opening their capital to the public and this, by selling existing shares;
  - 50% for companies which list their securities on the stock market by means of a capital increase of at least 20% with waiver of preferential subscription rights, intended to be disseminated to the public concomitantly with the initial public offering of said companies.
- **Tax reduction in favor of companies that take equity stakes in young innovative companies in new technologies (subject to certain conditions)**

Companies subject to the corporate tax benefit from a tax reduction equal to the amount of tax corresponding to that of their participation in the capital of young innovative companies in new technologies.

#### MINIMUM TAX

The amount of corporate tax may not be less than a minimum contribution whose basis of calculation is constituted by the amount (excluding tax) of the operating revenues covered by the law..

- **NEW** The minimum contribution rate is set at 0.50%. However, this rate is increased to 0.60%, when, beyond the exemption period, the current result excluding depreciation is declared negative by the company, for two consecutive years.

This rate is :

- 0.25% for transactions carried out by commercial companies in respect of sales relating to certain products
  - 6% for certain professions practiced by persons subject to income tax.
- The amount of this minimum contribution can not be less than 3000 MAD even in the absence of turnover, it must be made in a single payment, before the expiration of the 3rd month following the opening date of the current financial year. Notwithstanding the aforementioned provisions, taxable farmers are exempt from the payment of installments due during their first tax year.
  - Companies other than public service concessionary companies are exempt from the minimum contribution for the first 36 months following the date of the start of their operation. However, this exemption ceases to be applied upon the expiration of a period of 60 months following the date of incorporation of the companies concerned.

#### SIMPL TELE-SERVICES

From January 1, 2017, remote tax declarations and payments become mandatory for all taxpayers (Legal Persons and Professional Individuals), regardless of their turnover.

The «SIMPL-Adhésion» application allows you to subscribe to the General Tax Directorate's teleservices (<https://simpl-adhesion.tax.gov.ma/simpladhesion/process/flow?execution=e1s1> )

It provides the means to manage all data related to membership (representative, users, bank accounts, etc.).

At the end of the membership procedure, users receive a login and a password on their mailboxes which allow them secure access to the General Tax Directorate's teleservices: SIMPL-IR, SIMPL-IS, SIMPL-TVA, SIMPL- ENREGISTREMENT, SIMPL-ATTESTATIONS, SIMPL-RECLAMATIONS et COMPTE FISCAL

#### LEGAL BASE / SOURCE

General Tax Directorate (DGI) : General Tax Code (<http://www.tax.gov.ma>)  
Finance Act 2020  
DGI Circular No.730

## SCOPE OF APPLICATION

Income tax applies to the income and profits of natural persons and legal persons who have not opted for the corporate tax.

The categories of income and profits concerned are :

- Professional income ;
- Income from farms<sup>17</sup>;
- Salary income and similar income ;
- Land income and profits ;
- Income and profits from movable capital.

## TERRITORIALITY

The following are subject to the income tax :

- individuals who have their tax domicile in Morocco, for all of their income and profits, from Moroccan and foreign sources;
- individuals who do not have their tax domicile in Morocco, for all their income and profits from Moroccan sources;
- people, whether or not they have their tax domicile in Morocco, who make profits or receive income for which the right to tax is given to Morocco by virtue of agreements aimed at avoiding double taxation in matters of income tax.

A natural person has his/her tax domicile in Morocco when he/she has his permanent home in Morocco, the center of his economic interests or when the continuous or discontinuous duration of his stays in Morocco exceeds 183 days for any period of 365 days.

State officials who perform their duties or are responsible for missions abroad are considered to have their tax domicile in Morocco when they are exempt from personal income tax in the foreign country where they reside.

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There are considered as agricultural income, the profits made by a farmer and/or stockbreeder and coming from any activity inherent in the operating of a plant and/or animal production cycle whose products are intended for human and/or animal consumption, as well as processing activities for said products, with the exception of processing activities carried out by industrial means (Finance Act 2014)

## A- Income tax measures relating to professional income

- The establishment of an allowance on the tax base corresponding to the turnover achieved, by mobile payment, by natural persons with professional income determined according to the simplified net income regime or that of the flat-rate profit.
- Raising the limits of the annual turnover achieved by a taxpayer, whose professional income is determined according to the flat rate profit regime;
- The exclusion of taxpayers subject to the flat rate profit regime or that of the auto-entrepreneur from the provisions of Article 145 of the CGI relating to accounting obligations.

## B- Income tax measures relating to other income

## 1. Salary income and similar income

- The uniform application of the deduction limit of 50% of net taxable salary provided for in terms of premiums or contributions relating to retirement insurance contracts taken out before or after January 1, 2015;
- The exemption for disability pensions to the persons concerned and their successors;
- The extension of the benefit of the exemption for gross monthly internship allowances paid by private sector companies to interns with a high school diploma;
- The increase in the rate of the lump sum tax allowance from 55% to 60% for gross pensions not exceeding 168,000 MAD;
- The increase in the rate of the tax allowance applicable to the gross salary paid to professional sportsmen from 40% to 50%.

## 2. Land income and profits

- The modification of the chargeable event of the land income tax;
- Exemption for transactions involving the transfer of an immovable property occupied as a main dwelling by its owner, before the expiry of the 6-year period;
- The exemption for free transfers relating to immovable property or rights in rem in immovable property belonging to associations recognized as being of public utility and registered in the name of natural persons.

## 3. Income and profits from movable capital

- Raising the ceiling for sums invested under a stock savings plan and a company savings plan;
- The permanent establishment of fiscal neutrality in matters of income tax for transactions involving the contribution of equity securities to a holding company subject to corporate tax and resident in Morocco.

## INCOME TAX RATE

Income brackets (in MAD /year)	Rate
0 - 30 000	0 %
30 001 - 50 000	10 %
50 001 - 60 000	20 %
60 001 - 80 000	30 %
80 001 - 180 000	34 %
Over 180 000	38 %

This progressive scale applies to :

- professional income,
- salary income,
- land income.

## SPECIFIC RATES

<b>0,5 %</b>	of the turnover collected and the amount of which does not exceed 500,000 MAD for commercial, industrial and craft activities (Taxpayers carrying out their activities on an individual basis as part of the auto-entrepreneur)
<b>1 %</b>	of the turnover collected and the amount of which does not exceed 200,000 MAD for service providers (Taxpayers carrying out their activities on an individual basis as part of the auto-entrepreneur)
<b>10 %</b>	<ul style="list-style-type: none"> <li>• For the amount excluding VAT of gross revenues received by non-resident natural or legal persons.</li> <li>• For the gross amount of taxable land income less than 120,000 MAD.</li> </ul>
<b>15 %</b>	<ul style="list-style-type: none"> <li>• For the net profits resulting from : <ul style="list-style-type: none"> <li>- sales of shares listed on the stock exchange;</li> <li>- sales of shares or stocks of UCITS whose assets are permanently invested up to 60% of stocks.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- the redemption or withdrawal of securities or cash from a stock savings plan or a company savings plan before the 5-year period.</li> <li>• For gross income from movable capital from a foreign source.</li> <li>• For income from stocks, shares and similar income</li> <li>• For the gross amount of taxable land income equal to or greater than 120,000 MAD.</li> </ul>
<b>17 %</b>	for salaries and allowances paid to temporary teachers.
<b>20 %</b>	<p>Applicable :</p> <ul style="list-style-type: none"> <li>• to income and revenues from fixed income investments and income from Sukuk certificates.</li> <li>• to net profits resulting from the sale of bonds and other debt securities, unlisted shares and other equity securities as well as shares or stocks of UCITS other than those mentioned above.</li> <li>• to net profits resulting from the sale of transferable securities issued by venture capital investment undertakings (OPCR) and Fund for Collective Investment in Securitization (FPCT).</li> <li>• to gross profits from movable capital from foreign sources.</li> <li>• to net land profits from the sale of immovable property.</li> <li>• to net taxable income generated by companies exporting products and services, mining companies, craft companies, hotel companies and tourist entertainment establishments, private education or vocational training institutions and property developers.</li> <li>• salaries, emoluments and gross salaries paid to employees working for companies having the status of Casablanca Finance City for a period of 10 years from the date on which the employee takes up his duties.</li> <li>• to net profits resulting from the sale of unlisted securities issued by OPCIs.</li> </ul>
<b>30 %</b>	<p>Applicable :</p> <ul style="list-style-type: none"> <li>• to remuneration and allowances, occasional or not paid to people who are not part of the permanent staff of the company, as well as remuneration paid to travelers, representatives and trade or industry brokers working for one or more employers established in Morocco .;</li> <li>• to fees and remuneration paid to physicians not subject to professional tax who perform surgical acts in clinics and similar establishments.</li> <li>• to income from fixed income investments and income from Sukuk certificates with regard to natural person beneficiaries, excluding those who are subject to said tax under the actual net income or the simplified net income regime</li> </ul>

- to the gross amount of fees granted to artists working individually or in a troupe
- to the net profits made or recognized on the occasion of the first transfer for consideration of unconstructed buildings included in the urban perimeter, from January 1, 2013, or the transfer for consideration of rights in rem in immovable property relating to such buildings.

#### MAIN EXEMPTIONS, TAXATION AT REDUCED RATE AND TAX REDUCTIONS

- Exemption, within the limit set by the laws and regulations in force in terms of dismissal, for the severance pay, the voluntary redundancy pay and any compensation for damages granted in the event of dismissal
- Total exemption for the profit made by any person who carries out in the calendar year the disposals of buildings whose total value does not exceed 140,000 MAD
- Total exemption for the employer's share of pension and social security contributions.
- Total exemption for the employer's share of group insurance premiums covering the risks of sickness, maternity, disability and death.
- **NEW** Total exemption on the gross monthly internship allowance capped at MAD 6,000 paid to the intern, higher education or vocational training graduate or high school graduate, recruited by private sector companies, for a period of 24 months (subject to certain conditions)
- **NEW** Tax exemption for disability pensions paid to the persons concerned and their successors;
- Total exemption for 5 years followed by taxation at a reduced rate beyond this period for hotel establishments and tourist entertainment establishments for the part of the tax base corresponding to their turnover achieved in currencies duly repatriated directly by them or on their behalf by travel agencies.
- **NEW** Total exemption for 5 years, followed by permanent taxation at a reduced rate of 20%, for companies operating in industrial acceleration zones (excluding companies operating in said zones as part of "construction or assembly work" project) ;
- **NEW** Companies exporting products or services, excluding those exporting recovered metals; The exemption and taxation at reduced rate also apply to the turnover achieved by companies from their sales of products to companies established in industrial acceleration zones;
- Temporary taxation at a reduced rate for the first five (5) consecutive fiscal years following the date of the start of their operation, handicraft businesses<sup>18</sup> and private educational or vocational training institutions.
- Permanent exemption for farmers and/or farms that achieve a turnover of less than 5,000,000 MAD, in respect of their agricultural<sup>19</sup> income .
- **NEW** Permanent taxation at a reduced rate for taxable farmers.
- Taxpayers having their habitual residence in Morocco and receiving retirement pensions or beneficiaries from a foreign source benefit from a reduction equal to 80% of the amount of tax due for their pension and corresponding to the sums transferred to Morocco permanently in non-convertible dirhams (subject to certain conditions).

<sup>18</sup> Whose production is the result of mainly manual work

<sup>19</sup> However, when the turnover achieved during a given financial year is less than five million (5,000,000) MAD, this exemption is only granted when said turnover has remained below this amount for three (3) consecutive years.

#### MINIMUM TAX

- The amount of income tax may not be less than a minimum contribution whose basis of calculation is constituted by the amount (excluding tax) of the operating income covered by the law.
- **NEW** The minimum contribution rate is set at 0.5%. However, this rate is increased to 0.60%, when, beyond the exemption period, the current result excluding depreciation is declared negative by the company, for two consecutive years.

This rate is :

- 0.25% for transactions carried out by commercial companies in respect of sales relating to certain products
- 6% for certain professions practiced by persons subject to income tax.
- Taxpayers subject to income tax are exempt from the minimum contribution for the first 3 accounting years following the date of the start of their professional and/or agricultural activity.
- Taxpayers who carry out taxable transactions referred to in article 61-II of the CGI are required to pay a minimum tax, even in the absence of profit, which may not be less than 3% of the price of sale.
- Taxpayers who carry out transactions for the sale of a building or part of a building referred to in article 63-II-B of the CGI, whose sale price exceeds 4,000,000 MAD, are required to pay a minimum tax of 3% on the portion of the sale price greater than that amount;
- Even in the absence of turnover, the minimum contribution cannot be less than 1500 MAD for taxpayers subject to income tax in respect of professional income determined according to the actual net income regime or the simplified net income regime as well as for taxpayers subject to income tax in respect of agricultural income determined according to the actual net income regime.

#### SIMPL TELE-SERVICES

From January 1, 2017, remote tax declarations and payments become mandatory for all taxpayers (Legal Persons and Professional Individuals), regardless of their turnover.

«SIMPL-Adhésion» application allows you to subscribe to the DGI's teleservices (<https://simpl-adhesion.tax.gov.ma/simpladhesion/process/flow?execution=e1s1> )

It provides the means to manage all data related to membership (representative, users, bank accounts, etc.).

At the end of the membership procedure, users receive a login and a password on their mailboxes which allow them secure access to the DGI's teleservices : SIMPL-IR, SIMPL-IS, SIMPL-TVA, SIMPL-ENREGISTREMENT, SIMPL-ATTESTATIONS, SIMPL-RECLAMATIONS et COMPTE FISCAL

#### LEGAL BASE / SOURCE

General Tax Directorate : General Tax Code ( <http://www.tax.gov.ma> )  
Finance Act 2020  
DGI Circular No.730

## SCOPE OF APPLICATION

- VAT is a tax on turnover which is applied to operations of an industrial, artisanal, commercial nature, or relating to the practice of a liberal profession, carried out in Morocco; to real estate works and real estate operations as well as import operations.
- 2 VAT regimes: domestic VAT and import VAT.
- 2 types of exemption: with or without the right to deduct

## TERRITORIALITY

A transaction is deemed made in Morocco :

- if it is a sale, when this is carried out under the conditions of delivery of the goods to Morocco;
- if it is any other transaction, when the service provided, the right assigned or the object rented are operated or used in Morocco.

## MAIN NEWS 2020 FINANCE ACT: CIRCULAR No. 730

- Clarification of the concept of the services concerned by the VAT exemption threshold of 500,000 MAD;
- Exemption for sports companies for 5 years;
- Exemption for transactions relating to the sale of cochlear implants from VAT;
- Application of the 20% rate to mixed-use agricultural equipment;
- Clarification of the VAT exemption for drip micro-irrigation equipment or sprinkler irrigation equipment ;
- Harmonization of the tax treatment of participatory finance revenues with that of conventional banking revenues;
- Exemption from domestic VAT and VAT on the import of vaccines and medicines intended for the treatment of fertility and multiple sclerosis;
- Application of the 10% VAT rate on the services provided by the café operators;
- Application of the reduced rate of 10% to ticket sales operations for museums, cinema and theater;
- Clarification of the VAT rate applicable to palm oil;
- Abolition of specific VAT rates;
- Taxation of revenues resulting from securitization operations under the conditions of common law;
- Application of the reduced rate of import VAT of 10% to engines intended for fishing vessels;
- Abolition of VAT exemption on imports of meat and fish intended for catering establishments;
- VAT exemption on imports of water pumps powered by solar energy or any other renewable energy, used in the agricultural sector.

- **Normal rate** : 20% (applied for domestic VAT and import VAT)
- **Reduced rate** :

14 %	<p><b>DOMESTIC VAT</b></p> <ul style="list-style-type: none"> <li>• With right to deduct             <ul style="list-style-type: none"> <li>- butter, excluding artisanal 'craft' butter;</li> <li>- passenger and goods transport operations, excluding rail transport operations;</li> <li>- electrical energy.</li> </ul> </li> <li>• Without right to deduct             <ul style="list-style-type: none"> <li>- The services rendered by any direct seller agent or insurance broker due to contracts provided by them to an insurance company.</li> </ul> </li> </ul> <p><b>IMPORT VAT</b></p> <ul style="list-style-type: none"> <li>• Idem</li> </ul>
10 %	<p><b>DOMESTIC VAT</b></p> <ul style="list-style-type: none"> <li>• The accommodation and catering operations and <b>NEW</b> the services provided by the café operators</li> <li>• operations of rental of buildings for hotels, motels, holiday villages or real estate complexes for tourist destinations, fully or partially equipped, including the restaurant, bar, dance hall, swimming pool, in insofar as they are an integral part of the tourist complex;</li> <li>• sales and delivery operations relating to works and objects of art;</li> <li>• <b>NEW</b> ticket sales operations for museums, cinema and theater</li> <li>• liquid edible oils <b>NEW</b> excluding palm oil;</li> <li>• cooking salt (rock or sea salt);</li> <li>• milled rice;</li> <li>• pasta;</li> <li>• solar water heaters;</li> <li>• food intended for feeding livestock and farmyard animals as well as the cakes used in their manufacture, excluding other simple foods such as cereals, products, pulps, spent grains and straw;</li> <li>• petroleum gas and other gaseous hydrocarbons;</li> <li>• petroleum or shale oils, crude or refined;</li> <li>• banking and credit operations and foreign exchange commissions;</li> <li>• financing operations carried out under contracts:             <ul style="list-style-type: none"> <li>- «Mourabaha», <b>NEW</b> «Salam» et «Istisna'a» ;</li> <li>- «Ijara Mountahia Bitamlik» pour les acquisitions d'habitation personnelle effectuées par des personnes physiques.</li> </ul> </li> </ul>

- transactions relating to transferable securities carried out by the brokerage firms referred to in Title III of the Dahir on Law No. 1.93.211;
- transactions relating to stocks and shares issued by undertakings for collective investment in transferable securities referred to in the Dahir on Law No. 1.93.213;
- operations carried out as part of their profession, by lawyers, interpreters, notaries, adouls (Muslim notaries), bailiffs and veterinarians;
- Certain agricultural machinery and equipment when intended for exclusively agricultural use;
- timber in logs, debarked or simply squared, cork in its natural state, fuelwood in bundles or sawn to short length and charcoal.
- fishing gear and nets intended for sea fishing professionals.

#### IMPORT VAT

In addition to the products listed above,

- for liquid edible oils excluding palm oil, refined or unrefined, as well as seeds, oleaginous fruits and vegetable oils used for the manufacture of said liquid edible oils.
- for corn and barley
- for cakes and simple foods such as: offspring, pulps, spent grains, straws, soya hulls, corn grains and fibers, dry beet pulps, dehydrated alfalfa and pellitized bran, intended for feeding livestock and farmyard animals
- for cassava and grain sorghum
- for engines intended for fishing boats

7 %

#### DOMESTIC VAT

Applicable to sales and deliveries relating to :

- water delivered to public distribution networks as well as sanitation services provided to subscribers by agencies responsible for sanitation;
- rental of water and electricity meters;
- pharmaceutical products, raw materials and products fully entering, or part of their elements, in the composition of pharmaceutical products;
- non-recoverable packaging for pharmaceutical products as well as products and materials used in their manufacture.
- school supplies, products and materials used in their composition.
- refined or agglomerated sugar, including vergeses, candies and unflavored or colored pure sugar syrups, excluding all other sweet products not meeting this definition;
- canned sardines;
- powdered milk;
- household soap (in pieces or in bars);

- the so-called “economy car” passenger car and all the products and materials used in its manufacture, as well as the assembly services for said economy car.

#### IMPORT VAT

- Idem

#### DEDUCTION AT SOURCE

- The value added tax due on interest paid by credit institutions and similar organizations on their own behalf or on behalf of third parties is collected by these institutions, on behalf of the Treasury, by means of deduction at source;
- The value added tax due in respect of taxable transactions carried out by non-resident persons for the benefit of their clients established in Morocco and carrying out activities excluded from the scope of the value added tax, is deducted at the source for each payment and paid by the client to the collector of the tax administration to which said client belongs, during the month following that of the payment.

#### MAIN EXEMPTIONS

##### Domestic VAT

- **NEW** Sales and services provided by manufacturers and service providers, natural persons, whose annual turnover is less than or equal to five hundred thousand (500,000) MAD, with the exception of the persons referred to in article 89 -I-12 ° of the CGI.
- However, when the latter become liable, they can only question their liability for value added tax when they achieve a turnover of less than or equal to that amount for three (3) consecutive years.
- **NEW** All the activities and operations carried out by sports federations recognized as being of public utility as well as sports companies incorporated in accordance with the provisions of Law No. 30-09 on physical education and sports.
- Proceeds from securitization operations for the issuance of sukuk certificates by Fund of Collective Investment in Securitization, in accordance with the provisions of Law No. 33-06 on the securitization of assets, when the State is the initiator, as well as the various commissions linked to the aforementioned issue, by virtue of the provisions of the aforementioned law.
- Products delivered and services rendered for export by those liable for tax.
- Goods or objects placed under suspensive customs procedures.
- Investment goods to be entered in a fixed asset account, acquired by companies liable for tax for a period of 36 months from the date of their start of activity, excluding vehicles acquired by car rental agencies.

**NEW** This exemption also applies to said investment goods acquired by companies liable for VAT, as part of the « Mourabaha» operation

By start of activity, we mean the date of the first commercial act which coincides with the first operation to acquire goods and services excluding:

- business incorporation costs;
  - and the first costs necessary for setting up businesses within a limit of three (3) months.
- For companies carrying out the construction of their investment projects, the 36-month period begins to run from the date of issuance of the building permit.

For existing companies carrying out investment projects for an amount equal to or greater than one hundred (100) million MAD, as part of an agreement concluded with the State, the aforementioned exemption period begins to run, either from the date of signing of said investment agreement, or from that of the issuance of the building permit for companies carrying out constructions related to their projects.

In the event of force majeure, an additional period of six (6) months, renewable only once, is granted to companies building their projects or carrying out projects under an agreement with the State.

The aforementioned investment goods are exempt during the entire period of acquisition or construction provided that the exempt purchase requests are submitted to the local tax service to which the taxpayer belongs, within the aforementioned legal period of 36 months.

- Acquisitions by international road transport companies of buses, trucks and related capital goods for a period of 36 months from the date of their start of activity.
- Capital goods acquired by private educational or vocational training institutions, excluding motor vehicles other than those reserved for collective school transport and specially fitted out for this purpose, for a period of 36 months from the date of their start of activity.
- The sale of social housing for main residential use with a covered area of between 50 and 80 m<sup>2</sup> and the sale price does not exceed 250,000 MAD excluding VAT.
- The construction of housing estates, residences and university campuses carried out by real estate developers for a maximum period of 3 years from the date of the permit to build structures consisting of at least 50 rooms, of which the accommodation capacity is a maximum of 2 beds per room, as part of an agreement concluded with the State, together with specifications.
- International transport operations, the related services as well as repair, upkeep, maintenance, transformation, charter and rental operations relating to the various means of said transport as well as the operations of aircraft dismantling.
- When they are intended for exclusively aquaculture use:
  - food intended for feeding fish and other aquatic animals;
  - juvenile fish and fish larvae of other aquatic animals;
  - shell spat.

**NEW** Products delivered and services provided to industrial acceleration zones as well as operations carried out within or between said zones.

## IMPORT VAT

- Samples without commercial value as well as exceptional shipments, not of commercial nature.
- Goods, foodstuffs, supplies placed under economic customs regimes.
- When they are intended for exclusively aquaculture use:
  - food intended for feeding fish and other aquatic animals;
  - juvenile fish and fish larvae of other aquatic animals;
  - shell spat

Investment goods to be entered in a fixed asset account imported by taxable ones for a period of thirty six (36) months from the start of the activity, as defined above.

For companies carrying out the construction of their investment projects, the period of thirty six (36) months begins to run from the date of issuance of the building permit with an additional period of six (6) months in case of force majeure, renewable only once.

- The capital goods, materials and tools necessary for the achievement of investment projects for an amount equal to or greater than one hundred (100) million MAD, as part of a valid agreement concluded with the State, acquired by taxable ones for a period of thirty six (36) months from the date of the first import transaction carried out under the said agreement, with the possibility of extending this period of twenty-four (24) months.

This exemption is also granted to parts, spare parts and accessories imported at the same time as the aforementioned equipment.

- Acquisitions by international road transport companies of buses, trucks and related capital goods for a period of 36 months from the date of their start of activity.
- Capital goods acquired by private educational or vocational training institutions, excluding motor vehicles other than those reserved for collective school transport and specially fitted out for this purpose, for a period of 36 months from the date of their start of activity;
- New or used capital goods, materials or tools, the importation of which is authorized by the Administration, imported by graduates of vocational training.
- aircraft reserved for regular international commercial air transport as well as equipment and spare parts intended for the repair of these aircraft.
- Imported trains and railway equipment intended for the transport of passengers and goods.

## SPECIAL TAXATION REGIME FOR USED GOODS

The sale and delivery of second-hand goods are subject to VAT under the provisions of the 2013 Finance Act.

Second-hand goods are tangible movable goods which may be reused as is or after repair. These are goods which, taken out of their production cycle following a sale or delivery to oneself by a producer, have been used and are still in a condition to be reused.

The sale and delivery of second-hand goods are subject to the following two regimes :

### Common law regime

- Definition :

The sale and delivery of second-hand goods carried out by traders (referred to in article 89-I-2 ° of the CGI), are subject to the rules of common law when said goods are acquired from taxable users who are required to pay value added tax on their sales of movable investment property.

- Tax base :

Traders charge value added tax on their sale price and deduct the tax billed to them as well as that which has encumbered their operating expenses, in accordance with the provisions of Articles 101 to 103 of the CGI.

### Margin regime

- Definition :

The sale and delivery of second-hand goods carried out by traders are subject to value added tax according to the margin determined by the difference between the sale price and the purchase price, provided that said goods be acquired from :

- individuals ;
- taxable persons carrying out an exempt activity without the right to deduct;
- taxable users transferring goods excluded from the right of deduction;
- non-taxable persons carrying out an activity outside the scope of application of value added tax;
- second-hand goods traders taxed according to the margin regime.

- Tax base :

The tax base is determined using one of the following two methods:

- Operation by operation method :

it is the difference between the sale price and the purchase price. This difference is calculated including taxes.

- Globalization method :

This is the difference between the total amount of sales and purchases of used goods made during a given period (month or quarter). The tax base thus obtained is considered inclusive of taxes.

## REGIMES APPLICABLE TO TRAVEL AGENCIES

Notwithstanding the provisions of article 92 (I-1 °) of the CGI, the transactions carried out by travel agencies based in Morocco and intended for export to travel agencies or intermediaries abroad relating to services used in Morocco by tourists, are deemed to be made in Morocco.

### Common law regime

The services provided by travel agencies acting as intermediaries are subject to value added tax under the conditions of common law when said operations generate commissions.

- **Special margin regime**

- Scope of application :

Travel agencies that carry out purchase and sale of travel services used in Morocco are subject to the margin regime.

Services, remunerated by a commission, carried out by travel agencies acting as intermediaries are excluded from this regime.

- Definition of margin :

The margin is determined by the difference between, on the one hand, the total sums received by the travel agency and invoiced to the beneficiary of the service and, on the other hand, the total expenses, including value-added tax, invoiced to the agency by its suppliers.

The margin calculated per month or quarter is stated tax included.

- Tax base :

The tax base is determined by the amount of commissions and / or by the margin.

## SIMPL TELESERVICES

From January 1, 2017, remote tax declarations and payments become mandatory for all taxpayers (Legal Persons and Professional Individuals), regardless of their turnover.

The «SIMPL-Adhésion» application allows you to subscribe to the General Tax Directorate's teleservices (<https://simpl-adhesion.tax.gov.ma/simpladhesion/process/flow?execution=e1s1> )

It provides the means to manage all data related to membership (representative, users, bank accounts, etc.).

At the end of the membership procedure, users receive a login and a password on their mailboxes which allow them secure access to the General Tax Directorate's teleservices: SIMPL-IR, SIMPL-IS, SIMPL-TVA, SIMPL- ENREGISTREMENT, SIMPL-ATTESTATIONS, SIMPL-RECLAMATIONS et COMPTE FISCAL

#### LEGAL BASE / SOURCE

General Tax Directorate : General Tax Code ( <http://www.tax.gov.ma> )  
Finance Act 2020  
DGI Circular No.730

## REGISTRATION FEES

### DEFINITION

Registration is a formality to which acts and agreements are subject. It gives rise to the collection of a tax called «registration fee».

### EFFECTS OF REGISTRATION FORMALITY

The registration formality has the effect of acquiring a certain date for agreements under private signature by means of their entry in a register called «register of entries» and ensuring the conservation of documents.

With regard to the Treasury, the registration is proof of the existence of the deed and its date. Registration must be deemed true and correct until proven otherwise regarding the designation of the parties and the analysis of the clauses of the deed.

The parties can not invoke the copy of the registration of an instrument to demand its execution. With regard to the parties, the registration does not constitute full proof, or by itself, prima facie evidence in writing.

### TERRITORIALITY

The following are subject to the registration formality :

- the deeds and agreements drawn up in Morocco;
- deeds and agreements concluded abroad relating to goods, rights or operations whose base is located in Morocco;
- all other deeds and agreements concluded abroad and producing their legal effects in Morocco.

### TAXABLE DEEDS AND AGREEMENTS

#### MANDATORY REGISTRATION

The following are compulsorily subject to the formality and to registration fees, even though as a result of the defect in their form they would be of no value :

- All agreements, written or oral and whatever the form of the deed which records them, under private signature, at a certain date including deeds drawn up by lawyers accredited by the court of cassation or authentic (notarial, adoulaire, Hebrew, judicial or extrajudicial) relating to:

- inter vivos transfer, free of charge or against payment, such as sale, donation or exchange:
  - of buildings, registered or unregistered, or rights in rem relating to such buildings;
  - of ownership, bare ownership or usufruct of goodwill or customers;
  - of assignment of shares in economic interest groups, stocks and shares of unlisted companies and stocks or shares in transparent real estate companies.

- perpetual rent lease of immovable property, emphyteutic lease, life lease and one with an unlimited duration;
- transfer of a right to lease or the benefit of a promise to lease covering all or part of a building, whether it is qualified as transfer of lease premiums, severance pay or otherwise;
- lease, assignment of lease, sublease of real estate, property rights or goodwill;
- waivers of the right of chefaâ or of withdrawal in the event of sefqa sale;
- withdrawals of right of redemption;
- withdrawal of objections in real estate matters;
- bonds, acknowledgments of debt and assignments of receivables;
- powers of attorney, whatever the nature of the proxy;
- receipts for the purchase of buildings.

- All private or authentic deeds relating to :

- constitution or discharge of mortgage, assignment or delegation of mortgage debt;
- constitution, capital increase, extension or dissolution of companies or economic interest groups, as well as all deeds modifying the contract or the articles of association;
- assignment of shares of listed companies;
- division (distribution) of movable or immovable property;
- antichresis or pledge of immovable property and their transfers.
- public contracts as well as deeds and agreements having as their object the performance of works, supplies or services by companies on behalf of State services, public establishments or local authorities, in accordance with the laws and regulations in force.

- The deeds, below, recording transactions other than those referred to above :

- Authentic deeds drawn up by notaries or private deeds or officials in charge of the notarization, as well as private deeds used by these notaries or officials in their authentic deeds, which they annex to said deeds or which are deposited with them ;
- The deeds of adul and Hebrew notaries relating to:
  - Ownership-constituting certificate;
  - After-death inventories;
  - sales of furniture or any movable objects;
  - furniture donations
- Court decisions, judicial and extrajudicial acts of clerks, as well as arbitral awards which, by their nature or by reason of their content, are subject to the proportional registration fee.

- Sales of forest products, made under articles 3 and following of the Dahir of 20 hja 1335 (October 10, 1917) on the conservation and exploitation of forests and sales made by agents in the field or customs agents.

## OPTIONAL REGISTRATION

Deeds other than those referred to above may be registered upon request of the parties to the deed or one of them.

## TARIFFS

Two types of fees are in force:

- Proportional fees: 1%, 1.5%, 3%, 4%, 5% and 6% with the establishment of a minimum collection fee
- Fixed fees: 200 MAD and 1000 MAD

### Proportional fees

<b>6 %</b>	<ul style="list-style-type: none"> <li>• Deeds relating to inter vivos transfers, free of charge or for a fee, such as sale, donation or exchange of ownership, bare ownership or usufruct of goodwill or customers;</li> <li>• Transfers, free of charge or for a fee, of shares or stocks in transparent and predominantly real estate companies whose shares are not listed on the stock market;</li> <li>• Leases with perpetual annuities of immovable property, emphyteutic leases, those for life and those with an unlimited duration ;</li> <li>• Assignments of lease rights or the benefit of a promise to lease;</li> <li>• withdrawals of the right of redemption exercised in real estate matters after expiry of the time limits provided for the exercise of the redemption right.</li> <li>• Deeds and agreements relating to the acquisition of buildings by credit institutions and similar institution, Bank Al Maghrib, the Deposit and management fund and insurance and reinsurance companies, whether these buildings are intended for residential, commercial, professional or administrative use</li> </ul>
<b>5 %</b>	<ul style="list-style-type: none"> <li>• deeds and agreements relating to the acquisition, against payment or free of charge, of bare land or containing buildings intended to be demolished, registered or unregistered, or of rights in rem relating to such land.</li> <li>• deeds and agreements relating to the acquisition of bare land or comprising buildings intended to be demolished, by credit institutions and similar institutions, subject to commercial or financial operations, under “Mourabaha”, “Ijara Mountahia Bitamlik « or « Moucharaka Moutanakissa” contract</li> </ul>
<b>4 %</b>	<ul style="list-style-type: none"> <li>• The acquisition by natural or legal persons of constructed premises, whether these premises are intended 643 for residential, commercial, professional or administrative use, as well as the acquisition of said premises by credit institutions or similar institution, subject to commercial or financial operations, under a “Mourabaha”, “Ijara Mountahia Bitamlik” or “Moucharaka Moutanakissa” contract. The land on which the aforementioned premises are built, within the limit of five (5) times the covered area, also benefit from the 4% rate.</li> </ul>

<b>3 %</b>	<ul style="list-style-type: none"> <li>• Assignments and transfers of perpetual and life annuities and pensions for consideration</li> <li>• Auction sales, sales, resales, transfers, retrocessions, contracts and all other civil or legal deeds transferring ownership, free of charge or against payment, of movable property;</li> <li>• property ownership-constituting certificates</li> <li>• The first sale of social housing and housing with low property value.</li> </ul>
<b>1,5 %</b>	<ul style="list-style-type: none"> <li>• Antichreses and pledges of immovable property;</li> <li>• Deeds establishing a mortgage or pledge on a goodwill (fonds de commerce), as a guarantee for a current or possible debt;</li> <li>• Industrial leases, contracts for constructions, repairs and maintenance and any other movable property which may be estimated made between individuals and which does not contain any sale or promise to deliver goods, food or other movable property.</li> <li>• Transfers, free of charge, of real estate or rights in rem, of goodwill or customers, of shares in EIGs, of stocks or shares in transparent or predominantly real estate companies, when they intervene in a direct line, between spouses or between brothers and sisters and between the person providing the Kafala and the child taken into care in accordance with the provisions of the aforementioned Law No. 15-01 relating to the care (the Kafala) of abandoned children;</li> <li>• Contracts, transactions, promises to pay, account statements, notes, money orders, transport, assignments and delegation of term receivables, delegation of price stipulated in a contract to discharge term receivables towards a third party, if these receivables have not been the subject of an already registered certificate, acknowledgments, those of deposits of sums with individuals, credit transactions and all other acts or writings that contain obligations of sums without donation and without the obligation being the price of an unregistered transfer of furniture or buildings.</li> </ul> <p>The same thing applies, in the event of sale of the pledge, for:</p> <ul style="list-style-type: none"> <li>- deeds of pledge drawn up in application of the special legislation on the pledge of agricultural products, products belonging to the union of cooperative docks-silos, mining products, certain products and materials;</li> <li>- deeds of pledge and the receipts provided for by articles 356 and 378 of law No. 15-95 forming the Commercial Code, promulgated by dahir No. 1-96-83 of 15 rabii I 1417 (August 01, 1996);</li> <li>• The division of movable or immovable property between co-owners, co-heirs and co-partners, for whatever reason. However, when the division includes a balancing payment or a capital gain, the fees are collected at the rates provided for transfers for consideration, in proportion to the respective value of the various property included in the lot comprising the balancing payment or the capital gain;</li> </ul>

	<ul style="list-style-type: none"> <li>• the creation of annuities, either perpetual or life annuities, and pensions for consideration;</li> <li>• deeds of transfer between co-owners of undivided rights to agricultural properties located outside the urban perimeter;</li> <li>• goods in stock transferred with the goodwill when they are the subject of a detailed inventory and a separate estimate.</li> </ul>
<b>1 %</b>	<ul style="list-style-type: none"> <li>• Transfers of bond securities in companies or businesses and bond securities of local collectivities and public institutions;</li> <li>• Guarantees for sums, securities and movable objects, movable guarantees and compensation of the same nature;</li> <li>• the adoul deeds which confirm the agreements entered into in another form and which stipulate inter vivos transfer of immovable property and rights in rem. These deeds are only exempt from payment of transfer fee up to the amount of fees already collected;</li> <li>• deliveries of bequests;</li> <li>• outright extensions of time for payment of a debt;</li> <li>• receipts, compensations, waivers and all other deeds and writings releasing sums and securities, as well as withdrawals of redemption rights exercised within the stipulated time limits, when the deed recording the withdrawal is presented for registration before expiry of these deadlines;</li> <li>• The inventories drawn up after death;</li> <li>• The formation or increase of capital of companies or EIGs carried out by new contributions, on a pure and simple basis.</li> </ul>
<b>Minimum charge</b>	
<p>A minimum of 100 MAD is charged for deeds and transfers subject to proportional fees.</p> <p>This amount is increased to MAD 1,000 for deeds of formation and increase of capital of companies and economic interest groups</p>	
<b>Fixed fees</b>	
<b>200 MAD</b>	<p>Particularly :</p> <ul style="list-style-type: none"> <li>• waivers of the exercise of the right of chefaâ or sefqa. A fee is due per waiving co-owner;</li> <li>• wills, revocations of wills and all deeds of donation which only contain provisions subject to the event of death;</li> </ul>

- outright cancellations and terminations made within 24 hours of terminated deeds and presented within this period for registration;
- deeds which only contain the execution, completion and consummation of previously registered acts ;
- contracts and treaties deemed to be commercial deeds by Articles 6 et seq. of Law No. 15-95 forming the Commercial Code, made or concluded under private signature;
- deeds of pledge drawn up in application of the special legislation on the pledge of agricultural products, products belonging to the union of cooperative docks-silos, mining products, certain products and materials; the deeds of pledge and the receipts provided for by articles 356 and 378 of law No. 15-95 forming the Commercial Code (except application of the provisions of article 133 (I-C-5 °) above in the event of sale of the pledge).
- the declarations of command (declarations disclosing the identity of the actual purchaser and naming a command (a friend) as actual purchaser) when they are made by authentic deed within forty eight (48) hours of the deed of acquisition, itself passing into the authentic form and containing the reserve of the right to elect command;
- leases and rentals, transfers of leases and sublets of buildings or goodwill;
- the transfer to the cooperator of their housing after full release of the subscribed capital in accordance with the provisions of the aforementioned royal decree relating to law No. 552-67 relating to land credit, construction credit and hotel credit,
- deeds of extension or dissolution of companies or EIGs which do not entail any obligation, nor release nor transfer of movable or immovable property between partners, members of EIGs or other persons and which do not give rise to proportional fees;
- deeds of incorporation without capital of EIG;
- sales or transfers for consideration of ownership or usufruct of aircraft, ships or boats, excluding transfers for consideration of yachts or pleasure boats between individuals;
- contracts by which credit institutions and similar institutions make buildings or goodwill available to their clients, as part of leasing operations, "Mourabaha" or "Ijara Mountahia Bitamlik" or "Moucharaka Moutanakissa" 660, their terminations during the lease by mutual consent of the parties, as well as the transfers of the aforementioned properties for the benefit of the lessees and buyers appearing in the aforementioned contracts;
- deeds relating to credit transactions concluded between finance companies and individuals, creation of mortgage and pledge on goodwill granted as security for said transactions; and deeds of mortgage release and pledge on goodwill.

	<ul style="list-style-type: none"> <li>• all other unnamed deeds which cannot give rise to proportional fees.</li> <li>• Deeds executed within the framework of the sale in the future state of completion «VEFA».</li> <li>• deeds of promise of sale or purchase drawn up by notaries, adouls (Muslim notaries) or lawyers approved by the court of cassation as well as writings indicating the amounts paid for said deeds.</li> </ul>
<b>1000 MAD</b>	<ul style="list-style-type: none"> <li>• The formation and increase of capital of companies or EIGs carried out by new contributions, purely and simply, provided that the subscribed share capital does not exceed 500,000 MAD;</li> <li>• Transfer and contribution operations carried out under the tax incentive regime for operations of restructuring of groups of companies</li> <li>• Asset contribution operations carried out under the incentive regime for asset contribution operations</li> </ul>

#### MAIN EXEMPTIONS

These include the following deeds:

- Deeds of public interest, social interest, concerning the State, Habous and Territorial Collectivities or relating to credit transactions;
- Deeds relating to investment, in particular :
  - Acquisitions by real estate developers of unbuilt land or land containing buildings intended to be demolished and reserved for the construction of housing estates, residences or university campuses, under an agreement concluded with the State;
  - Deeds of formation and increase of capital of companies based in **NEW** industrial acceleration zones;
  - Acquisitions of land by companies based in **NEW** industrial acceleration zones;
  - Deeds relating to changes in capital and modifications to the articles of association or management regulations of Undertakings for Collective Investment in Transferable Securities (UCITS) and real estate collective investment undertakings (OPCI);
  - Deeds relating to the creation Funds for Collective Investment in Securitization (FPCT), to the acquisition of assets for operating needs or from the initiating institution, to the issue and sale of securities by said funds, to the modification of management regulations and other deeds relating to the operation of said funds in accordance with the regulations in force;
  - Mortgage deeds granted as security for the payment of VAT paid by the State, as well as the release issued by the collector of the tax administration;
  - Deeds of formation and increase of capital of companies having «Casablanca Finance City» (C.F.C.) status.
  - **NEW** Deeds and writings by which sports associations contribute part or all of their assets and liabilities to sports companies incorporated in accordance with the provisions of Law No. 30-09 on physical education and sports.

#### LEGAL BASE / SOURCE

General Tax Directorate : General Tax Code (<http://www.tax.gov.ma>)  
 Finance Act 2020  
 DGI Circular No.730

## SCOPE OF APPLICATION

The following are subject to stamp duty:

- deeds and agreements subject to the registration formality;
- all deeds, documents, books, registers or directories, whatever their form, drawn up to constitute the certificate or the justification of a right, of an obligation or of a discharge and, in general, to record a legal fact or legal relationship.

Photocopies and all other reproductions obtained by photographic means, established to take the place of extracts or copies, are subject to the same stamp duty as that relating to the reproduced writings.

## TARIFFS

There are 2 categories of stamp duty: proportional and fixed.

## PROPORTIONAL DUTY

- 5 % rate :
  - on-screen advertisements, whatever their form and mode.
- 0,25 % rate :
  - pure and simple receipts or gains given at the bottom of invoices and bills, cashier's receipts, receipts or discharges of sums and all certificates which entail release or discharge paid in cash.
- The following are subject to the rates below: motor vehicles subject to the special annual tax on vehicles, when they are first registered in Morocco for vehicles acquired in Morocco or during their customs clearance for imported vehicles, except vehicles imported by authorized dealers:

Vehicle value (excluding VAT)	Rate
From 400.000 to 600.000 MAD	5 %
From 600.001 to 800.000 MAD	10 %
From 800.001 to 1.000.000 MAD	15 %
Greater than 1.000.000 MAD	20 %

However, the following are not subject to the provisions of the previous paragraph:

- electric motor vehicles and hybrid motor vehicles (electric and thermal);
- vehicles with a total laden weight or maximum total towed laden weight greater than 3,000 kilograms, excluding four-wheel drive (4x4) type vehicles which remain subject to the rates provided in the table above.

## FIXED DUTY

- Fixed duty of 1,000 MAD:
  - the type-approval report for motor vehicles and towed vehicles weighing with their load more than 1,000 kg.
- Fixed duty of 500 MAD :
  - the registration card in the W18 series and each renewal;
  - the type-approval report for tracked vehicles, tractors with tires and automotive agricultural machinery not likely to exceed the hourly speed of 30 kilometers;
  - passports and each of their extensions.
- Fixed duty of 300 MAD, particularly:
  - hunting licenses;
  - driving licenses.
- Fixed duty of 200 MAD, mainly:
  - licenses and authorizations of establishments selling alcoholic beverages;
  - permits to carry weapons;
  - the international driving license.
- Fixed duty of 100 MAD, particularly
  - residence permits for foreigners by year of validity.
- Fixed duty of 75 MAD:
  - the national electronic identity card: when it is issued, renewed or duplicated.
- Fixed duty of 50 MAD, particularly:
  - the certificate of periodic inspection of motor vehicles;
  - the receipt of declaration of entry into circulation of motor vehicles (car registration card) for registration and transfer;
  - import certificates whose value exceeds 2,000 MAD.
  - **NEW** the national electronic identity card for children under the age of twelve (12) completed Gregorian years, when it is issued, renewed or duplicated.
- Fixed duty of 30 MAD:
  - Extracts of police record : for each extract issued.

- Fixed duty of 20 MAD, mainly:
  - bills of lading issued for the recognition of goods covered by a shipping contract;
  - all deeds, documents and writings establishing a legal fact or a legal relationship that do not fall under a different specific law;
- Fixed duty of 5 MAD, particularly:
  - negotiable bills of exchange;
- Fixed duty of 1 MAD, particularly:
  - pure and simple receipts;
  - receipts establishing a cash deposit made with a credit institution or a brokerage firm;
  - certificates for the transport of goods or postal parcels, such as consignment notes, waybills, receipts, declarations or dispatch notes issued by public or private rail or road transport companies.
- The motor vehicles subject to the special annual tax on vehicles, when first registered in Morocco, are subject to the fixed duties below:

	TAX HORSEPOWER (C.V)			
Vehicle category	Less than 8 C.V	From 8 to 10 C.V	From 11 to 14 C.V	Greater or equal to 15 C.V
Amount (MAD)	2.500	4.500	10.000	20.000

#### MAIN EXEMPTIONS

- deeds and writings exempt from registration fees
- Deeds drawn up in a public or administrative interest
- Deeds and writings relating to public accounting
- Deeds and writings relating to civil status
- Judicial or extra-judicial deeds and writings
- Deeds relating to credit transactions
- Deeds presenting social interest

#### LEGAL BASE / SOURCE

General Tax Directorate : General Tax Code (<http://www.tax.gov.ma>)  
 Finance Act 2020  
 DGI Circular No.730

## PROFESSIONAL TAX

### SCOPE OF APPLICATION

The professional tax applies to any natural or legal person of Moroccan or foreign nationality who practices a professional activity in Morocco.

It also covers funds created by law or by agreement which do not have legal personality and whose management is entrusted to agencies governed by public or private law. Taxation is established in the name of their managing agency.

### CALCULATION BASIS

The professional tax is based on the normal and current gross annual rental value of stores, shops, factories, workshops, hangars, outhouses, construction sites, warehouses and all other premises and locations and facilities used for the practice of taxable professions.

- For industrial establishments and all other professional activities, the professional tax is calculated on the rental value of these establishments taken as a whole and provided with all their material means of production including properties rented or acquired by way of leasing.

This rental value may not be less than 3% of the cost price of land, buildings, fixtures, equipment and tools.

For properties rented or acquired by way of leasing, the rental value is determined on the basis of the cost price of said properties appearing in the initial leasing contract, even after taking up of the purchase option.

The taxpayer who practices several professional activities in the same premises is taxable according to the rate for the class of the main activity.

When several people practice professional activities in the same premises, the professional tax is calculated for each taxpayer separately in proportion to the rental value corresponding to the occupied part of said premises..

- With regard to hotel establishments, the rental value serving as the basis for the calculation of the professional tax is determined by application to the cost price of the constructions, equipment, tools, fixtures and fittings of each establishment, the following coefficients:

COST PRICE	COEFFICIENTS
Less than 3 000 000 MAD	2 %
Equal or greater than 3 000 000 and less than 6 000 000 MAD	1,5 %
Equal or greater than 6 000 000 and less than 12 000 000 MAD	1,25 %
Equal or greater than 12 000 000 MAD	1 %

These reduced coefficients cannot be combined with any other reduction in this tax.

#### APPLICABLE RATES

Professional activities are classified, according to their nature, in one of the classes of the nomenclature of professions.

CLASS	RATE
CLASS 3 ( C3 )	10 %
CLASS 2 ( C2 )	20 %
CLASS 1 ( C1 )	30 %

#### MINIMUM DUTY

A minimum duty is levied under the professional tax varying between 100 and 1,200 MAD depending on whether the activities carried out are in urban or rural municipalities.

This duty is due by travelers, representatives, trade or industry brokers who are not liable to income tax for their salary income and similar income, street vendors on public roads, taxpayers who do not practice permanently at the place of their domicile, people who carry out trade or industry in a city without being domiciled there and more generally all those who practice a profession outside the premises that can serve as basis for the calculation of professional tax.

#### MAIN EXEMPTIONS

##### Permanent exemptions

- taxpayers who make taxable investments for the rental value relating to the part of the cost price greater than :

- One hundred (100) million MAD, excluding value added tax, for land, buildings and their fixtures, equipment and tools acquired by companies producing goods, from July 1, 1998;
- Fifty (50) million MAD, excluding value-added tax, for land, buildings and their fixtures, equipment and tools acquired by companies producing goods and services, as of January 1, 2001

However, properties benefiting from permanent or temporary exemption as well as non-taxable items are not taken into consideration for determining the amount of said ceiling.

- farmers, for sales made outside any shop or store, the handling and transport of crops and fruits from the land they farm as well as the sale of live animals they raise there and products from livestock whose transformation has not been carried out by industrial means.

Persons who practice a professional activity relating to the purchase, sale and/or fattening of live animals are excluded from this exemption; non-profit associations and similar organizations;

- private educational or vocational training institutions for premises allocated to accommodation and instruction for students;
- real estate developers who build social housing as well as those who build housing estates and university residences under an agreement concluded with the State;
- companies based in the free zone of the port of Tangier.

##### Permanent reduction

Taxpayers having their tax domicile or head office in the former province of Tangier and practicing a main activity within the jurisdiction of said former province benefit from a reduction of 50% for this activity.

##### Temporary exemption

- Any professional activity newly created for a period of five (5) years from the year of the start of the activity;
- Companies authorized to carry out their activities in export free zones during the first fifteen (15) years following their operation.

### Registration on the professional tax roll

- Subscription to the local tax service for a declaration of registration within a maximum period of thirty (30) days following the date of the start of the activity.
- In view of this declaration, an identification number is assigned to each taxpayer.

### Declaration of taxable elements

- It must show, by establishment operated, the land and buildings, fixtures, fittings, equipment and tools, indicating the date of their acquisition, commissioning or installation, the place of employment and their cost price no later than January 31 of the year following that of the start of activity;
- Likewise, any changes made in the establishment resulting in increasing or reducing the taxable elements must be declared no later than January 31 of the year following that of the modification;
- These declarations must be sent or delivered against receipt to the local tax service.

### Display of the professional tax identification number

- It must be visible and perfectly legible.

### Presentation of documents justifying registration

- When required by tax inspectors, revenue officers, judicial police officers and law enforcement officers.

### Declaration of establishment unemployment

- In the event of partial or total unemployment, the taxpayer must submit, no later than January 31 of the year following that of the establishment's unemployment, to the local tax service a declaration indicating their professional tax identification number, the situation of the establishment concerned, the reasons, the supporting documents and the description of the unemployed party.
- Partial unemployment means unemployment of all the properties of an establishment which are separately operated.

### Declaration of sale, termination, transfer of activity or transformation of the legal form of the establishment

- Within forty five (45) days, from the date of the occurrence of one of these events;
- In the event of the death of the taxpayer, the time limit for declaration by the beneficiaries is three (3) months from the date of death.
- When the beneficiaries continue to practice the activity of the deceased taxpayer, they must mention this in the declaration so that the assessment is made in joint ownership.

### SOURCE

Law on local taxation  
General Tax Directorate : [www.tax.gov.ma](http://www.tax.gov.ma)

## SCOPE OF APPLICATION

The housing tax is established annually in the name of the owner or the usufructuary and failing that, in the name of the possessor or the occupant and relates to the built buildings and constructions of any kind occupied in whole or in part by their owners as main or secondary dwelling or made voluntarily, by said owners, at the disposal of their spouses, ascendants or descendants, as accommodation, including the ground on which the said buildings and constructions are erected and the adjoining land, such as courtyards, passages, gardens when they constitute immediate outbuildings.

When the land adjoining buildings is not developed, or when these developments are not significant, the area to be taken into consideration for determining the rental value is set at a maximum of five (5) times the area covered by all of the buildings.

This tax applies:

- within the perimeter of urban municipalities;
- in the peripheral areas of the said municipalities. These areas are defined by the provisions of Law No. 12-90 on town planning;
- in delimited centers, designated by regulation;
- in summer, winter and thermal spa resorts where the tax perimeter is defined by regulation

## CALCULATION BASIS

The housing tax is based on the rental value of buildings, determined according to the average of the rents charged for similar dwellings located in the same district and determined by comparison by a census commission.

When a housing unit is occupied by one or more co-owners in joint ownership who pay rent to other co-owners not occupying the said dwelling, the taxable rental value is determined solely on the share due to the occupant of the dwelling. The amount of said rent is liable to income tax.

The rental value is revised every five (5) years by an increase of 2%.

**N.B : Abatement relating to the main housing**

A reduction of 75% is applied to the rental value of the main housing of each taxpayer-owner or usufructuary.

This abatement also applies to the rental value of the building occupied as the main housing by:

- the spouse, ascendants or descendants in direct line to the first degree;
- members of real estate companies as defined by the General Tax Code;
- co-owners for the premises they occupy as the main dwelling;
- Moroccans living abroad for the dwelling that they keep as their main residence in Morocco, occupied free of charge by their spouse, their ascendants or descendants in direct line to the first degree.

This abatement cannot be combined with any other reduction in this tax.

## APPLICABLE RATES

ANNUAL RENTAL VALUE	RATE
from 0 to 5 000 MAD	Exempt
from 5 001 to 20 000 MAD	10 %
from 20 001 to 40 000 MAD	20 %
from 40 001 MAD and more	30 %

## MAIN EXEMPTIONS

**Permanent exemptions**

- buildings belonging :
  - to the State, local collectivities and public hospitals;
  - to private assistance and charitable organizations subject to state control;
  - to associations recognized as being of public utility when in said buildings are based charitable non-profit institutions;
- buildings made available free of charge to the institutions and organizations listed above;
- buildings belonging to foreign States and used for the accommodation of their ambassadors, ministers plenipotentiaries or consuls accredited to Morocco, subject to reciprocity;
- buildings used as premises of the diplomatic or consular mission owned or rented by the sending State or the head of the mission under Article 23 of the Vienna Convention on Diplomatic Relations;
- buildings belonging to international organizations enjoying diplomatic status when these buildings are used for the accommodation of heads of mission accredited to Morocco;
- buildings with no income which are assigned exclusively to the public celebration of different religions, to free education or which have been classified or registered as historical monuments, under the conditions set by legislation and the regulations in force.

## Permanent reduction

The amount of the housing tax applicable to buildings located in the former province of Tangier is reduced by half.

## Temporary exemption

New buildings achieved by people as their main dwelling, for a period of five (5) years following that of their completion, benefit from the temporary exemption.

## OBLIGATIONS OF TAXPAYERS

### Declaration of completion of construction, change of property or use of buildings

- Subscription to the local tax service for a declaration of:
  - completion of new constructions and additions to constructions;
  - change of property or use of buildings.
- Subscription period: no later than January 31 of the year following that of the completion of the works or the change of property.

### Declaration of vacancy

- Subscription to the local tax service for a vacancy declaration;
- Subscription period: no later than January 31 of the year following that of the completion of the works or the change of property.

## SOURCE

Law on local taxation  
General Tax Directorate : [www.tax.gov.ma](http://www.tax.gov.ma)

## MUNICIPAL SERVICES TAX

### SCOPE OF APPLICATION

The municipal services tax is established annually at the location of the buildings subject to this tax, in the name of the owner or the usufructuary and failing that, in the name of the possessor or occupant on:

- constructed buildings and buildings of all kinds;
- equipment, tools and any means of production covered by professional tax.

This tax applies:

- within the perimeter of urban municipalities;
- in the peripheral areas of the said municipalities. These areas are defined by the provisions of Law No. 12-90 on town planning;
- in delimited centers, designated by regulation;
- in summer, winter and spa resorts where the perimeter of taxation for housing tax is defined by regulation.

### TAXABLE BASE

The municipal services tax is based :

- with regard to buildings subject to housing tax and professional tax, including those benefiting from permanent or temporary exemption, on the rental value used as the basis for calculating said taxes;
- with regard to buildings not subject to housing tax, on the total amount of rents when said buildings are leased or on their rental value when they are made for free at the disposal of third parties.

### APPLICABLE RATES

The rates of the municipal services tax are set as follows:

	RATE
Properties located within the perimeter of urban municipalities, delimited centers, summer, winter and spa resorts	10,50 % of the rental value
Properties located in the peripheral areas of urban municipalities	6,50 % of the rental value

## MAIN EXEMPTIONS

Taxpayers benefiting from total permanent exemption from housing tax and professional tax as well as political parties and trade union centers for buildings belonging to these entities and intended for their headquarters, excluding:

- companies located in the free zone of the port of Tangier for activities carried out within said zone;
- undertakings for collective investment in transferable securities (UCITS);
- funds for Collective Investment in securitization (F.P.C.T.);
- venture capital investment funds (O.P.C.R.) for activities carried out as part of their legal purpose;
- Bank Al-Maghrib;
- natural or legal persons holding an exploration permit or an concession for the exploitation of hydrocarbon deposits, governed by the aforementioned Law No. 21-90, relating to the exploration and exploitation of hydrocarbon deposits;
- the State, local collectivities and public institutions, for buildings for residential use, excluding staff housing.

## SOURCE

Law on local taxation

General Tax Directorate : [www.tax.gov.ma](http://www.tax.gov.ma)



CUSTOMS  
REGIME

# CUSTOMS REGIME

## ECONOMIC CUSTOMS REGIMES

### DEFINITION

Economic customs regimes are so called because of the economic functions assigned to them. These regimes contribute to improving the competitiveness of the national economy and promoting Moroccan exports.

Economic customs regimes are regimes that allow the company:

- to carry out its operations of storage, processing, use or circulation of foreign goods without payment of duties and taxes to which they are normally subject as well as in suspension of (without) the application of prohibitions and quantitative restrictions on the import or export except for absolute prohibitions (narcotics, weapons of war, etc.): suspensive regimes
- or to be reimbursed, on the basis of flat rates, of certain duties and taxes levied on the importation of materials of foreign origin entering into the manufacture of exported goods: drawback regime

### TYPES OF REGIMES

#### 1. Suspensive regimes

##### A. Storage regime: :

- bonded warehouse or customs warehouse

##### B. Processing regime

- Temporary admission for inward processing
- Customs processing
- Temporary exportation for outward processing
- Temporary exportation for outward processing with recourse to standard exchange
- Use regimes
- Temporary admission
- Temporary export

##### C. Combined regime

- free industrial warehouse

##### D. Circulation regime

- Customs transit

#### 2. Drawback

### CONDITIONS FOR GRANTING

Below are the conditions for granting common to all economic customs regimes. Those specific to each of them are detailed in the sections dedicated to each regime.

To be authorized to operate under one of the suspensive regimes, economic operators are required to:

1- Submit, with the customs office within the jurisdiction of the company, an application accompanied by the following documents:

- the «model j» Trade Register relating to the company;
- a copy of the company's articles of association;
- the report of the general meeting;
- a copy of the identity document of the manager of the company.

2- Submit, unless otherwise specified, a guarantee of the required duties and taxes, the payment of which will be suspended.

3- Cover goods placed under economic customs regime either by a bond note or by documents provided for by international conventions of which Morocco is a member (TIR Carnet, ATA Carnet, etc.).

### MANAGEMENT OF OPERATIONS UNDER ECONOMIC CUSTOMS REGIME

The management of economic customs regime accounts (compte RED) consists of keeping stock accounts and implementing a number of checks carried out automatically or by customs agents.

This process is implemented according to the following modalities:

- The opening of the account: the registration of the import or transfer declaration gives rise to the opening of a « compte RED» (economic customs regime accounts). Each article of the declaration constituting a declaration, the account is created in the form of opening lines showing the nature of the goods (Harmonized System + order number), their quantities and their values.
- Account clearance: subsequent clearance operations for these goods give rise to the total or partial clearance of one or more previously opened «comptes RED», with specification of the gross (waste included) and net (quantity without waste) cleared quantities and cleared values.
- The issuance of the account discharge certificate: a cleared account without any insufficiency gives rise to the issuance by the Customs Administration of a discharge certificate. This document allows the operator (account bidder) to release their guarantees with the guarantor organization. An overdue account that is not fully settled constitutes a case of litigation.

From October 16, 2017, electronic notification of the bank guarantee for operations under the economic customs regime is required.

To do this, the banker must validate on the BADR system the bank guarantee relating to the detailed declaration under the economic customs regime.

## CUSTOMS OFFICES CONCERNED

Goods placed under an economic customs regime can be imported or exported by all customs offices in the national territory, apart from the offices of Al Hoceima, Figuig (not open to the regimes of temporary admission for inward processing, temporary exportation for outward processing and of the free industrial warehouse) and Bab Sebta.

## USEFUL DEFINITIONS

- **Bond note (Acquit-à-caution)** : national document in the form of a detailed declaration accompanied by commitments made by the tenderer and guaranteed by a bond.
- **ATA Carnet** : international customs document which aims to facilitate international trade and simplify customs formalities.

This Carnet allows achieving, without payment of duties and taxes, certain operations of temporary admission, temporary export or transit.

- **Deposit (Consignment)** : consists of depositing, with the customs collector, a sum guaranteeing the payment of duties and taxes on the basis of the base elements that the Customs Administration will have assessed and, if applicable, the penalties incurred.
- In terms of guarantees for transactions initiated under suspensive regimes, deposit is authorized for the period of validity of the account subscribed. The amount deposited covers the amount of payable duties and taxes.
- The **Authorized Economic Operator (AEO) status**: it is granted under certain conditions to any company established in the national territory, carrying out industrial, commercial or service activities, linked to international trade, both for imports and exports. This status offers said AEOs direct advantages, in particular, faster passage through customs and personalized treatment based on trust and other privileges. With regard to indirect benefits, this status constitutes in particular an economic performance lever for the company and a guarantee of reliability for suppliers, customers, contractors and other business partners.
- **«the approved exporter» status** : gives the beneficiary company the possibility of certifying itself the origin of the goods covered by the agreements concluded with the European Community, the European Free Trade Association, Turkey and the Mediterranean Arab Countries signatories of the Agadir agreement. Thus, the exporting company having this status is not obliged to use the EUR.1 or EUR-MED certificate form and to present it to the customs services of the export office for visa, during each export transaction.

## I- SUSPENSIVE REGIMES

### A-STORAGE REGIME

### BONDED WAREHOUSE OR CUSTOMS WAREHOUSE

DEFINITION	Allows goods to be placed, while awaiting their final destination, for a fixed period of time in premises subject to the control of customs officers.
TYPES	<p>3 types :</p> <ul style="list-style-type: none"> <li>• The public warehouse: granted to a city or a chamber of commerce when it meets general needs;</li> <li>• The ordinary private warehouse: granted to natural or legal persons to store goods belonging to them or belonging to third parties;</li> <li>• The particular private warehouse: granted to natural or legal persons for their personal and exclusive needs.</li> </ul> <p>These warehouses are qualified:</p> <ul style="list-style-type: none"> <li>• as export warehouses: when the goods stored there are intended exclusively for export, warehouse sales can be made either wholesale or retail</li> <li>• as special warehouses: when the goods stored : <ul style="list-style-type: none"> <li>- require special facilities for their conservation</li> <li>- present particular dangers</li> <li>- are intended to be presented to the public at fairs, exhibitions and other similar events</li> <li>- are cleared for the benefit of one of the regimes of total or partial exemption from the duties and taxes payable.</li> </ul> </li> </ul>
AUTHORIZED GOODS	All goods except those absolutely prohibited and those in poor condition.
DURATION OF STAY	<p>Maximum two (02) years, except exemption granted by the Minister in charge of Finance. The deadline is counted from the date of registration of the declaration of entry into the bonded warehouse.</p> <p>This duration is a clear duration not including the initial day or the due date.</p>
ADMINISTRATION CONCERNED	The customs services to which the premises to be approved belongs territorially.
WAREHOUSE APPROVAL FORMALITIES	<ul style="list-style-type: none"> <li>• Application for approval</li> <li>• Copy of the certificate of ownership of the premises or of the lease or concession contract</li> <li>• Plan, in duplicate, determining the location and layout of the premises;</li> <li>• Articles of association of the company applying for the operation of the warehouse;</li> <li>• Report of the last meeting of the Board of Directors;</li> <li>• Trade Register extract "Model J";</li> <li>• List of products to be stored;</li> <li>• Copy of the identity document of the persons authorized to bind the company.</li> </ul>

	<p>For special private warehouses for the storage of fuels (jet fuel, gasoline, diesel), the application file must include in addition to the aforementioned documents:</p> <ul style="list-style-type: none"> <li>• the authorization issued by the energy department;</li> <li>• the tank gauging scales stamped by the Legal Metrology Division;</li> <li>• descriptive notices for measuring instruments highlighting their technical characteristics;</li> <li>• the approval certificates for said instruments issued by the Legal Metrology Division.</li> </ul>
<b>OPERATING MODALITIES</b>	The modalities are described in the concession order (case of the public warehouse) or the authorization to open granted (case of ordinary or special private warehouses).
<b>OBLIGATIONS OF THE BENEFICIARIES</b>	<ul style="list-style-type: none"> <li>• facilitate customs controls</li> <li>• keep, for the customs services, stock accounts of stored goods</li> <li>• notify the Customs Administration of any change in the condition and location of the goods placed in warehouse and notify them of any deterioration of the goods stored.</li> </ul>
<b>REGULARIZATION OR CLEARANCE MODALITIES</b>	<p>Regularization is carried out by:</p> <ul style="list-style-type: none"> <li>• Export of stored goods</li> <li>• Release for consumption (customs clearance) of these goods with payment of duties and taxes and completion of foreign trade and exchange control formalities. A maximum proportion of 15% of the quantities of goods initially imported under the Special Private Warehouse regime, can be released for consumption under advantageous conditions.</li> <li>• Transfer of goods under another suspensive regime or under the warehouse regime (transfer from one warehouse to another).</li> </ul>

## B-PROCESSING REGIMES

### 1. TEMPORARY ADMISSION FOR INWARD PROCESSING (TAIP)

<b>DEFINITION</b>	<p>Allows importation into Moroccan territory, without payment of duties and taxes:</p> <ul style="list-style-type: none"> <li>• goods intended to receive processing, working or additional manpower</li> <li>• goods [list is established by decision of the Minister in charge of Finance after consultation with the minister (s) concerned] which are not found in the compensating products but which allow these products to be obtained, even if they disappear completely or partially during their use in the manufacturing process.</li> </ul>
<b>BENEFICIARIES</b>	<p>Companies having the necessary tools (for manufacturing, processing or additional manpower) and compatible with the activity practiced.</p> <p>For transactions of a certain economic nature (case of platform companies and trading companies for example), this condition is removed upon authorization from the Customs Administration.</p>
<b>AUTHORIZED GOODS</b>	<p>With the exception of prohibited goods, all goods from abroad intended to receive processing, working or additional manpower for their export.</p> <p>Goods produced in Morocco, subject to internal consumption taxes, used for the manufacture of products to be exported are also admitted in temporary admission for inward processing.</p>
<b>DURATION OF STAY</b>	<p>Maximum two (02) years, except exemption granted by the Minister in charge of Finance after consultation with the Minister (s) in charge of the resource.</p> <p>The duration is counted from the date of registration of the import declaration.</p> <p>This duration is a clear duration including neither the initial day nor the due date</p>
<b>ADMINISTRATION CONCERNED</b>	The economic customs regime account (compte RED) management structure of the responsible customs office.
<b>FORMALITIES</b>	<ul style="list-style-type: none"> <li>• an application for authorization to operate under the economic customs regime duly stamped by the operator. This application must be made on letterheaded paper and according to the required template (appendix 1.8)</li> <li>• the original or a certified true copy, dated less than three (03) months, of the trade register, of the declaration of registration to the trade register or of the bulletin of notification of the identifiers (assigned by the Regional Investment Center).</li> </ul>
<b>REGULARIZATION OR CLEARANCE MODALITIES</b>	<p>The goods must be, except exemption granted by Customs and before the expiry of the statutory duration, either exported (export of compensating products obtained after processing, working or additional manpower), or constituted in a storage warehouse, or placed under the temporary admission regime, or released for consumption.</p>

**CUSTOMS STATUTE  
OF WASTE**

Regulatory waste resulting from a manufacturing process under temporary admission for inward processing is:

- Either irrecoverable waste (without market value): this waste can be released for consumption, without filing a customs declaration, exempt from duties and taxes
- Or recoverable waste (having a market value): which can be released for consumption under regulatory conditions, exported definitively or for outward processing with a view to undergoing processing abroad, abandoned free of all fees (for the benefit of the Customs Administration when accepted) or destroyed under the control of the Customs Administration.

The release for consumption and the export of regulatory waste is a matter of law. The abandonment and destruction of said waste are subject to prior authorization from Customs.

**2. PROCESSING UNDER CUSTOMS CONTROL**

<b>DEFINITION</b>	Allows the importation, without payment of duties and taxes, of goods to subject them to operations which modify their species or state, with a view to releasing for consumption the compensating products obtained. The latter must benefit, under specific legislative provisions, from total or partial exemption from import duties and taxes.
<b>BENEFICIARIES</b>	Natural or legal persons with the necessary tools for the planned processing.
<b>DURATION OF STAY</b>	Maximum one (01) year, except exemption granted by the Minister in charge of Finance after consultation with the Minister (s) concerned. The duration is counted from the date of registration of the declaration of entry of goods under this regime.
<b>FORMALITIES</b>	Granting by decision of the Director General of the Customs Administration after consultation with the Minister in charge of resources when it comes to products benefiting from total or partial exemption from import duties and taxes under specific legislations. Accounts subscribed under the regime of processing under customs control must be covered by a bank guarantee or the deposit of duties and taxes.
<b>REGULARIZATION OR CLEARANCE MODALITIES</b>	The regularization is carried out by the release for consumption of the processed products. By way of exception, after authorization from the Customs Administration, the regularization can be carried out by exporting either goods (as is) in the state in which they were imported, or processed products from previously imported goods.

**3. TEMPORARY EXPORT FOR OUTWARD PROCESSING (TEOP)**

<b>DEFINITION</b>	This regime allows the provisional export of products and goods with the aim of receiving processing abroad before reimport.
<b>BENEFICIARIES</b>	Any company under Moroccan law.
<b>AUTHORIZED GOODS</b>	Products and goods, of Moroccan origin or released for consumption or imported under the regimes of free industrial warehousing, temporary admission, temporary admission for inward processing or processing under customs control, which are sent outside the covered territory to receive processing.
<b>DURATION OF STAY</b>	The duration of stay abroad is limited to the time necessary for the planned operation, without this period exceeding one (01) year. However, and in duly justified cases, the Minister in charge of Finance may authorize the extension of the aforementioned period without it exceeding twice the said period.
<b>FORMALITIES</b>	The TEOP operations of machines, materials, tools and equipment are authorized directly by the services of the export office. For other categories of goods, authorization is granted at the Central Administration on the basis of an application to be submitted directly to the export office. With the exception of machines, materials, tools and equipment, the granting of this regime is subject to the presentation of an authorization issued by the department in charge of the resource within a period not exceeding sixty (60) days.
<b>REGULARIZATION OR CLEARANCE MODALITIES</b>	Goods admitted under the TEOP regime may be reimported by a customs office other than the one of their exportation, provided that the customs service is in possession of the elements necessary to ensure the identity of the goods initially exported and those re-imported. In the absence of these elements, it is allowed to transport, under the transit regime, the goods in question to the customs office where the initial declaration is subscribed for customs clearance. Upon re-importation, products and goods released for consumption are subject to the payment of duties and taxes payable on the basis of the value of the products and goods in the state in which they are imported, less the value of said products and goods initially exported.

#### 4. TEMPORARY EXPORT FOR OUTWARD PROCESSING USING STANDARD EXCHANGE

<b>DEFINITION</b>	Allows the export of defective goods to be repaired and to the import, under a contractual or legal guarantee obligation, of replacement goods provided free of charge, with exemption from duties and taxes payable. 2 variants of the standard exchange: <ul style="list-style-type: none"> <li>• Standard exchange with export of defective goods before importing replacement goods;</li> <li>• Standard exchange with prior importation of replacement goods.</li> </ul>
<b>BENEFICIARIES</b>	Any company under Moroccan law
<b>AUTHORIZED GOODS</b>	Goods that have paid import duties and taxes (release for consumption), have to be repaired, definitely exported to be replaced free of charge under a contractual or legal guarantee obligation.
<b>GRANTING OF REGIME</b>	A request for authorization of TEOP using the standard exchange to be submitted to the office: <ul style="list-style-type: none"> <li>• Of export in case of standard exchange without advance importation of the replacement goods;</li> <li>• Of import in the case of standard exchange with advance importation of the replacement goods.</li> </ul> The replacement goods must fall within the same tariff classification, have the same technical characteristics and be of the same commercial quality as the defective goods. When the goods to be exported have been used, the replacement goods must also have been used and cannot be new products. However, replacement goods may be new under a contractual or legal guarantee obligation.
<b>DURATION</b>	A maximum period of six (06) months from the date of the declaration of initial release for consumption of the defective goods.
<b>ADMINISTRATION CONCERNED</b>	Goods admitted under the TEOP regime using standard exchange without advance importation of replacement goods may be reimported by a customs office other than that of their exportation.
<b>FORMALITIES</b>	The prior importation of replacement goods gives rise to the constitution of a guarantee (bank or deposit) covering the amount of duties and taxes relating to these goods.  Upon importation, goods exported under the TEOP regime using standard exchange are admitted with exemption from applicable duties and taxes.

#### C- USE REGIMES

##### 1. TEMPORARY ADMISSION (TA)

<b>DEFINITION</b>	Allows the import, without payment of duties and taxes, and without imposing entry restrictions and prohibitions which are normally applicable to them, of various exportable materials and products in the state in which they were imported after having received the use provided for by the texts in force. Export takes place free of exit duties and taxes normally payable and with exemption, where applicable, from the formalities of foreign trade and exchange control.
<b>BENEFICIARIES (Non-exhaustive list)</b>	<ul style="list-style-type: none"> <li>• The industrialists</li> <li>• Companies achieving major works</li> <li>• Organizers of fairs and exhibitions</li> <li>• Exporters of packaging items</li> </ul>
<b>AUTHORIZED GOODS</b>	All materials, products and animals referred to in Article 125 of the decree issued for the application of the customs code can be declared under the temporary admission regime. For example: <ul style="list-style-type: none"> <li>• samples and models</li> <li>• goods intended to be displayed or used at commercial events or other</li> <li>• equipment remaining foreign property, intended for achieving works of a limited duration or for occasional use for industrial purposes</li> <li>• packaging, containers and their accessories...</li> </ul>
<b>DURATION OF STAY</b>	The duration of stay of goods imported under the temporary admission regime is that necessary for the intended use. It is calculated by Customs on the basis of the documents presented by the beneficiary of the regime without, however, that this period exceeds: <ul style="list-style-type: none"> <li>• two (02) years for imported empty packaging and containers, packaging accessories and containers, objects for tests, experiments (cf. article 125 Ca, Cc and D3 of the decree);</li> <li>• two (02) years for products manufactured in Morocco from goods imported for the benefit of temporary admission for inward processing (see article 125 D9 of the decree);</li> <li>• one (01) year for full imported packaging and containers (cf. article 125 Cb of the decree);</li> <li>• six (06) months for various products and animals other than objects for tests and experiments (cf. article 125 D decree, except D3 and D9).</li> </ul> However, and in duly justified cases, the Minister in charge of finance may authorize the extension of the aforementioned duration without it exceeding twice the said period.
<b>QUARTERLY FEE</b>	Notwithstanding of the general principle characterizing all suspensive economic regimes, the temporary admission of certain equipment gives rise to the payment of a quarterly fee. This fee concerns all equipment, remaining foreign property, intended for achieving works of a limited duration or for occasional use for industrial purposes. It is equal, per quarter, to one tenth of the cumulative amount of import duties and taxes to which these materials are liable, on the day of registration of the declaration of temporary admission.

	<p>The following is exempt from the payment of this fee: Production equipment remaining the property of persons residing abroad, temporarily imported to be use</p> <ul style="list-style-type: none"> <li>• in the production of goods intended, for at least 75%, for export;</li> <li>• in the implementation of projects, subject of investment agreements signed with the government;</li> <li>• in the achievement of projects financed by means of non-refundable financial aid.</li> </ul>
<b>FORMALITIES</b>	<ul style="list-style-type: none"> <li>• A subscription to a bond note</li> <li>• Or a presentation of documents provided for by international conventions ratified by Morocco</li> </ul> <p>However,</p> <ul style="list-style-type: none"> <li>• certain films or cinematographic recordings benefit from an exemption from completing these formalities.</li> <li>• importers of equipment necessary for the exploration and exploitation of hydrocarbons as well as activities related to these, when the equipment to be imported temporarily appears on a list approved by the Minister of Mines and Energy or by the person delegated by him for this purpose, benefit from an exemption from the obligation to provide a guarantee.</li> </ul>
<b>REGULARIZATION OR CLEARANCE MODALITIES</b>	<p>Regularization is done through:</p> <ul style="list-style-type: none"> <li>• export as is;</li> <li>• transfer after authorization from the Customs Administration;</li> <li>• warehouse admission with prior authorization from Customs;</li> <li>• release for consumption of the equipment after authorization from the Customs Administration, with payment of due duties and taxes and completion, where applicable, of the formalities of foreign trade and exchange control;</li> <li>• destruction or abandonment after prior authorization from the Customs Administration.</li> </ul>

## 2. TEMPORARY EXPORT (TE)

<b>DEFINITION</b>	<p>Allows the export, without payment of duties and taxes, and without imposing exit restrictions and prohibitions which are normally applicable to them, of goods (equipment, products and animals) which must temporarily stay abroad before being reimported, without having undergone any processing.</p> <p>The subsequent importation, after use as is abroad, of these goods takes place with total exemption from the duties and taxes usually levied on importation and with exemption from the formalities of foreign trade and exchange control.</p>
<b>BENEFICIARIES</b> (Non-exhaustive list)	<ul style="list-style-type: none"> <li>• Les industrialists</li> <li>• Companies achieving major works</li> <li>• Organizers of fairs and exhibitions abroad</li> <li>• Individuals (painters, craftsmen, sports teams, etc.)</li> </ul>

<b>AUTHORIZED GOODS</b>	<ul style="list-style-type: none"> <li>• Materials remaining Moroccan property, intended for achieving abroad works of a limited duration or occasional use for industrial purposes;</li> <li>• Films or cinematographic recordings;</li> <li>• Packaging, containers and accessories that these packaging and containers are exported empty to be imported later full of foreign products or that they are exported full of Moroccan products;</li> <li>• The products and animals listed below: <ul style="list-style-type: none"> <li>- Samples and models;</li> <li>- The stand material used for exhibitions, fairs and other similar events as well as the goods intended to be presented or used at these exhibitions, fairs, events;</li> <li>- The objects for testing, experiments and demonstrations;</li> <li>- Professional equipment and animals necessary for the practice of the trade or profession of natural or legal persons, having their habitual residence or head office in Morocco, going abroad to carry out specific work of a limited duration;</li> <li>- Frames and containers;</li> <li>- Commercial vehicles used in international road traffic;</li> <li>- Animals that may be engaged in sports or other competitions;</li> <li>- And, more generally, all objects which may be identified during subsequent importation.</li> </ul> </li> </ul>
<b>DURATION OF STAY</b>	<p>This duration is limited to the time necessary for the intended use, without this period exceeding one (01) year for certain equipment and products.</p> <p>However, and in duly justified cases, the Minister in charge of finance may authorize the extension of the aforementioned one-year period without exceeding twice the said period.</p> <p>This duration is counted from the date of registration of the detailed declaration of the temporary export bond note.</p>
<b>FORMALITIES</b>	<p>Materials, products and animals intended for temporary export must be covered either by a bond note, or by international documents conforming to the models provided for by the international conventions of which Morocco is a member (example: the ATA carnet).</p>
<b>REGULARIZATION OR CLEARANCE MODALITIES</b>	<p>Goods admitted in TE must be reimported as is and within the prescribed time limits.</p> <p>Failure to reimport on time is considered a final export and requires the filing of a new customs declaration, clearing the one initially registered with all the consequences arising from the export regime.</p>

## D- COMBINED REGIME

### FREE INDUSTRIAL WAREHOUSE (FIW)

<b>DEFINITION</b>	<p>It is a regime that combines the advantages of several suspensive regimes. It allows companies, placed under the control of the Customs Administration, to import or acquire, without payment of duties and taxes, materials, equipment and their parts and spare parts as well as goods intended to be used by the said materials and equipment for the export of the compensating products obtained.</p> <p>Certain goods may also be imported without payment of duties and taxes (the list of which is established by decision of the Minister in charge of finance after consultation with the minister(s) concerned) which are not found in the compensating products obtained, but which allow these products to be obtained, even if these goods disappear completely or partially during their use.</p>
<b>BENEFICIARIES</b>	Companies that plan to make an investment as part of either a new creation or an extension with a minimum amount equal to 50,000,000 MAD.
<b>AUTHORIZED GOODS</b>	<p>With the exception of prohibited goods, all goods from abroad intended to receive processing, working or additional manpower for their export.</p> <p>Goods produced in Morocco, subject to internal consumption taxes, used for the manufacture of products to be exported are also admitted.</p>
<b>DURATION OF STAY</b>	<p>The duration of stay of the goods to be worked is of two (02) years maximum, unless exception is granted.</p> <p>For materials and equipment, the durations of stay in force are limited to the time necessary for the intended use.</p>
<b>FORMALITIES</b>	<p>An application for authorization to establish an FIW to be filed with the Customs Administration accompanied by the documents (in duplicate) below:</p> <ul style="list-style-type: none"> <li>• the list of materials, equipment and their parts and spare parts, intended exclusively for the warehouse, showing their value and quantities</li> <li>• the plan determining the location and layout of the intended premises, allowing Customs to carry out the control of the FIW</li> <li>• a certified copy of the company's articles of association</li> <li>• an extract from the trade register model «J» of recent date</li> <li>• a certified copy of the report of the last general meeting</li> <li>• a certified copy of the lease contract or certificate of ownership of the proposed premises</li> </ul> <p>The customs services may, if necessary, request other documents or additional information deemed necessary.</p>
<b>OPERATING MODALITIES</b>	The FIW management modalities are defined within the framework of the decision authorizing the establishment of the FIW.

#### REGULARIZATION OR CLEARANCE MODALITIES

The goods must be, unless exception is granted by Customs and before the expiry of the statutory period, either exported (export of compensating products obtained after processing, working or additional manpower), or constituted in a bonded warehouse, or placed under the temporary admission regime, or released for consumption.

Authorizations for release for consumption following a free industrial warehouse are issued by the district heads.

Under this regime, the beneficiaries are offered the possibility of selling on the local market, under regulatory conditions, 15% of the compensating products in a maximum proportion of 15% of the annual export turnover, achieved by the company during the previous year.

## E- CIRCULATION REGIME

### TRANSIT

<b>DEFINITION</b>	Allows the transport of bonded goods from a customs office or customs warehouse to another office or warehouse, without the payment of duties and taxes and without applying foreign trade control measures; customs formalities that can be completed at the office of destination.
<b>CONDITIONS</b>	To benefit from the transit regime, the goods transported must be covered either by a bond note or by an ATA carnet.
<b>AUTHORIZED GOODS</b>	<ul style="list-style-type: none"> <li>• all goods from abroad, other than those prohibited</li> <li>• all national goods intended for export or subject to internal consumption taxes, transported under the said transit regime either from the office of departure (customs clearance office), or from the place of production or extraction, to the border crossing office or to the bonded warehouse.</li> </ul>
<b>DURATION OF STAY</b>	The deadlines for completing transit operations as well as the route to be taken by the carriers are set by the Customs Administration which takes into account several parameters such as the nature of the means of transport, the length of the journey, the weather conditions, etc.
<b>FORMALITIES</b>	The goods transported must be covered either by a bond note or by an ATA carnet (Cf. ATA Convention).

## II- DRAWBACK

<b>DEFINITION</b>	Allows, following the export or the transfer under Temporary admission for inward processing of certain goods, the refund according to an average rate, of the import duty, and possibly, of the internal consumption taxes which are levied on either these goods or the products contained in goods exported or consumed during their production.
<b>BENEFICIARIES</b>	Exporters of goods as well as assignors, for goods eligible for the drawback refund that they have exported or assigned.
<b>AUTHORIZED GOODS</b>	They are designated by decree taken on the proposal of the Minister of finance after consultation with the Ministers concerned.
<b>DURATION</b>	The statutory period giving right to drawback refund is two (02) years. Any export prior to this duration is not taken into account.
<b>REFUND MODALITIES AND PERIOD</b>	<p>The drawback refund is subject to the presentation of an application for refund.</p> <p>1. For goods imported under common law, the application file must be composed of:</p> <ul style="list-style-type: none"> <li>• a detailed export declaration completed with an application for drawback refund bearing the exit visa from the customs service;</li> <li>• proof of prior importation, with release for consumption, of foreign materials processed in Morocco.</li> </ul> <p>2. For energy drawback (solid and gaseous fuels, fuel and electricity consumed during the manufacture of certain products intended for export), the refund application file must be composed:</p> <ul style="list-style-type: none"> <li>• For the textile-clothing sector: an application for refund</li> <li>• For the industrial sector: an application for refund, a detailed export declaration and copies of invoices and the export notice duly stamped by the customs service of the export office.</li> </ul> <p>The statutory period giving right to drawback refund is two (02) years. Any export prior to this duration is not taken into account.</p> <p>The liquidation of the sums to be refund is carried out at the end of each quarter.</p> <p>No one can claim refund for a previous export of more than two (02) years.</p>

### LEGAL BASE / SOURCE

Customs and Excise Administration (<http://www.douane.gov.ma>)

[http://www.douane.gov.ma/code/Code\\_862\\_F.htm](http://www.douane.gov.ma/code/Code_862_F.htm)

Circular No. 5352/210 of 31/12/2012

Circular No. 5361/313 of 17.01.2013

Circular No. 5887/210 of 12.27.2018

## CUSTOMS WAREHOUSES

<b>DEFINITION</b>	They are places or areas in which goods can be stored for their customs clearance either for import or export.
<b>BENEFICIARIES</b>	Any natural or legal person who applies for it and who meets the conditions for the creation and management of a customs warehouse may be authorized to operate a customs warehouse.
<b>AUTHORIZED GOODS</b>	<p>All goods can be stored in customs warehouses excluding:</p> <ul style="list-style-type: none"> <li>• animals and goods from contaminated countries;</li> <li>• narcotics and psychotropic substances;</li> <li>• weapons of war, gun parts and munitions of war other than those intended for the army;</li> <li>• writings, prints, drawings, posters, engravings, paintings, photographs, clichés, matrices, pornographic reproductions and all objects contrary to morality or likely to disturb public order;</li> <li>• natural or manufactured products bearing either on themselves or on packaging a trademark, name, sign, label or decorative motif comprising a reproduction of the effigy of His Majesty the King, of that of a member of the Royal Family, national decorations, coats of arms and emblems, or likely to be mistaken for the Moroccan origin of said products when they are foreign;</li> <li>• goods and products in poor condition.</li> </ul>
<b>CREATION MODALITIES</b>	<p>Prior authorization from Customs which approves the location and layout.</p> <p>This authorization is not required for customs warehouses located inside customs areas and managed by public law agencies (such as the airline «Royale Air Maroc» and the terminal operating company «Marsa Maroc») duly authorized to carry out the storage and guarding of goods inside ports or airports.</p> <p>Applications for the establishment of customs warehouses are to be filed with the Central Customs Administration (Procedures and Methods Department) or at the level of the customs office to which the premises in question belong;</p> <p>The operator's obligations are determined within a conventional framework.</p>
<b>OPERATING MODALITIES</b>	<p>Subject to the permanent control of the Customs and Excise Administration, these customs warehouses can be established both inside and outside the port or airport.</p> <p>The days and hours of opening and closing of a customs warehouse are those applicable in the related customs offices with the possibility of requesting the customs clearance of goods outside the opening days and hours of the customs offices.</p>
<b>REMUNERATION</b>	<ul style="list-style-type: none"> <li>• The control of the customs warehouse gives rise to a monthly fixed remuneration per customs officer of around 10,000 MAD for the verification officer and 5,000 MAD for the inspecting officer. This remuneration is the responsibility of the operator.</li> <li>• Customs clearance formalities carried out by customs officers outside legal hours or regulatory workplaces give rise to the payment by the user, requesting these services, of an hourly allowance of 25 MAD, increased by 25 % for public holidays and Saturday and Sunday.</li> </ul>

CUSTOMS CLEARANCE	<p>1. Upon import The goods are going through customs under cover of a transit bond note or any other document in lieu thereof (TIR Carnet).</p> <ul style="list-style-type: none"> <li>• Upon entry : <ul style="list-style-type: none"> <li>- The admission of goods is subject to the prior filing, by electronic means, of a summary declaration entitled « summary declaration of entry in customs warehouse ».</li> <li>- The period of stay of the goods in the customs warehouse is fixed at forty five (45) days.</li> </ul> </li> <li>• At exit : <ul style="list-style-type: none"> <li>- Completion of formalities relating to the detailed declaration</li> <li>- Assignment of a customs procedure</li> <li>- And issuance, by the customs service, of the release of these goods.</li> </ul> </li> </ul> <p>The service must clear the summary declaration as and when the goods are collected.</p> <p>2. Upon export Goods intended for export are admitted into a customs warehouse and dealt with in a specific register. Their customs clearance is carried out in accordance with the export regimes and the relevant legislative and regulatory provisions.</p>
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## LEGAL BASE / SOURCE

Customs and Excise Administration (<http://www.douane.gov.ma>)

## IMPORT CUSTOMS CLEARANCE PROCEDURES

### DEFINITION OF « IMPORT OF GOODS »

Importing is the process of bringing goods into Morocco from abroad or from industrial acceleration zones.

These goods cannot be used in any way before being cleared by customs.

### FORMALITIES PRIOR TO CUSTOMS CLEARANCE

#### STEP 1 : REGISTRATION IN THE TRADE REGISTER AND ON THE RECORD OF FOREIGN TRADE OPERATORS

Registration in the Trade Register is required to practice the import activity and to clear goods for import.

This registration is carried out with the court of first instance of the location of the main establishment of the trader or the head office of the company.

The analytical number of the trade register must be entered on the import documents and on the customs declaration.

For importers who are natural or legal persons not registered in the trade register (agricultural cooperatives, universities, embassies, tourists, etc.), a specific code in lieu of trade register can be assigned to them by Customs.

#### STEP 2 : OBTAINING THE IMPORT DOCUMENT

The import document allows the financial settlement of goods and is, where applicable, an import authorization. It is nominative and non-transferable.

It is drawn up on the form entitled «Commitment to Import, Import License, Pre-Import Declaration ».

The import document whose value exceeds 2000 dirhams is liable to a special stamp duty of 50 dirhams to be paid by the importer.

2 types of import document :

- Commitment to Import domiciled with an approved bank;
- Import authorization (import license or pre-import declaration) issued by the department in charge of foreign trade.

#### • Commitment to Import

- It is an import document that importers are required to take out for goods free for import;
- It is drawn up in 5 copies;
- It must be accompanied by a pro forma invoice;
- Its validity period is 6 months.
- It must be presented for domiciliation to an approved intermediary bank chosen by the importer. After domiciliation, the bank gives the importer the copy intended for him and two copies intended for the customs office concerned for handling and control.

Commitments to Import relating to imports without payment (donations, replacement under the guarantee , etc...) are exempt from the formality of bank domiciliation.

- **Import authorization**

- It is an import document issued by the Ministry of Foreign Trade for the import of certain goods which are subject to the prior obtaining of the import license;
- It is drawn up in 6 copies;
- It must be accompanied by a pro forma invoice;
- Its validity period is 6 months.

## STEPS OF CUSTOMS CLEARANCE

3 phases are to be distinguished :

- Getting goods through customs;
- Placing goods under customs control;
- The detailed declaration of the goods.

### STEP 1 : GETTING GOODS THROUGH CUSTOMS

This step consists of moving the imported goods directly to the first customs office or customs post of entry to be declared there.

### STEP 2 : PLACING GOODS UNDER CUSTOMS CONTROL

Placing goods under customs control is carried out by filing in the hands of the service a summary declaration or any other document in lieu thereof. This formality is the responsibility of the carrier.

### STEP 3 : THE DETAILED DECLARATION OF THE GOODS

The filing of the detailed declaration assigns the goods a definitive customs regime (release for consumption, economic regimes...).

This detailed declaration serves as a support for the completion of all customs (and non-customs) formalities to which the declared goods are subject.

## THE SUMMARY DECLARATION

This declaration is to be established by the carrier of the goods by electronic means within the statutory deadlines.

The filing of the declaration by electronic means consists of the transmission of the statements of the said declaration.

After validation of the elements entered, the system displays the number, time and date of registration of the declaration which therefore fully engages the declarant with regard to the requirements of customs and non-customs legislation and regulations.

the following documents are attached to this declaration :

- Goods imported by sea: bills of lading, charter-party, certificate of vessel's nationality and any other documents deemed useful.
- Goods imported by air: air waybills, journey log and all other on-board documents necessary for the application of customs measures.
- Goods imported by land: a waybill as a summary declaration.
- Goods imported by Customs Warehouse: transport document and all other documents deemed necessary.

## THE DETAILED DECLARATION

The detailed declaration is the legal certificate by which the declarants (natural or legal person, owner of the goods, forwarder, carrier of the goods,...) :

- declare their willingness to assign the goods they imports a definitive customs regime (release for consumption, economic regimes ...);
- undertake to fulfill the obligations arising from this customs regime (payment of the due duties and taxes, export after processing ...);
- produce all the documents necessary for the identification of the goods and for the application of customs measures for which Customs is responsible. These documents constitute with the detailed declaration an indivisible document.

All imported goods must be the subject of a detailed declaration drawn up on a form called «Single Declaration of Goods» (D.U.M.) with the exception of import operations covered by the following documents:

- international documents provided for by international conventions of which Morocco is a member (ATA carnet)
- occasional declarations for individual non-commercial transactions
- declarations drawn up on the forms provided for by the acts of the Universal Postal Union (UPU)
- simplified declarations implemented by Customs for the benefit of companies.

Exemption from duties and taxes does not exempt from this obligation of declaration.

Customs officers are not involved in the preparation of the detailed declaration.

It must be made by the declarant who must specify the tariff nomenclature of the goods, their origin, their destination, their value and their weight as well as other quantitative elements such as length, surface, volume and number.

Detailed declarations, except for occasional declarations and conventional declarations, must be drawn up by electronic means.

After transmission and recording (validation) of the declaration by electronic means, the declarant must print the DUM (on the form provided for this purpose), sign it, attach the required documents to it and file it (physical filing) at the customs office concerned.

### N.B.

**Registration gives the detailed declaration an official and final character. However, on the very day of filing of the declarations and before the start of the verification of the goods, the declarants can correct in addition to the quantitative elements (value, quantity), the qualitative elements of the declaration (origin, , nomenclature), before the release is issued and provided that Customs has not informed the declarant of its intention to verify the goods or that it has not noted the inaccuracy of the terms of the declaration.**

## CUSTOMS CLEARANCE CIRCUIT

### STEP 1 : FORMALITIES COMPLETED BY THE ECONOMIC OPERATOR IN THEIR PREMISES

1. Registration of the detailed declaration by electronic means: entry and validation of the statements of the single declaration of goods (DUM) through the electronic customs clearance system «BADR»

Registration of the detailed declaration fully commits the declarant to the requirements of customs and non-customs legislation and regulations.

2. Printing of the declaration on the «DUM» form (on sale in stationers).

## **STEP 2 : FORMALITIES COMPLETED BY THE ECONOMIC OPERATOR WITH THE CUSTOMS SERVICES**

3. Presentation of the goods to Customs (in the customs area) ;

4. Physical filing of the «DUM» at the import customs office. The previously printed declaration will be signed and accompanied by the required supporting documents.

- **Physical filing of the DUM**

The printed copy of the declaration must be filed at the relevant customs office within:

- 24 hours for the release for consumption regime
- 5 days in the case of an economic customs regime
- 15 days in the event of transfer of goods placed under an economic customs regime.

### **N.B.**

**As the time factor is crucial for the company, the Customs Administration recommends the use of the advance detailed declaration to be filed even before the arrival of the goods, whatever their nature.**

- **Documents annexed to the DUM**

- Documents to be annexed for the application of duties and taxes
  - Commercial invoice relating to the declared goods
  - Bank certificate indicating the name of the domiciliary bank and the amount in foreign currencies invoiced, the exchange rate and the references of the import documents
  - Detail of the value per item

- Documents to be annexed for the application of customs regimes
  - Certificate of origin to cover preferential trade

- Documents to be annexed for the application of different legislations other than customs legislation
  - Import document (which can be a commitment to import, an import licence or a pre-import declaration)
  - Technical inspection certificate under non-customs regulations (repression of fraud, health and veterinary certificates, industrial standard, etc.)

- Other documents
  - Transport documents (bills of lading, air waybills, waybills)
  - Packing list (detail notes indicating per package the weight, number and nomenclature of imported goods)
  - Proof of registration in the trade register

## **STEP 3 : DEALING WITH THE DUM BY THE CUSTOMS SERVICES**

5. Summary documentary check of the filed «DUM» and of the accompanying documents produced (comparative examination of the statements of the DUM with the annexed documents). The purpose of this check is to ensure that the declaration of goods filed with the customs office has been correctly established and that the required supporting documents have been attached and that they meet the prescribed conditions.

6. Computerized validation of the physical filing of the «DUM» if the documentary check does not reveal any anomaly.

7. start of the selectivity process: declaration to be accepted for conformity or to be subject to physical verification.

8. Documentary study of «DUMs» whether they are accepted for conformity or subject to a physical inspection and comparative examination of the statements of the DUM with the accompanying documents).

9. Physical verification of goods whose «DUMs» have been selected for the physical inspection.

10. Issuance of the release after payment of duties and taxes, where applicable.

## **IMPORT DUTIES AND TAXES**

The base of duties and taxes applicable to imports is determined on the basis of:

- qualitative elements: the nomenclature of the imported goods, its origin, its destination
- quantitative elements: value, weight, length, area, volume, number

The duties and taxes applicable to import are either:

- «ad valorem» : calculated and applied as a percentage of the value withheld at customs,
- «specific» : calculated on the weight, quantity or volume of the imported goods, without any reference to their customs value.

The duties and taxes to be collected are those in force on the date of registration of the detailed declaration, except for declarations filed in advance or in the event of application of the transitional clause (Cf. article 13 of the customs code) or of the more favorable tariff (Cf. article 90 of the customs code).

### **N.B.**

**Customs offers an online service of assistance in the customs clearance of import goods called «ADIL». The application allows obtaining information, by product, on the customs taxation applicable to imports, the tariff advantages granted and the documents required by the special regulations.**

## **REMOVAL OF GOODS**

The removal of goods is granted on the basis of one of the following documents submitted by the declarant:

- a payment receipt in the event of payment in cash, by guaranteed bond or by another means of payment (cash, electronic payment, payment by bank card, etc.)
- a deposit receipt in the event of deposit of the amount of duties and taxes due;
- production of the customs duty exemption order in view of the copy of the customs declaration (DUM) annotated by the customs service.

### **N.B.**

**The Customs Administration grants taxpayers the following advantages:**

- **the removal credit, which allows the payment of duties and taxes to be deferred for up to 180 days;**
- **the deposit of duties and taxes by paying, to the customs collector, a sum guaranteeing the payment of duties and taxes.**

## **LEGAL BASE / SOURCE**

Customs Code

Customs and Excise Administration (<http://www.douane.gov.ma>)

Foreign Trade Department (<http://www.mcinet.gov.ma/ce/>)

## FORMALITIES PRIOR TO CUSTOMS CLEARANCE

### STEP 1 : REGISTRATION IN THE TRADE REGISTER

The registration in the Trade Register is required to clear goods for export.

Any exporter of goods is required to include on their customs declaration their trade register number as well as the place of registration of the Trade Register (Trade Register Centre).

For exporters, natural or legal persons, not registered in the trade register (agricultural cooperatives, universities, embassies, tourists ...), a specific code in lieu of Trade Register can be assigned to them by the Customs.

### STEP 2 : OBTAINING EXPORT DOCUMENT

The export document allows the exporter to repatriate the exchange value in foreign currency of the price of the exported goods and, if necessary, the passage through customs.

2 types of export document :

- Foreign exchange commitment
- Export licence

- **FOREIGN EXCHANGE COMMITMENT**

- It is an export document that exporters are required to take out for goods not subject to an export licence;
- It is drawn up and signed in 04 copies;
- It must be accompanied by a commercial contract (any document justifying the sale of goods abroad);
- Its validity period is 3 months.

- **EXPORT LICENCE**

- It is an export document for the export of certain goods which are subject to the prior obtaining of the export licence;
- It is drawn up in 6 copies;
- The application for an export licence should be addressed to the Department of Foreign Trade. It must be accompanied by a commercial contract (any document justifying the sale of goods abroad) or a proforma invoice in two (02) copies.

## STEPS OF CUSTOMS CLEARANCE

3 phases are to be distinguished :

- Getting goods through customs ;
- Placing goods under customs control ;
- Export customs clearance.

### STEP 1 : GETTING GOODS THROUGH CUSTOMS

This phase consists of transporting the goods intended for export to a customs office or to places designated by the Administration to be declared in detail.

These goods are either of Moroccan origin or in free circulation in the subject territory, or under economic regimes.

The exporter is free to choose the export office on condition that the latter is open to the intended operations.

### STEP 2 : PLACING GOODS UNDER CUSTOMS CONTROL

The goods are declared in detail as they arrive at the export office.

In bonded warehouses, goods intended for export are dealt with in a specific register pending their customs clearance and their going to the office of exit.

### STEP 3 : CUSTOMS CLEARANCE

This phase consists of filing a detailed declaration assigning the goods a definitive customs regime (simple export, economic regimes,...).

This detailed declaration serves as a support for the completion of all customs formalities to which the declared goods are subject.

## DETAILED DECLARATION

The detailed declaration is the legal act by which the declarants (natural or legal person, owner of the goods, forwarder, carrier of the goods,...) :

- express their willingness to assign the goods presented for export a customs regime ;
- undertake to fulfill the obligations arising from this customs regime (payment of the due duties and taxes, production of any document required by the customs services, settlement of any disputes which may arise from the export operation) ;
- produce all the documents necessary for the identification of the goods and for the application of customs measures for which Customs is responsible. These documents constitute with the detailed declaration an indivisible document.

The filing of a detailed declaration is the starting point of the customs clearance procedure.

All goods intended for export must be the subject of a detailed declaration drawn up on a form called «Single Declaration of Goods» (D.U.M.) with the exception of export operations covered by the following documents:

- international documents provided for by international conventions of which Morocco is a member (ATA carnet)
- occasional declarations for individual non-commercial transactions
- declarations drawn up on the forms provided for by the acts of the Universal Postal Union (UPU)
- simplified declarations implemented by Customs for the benefit of companies.

Exemption from duties and taxes does not exempt from this obligation of declaration.

Customs officers are not involved in the preparation of the detailed declaration.

It must be made by the declarant who must specify the tariff nomenclature of the goods, their origin, their destination, their value and their weight as well as other quantitative elements such as length, surface, volume and number.

**N.B.**

Registration gives the detailed declaration an official character. However and as a convenience, Customs may authorize you to rectify both quantitative (value, quantity) and qualitative (origin, nomenclature) elements of your declaration, before the release of the goods is issued and provided that it has not informed you of its intention to check the goods or that it has not noted the inaccuracy of the terms of the declaration.

Similarly, once registered, the detailed declaration can only be canceled under certain conditions provided for by customs regulations.

**CUSTOMS CLEARANCE CIRCUIT****STEP 1 : FORMALITIES COMPLETED BY THE ECONOMIC OPERATOR IN THEIR PREMISES**

1. Registration of the detailed declaration by electronic means: entry and validation of the statements of the single declaration of goods (DUM) through the electronic customs clearance system «BADR»
2. Printing of the declaration on the «DUM» form (on sale in stationers).

**STEP 2 : FORMALITIES COMPLETED BY THE ECONOMIC OPERATOR WITH THE CUSTOMS SERVICES**

3. Presentation of the goods to Customs (in the customs area) ;
4. Physical filing of the «DUM» at the export customs office. The previously printed declaration will be signed and accompanied by the required supporting documents.

- Documents annexed to the DUM
- Documents to be annexed for the application of duties and taxes
  - Commercial invoice
  - Detail of the value per item
- Documents to be annexed for the application of customs regimes
  - Certificate of origin to cover preferential trade
- Documents to be annexed for the application of the various legislations for the execution of which the Customs lends its assistance
  - Export document (which can be a foreign exchange commitment or an export licence)
  - Certificate of technical inspection under non-customs regulations (Autonomous Establishment of Control and Coordination of Exports, Handicrafts, etc.)
- Other documents
  - Docking, receipt or deposit slips or any other proof of placing goods under customs control for their export
  - Packing list (detail notes indicating per package the weight, number and nomenclature of imported goods)
  - Proof of registration in the trade register

**STEP 3 : DEALING WITH THE DUM BY THE CUSTOMS SERVICES**

3. Summary documentary check of the filed «DUM» and of the accompanying documents produced (comparative examination of the statements of the DUM with the annexed documents).
4. Computerized validation of the physical filing of the «DUM» if the documentary check does not reveal any anomaly.
5. Start of the selectivity process: declaration to be accepted for conformity or to be subject to physical verification.
6. Documentary study of «DUMs» whether they are accepted for conformity or subject to a physical inspection.
9. Physical verification of goods whose «DUMs» have been selected for the physical inspection.
10. Issuance of the release after payment of duties and taxes, where applicable.

**EXPORT DUTIES AND TAXES**

On export, no customs duty is levied by the Customs Administration.

However, as an exporter using the «BADR» system of customs clearance via internet, the company pays a fee of 50 MAD per export declaration filed by electronic means.

In addition, as part of its assistance to other administrations or public agencies, Customs collects export fees for the costs of fumigation of plants and plant products intended for export.

These fumigation costs are calculated, for each operation, according to the total capacity of the fumigation chamber used, regardless of the volume of goods handled, according to the single rate of 10 MAD per cubic meter.

If the fumigated goods are not removed within the specified time, an additional tax is applied.

**EMBARKATION (LOADING) FOR EXPORT**

Goods declared for export must be presented to a customs officer at the embarkation dock, embarkation area or land border along with the following documents :

- the embarkation (loading) authorization called «release» issued by a customs verification officer on the copy of the detailed declaration provided for this purpose, namely the copy of «Bon A Embarquer» (BAE)(Goods Removal Note). It is upon presentation of this BAE that the actual loading of the goods will be authorized and noted.
- the state of loading, in the event that batches of goods to be exported are grouped together in a container, a trailer or a semi-trailer truck.
- the embarkation authorization (release) valid for the container or trailer. This authorization is issued by the customs services.

**LEGAL BASE / SOURCE**

Customs Code  
 Customs and Excise Administration (<http://www.douane.gov.ma>)  
 Foreign Trade Department (<http://www.mcinet.gov.ma/ce/>)



EXCHANGE  
RATE REGIME

# EXCHANGE RATE REGIME

## NATURE OF ACCOUNTS

Banks are authorized to open in their books, in particular:

- accounts in convertible dirhams in the name of foreign correspondents;
- accounts in foreign currency or in convertible dirhams in the name of exporters of goods and services;
- «International merchanting » foreign currency accounts ;
- accounts in foreign currency and accounts in convertible dirhams in the name of resident or non-resident foreigners, natural or legal persons, companies based in industrial acceleration zones or offshore financial centers located in Morocco and Moroccans residing abroad;
- foreign currency accounts in the name of service exporters bidders or holders of contract as part of calls for tenders abroad;
- convertible term deposits;

### CONVERTIBLE DIRHAM ACCOUNTS OF FOREIGN CORRESPONDENTS

Accounts in convertible dirhams can be opened in the name of foreign correspondents.

These accounts cannot register a debit position. However, banks may, in order to avoid delays in the execution of the orders received, grant their correspondents mail overdrafts for transfers in foreign currency issued from abroad on the basis of documents proving the issuance of these transfers, within the limit of D 2 (working days).

Foreign correspondent is understood to mean any foreign bank or financial institution carrying out banking operations, branches and subsidiaries of Moroccan banks established abroad or in offshore financial centers as well as funds transfer institutions established abroad and foreign investment funds.

### ACCOUNTS IN FOREIGN CURRENCY OR IN CONVERTIBLE DIRHAMS OF EXPORTERS OF GOODS AND SERVICES

Accounts in foreign currency or in convertible dirhams are accounts opened in the name of exporters of goods and services, legal or natural persons registered in the trade register intended to enable them to pay their business expenses in foreign currency.

Exporters of goods and services may have many accounts in foreign currency and/or inconvertible dirhams with one or more banks.

For the payment of their expenses in foreign currency, exporters holding these accounts must first use their cash in foreign currency or convertible dirhams.

### « INTERNATIONAL MERCHANTING » FOREIGN CURRENCY ACCOUNTS

Within the meaning of the General Instructions of Office des Changes (Currency Exchange Office), international merchanting transactions mean the acquisition by a resident trader, natural or legal person duly registered in the trade register, of a good and/or a service from a non-resident supplier in order to sell it to a non-resident customer at a profit margin, without the said good being the subject of import into Morocco.

Banks are authorized to open in the name of the trader an account in foreign currency dedicated exclusively to the management of international merchanting transactions.

The international merchanting transactions management account can be used to manage multiple international merchanting transactions provided the trader clears each transaction as it is settled..

The profit margin generated for each transaction must be sold on the foreign exchange market or be placed in an account in foreign currency or in convertible dirhams, opened in the name of traders, in their capacity as exporters of services, in the limit of 70% of the amount of this margin. The remainder must be sold on the foreign exchange market.

### ACCOUNTS IN FOREIGN CURRENCY OR IN CONVERTIBLE DIRHAMS OF RESIDENT OR NON-RESIDENT FOREIGNERS AND MOROCCANS RESIDING ABROAD

Foreign currency accounts and convertible dirham accounts can be opened in the name:

- resident or non-resident foreign natural persons;
- moroccans residing abroad;
- foreign legal persons and their representations in Morocco;
- companies located in industrial acceleration zones;
- entities located in offshore financial centers in Morocco;
- diplomatic representations based in Morocco;
- international organizations and their representations in Morocco.

These accounts should not operate in a debit position.

### FOREIGN CURRENCY ACCOUNTS IN THE NAME OF SERVICE EXPORTERS TENDERERS OR HOLDERS OF CONTRACT AS PART OF CALLS FOR TENDERS ABROAD

These accounts can be funded upon opening by a maximum of the currency equivalent of 10,000 MAD.

Each account can be used for the management of several contracts provided to sell on the foreign exchange market, after completion of each contract, at least 30% of the achieved margin and to transfer, if necessary, the remainder of this margin to an account in foreign currency or in convertible dirhams opened in the name of the service exporter.

As a bid abroad is conditional on the opening of accounts abroad, these accounts may be opened on a provisional basis for a period not exceeding 6 months. If the contract is awarded to the Moroccan operator, the account can be maintained for the management of the contract. Otherwise, the Moroccan operator is required to close this account. Accounts opened abroad must be closed as soon as the contracts are concluded and credit balances must be immediately repatriated to Morocco.

## CONVERTIBLE TERM DEPOSIT

«Convertible term deposit» are accounts opened in the name of non-resident foreign persons intended to receive funds in dirhams held in Morocco by non-resident foreign legal or natural persons.

It is about :

- funds from the assignment or liquidation of a foreign investment made in Morocco and not benefiting from the convertibility regime;
- assets that cannot be transferred as part of final departures or devolutions of estate.

Any resident holding the aforementioned funds is required to deposit them, without delay, into «convertible term deposits» to be opened, with a bank, in the name of the foreign persons concerned.

Holders of «convertible term deposits» may freely transfer the funds in their accounts to foreign residents or non-residents or to Moroccans residing abroad, it being specified that Moroccans residing abroad cannot hold convertible term deposits and that the funds thus acquired are not transferable.

The funds of «convertible term deposits» can be transferred over a period of four years in four equal installments of 25% each.

Investments financed from the funds of these accounts benefit from the convertibility regime within two years from the date of their realization.

## « SPECIAL » ACCOUNTS IN DIRHAMS AND « GROUP » ACCOUNT

The special account can be opened in the name of non-resident foreign natural or legal persons and branches of foreign entities not registered with the Office des Changes, for the needs of their business related to contracts awarded in Morocco, and upon presentation of a copy of the contract. On the occasion of contracts of works carried out by a group made up of resident entities and non-resident entities and at the request of the lead manager, Moroccan or foreign company, accounts denominated in dirhams called «group» accounts » can be opened upon presentation of the following documents:

- Copy of the “group” agreement;
- Copy of the contract.

## SOURCE

Office des Changes: General Instruction of Foreign Exchange Transactions

## CAPITAL TRANSACTIONS OF FOREIGNERS AND NON-RESIDENTS

### FOREIGN INVESTMENT IN MOROCCO

#### DEFINITION OF FOREIGN INVESTMENT

Foreign investments in Morocco is meant in the sense of the General Instruction for Foreign Exchange Transactions, the transactions giving rise to the constitution by foreign legal persons, resident or non-resident foreign natural persons and natural persons of Moroccan nationality residing abroad, a financial or real asset in Morocco.

#### FORMS OF INVESTMENT

It can take the following forms:

- Incorporation of companies;
- Equity investment and subscription to the company capital increase;
- Creation of a branch or a representative or liaison office;
- Acquisition of financial instruments;
- Contribution to partners' current account in cash or in trade receivables;
- Granting of related loans;
- Acquisition of real estate or rights of use attached to these goods;
- Carrying out works of construction and/or development of real estate;
- Term deposits with a bank.

#### FINANCING MODALITIES

Funding for foreign investment operations should be performed by :

- payment made by:
  - transfer received from abroad;
  - debiting of accounts in foreign currencies or in convertible dirhams of resident or non-resident foreigners and Moroccans residing abroad opened in the books of a bank;
  - international money orders in accordance with the terms set out in the Regulations of the Universal Postal Union;
  - other methods of payment, such as foreign banknotes and international payment cards, under the conditions defined by the General Instructions for Foreign Exchange Transactions.
- consolidations of current accounts of partners financed in accordance with the aforementioned regulations, incorporations of reserves and incorporations of retained earnings;
- consolidations of receivables achieved by the importation of goods carried out in accordance with the provisions of the General Instruction for Foreign Exchange Transactions and not having been the subject of settlement;
- consolidations of receivables for patents or manufacturing license rights granted by foreign companies that have not been settled;
- contributions in kind financed in foreign currencies or in convertible dirhams;
- use of the funds of convertible term deposits by the original holders of these accounts and the acquirers of their funds. The investments thus financed benefit from the convertibility regime, within two years of their completion.

## CONVERTIBILITY REGIME

Foreign investments benefit, when they are financed in foreign currency, from a convertibility regime which guarantees the investors concerned full freedom for:

- the transfer of income generated by these investments;
- transfer of proceeds from liquidation or sale of investments.

## DECLARATION

Foreign investors in Morocco are required to send to the Office des Changes directly or through any entity mandated by said persons, a declaration drawn up in accordance with the terms, procedures, deadlines and models set by the operative declarations.

## INCOME, ASSIGNMENT, LIQUIDATION AND ESTATE DEVOLUTION OF FOREIGN INVESTMENT TRANSACTIONS IN MOROCCO

### DEFINITION

Revenues, proceeds from the assignment or liquidation of foreign investment as well as funds from the estate devolution of foreign investment in Morocco, include:

- Revenues generated by foreign investments made in Morocco :
  - Dividends or profit shares distributed by companies incorporated under Moroccan law;
  - Profits made by branches in Morocco of foreign companies;
  - Rental income;
  - Interest earned on related loans and advances on partners' current accounts;
  - Interest generated by debt securities;
  - Attendance fees;
  - Interest produced by term deposits.
- The proceeds of the assignment or liquidation of foreign investments in Morocco ;
- Principal repayment of advances on partners' current accounts and related loans contracted in foreign currencies in accordance with the provisions of the General Instructions for Foreign Exchange Transactions;
- Funds in favor of non-resident beneficiaries for the devolution of estate of a foreigner or a Moroccan residing abroad.

### TERMS OF PAYMENT

When the investment benefits from the convertibility regime, the payments, for the benefit of foreign and Moroccan investors residing abroad, in respect of revenues, proceeds from assignment or liquidation and funds resulting from the devolution of estate of foreign investment in the Morocco must be made by:

- Transfer to abroad;
- Crediting of accounts in foreign currency or in convertible dirhams of resident or non-resident foreigners and Moroccans residing abroad opened in the books of a bank;
- International money orders in accordance with the terms set out in the Regulations of the Universal Postal Union;
- Other methods of payment, such as foreign banknotes and international payment cards, under the conditions defined by the General Instructions for Foreign Exchange Transactions.

If the investment sold or liquidated does not benefit from the convertibility regime, the proceeds in dirhams, after proof of payment of taxes and other charges due in respect of the transaction in question, must be:

- made available to the seller if the latter resides in Morocco;
- or paid into a convertible term deposit.

When it comes to sale made by a person of foreign nationality for the benefit of a person of foreign nationality or for the benefit of a Moroccan resident abroad:

- payments for the sale of foreign investments in Morocco can be made directly abroad;
- the buyer will inherit the situation of the seller with regard to the convertibility status of the investment subject to the sale.

In the event that the investment in question is paid directly abroad by a non-resident foreigner, the costs, taxes and duties inherent in the transaction must be paid under the conditions defined by the General Instruction of Foreign Exchange Transactions.

Banks are authorized to transfer the income generated by foreign investments made in Morocco, as defined above, without limitation in amount and time, after payment of taxes applicable in Morocco, for the benefit of foreigners, non-resident natural or legal persons, regardless of the investment financing method.

### SOURCE

Office des Changes: General Instruction of Foreign Exchange Transactions

## INVESTMENTS ABROAD BY LEGAL PERSONS

## DEFINITION INVESTMENT ABROAD

Investment transactions abroad are, within the meaning of the General Instruction for Foreign Exchange Transactions, investments made abroad, with the exclusion of investments in industrial acceleration zones or offshore financial centers located in Morocco, by Moroccan legal entities:

- registered in the trade register;
- having at least three years of activity;
- having certified accounting without significant reservations by an independent external auditor;
- investing in a field related to the activity of the legal person, aiming to consolidate and develop this activity and not relate to investment transactions or real estate other than those corresponding to the operating needs of the entities created abroad or forming an integral part of their activity.

## FORMS OF INVESTMENT ABROAD

It can take the following forms:

- Incorporation of companies;
- Acquisition of a stake in the capital of foreign companies;
- Opening of branches, representative or liaison offices.

## MODALITIES OF INVESTMENT ABROAD

The investment can consist of:

- capital allocations including share premiums;
- the granting of loans and/or advances on partners' current accounts to foreign companies in which the Moroccan investor has an equity stake. Partners' current account advances and loans to be made must be the subject of duly established contracts and must be remunerated in accordance with contract conditions;
- allocations of funds for the acquisition of premises and/or equipment necessary for the needs of operating branches, representative or liaison offices;
- allocations of funds necessary to cover the costs of operating of branches, representative or liaison offices.

## PAYMENT AMOUNTS

The authorized amount, per resident legal person and per calendar year, for investment transactions abroad can reach:

- 100 (one hundred) million MAD for investments to be made in Africa;
- 50 (fifty) million MAD in other continents.

## DOMICILIATION OF «INVESTMENT ABROAD» FILE

The domiciliation must be made with a single bank which will be responsible for the execution of all the payments to be made in respect of this investment, provided that the legal person concerned must deliver the documents as listed by the General Instruction for Foreign Exchange Transactions.

## DEFINITION

These revenues and income include :

- Dividends or profit shares;
- Profits made by branches abroad of Moroccan companies;
- The interest earned on loans and advances on partners' current accounts;
- Revenues from the sale or liquidation of Moroccan investments abroad;
- Principal repayment of advances on partners' current accounts and loans granted in accordance with the provisions of the General Instructions for Foreign Exchange Transactions.

## TERMS OF PAYMENT

- Repatriation and assignment, by investors, of income and revenues from the sale or liquidation of investments on the foreign exchange market within 30 days from the date of their payment;
- Possibility of reinvesting abroad, totally or partially, the revenues from the sale or liquidation of investments, under the conditions provided for by the General Instruction for Foreign Exchange Transactions.
- Repatriation of loans and advances on partners' current accounts within a maximum period of 5 years from the date of their granting. Nevertheless, investors are authorized to incorporate all or part of their receivables into the capital for partners' current account advances and / or loans (outstanding principal and/or financial income) in accordance with the provisions of the General Instruction for Foreign Exchange Transactions.

## DECLARATION

Obligation to send, to the Office des Changes, a report, drawn up in accordance with the terms, procedures, deadlines and models set by the operative declarations, by:

- Legal persons having carried out investment transactions abroad;
- Legal persons who hold direct or indirect majority interests in the capital of non-resident entities for any investment transaction carried out by said non-resident entities.

## INVESTMENTS ABROAD BY NATURAL PERSONS

## DEFINITION INVESTMENT ABROAD

Investment transactions abroad by natural persons, include:

- The participation of active resident employees of Moroccan companies in the capital of foreign legal entities holding, directly or indirectly, a rate of participation of at least 51% in the capital of said Moroccan companies.
- Qualifying shares held, in accordance with the legal provisions in force in the host country, by residents called upon, within the framework of investment transactions abroad provided for by the provisions of the General Instruction for Foreign Exchange Transactions, to perform the duties of directors or members of supervisory boards of foreign companies.

## PAYMENT AMOUNTS

- payments in respect of the participation of active resident employees in Moroccan companies in the capital of foreign legal persons: maximum 10% of the annual salary net of income tax, social security deductions and any other amount payable by said employees received for the year preceding the year of participation;
- this 10% limit is not applicable when it comes to:
  - distribution of bonus shares not giving rise to any payment from Morocco or;
  - allocation of shares according to the stock option model consisting of the simultaneous purchase and sale of the shares subscribed without any payment from Morocco

## REPATRIATION SALE REVENUES AND INCOME

- employee shareholding plan: obligation to repatriate and transfer on the foreign exchange market, by the company, income and revenues from the sale as soon as they are received;
- stock options: obligation to repatriate the capital gain;
- when the employees are no longer part of the staff, the company is required to:
  - sell the shares held by the Moroccan employees or cancel unexercised options;
  - repatriate the corresponding proceeds.
- Qualifying shares: obligation to repatriate and sell on the foreign exchange market, by the holders, of the sale revenues within 30 days of the date of the sale of the exercise abroad of the duties of directors or members of supervisory.

## DECLARATION

Obligation to send, to the Office des Changes, a report, drawn up in accordance with the terms, procedures, deadlines and models set by the operative declarations, by:

- Moroccan companies whose resident employees have benefited from an employee shareholding plan;
- Moroccan companies including partners, shareholders, directors, managers, employees or any other resident person called upon to perform the duties of directors or members of supervisory boards of foreign companies and who have acquired qualifying shares.

## SOURCE

Office des Changes: General Instruction for Foreign Exchange Transactions

## CURRENT TRANSACTIONS

### IMPORTS OF GOODS

#### DEFINITION

Any entry of goods into the taxable territory from:

- abroad;
- an industrial acceleration zone;
- or any other foreign similar space with regard to the regulations of foreign trade and foreign exchange in force.

#### FORMALITIES

- The import document must be drawn up in accordance with foreign trade regulations;
- It must be taken out on the PortNet system<sup>20</sup>;
- It must be domiciled with a bank which is required to open an import file upon domiciliation of each import document, in accordance with the provisions of foreign exchange regulations.
- The change of the domiciliary bank and the modification of the data of the import document are possible subject to compliance with the provisions of the General Instruction for Foreign Exchange Transactions.

#### PAYMENT

The payment :

- can be made by the import document domiciliary bank;
- must take place after confirmation of conformity by customs (imputation douanière) of the said document on the PortNet system and within the limit of the amount of the imputation douanière, plus, where applicable, freight, incidental costs and insurance costs for import documents comprising an insurance abroad domiciled, in accordance with the provisions of the General Instruction for Foreign Exchange Transactions.
- may, in certain cases and subject to compliance with the provisions of the General Instruction for Foreign Exchange Transactions:
  - exceed the amount of the imputation douanière;
  - be carried out before imputation douanière of the import document, particularly in the following cases:
    - Payment on account within the limit of 30% of the total import value and subject to certain conditions. This rate can reach 50% for companies operating in the aeronautical and space industries sector duly registered with the Office des Changes.
      - Advance payment can be made in one go or in installments in accordance with contractual payment terms:
    - Within the limit of the currency equivalent of two hundred thousand MAD (200,000 MAD),
    - Up to 100% of the amount invoiced for imports of goods to be made by companies that have been categorized between the Office des Changes and the General tax Directorate or between the Office des Changes and the Customs and Excise Administration.
    - Within the limit of one million MAD (1,000,000 MAD), for companies operating in the aeronautical and space industries sector registered with the Office des Changes.
    - Up to the value of second-hand equipment acquired during auctions, on presentation of an invoice or any document in lieu thereof, established by the foreign company organizing these sales and providing for the obligation to pay before the removal of material. When the regulatory provisions of the country of the foreign supplier require the payment of VAT for the purchase of second-hand equipment, the domiciliary bank is authorized to pay the corresponding amount on the basis of the invoice issued, including VAT.

<sup>20</sup> National one-stop shop for foreign trade procedures

- be made in exemption from the taking out of the import document for import transactions carried out by resident natural persons not registered in the trade register within the limit of 20,000 MAD per person per year.

**NB :**

**COMPANIES IN THE AERONAUTICAL AND SPACE INDUSTRIES SECTOR REGISTERED WITH THE OFFICE DES CHANGES MAY PROCEED WITH:**

- domiciliation on the PortNet system of a single commitment to import, taken out for the same currency for imports to be carried out during a maximum period of 1 month from different suppliers from one or more countries.
- the payment of imports before the actual entry of the goods into the taxable territory, on presentation to the domiciliary banks of the originals of the final invoices and transport documents or any other document justifying the shipment of goods to Morocco, even when these imports are not subject to documentary credits or documentary remittances.

**RESPONSIBILITY OF THE IMPORTER**

The importer who has carried out import operations which have been the subject of a payment before the imputation douanière of the import documents, is required to:

- not to split the same import for the purposes of advance payment provided for in the General Instruction for Foreign Exchange Transactions;
- ensure the imputation of the import document on the PortNet system, as soon as customs formalities have been completed;
- repatriate, without delay, the currencies transferred under an import operation not having been carried out by the contractual deadline. This repatriation must be justified to the domiciliary bank.
- justify to the domiciliary bank the repatriation of the VAT paid as part of the import of used capital goods, as soon as it is reimbursed.

In addition, the importer is required not to immobilize the containers outside the exemption periods granted by the shipping companies.

**IMPORTS OF SERVICES**

**DEFINITION**

• Services rendered in Morocco for the benefit of a resident by a non-resident in return for remuneration.

• These services can be developed in Morocco or abroad. However, training, expertise and analysis services of any kind can be provided abroad.

- The entities authorized to carry out service import operations are:
  - Legal or natural persons registered in the trade register and having a tax identifier;
  - Administrations, companies and public institutions;
  - Local authorities or their groups;
  - Cooperatives;
  - Associations recognized as being of public utility;
  - Farmers justifying such capacity by any appropriate document;
  - Branches of non-resident entities registered with the Office des Changes.

**PAYMENT**

- Payment can be made in accordance with the contractual conditions after completion of the services.
- The prior agreement of the Office des Changes is required for the payment of amounts due for the following transactions:

- Participation of Moroccan subsidiaries in the costs incurred by their parent companies for management costs, head office costs, costs related to pooled services and research and development costs;
- Minimum guaranteed fees and entry fees under franchises.

• Payment can be made before the performance of the service, when provided for in the commercial contract:

- Payment on account :
  - Within the limit of 30% of the remuneration for the provision of one-off services;
  - Within the limit of 50% of the price invoiced for the cost of repair and technical overhaul abroad of Moroccan fishing boats or vessels;
  - Up to the rate provided for in the contract when it comes to public contracts.

• Advance payment :
 

- Within the limit of the currency equivalent of 100,000 MAD regardless of the service imported. Importers of services should not split the same import of services for the purpose of advance payment.

- Up to the amount invoiced, in the case of equipment repairs (including aircraft) or processing of products temporarily exported abroad and related ancillary costs;
- Up to 100% of the amount invoiced and within the limit of 12 months for subscriptions to foreign computer applications or databases and license fees.

**NB :**

**SPECIAL OPERATIONS IN THE AERONAUTICAL AND SPACE INDUSTRY SECTOR REGISTERED WITH THE OFFICE DES CHANGES:**

• Banks are authorized to pay, on behalf of said companies, for the following transactions :

- Services related to management control, accounting, audit, legal and tax consultancy;
- Permanent or occasional access to IT systems located abroad;
- Services provided directly abroad by parent companies on behalf of their Moroccan subsidiaries;
- Services provided directly abroad by non-resident entities related to the processing of exported products before their delivery to end customers.

These payments are made by:

- transfer to abroad;
- crediting of accounts in foreign currencies or in convertible dirhams of resident or non-resident foreigners and Moroccans residing abroad opened in the books of a bank;
- international money orders in accordance with the terms set out in the Regulations of the Universal Postal Union;
- other payment methods, such as foreign banknotes and international payment cards, under the conditions defined by the General Instruction for Foreign Exchange Transactions.

## RESPONSIBILITY OF THE IMPORTER

Operators who have made payments on account or in advance are required to present to the bank that made the payment the documents certifying:

- performance of the service;
- or the repatriation of the amounts transferred in the event of non-performance of the service, within three months from the date of payment on account or of the advance payment.

## EXPORTS OF GOODS

### DEFINITION

Any shipment of goods to:

- abroad;
- an industrial acceleration zone;
- or any other foreign similar area with regard to the regulations of foreign trade and foreign exchange in force.

### FORMALITIES

- Drawing up of a commercial contract;
- Execution in accordance with the provisions of customs and foreign trade regulations.

## PAYMENT

### REPATRIATION

- Obligation to repatriate the full amount of the export proceeds by :
  - Transfer to abroad;
  - Debiting of accounts in foreign currencies or in convertible dirhams of resident or non-resident foreigners and Moroccans residing abroad opened in the books of a bank;
  - International money orders in accordance with the terms set out in the Regulations of the Universal Postal Union;
  - Other payment methods, such as foreign banknotes and international payment cards, under the conditions defined by the General Instruction for Foreign Exchange Transactions.
- Any reduction in the amount to be repatriated must take place in accordance with the provisions of the General Instruction for Foreign Exchange Transactions;
- In the case of exports covered by a factoring contract, the exporter is required to justify the repatriation of the debt concerned or its assignment in favor of a Moroccan factor. The latter is to collect, repatriate and sell on the foreign exchange market within the statutory deadlines all the debts assigned to them by the exporters.
- In the event of non-recovery of all or part of the proceeds from the export of goods, the exporter is required to continue by any appropriate means the recovery of their debts and to keep the Office des Changes informed of the steps taken in this regard.
- Export transactions without payment are subject to the prior authorization of the Office des Changes except in certain cases.

### REPATRIATION DEADLINE

- Maximum 150 days from the date of registration of the customs declaration to repatriate the proceeds of exports of goods;
- 8 years in the case of export credits granted in favor of foreign clients in accordance with the provisions of the General Instruction for Foreign Exchange Transactions.

## ASSIGNMENT OF REPATRIATED CURRENCY

- The repatriated amounts must be assigned under contract conditions and according to the modalities prescribed by Bank Al Maghrib in terms of the applicable exchange rate, within three working days following receipt of the funds by the bank. The equivalent in dirhams must be immediately made available to the beneficiary by the bank that received the funds.
- A part of the revenues repatriated by the exporters of goods can be lodged in accounts in foreign currency or in convertible dirhams opened with banks.

## DECLARATION

The exporter of goods is required to declare annually to the Office des Changes, the turnover achieved on exportation and the repatriation of the corresponding revenues, in accordance with the terms, procedures, deadlines and models set by the operative declarations.

## EXPORTS OF SERVICES

### DEFINITION

- Services rendered in Morocco or abroad by a resident in favor of a non-resident and giving rise to remuneration.

### FORMALITIES

- Drawing up a contract for the provision of services;

## PAYMENT

### REPATRIATION

- Obligation to repatriate the full amount of export revenues by:
  - Transfer from abroad;
  - Debiting of accounts in foreign currencies<sup>21</sup> or in convertible dirhams of resident or non-resident foreigners and Moroccans residing abroad opened in the books of a bank;
  - International money orders in accordance with the terms set out in the Regulations of the Universal Postal Union;
  - Other payment methods, such as foreign banknotes and international payment cards, under the conditions defined by the General Instruction for Foreign Exchange Transactions.
- In the case of exports covered by a factoring contract, the exporter is required to justify the repatriation of the debt concerned or its assignment in favor of a Moroccan factor. The latter is to collect, repatriate and sell on the foreign exchange market within the statutory deadlines all the debts assigned to them by the exporters.
- In the event of non-recovery of all or part of the proceeds from the export of goods, the exporter is required to continue by any appropriate means the recovery of their debts and to keep the Office des Changes informed of the steps taken in this regard.

### REPATRIATION DEADLINE

- Maximum 90 days from the date of the provision of services ;

<sup>21</sup> With the exception of specific operations in the aeronautics and space industry

## ASSIGNMENT OF REPATRIATED CURRENCY

- The repatriated amounts must be assigned under contract conditions and according to the modalities prescribed by Bank Al Maghrib in terms of the applicable exchange rate, within three working days following receipt of the funds by the bank. The equivalent in dirhams must be immediately made available to the beneficiary by the bank that received the funds.
- Banks are authorized to open in their books, in the name of exporters of goods and services, legal or natural persons registered in the trade register, accounts in foreign currency or in convertible dirhams intended to enable them to pay their business expenses in foreign currency.

## PRE-FINANCING OF CONTRACTS ABROAD

Moroccan entities awarded contracts as part of calls for tenders abroad benefit from payments, as advances, within the limit of a rate of 20% of the contractual remuneration to enable them to meet the expenses necessary for the performance of these contracts abroad while awaiting the first collections and this, upon presentation of the required documents.

## DECLARATION

Entities that have carried out services export operations are required to send to the Office des Changes a declaration drawn up in accordance with the terms, procedures, deadlines and models set by the operative declarations.

In addition to this declaration, Moroccan entities awarding contracts abroad are required to send to the Office des Changes other documents.

## SOURCE

Office des Changes: General Instruction of Foreign Exchange Transactions



# MOVING IN MOROCCO

# MOVING IN MOROCCO

## ACQUISITION OF REAL ESTATE IN MOROCCO

### ACQUISITION OF REAL ESTATE IN MOROCCO

The acquisition of built and non-built real estate is open to any foreigner, whether a natural or legal person, except for agricultural land which can only be made available to foreigners by way of rental.

### DUTIES AND TAXES AND REMUNERATION TO BE PAID FOR A REAL ESTATE PURCHASE

The acquisition of real estate entails the obligation to pay a certain number of taxes.

These rights vary according to the legal nature of the property.

Notarial deeds are registered and the transfer declared to the Land Registry.

For registration fees and stamp duties, notaries must pay the duties electronically within the prescribed period.

- Registration fees : 4% of the purchase price
- Stamp duties: 20 MAD per sheet of paper used or per document drawn up in electronic format
- Land Registry :
  - Ad valorem duty: 1,5%
  - Fixed fee: 100 MAD (per property)
  - Certificate of ownership: 100 MAD
- Notary fees: Rates vary depending on the portion of the sale price, from 0.5% to 1.5%, with a minimum collection of 4000 MAD
- Value added tax: 10% of the gross amount of fees

In the event of the acquisition of an untitled property, the titling costs must be added. These costs depend on the area of the ground and the price of the property acquired. They can sometimes be shared with the seller.

#### Before purchasing a built property, it is essential to check with:

- Land Registry Services: that the land title relating to the property to be acquired is not subject to any mortgage;
- Tax services: that the payment of the various taxes on the said property are up to date.

#### For non-built land, the following points must be checked at:

- The urban commune within which the said land is located: that the seller is not liable for the tax on unbuilt urban land;
- The urban agency: that the land is not subject to an expropriation project for reasons of public utility or road project.

## DUTIES AND TAXES TO BE PAID IN CASE OF ASSIGNMENT

The rate of tax payable by sellers, natural or legal persons, for the profit made on the assignment of a property is set as follows:

- **20% applicable to net real estate profits made or recognized during:**
  - the sale of buildings located in Morocco or the assignment of rights in rem relating to such buildings;
  - the expropriation of a building for public utility;
  - the contribution to a company of real estate or rights in rem;
  - the assignment, for consideration, or the contribution to a company of registered shares or stocks issued by companies, for real estate purposes, deemed to be fiscally transparent;
  - the assignment, for consideration, or the contribution to a company of shares or stocks of predominantly real estate companies not listed on the stock exchange.

Any company whose gross fixed assets are at least 75% of its value, determined at the start of the financial year during which the taxable assignment takes place, by buildings or by corporate securities issued by the real estate companies referred to above or by other predominantly real estate companies, are considered as predominantly real estate companies. Buildings used by the predominantly real estate company for its own industrial, commercial, artisanal, agricultural operations, for the practice of a liberal profession or for the accommodation of its salaried staff are not taken into consideration;

- the exchange, considered as a double sale, relating to buildings, rights in rem or the shares or stocks referred to above;
- the division of a building in joint ownership with a balancing payment. In this case, the tax only applies to the profit made on the partial assignment which gives rise to the balancing payment;
- free assignments relating to buildings, rights in rem and the shares or stocks mentioned above.

- **30% applicable to net land profits made or recognized on the first assignment, for consideration, of non-built buildings included in the urban perimeter or the assignment of rights in rem relating to such buildings**

The owners, the usufructuaries and the taxpayers must submit against receipt a declaration to the collector of the tax administration within thirty (30) days following the date of the assignment, if applicable, at the same time as the payment of the tax provided for.

However, in the event of expropriation for public utility, the declaration provided for above must be produced within thirty (30) days of the date of collection of the expropriation compensation.

### MINIMUM CONTRIBUTION FOR INCOME TAX ON LAND PROFIT

Taxpayers who do not make a profit are required to pay a minimum tax which may not be less than 3% of the assignment price.

Taxpayers who carry out operations of sale of a building or part of a building occupied as a main dwelling for at least 6 (six) years on the date of said assignment and whose sale price exceeds four million (4,000,000) MAD, are required to pay a minimum tax of 3% for the fraction of the sale price greater than that amount

## MAIN EXEMPTIONS

- The profit made by any person who, in the calendar year, sells buildings whose total value does not exceed one hundred and forty thousand (140,000) MAD;
- The profit made by natural persons on the sale of social housing (covered area between 50 and 80 m<sup>2</sup> and the sale price does not exceed 250,000 MAD excl. taxes) occupied as a main dwelling for at least 4 years;
- Free assignments made between ascendants and descendants, between spouses, between brothers and sisters and between the person providing the Kafala under an order of the guardianship judge and the child in care;
- The profit made on the sale of a building or part of a building occupied as a main dwelling for at least 6 (six) years on the date of said sale (without prejudice to the application of the provisions of the minimum contribution). This exemption is also granted to the land on which the construction is built within the limit of 5 times the covered area.

## SOURCES

General Tax Directorate : General Tax ([www.tax.gov.ma](http://www.tax.gov.ma))  
Decree No. 2-16-375 of July 18, 2016 fixing the tariff of land registration duties  
National Agency for Land Conservation, Land Registry and  
(<http://www.ancfcc.gov.ma>)

## IMPORTATION OF PERSONAL EFFECTS AND OBJECTS

Foreigners, who come to settle in Morocco, benefit from full exemption from import duties and taxes on personal effects and household objects in use constituting their move.

### SCOPE OF APPLICATION OF EXEMPTION REGIME

Exemption applies, unless there is a suspicion of abuse:

- To all objects and effects in use that are part of the normal composition of a move;
- To apartment pets that meet health formalities and have no commercial character;
- To household supplies, within the limit of quantities corresponding to a normal supply (excluding tobacco);
- To bicycles, motor-assisted bicycles and mopeds which, because of their engine displacement, are not subject to the registration requirement. The excess is limited to one item per able-bodied family member;
- To collections of strictly personal and non-commercial objects;
- To work instruments or tools specific to the practice of the profession of people coming to settle in Morocco (new objects of this kind, machine tools, office equipment and appliances).

The following are excluded from the scope of the exemption:

- Sets of equipment of an industrial, commercial or agricultural nature, even belonging to a natural person;
- Furniture for shops, schools, offices and, in general, all furniture not having the character of personal or family furniture;
- Stocks of raw materials or semi-finished or finished products;
- Saddle or draft horses as well as horse-drawn carriages accompanying them;
- Live animals other than apartment pets;
- Vehicles subject to the registration procedure, whether new or used, such as private aircraft, motor cars, caravans, motorcycles and mopeds (other than those mentioned above), pleasure boat excluding small craft with oars or paddles such as: canoes, kayaks, inflatable boats...

### CONDITIONS FOR GRANTING THE EXEMPTION REGIME

Exemption from import duties and taxes is granted for personal effects and household objects in use constituting the move upon the presentation to the customs service of the following documents:

- A detailed inventory of the imported objects, dated and signed by the person concerned,
- A certificate of change of residence issued either by the municipal authority of the place of departure, or by the Moroccan consulate within the jurisdiction of which the former residence is located or any other document establishing the change of residence, presented to the customs services (employment contract for example)
- An affidavit (sworn statement) according to the required model. To be produced in the event that only one of the spouses of a family living abroad returns definitively to Morocco.

The importation of furniture and the change of residence must be simultaneous, objects and household effects must be imported at once.

Exceptionally, the removal of the move can take place in two shipments, provided that all the objects are regularly included in the global inventory presented during the first importation and that the two operations are carried out by the same import office in a period not exceeding six (06) months, from the date of the change of residence certificate.

## CASE OF SECONDARY RESIDENCE

Foreigners having a property for residential use in Morocco without being permanently settled in the Kingdom may, if necessary, be authorized to import, free of all duties and taxes, their household effects and objects intended to equip this property.

This facility is granted only once when furnishing the residence of the beneficiary who must produce:

- A certificate of ownership of property for residential use in Morocco or any document proving ownership of the residence in Morocco (copy of the notarial deed);
- Proof of repatriation to Morocco of the currency equivalent of the purchase price of said property (example: exchange slip, bank statement...);
- A detailed inventory of the imported household effects and objects, dated and signed by the applicant;
- An «affidavit» duly legalized, to use said household effects and objects only for personal or family needs and not to assign them until after the agreement of the Customs Administration.

## SOURCES

Customs and Excise Administration ( [www.douane.gov.ma](http://www.douane.gov.ma) )

## IMPORTATION AND CUSTOMS CLEARANCE OF VEHICLES

### IMPORT OF VEHICLES

Any resident abroad coming to settle in Morocco can temporarily import a personal vehicle with suspension of duties and taxes under the temporary admission (TA) regime for a period of six (06) months.

For the temporary admission of motor vehicles, no prior formality is necessary. It is granted upon presentation of the residence permit (or any other document proving habitual residence abroad) and original documents relating to said vehicles (car registration card).

The handling of temporary admissions of vehicles is carried out on the Administration's computer system by customs officers present on board the boats crossing to Morocco or at the border entry office.

In the event of eligibility for the TA regime, the customs services issue a printed document to be presented during any inspection on national territory.

Beneficiaries of the TA regime are required to comply with the following commitments:

- regularize the situation of the vehicle, before the expiry of the statutory period granted, by re-exporting or clearing the vehicle in question;
- use the vehicle for personal needs: the vehicle temporarily admitted to Morocco cannot be made available to third parties, nor lent, transferred or used for profit, under penalty of legal proceedings.

When leaving Morocco, make sure that the Customs visa has been affixed to the TA document. This document serves as proof of the export of the vehicle to be presented to Customs if necessary.

### CUSTOMS CLEARANCE OF VEHICLES

#### 1- Steps to clearing a motor vehicle brought in Morocco under temporary admission

Any resident abroad coming to settle in Morocco can clear, in one of the customs offices inside the Kingdom, their motor vehicle or their two-wheeled motorcycle with an engine displacement greater than 80 cm<sup>3</sup> brought into the Kingdom under the Temporary Admission (AT) regime.

#### Presentation of required documents

- Identification certificate, in duplicate, issued by the registration center of the place of customs clearance;
- Identity document (residence permit);
- Original purchase invoice for motor vehicles having three (03) months of age or less;
- Original document of the temporary admission;
- Power of attorney duly legalized by the competent authorities abroad, issued by the owner of the vehicle, in the event of importation by a person other than the owner.

### Payment of corresponding duties and taxes

After payment of duties and taxes, a receipt and a customs clearance certificate are issued by the customs services.

### 2- Steps to clearing a motor vehicle imported from abroad

Any foreigner residing in Morocco having acquired abroad a motor vehicle or a two-wheeled motorcycle with an engine displacement greater than 80 cm<sup>3</sup>, is required to clear it through customs upon arrival on Moroccan territory at the customs office of entry (at borders).

### Presentation of required documents

- Registration card of the motor vehicle or motorcycle (original + photocopy);
- Identity document (residence permit);
- Original purchase invoice for motor vehicles having three (03) months of age or less;
- Power of attorney, duly legalized by the competent authorities abroad, issued by the owner of the motor vehicle or motorcycle (in the event of importation of a vehicle belonging to a person other than the declarant).

### Payment of corresponding duties and taxes

After payment of duties and taxes, a receipt and a customs clearance certificate are issued by the customs services.

### 3- Calculation of duties and taxes

The MCV (Release for consumption of vehicles) application consists of a simulator accessible via the section «Dédouanement d'un véhicule avec MCV » (Customs clearance of a vehicle with MCV) on the customs website to allow the calculation of the duties and taxes to be paid during the customs clearance of a motor vehicle or a two-wheeled motorcycle with an engine displacement greater than 80 cm<sup>3</sup>.

## SOURCES

Customs and Excise Administration ( [www.douane.gov.ma](http://www.douane.gov.ma) )

## FOREIGN SCHOOLS IN MOROCCO

Morocco attaches great importance to the education system for the development of human minds and qualities.

Attention is focused on improving the quality of education, equal opportunities for all, boys and girls, to enhance access to higher education.

The goal is to provide education that builds a modern, open and democratic society.

## FOREIGN EDUCATION IN MOROCCO

Foreign education is present in Morocco thanks to cultural cooperation agreements signed with countries such as France, Spain, the United States of America, Turkey.. It relies on a network of schools located in the main cities of Morocco.

### • French schools

<https://www.efmaroc.org/fr/>

### • American schools

<https://www.gwa.ac.ma/>  
<https://www.ras.ma/>  
<http://www.cas.ac.ma/>  
<http://www.theamericanschooloftangier.com/site2/index.php/en/>  
<https://asm.ac.ma/>

### • Spanish schools

<https://www.educacionyfp.gob.es/marruecos/oficinas-y-centros/centros-docentes/centros-docentes.html>

### • Italian schools

[http://www.iicrabat.esteri.it/iic\\_rabat/fr/la\\_biblioteca/link/italia\\_in\\_nome\\_paese](http://www.iicrabat.esteri.it/iic_rabat/fr/la_biblioteca/link/italia_in_nome_paese)

### • Belgian schools

<http://www.ecolebelge.org/>

## CULTURAL CENTERS

In addition to schools, several cultural centers are attached to different countries and are also located in the main cities of Morocco.

These institutions provide language courses, offer cultural activities in fields related to education, university research, culture and artistic activities.



MAIN CUSTOMS AND FISCAL  
PROVISIONS AMENDING FINANCE  
ACT N ° 35-20 FOR THE 2020  
FINANCIAL YEAR

# MAIN CUSTOMS AND FISCAL PROVISIONS AMENDING FINANCE ACT N ° 35-20 FOR THE 2020 FINANCIAL YEAR<sup>22</sup>

Promulgated by Dahir No. 1-20-72 issued on 4 hijja 1441 (July 25, 2020), as published in Official Journal No. 6903 dated 6 hijja 1441 (July 27, 2020), the Amending Finance Act No. 35- 20 for the 2020 budget year (AFA 2020) introduced a customs provision and fiscal measures aimed at meeting the new social and economic challenges generated by the Covid-19 pandemic. It provides for measures aimed primarily at:

- Supporting the gradual recovery of economic activity;
- Preserving jobs;
- Consecrating certain measures taken within the framework of the Economic Watch Committee (CVE);
- The extension of the period of spontaneous regularization of the tax situation of taxpayers.

## TARIFFS OF CUSTOMS DUTIES

### RISE OF IMPORT DUTY FROM 30% TO 40% FOR CERTAIN IMPORTED FINISHED PRODUCTS

The AFA 2020 provides for an increase in the rate of the import duty to 40% for all products subject to the rates of 30% under the common law regime.

The new tariff is applicable to around 125 finished consumer products, imported outside the signatory countries of free trade agreements and not subject to any customs protection measures, as is the case, for example, for finished products of textile and clothing originating in Turkey which are subject to an additional ad-valorem duty equivalent to 90% of the ordinary import duty, i.e. now 36% instead of 27% (Cf. Customs and Excise Administration Circular No. 6074/211 of July 27, 2020).

It should be noted that the LF 2020 has increased the quota of the import duty from 25% to 30%.

This measure takes effect from July 27, 2020.

Legal reference: Article 2 of the AFA 2020

<sup>22</sup>THIS OVERVIEW IS CARRIED OUT BY ARTEMIS CONSULTING FIRM

## MAIN FISCAL MEASURES INTRODUCED BY THE AFA 2020

### MEASURE SPECIFIC TO INCOME TAX

#### EXEMPTION FOR BONUSES AND BENEFITS GRANTED TO EMPLOYEES IN THE FORM OF HOLIDAY VOUCHERS

In order to encourage domestic tourism, the AFA 2020 introduced an exemption on the benefits and bonuses granted to employees in the form of holiday vouchers.

The conditions of application of this exemption shall be set by regulation.

Legal reference: Article 57-24 ° of the General Tax Code

### MEASURE SPECIFIC TO REGISTRATION FEES

#### REDUCTION OF REGISTRATION FEES APPLICABLE TO THE PURCHASE OF REAL ESTATE AND LAND FOR RESIDENTIAL USE

In order to support the real estate sector and encourage demand, the AFA 2020 provides for a reduction in registration fees of:

- 100% for deeds of first sale, for consideration, relating to social housing (250,000 MAD) or low real estate value housing (140,000 MAD) assigned to housing as well as for deeds of acquisition of said premises by credit institutions or similar institutions, subject to commercial or financial operations, under « Mourabaha », « Ijara Mountahia Bitamlik » or « Moucharaka Moutanakissa » contract ;
- 50% for deeds of acquisition, for consideration, of built premises or lands used for housing as well as for deeds of acquisition of said premises by credit institutions or similar institutions, subject to commercial or financial operations, under “Mourabaha”, “Ijara Mountahia Bitamlik” or “Moucharaka Moutanakissa” contract. This reduction is granted when the amount of the taxable base for said acquisitions does not exceed 2,500,000 MAD.

It should be noted that this reduction in registration fees for the aforementioned deeds applies during the period from July 27 to December 31, 2020.

Legal reference: Article 247 bis-II of the General Tax Code.

## MEASURE SPECIFIC TO CORPORATE TAX AND INCOME TAX

### EXTENSION OF PAYMENT DEADLINES FOR CORPORATE TAX AND PROFESSIONAL INCOME TAX

The AFA 2020 has taken over one of the provisions adopted by the CVE which concerns the deferral of the return and payment deadlines for Corporate Tax and professional Income Tax.

#### Corporate Tax

Regarding corporate tax, companies with a turnover of less than 20,000,000 MAD benefit from the deferral of the return of the tax result for the 2019 financial year and the payment of tax, from March 31 to June 30 2020.

Regarding the deadlines relating to the payment of the tax, no surcharge, fine or penalty will be applied for spontaneous payments of duties due which occur no later than September 30, 2020.

#### Income Tax

With regard to Income Tax, natural persons benefit from the postponement of the deadline for the annual return of total income tax referred to in Article 82 of the General Tax Code from April 30 to June 30, 2020.

Like the aforementioned legal persons, taxpayers subject to income tax for their professional income, relating to the 2019 year, determined according to the actual net income regime or the simplified net income regime, and/or for their agricultural income, can benefit from the same aforementioned measure also concerning the payment of tax, provided that the payment of the duties due is made by September 30, 2020 at the latest.

Legal reference: Article 247 bis-III of the General Tax Code.

## MEASURE SPECIFIC TO INCOME TAX AND VALUE ADDED TAX (VAT)

### PROMOTION OF MOBILE PAYMENT

The AFA 2020 provides for not taking into account the amount of turnover achieved by mobile payment by natural persons with professional income determined according to the simplified net income or flat earnings regimes, for the determination:

- the taxable base of the Income Tax owed by the aforementioned taxpayers;
- and the tax thresholds for Income Tax according to the aforementioned regimes and VAT liability.

This measure applies to returns for fiscal years 2020 to 2024 and aims to reduce cash payment flows and encourage the taxpayers concerned to use the mobile payment method.

Legal reference: Article 247 bis ter of the General Tax Code.

## COMMON MEASURES

### EXTENSION OF DEADLINES FOR AGREEMENTS RELATING TO SOCIAL HOUSING CONSTRUCTION PROGRAMS

In order to support the real estate sector, the AFA 2020 provides for an additional period of one year for agreements concluded between the State and real estate developers who have difficulty in completing the achievement, within the 5-year period, of their social housing construction programs which are in their final stages.

This measure applies to agreements for social housing construction programs whose deadline expires during the period from the date of the start of the state of health emergency until December 31, 2020.

Legal reference: Article 247- XVI-8 ° of the General Tax Code.

### DISTRIBUTION OF DONATIONS OVER SEVERAL FINANCIAL YEARS FOR THE BENEFIT OF THE STATE

Under the provisions of the AFA 2020, the following are considered deductible expenses, to be distributed over several years, the amounts paid by companies subject to corporate tax or professional and/or agricultural income tax, determined according to the actual net income regime or simplified net income regime, in the form of contributions, donations or bequests for the benefit of the State.

In order to ensure whether this provision is automatically applicable to payments made for the benefit of the Covid-19 Solidarity Fund since the outbreak of the health crisis, it is necessary to refer to the clarifications of the General Tax Directorate within the framework of the circular note relating to the tax measures of the AFA 2020.

Legal reference: Article 247 bis-I of the General Tax Code.

### EXTENSION OF DEADLINES FOR AGREEMENTS ON INVESTMENT PROJECTS UNDER AN AGREEMENT CONCLUDED WITH THE STATE

The AFA 2020 provides for an additional period of one year to companies carrying out investment projects as part of an agreement concluded with the State in order to benefit from the exemption for domestic VAT and import VAT provided that the 36-month period has not expired before the date of declaration of the state of health emergency.

This additional period of one year also applies to investors who carry out operations of construction of hotel establishments on lands acquired before the date of the health emergency declaration.

Legal reference: Article 247 bis -IV of the General Tax Code.

# BUSINESS GUIDE TO MOROCCO 2020 EDITION