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Global Mobility Services: Taxation of International Assignees - Morocco

*Taxation issues &
related matters for
employers &
employees 2018*



pwc

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This document was not intended or written to be used, and it cannot be used for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

Country: Morocco

Introduction:		4
Step 1:	Income tax summary	5
Step 2:	Rates of tax	10
Appendix A:	Contacts and offices	11

Additional Country Folios can be located at the following website:
Global Mobility Country Guides

Introduction: **International assignees working in Morocco**

PwC is the world's leading provider of professional services. The People and Organisation group works together with its clients to find solutions for the challenges they encounter when transferring people from one country to another.

This summary is intended to inform foreign nationals and their

employers about high level tax, social security and immigration issues.

This guide is not exhaustive and cannot be regarded as a substitute for professional advice addressing individual circumstances.

Nevertheless, answers will be found to most of the questions raised by

an expatriate or his/her employer. More detailed advice should be sought before any specific decisions are made about these issues.

More information can be obtained from our offices specializing in People and Organisation, Global Mobility.

Step 1:

Income tax summary

	Question	Answer
	Basic information	
1	The date of the tax year end	31st December
2	Types of income that are liable to tax	Employment income, Professional (self-employment) income, Agricultural profits, Real estate income and profits, Securities Investment income and profits.
3	How are residents and non residents treated differently for tax purposes?	Residents of Morocco are subject to tax for their worldwide income. Nonresidents are subject to tax on their Morocco-source income only.
4	Do spouses file tax returns jointly or as individuals?	Spouses file tax returns separately.
5	Method of determining domestic tax residence	Individuals are considered resident in Morocco if they meet one of the following conditions: <ul style="list-style-type: none"> • They maintain their permanent living home in Morocco or, • They maintain their economical interests' center in Morocco or, • They spend in Morocco 183 days or more per each period of 365 days,
6	Provide some details of the exchange controls in this jurisdiction	Free transfer of the saving on salary revenues (net of income tax and any other withholding in Morocco and social contributions).

	Question	Answer														
	Tax rates, allowances and credits															
7	Income tax rate	<table border="1"> <thead> <tr> <th>Annual Taxable Income (MAD)</th> <th>Tax rate</th> </tr> </thead> <tbody> <tr> <td>0-30 000</td> <td>Exempted</td> </tr> <tr> <td>30 001-50 000</td> <td>10%</td> </tr> <tr> <td>50001-60 000</td> <td>20%</td> </tr> <tr> <td>60 001-80 000</td> <td>30%</td> </tr> <tr> <td>80001-180 000</td> <td>34%</td> </tr> <tr> <td>More than 180 000</td> <td>38%</td> </tr> </tbody> </table>	Annual Taxable Income (MAD)	Tax rate	0-30 000	Exempted	30 001-50 000	10%	50001-60 000	20%	60 001-80 000	30%	80001-180 000	34%	More than 180 000	38%
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8	Income tax allowance amount	N/A														
9	Capital gains tax allowance amount	N/A														
10	Rate of capital gains tax	Capital gains derived by resident individuals from the sale of shares of resident companies are taxed at a rate of 15% for listed shares and 20% for unlisted shares. Capital gains for the sale of shares of nonresident companies are taxed at a rate of 20%.														
11	Rate of tax on interest	The tax rate on interest is fixed at a rate of 30% for fixed income revenues regarding beneficiaries' natural persons, excluding those subject to that tax under the regime of the real net income or the simplified net income.														
12	Rate of tax on dividends	The tax on dividends in Morocco is fixed at a rate of 15%.														
13	Rate of employer social security	<table border="1"> <thead> <tr> <th>Contribution</th> <th>Employer</th> </tr> </thead> <tbody> <tr> <td>Amount with monthly ceiling (MAD 6 000)</td> <td>8,98%</td> </tr> <tr> <td>Amount without monthly ceiling</td> <td>12,11%</td> </tr> </tbody> </table>	Contribution	Employer	Amount with monthly ceiling (MAD 6 000)	8,98%	Amount without monthly ceiling	12,11%								
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Question		Answer	
14	Rate of employee social security	Contribution	Employee
		Amount with monthly ceiling (MAD 6 000)	4,48%
		Amount without monthly ceiling	2,26%
15	What types of income are exempt from tax/deductible from taxable income?	<p>The Moroccan Tax Code provides for exemption of allowances destined to cover expenses incurred within the course of business, either supported by evidences or granted on a flat basis*, such as transport allowance.</p> <ul style="list-style-type: none"> • besides, the MTC provides for additional exempted allowances, the most common being: • Family allowances; • Compensation for pregnancy leave etc. <p>Furthermore, the said code provides also deductions from the taxable income such as:</p> <ul style="list-style-type: none"> • Social security contributions; • Professional flat* relief. <p>*Flat basis tax regime: This is applicable to certain professional/self employment incomes i.e. profits derived from commercial, industrial, handwork, and property development professions or independent professions. Some professions are excluded eg. chartered accountant, tax and legal advisors, public notary.</p>	

	Question	Answer
	Before arriving in the country	
16	What must an individual do in order to be able to work in the country ie. obtain a work permit, intra company transfer visa, critical skills visa	<ul style="list-style-type: none"> - Foreign nationals can work in Morocco if they obtain the required authorizations: ANAPEC authorization: It's a certificate that attests that no equivalent applicant for the job is available in Morocco. Some foreign employees can be exempted from that procedure such as: <ul style="list-style-type: none"> • Foreigners born in Morocco and having resided in the country for a continuous period of at least six (6) months; • Foreigners married to Moroccans; • Owners and legal representatives of Moroccan companies; • Foreigners seconded from the mother company to its subsidiary in Morocco for a period of 3 years; ... - Work permit: delivered in the form of a • Work contract signed by an entity established in Morocco and the employee and approved by the Labour Ministry.
17	What conditions must be met to be eligible to have a work permit	Refer to point 16.
18	What is the maximum period a work permit will be issued for	The work permit is issued in general for a period of one year. In case of secondment, the work permit may be issued for the period of secondment.
19	Can a work permit be renewed	Yes
20	What would be the immigration requirements for a short term business visitor	Entry business visas are required for foreign nationals from certain countries. The list of the countries is determined by the Ministry of foreign affairs. For short term assignments a work permit can be obtained.
21	At what point/type of activity would trigger a tax liability in the country	Residents of Morocco are subject to tax for their worldwide income. Nonresidents are subject to tax on their Morocco-source income only.

	Question	Answer
	During the assignment	
22	Does an individual need to register as a taxpayer	Yes in principle, within 30 days after the entry in the Moroccan territory.
23	Timeline and process for registering as a taxpayer	In practice the tax ID and access code are delivered by the tax administration prior to the filing of the first electronic tax return.
24	Are provisional taxes required?	No
25	If yes, on which dates?	N/A
26	If yes, what are the penalties for non compliance?	N/A
27	Important dates to remember during the tax year	28 th of February (salary income, professional income flat regime and other revenues). 31 st of March (capital gains, dividends, interest) 30 th of April (professional incomes other than flat regime).
	At the end of the tax year	
28	Tax return filing deadline	Before the 1 st March of the following year (for salary income).
29	Penalty for late filing	The penalties are computed as follows: <ul style="list-style-type: none"> • 5% penalty in case the tax return is submitted within 30 days following the legal deadline, or in case of corrective return.15% penalty in case the tax return is submitted after the above-mentioned 30 days.
30	Tax payment deadline	Before the 1 st March of the following year (same as the filing deadline)
31	Penalty for late payment	The penalties for late payment are computed as follows: <ul style="list-style-type: none"> • 5% penalty in case the tax payment is made within 30 days following the legal deadline. • 10% penalty in case the tax is paid after the above-mentioned 30 days. • 5% late interest for the first month; • 0.5% late interest per additional month.
	At the end of an assignment	
32	The process and actions required before leaving the country	Filing a tax return (if required) reporting the salaries revenues received during the year of the final departure. Obtention of tax clearance “Quitus fiscal” from the tax authority before leaving the territory (It is not mandatory but highly recommended)

Question	Answer
Other comments	<ul style="list-style-type: none">As of the 1st of January 2018, the annual income tax return should be filed to the Tax authorities via electronic mean and the payment of the relating individual income tax should be made spontaneously within the same deadline.

Step 2:

Rates of tax

Personal income tax rates for 2018

	Annual Taxable Income (MAD)	Tax rate	Amount to deduct (MAD)			
	0-30 000	Nil	-			
	30 001-50 000	10%	3 000			
	50001-60 000	20%	8 000			
	60 001-80 000	30%	14 000			
	80001-180 000	34%	17 200			
	More than 180 000	38%	24 400			

Appendix: Contacts and offices

Contacts

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