

CORPORATION TAX

DEFINITION

Corporation tax is mandatorily applied to the income and profits of capital corporations, public establishments and other legal persons carrying out profitable operations.

CORPORATE TAX RATES

30% : Normal rate

37% : Rate for credit establishments, the Al-Maghrib Bank, the *Caisse de Dépôt et de Gestion* (CDG), insurance and reinsurance companies, and leasing companies.

OTHER RATES

Specific rates: 8.75% - 10% - 17.5%

Rates and amounts of lump-sum tax: 8% - 25.000 US dollars – 500 US dollars

Rate of tax withheld at source: 10% -15%- 20%

SPECIFIC RATES AND EXEMPTIONS

- 1- Tax rate of 8%
 - Optional for foreign companies having won a construction or assembly contract and practicing in Morocco.
- 2- Tax rate of 10%
 - Optional for offshore banks for the first 15 years following the date of the agreement (i.e. payment in Dirham of the exchange value of US\$25,000 per year discharging these banks from all duties and taxes applied to profits or income)
 - For regional or international headquarters with Casablanca Finance City (CFC) status
 - For companies making a tax benefit equal to or below 300.000 DHS (FL 2013)
- 3- Full exemption for the first 5 years of operation and a reduced rate of 8.75% thereafter
 - Service companies with CFC status
- 4- Full exemption for the first 5 years of operation and a reduced rate of 8.75% for the 20 years thereafter
 - Companies operating in export free zones
 - Operations carried out between companies established in the same export free zone (2012 Financial Law)
 - Operations carried out between companies established in different export free zones (2012 Financial Law)
- 5- Tax rate of 15%
 - Incomes from shares or partnership shares and assimilated incomes (FL 2013)
- 6- Full exemption for the first 5 years of operation and a reduced rate of 17.5% thereafter
 - Hotels and companies managing touristic accommodations, for the tax base corresponding to their turnover in foreign currency repatriated directly by them or for them by travel agencies
 - Businesses exporting products or services, except those exporting scrap metal, for the part of their turnover achieved in foreign currency
 - Businesses, except those operating in the mining sector, which sell finished products to exporters established in export industrial zones
- 7- Full and temporary exemption
 - Farming revenues until 31 December 2013.
 - Holders of concessions to exploit hydrocarbon deposits, for ten (10) consecutive years from the start date of regular production for the exploitation concession
 - Companies managing certified accounting management centres under their operations, for a period of four (4) years following the date of their agreement
- 8- Permanent reduced rate of 17.5%
 - Exporting mining companies
 - Mining companies selling their products to businesses who export said products after their development
 - Businesses whose address for tax purposes or headquarters are located in the province of Tangier and who operates mainly in the jurisdiction of this province
- 9- Temporary (5 years) reduced rate of 17.5%
 - Craft businesses (whose manufacturing is essentially manual)
 - Private educational establishments and professional training establishments
 - Businesses established in “priority” provinces or prefectures, and whose work and sales of services and goods are exclusively carried out in said provinces or prefectures.
 - Property developers, legal persons, in respect to incomes issued from the rent of cities, residences and university campuses conducted under a state agreement.
 - Sports companies constituted according to Law 30-09 (2012 Financial Law)

10- Tax rate of 20%

- Fixed income products

MINIMUM TAXATION

- The corporate tax amount cannot be lower than a minimum contribution (MC) which calculation base is composed of the operating revenues amount (excluding VAT) referred by the law.
- The MC amount cannot be below 1500 DH and must be made in a single payment, before the end of the third month following the start of the current financial year.
- The minimum contribution is not payable by the companies during the first 36 months following the start of their planned operations, except companies working on behalf of public services. However, the exemption ceases to be applied after the expiration of a period of 60 months following the date of the concerned companies' establishment.

ONLINE TAX FILING AND ONLINE PAYMENT (Simpl-CORPORATE TAX)

The Online Tax Services (Simpl) were developed by the Directorate-General for Taxation in order to allow users to fulfill their tax return electronically.

Online tax filing and payment are currently mandatory for large corporations that achieve an annual turnover equal to or above 50 Million DH. Starting from January 2016, the process will be mandatory for companies with turnover larger than 10 Million DH; And from January 2017, for turnovers larger than 3 Million DH.

For companies wishing to join Simpl teleservices (Simpl-VAT and / or Simpl-corporate tax), they are invited to address their application form to the regional tax department, in the service "large corporations" to which depends the taxpayer. The file should include the debit authorization duly endorsed by a partner bank.

LEGAL BASIS / SOURCE

Ministry of Economy and Finance – Tax Directorate: General Tax Code (<http://www.impots.gov.ma>)