

INCOME TAX

DEFINITION

Income Tax applies to the income and profits of natural persons and of legal persons not having opted for Corporate Taxes. The concerned revenues are:

- Wage income
- Professional income
- Real estate income and profits
- Investment income and profits
- Agricultural income

INCOME TAX RATES

Income Brackets (in DH/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%
180,001 and above	38%

SPECIFIC RATES

10%	<ul style="list-style-type: none"> • For raw products received by natural or legal non-resident persons
15%	<ol style="list-style-type: none"> 1. For net profits resulting from: <ul style="list-style-type: none"> • The transfer of listed shares • The transfer of shares or stock from mutual funds whose assets permanently invested consists in at least 60% of equity. • From the buy up or withdrawal of securities or liquidity from a share savings plan or a company savings plan within a five years deadline. 2. For gross revenues from investment income by foreign source 3. For shares incomes, partnership shares and assimilated incomes (FL 2013)
17%	For part-time teachers
20%	Applicable to: <ul style="list-style-type: none"> • Net real-estate profits of real property sales (Note: the tax cannot be under 3% of the sale's price, should it occur without achieving any profit) • Net real-estate profits achieved or recorded during the sale of undeveloped urban property or transfer of real property rights on such properties if the time elapsed between the acquisition date of such properties and their transfer date is less than 4 years (FL 2013) (Note: the tax amount cannot be under 3% of the sale price, even if there is no profit). • Salaries, emoluments and gross wages paid to employees of companies with Casablanca Finance City status for a maximum of 5 years from the date the employee is hired (this rate is not discharged- FL 2013). • Fixed-income investments of persons subject to Income Tax according to the Actual Net Income (<i>Résultat Net Réel – RNR</i>) or the Simplified Net Income (<i>Résultat Net Simplifié – RNS</i>) • Net profits resulting from mandatory transfers of bonds or other debt securities, unquoted shares, and other capital securities and any other stock or shares of mutual funds other than those mentioned above. • Net profits resulting from the transfer of securities issued by Venture Capital Investment Organisations (VCIOs) and Securitisation Collective Investment Funds (<i>Fonds de Placement Collectif en Titrisation – FCPT</i>) • Gross profits from investment income by foreign source • Attendance fees and all other payments made to administrators of offshore banks, all gross payments made by offshore banks and offshore holding companies to their employees • Salaries, emoluments and gross wages paid to employees of companies with Casablanca Finance City status (for a maximum of 5 years from the date the employee is hired)
25%	Applicable : <ul style="list-style-type: none"> • To net real-estate profits achieved or recorded during the sale of undeveloped urban property or

	transfer of real property rights on such properties if the time elapsed between the acquisition date of such properties and their sale's date is equal to or above 4 years and below 6 years (FL 2013) (Note: the tax amount cannot be under 3% of the sale price, even there is no profit).
30 %	<p>Applicable to:</p> <ul style="list-style-type: none"> • Medical fees of doctors not subject to professional tax and who carry out surgeries in clinics • Occasional fees and indemnities paid to a company's non-permanent staff and any fees paid to commercial or industrial travellers, representatives and ushers working for one or more employers established in Morocco • Gross amount of fees paid to artists operating either individually or in a troupe • Fixed income products paid to natural persons, with the exception of those persons subject to Income Tax according to the RNR or the RNS • To net real-estate profits achieved or recorded during the first sale of undeveloped property included in the urban perimeter or during transfer of real property rights on such properties (FL 2013) (Note: the tax amount cannot be under 3% of the sale's price, even there is no profit). • To net real-estate profits achieved or recorded during the sale of undeveloped urban property or transfer of real property rights on such properties if the time elapsed between the acquisition date of such properties and their transfer date is equal to or above 6 years (FL 2013) (Note: the tax amount cannot be under 3% of the sale price, even there is no profit).

MAIN EXEMPTIONS

- Full exemption for 5 years, followed by a tax rate reduced by 80% for the 20 years thereafter for businesses operating in free zones
- Operations between businesses in the same export free zone (2012 Financial Law)
- Operations between businesses in different export free zones (2012 Financial Law)
- Full exemption for 5 years for businesses exporting goods or services and for those who sell finished products to exporters established in export industrial zones, followed by a tax rate reduced by 20% thereafter
- Full exemption for 5 years for hotels, for the taxable base corresponding to their turnover achieved in foreign currency, duly repatriated either directly by them or for them by travel agencies, followed by a tax rate reduced by 20% thereafter
- Tax rate of 20% for exporting mining businesses and those who sell their products to businesses who export them following their development
- Tax rate reduced by 20% for 5 years for craft businesses
- Tax rate reduced by 20% for 5 years for private education establishments and professional training establishments

MINIMUM TAXATION

- The income 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 minimum contribution rate is set at 0.50%.
- The taxpayers concerned by the income tax are exempted from the MC during the first 3 fiscal years following the beginning of their activity.
- The MC regarding income tax on land profit cannot be lower than 3 % of the sale price.

ONLINE TAX FILING AND ONLINE PAYMENT (Simpl-INCOME 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.

LEGAL BASIS / SOURCE

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