

CORPORATE TAX (CT)

DEFINITION

CT is applied in a compulsory way to the income and profits of capital companies, public establishments and other legal entities, which carry out for-profit activities, and on the irrevocable options of partnership companies.

CORPORATE TAX RATE

NORMAL RATE

- Proportional Rate¹

Net Profit (in MAD)	Rate
Less than or equal to 300,000	10%
From 300,001 to 1,000,000	20%
From 1,000,001 to 5,000,000	30%
More than 5,000,000	31%

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

OTHER RATES

- Specific rates: 8.75% - 10% - 17.5%
- Rate and amounts of flat-rate tax: 8% - 25,000 dollars US – 500 dollars US
- Rate of withholding tax: 10% -15% - 20%

MAIN IMPOSITIONS AND EXEMPTIONS ON CORPORATE TAX

1- Imposition of 8%

- On options for foreign companies having won construction works or assembly markets, operating a business in Morocco.

2- Imposition of 10%

- On options for offshore banks for the first 15 years following the date of being given authorisation (either payment of a counter value of 25,000 USD in MAD dischargeable per year for all other taxes and charges affecting the profits and income of these banks).
- For the regional and international headquarters having their status in the Casablanca Finance City (CFC) and the representation offices of non-resident companies with this status.

3- Total exemption during the 5 first years of operations and a reduced rate of 8.75% after this period.

- Service companies with CFC status

4- Total exemption during the first 5 years and application of a reduced rate of 8.75% for the next 20 financial years.

- Companies operating in export free zones
- Operations carried out between companies registered in the same export free zone (2012 FL)
- Operations made between companies located in different export free zones (2012 FL)

5- Imposition of 15% rate

- Income on stocks, shares and similar revenue (2013 FL)

6- Imposition of 17.5% rate

¹ Developments in 2016 Finance law

Taxable Agricultural operations benefit from the imposition of a rate of 17.5% during the first 5 consecutive financial years following the first taxable financial year. As a result, Agricultural holders become subject to CT when they achieve an annual turnover equal to or greater than the amounts mentioned below (see number 10).

7 - Exemption during the first 5 financial years and application of a reduced rate of 17.5% after this period.

- Hotel establishments and management companies for tourism real estate residences for the part of the taxable base corresponding to their turnover achieved in foreign currency duly repatriated directly by them or on their behalf by travel agencies.
- Export companies of products or services, except for those exporting scrap metal, for the share of the turnover made in foreign currency;
- Companies, other than those operating in the mining sector that sell finished products to exporters located in the export platforms.

8- Total or Temporary Exemption

- The holders of any licence for the exploitation of a hydrocarbon deposits during a period of ten (10) consecutive years starting from the date when regular production begins at said hydrocarbon deposit.
- Companies operating approved management accounting centres for their operations during a period of four (4) years following the date of their approval.

9- Permanent total exemptions

- Agricultural companies subject to CT and making a turnover of less than 5,000,000 MAD on their agricultural revenue.

10 - Temporary, regressive exemptions

The 2014 FL anticipated a progressive introduction of taxes for large agricultural holders with a turnover greater than 5,000,000 MAD counting from the 1st January 2014. To this effect, the following companies will continue to benefit from tax exemption:

- from 1st January 2016 to 31st December 2017, agricultural holders making a turnover of less than 20,000,000 MAD;
- from 1st January 2018 to 31st December 2019 agricultural holders making a turnover of less than 10,000,000 MAD.

Agricultural holders cannot enjoy this exemption after the financial year in which they become taxable.

11- Permanent imposition of a reduced rate of 17.5%

- Export mining companies
- Mining companies who sell their products to companies that export them after processing.

12- Temporary imposition (5 years) of a reduced rate of 17.5%

- Artisanal companies (whose production is primarily the result of manual work)
- Teaching establishments and professional training centres
- Real estate promoters and legal entities, for revenue coming from site rental, as well as residences and university campuses created as part of an agreement made with the State
- Taxable agricultural companies counting from the first open taxable financial year and this starting from 1st January 2014.
- Sporting companies created in conformity with law n°30-09 (2012 Finance Law)

13- Imposition of a 20% Rate

- Fixed income investments

MINIMUM TAX PAYMENT

- The amount of CT cannot be less than a minimal payment that is calculated based on the amount (before tax) of the taxable income from operations.
- The minimal payment rate is fixed at 0.50%. It is made up of 0.25% for operations carried out by trade companies for the sale of certain products.
- The amount of this Minimal Payment cannot be less than 3,000 MAD [SB1] even in the absence of turnover. It must be carried out through one single transfer, within the 3 months that follow the opening of the financial year under way. This is the same for agricultural revenue.

- The minimal payment is not due by companies during the first 36 months follow the start of their operations, with the exception of companies holding licences from public services. It is important to note that this exception is not applicable at the end of 60 months following the creation date of the companies involved.

INTERNET FILING AND PAYMENT ([Simpl-CT](#))

Counting from 1st January 2017, all companies will be required to conduct their filing and payment on the Internet.

LEGAL BASIS / SOURCE

*Ministry of the Economy and Finances - General Tax Division **General Tax Code** (<http://www.impots.gov.ma>)
2016 Finance Law*