# *GUIDE FOR INVESTORS*

## *LEGAL FORMS OF COMPANIES, TAXATION AND INVESTMENT PROCEDURES*

N.B : Some of the information contained in this document may not still be up-to-date

## *I - LEGAL FORMS OF COMPANIES:*

*Whatever the selected criteria adopted, the legal form of the company retained may be changed at any time by amending the Articles of Association of the company.*

***1 - The public limited company** "SA" (Société Anonyme)*
*Basic characteristics of the SA:*
* a minimum of 5 shareholders is necessary to form a SA (Art 7 of the Law on SA);*
* the share capital of a SA cannot be less than 3 million DH if the company seeks public investment, and 3000,000 if it does not (Art 6)*
* the shares are negotiable and freely transferable;*
* all the shareholders are responsible for the company's liabilities up to the value of their capital contribution;*
* the company shares are freely transferable and tradable;*
* the share capital comprises contributions in kind or cash. The nominal value of the stock may not be lower than DH 100;*
* the SA is managed by one or more representatives from among the shareholders*

***2 - The Private limited Company** "SARL" (Société à Responsabilité Limitée)*
*The SARL has the characteristics of both joint stock companies and partnerships at the same time. Characteristics of the SARL:*

* 2 partners may constitute a SARL without the intervention of a notary;*
* the SARL must be set up a written deed, notarised or under private seal;*
* if it comprises 20 partners or less, it is not obligatory to hold general meetings;*
* the capital must be at least DH 10,000 divided into company shares of at least DH 50 at least and of equal value. The shares are fully paid up.*
* The shares of partners are not negotiable. They may be transferred directly and may not be transferred to foreign third parties without the consent of the partners;*
* The SARL may have a corporate style or business name.*

***3 - The partnership (Société en Nom Collectif)***
*The partnership is an agreement between at least 2 persons with the aim of trading under a corporate name. Characteristics of the partnership are:*

* the deed of incorporation must be drawn up by a notarial deed or under private seal;*
* the partners are jointly and severally responsible for the company shares may only take place directly.*

***4 - The limited co-partnership (Société en Commandite Simple)***
*The limited co-partnership is governed by the same rules as the partnership with the reserve that it is characterised by the existence of two types partners: (1) administrative partner or partners who are responsible for up to the total of their assets, and (2) ordinary partners whose liability only extends to their level of contribution.*

***5 - Joint Ventures***
*The law recognises Joint Ventures for the purpose of one or several commercial operations. Joint Venture agreements are drawn up in the form and for the purpose agreed by the partners, and entail a joint sharing of income. They cannot undertake any legally binding action as they do not have legal status.*

*For the principal administrative formalities relating to the constitution of a company, see Section 3.2 entitled "Investments Procedures".*

## *II - LABOUR LAWS*

*The New labour Law (Code du travail) has entered into force on 7 June 2004. It is the result of several years of debate and negotiations between the Government, the Employers Federation CGEM and the Trade Unions. The new Labour Law is in conformity with the international agreements signed by Morocco and in line with the recommendations of International Labour Organisation (ILO).*

*In addition to the modernisation and simplification of the previous texts regulating the labour market, the new Law gives room for more flexibility. Three modes of recruitment are outlined:*

- *Indefinite duration contact (CDI): It is the most common contact and its termination by either party is subject to a notice;*
- *Finite duration contract (CDD): exceptional and cannot exceed 24 months;*
- *Temporary work contract (CDT): applicable in seasonal activities and certain traditional sectors as well as in cases of replacement (suspension of a contract for instance) or increase of activity (all sectors).*

*As for Salaries, they are freely negotiated between employers and employees but must not be lower that either the Index-linked minimum guaranteed wage or "**SMIG**" (**DH 7.98 /Hour**) or the minimum guaranteed wage for those employed in agriculture or "**SMAG**" (**DH 41,36/ day**).*

*All workers must receive a seniority bonus which amounts to 5 per cent of the wage after 2 years service, 10 per cent after 5 years, 15 per cent after 12 years service and 20 per cent after 20 years service, in addition to their wage.*

*After the entry into force of the new Labour Law (June 2004), the working hours may not exceed 44 hours per week or 2 288 hours par annum. Maximum daily working hours are fixed to 10 hours. Beyond 10 hours a day is considered overtime. Any The weekly break must consist of a minimum of 24 consecutive hours for all staff in a company and all workers are entitled to a holiday after six months continuous employment, on the basis of one and a half working days per month of service. All employers must be registered at the Caisse Nationale de Securité Sociale (CNSS) and register its employees and apprentices in this office.*

***Rate of Social Security Contribution***

| ***From 1.3.95*** | ***Rate of Contribution*** | ***Employer's contribution*** | ***Employee's contribution*** |
|---|---|---|---|
| ***Family allowances*** | | *0.87* | |
| ***Short-term benefits*** | *0.66* | *0.44* | *0.22* |
| ***Long-term benefits*** | *9.12* | *6.08* | *3.04* |

*The basis for calculating the contributions to cover expenses relating to short-term and long-term benefits is the gross monthly salary of the employee, up to a ceiling of DH 5000.*

*Moroccan legislation recognises the right of workers to form a trade union to protect their professional interests. The monitoring of Moroccan labour laws is carried out by labour inspectors who monitor the application of the social security regulations and working conditions of employees.*

## ***III - FOREIGN INVESTMENTS***

*Morocco wishes to encourage foreign investors and to provide them with the same rights and advantages as local investors. Foreign direct investment has been permitted in virtually all sectors of the economy since 1990. Investments and investment returns, whether through capital gains, dividends, interest or sales, can be freely repatriated. The objective is to establish an internationally competitive investment environment to increase foreign investment in Morocco. This will take place as a result of the reforms to the Commercial Code, Company Law, the Labour Law and, in particular, by improving the investment laws through the new Investment Charter which came into effect in January 1996.*

*This Investment Charter principally seeks to encourage private sector investment, both domestic and foreign, by offering systematic access to all available benefits as well as by simplifying administrative procedures. This*

*Charter also provides for particular incentives to be offered for large-scale projects. It also provides for the creation of specific agency to assist investors. The Investment Charter's objective is to encourage investment from investors. The Investment from investors. The Investment Charter's objective is to encourage investment from the private sector, both domestic and international, providing automatic access to all the incentives available and simplified administrative procedures. It also contains specific incentives for large projects and makes provisions for the creation of a one-stop investment agency to assist investors.*

*This chapter summarises the following points:*

1- *Review of investments to date;*
2- *Regulatory framework and investment incentives (Investment Charter);*
3- *Investment procedures or "Investor circuit;"*
4- *Opportunities for investment;*
5- *Debt for equity conversion schemes;*
6- *Promotion of investments and assistance to investors.*

*Foreign exchange regulations, corporate and personal taxation, customs tariffs and regulations, portfolio investment in the stock exchange and privatisation investments are covered in detail in their separate chapters.*

## *3.1 REGULATORY FRAMEWORK AND INVESTMENT INCENTIVES:*

***The Investment Charter:***
*On 3 October 1995, the Chamber of Representatives adopted the framework law making up the Investment Charter to replace the nine investment laws in force until that time. This fixes the general framework of investment laws in force until that time. This fixes the general framework of investment in Morocco as well as the policy of incentives for ten years to come. The Charter formulates objectives and proposes the means to attain them, addressing taxation, financial, administrative, legal and property matters. Other acts both legislative and statutory, will come into effect to specify the content and methods of application of this Charter. The merit of the Charter is that it incorporates into a single act all the incentives as well as the provisions aimed at simplifying the administrative procedures for granting benefits the administrative procedures for granting benefits, the widespread application and rationalisation of incentive measures and their automatic attribution to all investments, whatever the sector or their automatic attribution to all investments whatever the sector or their establishment. The objectives of the Charter include:*

* *A reduction in the tax on the capital goods required for investment;*
* *The implementation of a preferential system favouring regional development;*
* *The promotion of money markets;*
* *The promotion of employment;*
* *The promotion of exports;*
* *A reduction in investment costs;*
* *The protection of the environment.*

*As far as the principles are concerned, these can be summarised as the simplification of the administrative procedures by means of the alignment and widespread application of incentive measures.*

***Alignment and widespread application:***
*l the benefits form part of the common law and, therefore, all sectors of business with the exception of agriculture are eligible, namely industry, craft, mining, export, tourism, property and also health, education, public works and sport etc.*

***Tax Benefits:***
*(1) Income and revenue. A number of measures are planned:*
* *Reduction in the rate of corporation tax to 30%;*
* *Adjustment of the income tax scale with a ceiling rate of 40 %;*
* *Preferential treatment in favour of exporting companies in the form of full exemption for the first five years and a 50% exemptions thereafter. The same reduction will be accorded to both craft industries and companies which decide to set up in regions where the level of economic activity requires incentives.*

*(2) Capital goods*

*The Investment Charter grants total exemption from VAT for on-shore investments and the import tax levy to capital goods and equipment to be kept in a blocked account for an entitlement to the exemption. These goods also benefit from an exemption of customs tariffs (PFI) as per schedules II, III and IV of the customs circular. These capital goods and equipment also attract a reduction of import duties to a minimum level of 2.5% and maximum of 10%.*

*(3) Legal transactions performed by enterprises*
*The stamp duties payable on the completion of legal formalities by enterprises is as follows:*

** Total exemption of deeds of purchase of land intended for the realisation of an investment project, on condition that the project is carried out within the following 24 months;*
** 50% reduction (2.5% instead of 5%) on deeds of purchase of land to be used for property development;*
** the setting up of companies and capital increases will only be liable to the reduced rate of 0.5%.*

*(4) Professional activities*
*The Charter grants total exemption from the trading licence tax and urban tax to all activities including those carried on by the professions; and all capital goods including those financed by leasing.*

*(5) Local tax*
*Article 14 of the Investment Charter announces that the maximum rates and bases of local taxes will be simplified and brought into line.*

*Administrative and financial measures etc.*

*These are meant, principally, to provide an attractive environment for investment. In addition to the measure directed at dispensing with the certificate of conformity, the Charter plans for an agency to be set up which will be responsible for providing information to investor, assisting them and promotion fund is planned by the Charter to enable the State to bear a promotion of the investment costs (land, professional training and external infrastructure costs) on the one hand, and on the other to finance a part of the industrial zones in the regions which are under-equipped.*

*The Charter grants free convertibility and freedom to transfer revenue, profits and capital gains without limit to amount or duration.*

*3.2 INVESTMENT PROCEDURES (THE INVESTOR CIRCUIT)*

***Company Name Search:***
** Compulsory for companies, optional for natural persons;*
** Location: Central trade registry in Casablanca;*
** Cost: DH 80 stamp duty.*

***Articles of Association***
** Compulsory for all types of company;*
** Location: trustee or notary;*
** Cost: Stamp DH 10 per sheet (21 x 27 format).*

***Registration***
** Natural persons or de facto associations;*
** Company: SNC, SA, SARL;*
** Location: Stamp and registration department;*
** Cost: 0.5% on the capital with minimum of DH 1,000.*

***Drafting of Application Forms and Statement of Subscription and Payment***
** Company: SA;*
** Location: trustee or notary;*
** Cost: nil.*

***Freezing of the Paid-up capital at a bank (at least ¼ of the Capital)***
** Company: SA*
** Location: the bank will draw up a certificate of blocked account;*

** Cost: nil.*

***Drafting of the Declaration of Subscription and Payment***
** Company: SA;*
** Location: Notary;*
** Cost: Free according to amount of share capital.*

***Appointment of one or More Directors***
** Company: Partnership, SNC or SA;*
** Location: trustee or notary;*
** Cost: DH 10 stamp per deed and DH 50 registration, plus notary fees.*

***Registration with the Patents Office***
** Company: SNC, partnership, SARL;*
** Location: fiduciary or notary;*
** Cost: nil.*

***Registration of Articles of Association with the Court of first Instance***
** Company: partnerships, SA, SARL, SNC;*
** Location: Court of first instance in the area of the registered office;*
** Cost: DH 200.*

***Registration of Articles of Association with the Court of First Instance***
** Company: Partnerships, SA, SARL, SNC;*
** Location: Court of First instance in the area of the registered office;*
** Cost: DH 200.*

***Registration in the Trade Register***
** Company: Compulsory for all companies;*
** Location: trade registry of the Court of the first instance in the area of the registered office;*
** Cost: 200 DH Stamp duty.*

***Legal Announcement***
** Company: Compulsory for all companies*
** Location: publication in the bulletin Official (Official Gazette)*
** Cost: average 500 DH.*

## ***IV FOREIGN TRADE***

*In Morocco, the carrying on of international business is subject to registration on the registers for companies and for the Professional Tax and on the list of international trading companies.*

***- The Law on Foreign Trade:***
*The law governing foreign trade (No. 13-89 of 9 November 1992) is based on the principle of freedom to import and export goods and services, expect in the interests of protecting morality, security and law and order, the health of individuals or to protect the fauna and flora, the historical, archaeological and artistic national heritage or to preserve the external financial position of the country.*

*Pursuant to this law, national production benefits from a protective system operating in two ways:*

** Tariff protection, when national protection proves to be profitable.*
** Quota protection, for new products, for a maximum period of 5 years which may be extended once for a maximum period of 3 years.*

*Protective measures are also provided by law when imports cause or risk causing harm to established domestic production or considerably delay the creation of national production. These imports are then subject to a compensatory fee if the imported products benefit directly from a premium or subsidy on manufacturing, production or exporting in the country of origin or export, or an antidumping fee if the price of the import is less its than its normal value in the country of origin.*

***The Consultative Committee for Imports (CCI)***

*The CCI was set up under the Ministry of Foreign Trade to give its opinion on all questions concerning requests for tariff or quota protection, and requests from producers, importers or consumers of a given product who wish to benefit from safeguarding measures.*

***The National Council for Foreign Trade (CNCE):***
*The task of this council is:*

** To formulate advisory opinions on any matter concerning foreign trade relations,*
** To make suggestions for strengthening the competitiveness of Moroccan products and services on foreign markets.*
** To draw up an annual report highlighting its assessment of foreign exchange trends and the behaviour of imports and exports with regard to the national and international environment.*
** The Conseil National du Commerce Exterieur is made up of 30 civil service representatives and 36 representatives of economic operators.*

*It should be noted that within the context of the implementation of the agreements of the WTO, an amendment to the law relating to foreign trade is being drafted and its main aim is to do away with the provisions relating to the protection of staple agricultural products using a system based on the reference price and replace them with equivalent tariffs.*

***- Import Arrangements:***
*Legal provisions concerning foreign trade relating to imports*
*Except for certain products (explosives, retreated tyres, second-hand clothes, used tractors and public transport vehicles and second-hand goods), the importation of which is subject to an licence, all products may be freely imported. All import operations are carried out with an import document represented either by a contract, an import licence or, in special cases, by a declaration made prior to importation.*

***- Export Arrangements:***
*Promotion of Exports:*
*As regards promotion of exports, a facility to draw convertible dirhams is granted to exporters to allow them to cover their business expenses abroad. This facility covers:*

** 20% of the foreign currency repatriated for exporters of goods, and*
** 10% of the foreign currency repatriated for exporters of services.*

*Other exchange facilities are available to encourage investment and the exportation of industrial or craft products and are as follows:*

** A guarantee to retransfer the proceeds of the liquidation of the capital invested by a foreign entity including the capital gain;*
** A guarantee to transfer, without any restrictions, dividends distributed to non-residents;*
** The equal to 20% of the receipts from their exports.*

*Morocco has instituted customs schedules allowing exporters to benefit from additional advantages (see section entitled “Indirect taxes and customs code”).*

*Measures to promote exports are also taken by certain bodies including:*

** The Moroccan Centre for the Promotion Exports (CMPE). This centre is financed by an allocation of 25% of the receipts from the special tax on imports;*
** Professional associations, which are financed to the tune of 10% of the receipts from special tax on imports;*
** The office for Industrial Development which is responsible for the promotion of investment opportunities in Morocco (ODI); is also financed to the tune of 15% of these receipts;*
** The craft Centre;*
** The department of foreign trade of the Ministry of Finance.*

*In the fiscal area, the Export Code has been replaced, as have the other codes, by the Investment Charter. However, article 8 relating to VAT remains in force.*

*Export goods are exempted. Since January 1995, this break has been extended to the provision of services exported by those liable to this tax.*

***Export Insurance:***
*La Société Marocaine de l'Assurance à l'Exportation (SMAEX) is a semi-public company which provides export insurance on behalf of the State, particularly trade fair insurance and advertising and promotion insurance. SMAEX provides credit insurance on its own behalf.*

*The maximum cover is 50% of costs incurred in the case of the trade fair insurance and advertising and promotion insurance, and 90% in the case of credit insurance. Guarantees for extraordinary commercial risks, political, monetary and disaster risks require the advisory opinion of the export insurance committee.*

## ***V - FOREIGN EXCHANGE REGULATIONS:***

*Within the context of the convertibility of the Dirham, economic operators have free access to foreign currency quoted by the Bank Al Maghrib, for the settlement of current operations. The sums payable for these operations do not need to be authorised by the Foreign Exchange Office.*

*Current operations for which Morocco offers convertibility are:*

** foreign trade operations and related costs,*
** the transfer of revenue from foreign investments,*
** savings on income of natural persons of foreign nationality residing in Morocco, and foreign technical support.*

*For their part, foreign investors both resident and non-resident and Moroccans returning from abroad benefit in Morocco from a convertibility system guaranteeing the freedom to:*

** carry out investment projects with no prior formality with regard to exchange;*
** transfer the revenue from these investments without restrictions on amount or time (after paying duties and taxes in force in Morocco);*
** retransfer the profits of transfers, liquidations or unvested funds;*
** freely transfer the costs linked with promotion of exports, by debiting convertible accounts which are:*
** credited with 20% of the foreign currency repatriated for export of goods and 10% for the exports of services for acquisitions of (marketable) securities, property and tourist accommodation, the transfer guarantee may only come into effect at the end of a period of three years from the acquisition date.*

## ***VI - CUSTOMS CODE:***

***Customs Schemes:***
*The customs economic scheme comprise specific regimes which are as follows:*

***Suspension regime:***
*This makes it possible to store, process, use or circulate goods free of customs duty, internal consumption taxes and any other duty or tax to which they are liable it covers customs warehouse or storage depot, free industrial warehouse, temporary admission, temporary importation, outward processing system, temporary exportation and transit.*

***Bonded Warehouses or Storage Depots:***
*This regime makes it possible to place goods for a fixed period in bonded warehouses subject to the control of the Administration. There are two types of bonded depots, public depots and private depots which may be ordinary or specific.*

***Free Industrial Warehouses:***
*Free industrial warehouses are establishments controlled by the administration, where companies whose output is entirely for export, may import with suspension of duties and taxes, materials, equipment and their components and spare parts to by used by the said material and equipment.*

***Temporary Admission (AT)***
*This is a regime which enables goods to be processed or finished. After processing the goods must, unless otherwise stipulated by the director of customs administration, be exported or bonded within 2 years.*

***Temporary Importation***
*This is a regime which makes it possible to import, free of duties and taxes:*

*(a) items brought by persons usually resident abroad who have come to Morocco to reside temporarily and whose stay does not exceed 6 months of the year; and*
*(b) equipment and products which may be exported in the condition in which they were imported after having been used as stipulated in the texts.*

*(1) Outward processing regime*
*This regime makes it possible to export temporarily products of Morocco origin for working or processing. On return to Morocco, these products are either readmitted on the basis of temporary admission, or put on the market and consequently subject to the payment of duties and taxes due according to the type of products and goods imported.*

*(2) Temporary exportation*
*This is a regime which enables the import of goods for further processing. After processing, these goods must, unless exempted by the customs administration, be re-exported or stored in a warehouse, up to a maximum of two years.*

***Transit:***
*This regime makes it possible to transport bonded goods from one Customs office to another or from one Customs warehouse to another or to a Customs warehouse.*

***Drawbacks regime:***
*This regime entitles the importer to a refund, subsequent to the exportation of certain goods, at an average rate of: (a) the customs duty, special tax (currently PFI) and any internal consumption taxes been levied on either these goods or the products contained in the goods exported or consumed during the production thereof, and (b) customs stamp duty collected by Customs and Excise when these duties and taxes are paid.*

## ***VII - TAX SYSTEM:***

- ***Introduction:***

*The tax system has been modified and simplified since 1986. The objective was to increase revenue derived from taxes whilst reducing the rates of taxation, by increasing the tax base and encouraging investment. By 1996 the rate taxation of companies had fallen just from 42% to 35% in 1996. The maximum rate of personal income tax fell from 44% in 1990 to 42% in 2007.*

*The main system comprises three main taxes: corporation tax (IS), which concerns revenue and profits made by the companies and other legal persons; income tax, (IGR) which concerns income and profits acquired by natural persons and partnerships, and VAT which is applied to consumer spending.*

*There are also other duties and taxes of minor budgetary importance. The following are examples: tax on income from shares, partnership shares and similar revenue (TPA), which is applied to revenue generated by equity shares and the like (shares, partnership shares etc); tax on fixed yield investments (TPPRF) which applies to income from debt securities such as bonds, commercial papers, short- term notes etc., and registration fees and stamp duties, which are paid in particular when transfers, incorporation or winding-up of companies take place.*

***Corporation Tax (IS)***
*Corporation tax is applied to all profits and income from companies and other legal persons who fall within the scope of application of the said tax.*

*The following companies and other legal persons are exempt from corporation tax:*

** non – profit – making bodies and associations;*
** co-operative-societies;*
** livestock companies;*
** agricultural companies, during the period of exemption;*
** companies exporting products or services who benefit from total exemption for the export sales achieved, up to a period of five years from the first export operation, followed by a reduction of 50% after the aforementioned period;*
** companies set up in certain regions identified by decree who benefit from a reduction of 50% for the five years following the start date of their operation, and regardless of the business carried out;*
** craft companies benefit from a reduction of 50% for a period of 5 years regardless of their location in Morocco.*

*Corporation tax is fixed at 30%. However, two different rates also apply in some cases as follows:*

** 36.9% for credit establishments, Bank Al Maghrib, the deposit and management offices, and insurance and reinsurance companies.*
** 12% of the total business carried out in Morocco by foreign companies who have a permanent establishment and who carry out building works or set up industrial or technical installations when they opt for this flat-rate taxation.*
** 10% for foreign companies not having a permanent office in Morocco but who are paid for gross earnings such as fees for the use of copyright, fees for a licence concession to exploit patents, commission and fees, interest from loans and other fixed income investments etc.*

*The amount of tax payable by companies taxed at rates of 35% or 39% cannot, regardless of the tax due be less than a minimum contribution. The basis for calculating the minimum contribution is made up of the turnover and income from financial and other sources, subsidies, premiums and grants received. Companies are exempt from the above for 36 months from the start date of their operation and this period must not exceed 60 months from the date of their incorporation. The minimum contribution rate is 0.5%. However, this rate is reduced to 0.25% for operations carried out by trading companies for sales of petroleum products, gas butter, oil sugar, flour, water and electricity. The minimum contribution may not be less than Dh 1,500. The minimum contribution does not of course prevent any deficit carry-backs.*

***Income tax (IGR):***

*General income tax applies to income and profits acquired by natural persons and partnerships.*

*The following are amongst those exempt from tax:*
** taxpayers who export products or services benefit from total exemption for the export sales achieved for a period of 5 years, followed by a reduction of 50% beyond this period;*
** taxpayers who carry on a business activity in one of the areas laid down by decree benefit from a reduction of 50% for a period of 5 years from the start of their operation;*
** artisans benefit from a reduction of 50% by virtue of their business revenue for 5 years from the start date of their operation.*

*Income tax is applied each year to all income acquired by natural persons and business entities assimilated to natural persons, during the previous calendar year. The income is classified in five categories, ie:*

** wage and similar income;*
** business income;*
** income from leasing property;*
** income from land;*
** income from an industrial operation, and this, at the end of the period of their exemption.*

*There are three different forms of tax relief allowed:*

** donations, in money or in kind, made to non-profit-making organisations or establishments as enumerated by law;*

** interest relating to the mortgage loans granted by the specialist institutions or credit and banking establishments for the purchase or construction of accommodation for use as a main residence, the maximum deduction being 10% of the total taxable income;*
** pension contributions, in a maximum amount of 6% of the total income, and with no maximum if the pension is supplementary to the basic scheme relating to wages.*

***Income Tax Assessment Schedule (rapid assessment method)***

| *Tranches of Income (Dirhams)* | *Tax (%)* | *Amount Deducted* |
|---|---|---|
| *0 to 24,000* | *0* | *0* |
| *24,001 to 30,000* | *15* | *3600* |
| *30,001 to 45,000* | *25* | *6600* |
| *45,001 to 60,000* | *35* | *1,1300* |
| *60,001to 120,00.* | *40* | *14.100* |
| *more than 120,000* | *42* | *16500* |

*Minimum taxation (Business income)*
*The income tax (IGR) payable by persons with business income and subject to the accounting system (actual net income or simplified net income) may not be less than a minimum contribution. The assessment base of the minimum contribution is constituted by the turnover, investment and income and grants, premiums and donations received.*

*Taxpayers who are starting a business activity are moreover exempt for the first three accounting years following the start date of their activity.*

*The income tax been assessed, the deduction may, if necessary be made from the gross tax. These are: deductions relating to dependants, ie, 180.*

*Dirhams per annum and for each dependant (wife and children), up to 1,080 Dirhams; 10% of total life-assurance premiums, up to 600 Dirhams per annum; dividends received from shares quoted on the Moroccan stock exchange, up to 500 Dirhams per annum; and net purchases quoted on the Bourse des Valeurs marocaines, the maximum permissible deduction being 1,650 Dirhams per annum.*

***V A T:***

*There are three existing V A T rates:*

** The 20% rate*
*This rate applies to taxable products and operations which are subject neither to the 7% rate nor the 14% rate referred to below.*

** the 14% rate*
*This rate is applied to transport operations, tourist activities, , catering operations provided by service providers to salaried personnel of the companies, to operations carried out by insurance brokers, agents and salesmen and certain foods products (tea, fats for human consumption, jams, fruits and fruits juices for jam factories and soluble coffee concentrates).*

** the 7% rates*
*This rate applies with certain deductions, to sales and deliveries relating to widely consumed products; and deductions, to some professional services, including professional fees for lawyers, interpreters, doctors, other medical workers, etc.*

*Furthermore, specific taxes are applied to wines and precious metals (platinum, gold and silver).*

***Registration fees***

*The registration fees are made up of fixed and proportional fees. The deadline for completing the registration formalities is generally one month from the date on which the document is drawn up.*

*The tariffs vary between 0.5%, 1%, 2.5% and 10%.*

***Stamp duty***
*There are three categories of stamp duty; dimension stamp duty, ad valorem stamp duty and special stamp duty.*

***Other taxes***
*In addition to the aforementioned taxes, the Moroccan tax system comprises other deductions which either give full discharge for any other tax, or are instalments on the amount of corporation tax or income tax, including the following in particular:*

*Tax on the income from shares, partners' shares and similar income (TPA). The TPA is deducted at source at a rate of 10%, by the debtor companies of the taxable products or by banks acting for them. This deduction fully discharges corporation tax or income tax.*

*Tax on fixed-income investment products (TPPRF) is applied to the interest and other similar revenue generated by the bonds, short-term notes and other dept securities issued by legal or natural persons. It is also applied to interest generated by demand deposits, fixed term deposits or cheque books deposits with banking or credits institutions. The TPPRF is payable by legal or natural persons with their usual residence in Morocco, their tax domicile or a permanent office to which the revenue subject to tax is connected. The TPPRF rate is 20% when the beneficiary states his/her identity. A 30% withholding rate is applicable for beneficiaries who do not state their identity. In this case, the deduction made discharges corporation tax or income tax at source.*

***Visas and Work Permits:***
*A valid passport is required to enter Moroccan territory. A visa is not required for a large number of countries (in particular, the European Union countries and North America). If a visa is required, the Moroccan embassies and consulates abroad will issue this document to the nationals of the country on presentation of a valid passport. A "visitor's" stay is limited to 3 months but may extended on request at police stations in Morocco.*

*Work and residence permits are issued at the request of the company concerned to foreign nationals who possess the appropriate professional qualification. Foreign investors wishing to obtain a residence permit must present themselves at the Central Police Station of their place of residence.*