Doing business in Morocco

Morocco, an attractive investment destination

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Summary

Edito

In a world of fast-evolving economic dynamics, Morocco has established itself as a prime destination for international investors. Its political stability, strategic location, and thriving business environment make it a magnet for capital and talent, solidifying its role as a bridge between Europe, Africa, and the Middle East.

With a population of 37 million and a 4.3% growth rate, Morocco is establishing itself as a regional financial and industrial hub, attracting $38 billion in FDI in 2024.

This momentum is reflected in job creation, foreign investment attraction, and a strong focus on key sectors such as electric vehicles, tourism, and aerospace, alongside major investments in renewable energy.

Morocco emerged as a leader in FDI in 2024, attracting $38 billion in Greenfield projects, reaffirming its position among the world's top investment destinations.

Investors benefit from an attractive legal and fiscal framework, strengthened by the new Investment Charter and industrial strategies that enhance value chain integration and synergies between large corporations and SMEs.

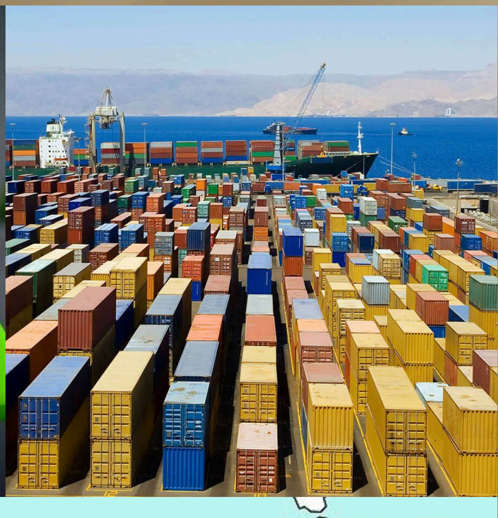
With tax exemptions, customs incentives, and targeted subsidies, Morocco is driving investment in strategic zones. Its geographical position, skilled workforce, and competitive business environment make it a must-choice destination for global investors.

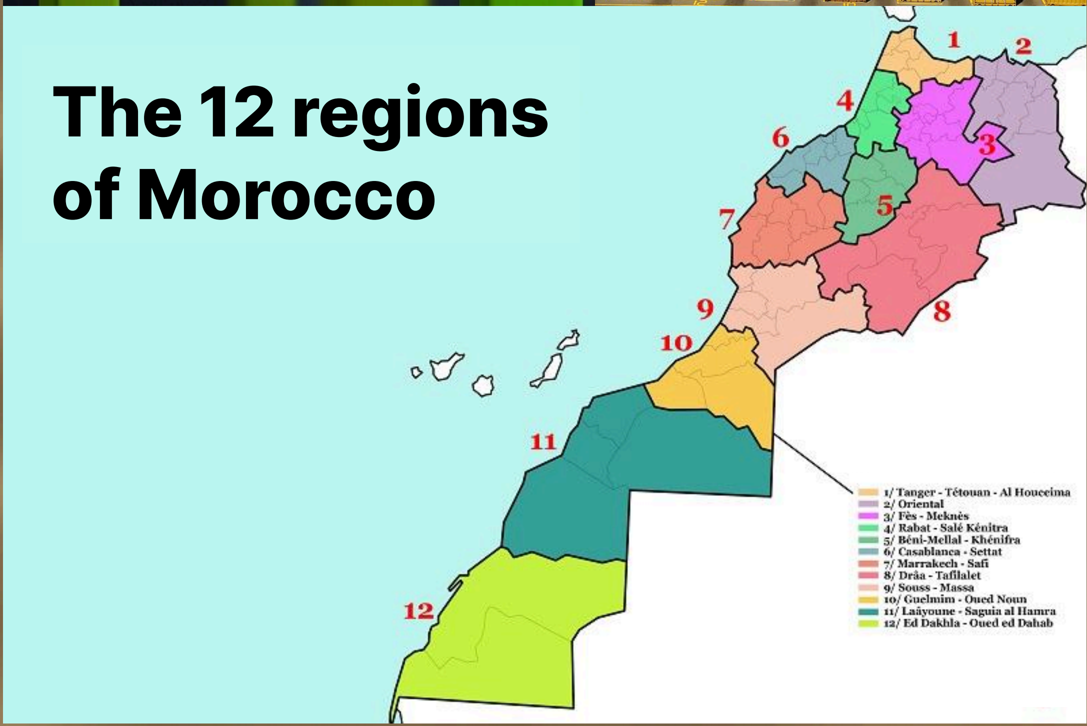
Join us in shaping a future of sustainable growth and innovation.

Zakaria FAHIM |
Managing Partner - BDO Maroc

Key Indicators

Doing business in Morocco





Key Indicators

Invest in Morocco

Morocco on the Move : Demographic and Economic Outlook :

With a dynamic population of over 37 million, Morocco boasts a growth rate of +4.3%, despite an unemployment rate of 13.6% and inflation at +1.3%. This economic and demographic overview highlights key indicators of the labor market, living standards, and demographics.

Morocco's commitment to sustainable development and an inclusive economy is illustrated with icons that make the data easily digestible. This summary reveals a Morocco in transformation, ready for the future.

Population Clock
36 828 330
GMT+1 : 15/03/24 12:44:57

Growth Rate
+4,3 %

Unemployment Rate
+13,6 %

Inflation
+1,3 %

Economy

- National accounts
- Economic trends and forecasts
- Business conditions

Labor Market

- Employment activity
- Unemployment

Income and Living Conditions

- Structural Transformation
- Human Capital
- Social Inclusion

Population and Demographics

- General census
- Population structure
- Birth rates and fertility

Sustainable Development

- Sustainable Development Goals (SDGs)
- Agenda 2063
- Human development

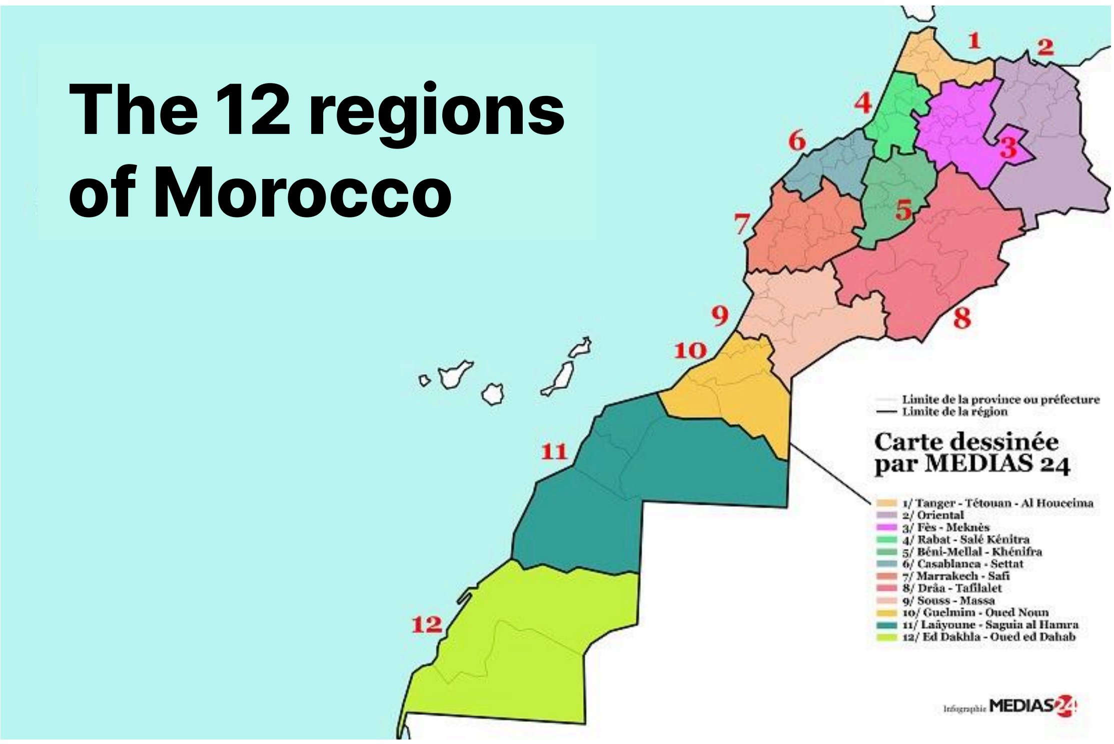
The New Development Model

- Structural transformation
- Human capital
- Social inclusion

Key Indicators

Invest in Morocco

- Emerging financial market (In 2023: 77 listed companies with a market capitalization of 626 billion dirhams, 20 bond issues totaling 15.9 billion dirhams. In 2024, Casablanca will rank 57th among the world's largest financial centers, 4th in the Middle East and North Africa (MENA) and 1st on the continent.
- Global professions: tourism, service offshoring, agri-food, textiles and leather, electronics, automotive, solar, aeronautics, etc.
- Proximity with the European market : 15 kilometres.
- The European Union is Morocco’s 1st trading partner (customer and supplier).
- After EU, China, USA and Saudi Arabia are the main suppliers/ The main customers after EU are India & USA.
- Holds more than 70% of the world's phosphate reserves and is the world's largest exporter.
- Thousands of KM of coastline with wildlife-rich waters.
- It has some of the most developed infrastructure on the African continent.
- Good political stability.
- A country known for its cultural openness, mild climate and geographical diversity.



Key Indicators

- Average GDP growth rate close to that of emerging countries and above the European average
- Inflation governed.

To stabilize the trade deficit and begin to reduce it, Morocco has adopted the following measures :

- Promote the export of phosphates and automobiles, two key sectors.
- Revitalizing traditional industries such as textiles and agri-food.
- Reduce energy bills.
- Control imports of consumer products by encouraging substitution through local production and strengthening import control and trade defence systems.
- Ranked 2nd in North Africa in terms of prosperity, and well-being preceded by Tunisia, Morocco has clearly fallen in the ranking of the prosperity and well-being index. Health, education and personal freedom are especially the heel of the Kingdom.

Source: "THE LEGATUM INSTITUTE"

Key Indicators

Growth indicators

Indicators	2020	2021	2022	2023
GDP (in billion USD)	121.35	142.02	130.9	144.4
Annual Growth (%)	-7.2%	8.2%	1.5%	3.4%
GDP per capita (in USD)	3,268	3,785.9	3,445.4	3,771.4
Public Debt (% of GDP)	72.25%	69.45%	71.48%	69.68%
Inflation Rate (%)	0.70%	1.40%	6.60%	6.10%
Current Account Balance Deficit	-1.10%	-2.30%	-3.60%	-0.60%

Socio-economic indicators

Indicators	2021	2022	2023	2024
Unemployment Rate (%)	12.30%	11.80%	13.00%	13.30%

Breakdown of economic activity by sector (2022)

Sector	Employees as % of total workforce (2023)	Added Value as % of GDP (2022)
Agriculture	27.8%	11.68%
Industries	23.9%	26.13%
Services	48.3%	50.82%

Key Indicators

The economic system is characterized by a strong openness to the outside world, particularly through the signing of several free trade agreements:

- The free trade agreement with the European Union (FTA).
- The free trade agreement with the United States.
- The free trade agreement with Turkey.
- The free trade agreement with the Mediterranean Arab countries (Agadir Agreement), which includes Tunisia, Jordan, and Egypt.
- The free trade agreement with the United Arab Emirates.
- The free trade agreement with the Greater Arab Free Trade Area, which provides for the total elimination of customs duties between the signatory countries of the Agreement (Morocco, Tunisia, Libya, Egypt, Lebanon, Syria, Palestine, Jordan, Iraq, Kuwait, Saudi Arabia, United Arab Emirates, Oman, Qatar, Bahrain, and Yemen).
- African Continental Free Trade Area (AfCFTA)

Key Points:

- **Expansion of agreements :** South Korea and Russia are seeking free trade agreements with Morocco to access new markets.
- **Eurasian Economic Union :** Russia aims to integrate Morocco into a North African free trade zone connected to the EAEU.
- **Legal framework for trade :** With decree No. 2-22-30, Morocco strengthens the management of customs tariffs and the protection of its production.
- **Assessment of agreements :** Free trade agreements account for 77% of Morocco's foreign trade, with a notable improvement in the trade balance.
- **Trade deficits :** Despite some imbalances, free trade agreements stimulate foreign investment in Morocco.

Infrastructures

Doing business in Morocco

Infrastructures

Motorway Network

The report annexed to the 2024 Finance Bill reveals that Morocco's National Highway Company (ADM) is planning an investment program of more than 8 billion dirhams over the next three years. This funding will enable the construction of the Tit Mellil-Berrechid and Rabat-Casablanca highways, with an annual cost breakdown and a program contract in preparation to clarify the financing and recovery measures of the ADM. Despite a debt of more than 39 billion dirhams at the end of 2022, a growing turnover and a positive net result are expected for 2023, contrasting with the losses of the previous year

Airport Network

Morocco has 21 international airports, including Casablanca, one of the largest in Africa The Royal Air Maroc Group, the largest Moroccan airline, is elected "BEST REGIONAL AIRLINE IN AFRICA" in 2022, an award awarded for the 7th time by Skytrax.

Morocco is currently connected to 56 nations, Moroccan destinations are made through 399 air routes at 141 airports around the world.

For the years 2024 to 2026, air traffic is expected to grow at an estimated average annual rate of 6.4%, rising from 27 million passengers in 2024 to 31 million passengers in 2026," says the report, published on the website of the Ministry of Economy and Finance.

Infrastructures

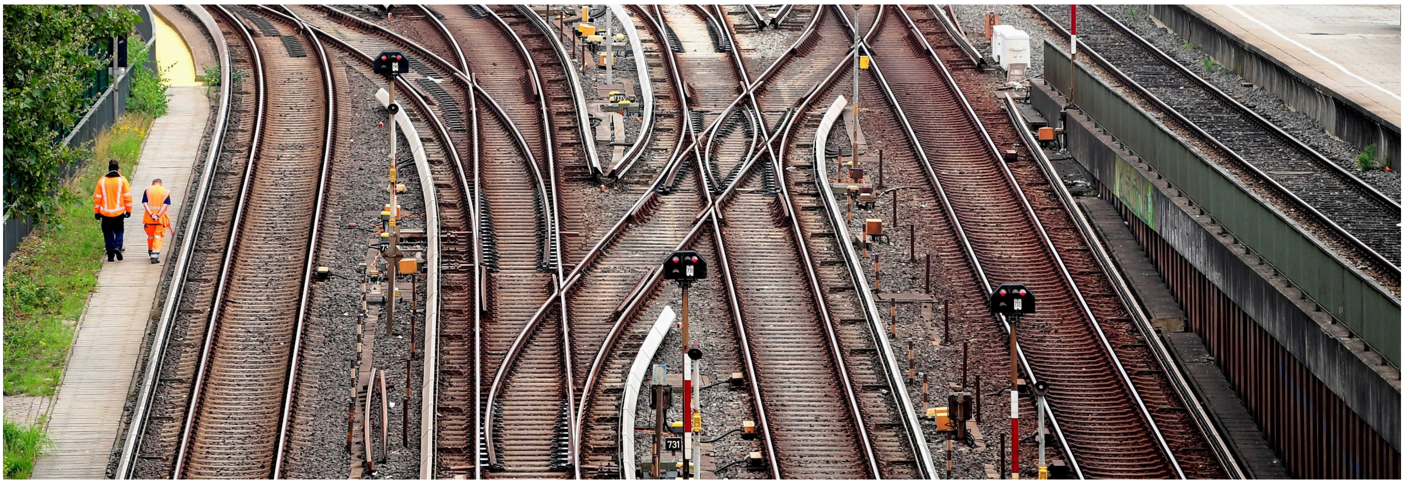
Railway

Morocco is a leader in Africa by having the largest railway network of the continent of 3,815 km, ranked 33rd worldwide.

ONCF is expanding its ecosystem with new train manufacturing and maintenance units, in partnership with the private sector, to develop the high-speed rail line towards Marrakech and Agadir. ONCF's revenues are expected to increase, reaching 4.85 billion dirhams in 2024, and continue growing in the following years.

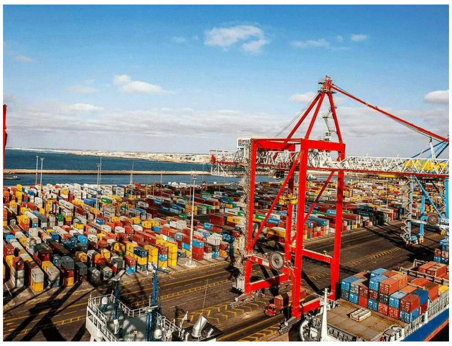
Morocco has a railway network undergoing full modernization, with over 2,300 km of tracks operated by ONCF. In 2018, the country launched Al Boraq, Africa's first high-speed train, linking Tangier to Casablanca in 2h10.

ONCF plans to extend the high-speed train to Marrakech and Agadir and strengthen the conventional rail network with 1,300 km of new lines. By 2030, rail traffic is expected to grow by 5% to 7% per year, reaffirming the role of rail in sustainable mobility in Morocco.



Infrastructures

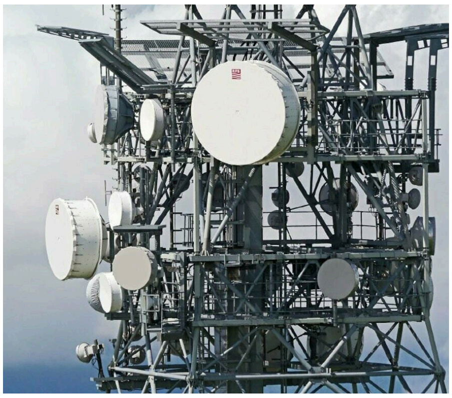
Port Infrastructures



Since 2007, Tanger-Med has established itself as Morocco's leading logistics hub, surpassing the port of Casablanca. In 2023, it was ranked 1st in Africa, 15th worldwide, and 4th most efficient port according to the World Bank and S&P Global.

Morocco is relying on its Port Strategy 2030 to strengthen its infrastructure and solidify its position as a global logistics platform, with Tanger-Med at the heart of this ambition.

Telecommunications and the Internet



The telecommunications sector accounts for 10% of GDP and remains a key hub for FDI.

- Morocco maintains the fastest Internet speed in North Africa, according to Speedtest (2024).
- In 2024, Phase II of the PNHD aims to cover 2,500 new areas to enhance Internet access.
- The 5G rollout is being prepared for 2025.

These advancements strengthen Morocco’s digital infrastructure and its appeal to investors.

Strategic areas of development





Strategic areas of development

The government programs that succeeded the Plan Azur and Plan Emergence are, respectively, Vision 2020 for the tourism sector and the Industrial Acceleration Plan (PAI) for the industrial sector.

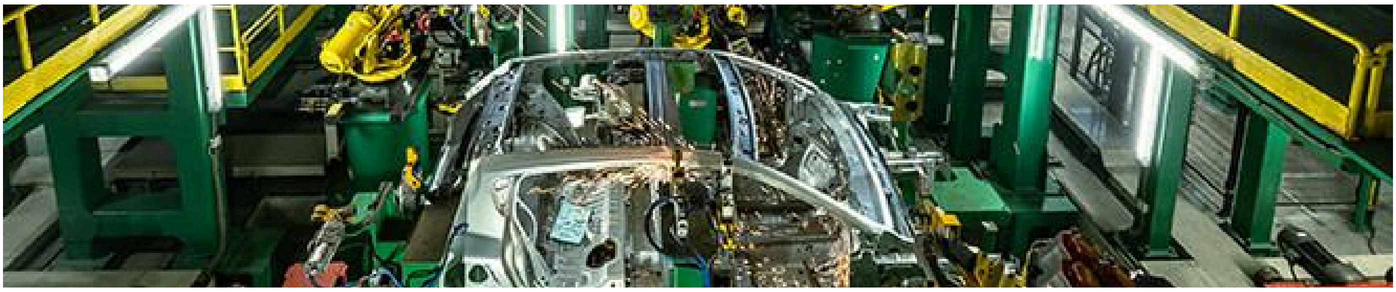
Vision 2020

The Plan Azur, launched to develop seaside resorts, has been integrated into a broader strategy called Vision 2020. This vision aims to establish Morocco as a leading sustainable tourism destination in the Mediterranean region. It includes the modernization of sector governance, the development of a diversified tourism offering, the acceleration of the implementation of the seaside resorts planned under the Plan Azur, and the improvement of the quality of tourism services.

Industrial Acceleration Plan (PAI)

The Emergence Plan, which aimed to boost Morocco's industrial sector, was replaced by the Industrial Acceleration Plan (PAI). This plan seeks to strengthen the country's industrialization by focusing on the creation of integrated industrial ecosystems and improving the sector's competitiveness.

These new strategies reflect Morocco's commitment to adapting and modernizing its approaches to economic and tourism development, taking into account current challenges and opportunities presented by global markets.

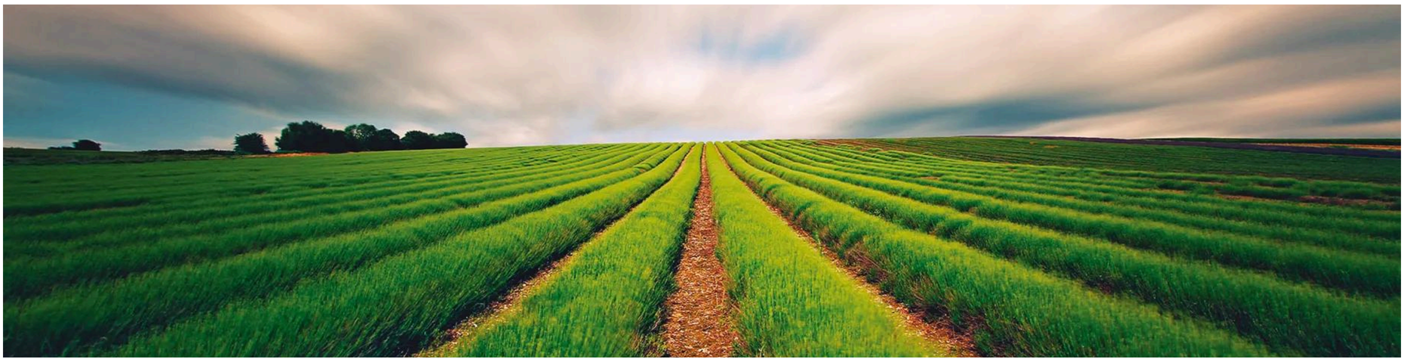


Strategic areas of development

Green Morocco Plan

Generation **Green 2020-2030**, aims to consolidate the achievements of the previous Morocco Green Plan and continue the development of the agricultural sector.

It focuses on sustainable development and the inclusion of youth and women in agriculture.



Infrastructure development

- Among the most developed in Africa: 20 international airports, 43 ports, 14 of which are open to international trade, including Tangier Med, Africa's 2nd largest motorway network, 2120 km of railways, the 1st country in Africa to have a high-speed train, 70 logistics platforms

Strategic areas of development

Durability :

Guided by a strong royal vision, Morocco has embarked on an ambitious energy transition plan to become one of the world's leading benchmarks in environmental sustainability, positioning itself among the leaders in terms of ecology and carbon emission reduction. This acceleration towards a cleaner future is manifested in the significant increase in the deployment of renewable energy. The country aims to achieve a 52% energy mix by 2030, incorporating solar, wind, and hydro energy sources.

Strategic areas of development

Morocco, an economic and financial hub in Africa

Due to its assets and history, Morocco is naturally positioned as an African hub for foreign investment, and is a legitimate platform facilitating access to African markets and in particular those of West and Central African countries.

Historical partner

- Morocco is an African country
- Worked politically for African solidarity and cohesion since 1960 under the late Mohamed V
- Many royal delegations developed trade and business relations
- Numerous agreements signed with African states (double taxation agreements, FTAs under negotiation with WAEMU and CEMAC).
- Welcoming many French-speaking African students
- Historical Importance of Moroccan Immigration to Senegal

Morocco's private sector recognized

- National champions from various sectors (Banking, Insurance, Telecoms, Cement) have established themselves most often through external growth.
- Maroc Telecom has acquired the licenses of the incumbent operators of Mauritania, Burkina Faso, Gabon and Mali
- AWB, BMCE and BP are located in most of the EUMOA

Morocco's Comparative Advantages

Morocco's Comparative Advantages

- Morocco is intensifying its efforts to strengthen relations and forge strategic partnerships in Africa, engaging in increased cooperation to promote inclusive development through South-South cooperation.

- Morocco's foreign direct investment in Africa has grown impressively, from around $100 million to more than $800 million over one period.

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- In the fourth quarter of 2023, according to the High Commission for Planning (HCP), domestic exports and imports increased by 15.5% and 15.296% year-on-year, respectively. This marked an acceleration from the previous quarter, with a notable improvement in exports of goods of 5.7% after two quarters of decline.

Attractiveness of Foreign Direct Investment (FDI)

In recent years, Morocco has experienced strong growth in Greenfield investments. In 2024, the country reached a new milestone by attracting $38 billion in foreign direct investments, surpassing the $34 billion recorded in 2023.

Morocco continues to attract investments amounting to more than ten times the annual average of the past decade, with increasing involvement from Chinese groups in electric vehicles and semiconductors. Renewable energy, chemicals, and tourism also remain dynamic sectors. However, part of these commitments is still at the intention stage, requiring close monitoring to ensure their effective realization.

Attractiveness of Foreign Direct Investment (FDI)

The Electric Vehicle Industry :

The electric vehicle sector remains a key driver of foreign investments in Morocco, attracting major industrial players, particularly from China.

- Gotion High-Tech has confirmed the opening of its first gigafactory in Africa, dedicated to producing batteries for electric vehicles.
- Huayou Cobalt has adjusted its commitment with an investment of nearly $20 billion for the manufacturing of cathodes and other essential lithium-ion battery components.
- BYD, one of the world’s leading electric vehicle manufacturers, is in advanced discussions to establish an assembly plant in Morocco, further strengthening the country's ambition to integrate the EV value chain.
- Morocco is leveraging its industrial and logistics strategy to become a regional production and export hub for electric vehicles to Europe and Africa.

These projects confirm Morocco’s growing position as a strategic hub for the electric vehicle

Attractiveness of Foreign Direct Investment (FDI)

Renewable energies

Morocco has captured significant investments in the renewable energy sector, benefiting from the growing global interest in clean energy and its natural and climatic assets conducive to such projects. These investments help diversify the national economy and reduce dependence on fossil fuels.

Chemical and tourism sector :

Morocco is attracting foreign direct investment in various vital sectors, including chemicals and tourism, capitalizing on market opportunities and strengthening its reputation as a tourist destination. The country's remarkable FDI performance in 2023 reflects continued efforts to attract foreign capital and diversify the economy, through a favorable business environment and incentive policies that boost international investor confidence.

Attractiveness of Foreign Direct Investment (FDI)

Morocco has made considerable progress in attracting FDI through reforms aimed at optimizing its business climate.

Its privileged geographical position, at the junction of Europe, Africa and the Middle East, presents it as an ideal platform for the expansion of international companies. The development of strategic sectors such as tourism, automotive, aeronautics and renewable energies has favoured the influx of FDI into Morocco.

Morocco's infrastructure, with its transport networks, ports and airports, makes the country particularly attractive for international trade and export.
Source: https://www.atalayar.com/seccion/marruecos

Attractiveness of Foreign Direct Investment (FDI)

Europe remains the leading regional group of investors in Morocco Since 2007, investments from Arab countries have increased sharply, particularly in the tourism and real estate sectors.

Morocco is the first country in the Southern Mediterranean region to benefit from advanced status in its relations with the EU," said Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood Policy.

From an economic point of view, this status includes the "establishment of a common economic space", inspired by the rules governing the European Economic Area.

Business Ready Report: Morocco Within the Scope of Covered Countries

The new World Bank report "Business Ready" was released on Thursday, October 3, 2024.

This report replaces and enhances the previous "Doing Business" project with "a more balanced and transparent approach to evaluating a country's business and investment climate," as explained by the World Bank on its website. B-READY provides a quantitative assessment of the business environment with annual frequency and global coverage.

Morocco is included in the scope of covered countries. This report analyzes Morocco's performance across several key areas, including business creation, company establishment, public services, the labor market, and financial services, among others.

Based on indicators such as regulatory quality, public service efficiency, and information transparency, this evaluation positions Morocco as a nation undergoing significant transformation. However, it also highlights structural challenges that must be addressed to further enhance competitiveness.

Economy	Business Entry	Business Location	Utility Services	Labor	Financial Services	International Trade	Taxation	Dispute Resolution	Market Competition	Business Insolvency
Mauritius	75.58	68.64	41.48	76.60	60.17	74.36	69.22	51.32	57.03	61.02
Mexico	61.53	61.81	76.79	59.74	84.31	63.77	65.56	67.69	51.69	53.93
Montenegro	79.72	66.55	73.63	63.25	63.16	67.20	44.04	68.79	53.12	61.96
Morocco	76.73	77.39	76.64	59.10	62.66	75.51	47.69	43.67	58.14	46.58
Nepal	66.36	60.51	65.39	65.70	70.58	66.77	57.99	64.40	33.06	52.04
New Zealand	84.64	80.38	63.00	79.95	85.04	69.94	71.74	61.07	53.87	59.52
North Macedonia	90.83	55.68	78.44	70.40	73.42	65.34	46.84	61.10	62.26	60.09
Pakistan	91.50	54.25	59.21	53.45	67.97	45.71	57.48	41.99	46.24	48.79
Paraguay	53.92	60.50	53.64	66.23	63.90	64.55	55.27	62.27	48.34	45.33
Peru	63.22	64.89	65.30	64.61	78.41	49.81	49.97	56.61	63.76	61.66
Philippines	48.49	60.27	66.47	75.54	60.70	71.47	56.66	62.88	50.13	45.51
Portugal	92.67	70.17	78.20	73.66	71.12	75.40	52.86	72.41	61.52	79.24
Romania	79.50	69.56	67.61	62.76	73.42	85.80	50.61	74.42	61.06	59.00
Rwanda	85.39	72.01	67.76	60.15	69.28	82.09	66.31	82.87	64.02	80.20
Samoa	73.39	60.10	65.03	70.24	52.09	51.36	56.94	47.82	51.16	23.52
Seychelles	54.49	57.83	53.77	72.71	56.07	61.43	58.35	37.84	35.90	43.72
Sierra Leone	48.44	46.36	60.54	69.02	41.57	37.69	41.45	42.26	30.17	40.26
Singapore	93.57	78.24	81.76	66.83	73.33	79.83	70.39	71.08	62.29	89.69
Slovak Republic	85.62	71.13	86.42	70.87	65.53	80.88	49.85	78.31	60.81	72.59
Tanzania	69.15	53.62	78.73	63.95	57.28	60.11	61.57	63.46	48.29	39.56
Timor-Leste	49.92	40.31	60.19	56.91	24.82	48.61	48.89	36.47	16.69	0.00
Togo	77.26	67.76	65.04	56.45	53.64	60.89	58.68	69.48	41.24	59.45
Vanuatu	44.08	51.63	51.14	54.37	41.24	41.28	50.21	43.04	23.01	21.44
Viet Nam	65.47	62.92	78.73	73.19	57.17	72.39	56.46	64.23	57.67	55.12
West Bank and Gaza	62.47	55.05	57.76	53.14	44.60	49.16	33.09	36.51	25.29	11.99

Quintile: Top Second Third Fourth Bottom

Morocco, the leading tourist destination in Africa

Morocco welcomed a record number of tourists in 2024, with 17.4 million arrivals, making it the number one destination in Africa.

The price of a 35% croissance during the school year, which consists of all the highest levels in the World Cup, will be used by ONU Tourism.

Salvador (+81%), Saudi Arabia (+69%), Ethiopia (+40%), Morocco (+35%), Guatemala (+33%), and the Dominican Republic (+32%) have all far exceeded their pre-pandemic levels over the entire 12 months of 2024," stated the UN agency.

Other countries also stand out, including Qatar (+137%), Albania (+80%), Colombia (+37%), and Andorra (+35%).

Morocco ranks second in Africa for digital quality of life.

Globally, Morocco ranks 69th out of 121 countries

Progress in digital security and digital infrastructure

Morocco has improved its global ranking in terms of digital well-being. According to the Digital Quality of Life (DQL) Index by Surfshark, a cybersecurity company founded in the Netherlands in 2018, the country now holds the 69th position worldwide. This six-place advancement is attributed to progress in electronic security and the development of digital infrastructure. The report also highlights that Morocco has made strides in internet accessibility, both for mobile and fixed connections.

However, the country recorded a disappointing performance in terms of internet quality, losing six positions compared to 2023. "Internet quality depends on connection speed and stability, and its improvement is essential for digital well-being," the report's authors noted. Surfshark emphasized that slow and unstable connections negatively impact daily usage and professional efficiency. This ranking is part of the 6th edition of the report.

Morocco ranks second in Africa for digital quality of life

Regarding E-Government Morocco has improved its ranking in e-government, reaching 85th place, gaining five positions compared to 2023, but further efforts are needed. **The "Digital Quality of Life Index 2024" evaluates the digital transformation of countries based on five main criteria :**

- Affordability of Internet access
- Internet connection quality
- Infrastructure
- Cybersecurity
- E-Government (digital administration)

Top 10 in Africa

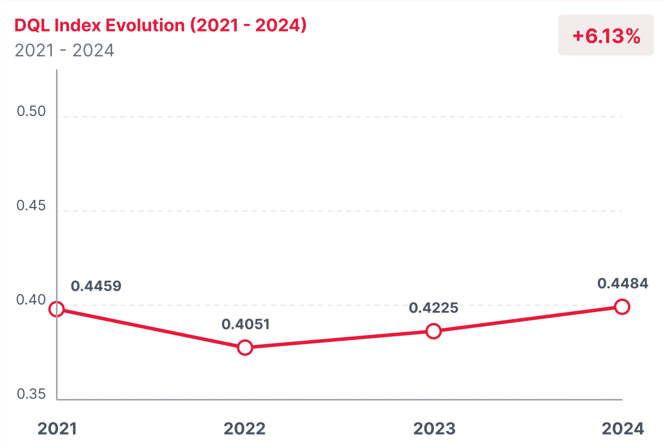
- On the African continent, Morocco ranks 2nd among 25 analyzed countries.
- South Africa holds the 1st place
- Mauritius ranks 3rd
- Followed by Egypt, Tunisia, Ghana, Kenya, Angola, Senegal, and Côte d'Ivoire, completing the top 10 in Africa.

69th

Morocco

Improved by 6 positions compared to 2023 ↑

Global Rank	Rank in Africa
69th	2th
out of 121 countries	out of 25 countries



Morocco still has room for improvement in terms of network quality. It has even dropped 6 places compared to the 2023 edition, ranking 100th in this category.

Affordable Internet	Internet Quality	IT Infrastructure	Cybersecurity	E-Government
70th	100th	60th	41th	85th

Fiscal, Social Framework, and Reception Structures

Legal Framework: Main Types of Companies

The table below provides a concise comparison of the main business structures available in Morocco, summarizing their key characteristics to assist in decision-making.

Category	Limited Liability Company (LLC)	Simplified Joint-Stock Company (SAS)	Public Limited Company (PLC)	Branch
General Overview	Limited liability to contributions.	Limited liability to contributions.	Limited liability to contributions.	Unlimited liability; the parent company is fully responsible.
Minimum Capital	No minimum capital required.	No minimum capital required.	300,000 MAD for unlisted companies; 3,000,000 MAD for listed companies.	No minimum capital required.
Number of Shareholders	1 to 50 shareholders.	1 or more shareholders.	Minimum of 5.	Managed by the parent company.
Capital Contribution	25% at incorporation, balance within 5 years.	25% at incorporation, balance within 3 years.	25% at incorporation, balance within 3 years.	N/A
Management Structure	Managed by one or more managers.	Flexible structure determined by statutes.	Board of Directors or Executive Board & Supervisory Board.	Managed by a director appointed by the parent company.
Number of Executives	1 or more managers.	Flexible (determined by statutes).	3 to 12 members on the board or 1 to 5 in the executive board.	Director appointed by the parent company.
Liability of Shareholders	Limited to contributions.	Limited to contributions.	Limited to contributions.	Unlimited liability of the parent company.
Statutory Auditor Requirement	Mandatory if revenue exceeds 50 million MAD.	Mandatory if revenue exceeds a regulatory threshold.	Mandatory for all PLCs.	Not required.
Shares/Stock Transfer	Restricted; requires approval of shareholders representing 3/4 of shares.	Determined by statutes.	Free, but restrictions may be set by statutes.	N/A
Voting Rights	Proportional to shares; no double voting rights.	Determined by statutes.	One vote per share; possibility of double voting rights.	N/A
Decision-Making	Annual General Meeting.	AGM of shareholders according to statutory provisions.	Board of Directors or Executive Board & Annual General Meeting.	Controlled by the parent company.
Advantages	- Simplified management - Limited liability - Financial accessibility - Suitable for SMEs - Fewer administrative formalities - Lower creation and operation costs	- Flexible management - Attractive structure for investors - Limited liability - Ease of share transfer - Flexibility in voting rights	- Strong fundraising capability - Limited liability for shareholders - Enhanced credibility and reputation - Potential for stock market listing	- Easy to set up - Direct control by the parent company - No capital requirement - Inspires confidence due to the parent company's financial responsibility
Disadvantages	- Limited growth potential - Complex share transfer requiring approval - Rigid governance due to legal framework - Less attractive to investors	- More complex than LLC - Higher management costs - More detailed statutes required	- High establishment and operational costs - Complex administrative formalities - Strict governance with a mandatory Board of Directors - Mandatory statutory auditor	- Unlimited liability of the parent company - Limited autonomy - Perceived as less stable by investors - Subject to the taxation of the parent company

Main Provisions of Moroccan Taxation

Corporate Tax

As part of the tax reform introduced by the 2023 Finance Law, Morocco aims to harmonize corporate tax (IS) rates by gradually reducing disparities between tax regimes. The objective is to move towards a simpler and fairer system, with two main rates of 20% and 35% starting from 2026.

This reform ensures greater tax competitiveness while maintaining certain incentives for strategic sectors, particularly through temporary exemption periods.

Tax Regime	Exemption Period	Applicable Rate (BF ≤ 100 M MAD)	Applicable Rate (BF > 100 M MAD)
Hotel Companies (*)	5 years	20%	35%
Agricultural Companies (**)	If revenue < 5 MMAD	20%	35%
Common Law	None	20%	35%
Industrial Acceleration Zone (ZAI)	5 years	20%	20%
Casablanca Finance City (CFC)	5 years	20%	20%
Offshoring Companies	5 years	20%	35%
Exporting Companies	None	20%	35%
Industrial Companies	5 years	20%	35%

Hotel companies benefit from a full exemption from Corporate Tax (IS) for 5 years on the portion of the taxable base corresponding to revenue generated in foreign currency, duly repatriated directly by them or on their behalf through travel agencies.

Agricultural operations with a turnover of less than 5 million MAD are fully exempt from Corporate Tax (IS). Beyond this threshold, they become subject to IS at a rate of 20% or 35% starting from the first fiscal year in which the threshold is exceeded. However, if their turnover falls back below 5 million MAD, they can only regain the exemption after three consecutive fiscal years below the 5 million MAD threshold.

Main Provisions of Moroccan Taxation

Social Solidarity Contribution on Profits

The Social Solidarity Contribution on Profits is an additional tax on the net profit of companies subject to corporate tax (IS) in Morocco. It aims to fund social solidarity initiatives.

Bracket in MAD	Rate
1 million – 5 million	1.5%
5 million – 10 million	2.5%
10 million – 40 million	3.5%
+ 40 million	5%

Withholding tax on dividends

Before 2023, the withholding tax on dividends in Morocco was 15%. The 2023 Finance Law introduced a progressive reduction of this rate, decreasing to 13.75% in 2023, 12.5% in 2024, 11.25% in 2025, and reaching 10% from 2026 onwards.

Main Provisions of Moroccan Taxation

Value-Added Tax (VAT)

- **General Regime :** The 2024 Finance Law proposed measures to unify VAT rates by 2026, aiming to establish two main rates of 10% and 20%. This reform is part of a broader initiative to simplify the tax system and provide a clear framework for applicable rates. The ultimate goal is to harmonize VAT rates and ensure consistent application by 2026.

- **Advantages in Terms of VAT :** Since companies located in industrial acceleration zones can purchase goods and services VAT-exempt, those outside these zones must pay VAT on their purchases but can benefit from other advantages to ease their cash flow, such as:

i. VAT exemption for exporting companies

Exporting companies can purchase goods, raw materials, non-recoverable packaging, and services VAT-exempt from their local suppliers. Service-exporting companies can also benefit from a VAT exemption on products and services essential to their activities.

ii. VAT refund for exporting companies

Exporting companies can request a VAT refund on their purchases, subject to certain conditions.

iii. VAT refund on investment goods

Companies can request a VAT refund on investment goods (excluding office furniture and personal vehicles), subject to certain conditions.

Main Provisions of Moroccan Taxation

Advantages Granted to Companies Established in Industrial Acceleration Zones

i. VAT Applied (on Sales)

VAT exemption, with the right to deduction, applies to exports and sales made within the same zone or to other industrial acceleration zones.

ii. Recoverable VAT (on Purchases)

The same applies to purchases delivered by suppliers and services provided by your suppliers within the zone or from other zones.
Transactions conducted outside industrial acceleration zones are subject to the applicable VAT rate.

Professional Tax

The professional tax applies to all individuals and legal entities, both Moroccan and foreign, engaged in professional activities in Morocco. It is mainly based on the rental value of professional premises.

Main Exemptions for Companies:

- A 5-year exemption, except for branches, which are taxed from their first year of operation
- A 15-year exemption for companies established in industrial acceleration zones.

Social Indicators

Mandatory Social Contributions

The CNSS (National Social Security Fund) is the organization responsible for managing and administering basic and mandatory social security in Morocco. It provides a range of social benefits, including medical coverage, family allowances, retirement pensions, and health insurance, as follows:

Contributions	Benefits	Cost
Social Security Benefits	Represents the contribution to social security, ensuring various benefits and protections for employees.	• Employee: 4.48% • Employer: 8.98% • (Capped base at 6000 MAD)
Mandatory Health Insurance	This contribution guarantees mandatory health coverage, thus covering employees' medical expenses.	• Employee: 2.26% • Employer: 4.11% • (Not capped)
Family Allowances	These contributions are allocated to family allowances, providing financial support to employees with family responsibilities.	• Employer: 6.4% • (Not capped)
Vocational Training Contribution	This contribution aims to fund professional training programs to improve workers' skills and professional development.	• Employer: 1.6% • (Not capped)

Work Accident Insurance

Work accident insurance covers medical expenses and salary losses for employees in case of a work-related accident or occupational illness, while also protecting the employer from potential lawsuits. The cost varies between 1% and 6% of the total taxable payroll, with no cap. This insurance is not managed by CNSS and must be purchased from a private insurer.

Guaranteed Minimum Wage

The guaranteed minimum wage in Morocco was estimated at MAD 3,111.39 at the end of 2024. A 10% increase is planned for the private sector, to be implemented in two phases:

- +5% in January 2025
- +5% in January 2026

Social Indicators

Some Obligations Under the Labor Code

- **Legal working hours :** According to the Moroccan Labor Code, the normal working hours are 2,288 hours per year, or 44 hours per week, generally distributed as 8 hours per day from Monday to Friday and 4 hours on Saturday, with one rest day per week. However, total working hours, including overtime, must not exceed 10 hours per day.

Overtime

Overtime refers to hours worked beyond the normal 44-hour workweek.

For overtime worked between 6:00 AM and 9:00 PM :

- Paid at 25%: When worked on regular working days.
- Paid at 50%: When worked on rest days and public holidays.

For overtime worked between 9:00 PM and 6:00 AM :

- Paid at 50%: When worked on regular working days.
- Paid at 100%: When worked on rest days and public holidays.

Mandatory Annual Salary Increase

All employees are entitled to an annual salary increase based on their years of seniority :

- 5% of the salary after two years of seniority.
- 10% of the salary after five years, or 15% after twelve years of seniority.
- 20% of the salary after twenty years of seniority.
- 25% of the salary after twenty-five years of seniority.

Internal Regulations

Employers with at least ten employees must establish internal regulations within two years following the creation of the company. This regulation must be shared with employee representatives and union delegates and approved by the labor authority.

Employee Representatives

Companies with at least 10 employees must elect employee representatives. The number of representatives depends on the size of the company, starting with one full representative and one substitute for 10 to 25 employees, up to a maximum of 9 full representatives and 9 substitutes for companies with 501 to 1,000 employees.

Social Indicators

Some Obligations Under the Labor Code (Continued)

Obligations for Companies with More Than 50 Employees:

- **Health and Safety Committee (CHS) :** Establish a committee responsible for ensuring health, safety, and working conditions for employees.
- **Works Council (CE) :** Establish a committee to represent employees' economic and social interests.

Occupational Physician and Medical Services:

- Appoint an occupational physician responsible for monitoring employees' health, conducting medical check-ups, and providing advice on risk prevention.
- Establish an independent medical service within the company.

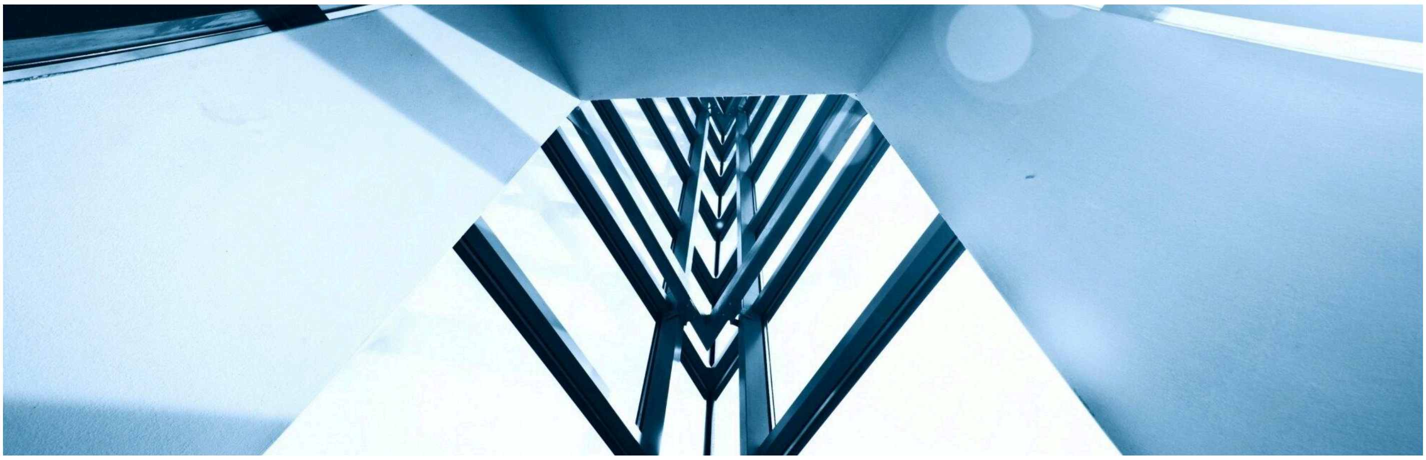
Recruitment of Foreign Candidates in Morocco

- The recruitment of foreign employees in Morocco is governed by regulations aimed at protecting the local labor market. To legally work in Morocco, a foreign worker must obtain a work permit issued by the Ministry of Employment.

Common Procedures to Obtain a Work Permit :

- Secondment
- Expatriation

Secondment : This process allows a foreign employee to obtain a work permit in Morocco, provided that their employer has a legal presence in Morocco, either through a subsidiary or a branch. In this case, the application is submitted directly to the Ministry of Employment.



Social Indicators

Expatriation : If the foreign company has no representation in Morocco, the employee can obtain a work visa by signing an employment contract with a Moroccan company. This procedure requires an application to be submitted to ANAPEC (National Agency for the Promotion of Employment and Skills).

However, certain job categories benefit from a simplified procedure:

- Executive positions
- Highly specialized and rare profiles in the Moroccan job market

ANAPEC maintains an updated list of these positions. Once the application is approved, the agency issues a certificate allowing the finalization of procedures with the Ministry of Employment.

If a foreign employee cannot obtain a work permit, they are limited to a 90-day tourist visa, which does not allow legal employment. They must leave the country upon visa expiration.

In addition to the work permit procedures, foreign employees must comply with Moroccan tax obligations. According to international tax treaties, they may be required to declare their income annually, including earnings received abroad. A verification of applicable tax regulations is recommended to ensure the compliance of the foreign employee.

Specific Hosting Structures

Casablanca Finance City (CFC)

Casablanca Finance City (CFC) is a regional financial hub offering an attractive framework for companies looking to operate in Africa from Morocco. It provides a regulatory, tax, and administrative environment optimized to facilitate investments and business development.

By establishing a competitive and secure environment, CFC encourages the establishment of multinational companies and fosters the continent’s economic growth. Its central role makes it a strategic hub connecting African markets to international financial networks, further strengthening Morocco’s position as a privileged entry point for business in Africa.

Eligibility Criteria

The CFC status is available to financial companies (banks, insurance, asset management, investment funds, etc.), service providers (audit, taxation, consulting, IT, human resource management), and trading companies, particularly those involved in international trade.

The company must be based in CFC, locally managed, and contribute to its development through the creation of qualified jobs, skills transfer, and the establishment of strategic partnerships. A minimum level of operational expenses and expertise is required, including investments in infrastructure and strengthening the leadership team's capabilities to ensure a sustainable presence within the CFC ecosystem.

Specific Hosting Structures

Corporate Commitments

CFC companies must increase their capital (minimum MAD 300,000 for certain structures), relocate their headquarters to the CFC zone, pay annual fees, and submit an annual report. They must also comply with the code of ethics and notify any major changes.

Tax and Social Advantages

- **Corporate Tax :** Full exemption for 5 years, then a reduced tax rate of 20% starting in 2026.
- **Income Tax :** Option to apply a flat tax rate of 20% for up to 10 years.
- **Dividends :** Dividends and other similar revenue from foreign participation paid to non-resident shareholders by companies with Casablanca Finance City (CFC) status are exempt from withholding tax.
- **Recruitment Facilities :** Exemption from ANAPEC certification and simplified work permit procedures via Taechrir. CFC acts as a strategic enabler for companies seeking to expand regionally, providing an optimized framework with competitive advantages. The Taechrir service streamlines and accelerates the processing of work permit applications for foreign employees. CFC members can submit and collect foreign employment contracts directly at the CFC headquarters, offering a more efficient and streamlined process.

Specific Hosting Structures

Industrial Acceleration Zones

Industrial Acceleration Zones (ZAI), formerly known as Export Free Zones, are strategic economic spaces designed to boost industrial investment and strengthen Morocco's integration into global value chains.

They offer an attractive fiscal and regulatory framework, enhancing the competitiveness and growth of Morocco's industrial sector by attracting export-oriented companies, foreign investors, and international trade players.

In addition to their tax advantages, they provide a simplified administrative environment and easy access to national and international logistics infrastructure. Alongside Tangier Free Zone, Morocco also has Atlantic Free Zone near Kenitra and Oujda Free Zone in the Oriental region.

Eligibility Criteria

Companies eligible for ZAI status must primarily operate in industry, logistics, or export-related services. They must demonstrate an investment project contributing to industrial development and job creation in Morocco.

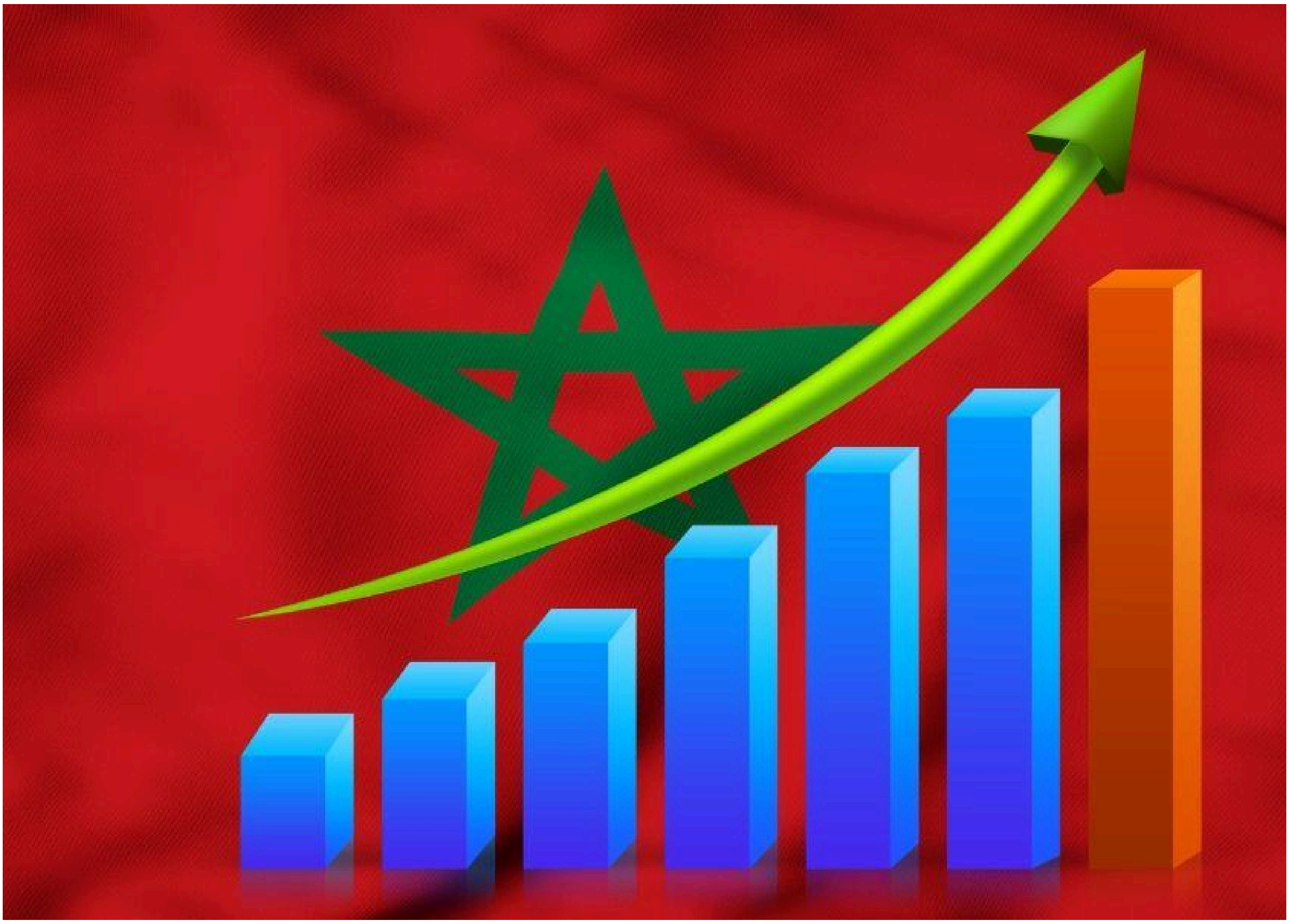
Establishing a business within a ZAI requires compliance with international standards and commitments to producing goods for export.

Companies located in a ZAI must comply with investment and employment obligations. They are also required to submit a terms of reference document outlining their contribution to the zone's development, particularly in terms of innovation and training.

Specific Hosting Structures

Advantages

- **Corporate Tax :** Full exemption for 5 years, then a reduced tax rate of 20% starting in 2026.
- **VAT Exemption :** On goods and services acquired locally or imported.
- **Dividends :** Dividends and other foreign-sourced income paid to non-resident shareholders by companies established in Industrial Acceleration Zones are exempt from withholding tax.
- **Customs Duties :** Exemption on imports of equipment, raw materials, and inputs intended for export production.
- **Foreign Exchange Regulations :** Full exchange freedom for commercial, industrial, and service transactions with foreign entities conducted by companies operating in free export zones.
- **Privileged Access to Infrastructure :** Proximity to ports, airports, and major road networks, facilitating logistics and export activities.
- **Administrative Facilities :** Simplified procedures for setting up and operating businesses.



Specific Hosting Structures

Offshore Zones

Offshore Zones in Morocco are economic areas dedicated to companies operating in international services, including outsourcing (BPO, call centers), information technology, and other high value-added activities. They offer an attractive tax and regulatory environment aimed at enhancing the country's competitiveness by attracting international businesses and fostering foreign investment.

Morocco has several strategic offshore zones. Five Integrated Industrial Platforms (P2I) are offered by MEDZ (Casanearshore, Technopolis, Fès Shore, Oujda Shore) and TMSA (Tétouan Shore). These provide high-end real estate solutions in their respective locations.

Eligibility Criteria

Companies wishing to establish in an offshore zone must be actively engaged in export services, including technology, financial services, consulting, outsourcing, and support centers. They must demonstrate an investment project aligned with Morocco’s economic development objectives and prove their capacity to create skilled jobs.

Advantages

- **Corporate Tax :** Full exemption for 5 years, then a reduced tax rate of 20% from 2026. In addition to the reduced 20% rate, the government provides a subsidy that effectively lowers the IS tax rate to 8.75% on export revenue, compared to the standard 20% rate.
- **Personal Income Tax (IR) Subsidy :** The state provides partial coverage of personal income tax (IR), allowing taxation at 20%.
- **VAT Exemption :** On services provided internationally.
- **Privileged Access to Infrastructure :** Proximity to ports, airports, and major road networks, facilitating strategic logistics.
- **Administrative Facilities :** Simplified procedures for setting up and operating businesses.

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