



GLOBAL
EMPLOYER
GUIDE

MOROCCO





Basic Country Facts

Full name

- Al-Mamlakah al-Maghribiyyah (Kingdom of the West)

Capital

- Rabat

Main Languages

- Arabic
- Berber

Population

- 36.03 million

Monetary unit

- Moroccan dirham

Internet domain

- .ma

International dialing code

- +212

Currency

- Moroccan dirham



STATUTORY LABOR REQUIREMENTS

Probation Period

- The Labor Code provides maximum time limits depending on the category
 - 15 days for manual workers
 - six weeks for employees
 - three months for managerial staff.
- The probationary period can only be renewed once for the same length of time.

Annual Leave

- Employees are entitled to paid annual leave after six months of continuous service with the same employer at the rate of 1.5 days' leave for each month of service.
- After one year of service, employees are generally entitled to 24 days of paid annual leave.
- Employees under 18 years of age are entitled to two days' leave for each month of service.
- After five years of service with an employer, a worker's annual leave increases by 1.5 days a year up to a maximum of 30 days.

Public Holidays

- New Year's Day (1st January)
- Anniversary of the Independence Manifesto (11th January)
- Labor Day (1st May)
- Eid al-Fitr
- Throne Day (30th July)
- Eid al-Adha
- Oued Ed-Dahab Day (14th August)
- Islamic New Year
- Revolution Day (20th August)
- Birthday of King Mohammed VI and Youth Day (21st August)
- Prophet's Birthday
- Green March Day (6th November)
- Independence Day of Morocco (18th November)

Maternity Leave

- Morocco offers 14 weeks of maternity leave at 100% of a woman's wages, payable from a national social security fund.
- A pregnant woman is also entitled to an additional year of unpaid leave if so desired.

Paternity Leave

- Fathers are entitled to 3 days of paternity leave at full pay

Sick Leave

- Employees are generally eligible for sick leave if they have 54 days of contributions in the prior six months of coverage.
- Sick pay begins on the 4th day and is usually about two-thirds of the average daily wage.



Work Hours

- The standard work week in Morocco is 48 hours a week, or eight hours a day, Mondays to Fridays.

Overtime

- The Labor Code permits overtime work if the company performs tasks that are deemed in the national interest or experiences an exceptional increase in its volume of work.
- Workers in non-agricultural activities receive a premium of 25 percent for extra hours worked between 6:00 a.m. and 9:00 p.m., 50 percent for hours worked between 9:00 p.m. and 6:00 a.m.
- These premiums are raised to 50 percent and 100 percent for overtime hours worked on a rest day.
- Workers must be compensated for 100 percent of their wage for work on paid holidays and leave days.

Notice Period

- Employment contracts may be terminated at the end of any month as follows:
 - less than one year of service: one month's notice
 - two to nine years of service: two months' notice
 - more than 9 years of service: three months' notice

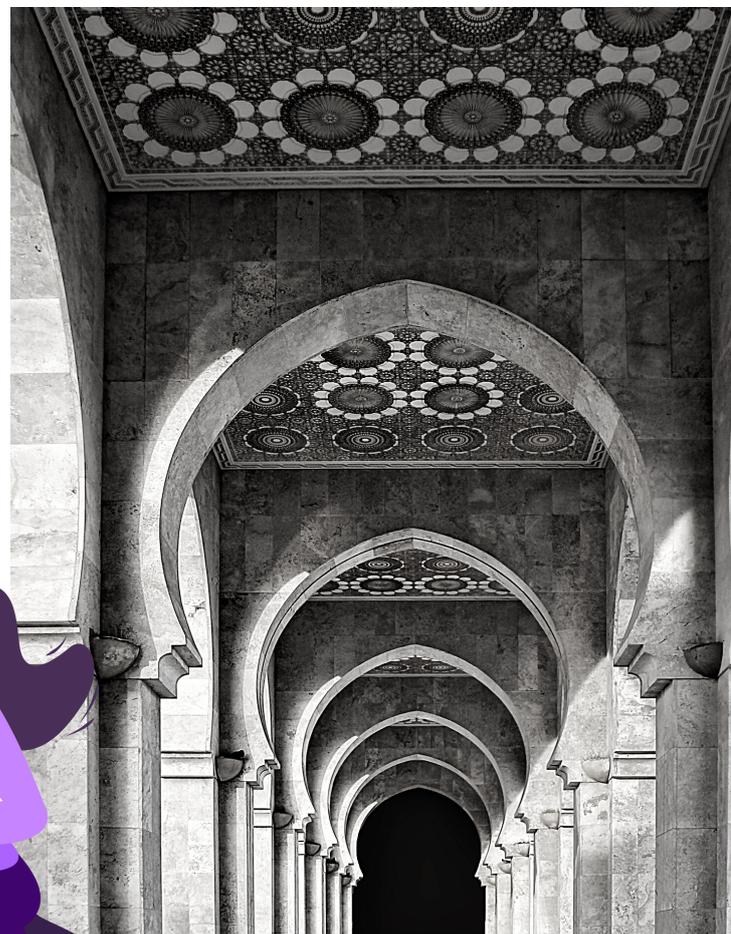


Severance

- On termination, employees are generally eligible for a severance payment based on their length of service and hours of pay.
- Severance pay is due after 6 months of service
- It corresponds to a number of hours per year that varies according to the length of service:
 - 96 hours pay per year for the first 5 years
 - 144 hours per year between the 6th and the 10th year
 - 92 hours per year between the 11th and the 15th year
 - 240 hours after the 15th year.

13th Month

- Some companies offer a 13-month bonus, and seniority bonuses are also common.



Income Tax

- Under Morocco domestic law, residents of Morocco are subject to tax on their worldwide income.
- Individuals resident in Morocco must pay tax on their employment income, regardless of where the services are performed or the employer is located.
- Nonresidents are subject to tax on their Morocco-source income only.
- Taxable employment income includes total compensation after deductions for employees' social security contributions.
- Compensation includes bonuses and the market value of fringe benefits.

Annual taxable income (MAD)	Tax rate (%)
0 to 30,000	Exempt
30,001 to 50,000	10
50,001 to 60,000	20
60,001 to 80,000	30
80,001 to 180,000	34
More than 180,000	38



Social Security

- Social security contributions, which are withheld by the employer, are based on gross compensation paid, including fringe benefits and bonuses.
- Employer contributions are paid, and employee contributions are withheld and paid, monthly.
- The employer must pay 6.4% of gross monthly compensation for family allowances.
- For death pensions and for daily compensation for illness, disability and pregnancy leave, employers must contribute 8.6%, and employees 4.29%, of gross monthly compensation, capped at MAD6,000.
- In addition, the employer must pay 1.6% of gross monthly compensation as a contribution to the Moroccan office of staff training.
- An additional contribution for “loss of employment indemnity” is payable.
- Employers must contribute 0.38%, and employees 0.19%, of the gross monthly compensation, capped at MAD6,000.
- Contributions on monthly gross remuneration are payable for mandatory medical insurance.
- The contribution rates are 2.26% for employees and 4.11% for employers, except for companies exempted from this mandatory medical insurance, which pay at a rate of 1.5%.
- This exemption is provided for companies that were set up before 2005 and that are already contributing to private medical insurance.

Contribution	Employer	Employee
Family Allowances	6%	
Death Pensions and daily compensation for illness, disability and pregnancy leave	8.6%	4.29%
Moroccan Office of Staff Training	1.6%	
Loss of employment indemnity	0.38%	0.19%
Medical Insurance	4.11%	2.26%



Deductible Expenses

Employment Expenses

- The deductions from gross salary concern, mainly, social security contributions, retirement contributions, and a lump-sum deduction equal to 20% of the gross salary (with a ceiling of MAD 30,000 per year).
- Finance Law 2015 sets the following limits for deductibility of pension insurance contributions:
 - 50% of net taxable salary for individuals receiving only salary income.
 - 50% of net taxable salary or 10% of the global taxable income for individuals receiving salary as well as other categories of revenues.
 - 10% of the global taxable income for individuals receiving revenues other than salary income.

Personal Deductions

- Charitable contributions are deductible if granted to organisms and societies expressly provided by the tax law.
- Loan interests relating to the acquisition of a main house are tax deductible up to the limit of 10% of the taxable global revenue.

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Immigration

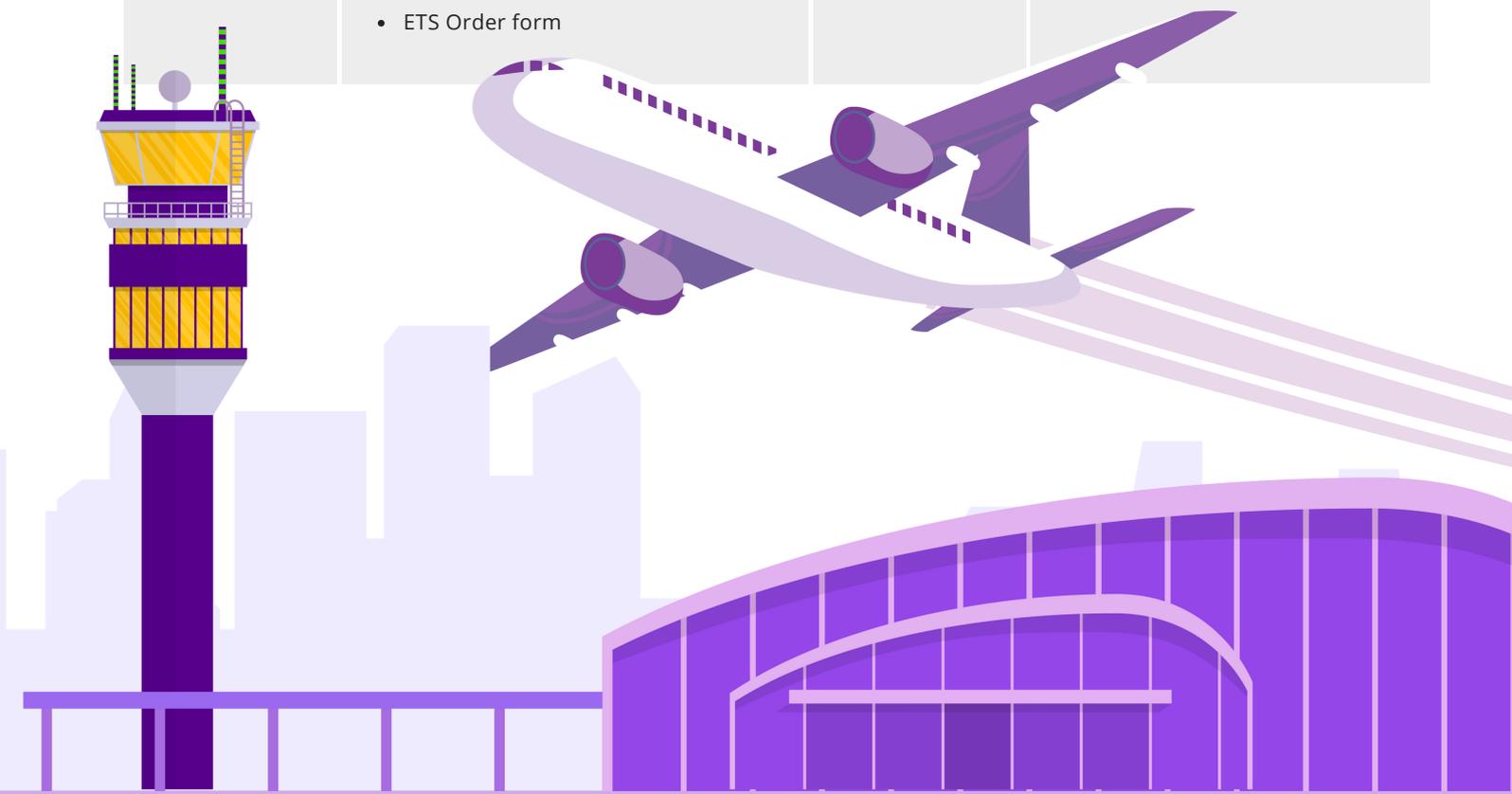
- Foreign nationals are authorized to work in Morocco if they fulfill the following conditions:
 - Expatriated to Morocco:
 - They must enter into a work contract signed by an entity established in Morocco (either a Moroccan company or a fixed place of business of a foreign company).
 - They must obtain the prior approval of the Anapec (a government agency) and the Ministry of Employment in Morocco.
 - Seconded by the foreign parent company to its Moroccan subsidiary or branch:
 - They are still employees of the foreign company and require only the approval of the Ministry of Employment.
- Expatriates may be self-employed if they set up independent companies or businesses in Morocco.
- Expatriates must have valid work permits and residence permits to be self-employed.
- The minimum amount of capital required depends on the type of business or company that a foreign national intends to start.
- For example, a limited liability company requires no minimum share capital.
- The renewed permit is valid for 1 to 10 years.
- To obtain a residence permit, a foreign national should file his application in person before the police authorities.
- The foreign national should submit several documents before the police authorities such as a copy of the stamped work permit issued by the Ministry of Employment and a lease agreement.

Residence Permits

- After entering Morocco on a temporary visa such as tourist visa or business visa, foreigners can obtain a work permit and a registration card (residence permit).
- Residence permits are issued to foreign nationals for 1 to 10 years and may be renewed an indefinite number of times.



Type of Visa	Documentation	Validity	Eligibility
Tourist Visa	<ul style="list-style-type: none"> • A valid signed passport • 1 visa application form, completed and signed • 2 passport type photos • Copy of your legal status in your home country • Copy of your detailed flight itinerary • Notarized Letter of Invitation from your host in Morocco or hotel reservation. • ETS Order form 	90 days	<ul style="list-style-type: none"> • Foreign nationals who require visas to enter morocco are eligible to apply for a temporary tourist visa
Business Visa	<ul style="list-style-type: none"> • A valid signed passport • 1 visa application form, completed and signed • 2 passport type photos • Copy of your legal status in your home country • Copy of your detailed flight • Copy of the invitation letter issued by the company you are planning to visit in Morocco. • ETS Order form 	90 days	<ul style="list-style-type: none"> • A business visa is required if the purpose of visit entails more than basic business meetings



Value Added Tax (VAT)

- Morocco's general VAT rate is 20%, with other rates including 14%, 10% and 7% that can apply to certain transactions.
- The Value-added tax (VAT) is administered by the Ministry of Finance in Rabat.
- Visitors to Morocco can qualify for a VAT refund on all purchases made for export

VAT Rates	
Standard Rate	20%
Reduced Rate	14%
Reduced Rate	10%
Reduced Rate	7%
Zero Rate	0%

Withholding Tax

Dividends

- Dividends paid to a nonresident are subject to a 15% withholding tax, unless the rate is reduced under an applicable tax treaty

Interest

- Interest paid on a loan from a nonresident is subject to a 10% withholding tax, unless the rate is reduced under a tax treaty
- A loan granted for 10 years or more is exempt from withholding tax

Royalties

- Royalties paid to a nonresident are subject to a 10% withholding tax, unless the rate is reduced under a tax treaty

Branch Remittance Tax

- A 15% branch remittance tax is imposed on profits remitted to a nonresident head office, unless the rate is reduced under a tax treaty.



Withholding Tax

Dividends	15%
Interest	10%
Royalties	10%
Branch Remittance Tax	15%

Termination

- The Moroccan Labor Code prohibits the dismissal of an employee without a valid reason, either related to the employee's aptitude or behavior (a dismissal for personal reasons) or related to the operational needs of the company (dismissal for technological, structural or economic reasons).
- The dismissal for personal reasons is justified either by the incapacity of the employee to occupy his/her position or by disciplinary reasons.
- If the employee commits:
 - a serious misconduct: the dismissal is immediate;
 - a non-serious misconduct: the dismissal occurs only after the employer's recourse to all the disciplinary sanctions against the employee during one year.
- The employment contract of one or more employees may be terminated by the employer for reasons unrelated to the employee's person, i.e. dismissal for structural, technical or economic reasons (Economic Dismissal).
- In the event of an Economic Dismissal, the dismissed employee is entitled to severance pay and notice compensation and benefits from a hiring priority during a year.

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, paternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Paternity Leave

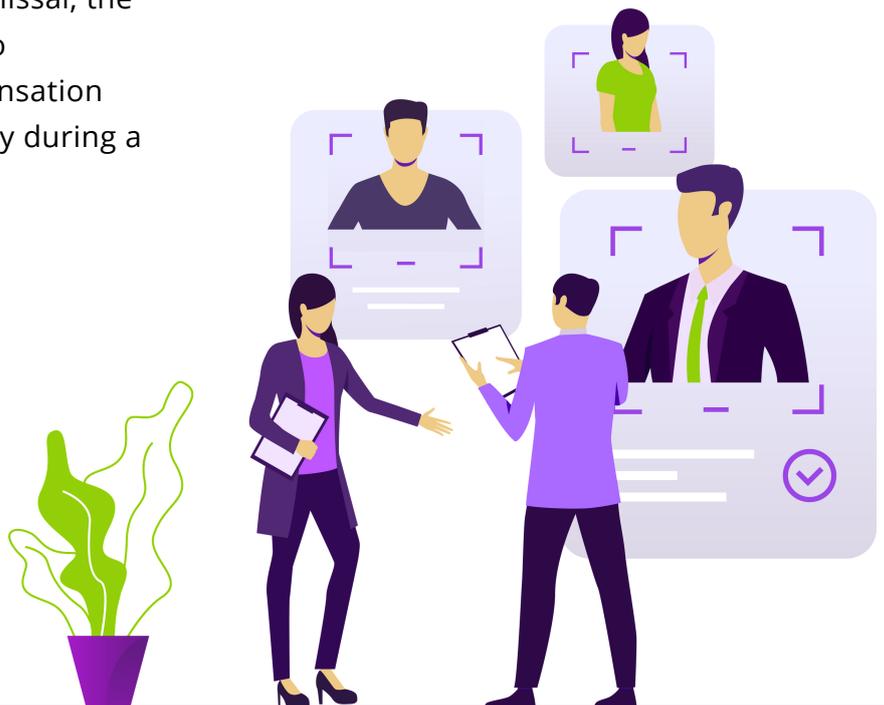
Sick Leave

Overtime Pay

Notice Period

Severance Pay

Social Security Benefits



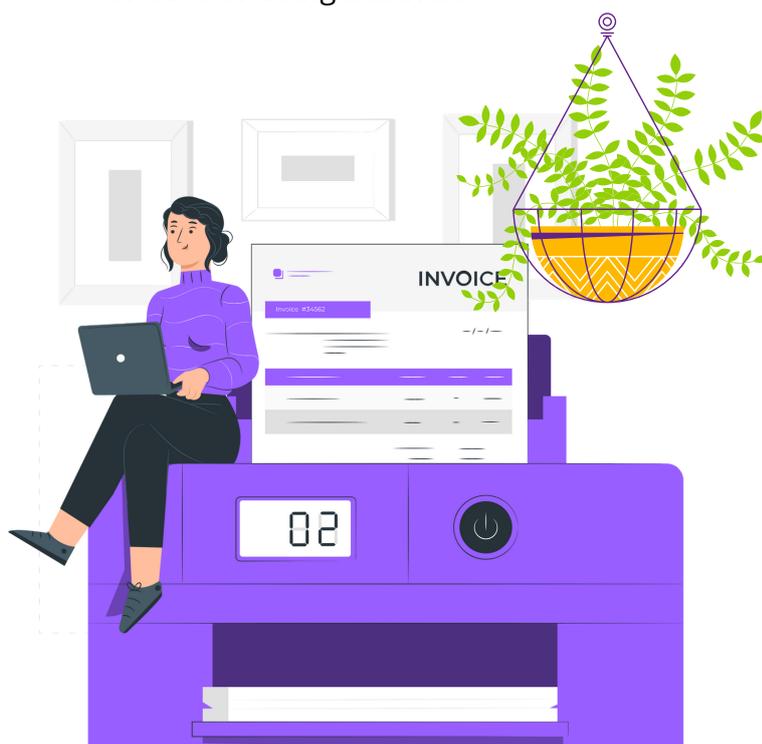
Payments and Invoicing

- The tax year in Morocco for individuals is the calendar year. Moroccan residents must file annual general income tax returns before the following dates:
 - 1 March following the end of the tax year (28 February or 29 February at the latest) for individuals who have professional income taxed under the fixed-taxation system (see Section A), and/or income other than professional income
 - 1 May following the end of the tax year (30 April at the latest) for individuals who have professional income taxed under the real or simplified regimes and for individuals who have received investment income (dividends or interest). The related tax due, if any, is payable at the time of the filing.
 - 1 April following the end of the tax year (31 March at the latest) for individuals receiving dividends and interest from abroad and/or realizing capital gains on the sale of securities from foreign sources. The related tax due, if any, is payable at the time of the filing.
- The tax return indicates separately the various categories of income.
- If a taxpayer receives no income other than exempted agricultural income or employment income paid by one employer domiciled or established in Morocco, he or she is not required to file a return.

- Tax on employment income must be withheld by employers domiciled or established in Morocco.
- Except for the cases listed above, income tax is computed by the tax administration and is payable on receipt of a tax assessment notice.
- Taxpayers subject only to discharge rates are exempt from the requirement to file an annual general income tax return.

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Morocco ranked 53rd in the World in 2019 in terms of ease of doing business.



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