Morocco Tax Knowledgebase

Employee personal income tax

Tax residence

According to Moroccan law, tax residence is determined by one of the following criteria (in the order listed):

- The place of permanent home;
- The centre of economic interest;
- The duration of stay in the country exceeds 183 days within any 365-day period.

Individuals without a tax residence in Morocco are subject to tax only on Moroccan-sourced income.

Conditions for the obligation to file the PIT

Payroll tax withholding: Employers based in Morocco are responsible for deducting and paying the payroll tax (PIT) directly from their employees' salaries.

Exemption for employees of resident entities: Individuals employed by a resident entity in Morocco who receive only taxable employment income are exempt from filing a tax return, as the tax is already withheld by their employer.

Filing requirement for non-resident entities or multiple employers: Employees earning taxable income from a non-resident entity or from multiple employers must file a tax return no later than February 28 of the following year.

Tax report in question (Form name)

Individual income tax (IIT)
Employer declaration requirements: By March 1 each year, employers are required to file a declaration with tax authorities, including the following details for each employee:

- Full name, address, and national ID or residency permit number (for foreigners);
- Total gross income, including salaries and indemnities;
- Deductions made for social security and pensions;
- Taxable gross income and applicable professional expenses;
- Net taxable income and tax withheld;

- The payment period.

Mandatory forms and attachments: All declarations must be completed using the official forms provided by the administration, with relevant supporting documents attached, such as employment contracts or certifications, where applicable

Tax year

Calendar year.

Tax rates

The IIT is calculated based on a progressive tax scale applied to annual taxable income in Moroccan Dirhams (MAD). The rates are as follows:

0 to 40,000 MAD: Exempted
40,001 to 60,000 MAD: 10%
60,001 to 80,000 MAD: 20%
80,001 to 100,000 MAD: 30%
100,001 to 180,000 MAD: 34%
More than 180,000 MAD: 37%

This progressive scale ensures that higher income levels are subject to higher tax rates, following the principles of equity in taxation.

Tax returns and payment of tax

Filing taxes in Morocco has specific guidelines: each person is required to submit their own tax return, as joint filing is not allowed. If a tax return is necessary, individuals must file it online by 1 March of the following year that follows. For independent professionals, the deadline is 1 May. Any taxes owed must be paid when the return is submitted.

Personal deductions (salary)

Personal deductions

Charitable donations: Contributions made for charitable purposes can be deducted from taxes, provided they are granted to organisations specifically recognised by tax legislation.

Mortgage interest: Interest on loans used to purchase a primary residence can be deducted from taxes, up to a maximum of 10% of the taxable global income.
Employment Expenses:

Contributions to pension insurance are tax-deductible up to certain limits:

- 50% of taxable net salary for individuals with only salary income.
- 50% of taxable net salary or 10% of global taxable income, whichever is higher, for those with salary income and other income.
- 10% of global taxable income for those with income other than salaries.

Additional tax reliefs (not mentioned above)

Tax reduction for dependents:

The 2025 Finance Act has increased the annual income tax reduction for family dependents from 360 MAD to 500 MAD per dependent. The total allowable amount is now 3,000 MAD, benefiting up to six dependents.

The daily amount of food vouchers that employers may issue has been increased from MAD 30 to MAD 40. These vouchers can now be paid electronically.

Internship tax exemptions:

All interns, including non-graduates, are now eligible for income tax exemption for internship allowances up to 6,000 MAD per month. The eligible internship period for the exemption has been reduced from 24 months to 12 months.

Interns can still benefit from this exemption for an additional 12 months if they change employers. If an intern is hired under a permanent work contract, they qualify for a tax exemption for 24 months, provided their salary does not exceed 10,000 MAD per month.

Exemption for new hires:

Employees hired between 1 January 2021 and 31 December 2026 are eligible for a tax exemption on their salaries for the first 36 months of employment. The worker must be hired under a permanent contract, and their age must not exceed 35 years at the time of their first employment contract.

How to submit the tax return

If an income tax return is required, individuals must submit it online by March 1 of the following year. For independent professionals, the deadline is May 1. Taxes owed must be paid at the time the return is submitted.

Others

Exemption of new hires
An exemption is granted for salaries paid to newly recruited employees hired between 1 January 2021 and 31 December 2026 for the first 36 months following their hiring date.

The employee must be recruited under an open-ended contract.

The age of the employee must not exceed 35 years on the date of conclusion of the first employment contract.

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Interest
Applicable taxes for 2025: Income from fixed-income instruments like bonds is taxed as follows: 30% for individuals earning interest, excluding those under the real or simplified tax regime.

How net taxable income is calculated: The net taxable income from interest is determined by subtracting banking fees and account maintenance costs from the gross interest amount.

Dividend income: Tax rates

Applicable taxes for 2025: Dividends are subject to taxation based on their origin:

- 12.5% for dividends from local companies.
- 15% for dividends from foreign companies.

How taxable income is calculated: The gross dividend amount is reduced by any banking fees and account maintenance expenses to determine the taxable income.

Capital gains: Tax rates

Real estate income (rent): If you rent out a property, you are required to pay tax based on your annual gross income:

- 10% if your annual income is less than 120,000 MAD.
- 15% if your annual income is 120,000 MAD or more.

Capital gains from property sales: When selling a property, you must pay a 20% tax on the capital gains earned. However, the tax amount cannot be less than 3% of the selling price.

Exemption for principal residence: If the property has been used as your principal residence for at least six years.

Royalty income: Tax rates

Royalties paid to a resident are exempt from withholding tax.

Withholding

Withholding tax on interest: Rates

Interest paid to a resident company is subject to a 20% withholding tax. A 30% withholding tax applies to interest paid to a resident individual. Interest paid on a loan from a nonresident is subject to a 10% withholding tax, unless reduced by an applicable tax treaty. Interest on loans granted by a nonresident for 10 years or more is exempt from withholding tax.

Withholding tax on dividends: Rates

Dividends paid to a resident company are not subject to withholding tax. A 12.5% withholding tax rate applies to dividends paid to a resident individual, while the rate for a nonresident company or individual is 10%.

Withholding tax on capital gains: Rates

Capital gains derived from the disposal of immovable property, shares, and bonds are subject to tax at 20%.

Withholding tax on royalties: Rates

Royalties paid to a resident don't have any withholding tax applied. For nonresidents, a 10% withholding tax applies; however, this rate may be lower if a tax treaty is in effect.

Fees for technical services:

If technical service fees are paid to a resident company, no withholding tax is applied—unless the payment comes from a public sector entity or goes to a partnership, in which case a 5% tax is charged. Payments made to a resident individual are subject to a 30% withholding tax. For non-residents, the withholding tax rate is 10%.

Employee tax - Special regimes to apply

Expatriate Law (Working abroad rules)

Individuals with their main homes in Morocco are taxed on the totality of their incomes. Non-resident individuals are taxed only on Moroccan-sourced income.

There are no special regimes for expatriates (unless a double taxation treaty applies).

Double taxation agreements (link website)

https://www.tax.gov.ma/wps/portal/DGI/Documentation-fiscale/Conventions-internationales