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ANALYSIS NOTE · 2027 FINANCE BILL

2027 Finance Bill: proposed amendments to the General Tax Code

The tax measures in Article 7 of Finance Bill No. 60-26, compared with the 2026 CGI, quantified and discussed.

2027 Finance Bill (under discussion)

TEXT ANALYSED	Finance Bill No. 60-26 for the 2027 budget year, Article 7
DATE	26 October 2026
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This note comments on a bill currently under discussion in Parliament: the measures described will apply only in the wording enacted and published in the Official Gazette.

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1 Executive summary

Finance Bill No. 60-26 amends the General Tax Code through its Article 7, which also sets the effective dates. The Government's explanatory memorandum was consulted only to shed light on the intent of the measures.

MAD 60,000
IR exempt bracket from 2027 (MAD 40,000 in 2026)

30%
IR marginal rate in 2031 (37% in 2026)

45%
Employees' standard deduction from 2027

5%
Tax advance collected at customs on imports

PROPOSED MEASURE	EFFECTIVE DATE	PART
PERSONAL INCOME TAX		
Tax scale overhauled in five stages: exempt bracket raised to MAD 60,000 from 2027, final scale at 0, 10, 20 and 30% in 2031.	Income for 2027 to 2031	2
Standard deduction for professional expenses raised to 45% for all employees, within the unchanged limit of MAD 35,000; seafarers keep 40%, with no ceiling.	Income earned from 2027	3
Abolition of the combination of this deduction with the exemption of expense allowances.	Income earned from 2031	3
Mandatory electronic filing for all filers of the global income return.	Returns filed in 2027	4
Securities not registered in an account with authorised financial intermediaries: return and payment for each disposal, within the following month.	Disposals from 2027	4
Voluntary identification: taxation only of income arising after registration.	Registrations in 2027	4
CORPORATE INCOME TAX		
40% rate (instead of 35%) for importers and distributors of hydrocarbons whose net profit reaches MAD 100 million.	Financial years opened from 2027	5
Ten-year spreading extended to subsidies for any non-depreciable asset.	Subsidies received from 2027	6
Deposit into the supplier's bank account accepted as a method of payment (IS, VAT).	1 January 2027	6
CORPORATE INCOME TAX AND PERSONAL INCOME TAX		
Advance of 5% of the customs value on imports intended for resale in their original state, for sixty months, creditable against the tax for the financial year.	Imports from July 2027	7
VALUE ADDED TAX		
Option for property dealers in built property to be taxed on their margin, with deduction of the VAT on works.	Sales from July 2027	8
Exemption of sand, without right of deduction.	1 January 2027	9
Permanent import exemption for live cattle, sheep, goats, camelids and their meat.	1 January 2027	9
Credit arising from withholding tax: repayment on request.	1 January 2027	9
REGISTRATION DUTIES AND STAMP DUTY		
Time-barred deeds: registration at the rates in force, without penalty or surcharge.	1 January 2027	10
One-fifth increase in the stamp duty on first registration of vehicles worth at least MAD 400,000 (6 to 24%); electric and hybrid vehicles still excluded.	1 January 2027	10
PROCEDURES		
Real property gains and registration duties: local tax commission of the place where the property is located.	Appeals lodged from 2027	11
Withholding taxes: thirty-day response period before reassessment; ex officio assessment extended to employers' returns and to new withholding taxes.	Procedures initiated from 2027	11
2030 WORLD CUP		
Temporary exemption regime for FIFA, its entities and their service providers.	Periods from 2027 to 2032	12

Each Part sets out the rule in force, the proposed rule and our commentary. Interpretation issues are summarised in Part 13; the effective dates, and the issue of measures without a specific date, are detailed in Part 14.

PERSONAL INCOME TAX

2 The IR tax scale: relief phased in over five years, concentrated after 2028

If adopted as drafted, the Bill will replace the current six-bracket scale with a final four-bracket scale in 2031 (0, 10, 20 and 30%), by way of a transitional scale for each of the years 2027 to 2030. The exempt bracket of the scale is raised to MAD 60,000 from 2027. The 2027 and 2028 stages mainly benefit middle incomes; those of 2029 to 2031 mainly benefit high incomes, whose marginal rate is reduced from 37% to 30%.

The proposed scales, bracket by bracket

ANNUAL NET TAXABLE INCOME (MAD)	2026 in force	2027 transitional	2028 transitional	2029 transitional	2030 transitional	2031 final
0 to 40,000	0%	0%	0%	0%	0%	0%
40,001 to 60,000	10%	**0%**	0%	0%	0%	0%
60,001 to 80,000	20%	**10%**	10%	10%	10%	10%
80,001 to 100,000	30%	**20%**	**10%**	10%	10%	10%
100,001 to 130,000	34%	34%	**25%**	**10%**	10%	10%
130,001 to 150,000	34%	34%	**25%**	**20%**	**10%**	10%
150,001 to 180,000	34%	34%	**25%**	**20%**	20%	20%
180,001 to 200,000	37%	37%	**25%**	**20%**	20%	20%
200,001 to 500,000	37%	37%	37%	**35%**	**30%**	**20%**
Above 500,000	37%	37%	37%	**35%**	**30%**	30%

Rate applied to the portion of income falling within each bracket. Shaded background: rate lower than in the previous year. How to read: in 2029, the portion of income between MAD 100,001 and MAD 130,000 is taxed at 10%, compared with 34% in 2026.

The 2027 scale is only a first stage. It exempts the portion between MAD 40,000 and MAD 60,000, hitherto taxed at 10%, and lowers the next two brackets by ten points (from 20% to 10% between MAD 60,000 and MAD 80,000, and from 30% to 20% between MAD 80,000 and MAD 100,000). Above MAD 100,000, the rates remain unchanged in 2027. The Government presents the reform as the implementation of Framework Law No. 69-19: broadening the exempt population, easing the burden on the middle class and reducing the marginal rate, while preserving the progressive nature of the tax.

INTERPRETATION ISSUE: INCOME "EARNED" OR "RECEIVED"

Each transitional scale refers to a "period" of one calendar year, without specifying whether it applies to income earned or to income received during that year. When a scale changes, the tax authorities take the year in which the income is earned, and the year in which it is received in the case of property income: transposed, this approach would keep 2026 salary arrears paid in 2027 under the 2026 scale. The allocation of income to each period would merit clarification during the parliamentary debate or in the implementing administrative circular.

PERSONAL INCOME TAX (CONTINUED)

Financial impact: annual tax by income level

NET TAXABLE INCOME	2026	2027	2028	2029	2030	2031	2031 / 2026
60,000	2,000	0	0	0	0	0	−100%
80,000	6,000	2,000	2,000	2,000	2,000	2,000	−67%
100,000	12,000	6,000	4,000	4,000	4,000	4,000	−67%
150,000	29,000	23,000	16,500	11,000	9,000	9,000	−69%
200,000	46,600	40,600	29,000	21,000	19,000	19,000	−59%
300,000	83,600	77,600	66,000	56,000	49,000	39,000	−53%
500,000	157,600	151,600	140,000	126,000	109,000	79,000	−50%
1,000,000	342,600	336,600	325,000	301,000	259,000	229,000	−33%

Annual tax in MAD, before the reduction for family dependants, calculated bracket by bracket on the scales above. Firm's calculation.

Two conclusions emerge. In 2027, the saving is identical, MAD 6,000 a year (MAD 500 a month), for any income of at least MAD 100,000; it is proportionally much greater for modest incomes, the tax due on an income of MAD 80,000 being divided by three compared with 2026. By 2031, the saving in dirhams increases with income, while the relative saving decreases above MAD 150,000. We have checked, in steps of MAD 1,000 up to MAD 3 million, that no income bears, in any given year, a higher tax than in the previous year.

WORKED EXAMPLE: A HOUSEHOLD WITH THREE DEPENDANTS

Assumptions: net taxable income of MAD 150,000 a year, three dependants, giving a reduction of 3 × 600 = MAD 1,800.

Calculation: 2026: 29,000 − 1,800 = MAD 27,200. 2027: 23,000 − 1,800 = MAD 21,200. 2031: 9,000 − 1,800 = MAD 7,200.

Result: the tax falls by MAD 6,000 from 2027 and by MAD 20,000 a year in 2031, nearly three quarters of the 2026 tax.

Family dependants, children and retirees

The reduction for family dependants is not amended: MAD 600 per dependant, up to a maximum of MAD 3,600. Two rules nevertheless follow the scale, because they refer to its exempt bracket. A child remains a dependant as long as his or her annual global income does not exceed that bracket: the ceiling would rise from MAD 40,000 to MAD 60,000 from 2027. A retiree whose only income consists of supplementary retirement pensions, paid by several annuity payers required to withhold tax at source, is exempt from filing a return where the total net taxable amount of those pensions does not exceed the exempt threshold: this exemption would also apply up to MAD 60,000.

PERSONAL INCOME TAX · EMPLOYEES

3 Employees: standard deduction raised to 45% from 2027, abolition of its combination with allowances in 2031

From January 2027 salaries onwards, all employees would deduct 45% of their gross taxable salary in respect of professional expenses, within the current limit of MAD 35,000 a year. Only seagoing personnel of the merchant navy and of sea fishing retain their own rate of 40%. Since the ceiling is reached at a gross salary of MAD 77,778, the measure benefits only gross annual salaries below MAD 140,000, for which the deduction is currently below MAD 35,000.

CURRENT LAW (2026 CGI)

35% if the gross annual taxable salary does not exceed MAD 78,000, 25% above that amount, ceiling of MAD 35,000.

Specific rates: 25% (casinos and gaming clubs), 35% (night-shift newspaper printing, miners, artists), 45% (journalists, life insurance, travelling sales representatives, aircrew), 40% (seafarers).

BILL (INCOME EARNED FROM 2027)

45% for all persons other than seafarers, ceiling of MAD 35,000.

The specific rates of former paragraph B are repealed: these professions fall under the standard rate. Seafarers keep 40%, calculated on a base that includes their allowances.

WORKED EXAMPLE: GROSS ANNUAL TAXABLE SALARY OF MAD 100,000

Assumptions: private-sector employee, no family dependants, social contributions not deducted for ease of reading.

Calculation: 2026: expenses at 25% = MAD 25,000, net income of MAD 75,000, tax of 2,000 + 15,000 × 20% = MAD 5,000. 2027: expenses at 45% capped at MAD 35,000, net income of MAD 65,000, tax of 5,000 × 10% = MAD 500.

Result: MAD 4,500 less tax a year, of which MAD 3,500 results from the scale and MAD 1,000 from professional expenses. On the same basis, a gross salary of MAD 78,000 is no longer taxed (MAD 1,070 in 2026), a salary of MAD 120,000 bears MAD 3,000 instead of MAD 9,000, and above MAD 140,000 the saving is limited to the MAD 6,000 resulting from the scale.

The measure also removes a threshold effect. Currently, a gross salary of MAD 78,001 gives entitlement to a deduction of MAD 19,500, compared with MAD 27,300 for a salary of MAD 78,000, and bears MAD 780 of additional tax for one additional dirham of salary. The single rate eliminates this jump.

PERSONAL INCOME TAX · EMPLOYEES (CONTINUED)

The allowances concerned

Article 57-1° exempts sums paid to employees in addition to their salary to compensate them for the expenses that their employment requires them to incur. The tax authorities assess the nature of these sums by reference to their actual purpose, not their name. They make the exemption subject to two conditions: the allowance must cover expenses directly related to the performance of the employee's duties, and it must be substantiated. For an allowance reimbursed on the basis of an expense claim, substantiation consists of the expense vouchers and, in the case of a business trip, the written travel order given to the employee. For a lump-sum allowance, it covers the nature and frequency of the expenses, the allocation criteria and the method of calculation. Several allowances covering expenses of the same nature cannot be combined.

Internal service note No. 16/2017 of the Directorate General of Taxes dated 13 March 2017 set the reference amounts accepted for exemption. In an isolated reply of principle dated 15 June 2017, the tax authorities restrict it to private-sector employees affiliated to the National Social Security Fund (CNSS). The main allowances are as follows.

ALLOWANCE	PURPOSE AND BENEFICIARIES	AMOUNT ACCEPTED FOR EXEMPTION
Travel and business trip expenses	Travel outside the usual place of work and the urban perimeter, substantiated by a written order: meals, accommodation, transport	Actual expenses on the basis of vouchers. Lump sum for an occasional trip: ten times the hourly statutory minimum wage (SMIG) per day for meals, thirty times for accommodation. Lump sum for regular travel: 100% of basic salary, up to MAD 5,000 a month
Mileage allowance	Employee who uses his or her own vehicle for business travel	MAD 3 per kilometre, regardless of the vehicle's fiscal horsepower; excluded where a service vehicle is used
Transport allowance	Commute from home to the usual place of work	MAD 500 a month within the urban perimeter, MAD 750 beyond; excluded where the employer provides transport, where the employee resides at the place of work itself or where he or she has a company car
Sales round allowance	Sales agents, travelling sales representatives and itinerant agents required to travel to customers' premises	MAD 1,500 a month
Representation allowance	Chairman, chief executive officer, department directors and salaried manager holding management powers	10% of basic salary
Meal allowance	Meals of employees working on sites far from their home (packed-meal or snack allowance)	Twice the hourly SMIG; cannot be combined with meal vouchers
Cash-handling, tool, dirty-work and milk allowances	Cashiers handling funds, workers who own their tools, dirty work, handling of toxic products	MAD 190, 100, 210 and 150 a month in 2017, amounts since indexed to the hourly SMIG
Relocation allowance	Move following a transfer decided by the employer	MAD 10 per kilometre within Morocco; substantiated expenses for a transfer abroad

Amounts set by internal service note No. 16/2017, applicable as long as the current Article 57-1° remains in force, i.e. up to income for the year 2030.

Other exemptions fall under separate paragraphs of Article 57 and are not affected by the reform: meal vouchers, exempt up to MAD 40 per working day and 20% of the gross taxable salary, family allowances, severance and voluntary departure indemnities up to MAD 1 million, and the employer's share of social contributions. For meal vouchers, the internal service note still refers to a ceiling of MAD 20 per day: the Code now sets it at MAD 40.

PERSONAL INCOME TAX · EMPLOYEES (CONTINUED)

Expense allowances: a two-stage regime

The exemption of expense allowances is rewritten for 2031, but the increase in the standard deduction changes its scope as early as 2027. Currently, employees who benefit from the specific rates of former paragraph B and of paragraph C of Article 59-I are excluded from it.

2027 TO 2030: CURRENT TEXT MAINTAINED

The 2026 text remains applicable to income earned up to 31 December 2030, with its cross-reference to paragraph B, now repealed.

The professions of former paragraph B (staff of casinos and gaming clubs, night-shift newspaper printing workers, mine workers, artists, journalists, life insurance agents and inspectors, travelling sales representatives, aircrew) now fall under the standard rate and are no longer covered by the exclusion. For four years, they may combine the 45% deduction with exempt allowances. Only seafarers remain excluded.

FROM 2031: REWRITTEN TEXT

Only "specific allowances paid by the employer to employees to reimburse the actual and duly substantiated expenses that they have incurred exclusively in the employer's interest" are exempt, whether reimbursed on the basis of expense claims or paid as lump sums. Allowances paid on a permanent basis for the normal performance of duties constitute salary supplements.

The exclusion now covers all beneficiaries of the deduction under Article 59-I, that is to say all employees.

The explanatory memorandum confirms the intent: by 2031, the 45% deduction and exempt allowances can no longer be combined. The increase in the standard deduction is thus the counterpart of the abolition of the exemption of allowances.

In the light of the 2031 definition, allowances paid each month for the normal performance of duties, such as the transport allowance, the meal allowance, the sales round allowance, the lump-sum representation allowance or the cash-handling, tool and dirty-work allowances, would constitute salary supplements. Only business trip expenses and mileage allowances, substantiated trip by trip, would meet the definition. The exclusion of all employees, if maintained as drafted, would however deprive this distinction of any practical effect. Expenditure that the employer incurs itself, in its own name and on its own account, such as a ticket, a hotel or fuel for a service vehicle paid to the supplier, remains outside the employee's tax: it is not an allowance paid to the employee.

INTERPRETATION ISSUE: AN EXEMPTION FROM WHICH ALL EMPLOYEES APPEAR TO BE EXCLUDED

Read literally, the 2031 Article 57-1° carefully defines an exemption from which all employees would be excluded, since all of them benefit from the standard deduction; even the exact reimbursement of an expense advanced on the employer's behalf could then be regarded as taxable. The text does not say whether the intent is to leave employees the choice between the standard deduction and the reimbursement of their actual expenses. The question does not arise for expenditure that the employer pays itself, in its own name and on its own account, which is not an allowance paid to the employee. This point, which concerns all employers, would merit clarification before the vote or, failing that, in the implementing administrative circular.

Definition of employment income

Article 56 specifies that allowances and emoluments constitute employment income "whatever their nature or characterisation". The tax authorities already apply this principle: an allowance is assessed by reference to its actual purpose, not its name. The clarification prepares for the 2031 deadline: a bonus labelled "expense allowance" but paid each month without any actual expenses constitutes salary.

PERSONAL INCOME TAX · RETURNS AND SECURITIES

4 Filing obligations of individuals: generalisation of electronic filing and transaction-by-transaction returns for disposals of securities not registered in an account

The Bill makes electronic filing of the global income return universal and requires each disposal of securities and other equity and debt instruments not registered in an account with authorised financial intermediaries to be declared, and the tax paid, within the following month. It also introduces, for the year 2027 only, an integration scheme for taxpayers who register for the first time.

Global income return: generalisation of electronic filing, without transitional measures

Currently, an employee or retiree may send the global income return by registered letter or hand it in against a receipt; electronic filing is mandatory for businesses. The Bill makes electronic filing mandatory for all filers under Article 82, including employees and retirees. No transitional measure is provided: the rule would apply to returns filed in 2027 in respect of 2026 income, before 1 March for non-business income and before 1 May for business income determined under the actual or simplified net profit regime. The provision setting 1 July 2027 as the effective date of the import advance does cite Article 82-I, but only for its provisions "relating to the advance": the electronic filing obligation therefore falls under the general date of 1 January 2027.

Securities not registered in an account: return and payment for each disposal

Current law	Payment within thirty days of each disposal, with the annual summary return still due before 1 April of the following year.
2027 Bill	Return and payment for each disposal "within the month following the month in which the disposal took place", on the model of the withholding made by financial intermediaries on book-entry securities.

EXAMPLE: DISPOSAL OF COMPANY SHARES ON 20 MARCH 2027

2026 rule: payment by 19 April 2027 at the latest, summary return before 1 April 2028.

Bill: return and payment by 30 April 2027 at the latest, the return being accompanied by documents supporting the disposal and acquisition prices.

The tax remains due on the net gain for the year, and the MAD 30,000 exemption threshold for disposals remains annual. Where the payments made during the year exceed the tax on the annual net gain, for example because a later disposal generated a loss, the excess is repaid on an annual application, using a form prescribed by the tax authorities.

INTERPRETATION ISSUE: CONTRIBUTION OF SECURITIES TO A HOLDING COMPANY

The return for a contribution of securities to a holding company becomes electronic, still within sixty days of the deed. Its effective date links it to "transactions involving the disposal of securities" carried out from 1 January 2027, whereas the Code distinguishes a contribution from a disposal. The enacted text or the implementing administrative circular would usefully specify whether the rule covers contributions made from that date or returns filed from that date, which may relate to contributions made at the end of 2026.

Voluntary identification: an integration scheme limited to the year 2027

An individual who already carries on an activity without being identified and who registers for business tax from 1 January 2027 would be taxed only on income earned and transactions carried out from that date, for the year 2027 only. For traders and craftsmen operating without a tax identification number, the year 2027 thus offers an opportunity for regularisation.

CORPORATE INCOME TAX

5 IS: application of the 40% rate to the main operators in the hydrocarbons sector

Companies engaged in the import or distribution of hydrocarbons whose net profit reaches MAD 100 million would be taxed at 40%, like banks and insurance companies, instead of 35% at present. The measure applies to financial years opened on or after 1 January 2027, and the provisional instalments for those years are already calculated at 40%.

CURRENT LAW (2026 CGI)

20% as a general rule; 35% from MAD 100 million of net profit; 40% for credit institutions, Bank Al-Maghrib, the CDG and insurance companies.

A return to 20% requires three consecutive financial years below the threshold, unless the threshold was reached solely through non-recurring income from disposals of fixed assets: the 35% rate then applies to that financial year only.

BILL (FINANCIAL YEARS OPENED FROM 2027)

40% for "companies carrying on the activities of importing or distributing hydrocarbons", as defined by dahir having force of law No. 1-72-255 of 22 February 1973, whose net profit reaches MAD 100 million.

The Government justifies the measure by the regulated nature of these activities, which are carried on in a monopoly or oligopoly situation.

Scope

The Bill refers to dahir having force of law No. 1-72-255 of 22 February 1973, as amended by Law No. 67-15 of 2016, which, under its Article 6, enters into force "from the date of publication in the Official Gazette of the texts adopted for its application". Decree No. 2-23-962, adopted to apply several of the articles that this law added to the dahir, was published in the Official Gazette of 22 February 2024: that law's definitions thus appear applicable since that date.

Under those definitions, a hydrocarbon is "crude oil in all its forms, natural gas, semi-finished petroleum products, base oils for the manufacture of lubricating oils and refined hydrocarbons". Import is the introduction onto the national market of liquid petroleum products and natural gas motor fuel with a view to their sale to distributors, and of liquefied petroleum gas with a view to its sale to filling centres. Distribution covers the domestic sale of these products "wholesale or retail".

The measure thus covers, at the very least, importers and distributors of motor fuels, fuel oil, butane, propane and natural gas motor fuel. The 1973 wording would lead to essentially the same result, since it already included among refined hydrocarbons "liquid or gaseous petroleum products derived from crude oil and natural gas".

WORKED EXAMPLE: DISTRIBUTOR WITH A NET PROFIT OF MAD 150 MILLION

Calculation: 2026 IS: 150 × 35% = MAD 52.5 million. 2027 IS: 150 × 40% = MAD 60 million, i.e. MAD 7.5 million more. The 5% social solidarity contribution (profits of at least MAD 40 million, years 2022 to 2028) adds MAD 7.5 million in both years, its base being assumed equal to the profit.

Result: the total charge rises from MAD 60 million to MAD 67.5 million, i.e. 45% of the profit. The four provisional instalments for 2027 are calculated at 40% on the 2026 profit, i.e. MAD 15 million each instead of MAD 13.125 million, for an identical 2026 profit.

INTERPRETATION ISSUE: FOUR UNCERTAINTIES IN THE NEW RATE

Overlap. The 35% rate does not exclude these companies, and the text does not organise how the two rates interact. The stated intention to move from 35% to 40% argues for the precedence of the 40% rate.

Exit from the threshold. The 40% rate has neither the three-year rule nor the exception for income from disposals. Below MAD 100 million, a return to the 35% rate, then the three-year rule, would be the most natural solution, but is not written.

Mixed activities. The rate refers to the company, not to the activity: on a literal reading, a company for which the distribution of hydrocarbons is only one line of business would be taxed at 40% on its entire profit.

Lubricants. The Bill refers to "hydrocarbons as defined" by the dahir, a definition that includes base oils for the manufacture of lubricating oils, but the import and distribution defined by the same dahir cover only liquid petroleum products, natural gas motor fuel and liquefied petroleum gas: the position of importers and distributors of lubricants therefore remains open.

These four points would merit clarification at the time of the vote or in the implementing administrative circular.

CORPORATE INCOME TAX (CONTINUED)

6 Taxable profit: relaxation of the treatment of subsidies and of payments by bank deposit

Two measures ease the computation of taxable profit. A subsidy financing a non-depreciable asset other than land may be spread over ten financial years. A cash deposit into the supplier's bank account becomes an accepted method of payment for the deduction of expenses and of VAT.

Investment subsidies: extension of the spreading over ten financial years

CURRENT LAW

The subsidy is taxed in the year of receipt. The company may spread it over the depreciation period of the asset financed or, where it finances land, over ten financial years. Allocated to another non-depreciable asset, such as goodwill, it is taxed in full, since there is no depreciation.

BILL (SUBSIDIES RECEIVED FROM 2027)

The spreading over ten financial years also applies to a subsidy allocated to "the acquisition of other non-depreciable fixed assets". The Government cites goodwill; leasehold rights could be another example.

WORKED EXAMPLE: SUBSIDY OF MAD 2 MILLION FOR THE ACQUISITION OF GOODWILL

Assumptions: subsidy received in 2027, company taxed at 20%.

Calculation: current rule: MAD 2,000,000 taxed in 2027, i.e. MAD 400,000 of IS. Bill: MAD 200,000 per financial year for ten financial years, i.e. MAD 40,000 of IS a year, each fraction of a financial year counting as a full financial year.

Result: the total tax is identical, but its payment is spread over ten years instead of falling due in the year in which the company pays the price of the goodwill.

INTERPRETATION ISSUE: THE INVESTMENT PROJECT CONDITION

For land, the text requires the subsidy to finance "the carrying out of investment projects". The sentence does not specify whether this condition also applies to other non-depreciable fixed assets. The most prudent reading regards it as common to both cases; the implementing administrative circular could usefully remove this doubt.

Bank deposit: accepted for the deduction of expenses and of VAT

Currently, an expense settled other than by non-endorsable crossed cheque, bill of exchange, magnetic means of payment, transfer, electronic process or set-off is deductible only up to MAD 5,000 per day and per supplier, without exceeding MAD 50,000 per month. The same rule limits the deduction of VAT. Payment of cash into the supplier's bank account is not on the list. The Bill adds it to both articles.

It thus aligns IS and VAT with the 6% fine under Article 193 and the 2% additional duty on deeds, which already accept bank deposits. For IS purposes, the Bill also extends the exception for live animals and unprocessed agricultural products to both paragraphs of the rule, including the one that disallows depreciation of a fixed asset paid for in cash.

CORPORATE INCOME TAX AND PERSONAL INCOME TAX

7 Imports: introduction of a 5% tax advance collected at customs

From 1 July 2027, a company or trader importing goods intended for resale in their original state would pay at customs, on each import, an advance of 5% of the customs value, on account of the IS or IR for the financial year. The advance is credited against the tax for the financial year.

Main features of the scheme

- **Scope.** Any import of goods intended for resale in their original state, by a company subject to IS or a trader subject to IR.
- **Exclusions.** Imports of capital goods and imports carried out under a customs economic procedure: customs warehouse, free industrial warehouse, temporary admission for inward processing, temporary admission, temporary export for outward processing, temporary export for outward processing with standard exchange, temporary export, transit, processing under customs control and drawback.
- **Duration.** Sixty months from the first import transaction. Thereafter, the advance applies only to an importer that does not present to customs a tax compliance certificate less than six months old.
- **Base.** 5% of the customs value used, or that would be used, for customs duties. The advance is collected by the customs collector on behalf of the tax administration; its assessment, the penalties for offences, enforcement proceedings and litigation are governed by the rules of the Customs and Indirect Taxes Code applicable to customs duties.

COMPANY SUBJECT TO IS

The advances for the financial year are credited against the provisional instalments, then against the balance of IS for the financial year, "with a right to repayment". No repayment procedure is provided.

TRADER SUBJECT TO IR

The advances are credited against the minimum tax, then against IR. The balance is repaid automatically on the basis of the global income return, which must state the advances paid.

WORKED EXAMPLE: LOW-MARGIN IMPORTING TRADER

Assumptions: imports of MAD 10,000,000 a year in customs value, turnover of MAD 11,500,000 excluding VAT, taxable profit of MAD 345,000 (3% of turnover), IS at 20% = MAD 69,000, higher than the minimum tax.

Calculation: advance of 5% × 10,000,000 = MAD 500,000 a year. Credit against IS for the financial year: MAD 69,000. Excess: 500,000 − 69,000 = MAD 431,000 a year.

Result: the annual excess of MAD 431,000 gives rise to a right to repayment, under a procedure and within a time limit that the Bill does not specify. If no repayment were made during the period, the cumulative exposure in the example would reach MAD 2,155,000 after five full years. The advance is absorbed by the tax for the financial year only if taxable profit reaches 25% of the customs value imported (at the 20% rate).

IMPORT ADVANCE (CONTINUED)

The Government presents the advance as a means of integrating the informal sector and broadening the tax base. The tax compliance certificate is its lever: an importer that files its returns and pays its taxes is released from the advance after sixty months. For a compliant but low-profit importer, the cash-flow burden over these five years will depend on how quickly the excess advance is repaid to it.

INTERPRETATION ISSUE: REPAYMENT OF THE IS ADVANCE

For IR, the Bill creates an automatic repayment. For IS, it states “with a right to repayment” without saying who triggers it, when, or within what time limit. Yet the general rule, which is unchanged, credits excess tax paid against the instalments for subsequent financial years, and the tax authorities refuse any repayment while the business is still operating.

How this right interacts with the general rule and the manner of its implementation, which the Bill organises for IR only, together with the time limit for repayment, which it sets for neither tax, would merit clarification during the parliamentary debate or, failing that, in the implementing administrative circular.

INTERPRETATION ISSUE: THE STARTING POINT OF THE SIXTY MONTHS

The sixty months run “from the date of the first import transaction”, without stating whether that transaction may predate 1 July 2027. Read as the first import ever made by the business, the rule would immediately exempt an importer established for more than five years that produces its certificate. Read as the first import subject to the advance, it would apply to all importers until June 2032.

For importing businesses, this is the point whose clarification matters most, during the parliamentary debate or, failing that, in the implementing administrative circular.

INTERPRETATION ISSUE: CAPITAL GOODS AND MINIMUM TAX

Capital goods are not defined for IS purposes. Does an importer that resells machinery to its customers in its original state import capital goods? The exclusion may turn on the nature of the goods or on their intended use by the importer; in the latter case, the resale of equipment would remain within the scope of the advance. Furthermore, the IS text does not mention the minimum tax, whereas the IR text credits the advance against it first. For IS purposes, the minimum tax is not a separate tax but the amount below which the tax due cannot fall, which argues for crediting the advance against the tax due, including where that tax is equal to the minimum tax; the silence of the IS text nevertheless leaves room for the contrary reading. These two points would benefit from clarification in the implementing administrative circular.

VALUE ADDED TAX

8 VAT: an optional margin scheme for property dealers

For sales made from 1 July 2027, a dealer in built property could opt for VAT, calculated on its margin at the rate of 20%, with deduction only of the VAT on its renovation works. The option presupposes that, without it, these sales are outside the scope; it would reduce the property dealer's tax burden only for a loss-making transaction.

Current law: an uncertainty that the Bill reduces

No article of the Code names the sale of a built property by a property dealer: the list of taxable transactions covers construction works, land subdivision and property development, not purchase for resale. The tax authorities nevertheless wrote in 2018, in an isolated reply to the Ordre des Experts-Comptables, that "purchase and sale transactions in buildings carried out on a professional basis are subject to VAT under the ordinary rules". The explanatory memorandum states the opposite: resale by a property dealer would be outside the scope of VAT, and the VAT paid on works would become a cost. The introduction of the option supports the out-of-scope characterisation of the mere activity of buying and reselling built property, subject to the actual characterisation of the transactions carried out: the Bill does not expressly declare sales without the option to be outside the scope, and a transaction falling within construction works or property development would remain taxable on that basis, which the administrative circular could clarify. For sales made before 1 July 2027, the Bill is silent, and the 2018 reply remains the only written position of the tax authorities.

Conditions of the option and tax base

- **Who.** Persons who carry out, "on a commercial basis, transactions involving the purchase of built property with a view to its resale in its original state or after restoration, renovation or refurbishment". Bare land and buildings received by gift or inheritance are not included.
- **Option.** Application on a prescribed form, effective thirty days after filing, maintained for at least three consecutive years, on all or part of the sales (common rules of Article 90).
- **Base.** Margin including all taxes: sale price less the purchase price and acquisition costs (registration and stamp duties, land registry fees, brokerage, deed costs). Since the margin is calculated inclusive of tax, the VAT due represents, on our calculation, 20/120 of it.
- **Deduction.** The VAT on restoration, renovation or refurbishment works. Never the VAT on the acquisition.
- **Invoice.** The statement "Taxation under the margin scheme" and a reference to Article 125 sexies.

IN MAD	A. HEAVY RENOVATION, LOSS-MAKING	B. LIGHT REFURBISHMENT, PROFITABLE
Purchase price	2,000,000	2,000,000
Acquisition costs	160,000	180,000
Works excluding VAT (20% VAT)	1,200,000 (240,000)	500,000 (100,000)
Sale price	3,400,000	3,200,000
VAT-inclusive margin = sale − (purchase + costs)	1,240,000	1,020,000
VAT on the margin (× 20/120)	206,667	170,000
VAT borne with the option	**206,667, with a credit of 33,333 to be offset**	**170,000 (70,000 payable)**
VAT borne without the option (works)	240,000	100,000
Effect of the option	**Saving of 33,333 if the credit is offset**	**Cost of 70,000**

Sale price identical with or without the option, the sale without the option being assumed to be outside the scope. Firm's calculation: the option is worthwhile where the VAT on works exceeds one sixth of the VAT-inclusive margin, that is to say where the VAT-inclusive margin is less than 1.2 times the works excluding VAT, which is characteristic of a loss-making transaction.

PROPERTY DEALERS (CONTINUED)

Case A, a loss-making transaction, illustrates the only situation in which the option is advantageous: the VAT on works, lost without the option, exceeds the VAT due on the margin, and the loss is reduced from MAD 200,000 to MAD 166,667. Case B shows its cost: for a profitable transaction, the option amounts to subjecting to the 20% rate a margin that an out-of-scope sale does not tax, and the result falls from MAD 420,000 to MAD 350,000. Since the option may cover part of the sales, the property dealer may reserve it for loss-making transactions.

INTERPRETATION ISSUE: FOUR GAPS IN THE MARGIN SCHEME

Negative margin. The second-hand goods scheme allows a trader who cannot identify individual margins to aggregate them by month or by quarter, any excess of purchases being carried forward to the following period. The new scheme calculates the margin sale by sale and is silent on sales at a loss, which would give a nil base with no carry-forward.

VAT credit. No refund case covers it: as the text stands, the credit in case A could only be offset against subsequent sales.

Purchaser. The second-hand goods scheme specifies that the tax on the margin does not give rise to a right of deduction for the purchaser. The new scheme is silent, whereas a company buying offices from a property dealer will want to deduct it. The parallel with the second-hand goods scheme, on which the new scheme is modelled, argues against deduction; the silence of the text allows the contrary reading.

Date of the option. The option and the margin scheme apply to sales made from 1 July 2027, without the text stating whether the application may be filed earlier. If it may, an application filed no later than 31 May 2027 would take effect thirty days later and would cover July sales.

These four points would merit clarification during the parliamentary debate or, failing that, in the implementing administrative circular.

9 VAT: sand, live animals and withholding tax

Three measures change the treatment of specific products or credits: sand is no longer subject to the 20% rate, four animal species and their meat are exempt on import on a permanent basis, and the credit arising from VAT withholding tax gives rise to repayment.

Sand: exemption without right of deduction

Sand, currently taxable at 20%, would be exempt without right of deduction: the VAT on the seller's diesel, machinery and transport would become a cost. A quarry operator that also sells gravel, which remains taxable, will deduct the VAT on its common expenses according to the pro rata calculated at the end of 2026 on sand sales that were still taxable, then, from 2028, according to the 2027 pro rata, which will include exempt sand sales. For fixed assets acquired during the five preceding years, each year in which the pro rata falls more than five percentage points below the initial pro rata requires the taxpayer to pay back one fifth of the difference between the deduction made and the deduction resulting from the new pro rata. The Bill does not settle the treatment of sand delivered and invoiced in 2026 but paid for in 2027, although VAT is chargeable on receipt of payment. When rates changed in 2014, the tax authorities maintained, for sums received after the change, the regime in force on the invoice date; transposed, this doctrine would lead to taxation at 20% being maintained, but its application to the 2027 exemption is not settled and would benefit from clarification in the implementing administrative circular. Imported sand remains taxed at 20%, since the import exemption is not extended to it. The Government cites fraud in a largely informal sector. The word “sand” is not defined: quarry sand, crushed sand and dredged sand all appear to be covered.

WORKED EXAMPLE: QUARRY OPERATOR SELLING MAD 5 MILLION OF SAND A YEAR

Assumptions: sales of MAD 5,000,000 excluding VAT, input VAT of MAD 250,000 (diesel, machinery maintenance, transport).

Calculation: currently, VAT invoiced of MAD 1,000,000, VAT deducted of MAD 250,000, net payment of MAD 750,000: the tax is neutral for the quarry operator. Under the Bill, no VAT is invoiced and the MAD 250,000 of input VAT becomes a cost, i.e. 5% of turnover.

Result: at an unchanged price, the quarry operator's margin falls by MAD 250,000. If it passes this cost on (MAD 5,250,000), a purchaser not subject to VAT bears MAD 750,000 less than at present (MAD 6,000,000 including VAT), but a construction company or concrete manufacturer that used to deduct VAT bears MAD 250,000 more.

VALUE ADDED TAX (CONTINUED)

Imported live animals and meat: exemption made permanent

The Bill exempts on import, without quota and without time limit, "live domestic animals of the bovine, ovine, caprine and camelid species, as well as fresh, chilled or frozen meat and offal of those species". It takes over from the temporary 2026 exemption. The exemption is not added to the list of exemptions that require a prior formality: it applies directly at customs clearance.

Current law	Exemption until 31 December 2026, limited to cattle (300,000 head) and camelids (10,000 head); sheep, goats and meat are not included.
2027 Bill	Permanent exemption, without quota, for the four species and their meat. For these species, it renders redundant the exemption for purebred animals, which remains useful for equines and ostriches, as well as the exemption for frozen meat imported by the Royal Armed Forces.

VAT withholding tax: repayment replaces the refund of the credit

Currently, the purchaser withholds the VAT of two categories of suppliers. A taxable purchaser withholds all of the VAT due by suppliers of capital goods and works that do not present a tax compliance certificate to it. The VAT due by certain service providers is withheld at 75%: by public bodies, for services under public procurement contracts for services and those in list A annexed to Decree No. 2-06-574; by taxable businesses paying service providers who are individuals and, since the Finance Law for 2026, by credit institutions, insurance companies and businesses whose turnover reaches MAD 500 million (MAD 350 million in 2027, MAD 200 million from 2028) paying service providers that are legal entities, for the services in list B annexed to the same decree; in these last two cases, the withholding rises to 100% in the absence of a certificate. A supplier whose VAT has been withheld may find itself in a credit position. This credit is currently refundable in the same way as an export credit, within three months, and the tax authorities already treat it as a repayment.

CURRENT LAW

Refund on a quarterly application, paid within three months of filing, up to the amount of VAT withheld.

BILL

The refund case is repealed: "the excess not offset is repaid to the supplier on request", the request being filed after the quarter in which the excess arises. The amount claimed is cancelled on the following return.

INTERPRETATION ISSUE: NEITHER TIME LIMIT NOR TRANSITION

The repayment has no time limit for payment, whereas the refund was subject to a three-month time limit. Nor is anything said about refund applications pending on 1 January 2027, which it would be consistent to keep subject to the current procedure and its time limit. The time limit for repayment and the treatment of pending applications would merit clarification in the enacted text or in the implementing administrative circular.

REGISTRATION DUTIES AND STAMP DUTY

10 Registration and stamp duty: regularisation of old deeds and increase in the rates applicable to high-end vehicles

The Bill allows a deed whose duties are time-barred to be registered at the rate in force on the date of the formality, without penalty or surcharge, and generalises the registration certificate. It increases by one fifth the stamp duty on the first registration of vehicles worth at least MAD 400,000 excluding VAT.

Time-barred deeds: registration at the rates in force, without penalty

The tax authorities can no longer claim the duties on an unregistered deed once ten years have elapsed from its date. However, a party wishing to have such a deed registered, in order to rely on it against a third party or to present it to the land registry, does not currently know at what rate and with what penalties. The tax authorities have ruled on the matter only once, in a reply published in 2025 to a notary instructed to draft the deed of sale of dwellings that the purchaser had occupied since 2012 without a deed or declaration: they stated that this deed "remains subject to the registration formality at the proportional rate under the ordinary rules", without ruling on penalties.

The Bill settles the question: a time-barred deed for which a party requests registration bears the proportional or fixed duties "in force on the date on which the registration formality is completed", without the penalty or the late-payment surcharges. The Government sees this as a means of encouraging the regularisation of old deeds.

WORKED EXAMPLE: PRIVATE SALE AGREEMENT MORE THAN TEN YEARS OLD

Assumptions: duties of MAD 40,000 at the rate in force at the time of the formality, approximately 120 months late.

Calculation: late-filing sanctions excluded by the text: 15% surcharge for late filing, 10% penalty and 5% surcharge for the first month, then 0.50% per month for 119 months, i.e. 15 + 10 + 5 + 59.5 = 89.5% of the duties.

Result: the party pays MAD 40,000 instead of the MAD 75,800 that a calculation of sanctions over the entire period of delay would have produced.

INTERPRETATION ISSUE: RATES, MINIMUMS AND STAMP DUTY

The text refers to the "rates" of three paragraphs, one of which sets only minimum collection amounts, without stating whether the cross-reference also covers these minimums. It is silent on stamp duty, which the same ten-year limitation period extinguishes: an old deed subject to stamp duty could remain exposed to the sanctions specific to that duty. No specific date is set: the rule falls under the general date of 1 January 2027, which most likely covers formalities completed from that date. These points would merit clarification in the implementing administrative circular.

Generalisation of the registration certificate

Currently, a deed presented to the land registry must be accompanied by a registration certificate bearing a QR code. The Bill provides for this certificate to be issued for every deed registered from 1 January 2027, as proof of the formality and of payment of the duties. The two texts would coexist without either referring to the other.

REGISTRATION DUTIES AND STAMP DUTY (CONTINUED)

Stamp duty on first registration: one-fifth increase in the rates

The proportional stamp duty levied on the first registration of a vehicle acquired in Morocco, or on its customs clearance if it is imported by a person other than an authorised dealer, is increased by one fifth in each bracket from 1 January 2027. The Bill replaces only the table of rates and leaves the remainder of the article "unchanged": the brackets are unchanged, and vehicles with an electric engine or a hybrid engine (electric and combustion) remain excluded from this duty, as do vehicles of more than 3,000 kg, with the exception of four-wheel-drive vehicles. These electric and hybrid vehicles also remain exempt from the special annual vehicle tax, which the Bill supplements without amending this exemption.

VEHICLE VALUE EXCLUDING VAT	2026	2027 BILL	DUTY FOR A VEHICLE IN THE MIDDLE OF THE BRACKET
MAD 400,000 to 600,000	5%	6%	500,000: 25,000 → 30,000
MAD 600,001 to 800,000	10%	12%	700,000: 70,000 → 84,000
MAD 800,001 to 1,000,000	15%	18%	900,000: 135,000 → 162,000
Over MAD 1,000,000	20%	24%	1,200,000: 240,000 → 288,000

The rate of the bracket applies to the entire value of the vehicle: in the tax authorities' example, 750,000 × 10% = MAD 75,000, which would become MAD 90,000.

The scale retains a marked threshold effect, which the increase accentuates: a vehicle of MAD 600,000 would bear duty of MAD 36,000, and a vehicle of MAD 600,001 duty of approximately MAD 72,000 (600,001 × 12%). In its table of proposed rates, the explanatory memorandum reproduces the current rates of 5% to 20%: this is a clerical error, as the text of the Bill does set rates of 6%, 12%, 18% and 24%.

INTERPRETATION ISSUE: THE 2027 TRIGGERING EVENT

The effective date provision merely states "from 1 January 2027", whereas the Code refers to first registration or customs clearance. When this duty came into force, the tax authorities took the date of filing of the application for first registration, even for a vehicle delivered or imported earlier. Transposed, this solution would subject to the new rate applications for first registration filed and customs clearances carried out from 1 January 2027, even for a vehicle delivered before that date. The triggering event adopted for 2027 would merit clarification in the implementing administrative circular.

TAX PROCEDURES

11 Procedures: jurisdiction of the commissions, withholding taxes and ex officio assessment

The Bill allocates the jurisdiction of the commissions according to the place where the property is located or the registered office of the company concerned, introduces a response period before the reassessment of a withholding tax, and extends ex officio assessment to employers' returns and to new withholding taxes. Tax withheld and declared but not paid over is, by contrast, excluded from this procedure: it is issued for collection directly.

Commissions: jurisdiction of the place where the property is located

DISPUTE	CURRENT LAW	BILL (APPEALS LODGED FROM 2027)
Real property gains on buildings, real rights or shares in transparent real estate companies, and duties on deeds relating to such property or to goodwill	Local tax commission of the taxpayer's registered office, principal establishment or tax domicile	Local tax commission of the place where the property is located
Real property gains on shares in unlisted real-estate-rich companies, and duties on such deeds	Same rule	Local tax commission of the company's registered office or principal establishment
Gains on securities not subject to withholding by financial intermediaries	Regional tax commission of the taxpayer's registered office or principal establishment	Regional tax commission of the issuing company's registered office; tax domicile added to the general criteria
Capital gains on buildings and securities realised by non-resident companies without an establishment	No specific rule: the company has neither a registered office nor an establishment in Morocco	National appeals commission; accelerated reassessment procedure

These rules remedy a practical difficulty: the commission dealing with a real property gain was not always familiar with the local market for the property. Thus, from 2027, an appeal concerning land located in Agadir and sold by a taxpayer domiciled in Casablanca will fall within the jurisdiction of the Agadir local tax commission. The Bill also writes into the Code the reassessment procedure that the tax authorities have applied, since the Finance Law for 2026, to returns filed by non-resident companies.

Reassessment of withholding taxes: introduction of a thirty-day response period

Currently, the tax authorities notify the reassessment of a withholding tax by a simple information letter and issue the assessment immediately. The person responsible for the withholding can only file an administrative claim afterwards. The Bill invites that person to submit observations within thirty days of the notification; the assessment is issued only if there is no response or if the observations are rejected. The remedy remains the administrative claim, without recourse to the commissions. The withholding taxes concerned are those on dividends, on interest and sukuk income, on income and gains from securities withheld by financial intermediaries or of foreign source, on payments to non-residents, on property income, on payments to third parties and rents, and on foreign-source winnings from online games of chance.

TAX PROCEDURES (CONTINUED)

Ex officio assessment: extension to employers' returns and to new withholding taxes, exclusion of failure to pay over

Ex officio assessment is the procedure by which the tax authorities assess, on bases that they estimate themselves, a taxpayer who has not fulfilled its obligations. A first letter invites the taxpayer to file or complete its return, or to pay over the tax withheld, within thirty days. Failing this, a second letter informs the taxpayer of the bases estimated by the tax authorities and allows a further period of thirty days. On its expiry, the assessment is issued with the corresponding sanctions and may be challenged only by way of an administrative claim, without referral to the commissions. This procedure is therefore more stringent than the adversarial reassessment procedure. The Bill amends its scope on three points.

ITEM	CURRENT LAW (2026 CGI)	BILL
Persons concerned	The taxpayer	The taxpayer, the employer or the annuity payer, as the case may be
Failure to file	Taxable profit, global income, turnover, disposals of buildings and securities, foreign-source income, deeds, cessation of business, property income, payments to third parties and rents, online gaming winnings	The same returns, plus those for wages and salaries, pensions and other benefits paid in the form of capital or annuities, income from shares and company interests, income from fixed-income investments and sukuk income, and payments to non-residents; the return for disposals of securities becomes the return for gains on securities
Withholding taxes	Tax not withheld or not paid over to the Treasury: salaries and life annuities, payments to third parties and rents, property income paid by legal entities, foreign-source online gaming winnings	Tax not withheld only. The current withholding taxes are supplemented by VAT withholding tax, income from shares, income from fixed-income investments and sukuk income, gross income paid to non-residents, gains on securities withheld by financial intermediaries, and foreign-source income and gains from securities
Failure to file salary and pension returns	Separate procedure: 20% surcharge on the tax withheld or that should have been withheld	Separate procedure repealed: ex officio assessment

For employers, the consequence is concrete. Currently, an employer that fails to file the annual return of wages and salaries incurs a 20% surcharge calculated on the tax withheld or that should have been withheld. Under the Bill, the tax authorities may, after the two letters, themselves estimate the remuneration paid and the corresponding tax, and assess the employer ex officio on that basis. The same applies to a company that distributes dividends, pays interest or remunerates a non-resident without filing the corresponding return.

The exclusion of failure to pay over is consistent: where the tax has been withheld and declared, its amount is known and there is nothing to estimate. The Government announces this direct collection, without a procedure: in the absence of spontaneous payment, the tax is issued for collection by means of a tax roll (a regularisation tax roll for salaries), or by a statement of receivables for VAT withheld at source, with the penalty and late-payment surcharges that the Code provides for failure to pay over withholding taxes. Tax withheld but not declared, by contrast, falls under ex officio assessment for failure to file, except VAT withheld at source, which gives rise to none of the returns covered by the procedure.

Other procedural measures

- The right to obtain information may be used for litigation and collection purposes, and no longer only for assessment and audit. The daily penalty of MAD 500, capped at MAD 50,000, sanctions failure to respond.
- The penalty specific to stamp duty for breach of the right to obtain information (MAD 100 and MAD 250, up to MAD 500 per day) is repealed in favour of this single daily penalty.
- Article 230, which duplicated the cross-reference made by Article 191-I to the procedure of Article 229, is repealed.
- The exception for live animals and agricultural products applies to all paragraphs of the 6% fine on cash payments, including the obligation to declare the purchaser in the case of a bank deposit.

2030 WORLD CUP REGIME

12 2030 World Cup: a time-limited exemption regime

The Bill creates a tax regime specific to the organisation of the 2030 World Cup, defined by category of entity and limited in time. It is in addition to the permanent regime for FIFA's representative offices in Morocco and to a customs regime provided for in the same Bill. The Government links it to the guarantees given during the bid.

ENTITIES	EXEMPTIONS	PERIOD
FIFA, the Delivery Entity, the Co-delivery Entities, FIFA subsidiaries (at least 50.1% of the capital or voting rights, or control)	IS and social solidarity contribution on all their activities; withholding taxes on the sums they receive; domestic VAT with right of deduction and import VAT; registration duties, stamp duty, taxes on vehicles, insurance and air tickets; exemptions granted irrespective of compliance with the arm's length principle and the transfer pricing rules; exemption from filing the tax return	1 January 2027 to 31 December 2032
Royal Moroccan Football Federation (Host Association), co-host associations and CONMEBOL hosts	The same taxes, for activities related to the competition and its events only	1 January 2027 to 31 December 2032
Confederations (AFC, CAF, CONCACAF, CONMEBOL, OFC, UEFA) and FIFA member associations	The same taxes, for activities related to the competition	1 January 2029 to 30 June 2031
Host broadcaster and FIFA service providers	Withholding taxes on the sums received from FIFA entities; domestic VAT with right of deduction on their competition-related services rendered to those entities, and on their purchases	1 January 2027 to 31 December 2031
FIFA contractors	Withholding tax on competition-related licence fees; import VAT (subject to re-export or donation), transport and licences	1 January 2027 to 31 December 2031
Individuals	IR on remuneration and allowances paid by entities with no registered office in Morocco to seconded persons, including match officials, who enter and leave Morocco between the sixtieth day before the first match and the sixtieth day after the final match, unless they have their tax domicile in Morocco; on sums paid to volunteers, whether resident or not; on remuneration, allowances, bonuses and prizes paid to non-resident players by FIFA or the member associations in connection with their participation in the competition	Remuneration and allowances earned from 2027 to 2031

The entities and persons covered by the regime may apply electronically for repayment of the taxes paid on exempt transactions, no later than 31 December of the financial year following the last financial year covered; the tax authorities decide within six months. An audit of financial years up to 2030 may not be initiated after 31 December 2031. The regime excludes these entities' transactions from VAT withholding tax and exempts non-residents from appointing a tax representative.

2030 WORLD CUP REGIME (CONTINUED)

The Legacy Fund: a permanent exemption

The Bill also exempts, without time limit, the Legacy Fund "that may be established by FIFA" to ensure a lasting social benefit from the competition: infrastructure, youth and women's football, the environment, child protection, public health and social programmes. The exemption covers IS, with the 100% allowance on dividends and the exemption of gains on disposals of securities, the withholding taxes on interest and sukuk income paid to the Fund, VAT, registration and stamp duties, the vehicle tax and the tax on insurance contracts. Being permanently exempt from IS, the Fund also escapes the social solidarity contribution.

Practical implications for businesses

- **Moroccan FIFA service provider.** If it appears on the list of service providers drawn up by FIFA, it invoices its competition-related services rendered to FIFA entities exempt from VAT, with right of deduction. It will be in a VAT credit position, refundable under the export procedure, which the Bill extends to this regime.
- **Moroccan customer paying a FIFA contractor.** It does not apply withholding tax on competition-related licence fees for use in Morocco.
- **Company leasing or selling to a FIFA entity.** It does not apply VAT withholding on its transactions with these entities, and need not require their tax compliance certificate.

INTERPRETATION ISSUE: FOUR POINTS TO BE CLARIFIED

Dates. The confederations and member associations are exempt from customs duties from 2027 to 2032, but from import VAT and domestic taxes only from 1 January 2029 to 30 June 2031.

Minimum tax. The regime does not mention it. For permanently exempt entities, the tax authorities derive the exemption from minimum tax from the IS exemption; these entities, however, are only temporarily exempt. The exemption of all the activities of FIFA and its entities and the release from filing the tax return during the exemption period argue for the absence of minimum tax; the temporary nature of the exemption allows the contrary reading.

Dual regime. FIFA, as defined in the new regime, includes "any branch, Entity or office established by FIFA in Morocco", and therefore also the representative offices covered by the permanent regime. No priority rule is laid down: each of the two regimes may be read as applying on its own terms, the representative office then being able to rely on both, or the temporary regime, being more specific, as excluding the permanent regime for its duration.

Undated paragraphs. The transfer pricing clause, repayment, the audit time limit, the filing exemption and the exemption from appointing a tax representative have no specific effective date: they fall under the general date of 1 January 2027.

These points would merit clarification during the parliamentary debate or, failing that, in the implementing administrative circular.

13 Interpretation issues, in order of significance

Fourteen uncertainties in the text would merit resolution during the parliamentary debate or, failing that, in the implementing administrative circular. The table ranks them according to their significance for businesses and indicates, for each, the clarification that would remove the uncertainty.

MEASURE	UNCERTAINTY	CLARIFICATION SOUGHT
5% advance (IS)	Right to repayment without procedure or time limit	Procedure for repaying the excess, provided for IR only, and time limit for repayment
5% advance	Starting point of the sixty months not dated	First import made by the business or first import subject to the advance
5% advance (IS)	Capital goods not defined; minimum tax not mentioned	Criterion for the exclusion (nature or intended use of the goods); credit against tax equal to the minimum tax
Allowances (2031)	Exemption rewritten, from which all employees appear to be excluded	Possibility of preferring the reimbursement of actual expenses to the standard deduction
IS at 40%	Overlap with the 35% rate, no exit rule, mixed activities, lubricants	Interaction of the 35% and 40% rates and exit from the threshold; treatment of mixed activities and lubricants
Property dealers' margin	Sales without the option, negative margin, non-refundable credit, deduction by the purchaser, date of the option	Characterisation of sales without the option; negative margin, treatment of the credit, deduction by the purchaser, filing of the option before July 2027
IR scales	Income “earned” or “received” not specified	Allocation of income to each period
Repayment of VAT withheld	Neither time limit for payment nor transition	Time limit for repayment; treatment of pending refund applications
Sand	Sales invoiced in 2026 and paid for in 2027	Regime applicable to these receipts
Time-barred deeds	Minimum collection amounts referred to as rates; stamp duty not covered	Application of the minimums; treatment of stamp duty
Vehicle stamp duty	Triggering event not specified	Date adopted: filing of the registration application, customs clearance or delivery
Subsidies	Ambiguous investment project condition	Scope of the condition for other non-depreciable assets
Contribution of securities	Effective date linked to disposals	Application to contributions made, or to returns filed, from 1 January 2027
World Cup	Dates for the confederations, minimum tax, dual regime, undated paragraphs	Consistency of the dates; minimum tax; interaction of the two regimes; date of the undated paragraphs

14 Effective dates: four milestones, from January 2027 to January 2031

Most measures apply from 1 January 2027, but the Bill sets a specific date for fourteen groups of articles. Two measures enter into force only on 1 July 2027, and two others take full effect only in 2031. The table groups the measures by milestone.

MEASURE	TRANSACTIONS CONCERNED
1 JANUARY 2027	
Transitional IR scale for 2027	2027 income (see Part 2)
Professional expenses at 45%	Income earned from that date
IS at 40% for hydrocarbons operators	Financial years opened from that date, and their instalments
Ten-year spreading of subsidies financing a non-depreciable asset	Subsidies received from that date
Return and payment for each disposal of securities not registered in an account, annual repayment, contribution to a holding company	Disposals made from that date (contributions: see Part 4)
Registration certificate, Legacy Fund exemptions from registration duties	Deeds registered from that date
Other Legacy Fund exemptions (IS, withholding taxes, stamp duty, vehicle and insurance taxes)	From that date, without further detail
Jurisdiction of the local and regional tax commissions	Appeals lodged from that date
Right of response in withholding tax matters, extended ex officio assessment	Procedures initiated from that date
Stamp duty on high-end vehicles	From that date (see Part 10)
Repeals: Article 230, separate procedure for salary returns, stamp duty penalty relating to the right to obtain information	Repeal from that date
All other measures, including referral to the national appeals commission for non-resident companies	Introductory wording of Article 7 (see the box below)
1 JULY 2027	
5% import advance (IS and IR)	Imports made from that date
VAT on the margin of property dealers	Sales made from that date
2027 TO 2032	
2030 World Cup regime	Periods specific to each category of entity (Part 12)
1 JANUARY 2031	
Final IR scale, abolition of the combination of professional expenses and exempt allowances	Income earned from that date (for allowances)

INTERPRETATION ISSUE: MEASURES WITHOUT A SPECIFIC DATE

For a measure without its own date, the introductory wording of Article 7 sets only 1 January 2027, without designating the event to which that date attaches: payment of the expense or purchase (bank deposit), the formality (time-barred deeds), filing of the return (electronic filing), invoicing or receipt of payment (sand), the import (live animals), filing of the application (VAT repayment). The implementing administrative circular should specify, measure by measure, the event adopted.

Limitations of this note

This note analyses the French version of the Bill tabled in the House of Representatives, in the light of the 2026 CGI and the texts in force on 26 October 2026; the text may be amended until its adoption, and only the Arabic version published in the Official Gazette will be authoritative. The explanatory memorandum was consulted only to shed light on the Government's intent. The worked examples are based on fictitious data, and no guarantee is given as to the position that the tax authorities will take or as to the assessment of the courts. The interpretation issues flag the points that the Bill leaves open and the readings they admit; they prejudge neither the final wording nor the doctrine that the tax authorities will lay down. The texts and the administrative doctrine on which the analysis is based are available at the firm. Quotations from the Finance Bill and the General Tax Code are the firm's translations; only the Arabic text published in the Official Gazette is authoritative.

Our firm: expertise, values and commitment

Upsilon Consulting is a leading accounting, audit and advisory firm, solidly established at the heart of the Moroccan economic landscape, in Casablanca. We are proud to be a member of the Ordre des Experts-Comptables of Morocco, a guarantee of our commitment to the highest standards of the profession.

Since our creation, we have dedicated ourselves to supporting companies, from SMEs to large national and international groups, in achieving their strategic objectives by providing high value-added services. Our reputation is built on the quality of our work, our integrity, our independence and our ability to offer tailor-made solutions adapted to the specificities of each client and each sector of activity.

Upsilon Consulting has a multidisciplinary team of more than 40 experienced professionals, chartered accountants, auditors, consultants and legal experts, who combine their know-how to offer a complete range of services to a portfolio of more than 300 companies.

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Beyond mere compliance, our approach aims to provide our clients with constructive insights and operational recommendations that contribute to the continuous improvement of their organisation's performance. The analysis notes of the Tax practice are part of this approach: anticipating reforms and measuring their impact before they come into force.

The firm's partners

This note was prepared by the Tax team of Upsilon Consulting, under the supervision of Salaheddine YATIM. The partners are available to businesses to assess the impact of these measures on their situation.



Salaheddine YATIM

MANAGING PARTNER — QUALITY PARTNER

Chartered accountant and statutory auditor, founder of the firm. More than 20 years supporting multinational groups and SMEs in their tax operations, audits and structuring projects; supervision of the quality of all the firm's engagements.



Abdelhakim SOUDI

PARTNER — TECHNICAL PARTNER

Chartered accountant and statutory auditor. More than 15 years of experience in accounting, tax and audit, including numerous restructuring projects for foreign-owned companies; leads the technical production of the engagements.



Yassine BENJELLOUN TOUIMI

PARTNER

Financial planning, financial analysis and strategy: supports general and financial management teams in performance steering and investment decisions.