Getting ready for 2026: corporate tax and VAT reach their target rates on 1 January

Published on 17 November 2025 · Corporate tax · VAT · 3 min read

Online version: adyel-associes.com/en/tax-news/morocco-2026-target-rates-corporate-tax-vat/

Two reforms introduced by the 2023 and 2024 Finance Acts (Lois de Finances) come to an end on **1 January 2026**. Corporate income tax (IS) reaches its target rates, and the final stages of the VAT (TVA) rate reform take effect. Now is the time to update your forecasts, prices and system settings.

Corporate income tax: the end of a four-year timetable

The 2023 Finance Act replaced the progressive IS scale with flat rates that change each year until 2026. For financial years beginning on or after 1 January 2026:

Category	2025	2026
Net profit ≤ MAD 300,000	17.5%	**20%**
Profit from MAD 300,001 to MAD 1m	20%	**20%**
Profit from MAD 1m to less than MAD 100m	22.75%	**20%**
Profit ≥ MAD 100m	34%	**35%**
Credit institutions, insurers (and similar)	39.25%	**40%**

Remember that the rate applies to the **whole profit**, not band by band.

Who wins, who loses?

- **Small companies** (profit ≤ MAD 300,000): their rate, 10% in 2022, rises to 20%. On a profit of MAD 250,000, IS goes up from MAD 43,750 in 2025 to **MAD 50,000** in 2026.

- **Mid-sized SMEs** (profit between MAD 1m and MAD 100m): this is the category that gains. On a profit of MAD 5m, IS falls from MAD 1,137,500 in 2025 to **MAD 1,000,000**.
- **Large companies**: 35% above MAD 100m, with no smoothing. The threshold effect is sharp: a profit of MAD 99m bears MAD 19.8m of IS, while a profit of MAD 100m bears MAD 35m.

On top of these rates comes the **social solidarity contribution** on profits of 1 million dirhams (MAD) or more. It was due to apply only until 2025, but the draft 2026 Finance Bill would extend it until 2028 at the same rates.

2026 instalments

Provisional instalments are based on the previous year's tax. Businesses whose rate falls in 2026 risk overpaying in the early part of the year. The General Tax Code (CGI) allows them, subject to conditions and at their own risk, to reduce their instalments where the estimated tax for the year is lower. For small companies it works the other way: the last instalment and the balancing payment will be higher.

VAT: the final stages

The 2024 Finance Act provided for several rates to be gradually aligned on two main rates, 10% and 20%. On 1 January 2026:

Transaction	2025	2026
Electricity	18%	**20%**
Electricity meter rental	15%	**20%**
Urban and road transport of passengers and goods	12%	**10%**
Other transport (notably domestic air and sea)	18%	**20%**
Refined sugar	9%	**10%**

Your December checklist

1. **Update your 2026 IS forecasts** and cash flow budgets.
2. **Set up the new VAT rates** in your invoicing and till software before the first invoices of January.

3. **Review your current contracts**: subscriptions, multi-year contracts and published prices. The applicable rate is the one in force when the tax point occurs.
4. **Hauliers**: with VAT charged at 10% and purchases often taxed at 20%, you may build up a structural VAT credit. Look into the refund conditions set out in the CGI.
5. **Groups**: convergence at 20% makes some structures between companies of different sizes less attractive. It is a good opportunity to simplify.

The 2026 Finance Bill, still under debate

The draft 2026 Finance Bill is going through Parliament. It notably provides for withholding tax on business rents and an additional registration duty for untraceable payments. We will publish a summary as soon as it appears in the Official Gazette (*Bulletin officiel*).

Our accounting and tax teams can help you prepare your 2025 year-end and your 2026 budget. To discuss it, contact us.

Sources

- Loi de finances n° 50-22 pour l'année budgétaire 2023 (in French), article 6 (sgg.gov.ma) ; note circulaire n° 733 de la DGI (in French) (tax.gov.ma).
- Loi de finances n° 55-23 pour l'année budgétaire 2024 (in French), article 6 (sgg.gov.ma) ; note circulaire n° 735 de la DGI (in French) (tax.gov.ma).
- Code général des impôts, articles 19, 99, 247-XXXVII et 247-XXXXI (in French) (tax.gov.ma).

A question on this topic?

The Adyel & Associés teams in Casablanca support businesses and their directors with all their tax, accounting and payroll obligations. Let's talk about your situation.

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