Draft Finance Bill 2025: the income tax reform on the table

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The draft Finance Bill (Projet de Loi de Finances, PLF) for 2025, tabled in Parliament in October 2024, opens the third stage of the tax reform set out in framework law No. 69-19. After corporate income tax (IS) in 2023 and VAT (TVA) in 2024, it turns to **personal income tax (IR)**. It delivers the commitments of the social agreement of 29 April 2024.

The measures described here are those in the draft. Parliament may still amend them.

The proposed scale

Rate	2024 scale – annual net taxable income (MAD)	Proposed 2025 scale – annual net taxable income (MAD)
Exempt	0 to 30,000	0 to 40,000
10%	30,001 to 50,000	40,001 to 60,000
20%	50,001 to 60,000	60,001 to 80,000
30%	60,001 to 80,000	80,001 to 100,000
34%	80,001 to 180,000	100,001 to 180,000
Top marginal rate	38% above 180,000	37% above 180,000

The tax-free threshold rises from MAD 30,000 to MAD 40,000 of net taxable income a year, the middle bands are widened and the top marginal rate falls by one point.

Other measures for employees and pensioners

- **Dependants**: the tax reduction would rise from MAD 360 to MAD 500 per dependant per year, with the cap raised from MAD 2,160 to MAD 3,000 (six dependants).
- **Supplementary pensions**: the exemption for benefits paid under supplementary pension contracts whose contributions were not deducted would require a minimum contract term of eight years.

Rental income

The draft raises from MAD 30,000 to MAD 40,000 the threshold below which business tenants do not withhold tax on rent paid to individuals. It also introduces an **option for a 20% final tax** on rent subject to withholding, so this income no longer has to be declared.

A new category: "other income and gains"

The draft adds a sixth category of income to IR. It covers, among other things, income of unexplained origin assessed during a tax position review, winnings from foreign online gambling, and gains from profit-making transactions that fall into no other category.

For businesses

- **Passenger vehicles**: the cap on deductible depreciation would rise from MAD 300,000 to MAD 400,000 including tax per vehicle.
- **Group restructurings**: the ownership threshold for the tax-neutral regime for asset transfers would fall from 80% to two thirds.
- **Dividends**: the withholding tax rate would depend on the distribution date, rather than on the financial year in which the profit arose.
- **Settlement agreements**: agreements reached with the tax authorities during tax procedures would be given a legal framework.

A first estimate

An employee with net taxable income of MAD 60,000 a year currently pays 60,000 × 20% − 8,000 = MAD 4,000, before dependants. Under the proposed scale: 60,000 × 10% − 4,000 = **MAD 2,000**. The tax is halved, and the deduction for dependants also goes up.

Next steps

Both houses of Parliament are due to vote on the text before the end of the year. We will publish a summary of the final measures as soon as they appear in the *Bulletin officiel* (Official Gazette). In the meantime, our Payroll & HR team can model the effect of the new scale on your payroll costs and your employees' take-home pay. To discuss your situation, contact us.

Sources

- Projet de loi de finances n° 60-24 pour l'année budgétaire 2025 (in French), déposé à la Chambre des représentants en octobre 2024 (finances.gov.ma).
- Accord social tripartite du 29 avril 2024 (in French) (communiqué de la CGEM, cgem.ma).
- Code général des impôts, articles 57, 60, 73 et 74 (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.

+212 522 261 454 · info@adyel-associes.com · Contact us