Finance Act 2024 published in the Official Gazette: the key tax measures

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Finance Act (Loi de Finances) No. 55-23 for the 2024 budget year was enacted by Dahir No. 1-23-91 of 14 December 2023. It was published in Official Gazette (*Bulletin officiel*) No. 7259 bis of 25 December 2023. As announced in October, its centrepiece is the VAT (TVA) reform. But several procedural measures deserve just as much attention.

1. VAT reformed over three years

The law sets a path over 2024–2026 towards two standard rates, 10% and 20%. The main stages are:

Transaction	2024	2025	2026
Electrical energy	16%	18%	20%
Electricity from renewable sources (producers)	12%	10%	10%
Electricity meter rental	11%	15%	20%
Urban and road transport of passengers and goods	13%	12%	10%
Other transport (air, domestic sea, etc.)	16%	18%	20%
Refined sugar	8%	9%	10%
Services of insurance brokers and agents	12%	10%	10%

The economy car and water for non-domestic use supplied to public networks move to 10% from 1 January 2024. Conversely, all pharmaceutical products, school supplies, water for domestic use, butter of animal origin, canned sardines, powdered milk and household soap are now exempt.

2. Two new VAT withholding mechanisms

For transactions carried out from **1 July 2024**:

- VAT-registered customers withhold the VAT due by their suppliers of capital goods and works who cannot produce a tax compliance certificate less than six months old;
- for a list of services set by decree, the State, local authorities, public bodies and state-owned enterprises withhold **75%** of the VAT invoiced by their VAT-registered providers;
- companies and individuals taxed on actual or simplified net profit do the same on services paid to VAT-registered **individual service providers**: 75% if the provider produces a tax compliance certificate, **100%** otherwise.

An optional VAT reverse-charge regime starts on the same date. We will cover these topics in separate articles.

3. The right to make mistakes

Since 1 January 2024, taxpayers can ask the tax authorities for the statement of irregularities found in their returns. They then have 60 days to file an amended return and pay the tax, without the usual surcharge or penalty. Late-payment surcharges are still due.

4. Voluntary disclosure for 2024

Until **31 December 2024**, individuals can regularise income they had not declared before 1 January 2024. The scheme covers liquid assets, acquisitions of assets for non-business use and certain advances. It is subject to a discharging contribution of **5%**.

5. Tax audits of individuals overhauled

The procedure for reviewing the overall tax position of individuals has been rewritten. It now provides for a notice of review accompanied by the taxpayer's charter, a maximum duration of six months, an oral exchange with the taxpayer before the review closes, and set deadlines for replies. These rules apply to reviews started on or after 1 January 2024.

6. Other measures to note

- **Deductibility of compulsory health insurance (AMO) and pension contributions** for professionals and self-employed workers taxed on actual or simplified net profit, for returns filed from 2024.
- **Inactive companies**: the flat-rate regularisation of MAD 5,000 per financial year is extended until 31 December 2024.
- **Abuse of law**: the advisory committee on abuse-of-law appeals is abolished. Appeals now go directly to the National Tax Appeals Commission (Commission nationale du recours fiscal).
- **Combining incentives**: article 165 of the General Tax Code (CGI) is repealed, confirming that CGI incentives can be combined with those of the investment charter.

What about corporate income tax?

The Finance Act 2024 does not overhaul corporate income tax (IS). The rate convergence decided in 2023 continues. For a financial year beginning in 2024, the rate is 15% on profit up to MAD 300,000, 20% between MAD 300,001 and MAD 1 million, 25.50% between MAD 1 million and MAD 100 million in the general case, and 33% above MAD 100 million. We will return to this in January.

Where to start?

In January, three tasks come first: updating VAT rates in your invoicing tools, identifying the suppliers affected by the forthcoming withholding at source and, for directors, considering whether a voluntary disclosure makes sense.

Our tax & legal and accounting teams can help you with this compliance work. To discuss your situation, contact us.

Sources

- Loi de finances n° 55-23 pour l'année budgétaire 2024 (in French), promulguée par le dahir n° 1-23-91 du 30 joumada I 1445 (14 décembre 2023), *Bulletin officiel* n° 7259 bis du 11 joumada II 1445 (25 décembre 2023) (sgg.gov.ma).
- Code général des impôts, édition 2024 (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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