Payment terms: the DGI publishes circular No. 734

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On 18 October 2023, the Directorate General of Taxes (DGI) published circular No. 734 (note circulaire). It comments on Law No. 69-21, which amends the Commercial Code on payment terms between businesses. The law was published in Official Gazette (*Bulletin officiel*) No. 7204 of 15 June 2023.

The law changes the nature of the problem. Late payment is no longer a matter only between a supplier and its customer. The customer now faces a fine payable to the Treasury, which the DGI administers under powers delegated by the Minister of Economy and Finance. For finance teams, paying suppliers on time becomes a compliance obligation, just like filing a tax return.

Who is covered?

The rules apply to traders with a registered office, tax domicile or establishment in Morocco. They also cover private-law entities that run a delegated public service, and public bodies that habitually carry on a commercial activity.

Customers with annual turnover of no more than MAD 2 million excluding VAT (TVA) are excluded. Transactions with non-residents that have no establishment in Morocco are also outside the scope.

The payment terms you must respect

The Commercial Code sets two limits:

- **60 days** where the parties have not agreed a payment term;
- **120 days at most** where a term has been agreed.

The 120-day limit is a ceiling. If your contract provides for 90 days, the 90-day term applies. For certain sectors, a decree issued after consulting the Competition Council can extend the term to up to 180 days, based on agreements concluded by trade associations.

How the fine is calculated

The circular restates the calculation rule. For the first month of delay, the fine equals Bank Al-Maghrib's key rate applied to the amount paid late. Each additional month adds 0.85%. Any part of a month counts as a full month.

The DGI gives a worked example. A business with turnover above MAD 50 million pays two invoices of MAD 4 million and MAD 6 million late in the fourth quarter of 2023. Based on the number of months each invoice is overdue and the key rate then in force (3%), the fine for the fourth quarter comes to MAD 299,000. It must be paid with the return for that quarter.

This amount does not compensate the supplier: it goes to the Treasury. So even a delay your business partner is happy to "tolerate" is still penalised.

A quarterly electronic return

Businesses with turnover above MAD 2 million excluding VAT must file an electronic return with the DGI before the end of the month following each quarter. It shows, in particular:

- turnover for the last financial year;
- the amount, including tax, of invoices paid late or still unpaid;
- the amount of the fine and of any penalties;
- the amount of invoices disputed in court.

The DGI stresses one point: having no late payments does not exempt you from filing. A business that always pays on time must still file its return.

A phased timetable by company size

The law applies to invoices issued from 1 July 2023, but the fine comes into force in stages, according to turnover for the last financial year closed:

Turnover excluding VAT	Invoices covered from
More than MAD 50 million	1 July 2023
More than MAD 10 million and up to MAD 50 million	1 January 2024
More than MAD 2 million and up to MAD 10 million	1 January 2025

Two transitional concessions also apply. Invoices issued before 1 January 2025 for MAD 10,000 or less, including tax, are not subject to the fine. Businesses with turnover of no more than MAD 50 million file a single annual return for 2024 and for 2025, instead of four quarterly returns, by 1 April 2025 and 1 April 2026 respectively.

Disputes and limitation

Where a debt is the subject of court proceedings, the fine can be suspended under the conditions laid down by law. If the court finally rules that the sum was not owed, a fine already paid voluntarily can be refunded on application. An out-of-court settlement, on the other hand, does not allow the fine to be suspended.

What we recommend

1. **Map** your suppliers and the payment terms actually agreed in your contracts and general terms and conditions.
2. **Set up** your accounting system to track the legal due date of each invoice, not just the planned payment date.
3. **Prepare** your first return now, even if you have no late payments.
4. **Plan your cash flow**: a delay of a few weeks can now cost more than short-term financing.

Our accounting and tax & legal teams can review your payment terms and set up both the monitoring and the return. To discuss your situation, contact us.

Sources

- Direction générale des impôts, note circulaire n° 734 relative aux dispositions de la loi n° 69-21 (in French), publiée le 18 octobre 2023 (tax.gov.ma).
- Loi n° 69-21 modifiant la loi n° 15-95 formant Code de commerce et édictant des dispositions transitoires particulières aux délais de paiement (in French), *Bulletin officiel* n° 7204 du 15 juin 2023 (sgg.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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