



# COUNTRY GUIDE: MOROCCO

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# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



# WORK PERMITS AND VISAS



Foreign nationals must get a work permit. There are several processes involved in getting a work permit in Morocco. Work permits are given out for a set amount of time and need to be renewed on a regular basis. In addition to a work permit, foreign workers in Morocco may also need to apply for a residency permit.

## **Types of Visas:**

- **Work Visa:** an employee looking for a job in Morocco.
- **Student Visa:** individual who want to study in Morocco.
- **Family reunification visa:** applicable for the families of foreign nationals who are working in Morocco.

# EMPLOYMENT CONTRACTS



## **Probation period**

For any position, there is a one-week trial period for all employees. According to job position/status, the following probationary time varies: for blue-collar workers, it is 15 days; for white-collar employees, it is 45 days; and for management, it is three months.

## **Notice period**

Employment less than one year - eight day notice period. Employment from one to five years - one month notice period. Employment for more than five years - two month notice period

## **Minimum wage**

The minimum wage is currently MAD3,500 per month for anyone in the public sector and MAD2,902 per month for anyone in the private sector.

## **Working hours and overtime**

44 hours a week with a maximum of 10 hours per day. The rate of pay for overtime that occurs between 6 a.m. and 9 p.m. will increase by 25%. Pay increases by 50% for overtime worked between 9 p.m. and 6 a.m. Depending on the terms of the employee's contract, wages are increased by 50% or 100% of the regular pay rate if overtime is necessary on a weekend or rest day.

## **Termination**

A valid reason for terminating a fixed-term employment contract includes a major contract violation, discipline-related actions and/or unforeseen circumstances. A notice period or payment in place of notice must be provided in the event that an indefinite-term employment contract is terminated, unless there is just grounds for the termination. For employment of fewer than five years, the length is between one and three months.

## **Severance**

If an employee has at least six months of employment, employers should give severance pay (if applicable) at a rate of 96 hours of salary for each year of service; this rate should rise to 144 hours for five years of service, 192 hours for ten years, and 240 hours for fifteen years. The average pay earned over the fifty-two weeks prior to the contract's termination is used to determine the severance hourly rate.

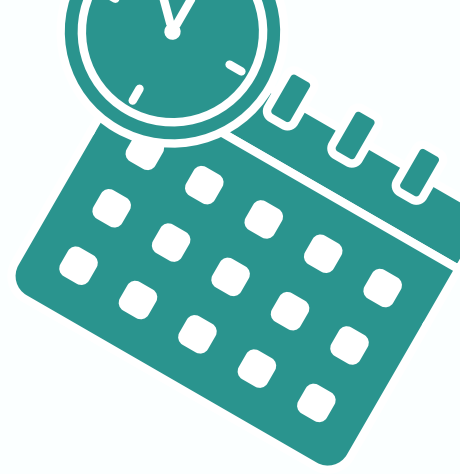
## **Non-compete clause**

Non-compete agreements are recognized and enforceable in Morocco as long as certain requirements are met.

## **Collective bargaining**

Collective bargaining is authorized by the Labor Code and is acknowledged as a fundamental right in Morocco.

# PAID TIME OFF



## **Annual Vacation**

Up to 18 days of paid leave per year of employment.

## **Sick**

Employees may not miss more than four days of work as a result of illness or accident.

Obtaining a medical certificate is necessary if the absence is caused by illness or injury and lasts more than four days. Employers may assume a resignation has taken place if an employee is absent for more than 180 days in a row.

## **Maternity**

Employees who are pregnant are entitled to 14 weeks of paid maternity leave, with a required leave time of seven continuous weeks following delivering.

## **Paternity**

Three paid paternity leave days are granted to employees. It's not necessary for the three days to be consecutive. In the month following labor, these must be taken.

## **Family**

N/A

## **National Holidays**

In a given year, there are 13 official holidays in Morocco.

## **Other Paid Time Off**

The terms of the collective bargaining agreement or employment contract may include additional leave that an employee may take. An employee is entitled to up to 4 days' leave when they get married and up to 3 days of bereavement leave in the death of an immediate family member. Leave for surgery on the spouse or dependent child is 2 days, as is leave for Circumcision.

# EMPLOYEE BENEFITS



## Statutory

### Unemployment

Insured persons - 0.19% of gross monthly covered earnings and employers - 0.38% of gross monthly covered payroll. The maximum monthly wage used to calculate contributions are 6000 dirhams.

### Workers compensation

1% of monthly gross covered earnings. The monthly minimum wage used to calculate contributions is the national monthly minimum wage.

### Social Security

The company currently contributes around 23%, and the employee contributes about 5%. These contributions are used to pay for a variety of social security benefits, including pensions, health insurance, and unemployment benefits.

### Retirement

The Public Pension is funded under Long-term Social Benefits. Employers are mandated to contribute 7.93% towards Long-term Benefits.

### Health

Employees in Morocco are required to have health insurance, with a choice between public and private plans.

## Private

### Workers compensation

Private worker's compensation available.

### Retirement

Private retirement schemes available.

### Health

Private health insurance available.

### Life

Private life insurance available.

# TAX



## Personal Income Tax ( PIT )

- **Tax year** : January 1st to December 31st
- **Tax rate** : Rates range between 0-38%.
- **Tax method** : Progressive tax brackets. Employers are responsible for withholding the appropriate amount of tax from employees' salaries and remitting it to the government on their behalf.
- **Tax residency requirements** : Individuals are considered Moroccan tax residents when either: They have a habitual residence in Morocco; their economic interests are centered in Morocco or they stay in Morocco for more than 183 days within any given 365-day period.
- **Double taxation agreements ( DTA's )** : Morocco has signed several double taxation avoidance agreements (DTAs) with other countries

## Investment Income Tax

Investment income is subject to tax under Moroccan law.

## Taxable Income

Moroccan tax residents face taxes on their worldwide income. Non-tax residents are taxed only on Morocco-source income.



# PAYROLL



## Payroll Elements

- **Income:** In Morocco, payroll income elements are the various components of an employee's compensation package that are considered taxable income under the law.
- **Deductions:** Taxes, social security contributions and other mandatory contributions.
- **Benefits in Kind:** Benefits in kind may include things like housing, vehicles, meals, or other forms of non-cash compensation. Under Moroccan labor law, benefits in kind are considered taxable income for the employee
- **Employer contributions:** Workers compensation, unemployment and social security.

## Payroll Taxes

Mandatory social security contributions: workers compensation, social security, health, pension and unemployment.

## Payroll Calendar

Payroll is on a done monthly basis

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- Labor Code
- Social Security Code
- Occupational Health and Safety Law
- Labor Inspection Law
- Retirement Law

## STATUTORY BODIES

- Social Security Fund
- Ministry of Labor
- National Labor Council
- Tax Authority



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