

MILLENNIUM CHALLENGE ACCOUNT MOROCCO
(Agence MCA-Morocco)

TAX EXEMPTION GUIDELINES

***FOR INTERNAL USE BY AGENCE MCA-MOROCCO , CONTRACTORS
& CONSULTANTS***

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ACRONYMS

– GoM	G overnment of Morocco
– IE	Implementing Entity
– MCA-Morocco	Millennium Challenge Account Morocco
– VAT	Value Added Tax
– WHT	Withholding Tax
– DGI	Direction Générale des Impôts (Morocco Tax Authority)
– ADII Authority)	Administration des Douanes et des Impôts Indirects (Morocco Customs
– ICE	Identifiant commun des Entreprises

1. Introduction

This document intends to provide Millennium Challenge Account Morocco (Agence MCA-Morocco) and all Providers, Covered Providers, Implementing Entities, contractors, consultants, and other entities and individuals that receive MCC Funding directly or indirectly in furtherance of the Compact with guidelines to follow when requesting tax exemption certificates from the Government of the Kingdom of Morocco (GoM) through Agence MCA-Morocco (MCA-Morocco).

The procedures have been developed consistent with the exemption mechanism in section 2.8 of the Compact wherein the GoM will ensure that MCA-Morocco and all Providers, Covered Providers, Implementing Entities, contractors, consultants, and other entities and individuals that receive MCC Funding directly or indirectly in furtherance of the Compact are exempt from Taxes.

The document is therefore to be used as a guide only. For more detail, it is advisable to consult the website of the Direction Générale des Impôts (DGI) <http://portail.tax.gov.ma/wps/portal> And the website of the Administration des Douanes et des Impôts Indirects (ADII) <http://www.douane.gov.ma/web/guest>

2. Principal Taxes

This document explains procedures to be followed by all contractors or consultants when requesting MCA-Morocco for tax exemption from the following principal taxes and similar charges:

- Local VAT,
- Custom Duty and Tariffs and Import VAT

Eligible Entities or Eligible Individuals include MCA-Morocco and any Vendor on the Compact Projects. Vendors are persons, entities, including without limitation any Implementing Entity, contractor (prime and subcontractor), consultants and grantees, that provide goods, works, services, technology and assets, or perform such activities on the Compact Projects.

3. Guidelines

Payments for all contracted services and goods which benefit MCA-Morocco are exempt from Value Added Tax (VAT) and customs duties.

- The financial proposal must include all costs, prices, including all taxes paid in Morocco as well as all duties and taxes paid in the country of origin, including customs duties and other levies that Vendor is likely to support in the country of origin and that the Vendor is likely to incur in performing the contract.
- The proposal should not include the amounts of VAT and customs duties in Morocco as they exist and for which Vendors receive certificates for exemption.
- MCA-Morocco will take charge of formulating requests for obtaining VAT exemptions, Customs duties with the local competent authorities following the submission by the Vendors of the pro-forma invoices payable to “Agence MCA-Morocco” relating to contracts with the MCA-Morocco.

Requesting for Exemption through MCA-Morocco

MCA-Morocco will provide the necessary assistance to eligible entities/individuals as described below in obtaining the VAT &/or Customs duties exemption from the tax authorities (Direction Générale des impôts –DGI- or Administration des Douanes et des impôts Indirects –ADII-).

Maintenance of Tax Exemption Records

Vendors must keep proper records of tax exemptions certificates received and their supporting documentation.

Timely Submissions

Eligible entities/individuals must ensure their pro-forma invoices are submitted to Agence MCA-Morocco immediately when the requirement becomes apparent and necessary documentation is available, to avoid delays in obtaining clearance from DGI/ADII.

For clarification of assistance in making the requests please contact: **Procurement office**

- **MCA-Morocco** - **RABAT**

I. Local Value Added Tax

Procedure

Each applicable Compact contract entered into between MCA-Morocco and any Eligible Entity/individual will be VAT Zero Rated. The invoices will be issued with a VAT EXEMPTION NUMBER CERTIFICATE that permits the Eligible Entity to invoice for a good or service net of VAT.

- **Contractors to MCA-Morocco working in Morocco** will have a Moroccan tax identification number and ICE for Moroccan contractors.
- **For legal non-residents persons:**
 - They can either ask and obtain a tax identification number from the Direction Générale des Impôts and accredit a tax representative domiciled in Morocco. Each Vendor will include this tax identification number on a pro forma invoice prior to any payment.
 - Or, in the absence of accreditation of tax a representative in Morocco, tax identification number is not required on the pro forma invoice (Moroccan Tax Code article 115). In this case, MCA-Morocco will report on its own quarterly VAT return, the total amount made with Non-Residents who have not accredited a tax representative in Morocco and paid in VAT exemption.
- **For physical non-residents persons:** They will submit a pro forma invoice for a tax exemption request from DGI. MCA-Morocco will report on its own quarterly VAT return, the total amount made with Non-Residents who have not accredited a tax representative in Morocco and paid in VAT exemption.

At the time of reception of the Contract or Purchase Order (PO) from MCA-Morocco, the vendor shall submit, a pro-forma invoice addressed to “Agence MCA-Morocco” with a copy of the PO to the Fiscal Agent to obtain a certificate of exemption from VAT. The pro-forma invoice must include the following information:

- Invoice number and date (as issued by the vendor)
- Name, Address and telephone number of the vendor
- In-country Tax ID numbers (Identification Fiscal/ Patent / ICE#), as applicable
- In-country ICE of MCA-Morocco N° **002118831000029**
- Contract number (where applicable) or purchase order number
- Description of goods/works/services purchased
- Amounts due net of taxes (H.T.)
- Amount of VAT
- Amount including all taxes (T.T.C.) in MAD and USD if applicable and provide the exchange rate from Bank Al Maghrib & date
- Method of payment, including name of account holder, account number (IBAN# and/or RIB#), bank name, bank branch, and SWIFT code.

Using this pro forma invoice, MCA-Morocco will obtain a VAT exemption certificate applicable to each contract from the Direction Générale des Impôts within 15 business days. Vendors will retain this VAT exemption certificate in their files and put the reference of this certificate in their invoices net of taxes. Vendors will not charge VAT to MCA-Morocco.

NB: Non-residents companies subjected to withholding tax and who pay VAT on behalf of their subcontractors will directly request reimbursement of their input VAT from the Direction Générale des Impôts (DGI) at the end of each quarter of the year. For more detail, it is advisable to consult the website of the Direction Générale des Impôts (DGI) <http://portail.tax.gov.ma/wps/portal>

II. Customs duties & Value Added Tax (VAT) on Imports

All imports for official use by MCA-Morocco will be cleared free of customs duties and VAT in imports by Administration des Douanes et des Impôts Indirects (ADII).

Procedure

At the time of reception of the Contract or Purchase Order (PO) from MCA-Morocco, the vendor shall submit, three (3) originals of an Invoice pro-forma excluding taxes and customs duties with a copy of the PO to the Fiscal Agent to obtain customs duties exemptions.

The pro-forma invoice addressed to Agence MCA-Morocco must include the following information:

- Invoice number and date (as issued by the vendor)
- Name, address and telephone number of the vendor
- In-country Tax ID numbers (Identification Fiscal/ Patent / ICE#), as applicable
- Contract number (where applicable) or purchase order number
- Description of goods/works/services purchased (reference, brand..), Total value and unit price expressed in ex-works value, FOB, FAS or FCA; Country of origin and source of goods, Entry point
- Amounts due net of taxes (H.T.) and custom duties (H.D.D) in MAD and USD if applicable and provide the exchange rate from Bank Al Maghrib & date
- Method of payment, including name of account holder, account number (IBAN# and/or RIB#), bank name, bank branch, and SWIFT code.

Using this pro forma invoice, MCA-Morocco will obtain a Customs duties & taxes exemption certificate applicable to each contract from the Administration des Douanes et Impôts Indirects du Maroc (ADII). Vendors will retain this Customs duties & VAT exemption certificate in their files and put the reference of this certificate in their invoices net of taxes. Vendors will not charge Customs duties & VAT to MCA-Morocco.

4. Tax information for Income Tax/Corporate and/or Personal

- MCA-Morocco will withhold Corporation Tax (IS) **10%** on all gross amounts paid (excluding VAT) of each payment to its Vendors that are **Non-resident Legal firms and Physical persons including Individual consultants.**
- For all taxes paid in Morocco: taxes on income, profits, assets, property and ad valorem taxes, withholding taxes, the Vendors receive from the Government of Morocco a proof of payment for their avoidance of double taxation in their respective countries.
- MCA-Morocco will withhold Income Tax (IR) **30%** on all gross amounts paid of each payment to its **Resident Physical persons including Individual consultants.**
- MCA-Morocco will not withhold any amounts for Moroccan Vendors that have Moroccan tax identification numbers prior to signing a contract with MCA-Morocco as those Vendors are deemed resident companies of Morocco.

TAX INFORMATION CHART FOR INDIVIDUAL AND CORPORATE INCOME TAX

Eligible entity/ Individual		Status	Withholding Tax on Personal / Corporate Income	Value Added Tax (VAT)
Physical persons	Consultants	Resident	30%	N/A
		Non-resident	10%	All companies and Consultants who are Non-Resident doing business in Morocco are subject to VAT taxes. The VAT exemption or the duty-free allowance is filled by MCA-Morocco to request the certificate of exemption following the instructions above.
Legal Persons	Firms and Companies	Non-Resident	10%	
		Resident	Not applicable, as Firms will have to file taxes using their own Fiscal ID number	

Important disclaimer: This information is not given out as legal or tax advice. It is recommended that the Vendor seeks legal and tax advice from appropriate tax authorities for any questions related to his/her specific situation to comply with all applicable agreements under the MCC 609g Agreement and/or Compact with the Government of Morocco.
