THE TAX POINT.

Transfer Pricing Country Profile MOROCCO

A decision-oriented overview of MOROCCO Transfer Pricing - implications, risks, and strategic considerations

1 MOROCCO's Transfer Pricing Framework

Morocco's transfer pricing (TP) regime is governed by the General Tax Code (CGI) and has been significantly strengthened through the Finance Laws of 2019–2021.

Key legal provisions:

. Article 213 – allows the tax authority to reassess profits

. Article 214 (III) – TP documentation requirements

The regime is administered by the Direction Générale des Impôts (DGI). Morocco applies the arm's length principle, aligned with OECD Transfer Pricing Guidelines, allowing adjustments where related-party transactions deviate from market conditions.

Definition of Related Parties

Moroccan tax law does not provide a detailed standalone definition of related parties.

Instead, under Article 213 of the General Tax Code, the concept of "liens de dépendance" (dependency relationships) is applied.

This includes situations of direct or indirect control, common control, or significant economic or managerial influence, and is interpreted broadly in line with OECD principles.

A related party exists where:

. Parent and subsidiary companies

. Sister companies

. Entities with significant managerial or economic dependence.

2 Transfer Pricing Methods

- Comparable Uncontrolled Price (CUP)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)
- Transactional Net Margin Method
- Profit Split Method (PSM)

3 Transfer Pricing Documentation

Master & Local File

Morocco introduced formal TP documentation requirements in line with BEPS Action 13
A Master File and Local File are required if:
. Annual turnover (excluding VAT) ≥ MAD 50 million, OR
. Gross assets ≥ MAD 50 million
These files should include the Group's structure, business operations, functional analysis, transaction descriptions, selection of TP methods, and benchmarking support.
Documentation must be available upon request by tax authorities.

TP Disclosure Forms

Moroccan companies must:
. Report related-party transactions within the corporate tax return, and
. Provide details upon request during a tax audit

Country by Country Reporting

CbCR applies to multinational groups:
. Threshold: approx. MAD 8+ billion (≈ €750 million)
Requirements:
. Filing by ultimate parent (if in Morocco)
. Local notification obligations if foreign parent.

4 Key Areas of Focus

Morocco's TP framework emphasizes:
. Intra-group services and management fees
. Royalties and intangibles
. Intercompany financing
. Benchmarking and comparability
. Profit allocation and economic substance

Outlook

. Continued alignment with OECD BEPS framework
. Increased TP audits and enforcement
. Expansion of documentation requirements
. Potential development of APA framework

Challenges

. Limited availability of local comparables
. Increased scrutiny on service fees and royalties
. Documentation expectations rising rapidly

5 Compliance, Disputes & Outlook

Compliance

. Maintain contemporaneous TP documentation
. Submit within 30 days upon request
. Ensure consistency across:
- TP policy
- Financial statements
- Tax returns

Audit & Penalties

Failure to provide documentation may result in:
. Penalty of 0.5% of transaction value (minimum MAD 200,000)
. Tax reassessments and interest.

HOW CAN WE HELP?

TP Governance and Strategy

Designing robust frameworks and strategic advisory

·Economic Substance & TP Policy Design
·TP Policy, Restructuring & Planning
·Value Chain Analysis
 and TP / Tax Optimization
·Intangible Property Structuring

TP Reporting and Compliance

Ensuring compliance with evolving regulations

·TP Documentation (Local File, Master File, TP Disclosure Form)
·Benchmarking Analyses
·Country by Country Reporting
·Permanent Establishment (and profit attribution)

TP litigation and Controversy

Protecting your position across the audit lifecycle

·Mock Tax Audits & Pre-audit Strategy
·Defense File Preparation
·Tax Rulings & Advance Pricing Agreements (APA)
·Mutual Agreement Procedure (MAP)
·Post-audit Assessment & Implementation Support

GET IN TOUCH

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At The Tax Point, we support groups operating in the UAE where transfer pricing is not a compliance checkbox, but a strategic control tool.