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MAKE IT LEGAL

Turn your online work legal in Morocco. For freelancers, remote workers, and online entrepreneurs.

BY AHMED EL AZZABI

WORK ONLINE LEGALLY FROM MOROCCO

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ABOUT THE AUTHOR

Hey,

I'm Ahmed EL AZZABI, a Software Engineer and creator from Morocco. I currently work remotely with Automattic, the company behind WordPress.com, Tumblr, Jetpack, and other products.

My story with remote work began in 2018, when I accepted a job offer without knowing how to do it legally. To better understand this, I spent multiple weeks reading about the Moroccan legal system, talking to accountants, and local entrepreneurs.

After two years of trial and error and applying things in real life, I'm here to share with you what you need to know to make your online work legal. If you work online with local customers or international ones, as a freelancer, or working full-time with a company, I'll cover everything you need.

I'll show you how to obtain your own health insurance, how to optimize your taxes, how to avoid having a travel visa declined, and how to live a worry-free life.

This ebook is divided into 5 chapters. These chapters are independent of one another, and you can read them in the order you want. But I suggest you read the first chapter, as it contains some useful information that will help you afterward.

In addition to the ebook, you'll receive an Excel sheet (if purchased) to help you estimate the taxes and CNSS you'll pay. An invoice example is also included (if purchased), and video file(s) to help you better understand the material.

I hope you'll find this helpful, and I wish you all the best in your journey.

Thank you for supporting my work and for your purchase! The official website for this eBook is makeitlegal.ma.

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1.
YOUR LEGAL ENTITY IF YOU ARE WORKING ONLINE

If you work online, either as a freelancer or a full-time employee, **you'll rely on invoices** to get paid. But what does that mean in action?

At the end of each month, 1) you create an invoice describing your work, 2) send it to your client, and 3) wait for the payment. That's it. And yes, even if you're working full-time with the company, you still need to go through the same process.

But why is it so complicated? Especially when you are working full-time with the company?

To hire employees, a company must have a legal entity established **in the country where it operates**. And given that most of the companies abroad do not have a legal entity in Morocco, they can't hire you as an employee.

But there is a solution! Companies **can still hire you as a consultant or freelancer**.

Working as a freelancer or consultant means taking care of the legal aspects of your work. Especially your taxes! So let's start there.

TAXES WHEN EMPLOYED IN MOROCCO

When you work full-time with a company in Morocco, your employer **pays your taxes on your behalf**. Yes, this means they do the filling, payment, and control for you.

The technical term used to describe this process is "collected at the source" (prélevée à la source). In other countries, like the US, this is not the case. At the end of every year, each individual needs to file and pay their taxes.

This, of course, is only applicable to your salary. If you have other income sources in Morocco, such as rental income or online work, you are required to file your taxes yourself. But for now, let's focus on your online income.

The current Moroccan model is quite favorable for employees, especially recent graduates. Instead of learning one extra thing to do, employees pass that burden to their employer. It also makes it easier to negotiate a net salary when switching jobs, as you don't care about all the taxes.

At the same time, most employees don't bother asking questions as long as they aren't doing the job. Ask an employee some simple questions, such as: How much tax are you paying per month? How much do you pay for health insurance? For your pension?... Chances are, **only a few will know the answer**.

As long as you are an employee, not understanding your taxes is not a big deal (although you can make huge savings if you do!). But as soon as you switch to freelancing or working online, you are in trouble. Not understanding how taxes work will bite you sooner rather than later.

That's why I created this ebook! I want to show you everything you need to know about taxes and the legal side of working online.

YOUR CHOICES AS AN ONLINE WORKER

If you want to work legally, you have three options:

- The Auto-entrepreneur status
- Using an Employer Of Record (EOR) like Deel, Remote.com, and others
- Creating a company referred to as SARL - AU (Société A Responsabilité Limitée - Associé Unique)

We'll discuss the difference between these and how to choose the best one for you.

AUTO-ENTREPRENEUR

The auto-entrepreneur status is a lightweight legal structure to work from Morocco. It doesn't require a lot of paperwork, and I recommend it as a good starting point. This structure was initially designed for individuals working in the informal market, but it also suits our case.

There are two categories in this structure:

- **Services** are the non-tangible goods you can sell. Building websites, legal consulting, and teaching are all considered services.
- **Commerce** is the process of selling tangible goods, online or offline.

Both categories have a yearly threshold. For services, the rate is up to **200,000 MAD** per year. For commerce, the limit is **up to 500,000 MAD** per year. If you go past this threshold **two years in a row**, you're not eligible for the auto-entrepreneur status anymore. In this case, you need to create a company to keep operating.

The auto-entrepreneur status is straightforward to create. All you need is a copy of your CIN (Carte d'Identité Nationale), and head to the nearest post office. They'll do everything for you, and you'll get your auto-entrepreneur card in a week or two. Your card will contain all the necessary information, including a unique number that should be included on all your invoices.

If you are an employee with a company in Morocco and wish to obtain auto-entrepreneur status, please review your work contract first. Some employers prohibit doing any other lucrative work outside of your daily work. Generally speaking, nothing too serious should happen anyway, but better to be cautious.

If you work with Moroccan clients, your invoices will be physical and thus need stamping. That's why the next logical step is to **create a stamp with your name and unique auto-entrepreneur code**. You can do this at any stamp shop, but make sure to take the auto-entrepreneur card with you. For international customers, this is not needed.

For taxes, it's a flat 1% for services and 0.5% for commerce, and you'll need to pay it every 3 months. We'll see this in more detail in the taxes chapter.

For banking purposes, you can use your *personal* bank account with auto-entrepreneur status.

EMPLOYER OF RECORD (EOR)

Examples of EOR companies are deel.com, remote.com, and others.

These are making it easier for international companies to hire freelancers everywhere without managing the legal side.

As these companies market themselves as *Employer of Record*, most freelancers assume they are working legally if they use these platforms. But **that's incorrect**. It depends on which service you're using, as those provide two services:

- A local company will hire you **as an employee** and act as a proxy between you and the international company.
- The EOR will act as a proxy for payment only, and you'll get paid directly as a freelancer.

Sometimes, you (as the freelancer) choose which service to use, but other times, it's the company that picks for you (usually due to regulations and laws).

If you're using an EOR and you're an employee with a local company, **then you're working legally.**

If you're considered a freelancer and getting paid by the EOR directly, then **you're still responsible for your legal status**. You still need to use auto-entrepreneur (or a company, as we'll see next) to make your work legal.

To read about this in detail, please refer to this blog post.

My recommendation is to avoid using EOR entirely, for two reasons:
- If you're not an employee, you'll still need to use auto-entrepreneur or an alternative.
- If you're an employee, the local companies do not make any optimizations to your salary. You'll end up paying a lot of taxes.

In both cases, it's useless for the freelancer. But if you're forced to use one, then at least make sure you are covered :)

SARL AU

Another solution to working legally is to create a company, and the most basic one is a SARL AU. The difference between a SARL AU and a SARL is the number of founders/ shareholders.

In the first case, you can create a company and be the only shareholder (Associé Unique). For SARL, you need at least 2 founders/shareholders. Other than this, everything else is the same.

When you have a company, the first thing you need is an accountant. It's good to understand how taxation works, but let an accountant do the work for you.

The process of creating a SARL AU, and a company in general, involves a significant amount of paperwork and takes much longer than obtaining auto-entrepreneur status. However, fortunately, there are numerous services available to assist you with this.

If you're in Casablanca, AMDE is a good solution. All you'll need to do is provide them with a copy of your CIN and a list of the desired names for your company. They'll handle everything for you afterward. Many companies are doing this, so be sure to check with companies in your city.

A more effective solution is to **let your accountant handle this for you**. They have extensive experience in creating companies, so let them do it.

For taxes, it's challenging to provide a fixed number, as it depends on several factors that will be discussed in the taxes chapter. But be sure **it's more than what you pay in the auto-entrepreneur status**, by a significant margin.

For banking, **you'll need a new bank account for your company**. That bank account is independent of your personal bank account.

If you need a good bank, I recommend CFG Bank. They offer a good service, and you can contact them via email at any time.

WHAT STRUCTURE TO CHOOSE?

DIFFERENT STRUCTURES, DIFFERENT TAXATION

This is a brief explanation of the differences between the taxation systems of auto-entrepreneur and SARL AU. A detailed description is available in the taxes chapter. The EOR is not applicable (ie, you still need to use AE/SARL or someone else will pay your taxes for you)

When it comes to taxation, the vast difference between the two is the **taxation base**. I'll show you an example:

Let's suppose you're doing freelance work online, and you need a computer for that. You got a computer for 10,000 MAD and you started working online. After 3 months, you made 30,000 MAD.

It's time for taxes:

- If you have the auto-entrepreneur status, you'll be paying taxes on 30,000 MAD.
- If you have a company, you'll be paying taxes on 20,000 MAD only.

When you have a company, you pay taxes **on the profit** you made. This means the income minus the expenses. In the auto-entrepreneur status, you pay taxes on everything. There is no way to deduce your costs.

Not being able to deduct expenses in the auto-entrepreneur status is a limiting factor. However, given the small tax rate, it's usually not a significant issue.

WHAT'S BEST FOR YOU?

After presenting both structures, the next question is: what's better for you? Both have advantages and drawbacks:

- If you are starting your online journey, creating a company, and keeping it running can be expensive. You'll need to pay an accountant, create a new bank account, and many more things. Auto-entrepreneur status is a straightforward and cost-effective option.
- Auto-entrepreneur status has several limitations, including yearly income limits, the lack of separation between personal and professional assets, visa rejections, etc.

Choosing the proper structure can be challenging, for sure, but I want you to move forward. So here is a simple way of seeing things:

Start with auto-entrepreneur. Establish a company only when you can no longer use the auto-entrepreneur status.

What reasons might push me to stop using auto-entrepreneur? You might ask. Here are a few:

- Your visas keep getting rejected
- You make more than the thresholds for two consecutive years

I hope this was a good first introduction to the auto-entrepreneur and SARL AU status. If you are still unsure about which status to choose, do not worry! You'll get a better idea in the next chapters.