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Your legal entity if you're working online

I get a lot of questions from people not understanding how you get paid from international customers, especially if you're working full-time with a company. So I wanted to start with this first before going deep into the details.

If you work online, either as a freelancer or a full-time employee, **you'll rely on invoices**. At the end of each month, you need to send an invoice to your client. It can be an employer if you work full-time, or one of your clients if you work as a freelancer.

Yes, even if you work full-time with a company, you still need to send invoices. Companies abroad don't have a legal entity in Morocco, so they can't hire people here. Their solution is to hire consultants. Consultants aren't considered employees, even if they work full-time with the company. They are responsible for taking care of taxes and everything legal.

Taxes! That's a scary word. Why do we pay them in the first place? Good question.

Why taxes in the first place?

If you are a resident of any country in the world, you're legally required to pay taxes to that country. The country uses these taxes for projects like defense, social security, healthcare, etc. If you have an income, you need to pay taxes. If you don't have an income, you don't.

When you work full-time with a company in Morocco, your employer pays taxes on your income for you. That's what we call "collected at the source" (*prélevée à la source*). In other countries, like the US for example, each individual needs to file taxes on their own at the end of every year.

This, of course, is only applicable to your salary. If you have other income resources, like rent, you need to file your taxes by yourself in Morocco. But let's stay at the salary income for now.

The current Moroccan model is pretty good for employees. It frees them from calculating taxes every month/year. It also makes it easier to negotiate a net salary, etc. But at the same time, most people don't bother asking how things work in the first place. And thus, the majority don't even understand how to calculate all these taxes and how they are paid.

For people not going in this normal path of being an employee, they find themselves out in the blue with no information. And if you're working online, you are in this same position. You're on your own and you need to figure things out. And my hope with this book is to help you navigate all of this. I will show you how you can do everything legally and live a worry-free life.

Your choices as a freelancer

If you want to work legally, you have two options (or legal structures):

1. The Auto-entrepreneur status
2. Creating a company referred to as SARL - AU (Société A Responsabilité Limitée - Associé Unique).

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

Auto-entrepreneur

The auto-entrepreneur status is a light legal structure to work legally from Morocco. It was created by the Moroccan government to help people working in the informal market. This includes the likes of plumbers, electricians, etc. But also freelancers.

Every Moroccan can get this legal structure. But before that, you need to choose one of the two categories offered: Services, or Commerce.

Services are the non-tangible goods you can sell. Building websites, legal consulting, teaching are all considered services.

Commerce is the process of selling tangible goods, online or offline.

Both categories have a maximum threshold. For services, it's up to 200K MAD per year. And for commerce, you can go up to 500K 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 very easy 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 a special card in a week or two. Your card will have a unique number that should be present in all your invoices. But before that, make sure to check your work contract if you're an employee. Some employers prohibit doing any other lucrative work outside of your daily work. So make sure to double-check that!

In addition to that, you need a stamp with your name, unique code, and address if you plan to give physical invoices (you don't need a stamp for international customers). You just need to take your auto-entrepreneur card to the nearest stamp-shop and you should get yours.

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 too.

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

SARL AU

The other solution to working legally is creating a company, and the most basic one is a SARL AU. The difference between a SARL AU and 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 work, but let an accountant do the work for you.

The process of creating a SARL AU, and a company in general, involves a lot of paperwork and takes much longer than the auto-entrepreneur status. But luckily, there are a lot of services to help you with this.

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

A better solution is to let your accountant do this for you. They have a lot of experience creating companies, so let them do it.

For taxes, it's hard to give a fixed number given it depends on a lot of factors we'll see in the taxes chapter. But be sure it's more than what you pay in the auto-entrepreneur status, by a big 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 using email anytime.

What structure to choose?

You've reached the end of the preview.

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