

Report on the 2026 Finance Act Summary of tax expenditures

The number of measures classified as tax expenditures rose from **268 in 2024 to 274 in 2025**. Of these, **236 were evaluated in 2025**, representing **nearly 86%** of the total measures identified.

I. DISTRIBUTION OF TAX EXPENDITURES ACCORDING TO THE ADOPTED FINANCE ACTS

As tax expenditures evolve with each new finance Act, it is essential to analyze their evolution in terms of both number and cost. The table below shows the breakdown of tax expenditures observed in 2024 and 2025 according to the finance acts that adopted these measures.

Table 1: Breakdown of tax expenditures by adoption law

Designation	2024		2025	
	Number	Amount in MDH	Number	Amount in MDH
Total tax expenditures	268	31 493	274	32 015
including those prior to the 2020 FL	239	30 642	237	29 083
including those relating to the 2020 FL	8	1	8	-
including those relating to the 2021 FL	6	127	6	186
including those relating to the 2022 FL	3	255	3	263
including those relating to the 2023 FL	9	80	9	113
including those relating to the 2024 FL	3	388	3	1 912
including those relating to the 2025 FL	-	-	8	458

This table shows that **86%** of the derogatory measures were adopted prior to 2020. In terms of cost, these measures represent **91%** of the tax expenditures recorded in 2025.

II. BREAKDOWN OF TAX EXPENDITURES BY TYPE OF TAX

In terms of taxes, the tax expenditures recorded in 2024 and 2025 are as follows:

Table 2: Breakdown of tax expenditures by type of tax

In millions of dirhams

Designation	2024				2025				Variation 24/25
	Identified Measures	Evaluated Measures	Amount	Share	Identified Measures	Evaluated Measure	Amount	Share	
VAT	65	60	15 017	47,7%	67	61	16 339	51,0%	8,8%
Corporate Tax	52	42	2 843	9,0%	55	46	2 737	8,6%	-3,7%
Income Tax	77	55	4 888	15,5%	78	57	4 896	15,3%	0,2%
Registration Duties	41	39	848	2,7%	42	40	824	2,6%	-2,8%
Annual Special Tax on Motor Vehicles	9	9	259	0,8%	9	9	274	0,9%	5,8%
Special Turnover Taxes	14	14	4 163	13,2%	14	14	4 371	13,7%	5,0%
Internal Consumption Tax	7	7	1 812	5,8%	6	6	962	3,0%	-46,9%
Interest Damage	3	3	1 663	5,3%	3	3	1 613	5,0%	-3,1%
Total	268	229	31 493	-	274	236	32 015	-	1,7%

The number of measures identified as tax expenditures rose from **268** in 2024 to **274** in 2025. Of these measures, **236** were evaluated in 2025, representing **86%** of the measures identified.

The total amount of corresponding tax expenditures increased by **MAD 522 million** between 2024 and 2025, rising from **MAD 31,493 million** to **MAD 32,015 million**, due to the increase in VAT-related tax expenditures (**+MAD 1,322 million**).

On the other hand, ICT-related spending decreased by around **MAD -850 million**.

III. BREAKDOWN OF TAX EXPENDITURES BY TYPE OF EXEMPTION

This report lists **274** tax incentives classified as tax expenditures in 2025. These exemptions take the form of total, partial, or temporary exemptions, reductions, allowances, deductions, flat-rate taxation, and cash flow facilities.

Table 3: Breakdown of tax expenditures by type of exemption

In millions of dirhams

Designation	2024				2025			
	Number	Share	Amount	Share	Number	Share	Amount	Share
Total exemptions	194	72,4%	21 628	68,7%	200	73,4%	23 395	73,1%
Discounts	19	7,1%	6 441	20,5%	19	6,9%	5 836	18,2%
Cash Facilities	6	2,2%	1 270	4,0%	6	2,2%	1 548	4,8%
Deductions	18	6,7%	797	2,5%	18	6,6%	802	2,5%
Flat-rate taxation	9	3,4%	170	0,5%	9	3,3%	179	0,6%
Temporary or Partial Exemptions	17	6,3%	155	0,5%	17	6,2%	164	0,5%
Deductions	5	1,9%	1 031	3,3%	4	1,5%	90	0,3%
Total	268	-	31 493	-	274	-	32 015	-

In 2025, total exemptions accounted for 73.1% of derogations, followed by reductions (18.2%).

IV. BREAKDOWN OF TAX EXPENDITURES BY SECTOR OF ACTIVITY

The assessment of tax expenditures by sector of activity is as follows:

Table 4: Breakdown of tax expenditures by sector of activity

In millions of dirhams

Designation	2024				2025			
	Identified Measures	Evaluated Measures	Amount	Share	Identified Measures	Evaluated Measures	Amount	Share
Safety and social security	17	17	7 595	24,1%	17	17	7 467	23,3%
Real estate activities	39	34	5 553	17,6%	39	34	5 525	17,3%
Electricity and gas	2	2	6 565	20,8%	1	1	5 257	16,4%
All sectors of activity	26	21	1 907	6,1%	26	21	2 106	6,6%
Agriculture, fishing	19	18	1 960	6,2%	20	18	2 105	6,6%
Financial sector	42	32	1 972	6,3%	42	33	2 098	6,6%
Education	11	11	715	2,3%	11	11	2 019	6,3%
Transport	21	21	1 605	5,1%	21	21	1 647	5,1%
Automotive and chemical industry	3	3	848	2,7%	3	3	832	2,6%
Health and Social Services	24	21	594	1,9%	24	22	657	2,1%
Food industries	1	1	826	2,6%	1	1	641	2,0%
Other sectors*	63	48	1 355	4,3%	69	54	1 659	5,2%
Total	268	229	31 493	-	274	236	32 015	-

(*) These are sectors of activity with expenditures of less than MAD 400 million.

Tax expenditures recorded in 2025 are attributable in particular to the “security and social welfare” sector (**23.3%**), the “real estate activities” sector (**17.3%**), and the “electricity and gas” sector (**16.4%**).

V. BREAKDOWN OF TAX EXPENDITURES BY TYPE OF BENEFICIARY

By beneficiary, the tax expenditures recorded in 2024 and 2025 are as follows:

Table 5: Breakdown of tax expenditures by type of beneficiary

In millions of dirhams

Beneficiaries	2024				2025			
	Identified Measures	Evaluated Measures	Amount	Share	Identified Measures	Evaluated Measures	Amount	Share
Companies	136	124	14 146	44,9%	136	125	14 356	44,8%
including Farmers	15	14	1 754	5,6%	15	14	1 882	5,9%
including Real estate developers	13	11	1 195	3,8%	13	11	1 094	3,4%
including Fishermen	5	5	1 177	3,7%	5	5	1 028	3,2%
including Exporters	3	3	210	0,7%	3	3	358	1,1%
including Educational institutions	10	10	327	1,0%	10	10	115	0,4%
Households	81	67	15 443	49,0%	82	69	14 873	46,5%
including Employees	18	16	4 270	13,6%	19	17	4 520	14,1%
including Manufacturers and service providers	6	5	135	0,4%	6	5	138	0,4%
including Authors-Artists	5	3	107	0,3%	5	3	111	0,3%
Public services	20	14	1 291	4,1%	19	13	608	1,9%
including State	10	5	1 218	3,9%	9	4	551	1,7%
including Development agencies	7	6	73	0,2%	7	6	58	0,2%
including public institutions	3	3	0	0,0%	3	3	0	0,0%
Others*	31	24	613	1,9%	37	29	2 178	6,8%
Total	268	229	31 493	-	274	236	32 015	-

(*) These are mainly international organizations, associations, and foundations.

In 2025, households and businesses accounted for the majority (**91.3%**) of tax expenditures (**46.5%** for households and **44.8%** for businesses).

VI. BREAKDOWN OF TAX EXPENDITURES BY OBJECTIVE

Each tax expenditure has an incentive character aimed at achieving specific objectives. It is in this context that the table below lists tax expenditures in 2024 and 2025 in terms of number and cost, according to the type of objective they support.

Table 6: Breakdown of tax expenditures by objective

In millions of dirhams

Objective	2024				2025			
	Identified Measures	Evaluated Measures	Amount	Share	Identified Measures	Evaluated Measures	Amount	Share
Mobilizing domestic savings	32	26	6 434	20,4%	32	26	6 179	19,3%
Supporting purchasing power	6	6	6 760	21,5%	7	6	5 963	18,6%
Facilitating access to housing	34	29	5 161	16,4%	34	29	5 265	16,4%
Encourage investment	30	26	2 027	6,4%	30	27	2 444	7,6%
Encourage teaching	10	10	874	2,8%	10	10	2 027	6,3%
Developing the agricultural sector	15	14	1 851	5,9%	15	14	1 993	6,2%
Reducing the cost of production factors	12	12	2 465	7,8%	11	11	1 649	5,2%
Developing the social economy	18	12	388	1,2%	18	13	460	1,4%
Encourage exports	5	5	263	0,8%	5	5	399	1,2%
Promoting culture and recreation	13	11	252	0,8%	13	11	258	0,8%
Reducing healthcare costs	10	10	159	0,5%	10	10	208	0,7%
Attracting foreign savings	2	2	140	0,4%	2	2	157	0,5%
Developing the renewable energy sector	2	1	154	0,5%	2	1	155	0,5%
Developing the mining sector	4	4	139	0,4%	4	4	150	0,5%
Reduce financing costs	18	16	111	0,4%	18	16	112	0,4%
Reducing government spending	2	1	76	0,2%	2	1	73	0,2%
Developing disadvantaged areas	6	5	73	0,2%	6	5	58	0,2%
Encouraging craftsmanship	3	1	51	0,2%	3	1	54	0,2%
Other objectives	46	38	4 115	13,1%	52	44	4 410	13,8%
Total	268	229	31 493	-	274	236	32 015	-

In 2025, the most significant exceptional measures mainly concern the following objectives: mobilizing domestic savings (**MAD 6,179 million, or 19.3%**), supporting purchasing power (**MAD 5,963 million, or 18.6%**), and facilitating access to housing (**MAD 5,265 million, or 16.4%**).

VII. BREAKDOWN OF TAX EXPENDITURES BY PURPOSE

All tax expenditures serve a purpose that may be economic, social, or cultural. To this end, the table below shows tax expenditures for 2024 and 2025 by purpose and type of tax:

Table 7: Breakdown of tax expenditures by purpose

In millions of dirhams

Designation	2024				2025			
	Economic Activities	Social Activities	Cultural Activities	Total	Economic Activities	Social Activities	Cultural Activities	Total
VAT	4 771	10 019	227	15 017	5 512	10 594	232	16 339
European Transport Law, Annual Special Tax on Motor Vehicles and Special Turnover Taxes	2 920	2 350	-	5 270	3 054	2 415	-	5 469
Income Tax	1 239	3 522	127	4 888	1 440	3 269	186	4 896
Corporate Tax	2 356	488	-	2 843	2 259	479	-	2 737
Interest Damage	1 640	24	-	1 663	1 575	38	-	1 613
Internal Consumption Tax	1 812	-	-	1 812	962	-	-	962
Total	14 737	16 403	354	31 493	14 802	16 794	418	32 015

In 2025, social incentives will account for the largest share of tax expenditures, at **52.5%**. Economic incentives will account for **46.2%**. Cultural incentives will account for **1.3%** of total tax expenditures.