GUIDE

Comparing business legal forms in Morocco

Sole proprietorship, self-employed entrepreneur, LLC, SAS, public limited company and branch: comparison criteria

The choice of legal form determines the partners' liability, the formality of operation, the future opening of the capital and the cost of any later conversion. The guide compares the forms most commonly used for a business formation in Morocco against seven criteria, then offers a framework for reading the founder's situation.

1. Sole proprietorship

Criterion	Feature
Partners	One natural person, a trader.
Liability	The entrepreneur is liable for the business's debts with personal assets.
Capital	No share capital.
Management	The entrepreneur.
Audit of accounts	No statutory auditor.
Transfer	Sale or contribution of the business (fonds de commerce).
Reference text	Law No. 15-95 enacting the Commercial Code.

2. Self-employed entrepreneur (auto-entrepreneur)

Criterion	Feature
Partners	One natural person carrying on an activity eligible for the regime.
Liability	The entrepreneur is liable for debts with personal assets.
Capital	No capital; annual turnover received capped at MAD 500,000 (industrial, commercial and craft activities) and MAD 200,000 (services); activity falling under both categories: turnover of each category within its limit, or total turnover within the limit of the main activity (General Tax Code, Article 43-5°).
Management	The entrepreneur.
Audit of accounts	No statutory auditor; simplified accounting and tax obligations specific to the regime.
Transfer	Activity attached to the person; switch to another form above the ceilings.
Reference text	Law No. 114-13 on the status of the self-employed entrepreneur; General Tax Code, Articles 42 bis, 42 ter and 43.

3. Single-member limited liability company

Criterion	Feature
Partners	One sole partner, natural or legal person.
Liability	Limited to the amount of the contributions.
Capital	Amount freely set by the articles; no legal minimum (Article 46 of Law No. 5-96); shares fully paid up (Article 51).
Management	One or more managers, partner or third party.
Audit of accounts	Statutory auditor optional; mandatory where turnover at the close of a financial year exceeds MAD 50 million

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	excluding tax (Article 80 of Law No. 5-96).
Transfer	Transfer of shares by written deed; admission of partners: change to an LLC.
Reference text	Law No. 5-96.

4. Limited liability company

Criterion	Feature
Partners	At least two and no more than fifty partners (Article 47 of Law No. 5-96).
Liability	Limited to the amount of the contributions.
Capital	Amount freely set by the articles; no legal minimum (Article 46 of Law No. 5-96); shares fully paid up (Article 51).
Management	One or more managers, partners or third parties.
Audit of accounts	Statutory auditor optional; mandatory where turnover at the close of a financial year exceeds MAD 50 million excluding tax (Article 80 of Law No. 5-96).
Transfer	Transfer to third parties subject to the partners' approval under the law and the articles.
Reference text	Law No. 5-96.

5. Simplified joint-stock company

Criterion	Feature
Partners	One or more natural or legal persons.
Liability	Limited to the amount of the contributions.
Capital	Amount freely set by the articles (Article 43-5 of Law No. 5-96).
Management	Organisation set by the articles; a president represents the company.
Audit of accounts	Statutory auditor optional; mandatory above a turnover threshold set by regulation (Article 43-11 of Law No. 5-96).
Transfer	Shares; approval or non-transferability clauses possible in the articles.
Reference text	Law No. 5-96, Title III bis (Articles 43-1 et seq.), inserted by Law No. 19-20; Law No. 17-95 applies insofar as it is compatible (Article 1 of Law No. 5-96).

6. Public limited company

Criterion	Feature
Partners	At least five shareholders (Article 1 of Law No. 17-95).
Liability	Limited to the amount of the contributions.
Capital	At least MAD 300,000; MAD 3,000,000 for companies making a public offering (Article 6 of Law No. 17-95); at least one quarter paid up on subscription, balance within three years (Article 21).
Management	Board of directors, or management board and supervisory board.
Audit of accounts	Statutory auditor.
Transfer	Negotiable shares, subject to clauses in the articles.
Reference text	Law No. 17-95.

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7. Branch of a foreign company

Criterion	Feature
Partners	Establishment of the foreign parent company, without separate legal personality.
Liability	The parent company is liable for the branch's commitments.
Capital	No own capital; allocation from the parent company.
Management	Representative appointed by the parent company.
Audit of accounts	According to the parent company's obligations and the applicable regulations.
Transfer	Closure or conversion into a subsidiary.
Reference text	Law No. 15-95 enacting the Commercial Code, Articles 37 and 41 (registration in the local trade register of the place of business).

Reading the founder's situation

– A single founder, natural person, small-scale activity: sole proprietorship, self-employed regime if the activity and turnover fall within it, single-member LLC or SAS to separate assets.
– Several partners: LLC for an operating framework set by law; SAS where the partners wish to organise management and entry rules freely; public limited company where the project calls for a broad shareholding or investor funding.
– Foreign company: Moroccan subsidiary where liability is to be confined to Morocco; branch where the parent company carries on the activity directly.

Selection criteria

Separation of personal assets and business assets : ☐ Decisive ☐ Important ☐ Secondary

Opening the capital to new partners or investors : ☐ Decisive ☐ Important ☐ Secondary

Flexibility of operating rules : ☐ Decisive ☐ Important ☐ Secondary

Simplicity of formalities and operating costs : ☐ Decisive ☐ Important ☐ Secondary

Image with customers, banks and public buyers : ☐ Decisive ☐ Important ☐ Secondary

Legal forms examined

Legal form chosen by the founder :

Reasons for the choice :

Points to be checked with an authorised professional :

Notes for use

– The guide does not decide on any form: the choice belongs to the founder, informed where necessary by the founder's authorised professionals; tax and social security implications are examined by the accountant.

References

– Loi n° 5-96 sur la société en nom collectif, la société en commandite simple, la société en commandite par actions, la société à responsabilité limitée et la société en participation
– Loi n° 17-95 relative aux sociétés anonymes
– Loi n° 15-95 formant code de commerce
– Loi n° 114-13 relative au statut de l'auto-entrepreneur ; code général des impôts, articles 42 bis, 42 ter et 43

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Texts cited under their official French title.

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