

Bahrain

VAT is in force in Bahrain since 1st January 2019.

In accordance with the Unified Agreement for Value Added Tax of the Cooperation Council for the Arab States of the Gulf, Decree-Law No. (48) for the year 2018 regarding Value Added Tax, e-commerce of goods in Bahrain falls under 10% VAT.

VAT registration for non-residents

Transactions where a non-resident supplier ships goods from another country to a Bahrain customer (private individual) are not considered as a supply leading to an obligation to register for VAT in Bahrain.

If the buyer is registered in the Bahrain business, a reverse charge mechanism may apply. In case the purchase of goods relates to taxable activities, such a business can credit import VAT in its tax return.

The only situation when a non-resident business must be registered for VAT in Bahrain is when a business uses a local warehouse to store goods for B2C sales.

VAT Standard rate

The standard VAT rate in Bahrain 2024 is 10% (5% – before 1 January 2022).

VAT Reduced rate

0% – for some food items, medical equipment, goods for kids, precious metals, and gems.

Thresholds

Non-residents are obligated to register for VAT in Bahrain within 30 days from the first taxable supply to non-taxable persons in Bahrain, VAT threshold is zero.

Registration

Non-residents, who carry on economic activities but have no fixed place of business or fixed establishment, are required to register if they should pay VAT in Bahrain.

Businesses must be registered at the National Bureau for Revenue (NBR). The NBR is responsible for the registration of taxpayers and their tax liability, the validation of VAT return filing and the related assessment, and the payment of refunds.

Tax representative

A non-resident may register for VAT through a VAT representative. A VAT representative must be resident in Bahrain and duly approved by the NBR. The appointment as a VAT representative must be done by way of an official power of attorney.

Deregistration

If a non-resident is registered for VAT in Bahrain, he must deregister within 30 days of any of the following events occurring:

- No longer carries out economic activity in Bahrain;
- Has not made any VAT-able revenue for 12 consecutive months.

VAT returns filing

VAT-able persons with annual supplies not more than BHD 3 million have VAT periods corresponding to calendar quarters (i.e. ending 31 March, 30 June, 30 September, and 31 December).

A VAT return for each VAT period is due by the last day of the month following the end of the previous day of the VAT period.

VAT payment date

The associated VAT due should be paid by the last day of the month following the end of the previous day of the VAT period.

Recovery of input VAT

A taxable person who is registered for VAT in Bahrain can claim the VAT paid on imports of goods provided the conditions for input tax recovery:

- The taxable person will use the goods for the making of taxable supplies;
- The recovery of VAT on these goods is not disallowed.

A taxable person must keep the relevant customs/import documentation as evidence of the import in order to recover the VAT charged on the import of goods.

For non-registered persons, the import VAT paid would not be refundable.

Penalties

Failure to apply to register (within 60 days from the date of expiry of the registration period) – BHD 10,000.

- Late submission of a VAT return – 5%-25% of the value of the VAT declared or paid;

- Late payment of VAT due – 5%-25% of the value of the VAT declared or paid.

