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[[1]](#footnote-1)\*

**Legislative Decree No. (48) Of 2018**

**Promulgating The Value Added Tax Law**

We, **Hamad** **Bin Isa Al Khalifa King of the Kingdom of Bahrain**

Having reviewed the constitution, and in particular Article 38 thereof,

The Civil and Commercial Procedures Law promulgated by Legislative Decree No. 12 of the year 1971, and its amendments,

And Legislative Decree No. 15 of the year 1976 promulgating the Penal Law, and its amendments,

And Legislative Decree No. 7 of the 1987 Trade Law, and its amendments,

And Decree-Law No. 10 of the year 1990 on the control of pearls and stones with a value adjusted by Legislative Decree No. 65 for the year 2014,

And Civil Law No. 19 of the year 2001 promulgating the Civil Law, adjusted by Legislative Decree No. 27 for the year 2017,

And Legislative Decree No. 21 of the year 2001 promulgating the Commercial Companies Law, and its amendments,

And Decree-Law No. 10 of the year 2002 to approve the Common Customs Law of the Cooperation Council for the Arab States of the Gulf,

And Decree-Law No. 39 of 2002 on the general budget, and its amendments,

And Legislative Decree No. 46 of the year 2002 promulgating Criminal Procedures Law, and its amendments,

And Legislative Decree No. 64 of 2006, for the Central Bank of Bahrain and Financial Institutions, and its amendments,

And Legislative Decree No. 16 of 2014 on the Protection of State Information, and Documents,

And Decree-Law No. 27 of 2015 Concerning the Commercial Register,

And Legislative Decree No. 18 of the year 2016 on Investment Partnerships Limited,

And Legislative Decree No. 47 of the year 2018 on the ratification of the Unified Agreement for Value Added Tax of the Corporation Council for the Arab States of the Gulf,

And according to the presentation of the Prime Minister,

And upon the approval of the Cabinet,

Have promulgated the following Law:

**First Article**

The provisions of the Law on Value Added Tax accompanying this law shall apply.

**Second Article**

The Minister may, after approval of the Council of Ministers, determinethe percentage to be withheld from the proceeds of tax and administrative fines for the purpose of covering claims of tax refundthat are applicable in accordance with tax laws in force in the Kingdom.

The amounts withheld shall be deposited in a separate account at an accredited bank. Withdrawal therefrom shall be in accordance with the mechanism of refund prescribed under tax laws in force in the Kingdom.

**Third Article**

The Minister shall, upon approval of the Council of Minster, issue the implementing regulation of this law within fifteen days following the date it comes into effect.

**Fourth Article**

The Prime Minister and the Ministers - each in his respective capacity - shall implement this Law which shall come into effect on 1 January 2019 and shall be published in the Official Gazette, except that the provisions of article (77) of this Law shall come into effect on the day following the date of such publication.

**Value Added Tax Law**

**Chapter One: Preliminary Provisions**

**Article 1: Definitions**

In the applicationsof the provisions of this Law, the following words and expressions shall bear the meaning set forth against each of them unless the context otherwise requires:

1. **The Kingdom:** The territory of the Kingdom of Bahrain including its lands, sub oilthereof,and territorial waters adjacent to its borders, and the seabed, and everything over which it exercises sovereign rights in accordance with the provisions of international law.
2. **The Minister:** TheMinister of Finance.
3. **The Bureau:** The National Bureau for GCC taxes established under Decree No. 45 for the year 2018.
4. **Council:** Gulf Cooperation Council.
5. **TheAgreement:** The Unified Agreement for Value Added Tax of the states of the Council ratified by Decree- Law No. 47 for the year 2018.
6. **Unified Customs Law:** Decree-Law No. (10) For the year 2002 adopting the Unified Customs Law for GCC states.
7. **First Point of Entry:** First customs point of entry through which Goods enter the Council states territory from abroad in accordance with the Unified Customs Law.
8. **Final Destination Point of Entry:** Customs point of entry through which Goods enter the final destination State within the Council states.
9. **Tax:** Value Added Tax imposed on the import and supply of Goods and Services at each stage of production and distribution including on Deemed Supply.
10. **Deemed Supply:** Transactions which are considered to be a Supply of Goods and Services in accordance with the cases provided in this Law.
11. **Supply:** Any form of Supply of Goods and Services for Consideration in accordance with the provisions of this Law.
12. **Implementing States:** Council states that are implementing Tax in accordance with their domestic legislation.
13. **Person:** Any natural or legal person, whether public or private, or any other form of a partnership.
14. **Taxable Person:** A Person that conducts an Economic Activity independently for the purpose of generating income, and who is registered or obliged to register for Tax purposes in accordance with the provisions of this Law.
15. **Taxable Trader:** A Taxable Person in any Implementing State, and whose primary activity is the distribution of gas, oil, water or electricity.
16. **Economic Activity:** An activity that is conducted in an ongoing and regular manner for the purpose of generating income, including commercial, industrial, agricultural,professional activities or services or any use of tangible or intangible assets, and any other similar activity.
17. **Goods:** All forms of tangible property (physical assets), including water and all forms of energy, including electricity, gas, lighting, heating, cooling and air conditioning.
18. **Import of Goods:** The entry of Goods from outside the territory of the Implementing States into the Kingdom, in accordance with the provisions of the Unified Customs Law.
19. **Export of Goods:** Supply of Goods from the Kingdom to outside the territories of the Implementing States in accordance with the provisions of the Unified Customs Law.
20. **Services:** Everything which is not a Good, whether local or imported.
21. **Taxable Supplies:** Supplies on which Tax is imposed, whether at the standard or zero rate, and from which related Input Tax is deducted, in accordance with the provisions of this Law.
22. **Input Tax:** The Tax borne by a Taxable Person in relation to Goods or Services supplied to him or imported for the purpose of carrying out an Economic Activity.
23. **Exempt Supplies:** Supplies on which no Tax is imposed on, and from which related Input Tax is not deducted in accordance with the provisions of this Law.
24. **Registration Number:** A unique Tax identification number issued by the Bureau to a Person who is registered for Tax purposes.
25. **Tax Group:** Two or more Persons registered for Tax purposes which are treated as a single Taxable Person in accordance with the provisions of this Law.
26. **Consideration:** All that is received or expected to be received by the taxable Supplier from the Customer or from a third party in for the Supply of Goods or Services, including of Tax.
27. **Importer:** The Person that the customs documentation show as an importer of the Goods in accordance with the provisions of the Unified Customs Law.
28. **Supplier:** The Person who supplies Goods or Services.
29. **Customer:** The Person who receives Goods or Services.
30. **Resident Person:** Any Person who has a Place of Residence in the Kingdom.
31. **Non-Resident Person:** Any Person who does not have a Place of Residence in the Kingdom.
32. **Place of Residence of a Person:** The location of the Place of Business of a Person or the Fixed Establishment. For a natural Person who does not have a Place of Business or a Fixed Establishment, it will be his usual place of residence. If a Person has a Place of Residence in more than one country, the Place of Residence will be considered to be the place most closely connected with the Supply.‎‎‎‎‎‎‎
33. **Place of Business:** The place where the business is legally established, or the place of its actual management centre where the key decision relating to the business operations are made if different from the place of establishment.‎‎‎‎‎‎‎
34. **Fixed Establishment:** Any fixed location for the business other than the Place of Business, where business is conducted, and is distinguished by the permanent presence of human and technical resources in such a way that enables the Person to supply or receive Goods or Services.‎‎‎‎‎‎‎
35. **Capital Assets:** Tangible or intangible assets which constitute part of the assets of the business, and which are assigned for long term use as a business instrument or as a means of investment.
36. **Reverse Charge Mechanism:** The mechanism whereby the taxable Customer is obliged to pay the Tax due on behalf of the Supplier, and is liable for all the obligations stipulated in this Law.
37. **Related persons:** Two or more Persons where one has supervisory and directive control over the others in such a way that he hashere he holds an administrative authority enabling him to influence the work of the other Person(s) from a financial, economic or organisational point of view. This includes Persons under the authority of a third Person, who may influence their work from a financial, economical or organisational point of view.
38. **Deductible Tax:** Input Tax which can be deducted from the Tax due on Supplies for each Tax Period, in accordance with the provisions of this Law.
39. **Net Tax:** The Tax resulting from subtracting the Deductible Tax in the Kingdom from the Tax due in the Kingdom during the Tax Period and the Net Tax shall be either payable or refundable.
40. **Mandatory Registration Threshold:** The minimum limit of the value of actual Supplies at which a Taxable Person becomes obliged to register for Tax purposes.
41. **Voluntary Registration Threshold:** The minimum limit of the value of actual Supplies, at which a Taxable Person may request registration for Tax purposes.
42. **Tax Return:** The data and information specified for Tax purposes which the Taxable Person must disclose in accordance with a form prepared for such purpose by the Bureau.
43. **Tax Period:** The time period for which the Net Tax is calculated and the Tax Return submitted.
44. **Tax Invoice:** Any written or electronic document,which a Taxable Person must issue, in which the details of a Supply are recorded, in accordance with the provisions of this Law.
45. **Credit/Debit Tax Note:** Any written or electronic document that the Taxable Person is obliged to issue when making any amendments to the Consideration for the Supply, in accordance with the provisions of this Law.
46. **Voucher(s):** Written or electronic instruments which grants the bearer the right to receive Goods or Services equivalent to the value stated thereon,or the right to receive a discount or reduction on the value of such Goods or Services, excluding postage stamps issued by the Kingdom’s post office.
47. **Market Value:** The value for which Goods and Services are traded in the open market between two independent parties under competitive conditions, excluding Tax.
48. **Government Bodies:** Ministries, government authorities, and institutions and public bodies in the Kingdom.
49. **Intra-GCC Supplies:** Supplies made by a Supplier resident in the Kingdom to a Customer Resident in an Implementing State, or vice versa.
50. **Sovereign Supplies:** Supplies made by government bodies in their own capacity, whether in exchange for Consideration or not.
51. **Tax Representative:** A Person licensed by the Bureau to represent a Non-Resident Taxable Person in all that relates to his Tax obligations and rights.
52. **Tax Agent:** A Person licensed by the Bureau to act on behalf of a Resident Taxable Person in all that relates to his Tax obligations and rights.
53. **Regulations:** The Executive Regulations of this Law.

**Chapter Two: Scope of Tax and rate**

**Article 2: Scope of Tax**

Tax shall be imposed on Taxable Supplies made by a Taxable Person in the Kingdom, and shall also be imposed on Goods and Services that a taxable Customer receives in the Kingdom in circumstances where the Reverse Charge Mechanism applies, and is imposed on the Import of Goods, all of which is in accordance with the provisions of this Law.

**Article 3: Tax Rate**

Tax shall be imposed at a standard rate of 5% of the value of a Supply or import, unless a specific provision is made in this Law to exempt from Tax or to impose Tax at a zero rate.

The displayed price in the local market must include the value of payable Tax due in accordance with the conditions and rules specified by the Regulations.

**Article 4: Persons Obliged to Pay Tax**

Tax shall be payable by:

1. A Taxable Person who engages in the Supply of Goods and Services in the Kingdom.
2. A taxable Customer who receives Goods or Services in the Kingdom from a Supplier who is a non-resident, in accordance with the Reverse Charge Mechanism by declaring it on the Tax Return.
3. Every Person appointed or recognised as an Importer in accordance with the Unified Customs Law shall be obliged to pay the Tax due on Imports.
4. Every Person who includes an amount of Tax on an invoice issued in the Kingdom.

The Regulations shall specify the rules and procedures for the application of this Article.

**Chapter Three: Supply**

**Article 5: Supply of Goods**

1. A transfer of ownership of or the right to dispose of Goods as an owner shall be considered as a Supply of Goods, including the following circumstances:
2. A disposal of Goods under an agreement that provides for the transfer of ownership of the Goods or the possibility of transferring them at a date subsequent to the date of the agreement, which shall be no later than the date on which the Consideration is paid in full;
3. The grant of rights in rem deriving from ownership rights giving the right to use real estate;
4. The compulsory transfer of ownership of Goods for Consideration in accordance with a decision by the public authorities or any laws in force in the Kingdom.
5. The transfer of Goods by a Taxable Person that form part of his assets from the Kingdom to another place within an Implementing State, except in the following cases:
6. If it is proven that the use of the Goods transferred to the other Implementing State is temporary and in accordance with the temporary entry conditions stipulated in the Unified Customs Law.
7. When the transport of Goods is part of another Taxable supply chain in the other Implementing State.
8. The Regulations shall specify the rules and procedures for implementing the provisions of this Article, including the provisions regulating the Supply dealings consisting of multiple components at a single price, whether these components are Goods, Services or both.

**Article 6: Supply of Services**

A Supply of a Service shall be any Supply that does not constitute a Supply of Goods, in accordance with what the Regulations specify.

**Article 7: Issue of a Voucher**

The sale or issue of Vouchers shall not be considered a Supply unless the Consideration received in exchange for this sale orissue exceeds the face value shown on the Voucher. The Supply of Goods or Services in exchange for Vouchers shall be subject to Tax in accordance with the controlsrules and conditions specified by the Regulations.

**Article 8: Supply on Behalf of Other Persons**

If a Taxable Person supplies or receives Goods or Services using his own name on behalf of another Person, he shall be treated - for the purpose of applying the Law - as having supplied or received such Goods or Services himself.

Where a Taxable Person makes a Supply of Goods or Services in the name of and for the benefit of another Person, he shall be treated - for the purpose of applying this Law - as having made the Supply or received that Good or Service on behalf of that other Person.

**Article 9: Supplies made by Government Bodies**

Supplies made by government bodies shall be subject to Tax if they are operated in a non-sovereign manner through conducting an Economic Activity in accordance with competitive mechanisms with the private sector.

A decision by the Prime Minister shall be issued specifying these Government Bodies, their Taxable Supplies, the nature of Tax declarations and their de-registration.

**Article 10: Deemed Supply**

1. A Taxable Person shall be treated as making a Supply in the following cases:
2. The use or assignment of Goods which form part of his assets, other than for the purposes of Economic Activity.
3. Changing the use of Goods for the purpose of making non-taxable supplies.
4. Retaining Goods he owns at the date of de-registration despite ceasing Economic Activity.
5. Disposal of Goods without Consideration, unless for the purpose of use as samples or symbolic gifts for the purpose of his Economic Activity, in accordance with value limits set in the Regulations.
6. Providing Services without Consideration.
7. The provisions of Paragraph A of this Article shall apply where the Taxable Person has deducted the Input Tax relating to the Goods and Services specified.
8. The Regulations shall specify the detailed provisions regulating Deemed Supply.

**Article 11: Assignment of the Economic Activity**

A Taxable Person’s assignment of Economic Activity, or part thereof, for the benefit of another Taxable Person in the Kingdom shall not be considered a Supply for the purposes of applying this Law, whether the assignment was executed with or without Consideration.

The Regulations shall specify the terms and conditions of applying this Article.

**Chapter Four: Tax Due Date**

**Article 12: General Tax Due Date on the Supply of Goods and Services**

1. Tax is due on the date of the Supply of the Goods or Services, the date of issue of a Tax Invoice, or the date of receipt of Consideration in full or in part, to the extent of the received amount, whichever comes first.
2. The date of Supply of Goods or Services on which the Tax is due shall be as follows:
3. The date on which the transport of Goods began, if such transport was under the supervision of the Supplier.
4. The date on which the Goods were placed at the Customer’s disposal, if the transport was not supervised by the Supplier.
5. The date on which the installation or assembly of the Goods was completed, in relation to supply dealings involving installation or assembly.
6. The date on which the performance of the Service was completed.

**Article 13: Tax Due Date onthe Supply of Goods**

**and Services in Specific Cases**

1. The date of Supply of Goods or Services in relation to any contract containing periodic payments or consecutive invoices is the earliest of the following dates, provided that it does not exceed twelve months from the date of the commencement of the Supply of Goods or Services:
2. The date of issue of a Tax Invoice or any other similar document.
3. The due date of payment of the amount specified in the Tax Invoice.
4. The date of receipt of payment.
5. The date of Supply in circumstances where payment is made through vending machines is the date the amounts paid are collected from those machines.
6. The date of a deemed Supply of Goods or Services is the date of their Supply, assignment, disposal, change in the use or the date of deregistration, on a case-by-case basis and in accordance with what the Regulations shall specify.
7. The date customs fees are due, or the date on which they were supposed to be due, in accordance with the provisions of the Unified Customs Law.
8. The date of Supply of a Voucher shall be the date of its issue or the date of subsequent Supply.

**Chapter Five: Place of Supply**

**Article 14: Place of Supply of Goods**

1. The place of Supply shall be in the Kingdom in the following instances:
2. If the Goods were placed at the disposal of the Customer in the Kingdom, with respect to a Supply made without transport or dispatch.
3. If the Goods were present in the Kingdom at the start of their transport or dispatch, with respect to a Supply made with transport or dispatch, whether the transport or dispatch was done by the Supplier or on the Customer’s behalf.
4. If the installation or assembly of the Goods supplied was carried out in the Kingdom.
5. For Intra-GCC Supplies:
6. The place of Supply of Intra-GCC Supplies shall be in the Kingdom if it was the final destination of the transport or dispatch of Goods, and the Customer was a Taxable Person in it, or if the Supplier was registered or obliged to register for Tax in the it.
7. The place of Supply of Intra-GCC Supplies shall be in the Kingdom if it was the place where the transport or dispatch of Goods starts for a Supply without installation or assembly, the Supplier is registered for Tax purposes in the Kingdom and the Customer is not registered in the Implementing State where the transport or dispatch ends, provided that the value of the Supplies made by the taxable Supplier does not exceed the Mandatory Registration Threshold in that Implementing State during any twelve consecutive month period.

**Article 15: Place of Supply of Energy and Water**

Notwithstanding the provisions of Article 14 of this Law, the place of the Supply of gas, oil and water by a pipeline distribution system, and the Supply of electricity through the production, transmission and distribution networks, shall be in accordance with the following:

1. If the Supply is from a Taxable Person with a Place of Business in the Kingdom to a Taxable Trader with a Place of Business in an Implementing State, the place of Supply shall be in the Taxable Trader’s place of establishment.
2. If the Supply is from a Taxable Person to a Person who is not a Taxable Trader, the place of Supply shall be the place of actual consumption.

**Article 16: Place of Supply of Services**

The place of Supply of Services shall be in the Kingdom if the taxable Supplier is resident in it, provided that the Customer is not a Taxable Person and is not registered for Tax purposes in any other Implementing State; and otherwise the place of Supply of Services shall be the Customer’s place of residence.

**Article 17: Place of Supply of Other Services**

Notwithstanding the provisions of Article 16 of this Law, the place of Supply of other Services shall be determined according to the following:

1. The place of residence of the taxable Customer where the Supplier has no Place of Residence in the Kingdom.
2. The place where the means of transport are placed at the disposal of the Customer, if the Supply relates to transport rental Services between a taxable Supplier and a non-taxable Customer.
3. In the place of actual performance for the following Supplies:
4. Restaurant, hotel, and food and drink catering services.
5. Cultural, artistic, sporting, educational and entertainment Services.
6. Services related to moveable Goods which are supplied from a taxable Supplier who has a Place of Residence in the Kingdom to a non-taxable Customer in an Implementing State.
7. The place where the real estate is located, if the Supply is related to real estate Services, in accordance with the Regulations.
8. The place where transport of Goods, passengers, and Services relating to such transport commences, if supply relates to transportation services, in accordance with the Regulations.

**Article 18: Place of Supply of Wired and Wireless**

 Telecommunications Services and Electronic Services

The place of Supply of wired and wireless telecommunications Services and electronic Services shall be in the Kingdom, if they are benefited from and used in the Kingdom to the extent of such benefit and use.

The Regulations shall specify the nature and types of wired and wireless telecommunications Services, electronic Services and the conditions and controls for the application of this Article.

**Chapter Six: Imports**

**Article 19: Place of import**

The place of import will be the Kingdom in the following two cases:

1. If the Kingdom is the First Point of Entry for the imported Goods into a Council State.
2. If the Kingdom is the place where the imported Goods are released from a customs duty suspension, where Goods are placed under the custom duty suspension under the provisions of the Unified Customs Law immediately upon entry into the Council Territory.

**Chapter Seven: Value of Supply and importation**

**Article 20: Value of Supply**

1. The value of a Supply shall be calculated based on the Consideration, excluding Tax, including all expenses imposed by the taxable Supplier on the Customer as well as the fees due as a result of the Supply and all taxes due, including excise tax, but excluding Tax.
2. If all or part of the Consideration is non-monetary, the value of the Supply is calculated on the basis of the total of the cash portion and the fair Market Value of the non-monetary portion of the Consideration, inclusive of all the expenses referred to in the previous paragraph of this Article, excluding Tax.
3. For Tax due in accordance with the Reverse Charge Mechanism, the value of the Supply is the purchase price. In the event that the purchase price cannot be determined, the value of the Supply is the fair Market Value at the date of receipt of such Supply.
4. If the Consideration relates to other matters in addition to the Supply of Goods or Services, the value of the Supply shall be equal to that part of the Consideration relating to the Supply.
5. The Regulations shall specify the provisions and the rules governing the implementation of the provisions of this Article, in addition to identifying rulesand conditions for determining Market Value.

**Article 21: Value of Imported Goods**

The value of imported Goods shall be the customs value determined in accordance with the Unified Customs Law plus excise tax, customs duty and any other charges, excluding Tax.

If it is not possible to determine the value of import according to the preceding paragraph of this Article, it shall be determined according to the rules stipulated in the Unified Customs Law.

**Article 22: Value of Supply between Related Persons**

Notwithstanding the provisions of Articles 20 and 21 of this Law, the value of a Supply of Goods or Services between Related Persons shall be calculated on the basis of the Market Value if the value of Supply is less than the Market Value and the Customer is not entitled to deduct the Input Tax in full.

The Regulations shall specify the terms and controls necessary for the application of this Article.

**Article 23: Value of Deemed Supply**

The value of a Deemed Supply is calculated on the basis of the purchase price or the actual cost of the Goods or Services deemed to be supplied.

If it is not possible to determine the purchase price or the actual cost, then the fair Market Value of such Goods or Services shall apply.

**Article 24: Value of Supply after Discount**

The value of the Supply shall be reduced by the following:

1. Discounts on prices and discounts given to the Customer.
2. The value of subsidies granted by the State to the Supplier.
3. Amounts paid by the taxable Supplier in the name and to the account of the Customer, in which case the taxable Supplier may not deduct the Tax paid on such expenses.

The Regulations shall determine the conditions and controls for calculating the Tax after discounts.

**Article 25: Value of Supply of Vouchers**

The value of the Supply of Voucher is calculated on the basis of the difference between the Consideration received by the Supplier of the Voucher and the advertised monetary value.

**Article 26: Value when re-importing after**

**Temporary Transfer and Export of Goods**

If the Goods are temporarily transferred to an Implementing State or exported with the aim of completing their manufacturing or repair, then the final taxable value shall be calculated upon re-importation into the Kingdom on the basis of the increase in their in accordance with what is stipulated in the Unified Customs Law.

**Article 27: Value of Supply Based on Profit Margin**

The Taxable Person may,in any Tax Period, and after approval by the Bureau, calculate the value of the Supply of certain taxable Goods using the profit margin mechanism instead of the value of such Supply.

The Regulations shall specify the Goods on which the profit margin mechanism may apply, as well as the controls and conditions for applying the provisions of this Article.

**Article 28: Adjustment of Value of Supply**

The Taxable Person may adjust the value of a Supply in any of the following cases on a date following the date of Supply:

1. Cancelling the Supply or rejecting part or all of the Supply.
2. Reducing the value of the Supply.
3. Not collecting the Consideration in whole or in part in accordance with the conditions applicable to bad debts.
4. Returning the Goods or Services, subject to the Supplier’s consent.

The Taxable Person shall be obliged to adjust the value of the Supply in the event of a modification or a material change in the nature of the Supply which would increase the amount of Tax due.

The Regulations shall specify the conditions and controls for applying the provisions of this Article.

**Chapter Eight: Registration**

**Article 29: Mandatory Registration**

1. The Mandatory Registration Threshold shall be in accordance with Paragraph 2 of Article 50 of the Agreement.
2. The Resident Taxable Person must register for Tax purposes in the following two cases:
3. If the value of their Supplies undertaken in the Kingdom over the previous twelve-month period exceeds the Mandatory Registration Threshold.
4. If it is anticipated that the value of their Supplies made in the Kingdom will, at any time, exceed the Mandatory Registration Threshold during the next twelve months.
5. A Non-Resident Person is required to register in the Kingdom for Tax purposes, regardless of the value of his Supplies, as long as he is obliged to pay the Tax in the Kingdom. As such, he must either register directly, or through the appointment of a Tax Representative following the Bureau’s approval. His Tax Representative shall replace him in all his rights and obligations in accordance with the provisions stipulated in Article 67 of this Law.
6. The Regulations shall determine the rules, procedures and conditions necessary for the application of the provisions of this Article.

**Article 30: Tax Group Registration**

Two or more legal Taxable Persons who reside in the Kingdom may be registered as a single Tax Group, upon their request, and after meeting the conditions and procedures specified in the Regulations.

All members of the Tax Group shall be jointly liable for the Tax obligations of that Tax Group arising during their registration period.

In all cases, the Bureau may amend or deregister the Tax Group in accordance with the conditions, circumstances and procedures specified in the Regulations.

**Article 31: Registration of Related Persons by the Bureau**

The Bureau may register Related Persons automatically in accordance with the cases, conditions and controls specified in the Regulations.

**Article 32: Registration Exclusion**

The Bureau may exclude a Taxable Person from mandatory registration, upon his request, if all his Supplies are subject to the zero rates.

The Taxable Person shall, upon approval of his exclusion from mandatory registration, be obliged to notify the Bureau of any amendments or changes that may occur to his activity and oblige him to register immediately, in accordance with the time limits, cases and procedures specified in the Regulations.

In all cases, the Bureau shall be entitled to collect the Tax and administrative fines due on the Taxable Person for the period in which he was unlawfully excluded from registration.

**Article 33: Voluntary Registration**

1. The Voluntary Registration Threshold shall be in accordance with Paragraph 3 of Article 51 of the Agreement.
2. A Person not obliged to mandatorily register in accordance with Article 29 of this Law, may voluntarily apply for registration for Tax purposes in the following two cases:
3. If he proves, at the end of any month, that the value of his Supplies or expenses during the preceding twelve-month period exceeds the Voluntary Registration Threshold.
4. At any time, he anticipated that the value of his Supplies or expenses over the next twelve months will exceed the Voluntary Registration Threshold.
5. The Regulations shall specify the rules, procedures and conditions necessary for the application of the provisions of this Article.

**Article 34: Deregistration**

1. The registrant shall apply to the Bureau to deregister in any of the following cases:
2. If he has ceased to carry out his Economic Activity.
3. If he has ceased to make Taxable Supplies for a period of twelve consecutive months.
4. If,at the end of any month, the value of his Taxable Supplies made during the preceding twelve months falls below the Voluntary Registration Threshold, and he does not anticipate that the value of these Supplies and his expenses during the following twelve months will exceed the Voluntary Registration Threshold.
5. The registrant may apply to the Bureau to deregister if the value of his Taxable Supplies during the preceding twelve months falls below the Mandatory Registration Threshold and exceeds the Voluntary Registration Threshold.
6. The Regulations shall specify the procedures, controls and conditions for deregistration, and the rules regulating the cases for rejecting deregistration.

**Chapter Nine: Tax Period and the Tax Return**

**Article 35: Tax Period**

The Regulations shall specify the Tax Period in respect of which the Taxable Person must calculate and pay Tax, provided that it is not less than one month. The commencement date and end date of this period may vary for each Taxable Person, As well as the cases in which the tax period may be amended upward or downward either by the Bureau or at the request of the Taxable Person.

**Article 36: Submitting the Tax Return**

A Taxable Person shall submit to the Bureau a Tax Return for each Tax Period, in which he discloses all Imports and Supplies he has made or received during that Tax Period using a form prepared for this purpose by the Bureau, by no later than the last day of the month following the end of the Tax Period concerned.

A Taxable Person shall be obliged to submit the Tax Return, even if he has not made any purchase, import or Supply during the Tax Period.

If a Taxable Person has not submitted his Tax Return within the period specified in the first paragraph of this Article, the Bureau shall have the right to estimate the Tax for the Tax Period in respect of which a Tax Return was not submitted, provided that the basis of the Bureau’s estimation is determined without prejudice to the criminal responsibility of the Taxable Person and the administrative fines stipulated in this Law.

Subject to the provisions of Article 61 of the Agreement, the Regulations shall specify the data to be included in the Tax Return, its conditions, controls and the procedures for its submission.

**Article 37: Amending the Tax Return**

Subject to the provisions of Article 28 of this Law, the Taxable Person shall be obliged to notify the Bureau if his Tax Return requires an amendment, and he shall make the necessary amendment to the return to rectify it, in accordance with the conditions, controls, rules and procedures specified by the Regulations.

**Chapter Ten: Tax Invoice**

**Article 38: Issue of a Tax Invoice**

A Taxable Person must issue an original Tax Invoice when making a Supply of Goods and Services, including a Deemed Supply, or upon receiving full or partial Consideration prior to the date of Supply.

Subject to the provisions of Paragraph 1 of Article 56 of the Agreement, the Regulations shall specify the data required to be included in a Tax Invoice, and the conditions and procedures for its issue, including electronic invoices, and the cases where a Taxable Person is exempt from issuing such invoices, and the cases under which alternative documents may be issued in place of a Tax Invoice, as well as the terms and information and the cases where the Customer or others issue the Tax Invoice on behalf of the Supplier.

**Article 39: Date of Issue of Tax Invoice**

The Taxable Person must issue the Tax Invoice no later than the fifteenth day of the month following the month during which the Supply took place.

**Article 40: Tax Invoice currency**

The amount of the Tax Invoice must be converted to Bahraini Dinars if the Supply was made in another currency.

And the conversion should be based on the exchange rate approved by the Central Bank of Bahrain at the date of Supply.

**Article 41: Adjusting a Tax Invoice (Credit/Debit Notes)**

1. A Taxable Person who, adjusts the value of a Supply if any events included in Article (28) of this law occurs after issuance of the Tax Invoice provided that this adjustment is included in a document that corrects the original Tax Invoice in accordance with the following:
2. If the Tax amount shown in the original invoice exceeds the actual value of the Supply, the Taxable Person who has made the Supply shall issue aa Credit Note to the Customer.
3. If the Tax amount shown in the original invoice is lower than the actual value of the Supply, the Taxable Person who has made the Supply shall issue a Debit Note to the Customer.
4. In all cases, such document shall be treated in the same manner as the original Tax Invoice.

**Chapter Eleven: Deduction and Adjustment of tax**

**Article 42: Deducting Input Tax**

1. The Deductible Tax for a Taxable Person for any Tax period is the sum of the Input Tax paid or receivable on Goods and Services supplied to him or imported by him for the purpose of carrying out the following transactions:
2. Taxable Supplies.
3. Supplies made outside of the Kingdom which would have been Taxable Supplies had they been made in the Kingdom.
4. The Tax paid at import into another Implementing State, which is considered the First Point of Entry of Goods into the Council States, shall be deductible when the Kingdom is the Final Destination Point of Entry of such Goods.
5. Subject to the provisions of Paragraph A of this Article, Input Tax borne shall not be deducted in the following cases:
6. If paid for Goods or Services other than those for the purpose of the Economic Activity of the Taxable Person.
7. If paid for Goods that are prohibited from being traded in the Kingdom.
8. If paid for Goods and Services for the purpose of making Exempt Supplies in the Kingdom.
9. The Regulations shall determine the other cases when Input Tax is not deductible, and shall specify the provisions, conditions and controls for the application of the provisions of this Article.

**Article 43: Conditions to Deduct Input Tax**

In order to deduct Input Tax in any Tax Period, the Taxable Person should have received and retained the Tax Invoice or customs documents so as to evidence that he is the importer of the Goods which relates to the Supply or import for which the Input Tax was due.

**Article 44: Deduction of Input Tax Paid Before Registration**

A Taxable Person may deduct Input Tax paid on Goods and Services supplied to him or which he imported prior to the date of registration, on the Tax Return of the first Tax Period after registration, if the following conditions are met:

1. The Goods or Services received are for the purpose of making Taxable Supplies.
2. The Goods have not been supplied before the date of registration.
3. Capital Assets have not been fully used before the date of registration.
4. The Services have been received within a period not exceeding six months prior to the date of registration.
5. The Goods and Services were not subject to any restriction associated with the right to make a deduction provided for in the Agreement and this Law.

**Article 45: Proportional deduction of Input Tax**

Where Input Tax is related to Goods and Services which are used to make taxable Supplies and exempt Supplies, Input Tax can only be deducted in proportion to Taxable Supplies.

The Regulations shall specify the methods for calculating the proportional deduction and the other conditions and controls for the application of the provisions of this Article.

**Article 46: Adjustment of Deductible Input Tax**

1. A Taxable Person shall be obliged to adjustthe value of the Input Tax previously deducted when importing or receiving Goods or Services supplied to him where the value of the Input Tax is higher or lower than the value of the Input Tax allowed to be deducted in the following cases:
2. Cancellation or rejection of the Supply.
3. Reduction in the value of the Supply following the date of Supply.
4. Failure to pay the Consideration for the Supply in whole or in part in accordance with the conditions relating to bad debts.
5. Change in the use of a Capital Asset.
6. The Taxable Person shall not be obliged to amend the value of Input Tax in either of the following cases:
7. Evidence is provided that the Goods imported by or supplied to him have been lost, damaged or stolen, in accordance with the conditions and controls determined by the Regulations.
8. Goods imported or supplied to him are used as samples or low value gifts in accordance with Clause 4 of Paragraph A of Article 10 of this Law.

**Article 47: Input Tax on Capital Assets**

Input Tax on Capital Assets shall be deducted in accordance with their net book value at the date of registration.

The Regulations will determine the mechanism for deducting and adjusting Input Tax on Capital Assets and the duration of retention of records and books relevant to Capital Assets.

**Article 48: Adjustment of Tax**

Without prejudice to the provisions of Article 41 of this Law, the Taxable Person shall adjust the Tax due on him in the following cases:

1. The occurrence of one of the cases stipulated in Article 28 of this Law, which leads to the amendment of the value of Supply.
2. If the Tax was incorrectly imposed.

The Regulations shall specify the conditions and controls necessary for the adjustment of Tax.

**Article 49: The Bureau’s Assessment of the Net Tax**

The Bureau has the right, in all cases, to estimate the amount of the Tax due if it is proven that the Tax is not properly calculated by the Taxable Person, and their estimate shall be based on valid reasons from the data and documents available to them.

The Regulations shall specify the provisions, rules and procedures governing the application of the provisions of this Article.

**Chapter Twelve: Payment of Tax**

**Article 50: Payment of Tax due on Supplies**

The Taxable Person shall pay the Tax due to the Bureau accompanied by his Tax Return, and in accordance with the rules and procedures specified in the Regulations.

**Article 51: Payment of Tax at Import**

1. An Importer shall pay the Tax due on import if the Kingdom is the First Point of Entry, in accordance with the provisions of this Law, to Customs Affairs at the Ministry of Interior in accordance with the procedures, regulations and conditions determined by the Bureau.
2. Notwithstanding the provisions of Paragraph A of this Article, the Bureau may allow the Importer who is a Taxable Person to defer payment of the Tax due on imported Goods for the purposes of its Economic Activity.

The Importer who is a Taxable Person shall, in this case, declare the deferred Tax due in his Tax Return, and the declared deferred Tax due shall be deductible in accordance with the provisions of this Law.

1. The Regulations shall specify the provisions, rules and procedures necessary for applying the provisions of this Article.

**Article 52: Suspension of Tax**

Tax on import shall be suspended if the Goods are placed under one of the customs duty suspension regimes, in accordance with the conditions and controls stipulated in the Unified Customs Law.

An Importer who is subject to Tax shall, in this case, provide a financial guarantee which covers the value of Tax calculated in accordance with the rules and controls specified in the Regulations.

**Chapter Thirteen: Tax Subject to Zero-Rate**

**Article 53: Goods and Services Subject to Zero-Rate**

The zero-rate shall apply to the following transactions:

1. The export of Goods outside the territory of the Implementing States.
2. The Supply of Goods to a customs duty suspension regime as stipulated in the Unified Customs Law, and the Supply of Goods under customs duty suspension.
3. Transportation services of passengers and Goods from or to the Kingdom, which begins in, ends or passes through the Kingdom’s territory, including Services and supply of related means of transport.
4. The Supply of preventive and basic healthcare Services and associated Goods and Services.
5. The Supply or import of medicines and medical equipment, subject to coordinating with the concerned medical bodies in the Kingdom.
6. Re-export of moved Goods that were temporarily imported into the Kingdom for repair, restoration, conversion or processing, including services pertaining to them.
7. The Supply of Services from a taxable Supplier resident in the Kingdom to a Customer not resident in the territory of the Implementing States who benefits from the Service outside the Implementing States territory, subject to the provisions of Article 17 of this Law.
8. The Supply or import of investment gold, silver and platinum with a purity of not less than 99% and tradable on the global bullion market, on the basis of a certificate issued by the concerned body which examines metals and precious stones in the Kingdom.
9. The first Supply after extraction of gold, silver and platinum for trading purposes.
10. The Supply and import of pearls and precious stones, after obtaining a certificate issued by the concerned body for examining pearls and precious stones to determine their nature.
11. The construction of new buildings.
12. The Supply of educational services and related Goods and Services by nurseries,pre-school primary, secondary and higher education institutions.
13. The local transportation sector.
14. Oil, oil derivatives and the gas sector.
15. The Supply and import of food as stipulated in Clause 1 of Article 31 of the Agreement.

The Regulations shall determine the terms, conditions and the necessary procedures to apply the provisions this Article.

**Chapter Fourteen: Exemptions**

**Article 54: Supply of Financial Services**

The Supply of financial Services specified in the Regulations is exempt from Tax, except where the payment for the Service is expressed as a fee, commission or commercial discount.

The Regulations shall specify the necessary rules and conditions for the application of the provisions of this Article.

**Article 55: Supply of Bare Land and Buildings**

The Supply of bare land and buildings by way of sale or rental shall be exempt from Tax.

The Regulations shall specify the necessary conditions and rules for the application of this Article.

**Article 56: Imports Exempt from Tax**

The following transactions shall be exempt from Tax:

1. The import of Goods, if the Supply of such Goods in the state of final destination is exempt from or subject to Tax at zero rate.
2. The import of Goods exempt from customs duties in accordance with the conditions and controls stipulated in the Unified Customs Law, as follows:
3. Diplomatic exemptions.
4. Military exemptions.
5. Import of personal luggage and used household appliances which are brought by citizens residing abroad and foreigners coming to reside in the Kingdom for the first time.
6. Import of returned Goods.
7. Personal luggage and gifts which accompany travellers.
8. Necessities for persons with special needs.

The Regulations shall determine the conditions, terms and procedures for applying the provisions of this Article.

**Chapter Fifteen: Refund of Tax and Transfer of Surplus**

**Article 57: Refund of Tax**

1. Without prejudice to the provisions ofArticles 65 to 69 of the Agreement, the Bureau may refund the Tax paid for any Supply or import in the following cases:
2. ATaxable Person who paid Tax in excess.
3. Foreign governments, international organisations, institutions, consular and military bodies and missions, for Goods and Services supplied within the Kingdom.
4. A Taxable Person in the Kingdom who paid Tax in another Implementing State for the purpose of carrying on his Economic Activity.
5. Tourists.

The Regulations shall determine the conditions, terms and procedures for applying the provisions of this Article.

1. Tax that meets the refund requirements shall be paid from the account of amounts withheld from the proceeds of Tax revenue and administrative fines for the purposes of covering refund claims.

**Article 58: Carry Forward of Excess Recoverable Tax**

The Taxable Person may request the Bureau to carry forward excess net Tax recoverable to subsequent Tax Periods.

The Bureau has the right to set off against the excess net Tax recoverable against any Tax or administrative fines due by the Taxable Person under the provisions of this Law or any other tax law in the subsequent Tax Periods until the excess is exhausted.

The Regulations shall determine the rules governing the application of the provisions of this Article.

**Chapter Sixteen: Judicial Control**

**Article 59: Powers of Judicial Officers**

Employees appointed by a decision of the minister concerned with justice affairs, in agreement with the Minister, shall have judicial officer status in respect of the implementation of the provisions of this Law and related implementing decisions with respect to criminal acts that fall within their area of expertise and relating to their duties. For this purpose, their inspections shall include factories, warehouses, shops, establishments, and others, where activities related to the Supply or import of taxable Goods or Services are carried out, and they shall be permitted to close the premises on a precautionary basis, record violations and prepare necessary reports. Where the place is intended for residential use, prior consent from the Public Prosecution is necessary.

In cases of control, members of the Public Authority assistance may be sought if necessary.

**Chapter Seventeen: Administrative fines**

**Article 60: Imposing administrative fines**

1. Except for instances of Tax evasion stipulated in Article 63 of this Law, an administrative fine shall be imposed on any Person who commits any of the following acts:
2. Late submission of a Tax Return or late payment of Tax, within the prescribed period not exceeding sixty days. The penalty in this case shall be calculated at a minimum rate of 5% and shall not exceed 25% of the value of the Tax which should be declared or paid.
3. Failure to apply for registration within sixty days from the date of expiry of the registration period stipulated under this Law or from the date of reaching the Mandatory Registration Threshold. In this case, a penalty not exceeding ten thousand Dinars shall be imposed.
4. Submission of false data on imports or on the Supply of Goods and Services performed where their value is higher than the value declared in the Tax Return. In this case, the penalty shall be calculated at a minimum rate of 2.5%, and shall not exceed 5% of the value of the unpaid amount of Tax for each month or part thereof for which the Tax was not paid.
5. Without prejudice to any more severe fine stipulated in another law, an administrative fine not exceeding five thousand Dinars shall be imposed on all of the following:
6. Preventing or obstructing employees of the Bureau or those responsible for the implementation of the provisions of this Law and the decisions taken from performing their duties or exercising their powers of supervision, inspection, examination, reviewing and requesting documents or accessing them.
7. Failure to notify the Bureau of changes in registration application data or Tax Return information within the specified period.
8. Failure to show the price of Goods or Services inclusive of Tax in accordance with the provisions of Article 3 of this Law.
9. Not providing information or data requested by the Bureau.
10. Failure to comply with the conditions and procedures for issuing a Tax Invoice.
11. Breaching any other provision of the Law or the Regulations.
12. The administrative fines imposed as stipulated in this Article must be collected with the amount of Tax due.

**Article 61: The Decision to Impose Administrative Fines**

Administrative fines shallbe imposed by a decision of the Minister or his authorised delegate, which includes the amount of Tax due. The decision may include the publication of its content at the expense of the violator in one of the local newspapers or any other suitable means of publication, depending on the type of violation, its severity and effects, after issue of the final decision.

The decision issued to impose the administrative fine shall be considered as an executive instrument eligible for forced implementation in accordance with the Civil and Commercial Procedures Law promulgated by Legislative Decree No. 12 of the year 1971 and its amendments.

**Article 62: Challenging and appealing against**

the Decision of the Administrative Fine

A Person against whom a decision has been issued to impose an administrative fine may challenge it before the Tax Appeals Review Committee in accordance with Article 66 of this Law within the same periods and in accordance with the same rules and procedures prescribed for Tax Appeals. The Tax Appeals Review Committee shall issue its recommendation on the appeal within thirty days from its submission and shall submit its recommendation to the Minister or his authorised delegate. The Minister or his authorised delegate shall issue his decision to approve, amend or cancel the recommendation within fifteen days from the date its receipt.

The appellant shall be notified of the final decision on the appeal request by the methods prescribed by law. If the period referred to ended without notice to the appellant, the decision shall be deemed to have been rejected.

The appellant may appeal against this decision before the competent court within sixty days of the date of notification of rejection of his appeal or from the date his request was considered rejected.

**Chapter Eighteen: Tax Evasion**

**Article 63: Cases of Tax Evasion**

The following acts are considered tax evasion in the application of the provisions of this Law:

1. Failure to apply for registration within sixty days from the expiration date of the period prescribed in Clause 2 of Paragraph A from Article 60 of this Law.
2. Failure to submit a Tax Return or to pay the Tax due on the Supplies or imports of taxable Goods or Services within sixty days of the expiration of the period prescribed in Clause 1 of paragraph A of Article 60 of this Law.
3. Deduction of Input Tax and the adjustment of Tax due on this basis without any right and in violation of the rules of deduction for Input Tax prescribed under the provisions of this Law.
4. Refund of the Tax in whole or in part without any right while being aware of it.
5. Providing forged or false documents, records or invoices with the intention of avoiding payment of Tax, in full or in part.
6. Non-issue of Tax Invoices by the Taxable Person for Supplies or Imports of taxable Goods and Services, where such non-issue is in violation of the provisions of this Law.
7. Issuing Tax Invoices which includes Tax on non-taxable Supplies.
8. Failure to maintain appropriate records, Tax Invoices and accounting books in a systematic way relating to the import or Supply of Goods or Services in violation of the provisions of Article 69 of this Law.

**Article 64: Punishment**

1. Any person who commits any of the cases of tax evasion as stipulated in Article 63 of this Law shall be punished by imprisonment for a period of not less than three years and not exceeding five years, and by a fine not less than the amount of the Tax due and not exceeding three times the amount of Tax due. The offender or multiple offenders are jointly liable for the payment of the Tax due.
2. The penalty stipulated in paragraph A of this Article shall be doubled if the offence is repeated within three years from the date of final conviction.
3. Without prejudice to the criminal responsibility of a natural person, a legal person shall be criminally punished by double the maximum fine prescribed in Paragraph A of this Article if any of the Tax evasion crimes, as stipulated in this Law, is committed in his name, on his behalf or for his benefit.
4. The Court may order the confiscation of means of transport, tools, materials and devices used for tax evasion crimes, except for ships and aircraft, unless they have been specifically, by the knowledge of their owner, prepared or used for evasion purposes.
5. Cases of Tax evasion crimes shall be summarily reviewed when referred to the courts. In all cases, the crime of Tax evasion is considered an offense against honor and honesty.
6. It is not permissible to file a criminal case or take any action for Tax evasion crimes except at the request of the Minister or his authorised delegate.
7. Without prejudice to any more severe penalty stipulated in any other law, some or all of the crimes stipulated in this Article may be reconciled. The Minister or his authorised delegate, upon the written request of the accused or his agent, may accept conciliation in cases of Tax evasion crimes before the lawsuit is filed or during the hearing and before the judgment is given if the accused or his agent pays an amount equivalent to the minimum fine for the crime as well as the value of the Tax. The reconciliation shall result in the termination of the criminal case.

**Chapter Nineteen: General Provisions**

**Article 65: Statute of Limitations**

A claim for Tax due to the Bureau, in accordance with this Law, will not be considered after the lapse of five years from the end of the Tax Period in which the Tax was due.

A claim for recovery of Tax wrongfully paid will not be considered when five years have lapsed from the date of payment.

The prescribed period to disregard appeals shall not be considered for any breaches of statute of limitations provided for in the Civil Code,or by notification of Tax, or notifying the Taxable Person to pay or prepare a submission to the Tax Appeals Review Committee or by submitting a refund request.

**Article 66: Tax Appeals Review Committee**

Upon the issue of a decision by the Minister or his authorised delegate, a committee named the “The Tax Appeals Review Committee” shall be formed with a head, whose grade is not less than director at the Bureau, and at least five other members with experience in tax, finance, accounting and legal matters.

The Committee, in addition to its competence set forth in Article 62 of this Law, shall examine and consider all objections and all disputes between Taxable Persons and the Bureau with regard to Tax.

The Taxable Person shall submit an objection to the committee within thirty days from the date of notification of the decision or procedure subject to paying the prescribed fee. The committee shall issue its recommendation with regard to the objection within thirty days from the date of submission thereof and submit it to the Minister or his authorised delegate, provided the Minister or his authorised delegate issues a decision to approve, amend or cancel such recommendation within fifteen days from the date of receipt.

The applicant shall be notified of the final decision on his objection by the methods prescribed by law. Where no notice is issued in the prescribed period, this will constitute an implied rejection.

The concerned party may appeal to the competent court against the decision of the Minister or his authorised delegate within sixty days from the date of notification of rejection or the date on which his objection was rejected. An appeal against the decision shall not prevent the competent court from collecting Tax due.

The Regulations shall specify the order and procedures of the committee and the controls for holding its meetings.

**Article 67: Tax Representatives, Tax Agents and Appointed Persons**

The Bureau may authorise Persons who wish to act as Tax Representatives or Tax Agents of Taxable Persons in respect of their Tax obligations in the Kingdom after payment of the prescribed licensing fees. The Bureau shall issue a list of Persons accredited as Tax Representatives or Tax Agents.

A Tax Representative shall be jointly liable with the Taxable Person for the payment of any Tax until the date the Tax Representative is confirmed by the Bureau as ceasing to act on behalf of that Taxable Person.

The Taxable Person shall continue to be personally liable to the Bureau for all his Tax obligations despite the appointment of a Tax Agent in his place.

The Regulations shall specify the mandatory conditions that must be met by the Tax Representative and the Tax Agent to authorise them to carry out their duties and their other obligations to the Bureau.

The person appointed as an administrator, a personal representative, an executor of a will, a legal guardian or a liquidator of a Taxable Person must notify the Bureau in writing of his appointment within thirty days from the date of appointment.

**Article 68: Information Confidentiality**

Employees working for the Bureau and all of those working on implementing the provisions of this Law shall be obliged not to disclose information obtained or disclosed to them, due to the nature of their work, during or after their service, except in cases where they have been permitted to disclose such information based on authorisation from the Bureau or to execute requests of the Kingdom’s judicial authorities

**Article 69: Maintaining Records and Tax Invoices**

The Taxable Person shall be obliged to maintain in an orderly manner, records, Tax Invoices and accounting books which relate to the Import or Supply of Goods or Services, and shall provide the Bureau with such records, invoices and books upon request.

The Regulations shall specify the types of such records, books, time limits, controls and conditions to be met when retaining them.

**Article 69: Maintaining Records and Tax Invoices**

The Taxable Person shall be obliged to maintain in an orderly manner, records, Tax Invoices and accounting books which relate to the Import or Supply of Goods or Services, and shall provide the Bureau with such records, invoices and books upon request.

The Regulations shall specify the types of such records, books, time limits, controls and conditions to be met when retaining them.

**Article 70: Stating the Tax Registration Number**

The Taxable Person, or their legal representative, shall state their Tax registration number on each return, notice, Tax Invoice, (Credit/Debit) Tax Note, and any other Tax document, as well as on all their correspondence with the Bureau.

The Bureau may issue to the Taxable Person a Tax registration certificate containing their Tax registration number and their Tax information, after paying the fees prescribed for the issue of this certificate.

**Article 71: Electronic Tax Collection and Payment System**

Taxable Persons must complete and submit Tax registration applications, Tax Returns, and other applications, petitions, Appeals, and any other Tax related requests, as well as pay the Tax due, and administrative penalties related to it through the Bureau’s approved electronic system.

**Article 72: Tax Treaties**

The provisions of this Law shall not prejudice the international obligations of the Kingdom arising under agreements signed between the Government of the Kingdom and foreign countries and international or regional organisations, or any international or bilateral treaties or protocols to which the Kingdom is a party.

**Article 73: Coordinating with Government Bodies**

The Bureau may coordinate with all Government Bodies in the Kingdom regarding the implementation of the provisions of this Law and the Regulations. All Government Bodies shall provide the Bureau with the data, information and documents required for the purposes of applying the Tax.

**Article 74: Licenses and Tax Certificate Fees**

The fees for issuing Tax certificates, licenses for Tax Representatives and Tax Agents, and the fees for submission of Tax objections shall be determined based on a decision issued by the Minister after the approval of the cabinet.

**Chapter Twenty: Transitional Provisions**

**Article 75: Date of Supply after the Law Comes into Force**

1. If an invoice has been issued or the Consideration for the Goods and Services has been paid before the effective date of this Law or before the date of registration, and the Supply has been made after that date, the Supplier of the Goods or Services is considered to have made a taxable Supply on the date of actual supply of the Goods or Services. In this case, the Taxable Person shall issue a Tax Invoice which includes the Tax due for the Supply of the Goods or Services, unless an invoice issued prior to the date of the Law coming into force included the value of the Tax due.
2. For the purposes of applying this Article, the date of Supply shall be considered to be after the date of the Law coming into force in the following two cases:
3. If the date of delivery of the Goods is later than the date of the Law coming into force.
4. If the date the Service was completed is later than the date of the Law coming into force.

**Article 76: Contracts Exclusive of Tax,**

**Signed Prior to the Law Coming into Force**

1. For Supplies relating to contracts signed prior to the Law coming into force, Tax shall apply on a Supply made in full or in part after the date of the Law coming into force.

Where the contract does not include a Tax clause, those Supplies shall be treated as follows:

1. The Consideration shall be deemed inclusive of Tax if it is imposed under this Law
2. Tax shall be calculated on the Supply, regardless of whether it was taken into account when determining the Consideration in return for the Supply.
3. The Regulations shall specify the provisions for applying the provisions of this paragraph.
4. Notwithstanding paragraph A of this Article, Tax shall be applied at the zero rate on Supplies related to contracts with the Government signed prior to the Law coming into force where the Supply is made in full or in part after the date of this Law coming into force, until the date of the contract's renewal, or its expiration, or 31 December 2023, whichever is earlier.

**Article 77: Time of Registration for Tax Purposes**

1. Every Person who is a resident or engaged in an Economic Activity in the Kingdom, prior to this Law coming into force, shall carry out the following:
2. Forecast his estimated annual revenues for the year beginning 1 January 2019.
3. Apply to the Bureau for registration for Tax purposes if it is expected that the value of his imports or Supplies made in the year beginning 1 January 2019 will exceed the Mandatory Registration Threshold.
4. The period to commence registration shall be determined by a decision issued by the Minister on the basis of the value of Supplies made by the Taxable Person.
5. Without prejudice to the provisions of Article 63 of this Law, a Taxable Person who is proven to have made imports and Supplies exceeding the Mandatory Registration Threshold during the year starting on 1 January 2019 without having registered for Tax within the time specified in Paragraph A of this Article shall be considered to be registered under the provisions of this Law.

**Article 78: Intra-GCC Supplies**

For the purposes of complying with the provisions of Article 71 of the Agreement, Intra-GCC Supplies involving the transfer of Goods from the Kingdom to another Implementing State shall be treated as an Export of Goods until such a time that the application of the Electronic Service System (ESS) is applied in all member states.

**Article 79: Treatment of Non-Implementing States**

For the purpose of applying this Law, any Member State shall be treated as a non-Implementing State if its local tax legislation includes the treatment of the Kingdom as a non-Implementing State and it does not comply fully with the provisions of the Agreement, and shall be treated in such case as a State outside The Council state territory and the Supply of Goods and Services from these states shall also be treated as a Supply from a state outside the council state territory. Resident Persons of those states shall be subject to the same treatment as residents of states outside he Council state territory.

1. \* This copy is translated by Bahrain Economic Development Board (EDB) as per the provisions in force up to January 2019. [↑](#footnote-ref-1)