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# Welcome to **TAX MATTERS**

# Welcome to the inaugural edition of 'TAX MATTERS'

The tax landscape continues to evolve rapidly, particularly in respect of value-added-tax (VAT). Such changes will have a direct impact on businesses of all sizes, specifically given that VAT registration is now open for entities who have taxable supplies of BD 18,750 to 500,000, with a deadline to register being set at December 2019, which will conclude VAT implementation across Bahrain.

Further, we have witnessed the Economic Substance Requirements guidelines being launched in the UAE, with a compliance deadline set to 31 December 2019, with ongoing discussions of a similar such structure across Bahrain to be rolled out given the formal announcement in November 2018.

This Tax matters insights summarises the ongoing guidance and changes which businesses need to be aware of across Bahrain. To discuss any of the elements in this series, please feel free to contact us

**THE REGULATORY  
LANDSCAPE  
CONTINUES TO  
EVOLVE, ENABLING A  
ROBUST TAX  
STRUCTURE TO BE  
IMPLEMENTED  
ACROSS THE REGION.  
BUSINESSES MUST BE  
READY FOR THIS  
CHANGE**



# SMEs are encouraged to take action and register for VAT before the 20 December deadline.

During the initial implementation of VAT, the team at Grant Thornton supported dynamic businesses to register and effectively embed VAT into their systems, processes and wider organisation. The National Bureau of Revenue (NBR) has now formally announced the requirement for all Bahrain based entities who either generate or expect to generate values between BH18,750 to BH500,000 to register for VAT. The deadline for registration has been set to 20 December, 2019.

This final wave of VAT registration will conclude Bahrain's phased approach to the introduction and implementation of VAT, therefore it is essential that local businesses take action to enable compliance and avoid the risk of fines.

"Having explored the notion of VAT implementation with SME's, we have identified that such businesses are experiencing challenges which include resource limitations, dormant systems which are not aligned to adoption of VAT, and in some cases absence of an accounting system with working being managed manually. Such challenges, coupled with fear of change, compliance and risk challenges continue to hold SMEs back."

**Jatin Karia, Senior Partner, Grant Thornton Bahrain**

Entities generating or expected to generate values between

**BD18,750 to  
BD500,000**

in annual taxable supplies.

Registration deadline set at:

**20 Dec, 2019**



# THE NATIONAL BUREAU OF REVENUE IN BAHRAIN HAS RECENTLY RELEASED SEVERAL GUIDELINES AND CLARIFICATIONS WHICH AIM TO SUPPORT BUSINESSES TO NAVIGATE THE VAT LANDSCAPE.

The team at Grant Thornton in Bahrain have summarised the guidelines for ease of reference, along with providing access to the original insights.

To discuss these guidelines, contact us.

## **GUIDELINES AVAILABLE INCLUDE THE FOLLOWING:**

VAT TREATMENT ON DIRECTOR FEES  
SERVICES PROVIDED BY TRAVEL AGENTS  
TRANSPORTATION GUIDE  
REAL ESTATE GUIDE  
VAT RETURNS MODIFICATION



# VAT TREATMENT FOR DIRECTORS FEES AND

Public Clarification on the VAT treatment of Director Fees, has been issued. The clarification confirms that the payment of director fees to board members (BoD) and directors for the performance of their core functions as directors is outside the scope of VAT.

[DOWNLOAD HERE](#)

# TRAVEL AGENT SERVICES

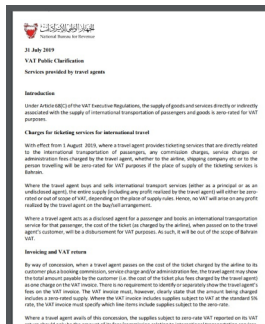
The NBR released a clarification for 'Services provided by travel agents', which stipulates that travel agents are not required to report their commission separately on the tax invoices issued for the sale of the air tickets and their services are zero rated. The clarification is aligned with the general industry practice of the travel agency business.

[DOWNLOAD HERE](#)

# REGISTRATION GUIDE

A re-uploaded VAT Registration Guide has been released, with some minor changes covering the updates now required when applying for VAT registration and information on VAT grouping.

[DOWNLOAD HERE](#)



## VAT RETURN MODIFICATIONS

A new manual on VAT return modifications has been issued, which includes common reasons for modifying a previously submitted VAT return and clarifies the procedures in respect of how to make corrections and revisions of previously filed VAT return.

The manual also details how an NBR assessment or audit may take place. Read further.

[DOWNLOAD HERE](#)



## VAT GENERAL GUIDE

The NBR updated its general VAT guidelines and included additional details on the group registration. The eligibility to form/join a VAT group segment provides clarify on who is eligible to apply for the group registration, along with exploring the “related” condition for testing the group eligibility condition. The guide provides further clarity on further aspects.

[DOWNLOAD HERE](#)



# TRANSPORTATION GUIDE

This 38 page comprehensive guide provides an overview of the VAT treatment impacting taxpayers involved in the transportation of passengers and goods. The team at Grant Thornton have summarised the essential points which need to be considered.

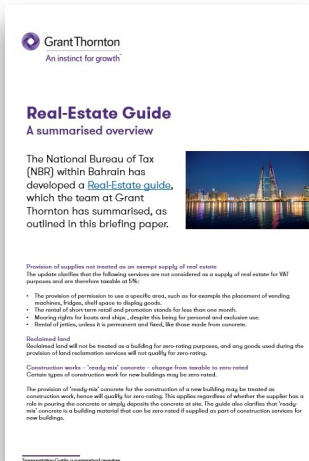
**DOWNLOAD HERE**  
or the NBR guide here



# REAL-ESTATE GUIDE

The guide sets out the general VAT principles in relation to the real estate sector and other ancillary services in Bahrain, which includes the rules and procedures and how to comply with them. Further, it clarifies the zero rating criteria for the construction sector and the documentary prerequisite to cover zero rating.

**DOWNLOAD HERE**  
or the NBR guide here



The NBR has advised that information will now be requested from taxpayers using the NBR's online portal, rather than by email. Taxpayers should regularly access the online portal to ensure all updates are actioned promptly.



# Contact us



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