

BAHRAIN GEARS UP FOR SECOND PHASE OF VAT IMPLEMENTATION



Dear Reader,

This edition of VAT Pulse touches upon key aspects relevant for second phase VAT registrants in the Kingdom of Bahrain.

- Businesses are required to apply for VAT registration by June 20, 2019 if:
 - Annual supplies during the preceding 12 months exceeded BHD 0.5 Mn; or
 - Supplies in next 12 months are anticipated to exceed the threshold limit.
- Taxable supplies (zero rated and standard rated) excluding capital assets but including goods/ services procured which are liable to VAT in Bahrain under the reverse charge mechanism, are to be considered for determining annual supplies.
- NBR has recently revamped the registration portal, which now requires additional details such as turnover to be reported as per taxability (zero/ standard rated/ exempt), along with supporting documents.
- Based on our experience during first phase of VAT implementation, particular attention needs to be given to the following:
 - Meeting the VAT registration deadline;
 - Analysing VAT impact on transactions;
 - Ensuring that key stakeholders/ employees are trained to deal with the new law;
 - Reviewing IT Systems/ accounting codes for VAT alignment and ensuring proper system generated VAT reports;
 - Apprise customers and vendors of VAT details; and
 - Identifying all contracts that are subject to VAT and negotiating (if required).
- Eligible businesses failing to register within 60 days from the registration deadline may be subject to administrative penalties of up to BHD 10,000 and/or conviction for tax evasion.

We hope you find this information useful.

We would be happy to handhold you through each of these steps to ensure smooth implementation of VAT. Please write to us at vatservices@bdo.bh or reach out to our VAT team members for any assistance in relation to Bahrain VAT.



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