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VAT alert

The National Bureau of Taxation, operating under the Ministry of Finance, conducted their first VAT briefing session on 3 December 2018, which was attended by several accounting firms. MOF presented the way forward on VAT implementation and addressed several concerns raised during the meeting.

In light of this discussion, our team has listed down the following key takeaways:

Turnover and dates for Mandatory Registration

Turnover limit in BHD (Annually)	Deadline for Registration	Effective date of Registration
More than 5 million	20 th December 2018	1 st January 2019
Above 500,000 to 5 million	20 th June 2019	1 st July 2019
Above 37,500 to 500,000	20 th December 2019	1 st January 2020

Turnover and dates for Voluntary Registration

Any business having turnover more than BHD 18,750 may voluntarily register on the website of National Bureau of Tax anytime throughout the year.

VAT Return filing for the year 2019

Turnover limit in BHD (Annually)	Filing Frequency	Due date
More than 5 million	Quarterly	Last day of the subsequent month from the end of quarter (Example - For period January 2019 - March 2019, due date would be 30 th April 2019)
Above 500,000 to 5 million	Half yearly	Last day of the subsequent month from the end of half year (Example - For period January 2019 - June 2019, due date would be 31 st July 2019)
Above 37,500 to 500,000	Half yearly- If company registered before 1st January 2019	Last day of the subsequent month from the end of half year (Example - For period January 2019 - June 2019, due date would be 31 st July 2019)
	For first 3 Quarters together - If registered after 1 st January 2019	Last day of the subsequent month from the end of third quarter (Example - For period January 2019 - September 2019, due date would be 31 st October 2019)

VAT alert

VAT Return filing for the year 2020

Turnover limit in BHD (Annually)	Tax period	Due date
More than 3 million	Monthly	Last day of the subsequent month
Less than 3 million	Quarterly*	Last day of the subsequent month

*Company may change VAT return filing due date as monthly basis with approval of National Bureau of Taxation

Other key updates:

- MOF would start issuing VAT registration numbers for companies having turnover more than BHD 5 million from today
- Procedure for voluntary and group registrations would be detailed out in the regulations
- The MOF will soon launch the website for VAT registration
- Certain Zero rated products would be linked to their HSN codes
- Import VAT to be applicable irrespective of the turnover limit or registration
- For supplies which are valued less than BHD 500, simplified invoices can be issued
- Bank statement would be considered as a valid invoice for claiming Input Tax deduction for bank related expenses
- Executive Regulations would be released in December, both in English and in Arabic
- MOF would share a readiness tool with the tax payers to guide them on the implementation front
- Anti-avoidance rules would be notified to ensure that company do not restructure their business entities so as to avoid VAT registration turnover limit
- Additional FAQs would be released by the tax authority bringing more clarity on various issues
- VAT awareness sessions would be conducted in the 2nd week of December 2018 by the MOF
- Several other sector-specific clarifications were provided by the MOF which would be expressly clarified in the Executive Regulations

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